

*(Convenience Translation of the Independent Auditor's Report  
Originally Prepared and Issued in Turkish See Note 3.1.c)*

## **DENİZBANK ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT,  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND  
NOTES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE  
2018**

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

**Convenience translation of the independent auditor’s report  
originally issued in Turkish, See Note I.c of Section Three**

**INTERIM REVIEW REPORT AND INTERIM FINANCIAL INFORMATION**

**To the Board of Directors of Denizbank A.Ş.**

*Introduction*

We have reviewed the consolidated statement of financial position of Denizbank A.Ş. (“the Bank”) and its subsidiaries (together will be referred as “the Group”) as of 30 June 2018 and the related consolidated income statement, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows for the six-month-period then ended. The Bank Management is responsible for the preparation and presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation (together referred as “BRSA Accounting and Financial Reporting Legislation”). Our responsibility is to express a conclusion on these interim financial statements based on our review.

*Scope of Review*

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of Denizbank A.Ş. and its subsidiaries as of 30 June 2018 and of the results of its operations and its cash flows for the six-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

*Report on other regulatory requirements arising from legislation*

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VII, are not consistent with the consolidated financial statements and disclosures in all material respects.

*Additional paragraph for convenience translation to English:*

As explained in detail in Note I.c. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and Turkish Accounting Standard 34 “Interim Financial Reporting” except for the matters regulated by BRSA Legislation, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A Member Firm of Ernst&Young Global Limited

Yaşar Bivas, SMMM  
Partner

2 August 2018

İstanbul, Turkey

# DENİZBANK A.Ş. CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

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

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

Our structured entity and subsidiaries whose financial statements have been consolidated under this consolidated financial report are as follows:

<b>Subsidiaries</b>
1 Denizbank AG, Vienna
2 Eurodeniz International Banking Unit Ltd.
3 Deniz Yatırım Menkul Kıymetler A.Ş.
4 JSC Denizbank, Moscow
5 Deniz Portföy Yönetimi A.Ş.
6 Deniz Finansal Kiralama A.Ş.
7 Deniz Faktoring A.Ş.
8 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.
9 CR Erdberg Eins GmbH & Co KG
<b>Structured Entity</b>
1 DFS Funding Corp.

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

2 August 2018

**HAKAN ELVERDİ**  
Senior Vice President  
Financial Reporting  
And Accounting

**RUSLAN ABİL**  
Executive Vice President  
Financial Affairs

**HAKAN ATEŞ**  
Member of Board of Directors  
and President and Chief  
Executive Officer

**HERMAN GREF**  
Chairman of Board of  
Directors

**PAVEL BARCHUGOV**  
Member of Board of Directors  
and Audit Committee

**WOUTER G.M VAN ROSTE**  
Member of Board of Directors  
and Audit Committee

**NIHAT SEVİNÇ**  
Member of Board of Directors  
and Audit Committee

Contact information for questions on this financial report:

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## **SECTION ONE**

### **GENERAL INFORMATION**

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

Denizbank A.Ş. ("the Bank") was established as a public bank to provide financing services to the marine sector in 1938. In 1992, as a result of the resolution of the Government to merge some public banks, the Bank was merged to Emlakbank. Following the resolution of the High Council of Privatization numbered 97/5 and dated 20 March 1997 to privatize 100% of shares of Denizbank A.Ş., share sale agreement between Zorlu Holding A.Ş. and the Privatization Administration was signed on 29 May 1997 and the Bank started its activities on 25 August 1997 upon obtaining a permission to operate. Bank's shares have been quoted on Borsa Istanbul ("BIST") since 1 October 2004. 0,15% of the Bank's shares are publicly held as of 30 June 2018.

Dexia Participation Belgique SA, owned 100% directly and indirectly by Dexia SA/NV, acquired 75% of the outstanding shares of the Bank from Zorlu Holding A.Ş. on 17 October 2006, and subsequent to the transfer of shares, Dexia Participation Belgique's ownership rate increased to 99,85%.

On 8 June 2012, Dexia Group and Sberbank of Russia ("Sberbank") have signed a sale and purchase agreement regarding the acquisition of 715.010.291,335 Parent Bank shares representing 99,85% of the Bank's capital. The transaction covered the Parent Bank as well as all of its subsidiaries in Turkey, Austria and Russia. Following all the necessary regulatory authorizations in the countries in which seller and buyer operate including that of the European Commission, after the approvals of Competition Authority on 9 August 2012, the Banking Regulation and Supervision Agency on 12 September 2012 and the Capital Markets Board ("CMB") on 24 September 2012, Dexia has transferred 99,85% of shares of the Parent Bank to Sberbank with a total consideration of TL 6.469.140.728 (Euro 2.790 million) which is the Preliminary Purchase Price determined as per the sale and purchase agreement as of 28 September 2012. Following the completion of the adjustment process of the Preliminary Purchase Price to Purchase Price in accordance with the terms in the Share Purchase Agreement, an additional amount of Euro 185 million which is equivalent of TL 430.947.685 (\*) was paid on 27 December 2012. Ultimately the process was completed with a total Purchase Price of TL 6.900.088.413 (\*) (Euro 2.975 million).

(\*) Amounts are in full TL.

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

<b>Current Period</b>		
<b>Name of the Shareholder</b>	<b>Amount (Full TL)</b>	<b>Share (%)</b>
Sberbank of Russia	3.311.211.134	99,85
Publicly traded	4.888.709	0,15
Others shareholders	157	--
<b>Total</b>	<b>3.316.100.000</b>	<b>100,00</b>

<b>Prior Period</b>		
<b>Name of the Shareholder</b>	<b>Amount (Full TL)</b>	<b>Share (%)</b>
Sberbank of Russia	3.311.211.134	99,85
Publicly traded	4.888.709	0,15
Others shareholders	157	--
<b>Total</b>	<b>3.316.100.000</b>	<b>100,00</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 30 JUNE 2018**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish,*  
*See Note 3.1.c*

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

<b>Name</b>	<b>Title</b>	<b>Shares owned (%)</b>
<b>Chairman of the Board of Directors</b>		
Herman Gref	Chairman	--
<b>Board of Directors</b>		
Nihat Sevinç	Deputy Chairman	--
Hakan Ateş	Member, President and CEO	0,000002
Alexander Vedyakhin	Member	--
Deniz Ülke Anboğan	Member	--
Wouter G.M. Van Roste	Member	--
Timur Kozintsev	Member	--
Derya Kumru	Member	--
Alexander Morozov	Member	--
Pavel Barchugov	Member	--
Alexander Titov	Member	--
Igor Kolomeyskiy	Member	--
<b>Audit Committee</b>		
Wouter G.M. Van Roste	Member	--
Nihat Sevinç	Member	--
Pavel Barchugov	Member	--
<b>Executive Vice Presidents</b>		
Bora Böcügöz	Treasury and Financial Institutions	--
Ruslan Abil	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Tanju Kaya	Administrative Services and Investment Group	--
Mustafa Özel	Branch and Central Operations	--
İbrahim Şen	Credit Follow-up and Risk Monitoring	--
Mehmet Aydoğdu	Corporate and Commercial Banking	--
Mustafa Saruhan Özel	Economic Research, Strategy and Program Management	--
Cem Demirağ	Head of Internal Control Unit and Compliance	--
Ali Murat Dizdar	Chief Legal Advisor	--
Ayşenur Hıçkiran	Payment Systems and Non-Branch Channels	--
Selim Efe Teoman	Corporate and Commercial Credits	--
Ramazan Işık	Head of Internal Audit	--
Murat Kulaksız	SME Banking	--
Necip Yavuz Elkin	Human Resources and Deniz Academy	--
Burak Koçak	Agricultural Banking	--
Oğuzhan Özark	Retail Banking	--
Cemil Cem Önenç	Private Banking and Investment Group	--
Sinan Yılmaz	Head of Risk Management Group	--
Hakan Turan Pala	Corporate, Commercial and Medium Enterprises Credits	--
Edip Kürşad Başer	Administrative Follow-up	--
Murat Çitak	Credit Policy and Retail, SME, Agricultural Banking	--
Verda Beril Yüzer Oğuz	Credits Allocation	--
Hayri Cansever	IT Security and Digital-Card Payment Operations	--
Umut Özdoğan	Financial Institutions	--
	Secretariat General and Sberbank Coordination	--
	Digital Transformation and Process Management	--



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

Commercial Title	Share Amounts	Share Percentages	Paid-in Capital	Unpaid Capital
Sberbank of Russia	3.311.211	99,85%	3.311.211	--

Sberbank is the controlling party of the Parent Bank's capital having both direct and indirect qualified shares.

As of 30 June 2018 the capital structure of Sberbank is as follows:

Shareholders	Share Percentages
Central Bank of Russia	50,00 %
Publicly traded	50,00 %
<b>Total</b>	<b>100,00 %</b>

Central Bank of the Russian Federation holds 50%+1 share within 22.586.948.000 ordinary and preferred shares in total in Sberbank of Russia (the rate in 21.586.948.000 ordinary shares corresponds to 52,32%).

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

The Parent Bank is a private sector deposit bank which provides banking services to its customers through 712 domestic and 1 foreign branch as of 30 June 2018.

Activities of the Parent Bank as stated in the 3rd clause of the Articles of Association are as follows:

In accordance with the Banking Law and regulations;

- Performing all kinds of banking activities,
- Dealing with transactions on all kinds of capital market instruments within the limits set by the related regulations and Capital Market Law regulations,
- Establishing domestic and/or foreign entities and participating in existing entities. Entering into loan and intelligence agreements with domestic and international financial institutions. Participating in consortiums and syndications,
- Incorporating insurance companies, operating insurance agencies, participating in insurance companies which are existing or planned to be founded.

Apart from the above-mentioned activities, in case different activities deemed advantageous and necessary for the company are to be undertaken in the future, they will be submitted to approval of the General Assembly based on Board of Director's decision and the company will be able to implement activities after the relevant decision is made by General Assembly.

**VI. A short explanation on the differences between the communiqué on consolidated financial statement reporting and the consolidation procedures required by Turkish Accounting Standards and about institutions that are subject to full consolidation, proportional consolidation, by way of deduction from capital or those that are subject to none.**

Banks are obligated to prepare consolidated financial statements with their associates and subsidiaries qualifying as credit institutions and financial subsidiaries based on the "Communiqué on Preparation of Consolidated Financial Statements of Banks" by applying Turkish Accounting Standards. There is no difference between the consolidated financial statements based on the related Communiqué and those prepared in accordance with Turkish Accounting Standards except the scope difference regarding non-financial associates and subsidiaries. Information in regards to consolidated subsidiaries and consolidation methods are given in Note III of Section Three.

**VII. Existing or potential, actual or legal obstacles to immediate transfer of capital between Parent Bank and its subsidiaries and repayment of debts.**

None.

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

- I. Consolidated Statements of Financial Position (Balance Sheets)
- II. Consolidated Statements of Off-Balance Sheet Items
- III. Consolidated Statements of Income
- IV. Consolidated Statements of Other Comprehensive Income
- V. Consolidated Statements of Changes in Shareholders' Equity
- VI. Consolidated Statements of Cash Flows

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(BALANCE SHEET)**  
**AS OF 30 JUNE 2018**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish*  
*See Note 3.1.c*

ASSETS	Footnotes	CURRENT PERIOD (30/06/2018)		
		TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>14.611.497</b>	<b>34.608.987</b>	<b>49.220.484</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>4.239.978</b>	<b>30.302.304</b>	<b>34.542.282</b>
1.1.1 Cash and Balances at Central Bank	(5.1.a)	4.193.182	26.816.116	31.009.298
1.1.2 Banks	(5.1.c)	12.603	3.486.188	3.498.791
1.1.3 Due from Money Markets		34.193	-	34.193
<b>1.2 Financial Assets at Fair Value through Profit or Loss</b>	(5.1.b)	<b>86.145</b>	<b>86.699</b>	<b>172.844</b>
1.2.1 Public Debt Securities		85.752	3.408	89.160
1.2.2 Equity Instruments		-	83.291	83.291
1.2.3 Other Financial Assets		393	-	393
<b>1.3 Financial Assets at Fair Value through Other Comprehensive Income</b>	(5.1.d)	<b>5.832.838</b>	<b>1.284.728</b>	<b>7.117.566</b>
1.3.1 Public Debt Securities		5.832.072	757.451	6.589.523
1.3.2 Equity Instruments		766	27	793
1.3.3 Other Financial Assets		-	527.250	527.250
<b>1.4 Financial Assets Measured at Amortized Cost</b>	(5.1.f)	<b>3.399.144</b>	<b>2.136.510</b>	<b>5.535.654</b>
1.4.1 Public Debt Securities		3.399.144	2.136.510	5.535.654
1.4.2 Other Financial Assets		-	-	-
<b>1.5 Derivative Financial Assets</b>		<b>1.054.211</b>	<b>803.057</b>	<b>1.857.268</b>
1.5.1 Portion of Derivative Financial Assets Reflected to Profit or Loss		1.054.211	803.057	1.857.268
1.5.2 Portion of Derivative Financial Assets Reflected to Other Comprehensive Income	(5.1.k)	-	-	-
<b>1.6 Non-Performing Financial Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>1.7 Expected Credit Losses (-)</b>		<b>819</b>	<b>4.311</b>	<b>5.130</b>
<b>II. LOANS (Net)</b>		<b>67.794.996</b>	<b>63.178.189</b>	<b>130.973.185</b>
<b>2.1 Loans</b>	(5.1.e)	<b>65.928.726</b>	<b>61.348.659</b>	<b>127.277.385</b>
2.1.1 Measured at Amortized Cost		65.928.726	61.348.659	127.277.385
2.1.2 Measured at Fair Value through Profit or Loss		-	-	-
2.1.3 Measured at Fair Value through Other Comprehensive Income		-	-	-
<b>2.2 Lease Receivables</b>	(5.1.j)	<b>507.327</b>	<b>2.226.539</b>	<b>2.733.866</b>
2.2.1 Financial Lease Receivables		673.585	2.726.243	3.399.828
2.2.2 Operational Lease Receivables		4.310	-	4.310
2.2.3 Unearned Income (-)		170.568	499.704	670.272
<b>2.3 Factoring Receivables</b>		<b>2.219.600</b>	<b>204.981</b>	<b>2.424.581</b>
2.3.1 Measured at Amortized Cost		2.219.600	204.981	2.424.581
2.3.2 Measured at Fair Value through Profit or Loss		-	-	-
2.3.3 Measured at Fair Value through Other Comprehensive Income		-	-	-
<b>2.4 Non-Performing Loans</b>	(5.1.e)	<b>5.021.541</b>	<b>17.512</b>	<b>5.039.053</b>
<b>2.5 Expected Credit Losses (-)</b>		<b>5.882.198</b>	<b>619.502</b>	<b>6.501.700</b>
2.5.1 12-Month Expected Credit Losses (Stage 1)		959.937	252.698	1.212.635
2.5.2 Significant Increase in Credit Risk (Stage 2)		1.422.202	358.955	1.781.157
2.5.3 Credit-Impaired (Stage 3)		3.500.059	7.849	3.507.908
<b>III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)"</b>	(5.1.n)	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale		-	-	-
3.2 Held from Discontinued Operations		-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>629.589</b>	<b>186</b>	<b>629.775</b>
<b>4.1 Investments in Associates (Net)</b>	(5.1.g)	<b>10.834</b>	<b>-</b>	<b>10.834</b>
4.1.1 Accounted by Using Equity Method		-	-	-
4.1.2 Non-Consolidated Associates		10.834	-	10.834
<b>4.2 Investments in Subsidiaries (Net)</b>	(5.1.h)	<b>615.955</b>	<b>186</b>	<b>616.141</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		615.955	186	616.141
<b>4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)</b>	(5.1.i)	<b>2.800</b>	<b>-</b>	<b>2.800</b>
4.3.1 Accounted by Using Equity Method		-	-	-
4.3.2 Non-Consolidated Associates		2.800	-	2.800
<b>V. TANGIBLE ASSETS (Net)</b>		<b>619.120</b>	<b>168.226</b>	<b>787.346</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>178.447</b>	<b>22.154</b>	<b>200.601</b>
6.1 Goodwill		869	-	869
6.2 Other		177.578	22.154	199.732
<b>VII. INVESTMENT PROPERTY (Net)</b>	(5.1.l)	<b>173.563</b>	<b>-</b>	<b>173.563</b>
<b>VIII. CURRENT TAX ASSETS</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSETS</b>	(5.1.m)	<b>720.759</b>	<b>133.684</b>	<b>854.443</b>
<b>X. OTHER ASSETS</b>	(5.1.o)	<b>1.677.573</b>	<b>1.330.573</b>	<b>3.008.146</b>
<b>TOTAL ASSETS</b>		<b>86.405.544</b>	<b>99.441.999</b>	<b>185.847.543</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(BALANCE SHEET)**  
**AS OF 31 DECEMBER 2017**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish*  
*See Note 3.1.c*

ASSETS	Footnote	PRIOR PERIOD (31/12/2017)		Total
		TL	FC	
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(5.1.a)	<b>3.066.837</b>	<b>13.901.975</b>	<b>16.968.812</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.b)	<b>560.050</b>	<b>497.713</b>	<b>1.057.763</b>
2.1 Financial Assets Held For Trading		560.050	497.713	1.057.763
2.1.1 Public Sector Debt Securities		76.232	4.479	80.711
2.1.2 Share Certificates		-	95	95
2.1.3 Positive Value of Trading Purpose Derivatives		482.669	493.139	975.808
2.1.4 Other Securities		1.149	-	1.149
2.2 Financial Assets Designated at Fair Value		-	-	-
2.2.1 Public Sector Debt Securities		-	-	-
2.2.2 Share Certificates		-	-	-
2.2.3 Loans		-	-	-
2.2.4 Other Securities		-	-	-
<b>III. BANKS</b>	(5.1.c)	<b>819.136</b>	<b>9.838.492</b>	<b>10.657.628</b>
<b>IV. DUE FROM MONEY MARKETS</b>		<b>785.672</b>	<b>-</b>	<b>785.672</b>
4.1 Interbank Money Market		-	-	-
4.2 Istanbul Stock Exchange		34.886	-	34.886
4.3 Reverse Repurchase Agreements		750.786	-	750.786
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(5.1.d)	<b>5.760.627</b>	<b>1.285.406</b>	<b>7.046.033</b>
5.1 Share Certificates		3.956	59.182	63.138
5.2 Public Sector Debt Securities		5.756.671	657.574	6.414.245
5.3 Other Securities		-	568.650	568.650
<b>VI. LOANS AND RECEIVABLES</b>	(5.1.e)	<b>60.228.273</b>	<b>50.153.033</b>	<b>110.381.306</b>
6.1 Loans and Receivables		59.339.736	50.145.479	109.485.215
6.1.1 Loans Utilized to the Bank's Risk Group		13.638	-	13.638
6.1.2 Public Sector Debt Securities		-	-	-
6.1.3 Others		59.326.098	50.145.479	109.471.577
6.2 Loans under Follow-Up		4.006.824	17.790	4.024.614
6.3 Specific Provisions (-)		3.118.287	10.236	3.128.523
<b>VII. FACTORING RECEIVABLES</b>		<b>1.781.817</b>	<b>64.328</b>	<b>1.846.145</b>
<b>VIII. INVESTMENT HELD TO MATURITY (Net)</b>	(5.1.f)	<b>3.555.857</b>	<b>1.779.782</b>	<b>5.335.639</b>
8.1 Public Sector Debt Securities		3.555.857	1.779.782	5.335.639
8.2 Other Securities		-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.g)	<b>10.833</b>	<b>-</b>	<b>10.833</b>
9.1 Associates accounted for Under Equity Method		-	-	-
9.2 Unconsolidated Associates		10.833	-	10.833
9.2.1 Financial Associates		1.508	-	1.508
9.2.2 Non-Financial Associates		9.325	-	9.325
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.h)	<b>41.543</b>	<b>158</b>	<b>41.701</b>
10.1 Unconsolidated Financial Subsidiaries		-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		41.543	158	41.701
<b>XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)</b>	(5.1.i)	<b>2.800</b>	<b>-</b>	<b>2.800</b>
11.1 Joint Ventures accounted for Under Equity Method		-	-	-
11.2 Unconsolidated Joint Ventures		2.800	-	2.800
11.2.1 Financial Joint Ventures		-	-	-
11.2.2 Non-Financial Joint Ventures		2.800	-	2.800
<b>XII. LEASE RECEIVABLES (Net)</b>	(5.1.j)	<b>540.830</b>	<b>2.061.111</b>	<b>2.601.941</b>
12.1 Financial Lease Receivables		712.179	2.531.230	3.243.409
12.2 Operational Lease Receivables		2.557	-	2.557
12.3 Others		-	-	-
12.4 Unearned Income (-)		173.906	470.119	644.025
<b>XIII. HEDGING PURPOSE DERIVATIVES</b>	(5.1.k)	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Fair Value Hedge		-	-	-
13.2 Cash Flow Hedge		-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(5.1.l)	<b>603.216</b>	<b>146.298</b>	<b>749.514</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	(5.1.m)	<b>173.557</b>	<b>15.194</b>	<b>188.751</b>
15.1 Goodwill		869	-	869
15.2 Others		172.688	15.194	187.882
<b>XVI. INVESTMENT PROPERTIES (Net)</b>	(5.1.l)	<b>171.467</b>	<b>-</b>	<b>171.467</b>
<b>XVII. TAX ASSETS</b>	(5.1.o)	<b>223.175</b>	<b>-</b>	<b>223.175</b>
17.1 Current Tax Assets		6.557	-	6.557
17.2 Deferred Tax Assets		216.618	-	216.618
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(5.1.n)	<b>-</b>	<b>-</b>	<b>-</b>
18.1 Held For Sale		-	-	-
18.2 Discontinued Operations		-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.o)	<b>1.345.926</b>	<b>1.008.024</b>	<b>2.353.950</b>
<b>TOTAL ASSETS</b>		<b>79.671.616</b>	<b>80.751.514</b>	<b>160.423.130</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(BALANCE SHEET)**  
**AS OF 30 JUNE 2018**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish*  
*See Note 3.1.c*

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnote	CURRENT PERIOD (30/06/2018)		
			TL	FC	Total
<b>I. DEPOSITS</b>		(5.II.a)	<b>47.661.880</b>	<b>82.708.477</b>	<b>130.370.357</b>
<b>II. FUNDS BORROWED</b>		(5.II.c)	<b>1.717.712</b>	<b>14.933.549</b>	<b>16.651.261</b>
<b>III. DUE TO MONEY MARKETS</b>		(5.II.d)	<b>3.135.760</b>	<b>201.693</b>	<b>3.337.453</b>
<b>IV. SECURITIES ISSUED (Net)</b>			<b>3.907.226</b>	<b>1.033.957</b>	<b>4.941.183</b>
4.1 Bills			3.900.094	-	3.900.094
4.2 Asset Backed Securities			-	-	-
4.3 Bonds			7.132	1.033.957	1.041.089
<b>V. FUNDS</b>			<b>-</b>	<b>-</b>	<b>-</b>
5.1 Borrower Funds			-	-	-
5.2 Other			-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			<b>-</b>	<b>-</b>	<b>-</b>
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>			<b>792.604</b>	<b>1.005.214</b>	<b>1.797.818</b>
7.1 Portion of Derivative Financial Assets Reflected to Profit or Loss		(5.II.b)	792.604	1.005.214	1.797.818
7.2 Portion of Derivative Financial Assets Reflected to Other Comprehensive Income		(5.II.g)	-	-	-
<b>VIII. FACTORING PAYABLES</b>			<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. LEASE PAYABLES</b>		(5.II.f)	<b>-</b>	<b>-</b>	<b>-</b>
9.1 Financial Lease Payables			-	-	-
9.2 Operational Lease Payables			-	-	-
9.3 Other			-	-	-
9.4 Deferred Financial Lease Expenses (-)			-	-	-
<b>X. PROVISIONS</b>		(5.II.h)	<b>708.501</b>	<b>15.707</b>	<b>724.208</b>
10.1 Provision for Restructuring			-	-	-
10.2 Reserves for Employee Benefits			150.012	14.661	164.673
10.3 Insurance Technical Reserves (Net)			-	-	-
10.4 Other Provisions			558.489	1.046	559.535
<b>XI. CURRENT TAX LIABILITIES</b>		(5.II.i)	<b>250.383</b>	<b>101.846</b>	<b>352.229</b>
<b>XII. DEFERRED TAX LIABILITIES</b>		(5.II.i)	<b>2.267</b>	<b>15.047</b>	<b>17.314</b>
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)</b>			<b>-</b>	<b>-</b>	<b>-</b>
13.1 Held for Sale			-	-	-
13.2 Related to Discontinued Operations			-	-	-
<b>XIV. SUBORDINATED DEBT</b>			<b>-</b>	<b>5.428.766</b>	<b>5.428.766</b>
14.1 Loans			-	5.428.766	5.428.766
14.2 Other Debt Instruments			-	-	-
<b>XV. OTHER LIABILITIES</b>		(5.II.e)	<b>3.095.554</b>	<b>4.879.252</b>	<b>7.974.806</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>		(5.II.j)	<b>8.346.927</b>	<b>5.905.221</b>	<b>14.252.148</b>
16.1 Paid-in Capital			3.316.100	-	3.316.100
16.2 Capital Reserves			67.576	-	67.576
16.2.1 Share Premium			15	-	15
16.2.2 Share Cancellation Profits			-	-	-
16.2.3 Other Capital Reserves			67.561	-	67.561
16.3 Other Comprehensive Income That Will Not Be Reclassified in Profit or Loss			627.354	26.227	653.581
16.4 Other Comprehensive Income That Will Be Reclassified in Profit or Loss			(3.169.934)	3.000.469	(169.465)
16.5 Profit Reserves			5.095.616	16.192	5.111.808
16.5.1 Legal Reserves			346.810	5.019	351.829
16.5.2 Statutory Reserves			-	-	-
16.5.3 Extraordinary Reserves			4.748.806	11.173	4.759.979
16.5.4 Other Profit Reserves			-	-	-
16.6 Profit or Loss			2.399.444	2.862.333	5.261.777
16.6.1 Prior Years' Profits or Losses			1.642.871	2.347.097	3.989.968
16.6.2 Current Period Net Profit or Loss			756.573	515.236	1.271.809
16.7 Minority Interest		(5.II.j)	10.771	-	10.771
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>69.618.814</b>	<b>116.228.729</b>	<b>185.847.543</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(BALANCE SHEET)**  
**AS OF 31 DECEMBER 2017**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish*  
*See Note 3.1.c*

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnote	PRIOR PERIOD (31/12/2017)		
		TL	FC	Total
<b>I. DEPOSITS</b>	(5.II.a)	<b>41.936.959</b>	<b>69.473.505</b>	<b>111.410.464</b>
1.1 Deposits of the Bank's Risk Group		62.314	802.160	864.474
1.2 Others		41.874.645	68.671.345	110.545.990
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(5.II.b)	<b>653.127</b>	<b>632.338</b>	<b>1.285.465</b>
<b>III. FUNDS BORROWED</b>	(5.II.c)	<b>2.108.197</b>	<b>12.572.045</b>	<b>14.680.242</b>
<b>IV. DUE TO MONEY MARKETS</b>		<b>3.616.119</b>	<b>391.047</b>	<b>4.007.166</b>
4.1 Interbank Money Market		-	-	-
4.2 Istanbul Stock Exchange		30.055	-	30.055
4.3 Repurchase Agreements		3.586.064	391.047	3.977.111
<b>V. SECURITIES ISSUED (Net)</b>	(5.II.d)	<b>2.572.688</b>	<b>1.100.070</b>	<b>3.672.758</b>
5.1 Bills		2.296.203	-	2.296.203
5.2 Asset Backed Securities		-	-	-
5.3 Bonds		276.485	1.100.070	1.376.555
<b>VI. FUNDS</b>		-	-	-
6.1 Borrowers Funds		-	-	-
6.2 Others		-	-	-
<b>VII. SUNDRY CREDITORS</b>	(5.II.e)	<b>1.716.752</b>	<b>232.655</b>	<b>1.949.407</b>
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(5.II.e)	<b>1.088.450</b>	<b>1.638.702</b>	<b>2.727.152</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.II.f)	-	-	-
10.1 Financial Lease Payables		-	-	-
10.2 Operational Lease Payables		-	-	-
10.3 Others		-	-	-
10.4 Deferred Financial Leasing Expenses ( - )		-	-	-
<b>XI. HEDGING PURPOSE DERIVATIVES</b>	(5.II.g)	-	-	-
11.1 Fair Value Hedge		-	-	-
11.2 Cash Flow Hedge		-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-
<b>XII. PROVISIONS</b>	(5.II.h)	<b>2.190.447</b>	<b>37.365</b>	<b>2.227.812</b>
12.1 General Provisions		1.440.765	-	1.440.765
12.2 Restructuring Provisions		-	-	-
12.3 Reserve for Employee Benefits		131.983	11.675	143.658
12.4 Insurance Technical Provisions (Net)		-	-	-
12.5 Other Provisions		617.699	25.690	643.389
<b>XIII. TAX LIABILITIES</b>	(5.II.i)	<b>281.619</b>	<b>66.115</b>	<b>347.734</b>
13.1 Current Tax Liability		277.379	43.138	320.517
13.2 Deferred Tax Liability		4.240	22.977	27.217
<b>XIV. LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-
14.1 Held For Sale		-	-	-
14.2 Discontinued Operations		-	-	-
<b>XV. SUBORDINATED LOANS</b>		-	<b>5.261.523</b>	<b>5.261.523</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.j)	<b>8.272.022</b>	<b>4.581.385</b>	<b>12.853.407</b>
16.1 Paid-In Capital		3.316.100	-	3.316.100
16.2 Supplementary Capital		(2.075.711)	3.520	(2.072.191)
16.2.1 Share Premium		15	-	15
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Securities Revaluation Reserve		(428.373)	(19.026)	(447.399)
16.2.4 Revaluation Fund on Tangible Assets		95.214	22.546	117.760
16.2.5 Revaluation Fund on Intangible Assets		-	-	-
16.2.6 Revaluation Fund on Investment Properties		13.397	-	13.397
16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		708	-	708
16.2.8 Hedging Funds (Effective Portion)		(1.741.301)	-	(1.741.301)
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-
16.2.10 Other Supplementary Capital		(15.371)	-	(15.371)
16.3 Profit Reserves		4.214.396	2.121.575	6.335.971
16.3.1 Legal Reserves		252.819	5.019	257.838
16.3.2 Status Reserves		-	-	-
16.3.3 Extraordinary Reserves		3.915.414	11.173	3.926.587
16.3.4 Other Profit Reserves		46.163	2.105.383	2.151.546
16.4 Profit or Loss		2.807.593	2.456.290	5.263.883
16.4.1 Prior Periods' Profits / Losses		1.286.033	2.077.092	3.363.125
16.4.2 Current Period Profit / Loss		1.521.560	379.198	1.900.758
16.5 Minority Shares		9.644	-	9.644
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>64.436.380</b>	<b>95.986.750</b>	<b>160.423.130</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF**  
**OFF-BALANCE SHEET ITEMS**  
**AS OF 30 JUNE 2018**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish*  
*See Note 3.1.c*

