

*(Convenience Translation of the Independent Auditor's Review 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 ENDED 30 SEPTEMBER 2017**

- 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") at 30 September 2017 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 and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair 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 at 30 September 2017 and of the results of its operations and its cash flows for the nine-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**



Fatma Ebru Yücel, SMMM
Partner

2 November 2017

Istanbul, Turkey

DENİZBANK A.Ş. CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017

Address of the Bank's Headquarters
Büyükdere Caddesi No:141
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E-mail address of the Bank
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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 special purpose entity and subsidiaries whose financial statements have been consolidated under this consolidated financial report are as follows:

Subsidiaries
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
Structured Entity
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 November 2017

 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	 NİHAT 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 September 2017.

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, 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 covers 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 reflected as 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

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

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

Paid capital of Parent Bank was increased at a total amount TL 1.500.000, TL 39 from share premiums, TL 113.097 from subsidiaries and associate shares and real estate sales income, TL 636.864 from extraordinary reserves and TL 750.000 from cash reserve, on 28 June 2016.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2017

(Currency: Thousands of TL - Turkish Lira)

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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

Name	Title	Shares owned (%)
President of the Board of Directors		
Herman Gref	Chairman	--
Board of Directors⁽⁷⁾		
Nihat Sevinç	Deputy Chairman	--
Hakan Ateş	Member, President and CEO	0,000002
Alexander Vedyakhin	Member	--
Deniz Ülke Arıboğan	Member	--
Wouter G.M. Van Roste	Member	--
Timur Kozintsev	Member	--
Derya Kumru	Member	--
Alexander Morozov	Member	--
Pavel Barchugov	Member	--
Alexander Titov ⁽¹⁾	Member	--
Igor Kolomeyskiy ⁽²⁾	Member	--
Audit Committee		
Wouter G.M. Van Roste	Member	--
Nihat Sevinç	Member	--
Pavel Barchugov	Member	--
Executive Vice Presidents		
Bora Böcügöz	Treasury, Financial Institutions, Private Banking	--
Ruslan Abil ⁽³⁾	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Tanju Kaya	Administrative Services Group	--
Mustafa Özel	Branch and Central Operations	--
İbrahim Şen	Credit Follow-up and Risk Monitoring	--
Mehmet Aydoğdu ⁽⁴⁾	Corporate Banking, Commercial Banking and Public Finance	--
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 Hıçkırın	Card Payment Systems and Non-Branch Sales Channels	--
Murat Çelik	Digital Generation Banking	--
Selim Efe Teoman	Corporate and Commercial Loans	--
Ramazan Işık	Head of Inspection Board	--
Önder Özcan	Managerial Reporting and Budget Planning	--
Murat Kulaksız	SME Banking	--
Necip Yavuz Elkin	Human Resources and Deniz Academy	--
Burak Koçak	Agriculture Banking	--
Oğuzhan Özark	Retail Banking	--
Cemil Cem Önenç ⁽⁸⁾	Private Banking and Investment sales-Performance Management	--
Sinan Yılmaz	Risk Management Group Leader	--
Hakan Turan Pala ⁽⁵⁾	Corporate and Commercial Loans Analysis	--
Edip Kürşad Başer	Corporate Loans Policies	--
Murat Çitak	IT Security and Digital-Card Payment Operations	--
Verda Beril Yüzer Oğuz	Financial Institutions	--
Hayri Cansever	General Secretary and Sberbank Coordination	--
Umut Özdoğan ⁽⁶⁾	Cash Management, Public Finance and Organization	--

⁽¹⁾ Alexander Titov was appointed as a Member of the Board of the Directors at the ordinary General Assembly meeting held on 29 March 2017 and sworn in to the position on 27 April 2017 instead of Svetlana Sagaydak, who had resigned from her posting position as of 2 March 2017.

⁽²⁾ Vadim Kulik who resigned from Sberbank of Russia on 15 February 2017, left his position at Sberbank and therefore his membership on Denizbank Board of Directors was terminated at the Ordinary General Assembly meeting held on 29 March 2017 and Mykyta Volkov was appointed instead of him as a member of the Board of Directors. Mykyta Volkov resigned from her posting position as of 26 April 2017. Igor Kolomeyskiy, who has been assigned as board member of the Parent Bank, has started his duty on 13 July 2017.

⁽³⁾ Suavi Demircioğlu, who has been serving as the Executive Vice President responsible for the Financial Affairs at the Bank, retired from the Bank as of 31 March 2017. As of 3 April 2017 he was replaced by Ruslan Abil who has been serving as Executive Vice President responsible for the Group Reporting and Asset- Liability Management Group by the decision of Board of Directors. The title of Ruslan Abil who serves as the Assistant Manager has been changed to Assistant General Manager in charge of the Financial Affairs Group and it has been decided to continue the signing authority of Group B jointly, which is held on behalf of our Bank.

⁽⁴⁾ Mehmet Aydoğdu who is in charge of Corporate Banking, Commercial Banking and Public Finance Assistant General Manager at Bank; his title has changed as Executive Vice President of Corporate Banking and Commercial Banking on 5 April 2017.

⁽⁵⁾ According to the board's decision on 15 May 2017, the title of Hakan Turan Pala, who has served as the Assistant General Manager in charge of the Corporate and Commercial Loans Analysis Group at the Parent Bank, has been changed to the General Manager in charge of Corporate, Commercial and Midsize Loans Collection Group.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2017

(Currency: Thousands of TL - Turkish Lira)

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⁽⁶⁾ As of 10 March 2017, Umut Özdoğan was appointed as Assistant General Manager of Cash Management, Public Finance and Organization Group, who has served as Corporate Banking Branch Manager of Istanbul Corporate Branch in the Bank.

⁽⁷⁾ Parent Bank's board member Igor Kondrashov resigned from his duty as of 25 August 2017.

⁽⁸⁾ Cemil Cem Önenç from the Parent Bank's title has been changed from Executive Vice President of the Private Banking and Investment Sales-Performance Management to Executive Vice President of Private Banking and Investment as of 18 August 2017.

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 September 2017 the capital structure of Sberbank is as follows:

Shareholders	Share Percentages
Central Bank of Russia	50,00 %
Publicly traded	50,00 %
Total	100,00 %

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 696 domestic and 1 foreign branch as of 30 September 2017.

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 for credit institutions and financial subsidiaries for creating legal restrictions on a consolidated basis based on the "Communiqué on Preparation of Consolidated Financial Statements of Banks" by applying Turkish Accounting Standards. There is not any difference between the related Communiqué and the consolidation operations based on Turkish Accounting Standards except the scope of non-financial associate and subsidiary. 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 Income and Expenses Under Shareholders' Equity
- V. Consolidated Statements of Changes in Shareholders' Equity
- VI. Consolidated Statements of Cash Flows

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(BALANCE SHEETS)
AS OF 30 SEPTEMBER 2017 AND 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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See Note 3.1.c*