	Footnotes	CURRENT PERIOD		
		(30/06/2018)		
		TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>85.995.414</b>	<b>113.814.381</b>	<b>199.809.795</b>
<b>I. GUARANTEES</b>	(5.III.a)	<b>11.701.304</b>	<b>22.015.320</b>	<b>33.716.624</b>
1.1. Letters of Guarantee		11.684.724	15.140.083	26.824.807
1.1.1. Guarantees Subject to State Tender Law		-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		79.021	92.434	171.455
1.1.3. Other Letters of Guarantee		11.605.703	15.047.649	26.653.352
1.2. Bank Acceptances		7.620	245.033	252.653
1.2.1. Import Letter of Acceptance		7.620	245.033	252.653
1.2.2. Other Bank Acceptances		-	-	-
1.3. Letters of Credit		5.952	3.628.160	3.634.112
1.3.1. Documentary Letters of Credit		5.952	1.620.206	1.626.158
1.3.2. Other Letters of Credit		-	2.007.954	2.007.954
1.4. Prefinancing Given As Guarantee		-	-	-
1.5. Endorsements		-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-
1.5.2. Other Endorsements		-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-
1.7. Factoring Related Guarantees		-	-	-
1.8. Other Collaterals		3.008	3.002.044	3.005.052
1.9. Other Sureties		-	-	-
<b>II. COMMITMENTS</b>	(5.III.a)	<b>37.036.031</b>	<b>9.340.512</b>	<b>46.376.543</b>
2.1. Irrevocable Commitments		35.671.632	9.340.512	45.012.144
2.1.1. Asset Purchase and Sale Commitments		2.130.206	5.770.401	7.900.607
2.1.2. Deposit Purchase and Sales Commitments		-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4. Loan Granting Commitments		11.912.456	44.258	11.956.714
2.1.5. Securities Issuance Brokerage Commitments		-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-
2.1.7. Commitments for Cheque Payments		2.678.046	-	2.678.046
2.1.8. Tax and Fund Obligations from Export Commitments		1.996	-	1.996
2.1.9. Commitments for Credit Card Limits		18.852.510	-	18.852.510
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		4.439	-	4.439
2.1.11. Receivables from "Short" Sale Commitments On Securities		-	-	-
2.1.12. Payables for "Short" Sale Commitments On Securities		-	-	-
2.1.13. Other Irrevocable Commitments		91.979	3.525.853	3.617.832
2.2. Revocable Commitments		1.364.399	-	1.364.399
2.2.1. Revocable Loan Granting Commitments		1.363.840	-	1.363.840
2.2.2. Other Revocable Commitments		559	-	559
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>37.258.079</b>	<b>82.458.549</b>	<b>119.716.628</b>
3.1. Hedging Purpose Derivatives		-	-	-
3.1.1. Fair Value Hedge		-	-	-
3.1.2. Cash Flow Hedge		-	-	-
3.1.3. Hedging of a Net Investment in Foreign Subsidiaries		-	-	-
3.2. Trading Purpose Derivatives		37.258.079	82.458.549	119.716.628
3.2.1. Forward Foreign Currency Purchases/Sales		5.537.882	8.106.738	13.644.620
3.2.1.1. Forward Foreign Currency Purchases		1.868.993	4.935.539	6.804.532
3.2.1.2. Forward Foreign Currency Sales		3.668.889	3.171.199	6.840.088
3.2.2. Currency and Interest Rate Swaps		17.791.643	56.203.133	73.994.776
3.2.2.1. Currency Swaps-Purchases		2.339.529	22.162.637	24.502.166
3.2.2.2. Currency Swaps-Sales		8.552.114	15.629.257	24.181.371
3.2.2.3. Interest Rate Swaps-Purchases		3.450.000	9.205.620	12.655.620
3.2.2.4. Interest Rate Swaps-Sales		3.450.000	9.205.619	12.655.619
3.2.3. Currency, Interest Rate and Security Options		13.928.554	14.752.736	28.681.290
3.2.3.1. Currency Options-Purchases		6.786.277	7.481.864	14.268.141
3.2.3.2. Currency Options-Sales		7.142.277	7.132.016	14.274.293
3.2.3.3. Interest Rate Options-Purchases		-	69.428	69.428
3.2.3.4. Interest Rate Options-Sales		-	69.428	69.428
3.2.3.5. Securities Options-Purchases		-	-	-
3.2.3.6. Securities Options-Sales		-	-	-
3.2.4. Currency Futures		-	-	-
3.2.4.1. Currency Futures-Purchases		-	-	-
3.2.4.2. Currency Futures-Sales		-	-	-
3.2.5. Interest Rate Futures		-	-	-
3.2.5.1. Interest Rate Futures-Purchases		-	-	-
3.2.5.2. Interest Rate Futures-Sales		-	-	-
3.2.6. Others		-	3.395.942	3.395.942
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>537.206.644</b>	<b>178.099.195</b>	<b>715.305.839</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>96.468.231</b>	<b>5.452.609</b>	<b>101.920.840</b>
4.1. Customers' Securities and Portfolios Held		137.876	-	137.876
4.2. Securities Held in Custody		92.602.084	3.714.759	96.316.843
4.3. Checks Received for Collection		2.082.883	1.373.106	3.455.989
4.4. Commercial Notes Received for Collection		1.644.136	251.346	1.895.482
4.5. Other Assets Received for Collection		-	-	-
4.6. Assets Received for Public Offering		-	-	-
4.7. Other Items under Custody		1.252	113.398	114.650
4.8. Custodians		-	-	-
<b>V. PLEDGED ITEMS</b>		<b>440.485.965</b>	<b>171.537.440</b>	<b>612.023.405</b>
5.1. Securities		3.059.571	47.964	3.107.535
5.2. Guarantee Notes		301.898.485	55.411.960	357.310.445
5.3. Commodities		17.094.251	7.953.337	25.047.588
5.4. Warrants		-	-	-
5.5. Immovables		82.724.271	49.502.162	132.226.433
5.6. Other Pledged Items		35.709.387	58.622.017	94.331.404
5.7. Pledged Items-Depository		-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>252.448</b>	<b>1.109.146</b>	<b>1.361.594</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>623.202.058</b>	<b>291.913.576</b>	<b>915.115.634</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF**  
**OFF-BALANCE SHEET ITEMS**  
**AS OF 31 DECEMBER 2017**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish*  
*See Note 3.1.c*

		PRIOR PERIOD		
		Footnotes	(31/12/2017)	
		TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		75.180.832	92.264.597	167.445.429
I.	GUARANTEES	(5.III.a)	11.155.239	17.216.027
1.1.	Letters of Guarantee	11.139.665	11.391.546	22.531.211
1.1.1.	Guarantees Subject to State Tender Law	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations	79.021	82.929	161.950
1.1.3.	Other Letters of Guarantee	11.060.644	11.308.617	22.369.261
1.2.	Bank Acceptances	4.773	199.768	204.541
1.2.1.	Import Letter of Acceptance	4.773	199.768	204.541
1.2.2.	Other Bank Acceptances	-	-	-
1.3.	Letters of Credit	-	3.132.744	3.132.744
1.3.1.	Documentary Letters of Credit	-	1.881.082	1.881.082
1.3.2.	Other Letters of Credit	-	1.251.662	1.251.662
1.4.	Prefinancing Given As Guarantee	-	-	-
1.5.	Endorsements	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey	-	-	-
1.5.2.	Other Endorsements	-	-	-
1.6.	Purchase Guarantees for Securities Issued	-	-	-
1.7.	Factoring Related Guarantees	-	-	-
1.8.	Other Collaterals	10.801	2.491.969	2.502.770
1.9.	Other Sureties	-	-	-
II.	COMMITMENTS	(5.III.a)	31.054.695	2.890.154
2.1.	Irrevocable Commitments	28.369.992	2.890.154	31.260.146
2.1.1.	Asset Purchase and Sale Commitments	530.844	1.425.284	1.956.128
2.1.2.	Deposit Purchase and Sales Commitments	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries	-	-	-
2.1.4.	Loan Granting Commitments	11.104.113	57.533	11.161.646
2.1.5.	Securities Issuance Brokerage Commitments	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements	-	-	-
2.1.7.	Commitments for Cheque Payments	2.375.880	-	2.375.880
2.1.8.	Tax and Fund Obligations from Export Commitments	1.451	-	1.451
2.1.9.	Commitments for Credit Card Limits	14.216.415	-	14.216.415
2.1.10.	Commitments for Promotional Operations Re-Credit Cards and Banking Services	2.856	-	2.856
2.1.11.	Receivables from "Short" Sale Commitments On Securities	-	-	-
2.1.12.	Payables for "Short" Sale Commitments On Securities	-	-	-
2.1.13.	Other Irrevocable Commitments	138.433	1.407.337	1.545.770
2.2.	Revocable Commitments	2.684.703	-	2.684.703
2.2.1.	Revocable Loan Granting Commitments	2.684.144	-	2.684.144
2.2.2.	Other Revocable Commitments	559	-	559
III.	DERIVATIVE FINANCIAL INSTRUMENTS	32.970.898	72.158.416	105.129.314
3.1.	Hedging Purpose Derivatives	-	-	-
3.1.1.	Fair Value Hedge	-	-	-
3.1.2.	Cash Flow Hedge	-	-	-
3.1.3.	Hedging of a Net Investment in Foreign Subsidiaries	-	-	-
3.2.	Trading Purpose Derivatives	32.970.898	72.158.416	105.129.314
3.2.1.	Forward Foreign Currency Purchases/Sales	2.496.842	5.539.818	8.036.660
3.2.1.1.	Forward Foreign Currency Purchases	1.265.138	2.764.943	4.030.081
3.2.1.2.	Forward Foreign Currency Sales	1.231.704	2.774.875	4.006.579
3.2.2.	Currency and Interest Rate Swaps	22.402.421	57.694.946	80.097.367
3.2.2.1.	Currency Swaps-Purchases	3.547.926	24.602.208	28.150.134
3.2.2.2.	Currency Swaps-Sales	10.854.495	16.104.300	26.958.795
3.2.2.3.	Interest Rate Swaps-Purchases	4.000.000	8.494.219	12.494.219
3.2.2.4.	Interest Rate Swaps-Sales	4.000.000	8.494.219	12.494.219
3.2.3.	Currency, Interest Rate and Security Options	8.071.635	6.658.244	14.729.879
3.2.3.1.	Currency Options-Purchases	2.776.904	3.662.687	6.439.591
3.2.3.2.	Currency Options-Sales	3.694.731	2.880.717	6.575.448
3.2.3.3.	Interest Rate Options-Purchases	800.000	57.420	857.420
3.2.3.4.	Interest Rate Options-Sales	800.000	57.420	857.420
3.2.3.5.	Securities Options-Purchases	-	-	-
3.2.3.6.	Securities Options-Sales	-	-	-
3.2.4.	Currency Futures	-	-	-
3.2.4.1.	Currency Futures-Purchases	-	-	-
3.2.4.2.	Currency Futures-Sales	-	-	-
3.2.5.	Interest Rate Futures	-	-	-
3.2.5.1.	Interest Rate Futures-Purchases	-	-	-
3.2.5.2.	Interest Rate Futures-Sales	-	-	-
3.2.6.	Others	-	2.265.408	2.265.408
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		479.731.903	115.201.810	594.933.713
IV.	ITEMS HELD IN CUSTODY	93.039.880	2.886.737	95.926.617
4.1.	Customers' Securities and Portfolios Held	137.901	-	137.901
4.2.	Securities Held in Custody	89.855.087	1.511.039	91.366.126
4.3.	Checks Received for Collection	1.454.634	988.911	2.443.545
4.4.	Commercial Notes Received for Collection	1.592.258	289.431	1.881.689
4.5.	Other Assets Received for Collection	-	-	-
4.6.	Assets Received for Public Offering	-	-	-
4.7.	Other Items under Custody	-	97.356	97.356
4.8.	Custodians	-	-	-
V.	PLEDGED ITEMS	386.418.449	111.062.703	497.481.152
5.1.	Securities	3.141.980	39.804	3.181.784
5.2.	Guarantee Notes	271.955.458	45.280.793	317.236.251
5.3.	Commodities	16.002.073	5.554.934	21.557.007
5.4.	Warrants	-	-	-
5.5.	Immovables	76.549.760	39.435.161	115.984.921
5.6.	Other Pledged Items	18.769.178	20.752.011	39.521.189
5.7.	Pledged Items-Depository	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	273.574	1.252.370	1.525.944
TOTAL OFF BALANCE SHEET ITEMS (A+B)		554.912.735	207.466.407	762.379.142

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



**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF INCOME**  
**AS OF 30 JUNE 2018**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish*  
*See Note 3.1.c*

INCOME STATEMENT		Footnotes	CURRENT PERIOD (01/01-30/06/2018)	CURRENT PERIOD (01/04-30/06/2018)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.a)	<b>7.741.469</b>	<b>4.121.286</b>
1.1	Interest on loans		6.776.671	3.628.648
1.2	Interest received from reserve deposits		79.739	43.307
1.3	Interest received from banks		131.424	68.546
1.4	Interest received from money market transactions		4.417	2.678
1.5	Interest received from marketable securities portfolio		580.023	291.040
1.5.1	Financial assets at fair value through profit or loss		10.563	7.570
1.5.2	Financial assets at fair value through other comprehensive income		335.238	166.989
1.5.3	Financial assets measured at amortized cost		234.222	116.481
1.6	Financial lease income		116.838	62.979
1.7	Other interest income		52.357	24.088
<b>II.</b>	<b>INTEREST EXPENSES</b>	(5.IV.b)	<b>4.344.444</b>	<b>2.347.933</b>
2.1	Interest on deposits		3.329.748	1.779.806
2.2	Interest on funds borrowed		546.586	300.983
2.3	Interest on money market transactions		170.548	92.340
2.4	Interest on securities issued		257.296	145.779
2.5	Other interest expenses		40.266	29.025
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>3.397.025</b>	<b>1.773.353</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>968.252</b>	<b>514.696</b>
4.1	Fees and commissions received		1.321.195	713.496
4.1.1	Non-cash loans		131.003	69.021
4.1.2	Other		1.190.192	644.475
4.2	Fees and commissions paid		352.943	198.800
4.2.1	Non-cash loans		2.736	1.412
4.2.2	Other		350.207	197.388
<b>V.</b>	<b>PERSONNEL EXPENSES (-)</b>	(5.IV.f)	<b>781.542</b>	<b>406.929</b>
<b>VI</b>	<b>DIVIDEND INCOME</b>		<b>1.718</b>	<b>1.617</b>
<b>VII.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	(5.IV.c)	<b>50.179</b>	<b>126.732</b>
7.1	Profit/losses from capital market transactions		3.497	(681)
7.2	Profit/losses from derivative financial transactions		1.228.749	1.074.770
7.3	Foreign exchange profit/losses		(1.182.067)	(947.357)
<b>VIII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.d)	<b>184.907</b>	<b>102.205</b>
<b>IX.</b>	<b>GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII+VIII)</b>		<b>3.820.539</b>	<b>2.111.674</b>
<b>X.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>		<b>1.160.562</b>	<b>714.018</b>
<b>XI.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.f)	<b>985.115</b>	<b>507.080</b>
<b>XII.</b>	<b>NET OPERATING PROFIT/LOSS (IX-X-XI)</b>		<b>1.674.862</b>	<b>890.576</b>
<b>XIII.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>XIV.</b>	<b>PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-
<b>XV.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XVI.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)</b>	(5.IV.g)	<b>1.674.862</b>	<b>890.576</b>
<b>XVII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.IV.h)	<b>(402.225)</b>	<b>(223.618)</b>
17.1	Current tax provision		(181.664)	(93.075)
17.2	Expense effect of deferred tax (+)		(1.046.325)	(664.036)
17.3	Income effect of deferred tax (-)		825.764	533.493
<b>XVIII.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVI±XVII)</b>		<b>1.272.637</b>	<b>666.958</b>
<b>XIX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
19.1	Income from assets held for sale		-	-
19.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
19.3	Other income from discontinued operations		-	-
<b>XX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
20.1	Expenses on assets held for sale		-	-
20.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other expenses from discontinued operations		-	-
<b>XXI.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XIX-XX)</b>		-	-
<b>XXII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
22.1	Current tax provision		-	-
22.2	Expense effect of deferred tax (+)		-	-
22.3	Income effect of deferred tax (-)		-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSSES (XVIII+XXIII)</b>	(5.IV.i)	<b>1.272.637</b>	<b>666.958</b>
24.1	Group's profit/loss		1.271.809	666.577
24.2	Minority shares		828	381
	Earnings / Losses per Share (Per thousand share)		0,38	0,20

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF INCOME**  
**AS OF 30 JUNE 2017**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish*  
*See Note 3.1.c*

INCOME AND EXPENSE ITEMS	Footnotes	PRIOR PERIOD (01/01-30/06/2017)	PRIOR PERIOD (01/04-30/06/2017)
<b>I. INTEREST INCOME</b>	(5.IV.a)	<b>6.065.843</b>	<b>3.088.297</b>
1.1 Interest from Loans		5.234.493	2.719.350
1.2 Interest from Reserve Deposits		40.780	22.578
1.3 Interest from Banks		72.527	61.975
1.4 Interest from Money Market Transactions		17.568	7.368
1.5 Interest from Securities Portfolio		535.804	196.338
1.5.1 Trading Securities		3.896	1.541
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3 Available for Sale Securities		292.532	106.658
1.5.4 Held to Maturity Securities		239.376	88.139
1.6 Interest from Financial Leases		115.213	56.574
1.7 Other Interest Income		49.458	24.114
<b>II. INTEREST EXPENSE</b>	(5.IV.b)	<b>2.943.059</b>	<b>1.543.677</b>
2.1 Interest on Deposits		2.192.891	1.167.969
2.2 Interest on Funds Borrowed		416.510	201.126
2.3 Interest on Money Market Transactions		92.842	42.556
2.4 Interest on Securities Issued		152.624	82.775
2.5 Other Interest Expense		88.192	49.251
<b>III. NET INTEREST INCOME (I - II)</b>		<b>3.122.784</b>	<b>1.544.620</b>
<b>IV. NET FEES AND COMMISSION INCOME /EXPENSE</b>	(5.IV.j)	<b>743.279</b>	<b>404.443</b>
4.1 Fees and Commissions Received		960.920	518.419
4.1.1 Non-Cash Loans		113.873	61.066
4.1.2 Other		847.047	457.353
4.2 Fees and Commissions Paid		217.641	113.976
4.2.1 Non-Cash Loans		1.244	668
4.2.2 Other		216.397	113.308
<b>V. DIVIDEND INCOME</b>		<b>1.149</b>	<b>1.064</b>
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.IV.c)	<b>(499.232)</b>	<b>(354.877)</b>
6.1 Profit / Loss on Securities Trading		(25.750)	(9.535)
6.2 Profit / Loss on Derivative Financial Transactions		(1.052.191)	(649.194)
6.3 Foreign Exchange Gains / Losses		578.709	303.852
<b>VII. OTHER OPERATING INCOME</b>	(5.IV.d)	<b>425.567</b>	<b>191.094</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>3.793.547</b>	<b>1.786.344</b>
<b>IX. PROVISION FOR LOANS AND OTHER RECEIVABLES (-)</b>	(5.IV.e)	<b>951.628</b>	<b>424.687</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.IV.f)	<b>1.555.072</b>	<b>799.532</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>1.286.847</b>	<b>562.125</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD</b>		-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	(5.IV.g)	<b>1.286.847</b>	<b>562.125</b>
<b>XVI. TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(5.IV.h)	<b>(279.295)</b>	<b>(112.238)</b>
16.1 Current Tax		(273.488)	(119.196)
16.2 Deferred Tax		(5.807)	6.958
<b>XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>		<b>1.007.552</b>	<b>449.887</b>
<b>XVIII. PROFIT FROM DISCONTINUED OPERATIONS</b>		-	-
18.1 Assets Held for Sale		-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-
18.3 Other		-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1 Assets Held for Sale		-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Other		-	-
<b>P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-
<b>XX. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
21.1 Current Tax		-	-
21.2 Deferred Tax		-	-
<b>XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII. NET PROFIT / LOSS (XVII+XXII)</b>	(5.IV.i)	<b>1.007.552</b>	<b>449.887</b>
23.1 Group's Profit / Loss		1.007.150	449.668
23.2 Minority Shares		402	219
Earnings / Losses per Share (Per thousand share)		0,30	0,14

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF**  
**OTHER COMPREHENSIVE INCOME**  
**AS OF 30 JUNE 2018**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish*  
*See Note 3.1.c*

	CURRENT PERIOD (01/01-30/06/2018)
<b>I. CURRENT PERIOD PROFIT OR LOSS</b>	<b>1.272.637</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(117.078)</b>
<b>2.1 Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss</b>	<b>3.297</b>
2.1.1 Gains (Losses) on Revaluation of Property, Plant and Equipment	4.416
2.1.2 Gains (Losses) on Revaluation of Intangible Assets	-
2.1.3 Gains (Losses) on Remeasurements of Defined Benefit Plans	-
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-
2.1.5 Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(1.119)
<b>2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>(120.375)</b>
2.2.1 Exchange Differences on Translation	1.063.531
Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive	
2.2.2 Income	(465.084)
2.2.3 Income (Loss) Related to Cash Flow Hedges	(18.485)
2.2.4 Income (Loss) Related to Hedges of Net Investments in Foreign Operations	(1.034.801)
2.2.5 Other Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-
2.2.6 Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	334.464
<b>III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>1.155.559</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF**  
**OTHER COMPREHENSIVE INCOME**  
**AS OF 30 JUNE 2017**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish*  
*See Note 3.1.c*

	PRIOR PERIOD (01/01-30/06/2017)
I. ADDITIONS TO SECURITIES REVALUATION RESERVE FROM AVAILABLE FOR SALE INVESTMENTS	240.717
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	687
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	335.223
V. PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion of Fair Value Differences)	198
VI. PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion of Fair Value Differences)	(354.164)
VII. THE EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER EQUITY DUE TO TAS	-
IX. DEFERRED TAXES OF VALUATION DIFFERENCES	22.320
X. NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	244.981
XI. CURRENT PERIOD PROFIT/LOSS	1.007.552
1.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	(35.504)
1.2 Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes Recycled to Income Statement	(89)
1.3 Transfer of Hedge of Net Investment in Foreign Operations Recycled to Income Statement	-
1.4 Other	1.043.145
<b>XII. TOTAL PROFIT AND LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>1.252.533</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**  
**AS OF 30 JUNE 2018**

(Currency: Thousands of TL - Turkish Lira)

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

CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Cancellation Profits	Other capital reserves	Tangible and Intangible Assets Revaluation Reserve	Other Accumulated Comprehensive Income		Exchange Differences on Translation	That Will Not Be Reclassified in Profit and Loss		Profit reserves	Prior Period Net Profit / (Loss)	Current Period Net Profit / (Loss)	Total Equity Except Minority Shares	Minority Shares	Total Equity
						Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss)	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss)		Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss)						
<b>CURRENT PERIOD</b>																
I. 01/01-30/06/2018																
II. Balances at the Beginning of Period	3.316.100	15	—	67.561	64.304	(15.371)	—	2.151.546	(447.389)	(1.741.301)	4.184.426	3.363.124	1.900.758	12.843.763	9.844	12.853.407
2.1 Adjustment in Accordance with TMS 8	—	—	—	—	—	—	601.351	—	(11.836)	—	—	(346.863)	—	242.552	—	242.552
2.2 Effect of Changes in Accounting Policies	—	—	—	—	—	—	601.351	—	(11.936)	—	—	—	—	—	—	—
III. New Balance (I+II)	3.316.100	15	—	67.561	64.304	(15.371)	601.351	2.151.546	(459.335)	(1.741.301)	4.184.426	3.016.261	1.900.758	13.086.315	9.844	13.095.959
IV. Total Comprehensive Income	—	—	—	—	3.297	—	—	1.063.533	(362.345)	—	—	—	1.271.809	1.154.731	828	1.155.559
V. Capital Increase in Cash	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
VI. Capital Increase through Internal Reserves	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
VII. Issued Capital Inflation Adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
VIII. Convertible Bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
IX. Subordinated Debt	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
X. Increase (Decrease) through Other Changes	—	—	—	—	—	—	—	—	—	—	—	331	—	331	299	630
XI. Profit Distribution	—	—	—	—	—	—	—	—	—	—	927.382	973.376	(1.900.758)	—	—	—
11.1 Dividends Paid	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11.2 Transfer to Legal Reserves	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11.3 Other	—	—	—	—	—	—	—	—	—	—	927.382	973.376	(1.900.758)	—	—	—
<b>Balances at the End of Period (III+IV+.....+X+XI)</b>	<b>3.316.100</b>	<b>15</b>	<b>—</b>	<b>67.561</b>	<b>67.601</b>	<b>(15.371)</b>	<b>601.351</b>	<b>3.215.079</b>	<b>(821.680)</b>	<b>(2.562.864)</b>	<b>5.111.808</b>	<b>3.989.968</b>	<b>1.271.809</b>	<b>14.241.377</b>	<b>10.771</b>	<b>14.252.148</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**  
**AS OF 30 JUNE 2017**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish  
See Note 3.1.c*

CHANGES IN SHAREHOLDERS' EQUITY	Paid-In Capital	Inflation Adjustments to Paid-In Capital (%)	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Securities Revaluation Reserve	Revaluation Fund of Tang./Intang.A.	Bonus Shares Obtained from Associates	Hedging Reserves	Val.Diff.Related to Assets Held for Sale/Disc.Opr.	Total Equity Attrib. to Equity Holders of the Parent	Minority Interest	Total Shareholders' Equity
<b>I. PRIOR PERIOD 01/01-30/06/2017</b>																		
Balances at the Beginning of Period	3.316.100	-	15	-	187.374	-	3.780.706	1.159.821	1.400.027	2.246.297	(555.295)	53.892	11	(1.007.220)	-	10.581.828	8.270	10.590.098
<b>Changes in the Period</b>																		
II. Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation Differences of Securities	-	-	-	-	-	-	-	-	-	-	192.399	-	-	-	-	192.399	-	192.399
IV. Hedging Transactions (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	(283.134)	-	-	(283.134)	-	(283.134)
4.1 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	198	-	198	-	198
4.2 Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(283.332)	-	(283.332)	-	(283.332)
V. Revaluation Fund of Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	493	-	-	-	493	-	493
VI. Revaluation Fund of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	11	-	-	11	-	11
VIII. Foreign Exchange Differences	-	-	-	-	-	-	-	335.223	-	-	-	-	-	-	-	335.223	-	335.223
IX. Changes Related to Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of Changes in Equities of Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The Effect of Capital Increases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Issuance of Capital Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital Reserves from Inflation Adjustments to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Prior Period Net Profit / Loss</b>	-	-	-	-	-	-	-	-	1.007.150	-	-	-	-	-	-	1.007.150	402	1.007.552
<b>XVIII. Profit Distribution</b>	-	-	-	-	70.464	-	145.881	-	(1.400.027)	1.116.828	-	66.854	-	-	-	-	-	-
18.1 Dividend Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfer to Reserves	-	-	-	-	70.464	-	145.881	-	(1.400.027)	1.116.828	-	66.854	-	-	-	-	-	-
18.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII)</b>	<b>3.316.100</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>257.838</b>	<b>-</b>	<b>3.926.587</b>	<b>1.495.144</b>	<b>1.007.150</b>	<b>3.363.126</b>	<b>(362.896)</b>	<b>121.239</b>	<b>22</b>	<b>(1.290.354)</b>	<b>-</b>	<b>11.833.970</b>	<b>8.672</b>	<b>11.842.642</b>

(\*) The column "Other Reserves" amounting to TL (4.802) and relating to the "actuarial loss/profit" calculated as per TAS 19 "Employee Benefits" is stated under "Other Capital Reserves" in consolidated financial statements.

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**AS OF 30 JUNE 2018**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish*  
*See Note 3.1.c*

	CURRENT PERIOD (01/01-30/06/2018)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>	
<b>1.1 Operating profit before changes in operating assets and liabilities (+)</b>	<b>2.130.152</b>
1.1.1 Interest received (+)	6.544.100
1.1.2 Interest paid (-)	4.126.347
1.1.3 Dividends received (+)	1.718
1.1.4 Fees and commissions received (+)	1.321.195
1.1.5 Other income (+)	114.458
1.1.6 Collections from previously written off loans and other receivables (+)	572.828
1.1.7 Cash payments to personnel and service suppliers (-)	706.917
1.1.8 Taxes paid (-)	218.489
1.1.9 Other (+/-)	(1.372.394)
<b>1.2 Changes in operating assets and liabilities subject to banking operations</b>	<b>3.051.204</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)	(31.987)
1.2.2 Net increase (decrease) in due from banks (+/-)	(116.532)
1.2.3 Net increase (decrease) in loans	(12.122.959)
1.2.4 Net increase (decrease) in other assets (+/-)	(1.506.344)
1.2.5 Net increase (decrease) in bank deposits (+/-)	588.161
1.2.6 Net increase (decrease) in other deposits (+/-)	11.009.883
1.2.7 Net increase (decrease) in financial liabilities at fair value through profit or loss (+/-)	-
1.2.8 Net increase (decrease) in funds borrowed (+/-)	2.667.760
1.2.9 Net increase (decrease) in matured payables (+/-)	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	2.563.222
<b>I. Net cash provided from banking operations(+/-)</b>	<b>5.181.356</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>II. Net cash provided from investing activities(+/-)</b>	<b>(328.069)</b>
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-)	-
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures (+)	-
2.3 Cash paid for the purchase of tangible and intangible asset (-)	170.428
2.4 Cash obtained from the sale of tangible and intangible asset (+)	45.321
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)	687.278
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)	235.788
2.7 Cash paid for the purchase of financial assets at amortized cost (-)	-
2.8 Cash obtained from sale of financial assets at amortized cost (+)	-
2.9 Other (+/-)	248.528
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>III. Net cash flows from financing activities (+/-)</b>	<b>(1.642.095)</b>
3.1 Cash obtained from funds borrowed and securities issued (+)	8.468.283
3.2 Cash outflow from funds borrowed and securities issued (-)	10.110.378
3.3 Equity instruments issued (+)	-
3.4 Dividends paid (-)	-
3.5 Payments for finance lease liabilities (-)	-
3.6 Other (+/-)	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-)</b>	<b>1.631.303</b>
<b>V. Net increase/decrease in cash and cash equivalents (I+II+III+IV)</b>	<b>4.842.495</b>
<b>VI. Cash and cash equivalents at beginning of the period (+)</b>	<b>16.636.028</b>
<b>VII. Cash and Cash Equivalents at the End of Period</b>	<b>21.478.523</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**AS OF 30 JUNE 2017**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
*Originally Issued in Turkish*  
*See Note 3.1.c*

	PRIOR PERIOD (01/01-30/06/2017)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>	
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities (+)</b>	<b>2.121.045</b>
1.1.1 Interest Received (+)	5.506.355
1.1.2 Interest Paid (-)	2.823.822
1.1.3 Dividend Received (+)	1.149
1.1.4 Fees And Commissions Received (+)	883.890
1.1.5 Other Income (+)	859.765
1.1.6 Collections from Previously Written-Off Loans and Other Receivables (+)	481.805
1.1.7 Payments to Personnel and Service Suppliers (-)	661.178
1.1.8 Taxes Paid (-)	161.319
1.1.9 Other (+/-)	(1.965.600)
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>(2.918.397)</b>
1.2.1 Net (Increase) Decrease in Trading Securities (+/-)	43.667
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV (+/-)	-
1.2.3 Net (Increase) Decrease in Banks (+/-)	(29.173)
1.2.4 Net (Increase) Decrease in Loans (+/-)	(8.688.895)
1.2.5 Net (Increase) Decrease in Other Assets (+/-)	(1.963.279)
1.2.6 Net Increase (Decrease) in Bank Deposits (+/-)	2.168.566
1.2.7 Net Increase (Decrease) in Other Deposits (+/-)	6.377.185
1.2.8 Net Increase (Decrease) in Funds Borrowed (+/-)	684.886
1.2.9 Net Increase (Decrease) in Due Payables (+/-)	-
1.2.10 Net Increase (Decrease) in Other Liabilities (+/-)	(1.511.354)
<b>I. Net Cash (Used in)/Provided from Banking Operations (+/-)</b>	<b>(797.352)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>II. Net Cash Provided from / (Used in) Investing Activities (+/-)</b>	<b>992.221</b>
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries (-)	-
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries (+)	-
2.3 Fixed Assets Purchases (-)	91.903
2.4 Fixed Assets Sales (+)	85.135
2.5 Cash Paid for Purchase of Investments Available for Sale (-)	382.160
2.6 Cash Obtained From Sale of Investments Available for Sale (+)	1.313.354
2.7 Cash Paid for Purchase of Investment Securities (-)	-
2.8 Cash Obtained from Sale of Investment Securities (+)	-
2.9 Other (+/-)	67.795
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>III. Net Cash Provided from / (Used in) Financing Activities (+/-)</b>	<b>(597.587)</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued (+)	5.147.342
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-)	5.744.929
3.3 Capital Increase (+)	-
3.4 Dividends Paid (-)	-
3.5 Payments for Finance Leases (-)	-
3.6 Other (+/-)	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)</b>	<b>183.090</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(219.628)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of Period (+)</b>	<b>13.962.545</b>
<b>VII. Cash and Cash Equivalents at the End of Period</b>	<b>13.742.917</b>

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



## **SECTION THREE**

### **ACCOUNTING POLICIES**

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

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

Consolidated financial statements have been prepared in accordance with the regulations, communiqués, explanations and circulars published with respect to accounting and financial reporting principles by the Banking Regulation and Supervision Authority ("BRSA") within the framework of the provisions of the Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Document Keeping published in the Official Gazette no. 26333 dated 1 November 2006 in relation with the Banking Law no. 5411, as well as the Turkish Accounting Standards (TAS") and Turkish Financial Reporting Standards ("TFRS") enforced by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the annexes and commentaries relating to these Standards (hereinafter collectively referred to as "Turkish Accounting Standards" or "TAS") if there are no specific regulations made by BRSA. The form and content of the consolidated financial statements which have been drawn up and which will be disclosed to public have been prepared in accordance with the "Communiqué on the financial Statements to be Disclosed to the Public by Banks and the Related Explanations and Footnotes" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" as well as the communiqués that introduce amendments and additions to this Communiqué. The parent shareholder Bank keeps its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Commercial Law and Turkish Tax legislation.

Consolidated financial statements have been prepared based on historical cost principle, except the financial assets and liabilities indicated at their fair values.

The amounts in the consolidated financial statements and explanations and footnotes relating to these statements have been denoted in Thousand Turkish Liras unless otherwise stated.

In the preparation of consolidated financial statements according to TAS, the management of the parent shareholder Bank should make assumptions and estimations regarding the assets and liabilities in the balance sheet. These assumptions and estimations are reviewed regularly, the necessary corrections are made and the effects of these corrections are reflected in the income statement. The assumptions and estimations used are explained in the related foot notes.

The Parent Bank and its consolidated subsidiaries are classified as "DFS Group" in the footnotes related to the consolidated financial statements.

##### **b. Accounting policies and changes in the presentation of financial statements**

Accounting policies and valuation principles used in the preparation of the consolidated financial statements are determined in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). In accordance with the transition rules of TFRS 9, the prior period financial statements and notes are not restated. Accounting policies and valuation principles used for the year 2018 and 2017 periods are separately presented in the notes and the accounting policies for the year 2017 are included in Section three notes XXV. Impacts of transition to TFRS 9 and its adoption is disclosed in Section three notes XXIV.

##### **c. Additional paragraph for convenience translation:**

The effects of differences between accounting principles and standards set out by BRSA Accounting and Financial Reporting Legislation the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

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

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

DFS Group assumes risks within pre-determined risk limits in short-term currency, interest and price movements in money and capital markets and market conditions. These positions are closely monitored by the Risk Management System of the Parent Bank and the necessary precautions are taken if the limits are exceeded or should there be a change in the market environment. In order to avoid interest rate risk, assets and liabilities with fixed and floating interests are kept in balance, taking the maturity structure into consideration. The asset-liability balance is monitored on a daily basis in accordance with the maturity structure and foreign currency type. The risks associated with short-term positions are hedged through derivatives such as forwards, swaps and options. No risks are taken as far as possible on foreign currencies other than US Dollar and Euro. Transactions are made under the determined limits to cover the position.

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

**b. Transactions denominated in foreign currencies**

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

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

	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2017</b>
US Dollar	TL 4,5607	TL 3,7719	TL 3,5168
Euro	TL 5,3092	TL 4,5155	TL 4,0126

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

As of 30 June 2018, net foreign exchange loss included in the income statement amounts to TL (1.182.067) (1 January - 30 June 2017: TL 578.709 net foreign exchange profit).

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

The assets and liabilities of foreign operations are translated to TL at foreign exchange rates of the Parent Bank ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to TL at yearly average foreign exchange rates of the Parent Bank. The foreign exchange differences derived from translation of income statements of consolidated subsidiaries, and arising from the difference between TL equivalent of their equities and the Parent Bank's share in their net assets are recorded in "other profit reserves".

As of 30 June 2018, total foreign exchange differences in equity amount to TL 3.130.647 (31 December 2017: TL 2.105.383).

The foreign exchange difference of TL 84.397 (31 December 2017: TL 46.163) arising from the translation of the financial statements of Bahrain branch of the Parent Bank to Turkish Lira per TAS 21 is recorded in "other profit reserves".

DFS Group applies net investment hedge accounting to hedge from the foreign currency exchange risk arising from conversion of its investments in foreign currency denominated subsidiaries on a consolidated basis. Part of foreign currency deposits to the net investment amount is designated as hedging instrument and the effective portion of the foreign exchange difference of these financial liabilities is recognized under hedging funds in equity.

### **III. Information regarding the consolidated subsidiaries**

Consolidated financial statements are prepared in accordance with TFRS 10, the “Turkish Accounting Standard for Consolidated Financial Statements”.

The Parent Bank owns, directly or indirectly, the shares of Deniz Yatırım Menkul Kıymetler A.Ş. (Deniz Yatırım), Eurodeniz International Banking Unit Ltd. (Eurodeniz), Deniz Portföy Yönetimi A.Ş. (Deniz Portföy), Denizbank AG, JSC Denizbank, Deniz Finansal Kiralama A.Ş. (Deniz Leasing), Deniz Faktoring A.Ş. (Deniz Faktoring), Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. (Deniz GYO), and CR Erdberg Eins GmbH & Co KG (CR Erdberg) and these subsidiaries are consolidated fully.

DFS Funding Corp., which is a structured entity, is also included in the scope of consolidation.

It was decided to change type and title of Ekspres Menkul Değerler A.Ş. (Ekspres Menkul Değerler) in Extraordinary General Assembly meeting held on 5 August 2016 and the decision has been registered at Istanbul Trade Registry Office on 10 August 2016 and title of Ekspres Menkul Değerler has changed as Ekspres Bilgi İşlem ve Ticaret Anonim Şirketi (Ekspres Bilgi İşlem) and it was excluded from consolidated subsidiaries in scope of BRSA regulations since it has a non-financial subsidiary status.

In addition, the non-financial subsidiaries of the parent bank; Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. (“Intertech”), Deniz Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. (“Deniz Kültür”) and Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (“Bantaş”) which is jointly controlled company and affiliates of Intertech; Deniz Kartlı Ödeme Sistemleri A.Ş. and Açık Deniz Radyo ve Televizyon İletişim Yayıncılık Ticaret ve Sanayi A.Ş., and Deniz Immobilen Service GMBH (“Deniz Immobilen”) subsidiary of Denizbank AG, since they are non-financial subsidiaries are excluded from the consolidation process.

#### **Important changes on consolidated subsidiaries in reporting period**

On 26 September 2017, the Parent Bank increased the share capital of Denizbank AG by Euro 50 million in cash.

#### **Consolidation principles for subsidiaries**

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated using the full consolidation method.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Bank’s returns.

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

The carrying amount of the Parent Bank’s investment in each subsidiary and the Parent Bank’s portion of equity of each subsidiary are eliminated.

All intercompany transactions and intercompany balances between the consolidated subsidiaries and the Parent Bank are eliminated.

The financial statements which have been used in the consolidation are prepared as of 30 June 2018 and appropriate adjustments are made to financial statements to use uniform accounting policies for transactions and events alike in similar circumstances, in accordance with the principal of materiality.

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

DFS Group's derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and forward foreign currency purchase/sale contracts.

In accordance with TFRS 9, forward foreign currency purchase/sale contracts, swaps, options and futures are classified as "Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss". Derivative transactions are recorded with their fair values at contract date. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual notional amounts.

The derivative transactions are valued at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. Gains and losses arising from a change in the fair value are recognized in the income statement. Fair values of derivatives are calculated using either discounted cash flow model or market value.

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

Interest income and expenses are recognized as they are accrued taking into account the internal rate of return method.

**VI. Explanations on fees and commissions**

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

**VII. Explanations on financial assets**

DFS Group categorizes its financial assets as "Fair Value Through Profit or Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

DFS Group recognizes a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by the Parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Parent Bank's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments is made to earnings, losses or interest that were previously recorded in the financial statements.

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

"Financial assets at fair value through profit or loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

**b. Financial assets at fair value through other comprehensive income**

In addition to Financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition an entity can choose in an irrevocable was to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

**c. Financial assets measured at amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

DFS Group has government securities with a maturity of 5-10 years and indexed to CPI in the 3 month real coupon ratios that remain constant throughout the maturity in the "Fair value through other comprehensive income" and "Measured at amortized cost" securities portfolios. As stated by Secretary of Treasury in CPI indexed investor guide, the reference indexes used in calculating the actual coupon payment amounts of these securities are based on the CPI indexes of two months ago. DFS Group predicts the inflation rate in parallel to those.

**d. Loans**

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate (internal rate of return) Method".

DFS Group's loans are recorded under the "Measured at Amortized Cost" account.

**VIII. Explanations on expected credit loss**

DFS Group allocates impairment for expected credit loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, the Group recognize provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

*Stage 1*

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk will be recorded in the amount of 12-month expected credit losses.

*Stage 2*

In the event of a significant increase in credit risk since initial recognition, the financial asset will be transferred to Stage 2. Impairment for credit risk will be determined on the basis of the instrument's lifetime expected credit losses.

*Stage 3*

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

While the expected credit loss for financial assets in Stage 1 are determined on a collective basis, expected credit loss for some of the financial assets in Stage 2 and Stage 3 are calculated on an individual basis. Qualifications of the financial assets that are individually assessed are determined in the TFRS 9 policy of DFS Group.

In accordance with BRSA's "Guidance on Calculation of Expected Credit Loss in Relation to TFRS 9", the Parent Bank has established a TFRS 9 Committee. The Committee is responsible for the control of classification and measurement of financial assets in line with TFRS 9 and the control of the adequacy of the expected credit loss. Additionally, the Committee is also responsible for the controlling of formation and application of DFS Group's existing policies in line with TFRS 9 best practice guides. The Committee is responsible for maintenance of trustworthy and solid ground for calculation of expected credit loss, and the documentation, policy updating in a timely manner, and proper accounting of these methods.

**IX. Explanations on offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the DFS Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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

Government bonds and treasury bills sold to customers under repurchase agreements are classified according to purpose of being hold into portfolio on the assets side of the accompanying consolidated balance sheet within "Financial assets at fair value difference through profit or loss", "Financial assets at fair value difference through other comprehensive income" and "Measured at amortized cost" and are measured according to valuation principles of relating portfolio. Funds obtained from repurchase agreements are presented on the liability side of the consolidated balance sheet within the account of "Receivables from money market". The accrual amounts corresponding to the period is calculated over the sell and repurchase price difference determined in repurchase agreements. Accrued interest expenses calculated for funds obtained from repurchase agreements are presented in "Due to money markets" account in liability part of the consolidated balance sheet.

Securities received with resale commitments are presented under "Due from money markets" line in the balance sheet. The accrual amounts for the corresponding part to the period of the resale and repurchase price

difference determined in reverse repurchase agreements are calculated using the effective interest method. The Parent Bank has no securities which are subject to borrowing activities.

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

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TFRS 5)".

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

As 30 June 2018, DFS Group does not have non-current assets held for sale and discontinued operations.

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

##### **a. Goodwill**

Goodwill represents the excess of the total acquisition costs over the shares owned in the net assets of the acquired company at the date of acquisition. The "net goodwill" resulted from the acquisition of the investment and to be included in the consolidated balance sheet, is calculated based on the financial statements of the investee company as adjusted according to the required accounting principles. Assets of the acquired company which are not presented on financial statements but separated from goodwill represented with fair values of tangible assets (credit card brand equity, customer portfolio etc.) and/or contingent liabilities to financial statements in process of acquisition.

In accordance with "TFRS 3 - Business Combinations", the goodwill is not amortized. It is tested yearly or if there is any indication of impairment according to "Turkish Accounting Standard 36 (TAS 36) - Impairment of Assets".

##### **b. Other intangible assets**

Intangible assets are initially measured at acquisition cost and other costs which are required for activation of the financial asset in accordance with TAS 38 "Intangible Assets" standard. Intangible assets are evaluated over excess value of net cost that derived from accumulated depreciation and accumulated impairment after recognition period.

The Group's intangible assets consist of software, license rights, data/telephone line, total values of credit cards and personal loans portfolio.

Intangible assets purchased before 1 January 2003 and after 31 December 2006 are amortized on a straight-line basis; and those purchased between the aforementioned dates are amortized by using the double-declining method. Useful life of an asset is estimated by assessment of the expected life span, technical, and technological wear outs of the asset. The amortization rates used approximate the useful lives of the assets.

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

#### **XIII. Explanations on tangible assets**

DFS Group has passed to revaluation model from cost model in the framework of TAS 16 "Tangible Fixed Assets" in valuation of properties in use as of 31 December 2016, while it tracks all of its remaining tangible fixed assets by cost model in accordance with TAS 16. Positive differences between property value in expertise reports prepared by licensed valuation firms and net carrying amount of the related property are recorded under equity accounts while negative differences are posted to the income statement.

	Estimated Economic Life (Year)	Depreciation Rate
<b>Movables</b>		
- Office machinery	4 Years	10 % - 50 %
- Furniture and fixtures	5 Years	10 % - 50 %
- Motor vehicles	5 Years	20 % - 50 %
- Other equipment	10 Years	2,50 % - 50 %
<b>Real estate</b>	50 Years	2 % - 3,03 %

Maintenance and repair costs that are routinely made on tangible assets are expensed. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the tangible asset.

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

**XIV. Explanations on investment properties**

Land and buildings that are held for rental yields or for capital appreciation or both, rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as "investment property". Investment property is carried at fair value. Gains or losses arising from a change in the fair value of investment property are recognized in the income statement in the period in which they occur.

Investment property is derecognized through disposal or withdrawal from use and when no future economic benefit is expected from its disposal. Gains or losses arising from the disposal of investment property are recognized in the related statement of income or expense accounts in the period in which they occur.

Due to sale of a Parent Bank's real estate to its subsidiary, Deniz GYO, in 2015, this property has been classified as investment property in the Group's consolidated financial statements, and the difference of TL 13.397 between the net book value and fair value as of the date of sale has been classified in "Revaluation Difference of Investment Property" under shareholders' equity according to TAS 16.

**XV. Explanations on leasing activities**

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

DFS Group has finance lease transactions as "lessor" via its subsidiary, Deniz Leasing. The lease receivables related to leased assets are recorded as finance lease receivables. The asset subject to the financial leasing is presented in the balance sheet as receivable equal to the net leasing amount. Interest income is recognized over the term of the lease using the net investment method which reflects a constant periodic rate of return and the unrecognized portion is followed under unearned interest income account.

Transactions regarding operational agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

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

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

Based on the representations of the Parent Bank's attorneys, there are 6.406 lawsuits against DFS Group with total risks amounting to TL 215.594, US Dollar 5.958.483 and Euro 7.316.023 as of 30 June 2018. There are also 14.933 follow-up cases amounting to TL 542.451, US Dollar 4.795.625 and Euro 499.189 in total that are filed by DFS Group and are at courts. DFS Group booked a provision amounting to TL 92.357 for the continuing lawsuits (31 December 2017: TL 43.336).



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

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

The Parent Bank in accordance with existing legislation in Turkey, is required to make retirement and notice payments to each employee whose employment is terminated due to reasons other than resignation or misconduct. Except to the this extents, the Parent Bank is required to make severance payment to each employee whose employment is terminated due to retirement, death, military service and to female employees following their marriage within one year leave the job of their own accords by fourteenth clause of Labor Law.

DFS Group, in accordance with TAS 19 “Employee Benefits” realized provision registry under the condition of prediction of present value of possible liability in the future related to employee termination benefits. Losses and gains which occur after 1 January 2013 are adjusting under the Equity Accounts in accordance with updated TAS 19 Standard.

The Bank has recognized vacation pay liability amount which is calculated from unused vacation to financial statement as a provision.

**XVIII. Explanations on taxation**

**a. Current taxes**

By the provisional article added to Corporate Tax Law no.5520 by the Clause 91 of law no.7061, current tax rate is declared to be 22% for corporations in 2018, 2019 and 2020 taxation periods.

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

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

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

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

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

Tax effects of items that are accounted for under the shareholders’ equity are also recorded under equity accounts.

**b. Deferred taxes**

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

Individual deferred tax assets and liabilities of the consolidated entities have been offset in their separate financial statements, but have not been offset in the consolidated balance sheet. As a result of offsetting, as of 30 June 2018 deferred tax assets of TL 854.443 (31 December 2017: TL 216.618) and deferred tax liabilities of TL 17.314 (31 December 2017: TL 27.217) have been recognized in the accompanying financial statements.

Deferred tax liabilities are generally recognized for all taxable temporary and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax asset was not computed over general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

Deferred tax assets has started to be recognized over temporary expected provision losses differences according to TFRS 9 articles from 1 January 2018.

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

**c. Transfer pricing**

In the framework of the provisions on “Disguised Profit Distribution Through Transfer Pricing” regulated under article 13 of Corporate Tax Law no. 5520, pursuant to the Corporate Tax Law General Communiqué no. 1, which became effective upon its promulgation in the Official Gazette dated 3 April 2007 and numbered 26482, Corporate Tax Law General Communiqué no. 3, which became effective upon its promulgation in the Official Gazette dated 20 November 2008 and numbered 27060, Council of Ministers Decree no. 2007/12888, which became effective upon its promulgation in the Official Gazette dated 6 December 2007 and numbered 26722, Council of Minister Decree no. 2008/13490, which became effective upon its promulgation in the Official Gazette dated 13 April 2008 and numbered 26846, “General Communiqué No. 1 on Disguised Profit Distribution Through Transfer Pricing”, which became effective upon its promulgation in the Official Gazette dated 18 November 2007 and numbered 26704 and “General Communiqué No. 2 on Disguised Profit Distribution Through Transfer Pricing”, which became effective upon its promulgation in the Official Gazette dated 22 April 2008 and numbered 26855, “General Communiqué No. 3 on Disguised Profit Distribution Through Transfer Pricing”, which became effective upon its promulgation in the Official Gazette dated 7 December 2017 and numbered 30263, profits shall be deemed to have been wholly or partially distributed in a disguised manner through transfer pricing if companies engage in the sales or purchases of goods or services with related parties at prices or amounts defined contrary to the arm’s length principle. Buying, selling, manufacturing and construction operations and services, renting and leasing transactions, borrowing or lending money, bonuses, wages and similar payments are deemed as purchase of goods and services in any case and under any condition.

Corporate taxpayers are obliged to fill in the “The Form on Transfer Pricing, Controlled Foreign Corporation and Thin Capital” regarding the purchases or sales of goods or services they perform with related parties during a fiscal period and submit it to their tax office in the attachment of the corporate tax return.

Furthermore, the taxpayers registered in the Large Taxpayers Tax Administration (Büyük Mükellefler Vergi Dairesi Başkanlığı) must prepare the “Annual Transfer Pricing Report” in line with the designated format for their domestic and cross-border transactions performed with related parties during a fiscal period until the filing deadline of the corporate tax return, and if requested after the expiration of this period, they must submit the report to the Administration or those authorized to conduct tax inspection.

**XIX. Additional explanations on borrowings**

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

General hedging techniques are used for borrowings against liquidity and currency risks. The Parent Bank, if required, borrows funds from domestic and foreign institutions. The Parent Bank also borrows funds in the forms of syndication loans and securitization loans from foreign institutions.

**XX. Explanations on issuance of share certificates**

None (31 December 2017: None).

**XXI. Explanations on acceptances**

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

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

**XXII. Explanations on government grants**

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

**XXIII. Explanations on segment reporting**

Segment reporting is presented in Note IX of Section Four.

#### **XXIV. Explanations on TFRS 9 financial instruments standard**

TFRS 9 “Financial Instruments”, which is effective as at 1 January 2018 replaced TAS 39 Financial Instruments: recognition and measurement. TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting.

##### **Classification and measurement of financial assets**

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent “solely payments of principal and interest (SPPI).

##### **Assessment whether contractual cash flows are solely payments of principal and interest:**

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the DFS Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms, terms that limit the Group's claim to cash flows from specified assets, features that modify consideration for the time value of money.

DFS Group fulfills the on-balance sheet classification and measurement criteria by applying the procedures described above for all financial assets.

Upon initial recognition each financial asset will be classified as either fair value through profit or loss, amortized cost or fair value through other comprehensive income. As the requirements under TFRS 9 are different than the assessments under the existing TAS 39 rules, the classification and measurement of financial liabilities remain largely unchanged under TAS 39.

Explanations of the effect of DFS Group's application of TFRS 9 can be found below.

##### **a. Classification and measurement of financial assets**

	Before TFRS 9		In scope of TFRS 9	
	Measurement base	Book value	Measurement base	Book value
<b>Financial assets</b>		<b>31 December 2017</b>		<b>1 January 2018</b>
Cash and Balances with the Central Bank	Amortized cost	16.968.812	Amortized cost	16.968.812
Banks and Money Markets	Amortized cost	11.443.300	Amortized cost	11.443.300
Securities	Fair value through profit or loss	81.955	Fair value through profit or loss	141.114
Securities	Fair value through other comprehensive income	7.046.033	Fair value through other comprehensive income	6.983.669
Securities	Amortized cost	5.335.639	Amortized cost	5.335.639
Derivative Financial Assets	Fair value through profit or loss	975.808	Fair value through profit or loss	975.808
Unconsolidated and Non-financial Subsidiaries	Historical cost	41.701	Fair value through other comprehensive income	645.552
Loans (Gross)	Amortized cost	117.957.915	Amortized cost	117.957.915

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 30 JUNE 2018**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.c*

**b. Reconciliation of statement of financial position balances from TAS 39 to TFRS 9**

<b>Financial assets</b>	<b>Book value before TFRS 9 31 Dec. 2017</b>	<b>Reclassifications</b>	<b>Remeasurements</b>	<b>Book value after TFRS 9 1 Jan. 2018</b>
<b>Fair value through profit or loss</b>				
Balance before reclassification (trading purpose)	81.955			
Reclassified from available for sale financial assets		59.159	-	
Balance after reclassification				141.114
<b>Fair value through other comprehensive income</b>				
Balance before reclassification (available for sale)	7.046.033			
Valuation difference on available for sale fin. asset		-	(3.205)	
Reclassified to fin. assets at fair value through profit or loss		(59.159)	-	
Balance after reclassification				6.983.669
<b>Unconsolidated and non-financial subsidiaries</b>				
Balance before TFRS 9	41.701			
Fair value difference		-	603.851	
Balance after TFRS 9				620.276

The reasons for the classification of certain financial assets held by DFS Group as above in accordance with the TFRS 9 classification and measurement provisions are explained below.

**Equity securities designated at fair value through profit or loss in accordance with TFRS 9 standard**

The Group has classified equity securities amounting to TL 59.159, which were classified as available-for-sale financial assets to designated at fair value through profit or loss as of the first application date of TFRS 9.

**Classification of financial instruments based on equity in accordance with TFRS 9 standard**

The Group has decided to measure its unconsolidated and non-financial subsidiary, Intertech, which is not traded in an organized market, at Fair Value Through Other Comprehensive Income, irrevocably. The accumulated fair value changes of this subsidiary will not be reclassified to profit and loss if it is disposed of.

**Reclassification of categorized items without a change in measurement**

In addition to the statements above, since the previous categories under TAS 39 of the debt instruments below were "out of use", they are reclassified in new categories under TFRS 9 without changing any measurement principles:

- (i) Previously classified as "available-for-sale" and as of 1 January 2018 classified as "Fair Value Through Other Comprehensive Income".
- (ii) Previously classified as held-to-maturity and as of 1 January 2018 classified as "Measured at Amortized Cost".

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**c. Reconciliation of the opening balances of the provision for expected credit losses to TFRS 9**

The table below shows the reconciliation of the provision for impairment of DFS Group as of 31 December 2017 and the provision for the expected loss model as measured in accordance with TFRS 9 as of 1 January 2018.

	Book value Before TFRS 9 31 December 2017	Remeasurements	Book value After TFRS 9 1 January 2018
<b>Loans</b>	<b>4.828.247</b>	<b>884.279</b>	<b>5.712.526</b>
Stage 1	1.015.987	110.856	1.126.843
Stage 2	299.763	1.184.549	1.484.312
Stage 3	3.121.676	(20.305)	3.101.371
Others (*)	390.822	(390.822)	-
<b>Financial assets (**)</b>	<b>26.310</b>	<b>(13.841)</b>	<b>12.469</b>
<b>Non-cash loans (***)</b>	<b>204.037</b>	<b>472</b>	<b>204.509</b>
Stage 1 and Stage 2	105.552	67.749	173.301
Stage 3	98.485	(67.277)	31.208
<b>Total</b>	<b>5.058.594</b>	<b>870.910</b>	<b>5.929.504</b>

(\*) Includes free provisions that have been booked among "12.5 Other provisions" for certain risks that could have risen in the future by DFS Group at 31 December 2017.

(\*\*) Within the scope of TFRS 9, provisions include provisions for Amortized Cost, Fair Value Through Other Comprehensive Income, Receivables from Banks, Receivables from Money Markets and Other Assets.

(\*\*\*) Before TFRS 9, the expected credit loss for stage 1 and 2 non-cash loans is classified "12.1 General Provision" and expected credit loss for stage 3 non-cash loans is classified "12.5. Other Provisions" under liabilities. In accordance with TFRS 9, the expected loss provisions for the 1st, 2nd and 3rd stage non-cash loans are in the "10.4 Other Provisions" column in the liabilities.

**d. TFRS 9 transition effects on equity**

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standard, published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period information in accordance with TFRS 9 and if the previous period information is not revised, it is stated that the difference between the book value of 1 January 2018 at the date of application should be reflected in the opening aspect of equity. The explanations about the transition effects to TFRS 9 presented in the equity items under the scope of this article are given below.

Negative difference of TL 870.910 between the provision for impairment of the previous period of DFS Group and the provision for expected credit loss that is measured in accordance with TFRS 9 as of 1 January 2018 is classified as "Prior Period Net Profit / (Loss)" while difference of TL 2.904 is classified as "Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss" in shareholders' equity.

As stated in the Communiqué on "Uniform Chart of Accounts and Prospectus" issued on 20 September 2017, for general provisions (TFRS 9 expected credit loss provisions for Stage 1 and Stage 2 loans), recognition of deferred tax assets has started as of 1 January 2018. Within this scope, deferred tax assets amounting to TL 535.517 have been reflected to the opening financials of 1 January 2018 and the related amount has been classified under "Prior Period Net Profit / (Loss)" in shareholders' equity. For the specific provisions (TFRS 9 expected credit loss provisions for Stage 3 loans), which have been cancelled due to TFRS 9 transition, corporate tax loss amounting to TL 26.310 is also classified under "Prior Period Net Profit / (Loss)" in equity as of 1 January 2018.

Negative remeasurement difference amounting TL 2.500, after tax, for the security amounting to TL 3.205 priorly classified among available for sale securities and measured at historical cost before 1 January 2018 and reclassified to fair value through other comprehensive income after TFRS 9, is classified as "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" in shareholders' equity. Additionally, remeasurement difference amounting TL 14.839, after tax, for the security amounting to TL 59.159 priorly classified among available for sale securities before 1 January 2018 and reclassified to fair value through profit or loss after TFRS 9, has given way to a transition between "Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss" and "Prior Period Net Profit / (Loss)" in shareholders' equity.

Remeasurement difference amounting TL 603.851 for Intertech, the unconsolidated and non-financial subsidiary of DFS Group, which was being measured at historical cost and that is reclassified to fair value through other comprehensive income after TFRS 9, is classified as "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" in shareholders' equity.

**XXV. Explanations on prior period accounting policies not valid for the current period**

TFRS 9 standard came into effect instead of TAS 39 standard as of 1 January 2018. Accounting policies that have lost their validity with the transition of TFRS 9 are given below:

Financial assets are classified in four categories; as financial assets at fair value through profit or loss, financial assets available-for-sale, investments held-to-maturity, and loans and receivables. Sale and purchase transactions of the financial assets mentioned above are recognized and derecognized at the "Settlement dates". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of the investment.

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

**Financial assets held for trading**

Trading financial assets are financial assets which are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aimed at short-term profit making.

Trading financial assets are recognized at their fair value in the balance sheet and remeasured at their fair value after recognition.

All gains and losses arising from valuations of trading financial assets are reflected in the income statement. In accordance with descriptions of the uniform chart of accounts, favorable difference between acquisition cost of a financial asset and its discounted value are recognized in "Interest Income"; and in the case of fair value of asset is above its discounted value, favorable difference between them are recognized in "Capital Market Transactions Profits" account, in the case of fair value is below discounted value, unfavorable difference between them are recognized in "Capital Market Transactions Losses" account. In the case that the financial asset is sold before its maturity, consisted gains or losses are accounted with the same principals.

Derivative financial assets are classified as trading financial assets unless they are used for hedging purposes.

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

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

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

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

After the recognition, financial assets available for sale are remeasured at fair value. Interest income arising from available for sale calculated with "Effective interest method" and dividend income from equity securities are reflected to the income statement. Unrealized gains and losses arising from the differences of fair value of securities classified as available for sale and that is representing differences between amortized cost calculated with effective interest method and fair value of financial assets are recognized under the account of "Marketable securities valuation differences" under shareholder's equity. Unrealized profits and losses are not reclassified to the income statement until these securities are sold or matured and the related fair value differences accumulated in the shareholders' equity are then transferred to the income statement.

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

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available for sale; and those that meet the definition of loans and receivables.

Held to maturity financial assets are initially recognized at acquisition cost including the transaction costs which reflects the fair value of the those instruments and subsequently recognized at amortized cost by using effective interest rate method.

Interest income obtained from held to maturity financial assets are presented in the line of "interest received from securities portfolio - investment securities held-to-maturity" in the consolidated statement of income.

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

DFS Group has government securities with a maturity of 5-10 years and indexed to CPI in the 3 month real coupon ratios that remain constant throughout the maturity in the available for sell and held to maturity securities portfolios. As stated by Secretary of Treasury in CPI indexed investor guide, the reference indexes used in calculating the actual coupon payment amounts of these securities are based on the CPI indexes of 2 months ago. DFS Group predicts the inflation rate in parallel to those.

**d. Loans and specific provisions**

Loans and receivables are non-derivative financial assets that are not classified as either financial assets at fair value through profit or loss or financial assets available for sale, are unlisted in an active market and whose payments are fixed or can be determined. Loans and receivables are carried initially by adding acquisition cost to transaction costs which reflect fair value and subsequently recognized at the discounted value calculated using the "Effective interest rate method".

Foreign currency loans are subject to evaluation and currency exchange differences arising from such re-measurements are reflected in "Foreign Exchange Gains/Losses" account in the consolidated income statement. Foreign currency-indexed loans are initially recognized in their Turkish Lira equivalents; repayments are calculated with exchange rate at payment date, and currency exchange differences occurred are reflected in profit/loss accounts.

Specific and general allowances are calculated in accordance with the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published in the Official Gazette numbered 26333 dated 1 November 2006. On the other hand, deferred tax asset is not allocated over the amount of general loan loss provisions for possible losses in accordance with the circular of BRSA dated 8 December 2004 no. BRSA.DZM.2/13/1-a-3.

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

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

The existence of objective evidence whether a financial asset or group of financial assets is impaired, is assessed at each balance sheet date. If such evidence exists, impairment provision is provided.