ASSETS	Footnotes	CURRENT PERIOD (30/09/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.a)	3.123.744	13.514.336	16.638.080	2.281.807	12.557.554	14.839.361
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.b)	388.521	910.201	1.298.722	1.049.942	397.917	1.447.859
2.1 Financial Assets Held For Trading		388.521	910.201	1.298.722	1.049.942	397.917	1.447.859
2.1.1 Public Sector Debt Securities		52.997	4.640	57.637	93.100	3.787	96.887
2.1.2 Share Certificates		-	209	209	-	-	-
2.1.3 Positive Value of Trading Purpose Derivatives		324.635	904.637	1.229.272	946.929	394.096	1.341.025
2.1.4 Other Securities		10.889	715	11.604	9.913	34	9.947
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		-	-	-	-	-	-
III. BANKS	(5.1.c)	316.819	8.535.455	8.852.274	17.006	5.555.737	5.572.743
IV. DUE FROM MONEY MARKETS		1.032.639	-	1.032.639	3.001.571	-	3.001.571
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		31.968	-	31.968	175	-	175
4.3 Reverse Repurchase Agreements		1.000.671	-	1.000.671	3.001.396	-	3.001.396
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(5.1.d)	5.585.038	1.209.705	6.794.743	5.421.996	2.174.994	7.596.990
5.1 Share Certificates		3.956	51.443	55.399	3.930	37.798	41.728
5.2 Public Sector Debt Securities		5.581.082	616.353	6.197.435	5.418.066	1.707.773	7.125.839
5.3 Other Securities		-	541.909	541.909	-	429.423	429.423
VI. LOANS AND RECEIVABLES	(5.1.e)	58.097.988	46.691.820	104.789.808	49.267.080	41.883.408	91.150.488
6.1 Loans and Receivables		57.309.068	46.677.661	103.986.729	48.268.612	41.878.192	90.146.804
6.1.1 Loans Utilized to the Bank's Risk Group		13.488	-	13.488	14.194	-	14.194
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		57.295.580	46.677.661	103.973.241	48.254.418	41.878.192	90.132.610
6.2 Loans under Follow-Up		3.865.004	25.175	3.890.179	3.635.008	16.631	3.651.639
6.3 Specific Provisions (-)		3.076.084	11.016	3.087.100	2.636.540	11.415	2.647.955
VII. FACTORING RECEIVABLES		1.519.951	42.468	1.562.419	1.155.332	79.389	1.234.721
VIII. INVESTMENT HELD TO MATURITY (Net)	(5.1.f)	3.438.843	1.652.850	5.091.693	3.339.895	1.716.137	5.056.032
8.1 Public Sector Debt Securities		3.438.843	1.652.850	5.091.693	3.339.895	1.678.583	5.018.478
8.2 Other Securities		-	-	-	-	37.554	37.554
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.g)	10.147	-	10.147	10.147	-	10.147
9.1 Associates accounted for Under Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		10.147	-	10.147	10.147	-	10.147
9.2.1 Financial Associates		1.508	-	1.508	1.508	-	1.508
9.2.2 Non-Financial Associates		8.639	-	8.639	8.639	-	8.639
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.h)	12.103	147	12.250	12.103	130	12.233
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		12.103	147	12.250	12.103	130	12.233
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(5.1.i)	2.800	-	2.800	2.800	-	2.800
11.1 Joint Ventures accounted for Under Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		2.800	-	2.800	2.800	-	2.800
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		2.800	-	2.800	2.800	-	2.800
XII. LEASE RECEIVABLES (Net)	(5.1.j)	573.962	1.967.441	2.541.403	616.636	2.020.671	2.637.307
12.1 Financial Lease Receivables		754.100	2.397.779	3.151.879	780.796	2.420.711	3.201.507
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		180.138	430.338	610.476	164.160	400.040	564.200
XIII. HEDGING PURPOSE DERIVATIVES	(5.1.k)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		550.046	126.510	676.556	552.614	111.965	664.579
XV. INTANGIBLE ASSETS (Net)		169.297	10.926	180.223	193.140	11.679	204.819
15.1 Goodwill		869	-	869	869	-	869
15.2 Others		168.428	10.926	179.354	192.271	11.679	203.950
XVI. INVESTMENT PROPERTIES (Net)	(5.1.l)	164.927	-	164.927	164.527	-	164.527
XVII. TAX ASSETS	(5.1.m)	159.347	1.034	160.381	220.354	34.510	254.864
17.1 Current Tax Assets		74.591	-	74.591	67.178	34.510	101.688
17.2 Deferred Tax Assets		84.756	1.034	85.790	153.176	-	153.176
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.1.n)	-	-	-	-	-	-
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.o)	1.313.004	855.337	2.168.341	1.099.302	603.655	1.702.957
TOTAL ASSETS		76.459.176	75.518.230	151.977.406	68.406.252	67.147.746	135.553.998

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(BALANCE SHEETS)
AS OF 30 SEPTEMBER 2017 AND 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

LIABILITIES AND EQUITY	Footnotes	CURRENT PERIOD (30/09/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.a)	38.483.504	70.334.580	108.818.084	35.185.381	57.010.570	92.195.951
1.1 Deposits of the Bank's Risk Group		31.511	757.194	788.705	38.299	732.007	770.306
1.2 Others		38.451.993	69.577.386	108.029.379	35.147.082	56.278.563	91.425.645
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.II.b)	663.547	321.426	984.973	546.611	701.775	1.248.386
III. FUNDS BORROWED	(5.II.c)	1.696.536	10.383.364	12.079.900	2.129.526	9.129.165	11.258.691
IV. DUE TO MONEY MARKETS		2.602.860	169.127	2.771.987	5.397.576	-	5.397.576
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		380.195	-	380.195	-	-	-
4.3 Repurchase Agreements		2.222.665	169.127	2.391.792	5.397.576	-	5.397.576
V. SECURITIES ISSUED (Net)	(5.II.d)	2.683.287	1.133.121	3.816.408	2.181.325	1.309.730	3.491.055
5.1 Bills		2.342.599	-	2.342.599	1.766.245	-	1.766.245
5.2 Asset Backed Securities		312.813	-	312.813	415.080	-	415.080
5.3 Bonds		27.875	1.133.121	1.160.996	-	1.309.730	1.309.730
VI. FUNDS		-	-	-	-	-	-
6.1 Borrowers Funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. SUNDRY CREDITORS		1.671.276	378.739	2.050.015	1.429.351	532.863	1.962.214
VIII. OTHER EXTERNAL RESOURCES	(5.II.e)	1.038.160	1.013.964	2.052.124	1.060.323	912.887	1.973.210
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.II.f)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses (-)		-	-	-	-	-	-
XI. HEDGING PURPOSE DERIVATIVES	(5.II.g)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XII. PROVISIONS	(5.II.h)	1.909.122	38.825	1.947.947	1.715.537	32.614	1.748.151
12.1 General Provisions		1.346.599	-	1.346.599	1.269.354	-	1.269.354
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		118.044	8.928	126.972	114.048	7.671	121.719
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		444.479	29.897	474.376	332.135	24.943	357.078
XIII. TAX LIABILITIES	(5.II.i)	172.982	57.900	230.882	188.093	17.072	205.165
13.1 Current Tax Liability		170.610	43.620	214.230	188.093	1.626	189.719
13.2 Deferred Tax Liability		2.372	14.280	16.652	-	15.446	15.446
XIV. LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
14.1 Held For Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	4.948.031	4.948.031	-	5.483.501	5.483.501
XVI. SHAREHOLDERS' EQUITY	(5.II.j)	8.128.952	4.148.103	12.277.055	7.266.585	3.323.513	10.590.098
16.1 Paid-In Capital		3.316.100	-	3.316.100	3.316.100	-	3.316.100
16.2 Supplementary Capital		(1.716.458)	(11.996)	(1.728.454)	(1.414.688)	(98.711)	(1.513.399)
16.2.1 Share Premium		15	-	15	15	-	15
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Securities Revaluation Reserve		(361.086)	(24.996)	(386.082)	(444.941)	(110.354)	(555.295)
16.2.4 Revaluation Fund on Tangible Assets		95.171	13.000	108.171	28.852	11.643	40.495
16.2.5 Revaluation Fund on Intangible Assets		-	-	-	-	-	-
16.2.6 Revaluation Fund on Investment Properties		13.397	-	13.397	13.397	-	13.397
16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		22	-	22	11	-	11
16.2.8 Hedging Funds (Effective Portion)		(1.459.175)	-	(1.459.175)	(1.007.220)	-	(1.007.220)
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Supplementary Capital		(4.802)	-	(4.802)	(4.802)	-	(4.802)
16.3 Profit Reserves		4.203.334	1.698.878	5.902.212	3.988.561	1.144.242	5.132.803
16.3.1 Legal Reserves		252.819	5.019	257.838	182.355	5.019	187.374
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		3.915.414	11.173	3.926.587	3.769.533	11.173	3.780.706
16.3.4 Other Profit Reserves		35.101	1.682.686	1.717.787	36.673	1.128.050	1.164.723
16.4 Profit or Loss		2.317.091	2.461.221	4.778.312	1.368.342	2.277.982	3.646.324
16.4.1 Prior Periods' Profits / Losses		1.286.033	2.077.092	3.363.125	746.069	1.500.228	2.246.297
16.4.2 Current Period Profit / Loss		1.031.058	384.129	1.415.187	622.273	777.754	1.400.027
16.5 Minority Shares		8.885	-	8.885	8.270	-	8.270
TOTAL LIABILITIES AND EQUITY		59.050.226	92.927.180	151.977.406	57.100.308	78.453.690	135.553.998

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF
OFF-BALANCE SHEET ITEMS
AS OF 30 SEPTEMBER 2017 AND 31 DECEMBER 2016
(Currency: Thousands of TL- Turkish Lira)