Impairment for held-to-maturity financial assets carried at amortized cost is calculated as the difference between the present value of the expected future cash flows discounted based on the "Effective interest method" and its carrying value. Regarding available-for-sale financial assets, when there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

**XXVI. Explanations on other matters**

None (31 December 2017: None).

## **SECTION FOUR**

### **CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT**

#### **I. Explanations related to the consolidated shareholders' equity**

Capital and capital adequacy ratio are calculated in accordance with the "Regulation on Equities of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The current period equity of the Bank is TL 21.174.873 (31 December 2017: TL 18.393.397) while its capital adequacy standard ratio is 14,75% as of 30 June 2018 (31 December 2017: 15,30%).

##### **a. Components of consolidated capital**

	<b>Current Period</b>	<b>Amount related to</b>
	<b>30 June 2018</b>	<b>treatment before</b>
		<b>1.1.2014(*)</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.316.100	
Share issue premiums	15	
Reserves	5.111.808	
Gains recognized in equity as per TAS	1.335.730	
Profit	5.261.777	
Current Period Profit	1.271.809	
Prior Period Profit	3.989.968	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	708	
Minorities' Share	10.771	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>15.036.909</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	--	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	235.700	
Improvement costs for operating leasing	98.572	
Goodwill (net of related tax liability)	869	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	199.732	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	63.125	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	--	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	--	
Gains arising from securitization transactions	--	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	--	
Defined-benefit pension fund net assets	--	
Direct and indirect investments of the Bank in its own Common Equity	--	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	--	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	--	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	--	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	--	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	--	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	--	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	--	
Excess amount arising from mortgage servicing rights	--	
Excess amount arising from deferred tax assets based on temporary differences	--	
Other items to be defined by the BRSA	--	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	--	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>597.998</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>14.438.911</b>	



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<b>ADDITIONAL TIER I CAPITAL</b>	
Preferred Stock not Included in Common Equity and the Related Share Premiums	--
Debt instruments and premiums approved by BRSA	--
Debt instruments and premiums approved by BRSA (Temporary Article 4)	--
Third parties' share in the Additional Tier I capital	--
Third parties' share in the Additional Tier I capital (Temporary Article 3)	--
<b>Additional Tier I Capital before Deductions</b>	--
<b>Deductions from Additional Tier I Capital</b>	--
Direct and indirect investments of the Bank in its own Additional Tier I Capital	--
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7. -	--
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital -	--
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital -	--
Other items to be defined by the BRSA	--
<b>Transition from the Core Capital to Continue to deduce Components</b>	--
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	--
<b>Total Deductions From Additional Tier I Capital</b>	--
<b>Total Additional Tier I Capital</b>	--
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>14.438.911</b>
<b>TIER II CAPITAL</b>	
Debt instruments and share issue premiums deemed suitable by the BRSA	5.125.651
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--
Third parties' share in the Tier II Capital	--
Third parties' share in the Tier II Capital (Temporary Article 3)	--
Provisions (Article 8 of the Regulation on the Equity of Banks)	1.627.446
<b>Tier II Capital Before Deduction</b>	<b>6.753.097</b>
<b>Deductions From Tier II Capital</b>	--
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	--
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	--
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	--
Other items to be defined by the BRSA (-)	--
<b>Total Deductions from Tier II Capital</b>	--
<b>Total Tier II Capital</b>	<b>6.753.097</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>21.192.008</b>
<b>Deductions from Total Capital</b>	--
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	--
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	--
Other items to be defined by the BRSA (-)	17.135
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	--
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--
<b>TOTAL CAPITAL</b>	<b>21.174.873</b>
Total Capital	21.174.873
Total risk weighted amounts	143.516.964
<b>Capital Adequacy Ratios</b>	--
Core Capital Adequacy Ratio (%)	10,06
Tier 1 Capital Adequacy Ratio (%)	10,06
Capital Adequacy Ratio (%)	14,75

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**BUFFERS**

Total additional Common Equity Tier 1 Capital requirement ratio	1,959
Bank specific total common equity tier 1 capital ratio (%)	1,875
Capital conservation buffer requirement (%)	0,084
Systemic significant bank buffer ratio (%)	--
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	1,052
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	--
Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	--
Amount arising from mortgage-servicing rights	--
Amount arising from deferred tax assets based on temporary differences	--
<b>Limits related to provisions considered in Tier II calculation</b>	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	3.185.980
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.627.446
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	--
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	--
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	--
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	--
Upper limit for Additional Tier II Capital subjected to temporary Article 4	--
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	--

(\*)As of May, the difference between the expected loan loss provisions calculated in accordance with TFRS 9 and the total provision amount calculated before the application of TFRS 9 has been recorded in "Prior Years' Profit and Loss" account. Therefore, in accordance with Provisional Article 5 of the "Regulation on Equity of Banks", this amount has started to be shown net in the calculation of equity by adding 80% of the portion after deduction of the tax amount resulting from the difference.

(\*\*) There are no credits included in Tier 2 capital related to "Temporary Article 4".

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	Prior Period 31 December 2017	Amounts subject to treatment before 1/1/2014
<b>Common Equity Tier 1 capital</b>		
Directly issued qualifying common share capital plus related stock surplus	3.316.100	
Share premium	15	
Legal reserves	4.184.425	
Projected gains to shareholders' equity of the accounting standards in Turkey	545.662	
Profit	5.263.883	
Net current period profit	1.900.758	
Prior period profit	3.363.125	
Free shares from investments and associates, subsidiaries and joint ventures that is not recognized in profit	708	
Minority shares	9.644	
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>13.320.437</b>	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
Prudential valuation adjustments	--	
Sum of current year net loss and prior period's loss that is not covered with reserves and losses on shareholders' equity of the accounting standards in Turkey	467.030	
Development cost of operating lease	110.176	
Goodwill (net of related tax liability)	695	869
Other intangibles other than mortgage-servicing rights (net of related tax liability)	150.304	187.882
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1.154	
Cash-flow hedge reserve	--	
Gains and losses due to changes in own credit risk on fair valued liabilities	--	
Gains from securitization transactions	--	
Gains and losses due to changes in own credit risk on fair valued liabilities	--	
Defined-benefit pension fund net assets	--	
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	--	
Reciprocal cross-holdings in common equity	--	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% thresh	--	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	--	
Mortgage servicing rights (amount above 10% threshold)	--	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	--	
Amount exceeding the 15% threshold	--	
of which: significant investments in the common stock of financials	--	
of which: mortgage servicing rights	--	
of which: deferred tax assets arising from temporary differences	--	
National specific regulatory adjustments	--	
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	--	
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>729.359</b>	
<b>Common Equity Tier 1 capital (CET1)</b>	<b>12.591.078</b>	
<b>Additional Tier 1 capital: instruments</b>		
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as equity under applicable accounting standards	--	
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards	--	
Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) of which: instruments issued by subsidiaries subject to phase out	--	
The additional Tier 1 capital shares of third parties	--	
The additional Tier 1 capital shares of third parties (Under Temporary Article 3)	--	
<b>Additional Tier 1 capital before regulatory adjustments</b>	--	
<b>Additional Tier 1 capital: regulatory adjustments</b>		
Investments in own Additional Tier 1 instruments	--	
Reciprocal cross-holdings in Additional Tier 1 instruments	--	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (am	--	
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	--	
National specific regulatory adjustments	--	
<b>The process of transition will continue to reduce from Tier 1 Capital</b>		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	37.752	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes to the sub paragraph to the Provisional Article 2 of the Regulation on Banks Own Funds (-)	289	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	--	
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>38.041</b>	
<b>Additional Tier 1 capital (AT1)</b>	<b>(38.041)</b>	
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>12.553.037</b>	

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<b>Tier 2 capital: instruments and provisions</b>	
Directly issued qualifying Tier 2 instruments plus related stock surplus	4.479.778
Directly issued qualifying Tier 2 instruments plus related stock surplus	--
The additional Tier 1 capital shares of third parties	--
The additional Tier 1 capital shares of third parties ((Covered by Temporary Article 3)	--
Provisions	1.376.307
<b>Tier 2 capital before regulatory adjustments</b>	<b>5.856.085</b>
<b>Tier 2 capital: regulatory adjustments</b>	
Investments in own Tier 2 instruments (-)	--
Reciprocal cross-holdings in Tier 2 instruments	--
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (am	--
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	--
National specific regulatory adjustments (-)	--
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>--</b>
<b>Tier 2 capital (T2)</b>	<b>5.856.085</b>
<b>Total capital (TC = T1 + T2)</b>	<b>18.409.122</b>
<b>Total risk weighted assets</b>	
Loans extended being non-compliant with articles 50 and 51 of the Law	--
The Net Book Value of Properties Exceeding Fifty Percent of Equity and Properties Held for Sale and Properties and Commodity to be Disposed, Acquired in Exchange of Loans and Receivables According to the Article 57 of the Banking Law and have not been Disposed yet After 5 Years After Foreclosure	--
National specific regulatory adjustments	15.725
<b>The process of transition will continue to reduce from Common Equity Tier 1 capital and Additional Tier 1 capital</b>	
of which: The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%	--
of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	--
of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	--
<b>Capital</b>	
Total capital	18.393.397
Total risk weighted items	120.211.594
<b>CAPITAL ADEQUACY RATIOS</b>	
Consolidated Core Capital Adequacy Ratio (%)	10,47
Consolidated Tier 1 Capital Adequacy Ratio (%)	10,44
Consolidated Capital Adequacy Standard Ratio (%)	15,30
Institution specific buffer requirement	1,302
Capital conservation buffer requirement (%)	1,250
Bank specific countercyclical buffer requirement (%)	0,052
Systemically important Bank buffer (%)	--
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) (%)	--
<b>Amounts below the thresholds for deduction (before risk weighting)</b>	
Non-significant investments in the capital of other financials	--
Significant investments in the common stock of financials	--
Mortgage servicing rights (net of related tax liability)	--
Deferred tax assets arising from temporary differences (net of related tax liability)	--
<b>Applicable caps on the inclusion of provisions in Tier 2</b>	
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1.440.765
Cap on inclusion of provisions in Tier 2 under standardized approach	1.376.307
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	--
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	--
<b>Capital instruments subject to phase-out arrangement (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>	
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	--
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	--
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds (*)	--
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	--

(\*) There are no credits included in Tier 2 capital related to "Temporary Article 4".

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**b. Information on debt instruments included in the calculation of equity**

Issuer	SBERBANK OF RUSSIA	SBERBANK OF RUSSIA	SBERBANK OF RUSSIA	SBERBANK OF RUSSIA	SBERBANK OF RUSSIA
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Governing law(s) of the instrument	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 1 November 2006.	"Regulations on Banks' Equity " dated 1 November 2006.
<b>Regulatory treatment</b>					
Subject to 10% deduction as of 1/1/2015	Not Deducted	Not Deducted	Not Deducted	Not Deducted	Not Deducted
Eligible at solo/group/group&solo	Eligible	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	611	684	1368	1368	1095
Par value of instrument	611	684	1368	1368	1368
Accounting classification	3470102	3470102	3470102	3470102	3470102
Original date of issuance	30.09.2014	30.04.2014	31.01.2014	30.09.2013	28.06.2013
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.
Subsequent call dates, if applicable	None.	None.	None.	None.	None.
<b>Coupons/Dividends*</b>					
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	First five year 6,2%, after irs +5,64	First five year 7,93%, after irs +6,12	7,50%	7,49%	6,10%
Existence of a dividend stopper	None.	None.	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	--	--	--	--	--
Existence of step up or other incentive to redeem	None.	None.	None.	None.	None.
Noncumulative or cumulative	--	--	--	--	--
<b>Convertible or non-convertible</b>					
If convertible, conversion trigger (s)	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognized or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognized or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognized or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.
If convertible, fully or partially	Convertible fully.	Convertible fully.	Convertible fully.	Convertible fully.	Convertible fully.
If convertible, conversion rate	--	--	--	--	--
If convertible, mandatory or optional conversion	--	--	--	--	--
If convertible, specify instrument type convertible into	--	--	--	--	--
If convertible, specify issuer of instrument it converts into	--	--	--	--	--
<b>Write-down feature</b>					
If write-down, write-down trigger(s)	None.	None.	None.	None.	None.
If write-down, full or partial	--	--	--	--	--
If write-down, permanent or temporary	--	--	--	--	--
If temporary write-down, description of write-up mechanism	--	--	--	--	--
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	--	--	--	--	--

- c. Main differences between “Equity” amount mentioned in the prior tables’ equity statements and “Equity” amount in consolidated balance sheet arise from general provisions and subordinated loans. The portion of main amount to credit risk of general provision up to 1,25% and subordinated credits are considered as supplementary capital in the calculation of “Equity” amount included in equity statement as result of deductions mentioned in scope of Regulation on Equity of Banks. Additionally, Losses reflected to equity are determined through excluding losses sourcing from cash flow hedge reflected in equity in accordance with TAS which are subjects of discount from Core Capital. On the other hand, leasehold improvement costs monitored under Plant, Property and Equipment in balance sheet, intangible assets and deferred tax liabilities related to intangible assets, net carrying value of properties acquired in return for receivables and kept for over three years and certain other accounts determined by the Board are taken into consideration in the calculation as assets deducted from capital.

**d. Explanations on provisional article 5 of the regulation on the equity of banks**

<b>EQUITY COMPONENTS</b>	<b>T</b>	<b>T-1</b>	<b>T-2</b>	<b>T-3</b>	<b>T-4</b>
Core Capital	14.438.911	14.438.911	14.438.911	14.438.911	14.438.911
<i>Transition Process Unapplied Core Capital</i>	<i>13.904.268</i>	<i>14.037.929</i>	<i>14.171.589</i>	<i>14.305.250</i>	<i>14.438.911</i>
Tier I Capital	14.438.911	14.438.911	14.438.911	14.438.911	14.438.911
<i>Transition Process Unapplied Main Capital</i>	<i>13.904.268</i>	<i>14.037.929</i>	<i>14.171.589</i>	<i>14.305.250</i>	<i>14.438.911</i>
Equity	21.174.873	21.174.873	21.174.873	21.174.873	21.174.873
<i>Transition Process Unapplied Equity</i>	<i>20.640.230</i>	<i>20.773.891</i>	<i>20.907.551</i>	<i>21.041.212</i>	<i>21.174.873</i>
<b>TOTAL RISK WEIGHTED AMOUNTS</b>					
Total Risk Weighted Amounts	143.516.964	143.516.964	143.516.964	143.516.964	143.516.964
<b>CAPITAL ADEQUACY RATIO</b>					
Core Capital Adequacy Ratio (%)	10,06	10,06	10,06	10,06	10,06
<i>Transition Process Unapplied Core Capital Adequacy Ratio (%)</i>	<i>9,69</i>	<i>9,78</i>	<i>9,87</i>	<i>9,97</i>	<i>10,06</i>
Main Capital Adequacy Ratio (%)	10,06	10,06	10,06	10,06	10,06
<i>Transition Period Unapplied Main Capital Adequacy Ratio (%)</i>	<i>9,69</i>	<i>9,78</i>	<i>9,87</i>	<i>9,97</i>	<i>10,06</i>
Capital Adequacy Ratio (%)	14,75	14,75	14,75	14,75	14,75
<i>Transition Process Unapplied Capital Adequacy Ratio (%)</i>	<i>14,38</i>	<i>14,47</i>	<i>14,57</i>	<i>14,66</i>	<i>14,75</i>
<b>LEVERAGE RATIO</b>					
Total Leverage Ratio Risk Exposure	255.158.814	255.158.814	255.158.814	255.158.814	255.158.814
Leverage Ratio	5,54	5,54	5,54	5,54	5,54
<i>Transition Process Unapplied Leverage Ratio</i>	<i>5,40</i>	<i>5,38</i>	<i>5,43</i>	<i>5,48</i>	<i>5,54</i>

**II. Explanations related to the consolidated foreign exchange rate risk**

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

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

Foreign exchange rate risk is monitored along with potential evaluation differences in foreign currency transactions in accordance with “Regulation on Bank’s Internal Systems and Internal Capital Adequacy Assessment Process”. Value at Risk approach is used to measure the exchange rate risk for trading positions and calculations are made on a daily basis.

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

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

In accordance with TFRS 9, DFS Group applies net investment hedge accounting to avoid foreign currency exchange rate risk arising from retranslation of its foreign investments in its consolidated financial statements.

Information relating to investment hedge to avoid foreign currency exchange rate risk arising from retranslation of its foreign investments are explained in Note VIII-a of Section Four.

**c. Foreign currency risk management strategy**

Foreign exchange risk can be taken by DFS Group within defined position and value at risk limits. Measurable and manageable risks are taken within legal limits.

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

US Dollar purchase rate as at the balance sheet date	TL 4,5607
Euro purchase rate as at the balance sheet date	TL 5,3092

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
25 June 2018	4,6397	5,4071
26 June 2018	4,6740	5,4576
27 June 2018	4,6349	5,3960
28 June 2018	4,6083	5,3310
29 June 2018	4,5607	5,3092

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

The arithmetical average US Dollar and Euro purchase rates for June 2018 are TL 4,6252 and TL 5,4066.

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**f. Information on currency risk**

<b>Current Period</b>	<b>EURO</b>	<b>USD</b>	<b>Other FC <sup>(5)</sup></b>	<b>Total</b>
<b>Assets</b>				
Cash Equivalents and Central Bank	14.178.124	9.082.515	3.555.477	<b>26.816.116</b>
Banks	1.818.500	1.474.000	193.688	<b>3.486.188</b>
Financial Assets at Fair Value through Profit or Loss (Net) <sup>(1)</sup>	179.360	202.376	--	<b>381.736</b>
Due from Money Markets	--	--	--	<b>--</b>
Financial Assets at Fair Value through Other Comprehensive Income	286.120	921.490	77.118	<b>1.284.728</b>
Loans <sup>(2)</sup>	36.948.802	28.631.210	1.361.497	<b>66.941.509</b>
Investments in Associates, Subsidiaries and Joint Ventures	186	--	--	<b>186</b>
Financial Assets Measured at Amortized Cost	143.939	1.992.571	--	<b>2.136.510</b>
Hedging Derivative Financial Assets	--	--	--	<b>--</b>
Tangible Assets (Net)	167.454	93	679	<b>168.226</b>
Intangible Assets (Net) <sup>(3)</sup>	--	--	--	<b>--</b>
Other Assets <sup>(4)</sup>	873.437	323.497	174.404	<b>1.371.338</b>
<b>Total Assets</b>	<b>54.595.922</b>	<b>42.627.752</b>	<b>5.362.863</b>	<b>102.586.537</b>
<b>Liabilities</b>				
Bank Deposits	2.259.169	2.426.551	71.238	<b>4.756.958</b>
Foreign Currency Deposits	51.235.005	25.119.280	1.597.234	<b>77.951.519</b>
Due to Money Markets	--	201.693	--	<b>201.693</b>
Funds Borrowed	4.140.289	13.612.642	2.609.384	<b>20.362.315</b>
Securities Issued	995.951	38.006	--	<b>1.033.957</b>
Miscellaneous Payables	--	--	--	<b>--</b>
Hedging Derivative Financial Liabilities	--	--	--	<b>--</b>
Other Liabilities <sup>(6)</sup>	1.281.546	4.025.763	18.374	<b>5.325.683</b>
<b>Total Liabilities</b>	<b>59.911.960</b>	<b>45.423.935</b>	<b>4.296.230</b>	<b>109.632.125</b>
<b>Net on Balance Sheet Position</b>	<b>(5.316.038)</b>	<b>(2.796.183)</b>	<b>1.066.633</b>	<b>(7.045.588)</b>
<b>Net off-Balance Sheet Position <sup>(7)</sup></b>	<b>4.763.731</b>	<b>2.614.810</b>	<b>(651.501)</b>	<b>6.727.040</b>
Financial Derivative Assets	17.158.866	29.002.455	1.316.674	<b>47.477.995</b>
Financial Derivative Liabilities	(12.395.135)	(26.387.645)	(1.968.175)	<b>(40.750.955)</b>
<b>Net Positions</b>	<b>(552.307)</b>	<b>(181.373)</b>	<b>415.132</b>	<b>(318.548)</b>
Non Cash Loans	9.597.393	11.702.987	714.940	<b>22.015.320</b>
<b>Prior Period</b>				
Total Assets	42.562.142	36.775.003	4.774.794	<b>84.111.939</b>
Total Liabilities	48.807.183	38.982.595	3.177.837	<b>90.967.615</b>
<b>Net on Balance Sheet Position</b>	<b>(6.245.041)</b>	<b>(2.207.592)</b>	<b>1.596.957</b>	<b>(6.855.676)</b>
<b>Net off-Balance Sheet Position</b>	<b>5.715.095</b>	<b>3.306.105</b>	<b>(1.272.938)</b>	<b>7.748.262</b>
Financial Derivative Assets	16.825.304	22.833.927	1.006.750	<b>40.665.981</b>
Financial Derivative Liabilities	(11.110.209)	(19.527.822)	(2.279.688)	<b>(32.917.719)</b>
<b>Net Positions</b>	<b>(529.946)</b>	<b>1.098.513</b>	<b>324.019</b>	<b>892.586</b>
Non Cash Loans	7.838.497	8.900.181	477.349	<b>17.216.027</b>

(1) : Foreign currency differences of derivative assets amounting to TL 508.020 are excluded.

(2) : Foreign currency indexed loans amounting to TL 3.151.667 are included. Stage 1 and Stage 2 provisions amounting to TL (611.653) are not included.

(3) : Intangible assets amounting to TL 22.154 are excluded.

(4) : Stage 1 and Stage 2 provisions amounting to TL (4.311) are not included. Prepaid expenses at the amount of TL 92.919 are not included.

(5) : There are gold amounts in total assets amounting to TL 4.280.636 and in total liabilities amounting to TL 3.415.804.

(6) : Not including the exchange rate difference of TL 690.383 pertaining to derivative financial assets and the FX equity of TL 5.905.221 and the Stage 1/2 provisions of TL 1.000.

(7) : Net amount of receivables and liabilities from financial derivatives is shown on the table. FX swap transactions that are reported under the "Financial Assets Purchase Pledges" is included in "Net Off-Balance Sheet Position".



### III. Explanations related to the consolidated interest rate risk

#### a. Interest rate sensitivity of the assets, liabilities and off-balance sheet items

Sensitivity calculations based on standard shock method and value at risk method is used in measuring the interest rate risk of assets, liabilities and off-balance sheet items.

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

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

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

#### c. The precautions taken for the interest rate risk the Group was exposed to during the current year and their expected effects on net income and capital in the future periods

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

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

Current Period	Up to 1 Month	1 - 3 Month	3 - 12 Month	1 - 5 Month	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash Equivalents and Central Bank	5.237.011	--	--	--	--	25.772.287	<b>31.009.298</b>
Banks	1.368.919	406.607	368.293	--	--	1.354.972	<b>3.498.791</b>
Financial Assets at Fair Value through Profit or Loss (Net)	257.280	120.303	406.083	858.660	304.102	83.684	<b>2.030.112</b>
Due from Money Markets	34.193	--	--	--	--	--	<b>34.193</b>
Financial Assets at Fair Value through Other Comprehensive Income	517.055	744.916	2.179.922	2.554.828	1.120.052	793	<b>7.117.566</b>
Loans	20.897.925	14.673.394	23.394.076	50.417.617	20.059.028	1.531.145	<b>130.973.185</b>
Financial Assets Measured at Amortized Cost	1.947.145	282.114	503.295	1.205.892	1.597.208	--	<b>5.535.654</b>
Other Assets (*)	40	104	--	--	--	5.648.600	<b>5.648.744</b>
<b>Total Assets</b>	<b>30.259.568</b>	<b>16.227.438</b>	<b>26.851.669</b>	<b>55.036.997</b>	<b>23.080.390</b>	<b>34.391.481</b>	<b>185.847.543</b>
<b>Liabilities</b>							
Bank Deposits	3.756.485	571.599	336.292	376.836	--	138.470	<b>5.179.682</b>
Foreign Currency Deposits	55.514.068	11.461.066	15.256.757	14.808.557	730.527	27.419.700	<b>125.190.675</b>
Due to Money Markets	3.337.453	--	--	--	--	--	<b>3.337.453</b>
Miscellaneous Payables	--	--	--	--	--	--	<b>--</b>
Securities Issued	459.015	3.374.790	1.107.378	--	--	--	<b>4.941.183</b>
Funds Borrowed	3.835.032	7.715.875	4.292.704	2.107.097	4.129.319	--	<b>22.080.027</b>
Other Liabilities (**)	335.864	182.517	996.371	101.839	193.138	23.308.794	<b>25.118.523</b>
<b>Total Liabilities</b>	<b>67.237.917</b>	<b>23.305.847</b>	<b>21.989.502</b>	<b>17.394.329</b>	<b>5.052.984</b>	<b>50.866.964</b>	<b>185.847.543</b>
Balance Sheet Long Position	--	--	4.862.167	37.642.668	18.027.406	--	<b>60.532.241</b>
Balance Sheet Short Position	(36.978.349)	(7.078.409)	--	--	--	(16.475.483)	<b>(60.532.241)</b>
Off-balance Sheet Long Position	6.001.373	2.226.352	5.316.822	6.507.504	4.190.628	--	<b>24.242.679</b>
Off-balance Sheet Short Position	(4.416.130)	(4.346.025)	(4.969.448)	(6.271.783)	(4.695.530)	--	<b>(24.698.916)</b>
<b>Total Position</b>	<b>(35.393.106)</b>	<b>(9.198.082)</b>	<b>5.209.541</b>	<b>37.878.389</b>	<b>17.522.504</b>	<b>(16.475.483)</b>	<b>(456.237)</b>

(\*) Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investment Properties, Investments in Associates and Joint Ventures, Tax Assets, Investments in Subsidiaries, Assets to be sold and other assets with balances of TL 787.346, TL 200.601, TL 173.563, TL 13.634, TL 854.443, TL 616.141, TL 192.066 and TL 2.810.806, respectively.

(\*\*) Other liabilities/non-interest bearings include; Shareholders' Equity, Tax Liabilities, Deferred Tax Liabilities, Provisions, and Other Liabilities with balances of TL 14.252.148, TL 352.229, TL 17.314, TL 724.208 and TL 7.962.893, respectively.

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash and Balances with the Central Bank of the Republic of Turkey	4.572.371	--	--	--	--	12.396.441	<b>16.968.812</b>
Due from Banks and Other Fin. Inst.	1.887.910	484.599	199.314	--	--	8.085.805	<b>10.657.628</b>
Financial Assets at Fair Value Through Profit or Loss	167.337	118.981	383.807	209.660	176.733	1.245	<b>1.057.763</b>
Interbank Money Market Placements	785.672	--	--	--	--	--	<b>785.672</b>
Investment Securities Av.-for-Sale	299.270	689.903	2.004.235	2.421.950	1.567.537	63.138	<b>7.046.033</b>
Loans	18.421.600	10.989.095	19.665.866	42.427.944	17.980.710	896.091	<b>110.381.306</b>
Investment Securities Held-to-Mat.	1.855.077	455.846	638.299	910.721	1.475.696	--	<b>5.335.639</b>
Other Assets (*)	774.512	367.881	475.626	1.642.184	1.187.985	3.742.089	<b>8.190.277</b>
<b>Total Assets</b>	<b>28.763.749</b>	<b>13.106.305</b>	<b>23.367.147</b>	<b>47.612.459</b>	<b>22.388.661</b>	<b>25.184.809</b>	<b>160.423.130</b>
<b>Liabilities</b>							
Bank Deposits	2.508.919	48.222	917.119	322.762	--	184.537	<b>3.981.559</b>
Other Deposits	45.740.406	12.807.163	13.344.675	11.880.997	765.612	22.890.052	<b>107.428.905</b>
Interbank Money Market Placements	4.007.166	--	--	--	--	--	<b>4.007.166</b>
Miscellaneous Payables	--	--	1.231	--	--	1.948.176	<b>1.949.407</b>
Marketable Securities Issued	529.353	2.097.591	1.045.814	--	--	--	<b>3.672.758</b>
Funds Borrowed from Other Fin. Inst.	4.227.682	5.394.969	5.237.482	518.292	4.563.340	--	<b>19.941.765</b>
Other Liabilities (**)	338.733	101.451	166.547	497.786	187.721	18.149.332	<b>19.441.570</b>
<b>Total Liabilities</b>	<b>57.352.259</b>	<b>20.449.396</b>	<b>20.712.868</b>	<b>13.219.837</b>	<b>5.516.673</b>	<b>43.172.097</b>	<b>160.423.130</b>
On Balance Sheet Long Position	--	--	2.654.279	34.392.622	16.871.988	--	<b>53.918.889</b>
On Balance Sheet Short Position	(28.588.510)	(7.343.091)	--	--	--	(17.987.288)	<b>(53.918.889)</b>
Off-Balance Sheet Long Position	4.873.004	2.678.134	6.258.237	3.176.076	3.664.803	--	<b>20.650.254</b>
Off-Balance Sheet Short Position	(2.904.585)	(5.622.927)	(3.350.892)	(4.217.443)	(4.649.295)	--	<b>(20.745.142)</b>
<b>Total Interest Sensitivity Gap</b>	<b>(26.620.091)</b>	<b>(10.287.884)</b>	<b>5.561.624</b>	<b>33.351.255</b>	<b>15.887.496</b>	<b>(17.987.288)</b>	<b>(94.888)</b>

(\*) Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investment Properties, Investments in Associates and Joint Ventures, Tax Assets, Investments in Subsidiaries, Assets to be sold and other assets with balances of TL 749.514, TL 188.751, TL 171.467, TL 13.633, TL 223.175, TL 41.701, TL 132.302 and TL 2.221.546 respectively.

(\*\*) Other liabilities/non-interest bearings include; Shareholders' Equity, Tax Liabilities, Provisions, and Other Liabilities with balances of TL ; 12.853.407, TL 347.734, TL 2.227.812 and TL 2.720.379 respectively.

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

Current Period - 30 June 2018	EURO %	USD %	Yen %	TL %
<b>Assets</b>				
Cash Equivalents and Central Bank	--	1,50	--	5,13
Banks	0,52	2,72	--	17,75
Financial Assets at Fair Value through Profit or Loss (Net)	2,14	5,56	--	13,62
Due from Money Markets	--	--	--	--
Financial Assets at Fair Value through Other Comprehensive Income	2,84	4,76	--	9,91
Loans	5,69	6,56	5,48	18,77
Financial Assets Measured at Amortized Cost	1,33	5,06	--	11,72
<b>Liabilities</b>				
Bank Deposits	1,04	2,37	--	18,65
Foreign Currency Deposits	1,11	3,81	0,16	16,58
Due to Money Markets	--	--	--	13,35
Miscellaneous Payables	--	--	--	--
Securities Issued	2,89	3,09	--	15,68
Funds Borrowed	1,86	5,00	--	16,78

Prior Period - 31 December 2017	EURO %	USD %	Yen %	TL %
<b>Assets</b>				
Cash Equivalents and Central Bank	--	1,29	--	4,00
Banks	0,28	1,77	--	12,77
Financial Assets at Fair Value Through Profit or Loss (Net)	2,17	4,85	--	14,50
Due from Money Markets	--	--	--	12,75
Available-for-sale Financial Assets	0,80	4,63	--	9,35
Loans	4,49	5,97	5,52	17,26
Held-to-maturity Investments	1,33	5,05	--	12,52
<b>Liabilities</b>				
Bank Deposits	0,30	1,62	--	14,09
Foreign Currency Deposits	1,42	3,55	0,85	13,95
Due to Money Markets	--	3,14	--	10,76
Miscellaneous Payables	--	--	--	--
Securities Issued	2,29	3,00	--	13,10
Funds Borrowed	2,47	4,57	--	13,26

**IV. Position risk of equity shares on banking book**

**a. Comparison of carrying, fair and market values of equity shares**

DFS Group does not have unconsolidated associates and subsidiaries traded at BIST markets as of 30 June 2018 (31 December 2017: None).

**b. Realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capital**

None (31 December 2017: None).

**V. Explanations related to the consolidated liquidity risk**

Liquidity risk can form as a result of significant changes which can happen in market liquidity or a general funding risk. Funding risk states the risk of not meeting cash outflows completely because of maturity mismatch between assets and liabilities while market liquidity risk states the risk of not liquidating assets because of a collision in market conditions or insufficient market depth.

Within the Parent Bank, the procedures and principles regarding liquidity risk management are determined by the "Liquidity Risk Management Policy " approved by the Board of Directors. This policy includes the basic duties and principles of liquidity risk management within the Parent Bank including the related methods, procedures, controls, and reporting framework. The "Liquidity Emergency Action Plan" was established within the Liquidity Risk Management Policy , enclosing possible precautions which can be taken against unexpected liquidity squeezes.

The securities portfolio of the Parent Bank carried in order to liquidity risk management is structured in a way to consist of sovereign securities issued by Treasury of Turkey in order to reduce liquidity risk sourcing from market to minimum level. Criteria and principles related to security investments which shall be received to this portfolio are committed on paper and approved by the related committee.

Management of risk sourcing from funding presents the fundamental of liquidity management activities of the Parent Bank. Main funding source of the Parent Bank is deposits since it is a more stable funding source compared to other sources and it provides a diversified source of funding.. Additionally, security issuance and borrowing activities are performed in order to extend the maturity of funding.

A large majority of Parent Bank's liabilities consist of TL, US Dollar, Euro and gold. The main foreign currency funding source of the Parent Bank is deposit and borrowings provided from credit agencies. Foreign currency liquidity risk is at a low level since the foreign currency sources of the Parent Bank are at a higher level and have longer maturity than assets.

"Risk Appetite Statement" is reviewed annually in order to manage risks in accordance with the Bank's strategy and its financial power. Risk Appetite Statement includes limits towards liquidity risks besides other risk limits. Risk appetite limits are reported to senior management monthly in scope of risk management activities.

Short-term liquidity management of the Parent Bank is under the responsibility of Treasury Group. Treasury Group weekly reports to Assets and Liabilities Committee (ALCO) related to liquidity structure. ALCO has an active role in establishing related systems and monitoring and decision making processes regarding liquidity risk management. ALCO is also responsible and authorized for monitoring current liquidity position and legal and internal liquidity indicators and taking decisions related to liquidity management taking risk appetite framework into consideration.

Liquidity risk management is performed as par consolidated and non-consolidated. In this context, liquidity monitoring and management in subsidiaries are performed by the related subsidiary and monitored closely by the Parent Bank.

Scenario analyses, including specific conditions having significance with respect to liquidity which have been experienced or which shall possibly be experienced, are performed in order to measure liquidity level under stress conditions. A liquidity level at a sufficient amount to meet all liabilities even under stress conditions is aimed in scope of this scenario analyses through evaluating measures which can be taken. Assumptions related to liquidity stress tests are reviewed annually at minimum. Periodical stress tests are performed within the determined scenarios and liquidity situation is monitored.

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Liquidity coverage rates calculated in accordance with the Regulation on Calculation of Parent Bank's Liquidity Coverage rate published in Official Gazette dated 21 March 2014 and numbered 28948 are as follows. Consolidated foreign currency rate calculated for the last three months is at the lowest level in 222,23 in May and at the highest level in April 260,62 while the liquidity coverage rate is at the lowest level in May 119,78 and at the highest level in April 122,92.

**a. Liquidity coverage ratio**

Current Period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 Total High Quality Liquid Assets			35.254.272	26.505.644
<b>CASH OUTFLOWS</b>				
2 Retail deposits and deposits from small business customers, of which	91.493.950	55.486.730	8.611.397	5.548.673
3 Stable deposits	10.759.971	--	537.999	--
4 Less stable deposits	80.733.979	55.486.730	8.073.398	5.548.673
5 Unsecured wholesale funding, of which	32.845.377	19.028.279	18.445.991	10.205.879
6 Operational deposits	5.541.712	3.227.164	1.385.428	806.791
7 Non-operational deposits	20.157.723	12.825.522	9.920.971	6.428.299
8 Unsecured debt	7.145.942	2.975.593	7.139.592	2.970.789
9 Secured wholesale funding			297.114	220.629
10 Additional requirements of which	5.469.780	7.993.066	2.615.007	5.319.983
11 Outflows related to derivative exposures and other collateral requirements	1.190.573	3.990.009	1.190.573	3.990.009
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	4.279.207	4.003.057	1.424.434	1.329.974
14 Other contractual funding obligations	1.199.714	1.047.748	1.199.182	1.047.748
15 Other contingent funding obligations	66.721.403	18.797.591	5.008.774	1.823.474
<b>16 TOTAL CASH OUTFLOWS</b>			<b>36.177.465</b>	<b>24.166.386</b>
<b>CASH INFLOWS</b>				
17 Secured lending	45.223	--	--	--
18 Inflows from fully performing exposures	9.564.084	4.659.394	6.829.345	3.702.383
19 Other cash inflows	310.953	9.354.366	310.953	9.354.366
<b>20 TOTAL CASH INFLOWS</b>	<b>9.920.260</b>	<b>14.013.760</b>	<b>7.140.298</b>	<b>13.056.749</b>
			<b>Total adjusted value</b>	
<b>21 TOTAL HQLA</b>			<b>35.254.272</b>	<b>26.505.644</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>29.037.167</b>	<b>11.109.637</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>121,4</b>	<b>240,3</b>

(\*) Simple arithmetic average of last three months' month-end values for the last three months

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Prior Period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 Total High Quality Liquid Assets			29.588.220	21.836.573
<b>CASH OUTFLOWS</b>				
2 Retail deposits and deposits from small business customers, of which	79.681.377	47.869.830	7.382.518	4.786.983
3 Stable deposits	11.712.387	--	585.619	--
4 Less stable deposits	67.968.990	47.869.830	6.796.899	4.786.983
5 Unsecured wholesale funding, of which	26.919.148	15.164.032	14.948.253	7.893.744
6 Operational deposits	4.930.096	2.626.273	1.232.524	656.568
7 Non-operational deposits	16.508.526	10.800.179	8.237.701	5.500.982
8 Unsecured debt	5.480.526	1.737.580	5.478.028	1.736.194
9 Secured wholesale funding			179.507	120.800
10 Additional requirements of which	5.751.147	9.046.967	2.642.176	6.184.247
11 Outflows related to derivative exposures and other collateral requirements	1.128.438	4.792.936	1.128.438	4.792.936
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	4.622.709	4.254.031	1.513.738	1.391.311
14 Other contractual funding obligations	1.233.639	965.277	1.233.107	965.277
15 Other contingent funding obligations	57.406.703	14.970.641	4.285.681	1.443.235
<b>16 TOTAL CASH OUTFLOWS</b>			<b>30.671.242</b>	<b>21.394.286</b>
<b>CASH INFLOWS</b>				
17 Secured lending	250.297	--	--	--
18 Inflows from fully performing exposures	7.988.540	3.209.828	5.419.228	2.283.171
19 Other cash inflows	260.185	9.420.758	260.185	9.420.758
<b>20 TOTAL CASH INFLOWS</b>	<b>8.499.022</b>	<b>12.630.586</b>	<b>5.679.413</b>	<b>11.703.929</b>
			<b>Total adjusted value</b>	
<b>21 TOTAL HQLA</b>			<b>29.588.220</b>	<b>21.836.573</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>24.991.829</b>	<b>9.690.357</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>118,4</b>	<b>226,6</b>

(\*) Simple arithmetic average of last three months' month-end values for the last three months

Calculation table of liquidity coverage rate is reported to BRSA monthly and monitored daily in the Parent Bank.

High quality liquid assets consist of cash assets, reserves kept in Central Bank of Republic of Turkey and unrestricted marketable securities. Cash outflows consist of deposits, bank borrowings, non-cash loans, derivatives and other liabilities without a certain maturity. Additionally, several bank borrowings are shown as cash outflow regardless of their maturity since they include contingent early payment condition. Cash inflows consist of credits having maturity less than 30 days and a certain payment due date and receivables from banks and derivative products.

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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
<b>Assets</b>								
Cash Equivalents and Central Bank Banks	18.055.408	12.953.890	--	--	--	--	--	31.009.298
Financial Assets at Fair Value through Profit or Loss (Net)	1.354.963	763.102	367.201	1.013.525	--	--	--	3.498.791
Due from Money Markets	83.684	250.556	93.654	432.545	865.571	304.102	--	2.030.112
Financial Assets at Fair Value through Other Comprehensive Income	--	34.193	--	--	--	--	--	34.193
Loans	793	207.469	45	700.105	4.559.461	1.649.693	--	7.117.566
Financial Assets Measured at Amortized Cost	--	11.307.503	6.436.780	22.955.358	55.412.311	33.330.088	1.531.145	130.973.185
Other Assets (*)	--	--	--	118.793	3.819.653	1.597.208	--	5.535.654
<b>Total Assets</b>	<b>22.178.090</b>	<b>25.516.770</b>	<b>6.897.784</b>	<b>25.220.326</b>	<b>64.656.996</b>	<b>36.881.091</b>	<b>4.496.486</b>	<b>185.847.543</b>
<b>Liabilities</b>								
Bank Deposits	138.470	3.756.485	571.599	336.292	376.836	--	--	5.179.682
Foreign Currency Deposits	27.419.700	55.456.627	11.479.442	15.270.188	14.833.687	731.031	--	125.190.675
Due to Money Markets	--	2.798.029	6.674.775	5.947.115	2.525.968	4.134.140	--	22.080.027
Miscellaneous Payables	--	3.337.453	--	--	--	--	--	3.337.453
Securities Issued	--	883.427	2.139.509	1.001.049	508.798	408.400	--	4.941.183
Funds Borrowed	--	--	--	--	--	--	--	--
Other Liabilities (**)	4.062.445	701.454	675.999	4.060.334	101.839	193.138	15.323.314	25.118.523
<b>Total Liabilities</b>	<b>31.620.615</b>	<b>66.933.475</b>	<b>21.541.324</b>	<b>26.614.978</b>	<b>18.347.128</b>	<b>5.466.709</b>	<b>15.323.314</b>	<b>185.847.543</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(9.442.525)</b>	<b>(41.416.705)</b>	<b>(14.643.540)</b>	<b>(1.394.652)</b>	<b>46.309.868</b>	<b>31.414.382</b>	<b>(10.826.828)</b>	<b>--</b>
<b>Net Off-balance sheet Position</b>	<b>--</b>	<b>(166.948)</b>	<b>(158.237)</b>	<b>(493.208)</b>	<b>381.961</b>	<b>--</b>	<b>--</b>	<b>(436.432)</b>
Financial Derivative Assets	--	24.735.397	7.142.940	13.220.308	6.060.683	8.480.770	--	59.640.098
Financial Derivative Liabilities	--	(24.902.345)	(7.301.177)	(13.713.516)	(5.678.722)	(8.480.770)	--	(60.076.530)
Non Cash Loans	--	3.702.772	3.053.741	9.634.076	4.992.484	12.333.551	--	33.716.624
<b>Prior Period</b>								
Total Assets	15.793.257	25.183.122	6.356.200	18.917.264	56.202.742	35.438.223	2.532.322	160.423.130
Total Liabilities	26.242.811	56.168.121	18.225.743	24.224.141	14.343.995	5.899.035	15.319.284	160.423.130
<b>Net Liquidity Excess/ (Gap)</b>	<b>(10.449.554)</b>	<b>(30.984.999)</b>	<b>(11.869.543)</b>	<b>(5.306.877)</b>	<b>41.858.747</b>	<b>29.539.188</b>	<b>(12.786.962)</b>	<b>--</b>
<b>Net Off-balance sheet Position</b>	<b>--</b>	<b>(197.415)</b>	<b>(854.628)</b>	<b>931.492</b>	<b>(240.567)</b>	<b>--</b>	<b>--</b>	<b>(361.118)</b>
Financial Derivative Assets	--	21.015.000	7.846.563	9.836.542	7.215.896	6.470.097	--	52.384.098
Financial Derivative Liabilities	--	(21.212.415)	(8.701.191)	(8.905.050)	(7.456.463)	(6.470.097)	--	(52.745.216)
Non Cash Loans	--	3.152.762	2.504.401	7.590.951	4.219.580	10.903.572	--	28.371.266

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

**VI. Explanations related to leverage ratio**

**Information on matters causing difference between leverage ratios of current period and previous period:**

Leverage ratio of DFS Group is 5,54% as of 30 June 2018 (31 December 2017: 5,57%). This ratio is over minimum ratio. Difference between leverage ratios of current and previous period mainly sources from increase in risk amounts regarding assets on balance sheet.

**Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS:**

	Current Period (**)
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	181.644.965
2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	(2.228.109)
3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	796.423
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	--
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(503)
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	74.946.038
7 Total Risk	255.158.814

(\*) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué on Preparation of Consolidated Financial Statements of the Banks.

(\*\*) Quarterly average amounts.

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	Prior Period (**)
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	159.181.296
2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	(1.494.450)
3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	686.824
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	--
5 Differences between off-balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(503)
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	63.673.152
7 Total Risk	<b>222.046.319</b>

(\*) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué on Preparation of Consolidated Financial Statements of the Banks.

(\*\*) Quarterly average amounts.

**Leverage ratio common disclosure template:**

	Current Period (*)
<b>On-balance sheet exposures</b>	
1 On-balance sheet items (exclude derivatives and SFTs; include collateral)	179.416.856
2 (Assets deducted in determining Basel III Tier 1 capital)	(345.288)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines)	179.071.568
<b>Derivative exposures</b>	
4 Replacement cost	1.685.823
5 Add-on amount	796.423
6 Total derivative exposures (sum of 4 and 5 lines)	2.482.246
<b>Securities financing transaction exposures</b>	
7 Gross SFT assets (with no recognition of accounting netting)	185.151
8 Agent transaction exposures	
9 Total securities financing transaction exposures (sum of 7 and 8 lines)	185.151
<b>Other off-balance sheet exposures</b>	
10 Off-balance sheet exposures with gross nominal amount	73.420.352
11 Adjustment amount off-balance sheet exposures with credit conversion factor	(503)
12 Total off-balance sheet exposures (sum of 10 and 11 lines)	73.419.849
<b>Capital and total exposures</b>	
13 Tier 1 capital	14.123.152
14 Total exposures (sum of 3,6,9 and 12 lines)	255.158.814
<b>Leverage ratio</b>	
15 Leverage ratio	5,54

(\*) Quarterly average amounts.

	Prior Period (*)
<b>On-balance sheet exposures</b>	
1 On-balance sheet items (exclude derivatives and SFTs; include collateral)	157.686.846
2 (Assets deducted in determining Basel III Tier 1 capital)	(279.116)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines)	157.407.730
<b>Derivative exposures</b>	
4 Replacement cost	1.130.446
5 Add-on amount	686.824
6 Total derivative exposures (sum of 4 and 5 lines)	1.817.270
<b>Securities financing transaction exposures</b>	
7 Gross SFT assets (with no recognition of accounting netting)	220.744
8 Agent transaction exposures	
9 Total securities financing transaction exposures (sum of 7 and 8 lines)	220.744
<b>Other off-balance sheet exposures</b>	
10 Off-balance sheet exposures with gross nominal amount	62.601.078
11 Adjustment amount off-balance sheet exposures with credit conversion factor	(503)
12 Total off-balance sheet exposures (sum of 10 and 11 lines)	62.600.575
<b>Capital and total exposures</b>	
13 Tier 1 capital	12.367.759
14 Total exposures (sum of 3,6,9 and 12 lines)	222.046.319
<b>Leverage ratio</b>	
15 Leverage ratio	5,57

(\*) Quarterly average amounts.

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**VII. Explanations on Risk Management**

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. As the Standard Approach is used in calculating the Parent Bank's capital adequacy, the tables to be prepared under the Internal Rating Based Approach (IRB) have not been presented yet as of 30 June 2018.

The risk management disclosures were prepared as to comply with the internal control process that is approved by the Board of Directors.

**a. Risk management and overview of risk weighted assets**

**1. Overview of RWA**

	<b>Risk Weighted Amount Current Period</b>	<b>Minimum Capital Requirement Current Period</b>
1 Credit risk (excluding counterparty credit risk) (CCR)	127.926.199	10.234.096
2 <i>Standardized approach (SA)</i>	127.926.199	10.234.096
3 <i>Internal rating-based (IRB) approach</i>	--	--
4 Counterparty credit risk	2.266.253	181.300
5 <i>Standardized approach for counterparty credit risk (SA-CCR)</i>	2.266.253	181.300
6 <i>Internal model method (IMM)</i>	--	--
7 Basic risk weight approach to internal models equity position in the banking account	--	--
8 Investments made in collective investment companies - look-through approach	--	--
9 Investments made in collective investment companies - mandate-based approach (*)	3.233	259
10 Investments made in collective investment companies - %1250 weighted risk approach	--	--
11 Settlement risk	--	--
12 Securitization positions in banking accounts	--	--
13 <i>IRB ratings-based approach (RBA)</i>	--	--
14 <i>IRB Supervisory Formula Approach (SFA)</i>	--	--
15 <i>SA/simplified supervisory formula approach (SSFA)</i>	--	--
16 Market risk	2.039.263	163.141
17 <i>Standardized approach (SA)</i>	2.039.263	163.141
18 <i>Internal model approaches (IMM)</i>	--	--
19 Operational Risk	11.282.016	902.561
20 <i>Basic Indicator Approach</i>	11.282.016	902.561
21 <i>Standard Approach</i>	--	--
22 <i>Advanced measurement approach</i>	--	--
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--
24 Floor adjustment	--	--
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>143.516.964</b>	<b>11.481.357</b>



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	Risk Weighted Amount Prior Period	Minimum Capital Requirement Prior Period
1 Credit risk (excluding counterparty credit risk) (CCR)	108.600.182	8.688.015
2 <i>Standardized approach (SA)</i>	108.600.182	8.688.015
3 <i>Internal rating-based (IRB) approach</i>	--	--
4 Counterparty credit risk	1.502.732	120.219
5 <i>Standardized approach for counterparty credit risk (SA-CCR)</i>	1.502.732	120.219
6 <i>Internal model method (IMM)</i>	--	--
7 Basic risk weight approach to internal models equity position in the banking account	--	--
8 Investments made in collective investment companies - look-through approach	--	--
9 Investments made in collective investment companies - mandate-based approach (*)	1.369	110
10 Investments made in collective investment companies - %1250 weighted risk approach	--	--
11 Settlement risk	--	--
12 Securitization positions in banking accounts	--	--
13 <i>IRB ratings-based approach (RBA)</i>	--	--
14 <i>IRB Supervisory Formula Approach (SFA)</i>	--	--
15 <i>SA/simplified supervisory formula approach (SSFA)</i>	--	--
16 Market risk	772.600	61.808
17 <i>Standardized approach (SA)</i>	772.600	61.808
18 <i>Internal model approaches (IMM)</i>	--	--
19 Operational Risk	9.334.711	746.777
20 <i>Basic Indicator Approach</i>	9.334.711	746.777
21 <i>Standard Approach</i>	--	--
22 <i>Advanced measurement approach</i>	--	--
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--
24 Floor adjustment	--	--
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>120.211.594</b>	<b>9.616.929</b>

**b. Credit Risk Explanations**

**1. Credit quality of assets:**

Current Period	a	b	c	d
	Gross carrying values of (according to TAS)			
	Defaulted exposures	Non-defaulted exposures	Allowances and Impairments	Net values (a+b-c)
1 Loans	5.039.053	132.435.832	6.501.700	130.973.185
2 Debt Securities	--	12.652.427	890	12.651.537
3 Off-balance sheet exposures (*)	315.971	70.512.190	270.943	70.557.218
<b>4 Total</b>	<b>5.355.024</b>	<b>215.600.449</b>	<b>6.773.533</b>	<b>214.181.940</b>

(\*) It doesn't include revocable commitments and Forward Asset Purchase -Sales Commitments.

Prior Period	a	b	c	d
	Gross carrying values of (according to TAS)			
	Defaulted exposures	Non-defaulted exposures	Allowances and Impairments	Net values (a+b-c)
1 Loans	4.024.614	113.933.301	4.851.915	113.106.000
2 Debt Securities	--	12.318.534	1.162	12.317.372
3 Off-balance sheet exposures (*)	183.626	57.491.658	197.518	57.477.766
<b>4 Total</b>	<b>4.208.240</b>	<b>183.743.493</b>	<b>5.050.595</b>	<b>182.901.138</b>

(\*) It doesn't include revocable commitments and Forward Asset Purchase -Sales Commitments.

**2. Changes in stock of defaulted loans and debt securities:**

	Current Period a (*)
1 Defaulted loans and debt securities at end of the previous reporting period	4.024.614
2 Loans and debt securities that have defaulted since the last reporting period	1.856.111
3 Returned to non-defaulted status	1.441
4 Amounts written off (**)	297.537
5 Other changes	(542.694)
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>5.039.053</b>

(\*) It doesn't include off-balance sheet receivables..

(\*\*) It indicates sales made from non-performing loans portfolio.

	Prior Period a (*)
1 Defaulted loans and debt securities at end of the previous reporting period	3.651.639
2 Loans and debt securities that have defaulted since the last reporting period	1.962.958
3 Returned to non-defaulted status	59.000
4 Amounts written off (**)	694.258
5 Other changes	(836.725)
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>4.024.614</b>

(\*) It doesn't include off-balance sheet receivables..

(\*\*) It indicates sales made from non-performing loans portfolio.

**3. Credit risk mitigation techniques - overview:**

	a	b	c	d	e	f	g
Current Period	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	94.224.003	25.955.989	20.955.619	10.793.193	9.471.483	--	--
2 Debt Securities	12.651.537	--	--	--	--	--	--
<b>3 Total</b>	<b>106.875.540</b>	<b>25.955.989</b>	<b>20.955.619</b>	<b>10.793.193</b>	<b>9.471.483</b>	<b>--</b>	<b>--</b>
4 Of which defaulted (*)	4.604.510	750.514	454.170	--	--	--	--

(\*) It includes default figure belonging to amount before provision and off-balance sheet receivables.

	a	b	c	d	e	f	g
Prior Period	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	76.898.222	26.589.943	18.662.426	9.617.835	8.007.536	--	--
2 Debt Securities	12.317.372	--	--	--	--	--	--
<b>3 Total</b>	<b>89.215.594</b>	<b>26.589.943</b>	<b>18.662.426</b>	<b>9.617.835</b>	<b>8.007.536</b>	<b>--</b>	<b>--</b>
4 Of which defaulted (*)	3.639.979	568.261	221.440	--	--	--	--

(\*) It includes default figure belonging to amount before provision and off-balance sheet receivables.

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**4. Standardised approach - Credit risk exposure and Credit Risk Mitigation (CRM) effects:**

Current Period		a	b	c	d	e	f
		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes							
1	Exposures to central governments or central banks	41.803.658	116.853	50.666.560	2.116.540	3.515.327	%6,66
2	Exposures to regional governments or local authorities	494.227	22.317	491.248	10.587	250.917	%50,00
3	Exposures to public sector entities	--	--	--	--	--	%0,00
4	Exposures to multilateral development banks	--	--	--	--	--	%0,00
5	Exposures to international organisations	--	--	--	--	--	%0,00
6	Exposures to institutions	5.292.453	3.171.705	5.234.484	2.768.307	3.252.240	%40,64
7	Exposures to corporates	66.808.099	33.102.008	58.391.843	16.604.472	74.509.452	%99,35
8	Retail exposures	48.811.638	36.390.189	43.227.830	3.131.606	34.885.326	%75,25
9	Exposures secured by residential property	5.015.956	384.256	4.744.648	190.603	1.727.338	%35,00
10	Exposures secured by commercial real estate	10.820.979	1.559.021	9.556.279	830.161	6.132.204	%59,04
11	Past-due loans	1.510.327	119.633	1.509.700	35.221	1.556.367	%100,74
12	Higher-risk categories by the Agency Board	15.784	--	15.784	--	14.748	%93,44
13	Exposures in the form of covered bonds	--	--	--	--	--	%0,00
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	%0,00
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	3.970	--	2.840	2.840	%100,00
16	Other assets	5.639.478	--	5.639.478	--	2.829.548	%50,17
17	Investments in equities	624.234	--	624.234	--	624.234	%100,00
18	Total	186.836.833	74.869.952	180.102.088	25.690.337	129.300.541	%62,83

Prior Period		a	b	c	d	e	F
		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes							
1	Exposures to central governments or central banks	35.113.774	383.437	42.562.674	1.607.731	3.088.583	%6,99
2	Exposures to regional governments or local authorities	405.818	21.036	404.218	8.617	206.417	%50,00
3	Exposures to public sector entities	--	--	--	--	--	%0,00
4	Exposures to multilateral development banks	--	--	--	--	--	%0,00
5	Exposures to international organisations	--	--	--	--	--	%0,00
6	Exposures to institutions	4.577.056	2.005.372	4.577.056	1.703.368	2.615.150	%41,64
7	Exposures to corporates	56.451.256	28.044.751	48.858.021	13.575.587	61.986.698	%99,28
8	Retail exposures	42.211.157	29.803.027	37.792.798	2.697.421	30.461.461	%75,23
9	Exposures secured by residential property	4.922.250	397.043	4.730.737	185.686	1.720.748	%35,00
10	Exposures secured by commercial real estate	9.469.296	1.148.270	8.373.861	705.663	5.387.226	%59,33
11	Past-due loans	964.454	98.068	964.026	37.950	1.009.567	%100,76
12	Higher-risk categories by the Agency Board	--	--	--	--	--	%0,00
13	Exposures in the form of covered bonds	--	--	--	--	--	%0,00
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	%0,00
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	219	--	219	219	%100,00
16	Other assets	4.539.843	--	4.539.843	--	2.498.085	%55,03
17	Investments in equities	266.425	--	266.425	--	591.354	%221,96
18	Total	158.921.329	61.901.223	153.069.659	20.522.242	109.565.508	%63,12

Credit Guarantee Fund loans are classified as "Receivables from Central Government" due to the substitution effect of credit risk after the Credit Risk Reduction, while the loans are shown in the receivable class before the loan conversion rate.

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**5. Standardised Approach - Exposures by asset classes and risk weights:**

Current Period	a	b	c	k	L	e	f	g	h	i	j
Asset classes/ Risk weight	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	200%	Others	Total risk amount (after CCF and CRM)
1 Exposures to central governments or central banks	49.267.774	--	--	--	--	--	3.515.326	--	--	--	52.783.100
2 Exposures to regional governments or local authorities	--	--	--	--	501.835	--	--	--	--	--	501.835
3 Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--
4 Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5 Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--
6 Exposures to institutions	--	--	4.179.046	--	2.814.629	--	1.009.116	--	--	--	8.002.791
7 Exposures to corporates	--	--	608.580	--	--	--	74.387.735	--	--	--	74.996.315
8 Retail exposures	--	--	--	--	--	45.896.443	462.993	--	--	--	46.359.436
9 Exposures secured by residential property	--	--	--	4.935.251	--	--	--	--	--	--	4.935.251
10 Exposures secured by commercial real estate	--	--	--	--	8.508.471	--	1.877.969	--	--	--	10.386.440
11 Past-due loans	--	--	--	--	474.589	--	572.850	497.482	--	--	1.544.921
12 Higher-risk categories by the Agency Board	--	--	--	--	2.113	--	13.630	41	--	--	15.784
13 Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--
14 Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	2.840	--	--	--	2.840
16 Investments in equities	--	--	--	--	--	--	624.234	--	--	--	624.234
17 Other assets	2.809.918	--	5	--	--	31	2.829.524	--	--	--	5.639.478
<b>18 Total</b>	<b>52.077.692</b>	<b>--</b>	<b>4.787.631</b>	<b>4.935.251</b>	<b>12.301.637</b>	<b>45.896.474</b>	<b>85.296.217</b>	<b>497.523</b>	<b>--</b>	<b>--</b>	<b>205.792.425</b>

Prior Period	a	b	c	k	d	e	f	g	h	i	j	
				35% Secured by real estate.	50% Secured by real estate.						Total risk amount (after CCF and CRM)	
Asset classes/ Risk weight	0%	10%	20%			50%	75%	100%	150%	200%	Others	
1 Exposures to central governments or central banks	41.081.822	--	--	--	--	--	--	3.088.583	--	--	--	44.170.405
2 Exposures to regional governments or local authorities	--	--	--	--	--	412.835	--	--	--	--	--	412.835
3 Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4 Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5 Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6 Exposures to institutions	--	--	3.438.390	--	--	1.829.124	--	1.012.910	--	--	--	6.280.424
7 Exposures to corporates	--	--	558.637	--	--	--	--	61.874.971	--	--	--	62.433.608
8 Retail exposures	--	--	--	--	--	--	40.115.034	375.185	--	--	--	40.490.219
9 Exposures secured by residential property	--	--	--	4.916.423	--	--	--	--	--	--	--	4.916.423
10 Exposures secured by commercial real estate	--	--	--	--	--	7.384.595	--	1.694.929	--	--	--	9.079.524
11 Past-due loans	--	--	--	--	--	189.464	--	812.512	--	--	--	1.001.976
12 Higher-risk categories by the Agency Board	--	--	--	--	--	--	--	--	--	--	--	--
13 Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--	--
14 Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--	--
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	--	219	--	--	--	219
16 Investments in equities	--	--	--	--	--	--	--	49.806	--	--	216.619	266.425
17 Other assets	2.034.523	--	9.031	--	--	--	42	2.496.247	--	--	--	4.539.843
18 Total	43.116.345	--	4.006.058	4.916.423	--	9.816.018	40.115.076	71.405.362	--	--	216.619	173.591.901

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**c. Counterparty Credit Risk (CCR) Explanations:**  
**1. Analysis of counterparty credit risk exposure by approach:**

	a	b	c	d	e	f
	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1 Standardised Approach (for derivatives)	1.848.508	837.956		--	2.629.659	1.320.038
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			--	--	--	--
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					256.386	51.074
5 VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
<b>6 Total</b>						<b>1.371.112</b>

	a	b	c	d	e	f
	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1 Standardised Approach (for derivatives)	969.154	667.393		-	1.605.874	882.276
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			--	--	--	--
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					408.040	81.681
5 VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
<b>6 Total</b>						<b>963.957</b>

**2. Credit valuation adjustment (CVA) capital charge:**

	Current Period	
	a	b
	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 Value at Risk (VaR) component (including the 3×multiplier)	--	--
2 Stressed VaR component (including the 3×multiplier)	--	--
3 All portfolios subject to the Standardised CVA capital charge	2.629.659	1.320.038
<b>4 Total subject to the CVA capital charge</b>	<b>2.629.659</b>	<b>1.320.038</b>

	Prior Period	
	a	b
	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 Value at Risk (VaR) component (including the 3×multiplier)	--	--
2 Stressed VaR component (including the 3×multiplier)	--	--
3 All portfolios subject to the Standardised CVA capital charge	1.605.874	538.775
<b>4 Total subject to the CVA capital charge</b>	<b>1.605.874</b>	<b>538.775</b>

**3. Standardised approach of CCR exposures by regulatory portfolio and risk weights:**

Current Period	a	b	c	d	e	f	g	h	i
Risk Weight/Risc Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure(*)
Claims from central governments and central banks	42.522	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	1.091.278	1.181.983	--	--	--	--	809.247
Corporates	--	--	--	--	--	533.832	--	--	533.832
Retail portfolios	--	--	--	--	33.590	--	--	--	25.193
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	2.840	--	--	2.840
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>42.522</b>	<b>--</b>	<b>1.091.278</b>	<b>1.181.983</b>	<b>33.590</b>	<b>536.672</b>	<b>--</b>	<b>--</b>	<b>1.371.112</b>

(\*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(\*\*) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

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Prior Period	a	b	c	d	e	f	g	h	i
Risk Weight/Risc Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure(*)
Claims from central governments and central banks	5.560	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	779.556	825.101	--	--	--	--	568.462
Corporates	--	--	--	--	--	370.674	--	--	370.674
Retail portfolios	--	--	--	--	32.803	--	--	--	24.602
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	219	--	--	219
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>5.560</b>	<b>--</b>	<b>779.556</b>	<b>825.101</b>	<b>32.803</b>	<b>370.893</b>	<b>--</b>	<b>--</b>	<b>963.957</b>

(\*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(\*\*) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

**4. Composition of collateral for CCR exposure:**

Current Period	a	b	c	d	e	f
	Guarantees of Derivatives				Guarantees of Other Transactions	
	Guarantees of Derivatives		Given Guarantees		Received	Given
	Appropriated	Unappropriated	Appropriated	Unappropriated	Guarantees	Guarantees
Cash-Domestic Currency	11.450	--	--	--	--	3.300.669
Cash-Foreign Currency	45.355	--	--	--	--	--
Government Bons-Domestic	--	--	--	--	--	--
Government Bons-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
<b>Total</b>	<b>56.805</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3.300.669</b>

Prior Period	a	b	c	d	e	f
	Guarantees of Derivatives				Guarantees of Other Transactions	
	Guarantees of Derivatives		Given Guarantees		Received	Given
	Appropriated	Unappropriated	Appropriated	Unappropriated	Guarantees	Guarantees
Cash-Domestic Currency	--	--	--	--	750.891	3.922.038
Cash-Foreign Currency	30.673	--	--	--	--	--
Government Bons-Domestic	--	--	--	--	--	--
Government Bons-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
<b>Total</b>	<b>30.673</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>750.891</b>	<b>3.922.038</b>

**5. Credit derivatives exposures:**

None. (31 December 2017: None)

**6. Exposures to central counterparties (CCP):**

None. (31 December 2017: None)

**d. Securitization Explanations:**

**1. Securitization positions in banking accounts**

None. (31 December 2017: None)

**2. Securitization positions in purchase and sale accounts**

None. (31 December 2017: None)

**3. Securitization positions in banking accounts and related capital requirements - for which the Bank is founder or sponsor**

None. (31 December 2017: None)

**4. Securitization positions in banking accounts and related capital requirements - for which the Bank is investor**

None. (31 December 2017: None)

**e. Market Risk Explanations:**

**Standardised approach:**

		Current period
		a
		RAT
Outright products		
1	Interest rate risk (general and specific)	86.600
2	Equity risk (general and specific)	--
3	Foreign exchange risk	1.725.388
4	Commodity risk	185.412
Options		
5	Simplified approach	--
6	Delta-plus method	41.863
7	Scenario approach	--
8	Securitization	--
<b>9</b>	<b>Total</b>	<b>2.039.263</b>

		Prior Period
		a
		RAT
Outright products		
1	Interest rate risk (general and specific)	37.213
2	Equity risk (general and specific)	200
3	Foreign exchange risk	653.575
4	Commodity risk	78.112
Options		
5	Simplified approach	--
6	Delta-plus method	3.500
7	Scenario approach	--
8	Securitization	--
<b>9</b>	<b>Total</b>	<b>772.600</b>



## **VIII. Explanations related to hedging transactions**

### **a. Net Investment Risk**

DFS Group applies net investment hedge strategy to hedge against the currency risk arising on a consolidated basis from the net investments amounting to a total of Euro 1.299 million and US Dollar 7 million of subsidiaries Denizbank AG and Eurodeniz. The part consisting of the same amounts of its foreign currency deposit has been defined as “hedging instrument”. The effective part of the change in value of the foreign currency deposit arising from exchange rate has been recognized as “hedging funds” under equity.