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

	Footnotes	CURRENT PERIOD			PRIOR PERIOD		
		(30/09/2017)			(31/12/2016)		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		74.222.357	97.786.723	172.009.080	54.889.084	89.829.528	144.718.612
I. GUARANTEES	(5.III.a)	11.164.742	17.468.862	28.633.604	10.041.664	18.740.351	28.782.015
1.1. Letters of Guarantee		11.142.632	11.915.325	23.057.957	10.029.957	11.752.258	21.782.215
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		79.021	81.298	160.319	79.021	90.776	169.797
1.1.3. Other Letters of Guarantee		11.063.611	11.834.027	22.897.638	9.950.936	11.661.482	21.612.418
1.2. Bank Acceptances		8.780	301.392	310.172	5.498	251.332	256.830
1.2.1. Import Letter of Acceptance		8.780	301.392	310.172	5.498	251.332	256.830
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		2.109	2.791.963	2.794.072	42	2.426.574	2.426.616
1.3.1. Documentary Letters of Credit		2.109	2.034.529	2.036.638	42	1.611.093	1.611.135
1.3.2. Other Letters of Credit		-	757.434	757.434	-	815.481	815.481
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		11.221	2.460.182	2.471.403	6.167	4.310.187	4.316.354
1.9. Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.a)	30.294.719	2.194.785	32.489.504	28.323.856	4.027.727	32.351.583
2.1. Irrevocable Commitments		27.861.391	2.194.785	30.056.176	25.004.358	4.027.727	29.032.085
2.1.1. Asset Purchase and Sale Commitments		537.385	1.320.847	1.858.232	405.787	2.956.586	3.362.373
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		10.419.128	40.822	10.459.950	9.475.667	24.982	9.500.649
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		2.340.689	-	2.340.689	2.111.130	-	2.111.130
2.1.8. Tax and Fund Obligations from Export Commitments		1.496	-	1.496	2.415	-	2.415
2.1.9. Commitments for Credit Card Limits		14.481.761	-	14.481.761	12.764.645	-	12.764.645
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		1.441	-	1.441	1.416	-	1.416
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		79.491	833.116	912.607	243.298	1.046.159	1.289.457
2.2. Revocable Commitments		2.433.328	-	2.433.328	3.319.498	-	3.319.498
2.2.1. Revocable Loan Granting Commitments		2.432.769	-	2.432.769	3.318.939	-	3.318.939
2.2.2. Other Revocable Commitments		559	-	559	559	-	559
III. DERIVATIVE FINANCIAL INSTRUMENTS		32.762.896	78.123.076	110.885.972	16.523.564	67.061.450	83.585.014
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		32.762.896	78.123.076	110.885.972	16.523.564	67.061.450	83.585.014
3.2.1. Forward Foreign Currency Purchases/Sales		1.791.129	4.302.034	6.093.163	1.711.451	2.321.703	4.033.154
3.2.1.1. Forward Foreign Currency Purchases		1.140.909	1.931.450	3.072.359	879.079	1.148.288	2.027.367
3.2.1.2. Forward Foreign Currency Sales		650.220	2.370.584	3.020.804	832.372	1.173.415	2.005.787
3.2.2. Currency and Interest Rate Swaps		24.130.473	63.831.840	87.962.313	10.988.532	57.347.352	68.335.884
3.2.2.1. Currency Swaps-Purchases		3.973.765	29.783.920	33.757.685	2.846.554	22.168.613	25.015.167
3.2.2.2. Currency Swaps-Sales		13.856.708	17.345.776	31.202.484	6.920.574	16.486.099	23.406.673
3.2.2.3. Interest Rate Swaps-Purchases		3.150.000	8.351.072	11.501.072	610.000	9.347.248	9.957.248
3.2.2.4. Interest Rate Swaps-Sales		3.150.000	8.351.072	11.501.072	611.404	9.345.392	9.956.796
3.2.3. Currency, Interest Rate and Security Options		6.841.294	6.963.256	13.804.550	3.823.581	5.299.660	9.123.241
3.2.3.1. Currency Options-Purchases		2.416.759	4.377.072	6.793.831	1.947.258	2.529.227	4.476.485
3.2.3.2. Currency Options-Sales		4.424.535	2.478.036	6.902.571	1.876.323	2.643.805	4.520.128
3.2.3.3. Interest Rate Options-Purchases		-	54.074	54.074	-	63.314	63.314
3.2.3.4. Interest Rate Options-Sales		-	54.074	54.074	-	63.314	63.314
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		-	3.025.946	3.025.946	-	2.092.735	2.092.735
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		472.905.110	130.102.843	603.007.953	406.703.917	104.773.998	511.477.915
IV. ITEMS HELD IN CUSTODY		99.628.837	2.509.243	102.138.080	93.768.668	2.468.962	96.237.630
4.1. Customers' Securities and Portfolios Held		137.912	-	137.912	137.718	-	137.718
4.2. Securities Held in Custody		96.825.410	1.221.542	98.046.952	91.541.375	1.006.875	92.548.250
4.3. Checks Received for Collection		1.260.220	866.129	2.126.349	1.116.594	962.251	2.078.845
4.4. Commercial Notes Received for Collection		1.404.047	329.281	1.733.328	971.623	415.353	1.386.976
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		-	91.586	91.586	-	83.793	83.793
4.8. Custodians		1.248	705	1.953	1.358	690	2.048
V. PLEDGED ITEMS		372.990.166	126.434.356	499.424.522	312.550.745	101.470.333	414.021.078
5.1. Securities		3.366.731	37.419	3.404.150	3.134.244	25.768	3.160.012
5.2. Guarantee Notes		258.240.277	41.863.342	300.103.619	217.463.456	45.384.701	262.848.157
5.3. Commodities		14.640.384	3.698.745	18.339.129	13.702.267	3.683.797	17.386.064
5.4. Warrants		-	-	-	-	-	-
5.5. Immovables		74.794.540	39.259.918	114.054.458	69.421.586	35.399.926	104.821.512
5.6. Other Pledged Items		21.948.234	41.574.932	63.523.166	8.829.192	16.976.141	25.805.333
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		286.107	1.159.244	1.445.351	384.504	834.703	1.219.207
TOTAL OFF BALANCE SHEET ITEMS (A+B)		547.127.467	227.889.566	775.017.033	461.593.001	194.603.526	656.196.527

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2017 AND 2016

(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	CURRENT PERIOD (01/01-30/09/2017)	PRIOR PERIOD (01/01-30/09/2016)	CURRENT PERIOD (01/07-30/09/2017)	PRIOR PERIOD (01/07-30/09/2016)
I. INTEREST INCOME	(5.IV.a)	9.412.487	7.447.162	3.346.644	2.619.617
1.1 Interest from Loans		8.055.700	6.359.178	2.821.207	2.207.234
1.2 Interest from Reserve Deposits		69.557	35.052	28.777	11.630
1.3 Interest from Banks		153.723	8.551	81.196	739
1.4 Interest from Money Market Transactions		20.828	11.257	3.260	5.615
1.5 Interest from Securities Portfolio		873.475	832.595	337.671	329.330
1.5.1 Trading Securities		10.071	3.133	6.175	396
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.3 Available for Sale Securities		472.069	579.638	179.537	229.928
1.5.4 Held to Maturity Securities		391.335	249.824	151.959	99.006
1.6 Interest from Financial Leases		170.448	155.276	55.235	49.714
1.7 Other Interest Income		68.756	45.253	19.298	15.355
II. INTEREST EXPENSE	(5.IV.b)	4.662.081	3.651.729	1.719.022	1.234.080
2.1 Interest on Deposits		3.547.314	2.660.565	1.354.423	914.982
2.2 Interest on Funds Borrowed		630.671	524.425	214.161	185.860
2.3 Interest on Money Market Transactions		151.089	294.020	58.247	82.642
2.4 Interest on Securities Issued		242.316	142.323	89.692	46.487
2.5 Other Interest Expense		90.691	30.396	2.499	4.109
III. NET INTEREST INCOME (I - II)		4.750.406	3.795.433	1.627.622	1.385.537
IV. NET FEES AND COMMISSION INCOME /EXPENSE	(5.IV.j)	1.140.625	895.795	397.346	313.441
4.1 Fees and Commissions Received		1.494.755	1.194.948	533.835	417.906
4.1.1 Non-Cash Loans		173.282	132.327	59.409	45.486
4.1.2 Other		1.321.473	1.062.621	474.426	372.420
4.2 Fees and Commissions Paid		354.130	299.153	136.489	104.465
4.2.1 Non-Cash Loans		1.999	1.021	755	513
4.2.2 Other		352.131	298.132	135.734	103.952
V. DIVIDEND INCOME		1.230	205	81	52
VI. TRADING INCOME/LOSS (Net)	(5.IV.c)	(795.521)	(510.946)	(296.289)	(117.675)
6.1 Profit / Loss on Securities Trading		(33.812)	(5.649)	(8.062)	(7.788)
6.2 Profit / Loss on Derivative Financial Transactions		(1.343.100)	(476.843)	(290.909)	114.190
6.3 Foreign Exchange Gains / Losses		581.391	(28.454)	2.682	(224.077)
VII. OTHER OPERATING INCOME	(5.IV.d)	561.197	612.902	135.630	144.915
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		5.657.937	4.793.389	1.864.390	1.726.270
PROVISION FOR LOANS AND OTHER RECEIVABLES (-)	(5.IV.e)	1.502.779	1.312.217	551.151	612.614
X. OTHER OPERATING EXPENSES (-)	(5.IV.f)	2.340.972	2.082.326	785.900	673.442
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		1.814.186	1.398.846	527.339	440.214
AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XII. INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD		-	-	-	-
XIII. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XIV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(5.IV.g)	1.814.186	1.398.846	527.339	440.214
XV. TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.h)	(398.384)	(295.393)	(119.089)	(97.894)
16.1 Current Tax		(254.192)	(289.704)	19.296	(62.943)
16.2 Deferred Tax		(144.192)	(5.689)	(138.385)	(34.951)
NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)		1.415.802	1.103.453	408.250	342.320
XVIII. PROFIT FROM DISCONTINUED OPERATIONS		-	10.708	-	2.876
18.1 Assets Held for Sale		-	10.708	-	2.876
Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.2 Other		-	-	-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	9.502	-	2.919
19.1 Assets Held for Sale		-	9.502	-	2.919
Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.2 Other		-	-	-	-
P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	1.206	-	(43)
XX. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	(88)	-	-
21.1 Current Tax		-	(88)	-	-
21.2 Deferred Tax		-	-	-	-
NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	1.118	-	(43)
XXIII. NET PROFIT / LOSS (XVII+XXII)	(5.IV.i)	1.415.802	1.104.571	408.250	342.277
23.1 Group's Profit / Loss		1.415.187	1.103.928	408.037	341.862
23.2 Minority Shares		615	643	213	415
Earnings / Losses per Share (Per thousand share)		0,43	0,39	0,12	0,12