On the other hand, as of 1 April 2014, the Parent Bank stopped applying net investment hedge accounting due to its net investment to hedge against the currency risk on the subsidiary of JSC Denizbank, and the total hedging fund which is booked under equity for that subsidiary is amounting to TL (57.744).

Total net investment hedging funds recognized under equity is amounting to TL (2.548.446) as of 30 June 2018 (31 December 2017: TL (1.741.301)).

### **b. Cash Flow Hedge**

Within the scope of foreign exchange risk management, Deniz Leasing started to apply cash flow hedge accounting as of April 1, 2018 by matching the future Euro lease receivables and the estimated future sales of used cars, whose fair values are followed by Euro, in accordance with the agreements.

In the accounting for hedge of cash flow that Deniz Leasing has started to implement; the Company has identified forward-looking future rental sales of Euro-denominated operating lease receivables and their fair values in EUR, and the credit in Euro terms has been taken as a hedging tool.

Profit/ (loss) after tax (14.418) TL which is accounted under shareholders' equity as cash flow hedge accounting as of June 30, 2018 (31 December 2017: None).

## **IX. Explanations related to the consolidated segment reporting**

DFS Group is active in four areas; namely, wholesale banking, SME and agricultural banking, retail banking, and treasury.

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

The Bank offers loan products (consumer loans, mortgage, vehicle, agricultural and investment loans), distinctive credit cards, producer card, investment products (mutual funds, shares, government bonds/treasury bills, and repos), deposit products (time, demand, protected), insurance products, SME loans, agricultural loans, financial and operational leasing and factoring services to the customers classified under retail, SME and agricultural segments. Alternative distribution channels allow customers to meet their banking needs without the need to physically visit the branches. Among products that meet every day needs of customers are overdraft loans, automated bill payment, checkbooks and rental safes.

Within treasury; sales, prop-trading and private banking departments offer spot and forward TL and foreign exchange transactions, trading of treasury bills, bonds and other local and international securities and derivative products. Providing medium and long-term financing, diversification of funding and maintenance an international investor base are also the activities defined in this segment.

Segment information is prepared in line with the Parent Bank's Management Information Systems and the prior period figures are also revised accordingly.

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Segment information of the Group is presented in the following table:

<b>Current Period (01.01.2018-30.06.2018)</b>	<b>Wholesale Banking</b>	<b>SME &amp; Agricultural Banking</b>	<b>Retail Banking</b>	<b>Treasury &amp; Other</b>	<b>Total</b>
Net interest income	856.830	1.038.400	787.272	714.523	3.397.025
Net fees and commission income	107.810	438.331	440.020	(17.909)	968.252
Other income/loss, net	193.481	130.022	75.419	(162.118)	236.804
<b>Total segment income</b>	<b>1.158.121</b>	<b>1.606.753</b>	<b>1.302.711</b>	<b>534.496</b>	<b>4.602.081</b>
Other operational expenses	(321.999)	(622.091)	(767.399)	(55.168)	(1.766.657)
Impairment of loans and other rec.	(514.169)	(317.548)	(195.814)	(133.031)	(1.160.562)
Taxation	--	--	--	--	(402.225)
<b>Net profit from continuing operations</b>	<b>321.953</b>	<b>667.114</b>	<b>339.498</b>	<b>346.297</b>	<b>1.272.637</b>
Net profit from discontinued operations	--	--	--	--	--
<b>Net profit for the period</b>	<b>321.953</b>	<b>667.114</b>	<b>339.498</b>	<b>346.297</b>	<b>1.272.637</b>
<b>Current Period (30.06.2018)</b>					
Segment assets	67.614.890	42.471.171	20.887.123	49.220.485	180.193.669
Subsidiaries and associates	--	--	--	--	629.775
Undistributed assets	--	--	--	--	5.024.099
<b>Total assets</b>					<b>185.847.543</b>
Segment liabilities	30.049.622	76.910.268	18.664.172	37.626.984	163.251.046
Undistributed liabilities	--	--	--	--	8.344.349
Equity	--	--	--	--	14.252.148
<b>Total liabilities and shareholders' equity</b>					<b>185.847.543</b>
<b>Prior Period (01.01.2017-30.06.2017)</b>					
Net interest income	811.237	986.878	745.074	579.595	3.122.784
Net fees and commission income	114.305	334.291	345.145	(50.462)	743.279
Other income/loss, net	158.637	30.350	44.414	(305.917)	(72.516)
<b>Total segment income</b>	<b>1.084.179</b>	<b>1.351.519</b>	<b>1.134.633</b>	<b>223.216</b>	<b>3.793.547</b>
Other operational expenses	(287.424)	(553.250)	(682.726)	(31.672)	(1.555.072)
Impairment of loans and other rec.	(174.190)	(403.456)	(269.614)	(104.368)	(951.628)
Taxation	--	--	--	--	(279.295)
<b>Net profit from continuing operations</b>	<b>622.565</b>	<b>394.813</b>	<b>182.293</b>	<b>87.176</b>	<b>1.007.552</b>
Net profit from discontinued operations	--	--	--	--	--
<b>Net profit for the period</b>	<b>622.565</b>	<b>394.813</b>	<b>182.293</b>	<b>87.176</b>	<b>1.007.552</b>
<b>Prior Period (31.12.2017)</b>					
Segment assets	58.066.374	36.664.330	20.098.688	41.851.547	156.680.939
Subsidiaries and associates	--	--	--	--	55.334
Undistributed assets	--	--	--	--	3.686.857
<b>Total assets</b>					<b>160.423.130</b>
Segment liabilities	26.226.249	66.868.879	16.676.505	32.773.797	142.545.430
Undistributed liabilities	--	--	--	--	5.024.293
Equity	--	--	--	--	12.853.407
<b>Total liabilities and shareholders' equity</b>					<b>160.423.130</b>

## **SECTION FIVE**

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

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

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

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

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Cash in TL / Foreign Currency	1.250.082	1.334.155
Central Bank of the Republic of Turkey	2.943.100	14.694.559
Other (*)	--	10.787.402
<b>Total</b>	<b>4.193.182</b>	<b>26.816.116</b>

	<b>Prior Period</b>	
	<b>TL</b>	<b>YP</b>
Cash in TL / Foreign Currency	1.100.516	795.623
Central Bank of the Republic of Turkey	1.966.321	13.106.352
Other (*)	--	--
<b>Total</b>	<b>3.066.837</b>	<b>13.901.975</b>

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

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits	1.039.134	1.979.510
Unrestricted Time Deposits	1.860.629	--
Restricted Time Deposits	43.337	12.715.049
<b>Total</b>	<b>2.943.100</b>	<b>14.694.559</b>

Includes the balances of consolidated foreign subsidiaries at foreign central banks.

	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits	894.109	1.715.718
Unrestricted Time Deposits	1.072.212	--
Restricted Time Deposits	--	11.390.634
<b>Total</b>	<b>1.966.321</b>	<b>13.106.352</b>

###### **3. Information on reserve requirements**

As of 30 June 2018, all banks operating in Turkey should provide a reserve in a range of 4% to 10,5% (31 December 2017: between 4% and 10,5%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 4% to 24% (31 December 2017: between 5% and 19%) in US Dollars or standard gold for their liabilities in foreign currencies.

CBRT began paying interest for the reserve deposits maintained in Turkish Lira as from November 2014 and for the reserve deposits maintained in US Dollar as from May 2015. The interest income of TL 79.739 derived from the reserve deposits maintained by the Parent Bank at CBRT (1 January - 31 December 2017: TL 40.780) has been recorded under the account "interests derived from reserve requirements".

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

###### **1. Information on financial assets at fair value through profit or loss given as collateral or blocked**

<i>given as collateral or blocked</i> <i>financial assets at fair value through profit or loss</i>	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	7.402	--
Other	--	--
<b>Total</b>	<b>7.402</b>	<b>--</b>

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<i>given as collateral or blocked trading securities</i>	Prior Period	
	TL	FC
Share Certificates	--	--
Bonds, Treasury Bills and Similar Marketable Securities	7.797	--
Other	--	--
<b>Total</b>	<b>7.797</b>	<b>--</b>

**2. Financial assets at fair value through profit or loss subject to repurchase agreements**

None (31 December 2017: None).

**3. Positive value of trading purpose derivatives**

	Current Period	
	TL	FC
Forward Transactions	13.544	166.848
Swap Transactions	1.039.514	339.954
Futures Transactions	--	--
Options	1.153	296.255
Other	--	--
<b>Total</b>	<b>1.054.211</b>	<b>803.057</b>

	Prior Period	
	TL	FC
Forward Transactions	26.616	23.499
Swap Transactions	450.936	415.641
Futures Transactions	--	--
Options	5.117	53.999
Other	--	--
<b>Total</b>	<b>482.669</b>	<b>493.139</b>

**c. Information on banks**

**1. Information on banks**

	Current Period	
	TL	FC
<b>Banks</b>		
Domestic	12.245	318.998
Foreign	358	3.167.190
Foreign head offices and branches	--	--
<b>Total</b>	<b>12.603</b>	<b>3.486.188</b>

	Prior Period	
	TL	FC
<b>Banks</b>		
Domestic	805.940	404.928
Foreign	13.196	9.433.564
Foreign head offices and branches	--	--
<b>Total</b>	<b>819.136</b>	<b>9.838.492</b>

**d. Information on financial assets at fair value through other comprehensive income**

**1. Major types of financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income consist of share certificates, debt securities representing government bonds, Eurobonds and foreign currency government bonds issued by the Turkish Treasury and foreign private sector debt securities.

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**2. Financial assets at fair value through other comprehensive income given as collateral and book value**

Financial assets at fair value through other comprehensive income which were collateralized consist of securities offered to various financial institutions, primarily the Central Bank of the Republic of Turkey and İstanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank) for interbank money market, foreign exchange market and other transactions. Such financial assets include government bonds and Eurobonds, and their total book value amounts to TL 994.609 (31 December 2017: TL 754.234).

**3. Financial assets at fair value through other comprehensive income given as collateral or blocked**

<i>given as collateral or blocked</i>	<b>Current Period</b>	
<i>financial assets at fair value through other comprehensive income</i>	<b>TL</b>	<b>FC</b>
Share certificates	--	--
T-bills, Bonds and Similar Securities	620.796	373.813
Other	--	--
<b>Total</b>	<b>620.796</b>	<b>373.813</b>

<i>given as collateral or blocked</i>	<b>Prior Period</b>	
<i>available-for-sale securities</i>	<b>TL</b>	<b>FC</b>
Share certificates	--	--
T-bills, Bonds and Similar Securities	376.777	377.457
Other	--	--
<b>Total</b>	<b>376.777</b>	<b>377.457</b>

**4. Financial assets at fair value through other comprehensive income subject to repurchase agreements**

<i>subject to repurchase agreements</i>	<b>Current Period</b>	
<i>financial assets at fair value through other comprehensive income</i>	<b>TL</b>	<b>FC</b>
Government Bonds	2.474.967	--
Treasury Bills	--	--
Other Debt Securities	--	--
Bonds Issued or Guaranteed by Banks	--	271.756
Asset Backed Securities	--	--
Other	--	--
<b>Total</b>	<b>2.474.967</b>	<b>271.756</b>

<i>subject to repurchase agreements</i>	<b>Prior Period</b>	
<i>available-for-sale securities</i>	<b>TL</b>	<b>FC</b>
Government Bonds	2.481.553	235.350
Treasury Bills	--	--
Other Debt Securities	--	--
Bonds Issued or Guaranteed by Banks	--	271.707
Asset Backed Securities	--	--
Other	--	--
<b>Total</b>	<b>2.481.553</b>	<b>507.057</b>

**5. Information on financial assets at fair value through other comprehensive income**

<i>Financial assets at fair value through other comprehensive income</i>	<b>Current Period</b>
<b>Debt instruments</b>	<b>7.116.773</b>
Quoted on Stock Exchange	7.116.773
Unquoted on Stock Exchange	--
<b>Share certificates</b>	<b>793</b>
Quoted on Stock Exchange	--
Unquoted on Stock Exchange	793
<b>Impairment provision (-)</b>	<b>--</b>
<b>Total</b>	<b>7.117.566</b>

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<i>Available-for-sale securities</i>	<b>Prior Period</b>
<b>Debt instruments</b>	<b>6.982.895</b>
Quoted on Stock Exchange	6.982.895
Unquoted on Stock Exchange	--
<b>Share certificates</b>	<b>63.138</b>
Quoted on Stock Exchange	59.159
Unquoted on Stock Exchange	3.979
<b>Impairment provision (-)</b>	<b>--</b>
<b>Total</b>	<b>7.046.033</b>

**e. Information related to loans**

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

	<b>Current Period</b>	
	<b>Cash</b>	<b>Non-Cash</b>
<b>Direct Loans Granted to Shareholders</b>	<b>--</b>	<b>--</b>
Corporate Shareholders	--	--
Individual Shareholders	--	--
<b>Indirect Loans Granted to Shareholders</b>	<b>--</b>	<b>1.629</b>
<b>Loans Granted to Employees</b>	<b>60.090</b>	<b>--</b>
<b>Total</b>	<b>60.090</b>	<b>1.629</b>

	<b>Prior Period</b>	
	<b>Cash</b>	<b>Non-Cash</b>
<b>Direct Loans Granted to Shareholders</b>	<b>--</b>	<b>--</b>
Corporate Shareholders	--	--
Individual Shareholders	--	--
<b>Indirect Loans Granted to Shareholders</b>	<b>--</b>	<b>4.655</b>
<b>Loans Granted to Employees</b>	<b>59.102</b>	<b>--</b>
<b>Total</b>	<b>59.102</b>	<b>4.655</b>

**2. Information on loans classified in groups I and II, other receivables and loans that have been restructured or rescheduled**

<b>Cash loans</b>	<b>Standard loans</b>	<b>Loans Under Close Monitoring</b>		
		<b>Not included in restructured loans</b>	<b>Restructured Loans</b>	
			<b>Changes in conditions of contract</b>	<b>Refinancing</b>
<b>Non-specialized loans</b>	<b>97.925.360</b>	<b>9.515.391</b>	<b>3.900.202</b>	<b>1.761.137</b>
Corporate loans	38.096.260	4.440.359	1.165.452	--
Export loans	1.835.806	83.884	--	--
Import loans	--	--	--	--
Commercial loans	1.424.064	--	--	--
Consumer loans	15.408.036	1.372.443	292.196	--
Credit cards	6.921.227	258.279	144.372	--
Others	34.239.967	3.360.426	2.298.182	1.761.137
<b>Specialized loans</b>	<b>12.528.467</b>	<b>886.405</b>	<b>651.655</b>	<b>--</b>
<b>Other receivables</b>	<b>4.042.287</b>	<b>997.737</b>	<b>227.191</b>	<b>--</b>
<b>Total</b>	<b>114.496.114</b>	<b>11.399.533</b>	<b>4.779.048</b>	<b>1.761.137</b>

(\*) The Bank has a cash loan exposure amounting to USD 93 million and EUR 19 million related with the acquisition finance of a telecommunication company within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral (31 December 2017: USD 93 million and EUR 19 million). Discussions among shareholders of the entity, creditor banks and related public institutions regarding restructuring of current main partner including change of shareholder have been commenced and it is expected that aforementioned discussions shall result in a positive development. Respective loan is classified under "Loans Under Close Monitoring and Other Receivables" as of 31 December 2017.

	<b>Standard Loans</b>	<b>Loans Under Close Monitoring</b>
Expected loss of provision for 12 Months	1.212.635	--
Substantial increase in credit risk	--	1.781.157
<b>Total</b>	<b>1.212.635</b>	<b>1.781.157</b>

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	Standard Loans	Loans Under Close Monitoring
<b>Number of modifications made to extend payment plan</b>		
Extended by 1 or 2 times	1.386.750	5.960.744
Extended by 3,4 or 5 times	309.144	568.149
Extended by more than 5 times	--	11.292
<b>Total</b>	<b>1.695.894</b>	<b>6.540.185</b>
	Standard Loans	Loans Under Close Monitoring
<b>Extended payment period of time</b>		
0-6 Months	4.420	1.320.255
6-12 Months	43.519	344.965
1-2 Years	28.861	238.946
2-5 Years	237.723	1.462.988
5 Year and Over	1.381.371	3.173.031
<b>Total</b>	<b>1.695.894</b>	<b>6.540.185</b>

**3. Information on consumer loans, individual credit cards and personnel credit cards**

	Short Term	Medium or Long Term	Total
<b>Consumer Loans-TL</b>	<b>381.885</b>	<b>15.627.045</b>	<b>16.008.930</b>
Real estate Loans	3.695	3.766.406	3.770.101
Vehicle Loans	664	166.227	166.891
General Purpose Loans	377.526	11.694.412	12.071.938
Other	--	--	--
<b>Consumer Loans-Indexed to FC</b>	<b>165</b>	<b>85.548</b>	<b>85.713</b>
Real estate Loans	--	19.630	19.630
Vehicle Loans	--	--	--
General Purpose Loans	165	65.918	66.083
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>--</b>	<b>2.574</b>	<b>2.574</b>
Real estate Loans	--	2.365	2.365
Vehicle Loans	--	--	--
General Purpose Loans	--	209	209
Other	--	--	--
<b>Individual Credit Cards-TL</b>	<b>5.905.336</b>	<b>330.599</b>	<b>6.235.935</b>
Installment	2.965.035	330.599	3.295.634
Non installment	2.940.301	--	2.940.301
<b>Individual Credit Cards-FC</b>	<b>1.715</b>	<b>--</b>	<b>1.715</b>
Installment	--	--	--
Non installment	1.715	--	1.715
<b>Loans Given to Employees-TL</b>	<b>3.975</b>	<b>27.824</b>	<b>31.799</b>
Real estate Loans	--	1.148	1.148
Vehicle Loans	--	35	35
General Purpose Loans	3.975	26.641	30.616
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>45</b>	<b>348</b>	<b>393</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	45	91	136
Other	--	257	257
<b>Personnel Credit Cards - TL</b>	<b>26.249</b>	<b>94</b>	<b>26.343</b>
Installment	12.959	94	13.053
Non installment	13.290	--	13.290
<b>Personnel Credit Cards - FC</b>	<b>30</b>	<b>--</b>	<b>30</b>
Installment	--	--	--
Non installment	30	--	30
<b>Overdraft Loans-TL (Real Persons) (*)</b>	<b>941.487</b>	<b>--</b>	<b>941.487</b>
<b>Overdraft Loans-FC (Real Persons)</b>	<b>1.779</b>	<b>--</b>	<b>1.779</b>
<b>Total</b>	<b>7.262.666</b>	<b>16.074.032</b>	<b>23.336.698</b>

(\*) Overdrafts used by the personnel of the Parent Bank are TL 1.525 (31 December 2017: TL 1.657).

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**4. Information on installment commercial loans and corporate credit cards**

	Short Term	Medium or Long Term	Total
<b>Installment Commercial Loans - TL</b>	<b>509.617</b>	<b>13.935.250</b>	<b>14.444.867</b>
Real estate Loans	--	155.942	155.942
Vehicle Loans	5.722	319.039	324.761
General Purpose Loans	503.895	13.460.269	13.964.164
Other	--	--	--
<b>Installment Commercial Loans - Indexed to FC</b>	<b>29.884</b>	<b>1.259.558</b>	<b>1.289.442</b>
Real estate Loans	--	6.237	6.237
Vehicle Loans	--	30.172	30.172
General Purpose Loans	29.884	1.223.149	1.253.033
Other	--	--	--
<b>Installment Commercial Loans - FC</b>	<b>2.776</b>	<b>1.910.101</b>	<b>1.912.877</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	2.776	1.910.101	1.912.877
Other	--	--	--
<b>Corporate Credit Cards - TL</b>	<b>1.058.847</b>	<b>772</b>	<b>1.059.619</b>
Installment	417.898	772	418.670
Non installment	640.949	--	640.949
<b>Corporate Credit Cards - FC</b>	<b>236</b>	<b>--</b>	<b>236</b>
Installment	--	--	--
Non installment	236	--	236
<b>Overdraft Loans-TL (Legal Entities)</b>	<b>1.797.151</b>	<b>--</b>	<b>1.797.151</b>
<b>Overdraft Loans-FC (Legal Entities)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>3.398.511</b>	<b>17.105.681</b>	<b>20.504.192</b>

**5. Domestic and foreign loans**

	Current Period
Domestic Loans	111.297.696
Foreign Loans	15.979.689
<b>Total</b>	<b>127.277.385</b>

  

	Prior Period
Domestic Loans	96.953.552
Foreign Loans	12.531.663
<b>Total</b>	<b>109.485.215</b>

**6. Loans granted to subsidiaries and associates**

	Current Period
Direct loans granted to subsidiaries and associates	8.413
Indirect loans granted to subsidiaries and associates	--
<b>Total</b>	<b>8.413</b>

  

	Prior Period
Direct loans granted to subsidiaries and associates	13.583
Indirect loans granted to subsidiaries and associates	--
<b>Total</b>	<b>13.583</b>

**7. Specific provision for loans or provisions for stage 3 loans**

	Current Period
<b>Provisions for stage 3 loans</b>	
Loans and Receivables with Limited Collectability	544.732
Loans and Receivables with Doubtful Collectability	691.824
Uncollectible Loans and Receivables	2.271.352
<b>Total</b>	<b>3.507.908</b>



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Specific provisions	Prior Period
Loans and Receivables with Limited Collectability	189.939
Loans and Receivables with Doubtful Collectability	572.481
Uncollectible Loans and Receivables	2.366.103
<b>Total</b>	<b>3.128.523</b>

**8. Information on non-performing loans (Net)**

**(i) Information on non-performing loans and restructured loans by DFS group**

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
<b>Current Period</b>			
(Brut amounts before provisions)	12.866	58.100	153.728
Restructured loans	12.866	58.100	153.728

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
<b>Prior Period</b>			
(Gross Amounts Before Specific Reserves)	64.319	25.290	208.988
Restructured Loans and Other Receivables	--	--	--
Rescheduled Loans and Other Receivables	64.319	25.290	208.988

**(ii) Movement of non-performing loans**

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	<b>461.093</b>	<b>752.140</b>	<b>2.811.381</b>
Additions (+)	1.726.103	81.147	48.861
Transfers from Other Categories of Non-Performing Loans (+)	--	751.888	381.435
Transfers from Other Categories of Non-Performing Loans (-)	751.888	381.435	--
Collections (-)	224.677	113.608	205.850
Write-offs (-)	--	--	--
Sales (-) (*)	12	18.693	278.832
Corporate and Commercial Loans	1	8	11.482
Retail Loans	--	1.121	124.856
Credit Cards	--	17.545	66.796
Other	11	19	75.698
<b>Balances at End of the Period</b>	<b>1.210.619</b>	<b>1.071.439</b>	<b>2.756.995</b>
Specific Provisions (-)	544.732	691.824	2.271.352
<b>Net Balance on Balance Sheet</b>	<b>665.887</b>	<b>379.615</b>	<b>485.643</b>

(\*) In May, 2018, the Parent Bank sold its retail loan portfolio amounting to TL 213.458, which is being followed in the legal follow-up accounts, for TL 23.648 and its business portfolio amounting to TL 84.079 for TL 5.084 to the asset management companies.

**(iii) Information on non-performing loans and other receivables in foreign currencies**

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
<b>Current Period: 30 June 2018</b>			
Balance as of the Period End	5.318	9.026	3.168
Provisions (-)	--	7.849	--
<b>Net Balance on Balance Sheet</b>	<b>5.318</b>	<b>1.177</b>	<b>3.168</b>

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	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
<b>Prior Period: 31 December 2017</b>			
Balance as of the Period End	7.423	7.320	3.047
Provisions (-)	1.373	7.320	1.543
<b>Net Balance on Balance Sheet</b>	<b>6.050</b>	<b>—</b>	<b>1.504</b>

(iv) Information on non-performing loans according to beneficiary group

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
<b>Current Period (Net): 30 June 2018</b>	<b>665.887</b>	<b>379.615</b>	<b>485.643</b>
Loans Granted to Real Persons and Legal Entities (Gross)	1.210.619	1.071.298	2.756.995
Provisions (-)	544.732	691.683	2.271.352
Loans Granted to Real Persons and Legal Entities (Net)	665.887	379.615	485.643
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	141	--
Provisions (-)	--	141	--
Other Loan and Receivables (Net)	--	--	--

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
<b>Prior Period (Net): 31 December 2017</b>	<b>271.154</b>	<b>179.659</b>	<b>445.278</b>
Loans Granted to Real Persons and Legal Entities (Gross)	461.093	752.125	2.811.381
Provisions (-)	189.939	572.466	2.366.103
Loans Granted to Real Persons and Legal Entities (Net)	271.154	179.659	445.278
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	15	--
Provisions (-)	--	15	--
Other Loan and Receivables (Net)	--	--	--

(v) Information on accrual of interest, rediscount rate and valuation difference and their provisions

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
<b>Current Period (Net)</b>	<b>26.196</b>	<b>26.124</b>	<b>536</b>
Accrual of interest and discount rate with valuation difference	45.835	44.927	819
Amount of provision (-)	19.639	18.803	283

f. Information on financial assets measured at amortized cost

1. Information on securities subject to repurchase agreement and given as collateral or blocked

(i) Information on securities subject to repurchase agreement

Financial assets measured at amortized cost subject to repurchase agreement are TL 766.116 (31 December 2017: TL 1.306.054).

(ii) Information on securities subject to given as collateral or blocked

Collateralized financial assets measured at amortized cost are government bonds, whose book value amounts to TL 1.872.659 (31 December 2017: TL 2.048.110).

**2. Information on government securities in financial assets measured at amortized cost**

<i>Financial assets measured at amortized cost</i>	<b>Current Period</b>
Government Bonds	5.535.654
Treasury Bills	--
Other Government Debt Securities	--
<b>Total</b>	<b>5.535.654</b>

<i>Investment securities held-to-maturity</i>	<b>Prior Period</b>
Government Bonds	5.335.639
Treasury Bills	--
Other Government Debt Securities	--
<b>Total</b>	<b>5.335.639</b>

**3. Information on financial assets measured at amortized cost**

<i>Financial assets measured at amortized cost</i>	<b>Current Period</b>
<b>Debt Securities</b>	<b>5.535.654</b>
Quoted on Stock Exchange	5.535.654
Unquoted on Stock Exchange	--
<b>Impairment (-)</b>	<b>--</b>
<b>Total</b>	<b>5.535.654</b>

<i>Investment securities held-to-maturity</i>	<b>Prior Period</b>
<b>Debt Securities</b>	<b>5.335.639</b>
Quoted on Stock Exchange	5.335.639
Unquoted on Stock Exchange	--
<b>Impairment (-)</b>	<b>--</b>
<b>Total</b>	<b>5.335.639</b>

**4. Information on the movement of financial assets measured at amortized cost during the period**

<i>Financial assets measured at amortized cost</i>	<b>Current Period</b>
<b>Balance at the beginning of the period</b>	<b>5.335.638</b>
Foreign exchange differences (*)	448.544
Purchases during the year	--
Disposals/Redemptions	(248.528)
<b>Impairment losses (-)</b>	<b>--</b>
<b>Total</b>	<b>5.535.654</b>

(\*) Accruals of financial assets measured at amortized cost are included in "foreign exchange differences".

<i>Investment securities held-to-maturity</i>	<b>Prior Period</b>
<b>Balance at the beginning of the period</b>	<b>5.056.032</b>
Foreign exchange differences (*)	390.215
Purchases during the year	--
Disposals/Redemptions	(110.608)
<b>Impairment losses (-)</b>	<b>--</b>
<b>Total</b>	<b>5.335.639</b>

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

The Parent Bank transferred a portion of its securities from "financial assets at fair value through other comprehensive income" portfolio, with a new cost amounting to TL 2.826.026 and US Dollar 320.674 as of reclassification date, to the "financial assets measured at amortized cost" portfolio due to change in the intention of holding on 23 July, 24 July, 26 December 2013, 24 January 2014 and 1 November 2016. The negative valuation differences amounting to TL 326.599 followed under equity until the date of classification will be amortized with effective interest method and recycled to profit/loss until the maturities of these securities. As of the balance sheet date, the remaining negative valuation difference under equity is TL 178.721 (31 December 2017: TL 191.369).

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**g. Investments in associates**

**1. Investments in unconsolidated associates**

Title	Address (City/Country)	The Parent Bank's share percentage (%)	The Parent Bank's risk group share percentage (%)
1-Kredi Kayıt Bürosu A.Ş. <sup>(1)</sup>	İstanbul/Turkey	9	--
2-Kredi Garanti Fonu A.Ş. <sup>(2)</sup>	Ankara/Turkey	2	--
3-Ege Tarım Ürünleri Lisanslı Dep. A.Ş. <sup>(2)</sup>	İzmir/Turkey	9	--

	Total Assets	Shareholders 'Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
1	287.212	196.196	165.487	2.879	--	12.874	14.597	--
2	467.788	434.126	9.188	35.373	--	135.818	372	--
3	11.230	9.972	8.527	97	--	(534)	(600)	--

<sup>(1)</sup> Information on the financial statements is presented as of the period ended 31 March 2018.