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF
INCOME AND EXPENSES
UNDER SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 30 SEPTEMBER 2017 AND 2016
(Currency: Thousands of TL - Turkish Lira)

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

STATEMENT OF INCOME AND EXPENSES UNDER SHAREHOLDERS' EQUITY		CURRENT PERIOD	PRIOR PERIOD
		(01/01-30/09/2017)	(01/01-30/09/2016)
I.	ADDITIONS TO SECURITIES REVALUATION RESERVE FROM AVAILABLE FOR SALE INVESTMENTS	211.668	267.147
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	1.140	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	553.064	195.845
V.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion of Fair Value Differences)	300	2.473
VI.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion of Fair Value Differences)	(565.318)	(172.606)
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	70.290	(23.083)
X.	NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	271.144	269.776
XI.	CURRENT PERIOD PROFIT/LOSS	1.415.802	1.104.571
1.1	Net Change in Fair Value of Securities (Transfer to Profit & Loss)	(43.296)	64.189
1.2	Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes Recycled to Income Statement	(300)	(2.276)
1.3	Transfer of Hedge of Net Investment in Foreign Operations Recycled to Income Statement	-	-
1.4	Other	1.459.398	1.042.658
XII.	TOTAL PROFIT AND LOSS ACCOUNTED FOR THE PERIOD (X±XI)	1.686.946	1.374.347

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 30 SEPTEMBER 2017 AND 2016
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of
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Originally Issued in Turkish.
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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
I. PRIOR PERIOD 01/01-30/09/2016																		
Balances at the Beginning of Period	1.816.100	-	39	-	149.561	-	4.299.045	556.164	858.403	1.544.232	(479.788)	126.494	11	(583.262)	-	8.286.999	7.198	8.294.197
Changes in the Period																		
II. Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation Differences of Securities	-	-	-	-	-	-	-	-	-	-	209.740	-	-	-	-	209.740	-	209.740
IV. Hedging Transactions (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	(135.809)	-	(135.809)	-	(135.809)
4.1 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	2.276	-	2.276	-	2.276
4.2 Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(138.085)	-	(138.085)	-	(138.085)
V. Revaluation Fund of Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation Fund of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences	-	-	-	-	-	-	-	195.845	-	-	-	-	-	-	-	195.845	-	195.845
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 Increase	1.500.000	-	(39)	-	-	-	(636.864)	-	-	-	-	(113.097)	-	-	-	750.000	-	750.000
12.1 Cash	750.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	750.000	-	750.000
12.2 Internal Resources	750.000	-	(39)	-	-	-	(636.864)	-	-	-	-	(113.097)	-	-	-	-	-	-
XIII. Issuance of Capital Stock	-	-	15	-	-	-	-	-	-	-	-	-	-	-	-	15	-	15
XIV. Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital Reserves from Inflation Adjustments to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.500	2.500
XVII. Current Period Net Profit / Loss	-	-	-	-	-	-	-	-	1.103.928	-	-	-	-	-	-	1.103.928	643	1.104.571
XVIII. Profit Distribution	-	-	-	-	37.813	-	118.525	-	(858.403)	702.065	-	-	-	-	-	-	-	-
18.1 Dividend Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfer to Reserves	-	-	-	-	37.813	-	118.525	-	(858.403)	702.065	-	-	-	-	-	-	-	-
18.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII)	3.316.100	-	15	-	187.374	-	3.780.706	752.009	1.103.928	2.246.297	(270.048)	13.397	11	(719.071)	-	10.410.718	10.341	10.341.198
CURRENT PERIOD 01/01-30/09/2017																		
I. Balances at the Beginning of Period	3.316.100	-	15	-	187.374	-	3.780.706	1.159.921	1.400.027	2.246.297	(555.295)	53.892	11	(1.007.220)	-	10.581.828	8.270	10.590.098
Changes in the Period																		
II. Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation Differences of Securities	-	-	-	-	-	-	-	-	-	-	169.213	-	-	-	-	169.213	-	169.213
IV. Hedging Transactions (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	(451.955)	-	(451.955)	-	(451.955)
4.1 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	300	-	300	-	300
4.2 Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(452.255)	-	(452.255)	-	(452.255)
V. Revaluation Fund of Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	822	-	-	-	822	-	822
VI. Revaluation Fund of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	11	-	-	11	-	11
VIII. Foreign Exchange Differences	-	-	-	-	-	-	553.064	-	-	-	-	-	-	-	-	553.064	-	553.064
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 Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current Period Net Profit / Loss	-	-	-	-	-	-	-	-	1.415.187	-	-	-	-	-	-	1.415.187	615	1,415,802
XVIII. Profit Distribution	-	-	-	-	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII)	3,316,100	-	15	-	257,838	-	3,926,587	1,712,985	1,415,187	3,363,125	(386,082)	121,568	22	(1,459,175)	-	12,268,170	8,885	12,271,374

(*) 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 consolidated financial statements.

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIODS ENDED
30 SEPTEMBER 2017 AND 2016
(Currency: Thousands of TL - Turkish Lira)

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

	CURRENT PERIOD (01/01-30/09/2017)	PRIOR PERIOD (01/01-30/09/2016)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit before Changes in Operating Assets and Liabilities (+)	2.918.269	2.602.436
1.1.1 Interest Received (+)	8.397.236	6.812.562
1.1.2 Interest Paid (-)	4.392.903	3.512.404
1.1.3 Dividend Received (+)	1.230	205
1.1.4 Fees And Commissions Received (+)	1.408.077	1.174.457
1.1.5 Other Income (+)	899.489	199.526
1.1.6 Collections from Previously Written-Off Loans and Other Receivables (+)	721.268	692.006
1.1.7 Payments to Personnel and Service Suppliers (-)	998.036	902.296
1.1.8 Taxes Paid (-)	296.858	293.845
1.1.9 Other (+/-)	(2.821.234)	(1.567.775)
1.2 Changes in Operating Assets and Liabilities	(3.174.743)	(3.022.825)
1.2.1 Net (Increase) Decrease in Trading Securities (+/-)	27.452	(22.560)
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV (+/-)	-	-
1.2.3 Net (Increase) Decrease in Banks (+/-)	(121.227)	655.449
1.2.4 Net (Increase) Decrease in Loans (+/-)	(10.607.251)	(7.585.455)
1.2.5 Net (Increase) Decrease in Other Assets (+/-)	(2.742.676)	(1.009.726)
1.2.6 Net Increase (Decrease) in Bank Deposits (+/-)	2.163.066	648.631
1.2.7 Net Increase (Decrease) in Other Deposits (+/-)	9.933.639	5.981.738
1.2.8 Net Increase (Decrease) in Funds Borrowed (+/-)	540.934	(1.772.495)
1.2.9 Net Increase (Decrease) in Due Payables (+/-)	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities (+/-)	(2.368.680)	81.593
I. Net Cash (Used in)/Provided from Banking Operations (+/-)	(256.474)	(420.389)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided from / (Used in) Investing Activities (+/-)	1.105.003	539.922
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 (-)	165.490	101.947
2.4 Fixed Assets Sales (+)	111.596	38.808
2.5 Cash Paid for Purchase of Investments Available for Sale (-)	634.792	2.391.569
2.6 Cash Obtained From Sale of Investments Available for Sale (+)	1.683.081	2.994.630
2.7 Cash Paid for Purchase of Investment Securities (-)	-	-
2.8 Cash Obtained from Sale of Investment Securities (+)	-	-
2.9 Other (+/-)	110.608	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from / (Used in) Financing Activities (+/-)	(334.256)	817.566
3.1 Cash Obtained from Funds Borrowed and Securities Issued (+)	9.485.930	6.373.291
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-)	9.820.186	6.305.725
3.3 Capital Increase (+)	-	750.000
3.4 Dividends Paid (-)	-	-
3.5 Payments for Finance Leases (-)	-	-
3.6 Other (+/-)	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)	320.910	146.212
V. Net Increase / (Decrease) in Cash and Cash Equivalents	835.183	1.083.311
VI. Cash and Cash Equivalents at the Beginning of Period (+)	13.962.545	9.947.093
VII. Cash and Cash Equivalents at the End of Period	14.797.728	11.030.404

The accompanying notes are an integral part of these consolidated 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 actual 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 accounting policies followed and revaluation principles used in the preparation of consolidated financial statements have been determined and implemented in accordance with the regulations, communiqués, explanations and circulars published by BRSA with respect to accounting and financial reporting principles and principles covered by TAS/TFRS in cases where there were no specific regulations made by BRSA and they are consistent with accounting policies implemented in consolidated financial statements prepared for the period ending on 30 September 2017.

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

These accounting policies and valuation principles are disclosed between the footnotes numbered II and XXIV. The amendments to TAS/TFRS effective from 1 January 2017 do not have a significant impact on DFS Group's accounting policies, financial position and performance. Changes in TAS/TFRS published but not yet effective as of the date of finalization of the financial statements will not have a material effect on DFS Group's accounting policies, financial position and performance, except for TFRS 9 Financial Instrument Standard.