<sup>(2)</sup> Information on the financial statements is presented as of the period ended 31 December 2017.

**2. Investments in consolidated associates**

There are no investments in consolidated associates.

**h. Investments in subsidiaries**

**1. Information on shareholders' equity of major subsidiaries**

The parent Bank does not need any capital requirement due to its subsidiaries included in the calculation of its consolidated capital adequacy standard ratio.

Amounts at below table are prepared within the scope of regulation valid for Denizbank AG and they are obtained from financial data of 30 June 2018.

	Denizbank AG
Paid-in capital	1.124.653
Share premium	1.649.176
Reserves	4.870.140
Deductions from capital	3.771
<b>Total Common Equity</b>	<b>7.640.198</b>
Total additional Tier I capital	--
Deductions from capital	15.082
<b>Total Core Capital</b>	<b>7.625.116</b>
Total supplementary capital	136.630
<b>Capital</b>	<b>7.761.746</b>
Deductions from capital	--
<b>SHAREHOLDERS' EQUITY</b>	<b>7.761.746</b>

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**2. Information on non-consolidated subsidiaries**

Title	Address (City/Country)	The Parent Bank's share percentage (%)	Other shareholders' share percentage (%)
1-Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.	Istanbul/Turkey	100	--
2-Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş.	Istanbul/Turkey	100	--
3-Deniz Kartlı Ödeme Sistemleri A.Ş.	Istanbul/Turkey	--	100
4-Açık Deniz Radyo ve Televizyon İletişim Yayıncılık ve Sanayi A.Ş.	Istanbul/Turkey	--	100
5-Deniz Immobilien Service GmbH	Vienna/Austria	--	100
6-Ekspres Bilgi İşlem ve Ticaret A.Ş.	Istanbul/Turkey	71	29

	Total Assets	Shareholders 'Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
1	135.426	18.825	58.793	413	--	21.144	(12.824)	--
2	1.200	1.184	--	--	--	(58)	(67)	--
3	195	194	--	12	--	(8)	(5)	--
4	337	328	--	--	--	10	1	--
5	93	93	--	--	--	(2)	(2)	--
6	18.101	16.911	9.838	689	--	149	395	--

Information on the financial statements is presented as of the period ended 30 June 2018, and those subsidiaries are not included in consolidation because they are non-financial subsidiaries.

**3. Information on consolidated subsidiaries**

Title	Address (City/Country)	The Parent Bank's share percentage(%)	Other shareholders' share percentage (%) (*)	Consolidation Method
1 Denizbank AG	Vienna/Austria	100	--	Full consolidation
2 Eurodeniz International Banking Unit Ltd.	Nicosia / Cyprus	100	--	Full consolidation
3 Deniz Yatırım Menkul Kıymetler A.Ş.	Istanbul/Turkey	100	--	Full consolidation
4 JSC Denizbank Moskova	Moscow / Russia	49	51	Full consolidation
5 Deniz Portföy Yönetimi A.Ş.	Istanbul/Turkey	--	100	Full consolidation
6 Deniz Finansal Kiralama A.Ş.	Istanbul/Turkey	49	51	Full consolidation
7 Deniz Faktoring A.Ş.	Istanbul/Turkey	100	--	Full consolidation
8 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	--	91	Full consolidation
9 CR Erdberg Eins GmbH & Co KG	Vienna/Austria	--	100	Full consolidation

(\*) Presenting risk group of Bank's share percentage.

	Total Assets	Shareholders 'Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value	Capital requirement
1	56.594.453	7.360.971	64.412	1.030.586	6.485	448.814	326.813	--	--
2	910.596	32.455	72	18.934	--	266	132	--	--
3	370.015	290.509	1.729	14.353	--	54.137	16.116	--	--
4	1.443.761	383.686	3.985	38.951	5.711	24.895	18.523	--	--
5	15.438	13.499	10	1.150	9	2.314	2.854	--	--
6	3.129.380	674.037	206.323	165.658	--	47.849	50.436	--	--
7	2.495.843	314.716	2.689	214.758	--	36.750	40.995	--	--
8	493.525	217.772	99	520	--	7.304	4.588	--	--
9	153.721	134.148	121.890	1	--	2.040	1.730	--	--

Includes information on the consolidated financial statements as of 30 June 2018.

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(i) Movement of consolidated subsidiaries

	Current Period
<b>Balance at the Beginning of the Period</b>	<b>2.731.577</b>
<b>Movements during the Period</b>	<b>105.930</b>
Purchases	--
Bonus Shares Received	--
Dividends from Current Year Profit	--
Sales (*)	(2.809)
Revaluation Increase, Effect of Inflation and F/X Difference	108.739
Other	--
Allowance for impairment	--
<b>Balance at the End of the Period</b>	<b>2.837.507</b>
<b>Capital Commitments</b>	<b>--</b>
<b>Share Percentage at the end of Period (%)</b>	<b>--</b>

(\*) Deniz Yatırım sold 2,5% of the shares of Deniz GYO, its 91% subsidiary, with a cost of TL 2.810, in February and March 2018,

(ii) Sectorial information on the consolidated subsidiaries and the related carrying amounts

	Current Period
Banks	1.653.261
Insurance Companies	--
Factoring Companies	138.107
Leasing Companies	667.012
Finance Companies	--
Other Subsidiaries	379.127
<b>Total</b>	<b>2.837.507</b>

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

(iii) Quoted subsidiaries within the consolidation scope

	Current Period
Quoted on domestic markets	124.833
Quoted on foreign markets	--
	Prior Period
Quoted on domestic markets	123.368
Quoted on foreign markets	--

(iv) Consolidated subsidiaries disposed during the current period: None

(v) Consolidated subsidiaries acquired during the current period: None

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

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

Title	The Parent Bank's share percentage (%)	The Group's share percentage (%)	Current Assets	Non-Current Assets	Non-Current Liabilities	Income	Expenses
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33	33	29.230	34.232	7.678	12.092	(10.055)

Information on the unaudited financial statements is presented as of the period ended 31 March 2018.

2. **Reasons of being non-consolidated for non-consolidated entities under common control (Joint Ventures) and methods of recognition of entities under common control (Joint Ventures) in the Parent Bank's unconsolidated financial statements**

The Parent Bank, although represents Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. ("Bantaş") with 33% of ownership rate as entities under common control in its financial statements, it was not consolidated due to being a non-financial entity. This investment is carried at cost.

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**j. Information on receivables from leasing activities**

**1. Maturity analysis of finance lease receivables**

	Current Period	
	Gross	Net
Less than 1 year	708.326	531.574
Between 1-4 years	2.495.616	2.042.025
Over 4 years	200.196	160.267
<b>Total</b>	<b>3.404.138</b>	<b>2.733.866</b>

	Prior Period	
	Gross	Net
Less than 1 year	1.051.886	820.577
Between 1-4 years	1.589.089	1.260.956
Over 4 years	604.991	520.408
<b>Total</b>	<b>3.245.966</b>	<b>2.601.941</b>

**2. Information on net investments in finance lease receivables**

	Current Period
Gross finance lease receivable	3.404.138
Unearned finance income (-)	670.272
Cancelled leasing agreements (-)	--
<b>Net investment on finance leases</b>	<b>2.733.866</b>

	Prior Period
Gross finance lease receivable	3.245.966
Unearned finance income (-)	644.025
Cancelled leasing agreements (-)	--
<b>Net investment on finance leases</b>	<b>2.601.941</b>

**3. Information on operating lease activities**

Deniz Finansal Kiralama A.Ş. started to fleet rental operations in the scope of operational leasing in June 2014.

Future receivables arising from leased assets are not recognized in the Group's balance sheet. Receivables arising from the rents invoiced within the period are recognized in the Group's balance sheet.

As of 30 June 2018, the Group's receivables which arise from its operational leasing agreements and will emerge in the future are distributed as follows by year:

	Current Period
Up to 1 year	66.826
Between 1-5 years	82.084
5 years and over	--
<b>Total</b>	<b>148.910</b>

	Prior Period
Up to 1 year	35.705
Between 1-5 years	25.391
5 years and over	--
<b>Total</b>	<b>61.096</b>

**k. Explanation on hedging purpose derivatives**

None (31 December 2017: None).

**I. Explanation on investment property**

Investment properties are properties held by Deniz GYO for the basic purpose of making lease profit.

As of 30 June 2018, the Group's investment property amounts to TL 173.563 (31 December 2017: TL 171.467) which are carried by their fair value in the consolidated financial statements.

**m. Information on deferred tax asset**

Deferred tax asset calculated on the basis of related regulation is TL 854.443 (31 December 2017: TL 216.618) and deferred tax liability is TL 17.314 (31 December 2017: TL 27.217). These balances are the net of deductible and taxable temporary differences calculated as of the balance sheet date.

The following table presents the deferred tax assets according to nature:

	<b>Current Period</b>
Miscellaneous Provisions	807.719
Unearned Revenue	84.869
Provision for Employee Benefits	67.573
Tax Losses Carried Forward (*)	63.125
<b>Deferred Tax Assets</b>	<b>33.323</b>
	<b>1.056.609</b>
Valuation Differences of Tangible Fixed Assets	
Valuation Differences of Derivatives	(46.149)
Valuation Differences of Financial Assets	(30.864)
Other	(142.467)
<b>Deferred Tax Liabilities</b>	<b>(219.480)</b>
<b>Net Deferred Tax Assets</b>	<b>837.129</b>

(\*) Tax losses carried forward mainly consist of valuation differences of financial assets.

	<b>Prior Period</b>
Miscellaneous Provisions (*)	144.718
Unearned Revenue	67.527
Valuation Differences of Derivatives	41.818
Provision for Employee Benefits	29.225
<b>Deferred Tax Assets</b>	<b>283.288</b>
Valuation Differences of Tangible Fixed Assets	(49.457)
Valuation Differences of Financial Assets	(14.085)
Others	(30.345)
<b>Deferred Tax Liabilities</b>	<b>(93.887)</b>
<b>Net Deferred Tax Assets</b>	<b>189.401</b>

(\*) Miscellaneous provisions include balances of Deniz Leasing and Deniz Faktoring, as well.

**n. Explanation on property and equipment held for sale and related to discontinued operations**

DFG Group has no held for trade assets and discontinuing operations in current period. (31 December 2017: None).

**o. Information on other assets**

**1. Information on prepaid expense, taxes and similar items**

DFS Group's total prepaid expenses are TL 590.463 (31 December 2017: TL 534.432).

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



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

**a. Information on deposits**

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

**Current period - 30 June 2018:**

	7 Demand	Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	3.047.674	--	3.660.354	23.599.841	995.020	452.050	382.572	18.182	32.155.693
Foreign Currency Deposits (*)	19.991.885	--	5.042.138	16.382.006	1.112.476	7.969.293	26.621.965	1.748	77.121.511
Residents in Turkey	6.910.726	--	4.304.120	14.203.877	777.091	1.873.089	2.547.116	1.566	30.617.585
Residents Abroad	13.081.159	--	738.018	2.178.129	335.385	6.096.204	24.074.849	182	46.503.926
Public Sector Deposits	677.094	--	43.283	120.972	11.734	1.737	477	--	855.297
Commercial Deposits	3.219.472	--	3.464.387	5.710.296	183.362	137.740	76.862	--	12.792.119
Other Ins. Deposits	112.601	--	117.592	1.003.670	103.965	16.607	81.612	--	1.436.047
Precious Metal Deposits	370.974	--	53.761	295.438	58.233	34.640	9.734	7.228	830.008
Bank Deposits	138.470	--	2.978.579	1.347.483	193.587	4.894	516.669	--	5.179.682
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	9.414	--	1.824.608	--	--	4.344	--	--	1.838.366
Foreign Banks	128.165	--	1.153.971	1.347.483	193.587	550	516.669	--	3.340.425
Special Finan. Inst.	891	--	--	--	--	--	--	--	891
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>27.558.170</b>	<b>--</b>	<b>15.360.094</b>	<b>48.459.706</b>	<b>2.658.377</b>	<b>8.616.961</b>	<b>27.689.891</b>	<b>27.158</b>	<b>130.370.357</b>

(\*) Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 54.600.358 and Commercial Deposit customers at the amount of TL 22.521.153.

**Prior period - 31 December 2017:**

	7 Demand	Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	2.733.644	--	2.184.088	21.454.732	1.014.816	421.343	381.727	18.953	28.209.303
Foreign Currency Deposits (*)	16.133.455	--	3.970.271	14.116.738	1.916.662	6.996.210	21.934.506	1.485	65.069.327
Residents in Turkey	5.760.988	--	3.172.110	12.830.289	1.188.694	1.971.765	2.050.528	1.310	26.975.684
Residents Abroad	10.372.467	--	798.161	1.286.449	727.968	5.024.445	19.883.978	175	38.093.643
Public Sector Deposits	515.330	--	60.012	73.405	13.340	70	4.297	--	666.454
Commercial Deposits	3.110.416	--	2.123.010	4.923.835	161.657	235.947	134.702	--	10.689.567
Other Ins. Deposits	121.224	--	245.123	1.120.697	498.612	135.924	19.708	--	2.141.288
Precious Metal Deposits	275.983	--	41.758	270.412	24.620	25.990	8.470	5.733	652.966
Bank Deposits	184.537	--	2.137.759	413.018	6.635	802.952	436.658	--	3.981.559
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	8.500	--	1.617.817	77.332	6.132	--	--	--	1.709.781
Foreign Banks	175.275	--	519.942	335.686	503	802.952	436.658	--	2.271.016
Special Finan. Inst.	762	--	--	--	--	--	--	--	762
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>23.074.589</b>	<b>--</b>	<b>10.762.021</b>	<b>42.372.837</b>	<b>3.636.342</b>	<b>8.618.436</b>	<b>22.920.068</b>	<b>26.171</b>	<b>111.410.464</b>

(\*) Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 45.928.588 and Commercial Deposit customers at the amount of TL 19.140.739.

**2. Information on deposit insurance**

- (i) Information on saving deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit

Deposits owned by foreign subsidiaries in scope of consolidation are under insurance coverage according to legislations of countries in which they are located and are not included in following table.

	Saving Deposit Insurance Fund	Exceeding the Insurance Coverage Limit
	Current Period	Current Period
Saving Deposits	15.192.915	16.848.662
Foreign Currency Saving Deposits	3.970.643	12.621.660
Other Saving Deposits	--	--
Saving Deposits	--	--
Foreign Branches' Deposits Under Foreign Insurance Coverage	--	--
<b>Total</b>	<b>19.163.558</b>	<b>29.470.322</b>

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	<b>Saving Deposit Insurance Fund</b>	<b>Exceeding the Insurance Coverage Limit</b>
	<b>Prior Period</b>	<b>Prior Period</b>
Saving Deposits	14.280.818	13.842.565
Foreign Currency Saving Deposits	3.444.973	11.546.115
Other Saving Deposits	--	--
Saving Deposits	--	--
Foreign Branches' Deposits Under Foreign Insurance Coverage	--	--
<b>Total</b>	<b>17.725.791</b>	<b>25.388.680</b>

(ii) Saving deposits that are not under the guarantee of deposit insurance fund

	<b>Current Period</b>
Deposits and Other Accounts in Foreign Branches	112.588
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	--
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEO with Their Parents, Spouse and Children under Their Wardship	42.997
Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of 5237 Numbered Turkish Penal Code dated on 26/09/2004	--
Deposits belong to Off-Shore Banks who are established in Turkey	242.015
<b>Total</b>	<b>397.600</b>

	<b>Prior Period</b>
Deposits and Other Accounts in Foreign Branches	90.381
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	--
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEO with Their Parents, Spouse and Children under Their Wardship	55.016
Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of 5237 Numbered Turkish Penal Code dated on 26/09/2004	--
Deposits belong to Off-Shore Banks who are established in Turkey	245.974
<b>Total</b>	<b>391.371</b>

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

**b. Information on trading purpose derivatives**

**1. Negative value of trading purpose derivatives**

	<b>Current Period</b>	
	<b>TL</b>	<b>FC</b>
Forward Transactions	125.440	63.200
Swap Transactions	667.141	563.283
Futures Transactions	--	--
Options	23	378.731
Other	--	--
<b>Total</b>	<b>792.604</b>	<b>1.005.214</b>

	<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>
Forward Transactions	9.968	36.629
Swap Transactions	630.077	511.969
Futures Transactions	--	--
Options	13.082	83.740
Other	--	--
<b>Total</b>	<b>653.127</b>	<b>632.338</b>

**c. Information on funds borrowed**

**1. Information on banks and other financial institutions**

	Current Period	
	TL	FC
Central Bank Loans	--	--
Domestic Banks and Institutions	1.293.371	804.314
Foreign Banks, Institutions and Funds	424.341	14.129.235
<b>Total</b>	<b>1.717.712</b>	<b>14.933.549</b>

	Prior Period	
	TL	FC
Central Bank Loans	--	--
Domestic Banks and Institutions	1.081.828	885.776
Foreign Banks, Institutions and Funds	1.026.369	11.686.269
<b>Total</b>	<b>2.108.197</b>	<b>12.572.045</b>

**2. Maturity information of funds borrowed**

	Current Period	
	TL	FC
Short-Term	1.715.919	10.331.762
Medium and Long-Term	1.793	4.601.787
<b>Total</b>	<b>1.717.712</b>	<b>14.933.549</b>

	Prior Period	
	TL	FC
Short-Term	1.521.592	5.982.179
Medium and Long-Term	586.605	6.589.866
<b>Total</b>	<b>2.108.197</b>	<b>12.572.045</b>

**d. Information on securities issued**

	Current Period	
	TL	FC
Bonds	7.132	1.033.957
Bills	3.900.094	--
Asset Backed Securities	--	--
<b>Total</b>	<b>3.907.226</b>	<b>1.033.957</b>

Nominal value of TL 101.041 of the securities issued were repurchased by the Parent Bank and offset in the financial statements.

	Prior Period	
	TL	FC
Bonds	276.485	1.100.070
Bills	2.296.203	--
Asset Backed Securities	--	--
<b>Total</b>	<b>2.572.688</b>	<b>1.100.070</b>

Nominal value of TL 73.637 of the securities issued were repurchased by the Parent Bank and offset in the financial statements.

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

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

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**f. Information on lease payables**

None (31 December 2017: None).

**1. Changes in agreements and further commitments arising**

None (31 December 2017: None).

**2. Obligations under finance leases**

None (31 December 2017: None).

**3. Explanations on operational leases**

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

**4. Explanation on "sell-and-lease back" agreements**

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

**g. Information on liabilities arising from hedging purpose derivatives**

None (31 December 2017: None).

**h. Explanation on provisions**

**1. Information on general provisions**

	Prior Period
Provisions for Loans and Receivables in Group I	1.035.450
Additional Provision for Loans with Extended Maturities	29.113
Provisions for Loans and Receivables in Group II	299.763
Additional Provision for Loans with Extended Maturities	158.654
Provisions for Non Cash Loans	105.552
Other	--
<b>Total</b>	<b>1.440.765</b>

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

As of 30 June 2018, the reserves allocated for the exchange rate differences of loans indexed to foreign currency amount to TL 5 (31 December 2017: TL 11.313). Provisions for exchange rate differences pertaining to loans indexed to foreign currency are netted off against the loans and receivables under assets in the financial statements.

**3. Liabilities on provision for employee benefits**

TAS 19 requires using the actuarial method for calculation of obligations the company.

Accordingly, the following actuarial assumptions were used in the calculation of the total reserve for employee termination benefits:

	Current Period	Prior Period
Discount rate	4,69%	4,69%
Interest rate	11,50%	11,50%
Expected rate of salary/limit increase	6,50%	6,50%

As of 30 June 2018, TL 112.739 of provision for employee termination benefits (31 December 2017: TL 111.109) and TL 51.964 of unused vacation accruals (31 December 2017: TL 32.549) were reflected to the consolidated financial statements.

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Movement of the provision during the period:

	Current Period
<b>Balance at the Beginning of the Period</b>	<b>111.109</b>
Changes in the period	14.240
Actuarial loss/gain	--
Paid in the period	(13.407)
FX difference	797
<b>Balance at the End of the Period</b>	<b>112.739</b>

  

	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>86.385</b>
Changes in the period	36.946
Actuarial loss/gain	13.703
Paid in the period	(26.595)
FX difference	669
<b>Balance at the End of the Period</b>	<b>111.109</b>

**4. Information on other provisions**

(i) Information on other provisions exceeding 10% of total provisions

Current period:

TL 185.364 of other provisions is the expected credit loss for Stage 1 and Stage 2 non-cash loans, TL 85.578 is related to Stage 3 / specific provisions for non-cash loans, TL 96.000 provision for possible developments in the overall economic and market conditions, TL 95.791 for provisions for the litigations against the Bank and provisions for operational risk and TL 96.801 includes other provisions.

Prior period:

TL 398.822 of other provisions is provided for possible future losses related to certain loans in the loan portfolio, TL 98.485 specific provisions for non-cash loans, TL 65.000 provision for possible developments in the overall economic and market conditions, TL 43.336 for provisions for the litigations against the Bank and provisions for operational risk and TL 37.747 includes other provisions.

**i. Information on taxation**

**1. Information on current taxes**

(i) Information on current tax liability

As of 30 June 2018, the corporate tax provision of DFS Group is TL 190.177 (31 December 2017: TL 443.436), and it has been offset with prepaid taxes amounting to TL 55.847 (31 December 2017: TL 342.395).

(ii) Information on taxes payable

	Current Period
Corporate taxes payable	134.330
Taxation on securities	98.824
Capital gains taxes on property	2.578
Banking Insurance Transaction Tax (BITT)	64.056
Taxes on foreign exchange transactions	--
Value added taxes payable	6.230
Other	16.588
<b>Total</b>	<b>322.606</b>

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	Prior Period
Corporate taxes payable	101.041
Taxation on securities	71.157
Capital gains taxes on property	2.093
Banking Insurance Transaction Tax (BITT)	62.735
Taxes on foreign exchange transactions	--
Value added taxes payable	4.638
Other	50.942
<b>Total</b>	<b>292.606</b>

(iii) Information on premiums

	Current Period
Social security premiums- employee share	9.992
Social security premiums- employer share	11.123
Bank pension fund premium- employee share	--
Bank pension fund premium- employer share	--
Pension fund membership fees and provisions- employee share	1.046
Pension fund membership fees and provisions- employer share	1.281
Unemployment insurance- employee share	727
Unemployment insurance- employer share	1.400
Other	4.054
<b>Total</b>	<b>29.623</b>

	Prior Period
Social security premiums- employee share	9.386
Social security premiums- employer share	10.481
Bank pension fund premium- employee share	--
Bank pension fund premium- employer share	--
Pension fund membership fees and provisions- employee share	464
Pension fund membership fees and provisions- employer share	568
Unemployment insurance- employee share	669
Unemployment insurance- employer share	1.299
Other	5.044
<b>Total</b>	<b>27.911</b>

**2. Information on deferred tax liabilities**

Deferred tax liability calculated on the basis of related regulation is TL 17.314 (31 December 2017: TL 27.217). Information on deferred taxes is disclosed in Note "m" of explanations and disclosures related to consolidated assets.

**j. Information on shareholders' equity**

**1. Paid-in capital**

	Current Period
Common Stock	3.316.100
Preferred Stock	--
	Prior Period
Common Stock	3.316.100
Preferred Stock	--

Paid-in capital of the Parent Bank is shown at nominal value.

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

Registered paid-in capital system is not applied.

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

None.

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**4. Information on share capital increases from revaluation funds**

None.

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

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

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

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

**7. Information on the privileges given to stocks representing the capital**

The Parent Bank does not have any preferred stocks.

**8. Common stock issue premiums, shares and equity instruments**

	Current Period
Number of Shares (*)	50.368.526
Preferred Stock	--
Common Stock Issue Premium (**)	15
Common Stock Cancellation Profits	--
Other Equity Instruments	--
Total Common Stock Issued (*)	50.369

	Prior Period
Number of Shares (*)	50.368.526
Preferred Stock	--
Common Stock Issue Premium (**)	15
Common Stock Cancellation Profits	--
Other Equity Instruments	--
Total Common Stock Issued (*)	50.369

(\*) Related to the Bank's paid-in capital increase on 27 September 2004. At that date, the paid-in capital was increased from TL 202.000 to TL 290.000; and TL 50.369 of this TL 88.000 increase was received in cash through issuance of new shares to the public.

(\*\*) The share price for the above mentioned public issuance was "twothousandeighthundredandseventyfive" Turkish Liras and a total issuance premium of TL 94.441 was realized. The inflation restatement effect of TL 3.910 was also recognized over the original balance until December 2004. A total issuance premium of TL 60 was realized through the Bank's paid-in capital increase amounting TL 400.000 on 28 August 2008.

Share premium at an amount of TL 94.501 and inflation adjustment differences of share premium at an amount of TL 3.910 has been added to paid-in capital with the capital increase made by the Bank at the date of 14 October 2015.

A share premium at an amount of TL 15 has been occurred due to capital increase on 28 June 2016 at an amount of TL 1.500.000.

**9. Information on securities revaluation reserve**

	Current Period	
	TL	FC
Associates, Subsidiaries and JVs	601.351	--
Valuation Difference	(691.494)	(130.184)
FX Difference	--	--
<b>Total</b>	<b>(90.143)</b>	<b>(130.184)</b>

	Prior Period	
	TL	FC
Associates, Subsidiaries and JVs	--	--
Valuation Difference	(428.373)	(19.026)
FX Difference	--	--
<b>Total</b>	<b>(428.373)</b>	<b>(19.026)</b>

**10. Information on hedging funds**

Explanations about hedging funds are in Note VIII of Section Four.

**11. Information on minority shares**

	Current Period
<b>Balance at the Beginning of the Period</b>	<b>9,644</b>
Minority interest in net income of consolidated subsidiaries	828
Increase/(decrease) in minority interest due to disposals	--
Other	299
<b>Balance at the End of the Period</b>	<b>10,771</b>

**12. Information on revaluation differences of tangible assets**

DFS Group has passed to revaluation model from cost model in the framework of TAS 16 "Tangible Fixed Assets" in valuation of properties in use which are recorded under tangible fixed assets as of 31 December 2016 while it records all of its other tangible fixed assets in accordance with cost model. Revaluation difference amount of TL 67.600 is recognized under equities as a result of revaluation process.

**13. Explanation of profit distribution**

According to the dividend distribution proposal of the Parent Bank's Board of Directors at the Ordinary General Assembly held on 29 March 2018, TL 93.990 is allocated as legal reserve, and the remaining TL 1.785.802 from the net profit of the year 2017 amounting to TL 1.879.792 is allocated to extraordinary reserves.

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

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

**1. Type and amount of irrevocable commitments**

All of DFS Group's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 30 June 2018, non-cash loans, commitments for credit card limits and commitments for cheque payments are TL 33.716.624, TL 18.852.510 and TL 2.678.046, respectively. (31 December 2017: TL 28.371.266, TL 14.216.415 and TL 2.375.880, respectively). These items are detailed in the off-balance sheet accounts.

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

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

As of 30 June 2018, DFS Group has letters of guarantee amounting to TL 26.824.807, bills of exchange and acceptances amounting to TL 252.653, and guarantees and sureties on letters of credit amounting to TL 3.634.112 and other guarantees and sureties amounting to TL 3.005.052.

As of 31 December 2017, DFS Group has letters of guarantee amounting to TL 22.531.211, bills of exchange and acceptances amounting to TL 204.541, and guarantees and sureties on letters of credit amounting to TL 3.132.744 and other guarantees and sureties amounting to TL 2.502.770.



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(ii) Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period
Provisional Letters of Guarantee	999.748
Final Letters of Guarantee	16.468.542
Letters of Guarantee for Advances	2.633.948
Letters of Guarantee given to Customs Offices	171.455
Other Letters of Guarantee	6.551.114
<b>Total</b>	<b>26.824.807</b>

	Prior Period
Provisional Letters of Guarantee	946.459
Final Letters of Guarantee	14.140.276
Letters of Guarantee for Advances	2.402.152
Letters of Guarantee given to Customs Offices	161.951
Other Letters of Guarantee	4.880.373
<b>Total</b>	<b>22.531.211</b>

**3. Information on non-cash loans**

(i) Total amount of non-cash loans

	Current Period
Non-Cash Loans Given for Obtaining Cash Loans	10.810.511
With Original Maturity of 1 Year or Less	9.821.650
With Original Maturity of More Than 1 Year	988.861
Other Non-Cash Loans	22.906.113
<b>Total</b>	<b>33.716.624</b>

	Prior Period
Non-Cash Loans Given for Obtaining Cash Loans	8.125.808
With Original Maturity of 1 Year or Less	7.691.929
With Original Maturity of More Than 1 Year	433.879
Other Non-Cash Loans	20.245.458
<b>Total</b>	<b>28.371.266</b>

**b. Contingent assets and liabilities**

A tax investigation report for 2010 has been issued by Large Taxpayers Office of Turkish Tax Inspection Board as a result of examination of file costs collected from customers who use individual credits, with respect to Resource Utilization Support Fund ("RUSF"). Accordingly, a payment accrual slip including Resource Utilization Support Fund at an amount of TL 1.774 and delaying penalty at an amount of TL 2.141 has been submitted on account of the fact that the Bank has not calculated RUSF over file cost collected from customers who use individual credits. There is no provision made in financial statements since the implementation of the Bank is in line with legislation taking into consideration that file costs should be included in non-interest revenues rather than interest revenue in Uniform Chart of Account published by Banking Regulation and Supervision Agency and similar decisions of the Courts. The Bank has appealed to the court for the stay of execution on 29 January 2016. The defendant tax office has notified the Bank regarding payment orders on 15 March 2016 since the aforementioned case has not been concluded. The Bank has paid a total amount of TL 3.957 to Large Taxpayers Office with prejudice including a RUSF at an amount of TL 1.774, a penalty rate amounting to TL 2.141 and a late fee at an amount of TL 42 on 21 March 2016 and has applied to Istanbul Tax Court for the stay of execution and cancellation of payment orders on 22 March 2016. According to the court decision communicated on 2 March 2017, the accrued and penalty interest amount related to RUSF for the period January-December 2010 and the paid amounts to the Large Taxpayers Office was decided to be returned to the Bank. The related amount has been deducted on 27 March 2017. The defendant administration went to the appeal process to reverse the judgement.

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A tax investigation report for 2011 has been issued by Large Taxpayers Office of Turkish Tax Inspection Board as a result of examination of file costs collected from customers who use individual credits, with respect to RUSF. Accordingly, a payment accrual slip including RUSF at an amount of TL 2.182 and delaying penalty at an amount of TL 2.911 has been submitted on account of the fact that the Bank has not calculated RUSF over file cost collected from customers who use individual credits. There is no provision made in financial statements since the implementation of the Bank is in line with legislation taking into consideration that file costs should be included in non-interest revenues rather than interest revenue in Uniform Chart of Account published by Banking Regulation and Supervision Agency and similar decisions of the Courts. The Bank has appealed to the Istanbul Administrative Court for the stay of execution on 16 January 2017. It is decided to suspend execution on 19 January 2017.

Tax investigation reports for the years 2012, 2013, 2014 have been issued by the Large Taxpayers Office of Turkish Tax Inspection Board as a result of examination of file costs collected from customers who use individual credits with respect to RUSF. Fund. In tax inspection reports, accrual payment slips including RUSF at amounts of TL 6.620 for 2012, TL 2.345 for 2013, TL 3.776 for 2014 and delaying penalties at amounts of TL 6.885 for 2012, TL 2.016 for 2013 and TL 2.265 for 2014 have been submitted on account of the fact that the Parent Bank has not calculated RUSF over file cost collected from customers who use individual credits. There are no provisions made in financial statements since the implementation of the Parent Bank is in line with legislation taking into consideration that file costs should be included in non-interest revenue rather than interest revenue, and that the repayment of file expenditures in court decisions should not be considered as interest, in Uniform Chart of Account published by Banking Regulation and Supervision Agency. The Parent Bank has filed claims in order for suspension of execution for the years 2012, 2013 and 2014, respectively to Istanbul 2nd Administrative Court, to Istanbul 12th Administrative Court and to Istanbul 7th Administrative Court on 5 September 2017. Suspensions of execution have been decreed with regards to the claims.

In addition to the matters explained in detail above, the Group has provided a provision amounting to TL 92.357 (31 December 2017: TL 43.336) for the lawsuits against the Group in accordance with the precautionary principle. These provisions are classified among "Other provisions". Except for those provisioned, other ongoing lawsuits are unlikely to result in a negative conclusion and cash outflow is not foreseen for them.

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

##### **a. Interest income**

##### **1. Information on interest income received from loans**

	Current Period	
	TL	FC
Short Term Loans	1.708.051	120.604
Medium and Long Term Loans	3.513.342	1.380.958
Loans Under Follow-Up	53.716	--
Premiums Received from Resource Utilization Support Fund	--	--
<b>Total</b>	<b>5.275.109</b>	<b>1.501.562</b>

Interest income received from loans also includes fees and commissions from cash loans granted.

	Prior Period	
	TL	FC
Short Term Loans	1.284.858	84.791
Medium and Long Term Loans	2.673.595	1.160.020
Loans Under Follow-Up	31.229	--
Premiums Received from Resource Utilization Support Fund	--	--
<b>Total</b>	<b>3.989.682</b>	<b>1.244.811</b>

Interest income received from loans also includes fees and commissions from cash loans granted.

**2. Information on interest income received from banks**

	Current Period	
	TL	FC
Central Bank of the Republic of Turkey	55.737	4.158
Domestic Banks	47.775	6.768
Foreign Banks	887	16.099
Foreign Head Offices and Branches	--	--
<b>Total</b>	<b>104.399</b>	<b>27.025</b>

The interest income from required reserves that maintain in CBRT of Parent Bank amounting to TL 79.739 recognized under "Interest Income Received From Required Reserves" account.

	Prior Period	
	TL	FC
Central Bank of the Republic of Turkey	42.097	576
Domestic Banks	17.146	5.080
Foreign Banks	--	7.628
Foreign Head Offices and Branches	--	--
<b>Total</b>	<b>59.243</b>	<b>13.284</b>

The interest income from required reserves that maintain in CBRT of Parent Bank amounting to TL 40.780 recognized under "Interest Income Received From Required Reserves" account.

**3. Information on interest income received from securities portfolio**

	Current Period	
	TL	FC
Financial Assets at Fair Value Through Profit or Loss	10.564	--
Financial Assets at Fair Value Through Other Comprehensive Income	312.481	22.757
Financial Assets Measured at Amortized Cost	196.231	37.990
<b>Total</b>	<b>519.276</b>	<b>60.747</b>

	Prior Period	
	TL	FC
Trading Securities	2.808	1.088
Financial Assets at Fair Value Through Profit or Loss	--	--
Investment Securities Available-for-Sale	253.948	38.584
Investment Securities Held-to-Maturity	190.355	49.021
<b>Total</b>	<b>447.111</b>	<b>88.693</b>

As stated in the chapter III footnote numbered VII, the Parent Bank has government securities in the financial assets at fair value through other comprehensive income and financial assets measured at amortized cost portfolios with a maturity of 5 to 10 years and having CPI indexed 3 months real coupon ratio fixed until maturity. As stated in the Undersecretariat of Treasury's securities indexed CPI Investors Guide, the reference indexes used in calculating the actual coupon payment amounts of these assets are based on the CPI of previous two months. The Parent Bank determines the estimated inflation rate accordingly. The estimated inflation rate is updated as needed within the year. As of 30 June 2018, the valuation of the related securities was based on the yearly 9,5% inflation forecast. If the valuation of these securities indexed to CPI was made according to the reference index valid for 30 June 2018, the valuation differences of the securities under equity would decrease by TL 18.587 and the consolidated net profit for the period would have increased by TL 61.057 to TL 1.333.694.

**4. Information on interest income received from associates and subsidiaries**

	Current Period	
	TL	FC
Interest Received from Associates and Subsidiaries		299

  

	Prior Period	
	TL	FC
Interest Received from Associates and Subsidiaries		281

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**b. Interest expense**

**1. Information on interest expense related to funds borrowed**

	Current Period	
	TL	FC
<b>Banks</b>	<b>136.743</b>	<b>409.843</b>
Central Bank of the Republic of Turkey	27	15.322
Domestic Banks	80.466	34.818
Foreign Banks	56.250	359.703
Foreign Head Offices and Branches	--	--
<b>Other Institutions</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>136.743</b>	<b>409.843</b>

Interest expense related to funds borrowed also includes fees and commission expenses.

	Prior Period	
	TL	FC
<b>Banks</b>	<b>111.075</b>	<b>305.435</b>
Central Bank of the Republic of Turkey	1	--
Domestic Banks	40.396	11.075
Foreign Banks	70.678	294.360
Foreign Head Offices and Branches	--	--
<b>Other Institutions</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>111.075</b>	<b>305.435</b>

Interest expense related to funds borrowed also includes fees and commission expenses.

**2. Information on interest expense paid to associates and subsidiaries**

	Current Period
Interest Paid to Associates and Subsidiaries	2.863

  

	Prior Period
Interest Paid to Associates and Subsidiaries	4.914

**3. Information on interest expense paid to securities issued**

	Current Period	
	TL	FC
Interest Paid to Securities Issued	257.296	--

  

	Prior Period	
	TL	FC
Interest Paid to Securities Issued	152.624	--

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**4. Maturity structure of the interest expense on deposits**

Account Name	Time Deposit						Total	
	Demand Deposits	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 Year		Cumulative Deposit
TL								
Bank Deposits	--	26.682	--	--	--	--	--	26.682
Saving Deposits	10	208.228	1.542.641	68.161	29.372	25.077	960	1.874.449
Public Sector Deposits	--	3.392	6.182	962	32	63	--	10.631
Commercial Deposits	1	201.844	409.406	11.247	14.959	8.115	--	645.572
Other Deposits	--	9.335	82.573	14.063	5.222	1.605	--	112.798
"7 Days' Notice" Deposits	--	--	--	--	--	--	--	--
Total	11	449.481	2.040.802	94.433	49.585	34.860	960	2.670.132
FC								
Foreign Currency Deposits	1.328	309.580	255.033	14.121	30.130	23.402	--	633.594
Bank Deposits	2.314	17.677	--	--	--	--	--	19.991
"7 Days' Notice" Deposits	--	--	--	--	--	--	--	--
Precious Metal Deposits	3	2.997	2.090	370	386	115	70	6.031
Total	3.645	330.254	257.123	14.491	30.516	23.517	70	659.616
Grand Total	3.656	779.735	2.297.925	108.924	80.101	58.377	1.030	3.329.748

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

	Current Period
<b>Income</b>	<b>243.453.060</b>
Capital Market Transactions	28.799
Derivative Financial Instruments	6.966.341
Foreign Exchange Gains	236.457.920
<b>Loss (-)</b>	<b>243.402.881</b>
Capital Market Transactions	25.302
Derivative Financial Instruments	5.737.592
Foreign Exchange Losses	237.639.987
<b>Net Trading Income / Loss</b>	<b>50.179</b>

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments is TL 1.721.919.

	Prior Period
<b>Income</b>	<b>175.509.599</b>
Capital Market Transactions	9.352
Derivative Financial Instruments	3.973.600
Foreign Exchange Gains	171.526.647
<b>Loss (-)</b>	<b>176.008.831</b>
Capital Market Transactions	35.102
Derivative Financial Instruments	5.025.791
Foreign Exchange Losses	170.947.938
<b>Net Trading Income / Loss</b>	<b>(499.232)</b>

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments is TL (1.480.324).

**d. Information on other operating income**

DFS Group has recorded gain on sale of tangible fixed assets, funds management fees and reversal of expense accruals in "other operating income".

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**e. Expected provision of credit loss**

	<b>Current Period</b>
Provision for expected credit loss	1.024.883
<i>Stage 1 - 12 months expected credit loss</i>	<i>46.534</i>
<i>Stage 2 - Substantial increase in credit risk</i>	<i>250.200</i>
<i>Stage 3 - Default</i>	<i>728.149</i>
Provisions for securities impairment	--
<i>Financial assets at fair value through profit or loss</i>	--
<i>Financial assets at fair value through other comprehensive income</i>	--
Associates, Subsidiaries and Provisions for held to maturity securities impairment	--
<i>Associates</i>	--
<i>Subsidiaries</i>	--
<i>Joint Ventures</i>	--
Others	135.679
<b>Total</b>	<b>1.160.562</b>

	<b>Prior Period</b>
Specific Provisions on Loans and Other Receivables	786.155
<i>Loans and Receivables in Group III</i>	<i>160.624</i>
<i>Loans and Receivables in Group IV</i>	<i>322.946</i>
<i>Loans and Receivables in Group V</i>	<i>302.585</i>
Non-performing Commissions and Other Receivables	--
General Loan Loss Provisions	26.113
Free Provision for Probable Risks	5.901
Impairment Losses on Securities	16.603
<i>Financial Assets at Fair Value Through Profit or Loss</i>	<i>165</i>
<i>Investment Securities Available-for-Sale</i>	<i>16.438</i>
Impairment Losses on Associates, Subsidiaries, Joint Ventures and Investment Securities Held to Maturity	8.428
<i>Associates</i>	--
<i>Subsidiaries</i>	--
<i>Joint Ventures</i>	--
<i>Investment Securities Held-to-Maturity</i>	<i>8.428</i>
Other	108.428
<b>Total</b>	<b>951.628</b>

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

	<b>Current Period</b>
Personnel Expenses (**)	774.007
Reserve for Employee Termination Benefits (**)	7.535
Reserve for Bank's Social Aid Fund Deficit	--
Impairment Losses on Tangible Assets	--
Depreciation Charges of Tangible Assets	70.748
Impairment Losses on Intangible Assets	--
Goodwill for impairment loss	--
Amortization Charges of Intangible Assets	57.225
Impairment Losses on Investment Accounted for under Equity Method	--
Impairment of Assets to be Disposed	--
Depreciation of Assets to be Disposed	804
Impairment of Assets Held for Sale	--
Other Operating Expenses	625.370
<i>Operational Lease Expenses</i>	<i>169.491</i>
<i>Repair and Maintenance Expenses</i>	<i>40.600</i>
<i>Advertisement Expenses</i>	<i>52.245</i>
<i>Other Expenses (*)</i>	<i>363.034</i>
Losses on Sale of Assets	1.589
Other	229.379
<b>Total</b>	<b>1.766.657</b>

(\*) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationary, entertainment and representation, heating and lighting, credit card service fee and others amounting to TL 35.210, TL 59.815, TL 12.719, TL 3.268, TL 15.836, TL 107.647 and TL 128.539, respectively.

(\*\*) Personnel expenses and reserve for employee termination benefits are presented in "personnel expenses" in the consolidated statement of income.

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	Prior Period
Personnel Expenses	713.802
Reserve for Employee Termination Benefits	5.011
Reserve for Bank's Social Aid Fund Deficit	--
Impairment Losses on Tangible Assets	--
Depreciation Charges of Tangible Assets	61.833
Impairment Losses on Intangible Assets	--
Amortization Charges of Intangible Assets	52.378
Impairment Losses on Investment Accounted for under Equity Method	--
Impairment of Assets to be Disposed	--
Depreciation of Assets to be Disposed	1.025
Impairment of Assets Held for Sale	--
Other Operating Expenses	518.342
Operational Lease Expenses	133.512
Repair and Maintenance Expenses	32.724
Advertisement Expenses	39.616
Other Expenses (*)	312.490
Losses on Sale of Assets	1.222
Other	201.459
<b>Total</b>	<b>1.555.072</b>

(\*) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationary, entertainment and representation, heating and lighting, credit card service fee and others amounting to TL 40.025, TL 46.485, TL 10.870, TL 3.670, TL 13.639, TL 84.450 and TL 113.351, respectively.

**g. Information on profit / loss before tax from continued and discontinued operations**

As 1 January - 30 June 2018, DFS Group has a profit before tax from continuing operations amounting to TL 1.674.862 (1 January-30 June 2017: TL 1.286.247).

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

**1. Current period taxation benefit or charge and deferred tax benefit or charge**

As 1 January - 30 June 2018, the current period taxation charge on continuing operations is TL 181.664 (1 January - 30 June 2017: TL 273.488) while deferred tax charge is TL 1.046.325 and deferred tax benefit is TL 825.764 (1 January - 30 June 2017: TL 5.807 net deferred tax charge).

There are not current period taxation charge on discontinuing operations. ( 1 January - 30 June 2017: none).

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

Deferred tax benefit/charge arising from temporary differences	Current Period
Arising from Origination of Deductible Temporary Differences (+)	536.298
Arising from Reversal of Deductible Temporary Differences (-)	(424.933)
Arising from Origination of Taxable Temporary Differences (-)	(352.734)
Arising from Reversal of Taxable Temporary Differences (+)	20.808
<b>Total</b>	<b>(220.561)</b>

Deferred tax benefit/charge arising from temporary differences	Prior Period
Arising from Origination of Deductible Temporary Differences (+)	28.156
Arising from Reversal of Deductible Temporary Differences (-)	(41.049)
Arising from Origination of Taxable Temporary Differences (-)	(48.981)
Arising from Reversal of Taxable Temporary Differences (+)	56.067
<b>Total</b>	<b>(5.807)</b>

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

<b>Sources of deferred tax benefit/charge</b>	<b>Current Period</b>
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	48.115
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	(331.926)
Arising from Origination (+)/ Reversal (-) of Tax Losses	63.250
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--
<b>Total</b>	<b>(220.561)</b>

<b>Sources of deferred tax benefit/charge</b>	<b>Prior Period</b>
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	(12.893)
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	7.086
Arising from Origination (+)/ Reversal (-) of Tax Losses	--
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--
<b>Total</b>	<b>(5.807)</b>

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

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

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

**2. Profit or loss attributable to minority interests**

	<b>Current Period</b>
Profit/(loss) attributable to minority interests	828

  

	<b>Prior Period</b>
Profit/(loss) attributable to minority interests	402

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

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

<b>Other Fees and Commissions Received</b>	<b>Current Period</b>
Credit card clearing and other commissions	496.058
Contracted merchant / POS commissions	178.289
Insurance services	120.208
Filing fees	102.914
Intermediary services	67.395
Account management fees	53.780
Remittance commissions	35.218
Expertise fees	8.208
Other	128.121
<b>Total</b>	<b>1.190.192</b>



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<b>Other Fees and Commissions Received</b>	<b>Prior Period</b>
Credit card clearing and other commissions	333.846
Contracted merchant / POS commissions	128.587
Insurance services	114.172
Filing fees	82.195
Intermediary services	53.615
Account management fees	28.570
Remittance commissions	25.441
Expertise fees	9.464
Other	71.157
<b>Total</b>	<b>847.047</b>

<b>Other Fees and Commissions Paid</b>	<b>Current Period</b>
Credit card / POS commissions	261.412
EFT fees and commissions	7.216
Other	81.579
<b>Total</b>	<b>350.207</b>

<b>Other Fees and Commissions Paid</b>	<b>Prior Period</b>
Credit card / POS commissions	162.853
EFT fees and commissions	5.716
Other	47.828
<b>Total</b>	<b>216.397</b>

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

**a. Information on loans and other receivables to DFS Group's risk group**

**Current Period**

<b>DFS Group's Risk Group (*)</b>	<b>Associates, Subsidiaries and Joint-Ventures</b>		<b>Bank's Direct and Indirect Shareholder</b>		<b>Other Real Persons and Legal Entities in Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
<b>Loans</b>						
Balance at the Beginning of the Period	13.587	130.539	9.439	4.655	19.046	--
Balance at the End of the Period	8.418	130.053	12.340	1.629	53	--
Interest and Commission Income Received	301	10	522	--	4	--

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

**Prior Period**

<b>DFS Group's Risk Group (*)</b>	<b>Associates, Subsidiaries and Joint-Ventures</b>		<b>Bank's Direct and Indirect Shareholder</b>		<b>Other Real Persons and Legal Entities in Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
<b>Loans</b>						
Balance at the Beginning of the Period	14.146	128.405	5.448	7.721	56	4
Balance at the End of the Period	13.587	130.539	9.439	4.655	19.046	--
Interest and Commission Income Received	420	14	235	--	3	--

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

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

<b>DFS Group's Risk Group (*)</b>	<b>Associates, Subsidiaries and Joint-Ventures</b>		<b>Bank's Direct and Indirect Shareholder (**)</b>		<b>Other Real Persons and Legal Entities in Risk Group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
Balance at the Beginning of the Period	102.325	27.778	6.607.506	6.257.056	9.247	8.552
Balance at the End of the Period	99.594	102.325	10.333.319	6.607.506	10.158	9.247
Interest and Commission Income Received	2.875	5.707	239.293	174.931	1.194	287

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

(\*\*) Includes the subordinated loan of US Dollar 1.050 million and Euro 115 million received from Sberbank.

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

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions for Trading Purposes:</b>						
Balance at the Beginning of the Period	--	--	--	--	--	6.368
Balance at the End of the Period	--	--	--	--	--	--
Total Income/(Loss)	--	--	--	542	--	--
<b>Transactions for Hedging Purposes:</b>						
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/(Loss)	--	--	--	--	--	--

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

**d. Information on benefit provided to top management**

DFS Group made payment amounting to TL 25.957 (30 June 2017: TL 23.050) to its top management as of 30 June 2018.

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

As of 30 June 2018, cash loans and other receivables of the risk group represent 0,02% of DFS Group's total cash loans and bank deposits granted the deposits and borrowings represent 6,9% of DFS Group's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,4% of the total balance.

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

**VI. Subsequent events**

On 22 May 2018, Emirates NBD Bank PJSC (Emirates NBD) and Sberbank of Russia (Sberbank) announced that they have signed a definitive agreement about selling 99.85% of Denizbank's shares, which is owned by Sberbank to Emirates NBD.

Sberbank's shareholding in Denizbank will expire with the completion of the sales transaction. In the direction of the signed agreement, the sales price of the 99,85% shareholder was determined as 14.609 million TL with Denizbank's price fixing mechanism based on the equity size in the consent of DenizBank on 31 October 2017. Additionally, Emirates NBD will pay interest that is over the transfer fee, on Sberbank for the period between October 31, 2017 and the closing date of the sales transaction. The profit to be earned by Denizbank from 31 October 2017 until the closing date of the sales transaction will be recorded at Emirates NBD's account. As part of the transfer process, with the closing of the sales transaction, Emirates NBD will also own the ownership of subordinated loans granted to Denizbank by Sberbank in the past.

The completion of the transaction, Turkey, Russia and the United Arab Emirates and is subject to approval by the regulatory authorities of other countries in which it operates Denizbank. The process is expected to be completed in 2018.

## **SECTION SIX**

### **INDEPENDENT AUDITORS' REVIEW REPORT**

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

Consolidated financial statements and notes of DFS Group are subject to independent review by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and the review report dated 2 August 2018 is presented preceding the consolidated financial statements.

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

There exist no explanations or notes, deemed to be required, and no significant issues which are not mentioned above and related to activities of DFS Group.

## **SECTION SEVEN**

### **INTERIM ACTIVITY REPORT**

(\*) Amounts are expressed in TL in Section Seven.

#### **Message From the Chairman**

During the first half of 2018, Turkish banking sector had a growth higher than the same period of the previous year. In the first six months of the year, the sector made a net profit of 28,9 billion TL while capital adequacy ratio realized as 15,93%. Being the fifth largest private bank of Turkey, Denizbank provided further support to economy and grew its consolidated and unconsolidated loans to 131,0 billion TL and 86,3 billion TL respectively.

Attaching great importance to development of niche sectors that contribute to long-term development objectives of Turkey, Denizbank maintained its leadership in tourism, agriculture and pensioner banking in the first half of 2018. Increasing its support for SMEs, which are main pillars of economic development with "Nefes Credit-2017", Denizbank continued to provide more SMEs with access to finance with Nefes Credit-2018 in which it has participated as the only private bank.

Denizbank continued in 2018 to merge its innovative approach with strong technological infrastructure to meet customer needs and develop products and services making a difference in this field. In cooperation with the leading institutions of Turkey, Denizbank implemented Turkey's Joint Payment Platform and made a giant step towards development of financial inclusion by offering banking services to people without a bank account.

As Denizbank, we have no doubt that Turkish banking sector will maintain its sustainable growth over the long term thanks to strong capital base, prudent risk management principles, advanced technology and qualified human resources.

I am confident that the successes of Denizbank in the 6th year within Sberbank family will also continue to grow and increase in importance after the shareholder change which will be completed following the necessary approvals. Sberbank will continue to be with Denizbank for support.

#### **Message From The President and CEO**

During the first half of 2018, Denizbank outperformed the sector in asset, loan and deposit growth as in previous quarters.

Our consolidated assets reached 185,9 billion TL and unconsolidated assets 136,1 billion TL in the first six months of 2018.

Denizbank's customer deposits reached 125,2 billion TL and 79,0 billion TL on a consolidated and unconsolidated basis respectively. In addition to a branch network of 756 branches in 81 provinces of Turkey including 43 branches abroad, number of customers, which increased by 11% over the last year became the driving force of our growth.

In the first six months of 2018, Denizbank continued to channel deposits it collected to economy and increased its consolidated cash loan volume to 131,0 billion TL. Our unconsolidated cash loan volume realized as 86,3 billion TL. Our total cash and non-cash loans reached 164,7 billion TL on a consolidated basis.

Nearly 12 thousand customers benefitted from 'Nefes Credit-2017', in which Denizbank participated as the only private bank in cooperation with Turkish Union of Chambers and Commodity Exchanges and Credit Guarantee Fund (CGF) to enable SMEs to access to financing under favorable conditions. Including other CGF-covered facilities, SME customers were supported with loans totaling to above 10 billion TL. Our Bank has allocated a limit to 16 thousand SMEs and provided 1,2 billion TL to more than 8 thousand SMEs with Nefes Credit-2018 in which it has participated as the only private bank.

In addition to Nefes Project, Denizbank signed a protocol with the Turkish Exporters Assembly (TIM), with the participation of 7 banks to meet financial needs of 71 thousand exporter companies. With this collaboration, DenizBank will be there for all needs of TIM member exporters in their loan requests with our foreign trade hotline and fee bundles.

Denizbank, being one of the banks with the highest experience not only in Turkey also in the world in agriculture sector, which is of strategic importance for Turkey's future, held "Agriculture Summits" in 7 provinces of Turkey to take care of problems that the producers encounter in addition to funding. Denizbank remained the biggest private lender to agriculture with 13 billion TL financing to more than 1,1 million producers and 43% market share.

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Denizbank remained the leading private bank in pensioner banking with its 1,2 million pensioner customers served with a customer-focused approach and high quality of service.

Our equity reached 14,3 billion TL on a consolidated and unconsolidated basis while our consolidated equity including subordinated loans realized as 19,7 billion TL.

DenizBank's consolidated net profit reached 1.273 million TL in the first six months of 2018 while unconsolidated net profit realized as 1.304 million TL. With a consolidated RoE of 18,6%, our Bank outperformed the sector.

As DenizBank, we aim at creating some social value by supporting education, culture, art and sports in addition to our financial operations. Besides Istanbul State Symphonic Orchestra, of which we have been the corporate sponsor for 14 years, we support Orchestra Academic Başkent Concerts and Karşıyaka Municipality Chamber Orchestra concerts, we host the most famous crime novelists of the world in the Black Week Festival and continue to hold DenizBank First Script First Film Contest with Turkish Cinema and Audiovisual Culture Foundation (TÜRSAK). Being the sponsor of Bodrum Musşc Festival in 2018, Denizbank continues the collaboration with European Volleyball Confederation(CEV) as the official partner and supports Alacahöyük Excavations since 2013. Besides, Denizbank provides full scholarship in cooperation with TED for successful children without necessary financial means, contributes to the repair of schools in need within the framework of IMC project of Community Services Foundation (TOVAK) and provides financial literacy training for 10 thousand young students g in cooperation with Financial Literacy Association.

As an institution with well-proven brand value and the permanent supporter of projects that will strengthen the future of our country, Denizbank will continue to set sails towards new achievements.

#### **Changes in DFSG Companies**

The changes in Denizbank Financial Services Group Companies are as follows:

On 22 May 2018, Emirates NBD Bank PJSC (Emirates NBD) and Sberbank of Russia (Sberbank) announced that they have entered into a definitive agreement whereby Sberbank will sell its entire 99,85% stake in Denizbank to Emirates NBD. Upon closing of the transaction, Sberbank will cease to be a shareholder in Denizbank. In accordance with the signed agreement, the consideration for 99,85% equals TRY 14.609 mn under a locked box mechanism, based on consolidated equity capital of Denizbank as of October 31, 2017. In addition, Emirates NBD will pay interest on the consideration for the period between October 31, 2017 and the transaction closing date. All profits from the locked box date till closing date will be to Emirates NBD's account. As part of the transaction, and on closing, Emirates NBD will assume ownership of Denizbank's subordinated debt previously provided by Sberbank. The closing of the transaction is subject to regulatory approval in Turkey, Russia, the United Arab Emirates (UAE) and other relevant jurisdictions where Denizbank and its subsidiaries operate. The transaction is expected to close in 2018.

#### **Amendments to Articles of Association**

There is no amendment to Articles of Association.

#### **Amendments to Rating Notes**

The amendments to Ratings of Denizbank assigned by Fitch Ratings and Moody's in 2018 are below.

On 09 March 2018, following its announcement regarding the downgrade of Turkey's government debt rating to "Ba2" from "Ba1", Moody's downgraded our Bank's long-term foreign currency deposit rating to "Ba3" from "Ba2" (constrained by the lower sovereign ceiling at Ba3), with a "Negative" Outlook. Moody's affirmed other ratings.

On 7 June 2018, Moody's, following its review for downgrade of Turkey's Ba2 government bond rating on 1 June 2018, has downgraded and/or placed on review for downgrade the ratings of 19 finance companies. Accordingly, Moody's downgraded long-term local currency deposit rating of DenizBank to "Ba3" from "Ba2" and placed its outlook to "Under Review for further Downgrade" from "Negative". Moody's has downgraded Baseline Credit Assessment (BCA) to "b1" from "ba3", while outlook of "Ba3" long-term foreign currency deposit rating has been changed to "Under Review for Possible Downgrade" from "Negative". Short-term ratings has been affirmed at NP.

On 07 March 2018, Fitch Ratings affirmed our Bank's short-term local and foreign currency ratings as "B", financial capacity rating as "bb", support rating as "3" and long term local and foreign currency IDRs as "BB+" and t national long term rating as "AA(tur)" with "Positive" outlook.

On 5 June 2018, Fitch Ratings, following its assesment on Turkish Banks in relation to Turkey's sovereign rating that has been announced on 1 June 2018, has revised the Outlook on "BB+" long-term foreign currency IDR of DenizBank to "Stable" from "Positive". Fitch affirmed DenizBank's short-term foreign currency IDR at

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"B" and support ratings at "3", while "bb/RWN" viability rating, that has been placed on Rating Watch Negative(RWN) together with other banks on 1 June 2018, has been unaffected by this assessment. On the other hand, Fitch Ratings has placed DenizBank's "BB+" long-term local currency IDR,"B" short-term local currency IDR and AA(tur) National Long-Term rating on Rating Watch Positive (RWP).

On 20 July 2018, Fitch Ratings, following its assesment in relation to the downgrade of Turkey's sovereign rating on 13 July 2018, has downgraded long-term foreign currency IDR of DenizBank to "BB" from "BB+" and revised its outlokk to "Negative" from "Stable", while affirming long-term local currency IDR, which was on Rating Watch Positive (RWP), at "BB+" with a "Negative" outlook. Our Viability Rating, which was on Rating Watch Negative(RWN), has been downgraded to "bb-" from "bb". Fitch Ratings has affirmed short-term foreign currency IDR at "B", short-term local currency IDR, which was on Rating Watch Positive (RWP), at "B" and support rating at "3", while our National Long-Term rating on Rating Watch Positive (RWP) has been upgraded to "AAA (tur)" from "AA (tur)" with a "Stable" outlook.

Ratings are as follows:

<b>Moody's*</b>		<b>Fitch Ratings**</b>	
Outlook	Under Review for further Downgrade	Outlook	Negative
Long Term Foreign Currency Deposits	Ba3	Long Term Foreign Currency	BB
Short Term Foreign Currency Deposits	Not Prime	Short Term Foreign Currency	B
Long Term Local Currency Deposits	Ba3	Long Term Local Currency	BB+
Short Term Local Currency Deposits	Not Prime	Short Term Local Currency	B
Baseline Credit Assessment (BCA)	B1	Viability	bb-
		Support	3
		National	AAA (tur) (Stable)
*As of 07.06.2018		**As of 20.07.2018	

## Financial Information

### a. General Outlook of the Banking Sector

Evaluation of the banking sector according to the June 2018 data\*:

-Loan volume (excluding financial sector loans)	TL 2.334 billion
TL Loan volume (excluding financial sector loans)	TL 1.513 billion
FX Loan volume (excluding financial sector loans)	USD 180 billion
-Deposit Volume (excluding interbank deposits)	TL 1.915 billion
TL Deposit Volume (excluding interbank deposits)	TL 1.004 billion
FX Deposit Volume (excluding interbank deposits)	USD 200 billion

In the first six months of 2018, the total loan volume of the banking sector reached TL 2.334 billion. In the first half of 2018, SME, corporate and commercial loans became the segments with priority impact on total loan increase. Total consumer loans reached TL 420 billion, while total credit card loans was TL 122 billion. While SME became the most effective segment on the loan growth. SME loans reached TL 646 billion in the first six months. While completing the year of 2017 at level of 3,0%. the total NPL ratio realized as 3,0% as at June 2018.

Total deposits reached TL 1.915 billion as at June 2018. The sector's total equity rose TL 395 billion at the end of the first six months.

The net profit of the banking sector in the first six months was realized as TL 28,9 billion.

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

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**b. Summary Financial Highlights**

**Summary Consolidated Financial Highlights (TL millions)**

<b>Balance Sheet</b>	<b>30.06.2018</b>
Securities <sup>(1)</sup>	12.826
Net Loans	130.973
Cash and Cash Equivalents	34.542
Total Assets	185.848
Customer Deposits <sup>(2)</sup>	125.191
Time	97.771
Demand	27.420
Borrowings <sup>(3)</sup>	16.651
Securities Issued <sup>(3)</sup>	4.941
Sub-ordinated Loans	5.429
Shareholders' Equity	14.252
Paid-in Capital	3.316
Non-cash Loans	33.717
<b>Income Statements</b>	<b>30.06.2018</b>
Interest Income	7.741
Interest Expense	(4.344)
Net Interest Income after Provisions	2.236
Non-interest Income	1.558
Non-interest Expense	(2.120)
Tax Provision	(402)
Net Income	1.273

<b>Other Highlights</b>	<b>30.06.2018</b>
Number of Branches <sup>(4)</sup>	756
Number of Employees	13.923
Number of ATMs	6.441
Number of POS Terminals	163.336
Number of Credit Cards	4.344.750

<sup>(1)</sup> It is the sum of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost.

<sup>(2)</sup> Excludes bank deposits

<sup>(3)</sup> Securities issued by Special Purpose Entity DFS Funding Corp. are reported under Securities Issued

<sup>(4)</sup> Includes subsidiaries' branches

**c. Assessment of Financial Position and Risk Management**

<b>(million TL)</b>	<b>Consolidated 30.06.2018</b>
Capital Adequacy Ratio (%)	14,75
Shareholders' Equity	14.252
Return on Average Equity (%)	18,61
Non-performing Loans/ Total Cash Loans Ratio (%)	3,67