DFH Group continued work for compliance with TFRS 9 Financial Instrument.

b. Accounting policies and valuation principles used in the preparation of the financial statements

None (31 December 2016: None).

c. Additional paragraph for convenience translation:

The effects of differences between accounting principles and standards set out by BRSA Accounting and Financial Reporting Regulation 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

Denizbank Financial Services Group's ("DFS Group") 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, insures 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 the pre-determined risk limits 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 their 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.

	30 September 2017	31 December 2016	30 September 2016
US Dollar	3,5521 TL	3,5192 TL	3,0004 TL
Euro	4,1924 TL	3,7099 TL	3,3548 TL

Foreign exchange gains and losses included in the income statement

As of 30 September 2017, net foreign exchange gain included in the income statement amounts to TL 581.391 (1 January - 30 September 2016: net foreign exchange income of TL 28.454).

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 three monthly 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 September 2017, total foreign exchange differences in equity amount to TL 1.682.686 (31 December 2016: TL 1.128.050).

The foreign exchange difference of TL 35.101 (31 December 2016: TL 36.673) 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's foreign currency denominated subsidiaries on a consolidated basis of the difference in the resulting exchange contracts to hedge the net investment hedge strategy is being implemented. Part of the same amount with foreign currency deposits 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., Deniz Immobilien Service GMBH ("Deniz Immobilien") 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 raised the capital of Denizbank AG by 50 million Euro.

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 September 2017 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 TAS 39 "Financial Instruments: Recognition and Measurement", forward foreign currency purchase/sale contracts, swaps, options and futures that are classified as "trading purpose" transactions. 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 using market prices or pricing models subsequent to initial recognition and are presented in the "Positive Value of Trading Purpose Derivatives" and "Negative Value of Trading Purpose Derivatives" 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 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. Interest accrual does not start until non-performing loans become performing and are classified as performing loans or until collection 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 No. 26333 dated 1 November 2006, which was prepared on the basis of the provisions of Articles 53 and 93 of the Banking Law no. 5411.

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

Financial assets include cash; acquisition right of cash or acquisition right of other financial asset or bilateral exchange right of financial assets or equity instrument transactions with the counterpart. Financial assets are classified in four categories; as financial assets at fair value through profit or loss, financial assets available-for-sale, investment held-to-maturity, and loans and receivables.

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 financial asset and its discounted value are recognized in "Interest Income", 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 of financial asset is sold off before its maturity, consisted gains or losses are accounted within the same principals.

Derivative financial assets are classified as trading financial assets unless they are used for hedging purposes. The accounting of derivative financial assets is explained in Note IV of Section Three.

Financial assets 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 statements. Unrealized gains and losses arising from the differences at 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” inside shareholder’s equity items. Unrealized profits and losses do not represent on relevant income statement until these securities are collected or disposed of and the related fair value differences accumulated in the shareholders’ equity are transferred to the income statement. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders’ equity are 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 incomes 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.

DFH 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 securities portfolio Available for sell and Held to Maturity. As stated by Secretary of Treasury in CPI indexed investor guide, three reference indexes used in calculating the actual coupon payment amounts of these securities are based on the CPI indexes of 2 months ago. DFH Group predicts the Inflation rate parallel to this. The estimated inflation rate updated as needed within the year.

d. Loans and specific provisions

Loans and receivables are non-derivative financial assets that are not classified as 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 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, currency exchange differences occurred are reflected in profit/loss accounts.

Specific and general allowances are made 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.

When collections are made on 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.

VIII. 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. An explanation about the impairment of loans and receivables is given in Note VII-d of Section Three.

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 held into portfolio on the assets side of the accompanying consolidated balance sheet within "Financial Assets Held for Trading", "Investment Securities Available for Sale" and "Investment Securities Held to Maturity" and are valuating 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 "Funds Provided under Repurchase Agreements". 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 "Reverse Repurchase Agreements" account in liability part of the consolidated balance sheet.

Securities received with resale commitments are presented under "Reverse Repurchase Agreements" 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 not any security which subjected to borrowing activities.

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

An asset is regarded as "Asset held for resale" only when the sale is highly probable and the asset is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Various events and conditions can prolong completion period of sale transaction to more than 1 year. This loss of time is realized due to events and conditions out of control of an enterprise and in the position of competent evidence about sales plan of an enterprise for sale of relevant asset continuing, assets mentioned continuing to be classified as assets held for sale.

The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single balance.

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.

Shares of Destek Varlık Yönetim A.Ş., owned at 100% ratio by Deniz Yatırım, Ekspres Bilgi İşlem, Deniz Finansal Kiralama, Deniz Faktoring and Intertech, were sold to Lider Faktoring and Merkez Faktoring with a total consideration of TL 12.320 on 29 December 2016 in accordance with the Board of Directors decision of the Company dated 14 July 2016.

As 30 September 2017, DFS Group does not have non-current assets held for sale and a discontinued operation (31 December 2016: None).

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 classified over acquisition cost values 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 of the asset, technical, 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

DFH Group has passed to revaluation model from cost model in the framework of TAS 16 “Intangible Fixed Assets” in valuation of properties in use which are traced under intangible fixed assets as of 31 December 2016 while it tracks all of its intangible fixed assets in accordance with TAS 16 “Intangible Fixed Assets”. Positive differences between property value in expertise reports prepared by licenced valuation firms and net carrying amount of the related property are tracked under equity accounts while negative differences are traced under income statement.

	Estimated Economic Life (Year)	Depreciation Rate
Movables		
- Office machinery	4 Years	10 % - 50 %
- Furniture/Furnishing	5 Years	10 % - 50 %
- Means of transport	5 Years	20 % - 50 %
- Other equipment	10 Years	2,50 % - 50 %
Real estates	50 Years	2 % - 3,03 %

Expenditures for maintenance and repairs that are routinely made on tangible assets are charged as expense. 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 the Parent Bank’s real property to the 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 “Investment Properties Revaluation Differences” under 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 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.

Specific provisions for non-performing financial lease receivables of DFS Group are provided for in accordance with the “Communiqué On Procedures and Principles For The Provisions To Be Set Aside By Financial Leasing, Factoring and Financing Companies For Their Receivables” published in the Official Gazette numbered 28861 dated 24 December 2013 and it represented under loans and specific provision for receivables in the consolidated balance sheet.

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, and 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 5.897 lawsuits against DFS Group with total risks amounting to TL192.977, US Dollar 3.274.731 and Euro 790.265 as of 30 September 2017. There are also 14.002 follow-up cases amounting to TL 647.056, US Dollar 4.045.625 and Euro 498.789 in total that are filed by DFS Group and are at courts. DFS Group booked a provision amounting to TL 44.910 for the continuing lawsuits (31 December 2016: TL 29.059).

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 Labour 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

In accordance with the Corporate Tax Law No: 5520 published in the Official Gazette numbered 26205 dated 21 June 2006, the corporate tax rate is levied at 20% beginning from 1 January 2006.

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.

Current Tax Effects that sourced from directly classified in equity transactions represent on 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 September 2017 deferred tax assets of TL 85.790 (31 December 2016: TL 153.176) and deferred tax liabilities of TL 16.652 (31 December 2016: TL 15.446) have been recognized in the accompanying financial statements.

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

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 is not computed over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

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, 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

Instruments representing the borrowings are initially recognized at cost represented its fair value and measured 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 can also borrows funds in the forms of syndication loans and securitization loans from foreign institutions.

XX. Explanations on issuance of share certificates

No share certificate has been issued in 2017 (31 December 2016: TL 50.418.910).

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 other matters

None (31 December 2016: None).

SECTION FOUR

CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

I. Explanations related to the consolidated shareholders' equity

Shareholders' equity 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 amount of the Bank is TL 17.507.709 while its capital adequacy standard ratio is 15,34% as of 30 September 2017. Calculations of 31 December 2016 have been made in the framework of repealed regulations and equity amount is TL 15.803.437 while the capital adequacy standard ratio is 14,17%.

a. Components of consolidated shareholders' equity

	Current Period 30 September 2017	Amounts subject to treatment before 1/1/2014	Prior Period 31 December 2016	Amounts subject to treatment before 1/1/2014
Common Equity Tier 1 capital				
Directly issued qualifying common share capital plus related stock surplus	3.316.100		3.316.100	
Share premium	15		15	
Legal reserves	4.184.425		3.968.080	
Projected gains to shareholders' equity of the accounting standards in Turkey	382.968		212.370	
Profit	4.778.312		3.646.324	
Net current period profit	1.415.187		1.400.027	
Prior period profit	3.363.125		2.246.297	
Free shares from investments and associates, subsidiaries and joint ventures that is not recognised in profit	22		11	
Minority shares	8.885		8.270	
Common Equity Tier 1 capital before regulatory adjustments	12.670.727		11.151.170	
Common Equity Tier 1 capital: regulatory adjustments				
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	393.356		560.456	
Development cost of operating lease	90.071		91.733	
Goodwill (net of related tax liability)	695	869	522	869
Other intangibles other than mortgage-servicing rights (net of related tax liability)	143.485	179.354	122.370	203.950
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	--		378	
Cash-flow hedge reserve	--		--	
Gains and losses due to changes in own credit risk on fair valued liabilities	--		--	
Securitisation gain on sale	--		--	
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	--		--	
Total regulatory adjustments to Common equity Tier 1	627.607		775.459	
Common Equity Tier 1 capital (CET1)	12.043.120		10.375.711	

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2017

(Currency: Thousands of TL - Turkish Lira)

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

Additional Tier 1 capital: instruments		
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 (Geçici Madde 3 kapsamında olanlar)	--	--
Additional Tier 1 capital before regulatory adjustments	--	--
Additional Tier 1 capital: regulatory adjustments	--	--
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	--	--
The process of transition will continue to reduce from Tier 1 Capital	--	--
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	36.043	81.927
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 (-)	--	252
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	--	--
Total regulatory adjustments to Additional Tier 1 capital	36.043	82.179
Additional Tier 1 capital (AT1)	(36.043)	(82.179)
Tier 1 capital (T1 = CET1 + AT1)	12.007.077	10.293.532
Tier 2 capital: instruments and provisions		
Directly issued qualifying Tier 2 instruments plus related stock surplus	4.211.831	4.262.567
Directly issued qualifying Tier 2 instruments plus related stock surplus	--	140.768
The additional Tier 1 capital shares of third parties	--	--
The additional Tier 1 capital shares of third parties ((Covered by Temporary Article 3)	--	--
Provisions	1.302.563	1.269.354
Tier 2 capital before regulatory adjustments	5.514.394	5.531.921
Tier 2 capital: regulatory adjustments	--	--
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 (-)	--	--
Total regulatory adjustments to Tier 2 capital	--	--
Tier 2 capital (T2)	5.514.394	5.531.921
Total capital (TC = T1 + T2)	17.521.471	15.825.453
Total risk weighted assets		
Loans extended being non compliant with articles 50 and 51 of the Law	--	--
Portion of the sum of the bank's real estate net book value, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition	--	9.825
National specific regulatory adjustments	13.762	12.191
The process of transition will continue to reduce from Common Equity Tier 1 capital and Additional Tier 1 capital	--	--
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	--	--
Shareholders' Equity	--	--
Total shareholders' equity	17.507.709	15.803.437
Total risk weighted items	114.164.026	111.503.228
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	10,55	9,31
Consolidated Tier 1 Capital Adequacy Ratio (%)	10,52	9,23
Consolidated Capital Adequacy Standard Ratio (%)	15,34	14,17

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BUFFERS		
Institution specific buffer requirement	1,296	0,647
Capital conservation buffer requirement (%)	1,250	0,625
Bank specific countercyclical buffer requirement (%)	0,046	0,022
Systemically important Bank buffer (%)	--	--
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) (%)		0,013
Amounts below the thresholds for deduction (before risk weighting)		
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)	--	--
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	1.346.599	1.269.354
Cap on inclusion of provisions in Tier 2 under standardised approach	1.302.563	1.269.354
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	--	--
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
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	--	--

(*) The calculation of shareholders' equity in the capital there are no credits included in "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	DEXIA CREDIT LOCAL PARIS
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Subordinated Loans	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.	"Regulations on Banks' Equity" dated 1 November 2006.
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Not Deducted	Not Deducted	Not Deducted	Not Deducted	Not Deducted	Deducted
Eligible at solo/group/group&sole	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in mil. as of most recent reporting date)	482	532	1066	1066	1066	0
Par value of instrument	482	532	1066	1066	1066	710
Accounting classification	3470102	3470102	3470102	3470102	3470102	3470102
Original date of issuance	30.09.2014	30.04.2014	31.01.2014	30.09.2013	28.06.2013	27.02.2008
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	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.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full 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.	None.
Coupons/Dividends*						
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Floating
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%	Labor + 2.90%
Existence of a dividend stopper	None.	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.	None.
Noncumulative or cumulative	--	--	--	--	--	--
Convertible or non-convertible						
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.	None.
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	--	--	--	--	--	--
Write-down feature						
If write-down, write-down trigger(s)	None.	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.	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.	Not Possessed.
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	--	--	--	--	--	Article 8/2 (g)

- c. Main difference between “Equity” amount mentioned in equity statement and “Equity” amount in consolidated balance sheet sources from general provisions and subordinated credits. 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 Seed 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 3 years and certain other accounts determined by the Board are taken into consideration in the calculation as assets deducted from capital.

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

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

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

Foreign currency exchange rate risk is monitored along with potential evaluation differences in foreign currency transactions in accordance with “Regulation on Bank’s Internal Control and Risk Management Systems”. Value at Risk approach is used to measure the exchange rate risk 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 daily and makes changes where necessary.

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

In accordance with TAS 39, 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.

Informations 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 exchange risk management strategy

Foreign currency exchange and parity risks are taken by DFS Group within defined 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 3,5521
Euro purchase rate as at the balance sheet date	TL 4,1924

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
25 September 2017	3,5162	4.1818
26 September 2017	3,5344	4.1747
27 September 2017	3,5657	4,1891
28 September 2017	3,5720	4,2023
29 September 2017	3,5521	4,1924

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 September 2017 are 3,4656 and 4.1397

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f. Information on currency risk

Current Period	EUR	USD	Other FC ⁽⁵⁾	Total
Assets				
Cash and Balances with the Central Bank of the Republic of Turkey	2.461.325	8.275.647	2.777.364	13.514.336
Due from Banks and Other Financial Institutions	7.228.779	1.148.549	158.127	8.535.455
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	148.988	50.313	--	199.301
Interbank Money Market Placements	--	--	--	--
Investment Securities Available-for-Sale	252.258	803.851	153.596	1.209.705
Loans ⁽²⁾	26.046.139	23.006.645	945.814	49.998.598
Investments in Subsidiaries and Associates	147	--	--	147
Investment Securities Held-to-Maturity	111.826	1.541.024	--	1.652.850
Hedging Purpose Financial Derivatives	--	--	--	--
Tangible Assets	125.672	88	750	126.510
Intangible Assets ⁽³⁾	--	--	--	--
Other Assets ⁽⁴⁾	1.943.120	805.768	218.556	2.967.444
Total Assets	38.318.254	35.631.885	4.254.207	78.204.346
Liabilities				
Bank Deposits	1.331.478	1.598.041	753.972	3.683.491
Foreign Currency Deposits	38.285.968	27.152.686	1.212.435	66.651.089
Interbank Money Markets	--	169.127	--	169.127
Funds Borrowed from Other Financial Institutions	3.139.923	12.191.364	108	15.331.395
Marketable Securities Issued	1.059.119	74.002	--	1.133.121
Miscellaneous Payables	277.131	98.673	2.935	378.739
Hedging Purpose Financial Derivatives	--	--	--	--
Other Liabilities ⁽⁶⁾	507.682	769.580	7.413	1.284.675
Total Liabilities	44.601.301	42.053.473	1.976.863	88.631.637
Net "On Balance Sheet Position"	(6.283.047)	(6.421.588)	2.277.344	(10.427.291)
Net "Off-Balance Sheet Position" ⁽⁷⁾	5.698.869	7.913.262	(1.975.300)	11.636.831
Financial Derivatives (Assets)	17.248.869	27.502.385	789.123	45.540.377
Financial Derivatives (Liabilities)	(11.550.000)	(19.589.123)	(2.764.423)	(33.903.546)
Net Position	(584.178)	1.491.674	302.044	1.209.540
Non-Cash Loans	7.681.217	9.285.095	502.550	17.468.862
Prior Period				
Total Assets	32.181.703	35.331.989	3.317.138	70.830.830
Total Liabilities	43.329.377	29.648.915	1.657.128	74.635.420
Net "On Balance Sheet Position"	(11.147.674)	5.683.074	1.660.010	(3.804.590)
Net "Off-Balance Sheet Position"	11.032.843	(5.646.113)	(1.418.136)	3.968.594
Financial Derivatives (Assets)	19.896.141	16.210.215	886.959	36.993.315
Financial Derivatives (Liabilities)	(8.863.298)	(21.856.328)	(2.305.095)	(33.024.721)
Net Position	(114.831)	36.961	241.874	164.004
Non-Cash Loans	7.005.000	11.257.796	477.555	18.740.351

(1) : Foreign currency differences of derivative assets amounting to TL 710.900 are excluded.

(2) : Foreign currency indexed loans amounting to TL 3.306.778 are included.

(3) : Intangible assets amounting to TL 10.926 are excluded.

(4) : Factoring receivables indexed to foreign currency, amounting to TL 122.071 are included. Prepaid expenses at the amount of TL 20.907 are not included.

(5) : There are gold amounts in total assets amounting to TL 3.605.504 and in total liabilities amounting to TL 1.365.782.

(6) : Not including the exchange rate difference of TL 134.778 pertaining to derivative financial loans and the FX equity of TL 4.108.103 and the free reserve of TL 12.662.

(7) : Net amount of Receivables and Liabilities from financial derivatives is shown on the table. FX SWAP Transactions that 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

Standard 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 shareholders' equity 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 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash and Balances with the Central Bank of the Republic of Turkey	3.924.820	--	--	--	--	12.713.260	16.638.080
Due from Banks and Other Fin. Inst.	2.017.849	424.742	13.017	--	--	6.396.666	8.852.274
Financial Assets at Fair Value Through Profit or Loss	442.383	225.548	280.581	145.712	193.401	11.097	1.298.722
Interbank Money Market Placements	1.032.639	--	--	--	--	--	1.032.639
Investment Securities Av.-for-Sale	632.525	1.032.016	1.188.542	2.314.321	1.571.940	55.399	6.794.743
Loans	13.551.985	13.334.369	17.678.380	41.588.980	17.833.015	803.079	104.789.808
Investment Securities Held-to-Mat.	355.743	--	2.355.073	991.536	1.389.341	--	5.091.693
Other Assets (*)	635.432	289.863	376.226	1.707.718	1.094.707	3.375.501	7.479.447
Total Assets	22.593.376	15.306.538	21.891.819	46.748.267	22.082.404	23.355.002	151.977.406
Liabilities							
Bank Deposits	2.549.809	910.189	1.778	20.059	299.882	297.690	4.079.407
Other Deposits	43.629.787	14.834.683	11.322.313	10.922.870	918.195	23.110.829	104.738.677
Interbank Money Market Placements	2.771.987	--	--	--	--	--	2.771.987
Miscellaneous Payables	--	662	--	--	4.150	2.045.203	2.050.015
Marketable Securities Issued	506.674	2.187.016	1.115.619	7.099	--	--	3.816.408
Funds Borrowed from Other Fin. Inst.	3.129.976	4.877.433	4.275.824	495.590	4.249.108	--	17.027.931
Other Liabilities (**)	14.314	112.810	176.412	519.073	168.517	16.501.855	17.492.981
Total Liabilities	52.602.547	22.922.793	16.891.946	11.964.691	5.639.852	41.955.577	151.977.406
On Balance Sheet Long Position	--	--	4.999.873	34.783.576	16.442.552	--	56.226.001
On Balance Sheet Short Position	(30.009.171)	(7.616.255)	--	--	--	(18.600.575)	(56.226.001)
Off-Balance Sheet Long Position	4.252.055	4.925.219	2.981.657	2.226.732	4.545.729	--	18.931.392
Off-Balance Sheet Short Position	(1.497.389)	(7.661.159)	(1.997.086)	(4.818.872)	(3.136.551)	--	(19.111.057)
Total Interest Sensitivity Gap	(27.254.505)	(10.352.195)	5.984.444	32.191.436	17.851.730	(18.600.575)	(179.665)

(*) 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 676.556, TL 180.223, TL 164.927, TL 12.947, TL 160.381, TL 12.250, TL 126.644 and TL 2.041.573 respectively.

(**) Other liabilities/non-interest bearings include; Shareholders' Equity, Tax Liabilities, Provisions, and Other Liabilities with balances of TL ; 12.277.055, TL 230.882, TL 1.947.947 and TL 2.045.971 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
Assets							
Cash and Balances with the Central Bank of the Republic of Turkey	3.690.409	--	--	--	--	11.148.952	14.839.361
Due from Banks and Other Fin. Inst.	855.829	260.105	169.288	--	--	4.287.521	5.572.743
Financial Assets at Fair Value Through Profit or Loss	415.670	188.658	267.941	365.926	199.717	9.947	1.447.859
Interbank Money Market Placements	3.001.571	--	--	--	--	--	3.001.571
Investment Securities Av.-for-Sale	305.338	649.893	1.320.671	2.509.948	2.769.411	41.729	7.596.990
Loans	14.507.220	8.979.161	17.911.370	30.957.978	17.791.075	1.003.684	91.150.488
Investment Securities Held-to-Mat.	1.654.843	365.704	329.400	480.903	2.225.182	--	5.056.032
Other Assets (*)	573.602	187.879	527.646	1.540.244	1.042.657	3.016.926	6.888.954
Total Assets	25.004.482	10.631.400	20.526.316	35.854.999	24.028.042	19.508.759	135.553.998
Liabilities							
Bank Deposits	331.633	795.851	105.887	265.369	--	76.053	1.574.793
Other Deposits	36.855.195	10.782.700	14.062.585	9.506.576	526.631	18.887.471	90.621.158
Interbank Money Market Placements	5.397.576	--	--	--	--	--	5.397.576
Miscellaneous Payables	--	--	--	--	--	1.962.214	1.962.214
Marketable Securities Issued	688.505	1.894.739	456.230	266.086	185.495	--	3.491.055
Funds Borrowed from Other Fin. Inst.	3.821.161	3.889.867	3.131.408	1.742.145	4.157.611	--	16.742.192
Other Liabilities (**)	280.887	228.536	91.714	460.544	186.705	14.516.624	15.765.010
Total Liabilities	47.374.957	17.591.693	17.847.824	12.240.720	5.056.442	35.442.362	135.553.998
On Balance Sheet Long Position	--	--	2.678.492	23.614.279	18.971.600	--	45.264.371
On Balance Sheet Short Position	(22.370.475)	(6.960.293)	--	--	--	(15.933.603)	(45.264.371)
Off-Balance Sheet Long Position	3.281.977	3.160.110	2.450.357	4.068.624	4.273.732	--	17.234.800
Off-Balance Sheet Short Position	(2.591.356)	(5.676.746)	(3.397.900)	(2.165.234)	(2.910.824)	--	(16.742.060)
Total Interest Sensitivity Gap	(21.679.854)	(9.476.929)	1.730.949	25.517.669	20.334.508	(15.933.603)	492.740

(*) 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 664.579, TL 204.819, TL 164.527, TL 12.947, TL 254.864, TL 12.233, TL 123.311 and TL 1.579.646 respectively.

(**) Other liabilities - interest free - include equities amount of TL 10.590.098, tax debt amounting to TL 205.165, provision balances amounting to TL 1.748.151 and other foreign resources amount of TL 1.973.210.

d. Average interest rates applied to monetary financial instruments

Current Period: 30 September 2017	EUR %	USD %	JPY %	TL %
Assets				
Cash and Balances with the Central Bank of the Republic of Turkey	--	1,25	--	4,00
Due from Banks and Other Financial Institutions	0,36	1,84	--	12,25
Financial Assets at Fair Value Through Profit or Loss	2,20	4,78	--	11,45
Interbank Money Market Placements	--	--	--	12,26
Investment Securities Available-for-Sale	0,83	4,61	--	8,95
Loans	4,49	5,80	5,51	16,89
Investment Securities Held-to-Maturity	4,20	5,05	--	11,72
Liabilities				
Bank Deposits	0,56	1,42	--	12,47
Other Deposits	1,44	3,51	0,32	13,38
Interbank Money Market Placements	--	2,65	--	10,39
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	2,31	3,00	--	12,04
Funds Borrowed from Other Financial Institutions	2,24	4,46	--	12,20
Prior Period: 31 December 2016	EUR %	USD %	JPY %	TL %
Assets				
Cash and Balances with the Central Bank of the Republic of Turkey	--	0,49	--	5,00
Due from Banks and Other Financial Institutions	0,88	1,54	--	9,38
Financial Assets at Fair Value Through Profit or Loss	1,33	4,95	--	11,22
Interbank Money Market Placements	--	--	--	8,49
Investment Securities Available-for-Sale	1,42	4,44	--	9,05
Loans	4,60	5,68	5,39	16,38
Investment Securities Held-to-Maturity	4,46	4,68	--	9,52
Liabilities				
Bank Deposits	0,15	1,54	--	4,34
Other Deposits	1,64	3,10	0,30	10,74
Interbank Money Market Placements	--	--	--	8,47
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	2,75	3,75	--	10,37
Funds Borrowed from Other Financial Institutions	2,74	3,74	--	12,56

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 associate and subsidiary traded at BIST markets as of 30 September 2017 (31 December 2016: 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 2016: 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 and measures were taken against unexpected liquidity shortages.

The securities portfolio of the Parent Bank carried in order to liquidity risk management is structured in a way to consist of public securities and treasury stocks 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 has a diversification effect. Additionally, security issuance and credit usage 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 credit received from deposit and 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 than assets.

"Risk Appetite Disclosure" is reviewed annually in order to manage risks in accordance with the Bank's strategy and its financial power. Risk Appetite Disclosure 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 reports to Assets and Liabilities Committee (ALCO) weekly 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 associates are performed by the related associate and monitored closely by the Parent Bank.

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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.

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 229,76 in July and at the highest level in September 283,47 while the liquidity coverage rate is at the lowest level in July 96,2 and at the highest level in September 123,23.

a. Liquidity coverage ratio

Current Period	Total unweighted value (*)		Total weighted value(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 Total High Quality Liquid Assets			26.040.703	18.746.799
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which	73.397.527	45.489.170	6.794.278	4.548.917
3 Stable deposits	10.909.487	--	545.474	--
4 Less stable deposits	62.488.040	45.489.170	6.248.804	4.548.917
5 Unsecured wholesale funding, of which	25.568.486	14.519.822	14.516.148	7.896.333
6 Operational deposits	4.923.335	2.432.049	1.230.834	608.012
7 Non-operational deposits	15.257.295	10.377.899	7.902.260	5.582.525
8 Unsecured debt	5.387.856	1.709.874	5.383.054	1.705.796
9 Secured wholesale funding			165.879	165.879
10 Additional requirements of which	5.792.055	9.707.151	2.624.954	6.764.152
11 Outflows related to derivative exposures and other collateral requirements	1.091.340	5.343.763	1.091.340	5.343.763
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	4.700.715	4.363.388	1.533.614	1.420.389
14 Other contractual funding obligations	1.266.582	951.933	1.266.050	951.933
15 Other contingent funding obligations	55.066.664	15.118.989	4.210.537	1.472.037
16 TOTAL CASH OUTFLOWS			29.577.846	21.799.251
CASH INFLOWS				
17 Secured lending	643.707	--	--	--
18 Inflows from fully performing exposures	7.437.917	2.507.053	5.333.942	2.003.686
19 Other cash inflows	275.209	12.399.937	275.209	12.399.937
20 TOTAL CASH INFLOWS	8.356.833	14.906.990	5.609.151	14.403.623
21 TOTAL HQLA			26.040.703	18.746.799
22 TOTAL NET CASH OUTFLOWS			23.968.695	7.395.628
23 LIQUIDITY COVERAGE RATIO (%)			108,9	254,1

(*) Average of consolidated liquidity coverage rate which is calculated by means of monthly simple arithmetic average for the last three months, average of consolidated liquidity coverage rate which is calculated by means of weekly simple arithmetic average for the last three months.

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Prior Period	Total unweighted value (*)		Total weighted value(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 Total High Quality Liquid Assets			20.033.226	12.857.037
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which	57.675.367	35.614.053	5.507.091	3.561.405
3 Stable deposits	5.208.907	--	260.445	--
4 Less stable deposits	52.466.460	35.614.053	5.246.646	3.561.405
5 Unsecured wholesale funding, of which	26.356.827	11.970.447	15.025.492	6.919.243
6 Operational deposits	5.601.040	2.437.107	1.400.260	609.277
7 Non-operational deposits	16.518.103	8.782.761	9.387.548	5.559.387
8 Unsecured debt	4.237.684	750.579	4.237.684	750.579
9 Secured wholesale funding			173.464	173.464
10 Additional requirements of which	5.246.846	8.068.269	2.475.074	5.575.897
11 Outflows related to derivative exposures and other collateral requirements	1.151.728	4.398.147	1.151.728	4.398.147
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	4.095.118	3.670.122	1.323.346	1.177.750
14 Other contractual funding obligations	2.369.250	933.190	1.399.629	933.190
15 Other contingent funding obligations	51.564.631	15.057.850	4.221.627	1.505.275
16 TOTAL CASH OUTFLOWS			28.802.377	18.668.474
CASH INFLOWS				
17 Secured lending	2.607.807	--	--	--
18 Inflows from fully performing exposures	10.998.795	6.898.849	8.708.864	6.387.496
19 Other cash inflows	445.904	5.652.432	445.904	5.652.432
20 TOTAL CASH INFLOWS	14.052.506	12.551.281	9.154.768	12.039.928
			Total adjusted value	
21 TOTAL HQLA			20.033.226	12.857.037
22 TOTAL NET CASH OUTFLOWS			19.647.609	6.628.546
23 LIQUIDITY COVERAGE RATIO (%)			101,9	197,1

(*) Average of consolidated liquidity coverage rate which is calculated by means of monthly simple arithmetic average for the last three months, average of consolidated liquidity coverage rate which is calculated by means of weekly simple arithmetic average for the last three months.

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

Premium/high quality liquid assets consists of cash assets, reserves kept in Central Bank of Republic of Turkey and free/open securities. Cash outflows consist of deposits, bank borrowings, non-cash credits, derivative products and other liabilities without a certain maturity. Additionally, several bank borrowings are shown as cash outflow regardless of their maturity since they include contingent annuity. On the other hand, cash outflows also include additional guarantee liability sourcing from possible changes in fair values of derivative transactions. 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 Year	5 Years and Over	Non-Interest Bearing (*)	Toplam
Assets								
Cash and Balances with the Central Bank of the Republic of Turkey	5.863.120	10.774.960	--	--	--	--	--	16.638.080
Due from Banks and Other Fin.Inst.	6.396.666	1.245.041	513.687	440.579	256.301	--	--	8.852.274
Financial Assets at Fair Value Through Profit or Loss	11.097	442.252	225.486	280.215	146.271	193.401	--	1.298.722
Interbank Money Market Placements	--	1.032.639	--	--	--	--	--	1.032.639
Investment Securities Av.-for-Sale	55.399	--	--	282.724	4.344.420	2.112.200	--	6.794.743
Loans	--	10.290.842	5.248.558	14.346.017	45.299.013	28.802.299	803.079	104.789.808
Investment Securities Held-to-Maturity	--	--	--	269.760	3.246.333	1.575.600	--	5.091.693
Other Assets	1.844.989	634.419	273.625	340.461	1.753.444	1.101.997	1.530.512	7.479.447
Total Assets	14.171.271	24.420.153	6.261.356	15.959.756	55.045.782	33.785.497	2.333.591	151.977.406
Liabilities								
Bank Deposits	297.690	2.549.851	910.189	1.778	20.059	299.840	--	4.079.407
Other Deposits	23.110.827	43.580.604	14.833.247	11.349.998	10.945.755	918.246	--	104.738.677
Funds Borrowed from Other Fin.Inst. and Subordinated Loans	--	1.758.049	2.816.646	7.311.130	893.066	4.249.040	--	17.027.931
Interbank Money Market Placements	--	2.771.987	--	--	--	--	--	2.771.987
Marketable Securities Issued	--	506.676	1.053.894	1.147.062	737.910	370.866	--	3.816.408
Miscellaneous Payables	2.045.203	--	661	--	--	4.151	--	2.050.015
Other Liabilities	1.112.855	206.492	155.435	926.053	519.073	168.517	14.404.556	17.492.981
Total Liabilities	26.566.575	51.373.659	19.770.072	20.736.021	13.115.863	6.010.660	14.404.556	151.977.406
Net Liquidity Gap	(12.395.304)	(26.953.506)	(13.508.716)	(4.776.265)	41.929.919	27.774.837	(12.070.965)	--
Net "Off-Balance Sheet Position"	--	389.197	50.369	66.704	(248.182)	--	--	258.088
Financial Derivatives (assets)	--	27.048.798	8.873.588	6.477.455	6.819.858	6.352.331	--	55.572.030
Financial Derivatives (liabilities)	--	(26.659.601)	(8.823.219)	(6.410.751)	(7.068.040)	(6.352.331)	--	(55.313.942)
Non-Cash Loans	--	3.478.569	2.074.775	8.067.801	3.918.134	11.094.325	--	28.633.604
Prior Period								
Total Assets	10.401.399	24.219.299	4.511.490	16.990.685	42.006.901	34.756.277	2.667.947	135.553.998
Total Liabilities	22.056.804	45.740.749	15.195.757	20.372.752	14.141.045	5.593.895	12.452.996	135.553.998
Net Liquidity Gap	(11.655.405)	(21.521.450)	(10.684.267)	(3.382.067)	27.865.856	29.162.382	(9.785.049)	--
Net "Off-Balance Sheet Position"	--	874.059	(769.459)	117.624	(174.800)	--	--	47.424
Financial Derivatives (assets)	--	18.331.884	8.603.342	4.365.116	4.293.056	6.222.821	--	41.816.219
Financial Derivatives (liabilities)	--	(17.457.825)	(9.372.801)	(4.247.492)	(4.467.856)	(6.222.821)	--	(41.768.795)
Non-Cash Loans	--	1.775.889	2.589.671	7.421.090	4.259.244	12.736.121	--	28.782.015

(*) 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 5,65% as of 30 September 2017 (31 December 2016: 5,51%). 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 (**)	Prior Period (**)
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	150.826.110	131.643.936
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	(1.896.128)	(3.916.000)
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	679.069	485.213
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)	(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	61.152.479	58.563.211
7 Total Risk	210.761.027	186.775.857

(*) 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.

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(**)The arithmetic average of the last 3 months in the related periods.

Leverage ratio common disclosure template:

	Current Period (*)	Prior Period (*)
On-balance sheet exposures		
1 On-balance sheet items (exclude derivatives and SFTs; include collateral)	148.929.982	127.727.936
2 (Assets deducted in determining Basel III Tier 1 capital)	(276.636)	(282.798)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines)	148.653.346	127.445.138
Derivative exposures		
4 Replacement cost	1.140.506	1.226.002
5 Add-on amount	679.069	485.213
6 Total derivative exposures (sum of 4 and 5 lines)	1.819.575	1.711.215
Securities financing transaction exposures		
7 Gross SFT assets (with no recognition of accounting netting)	167.791	204.604
8 Agent transaction exposures		
9 Total securities financing transaction exposures (sum of 7 and 8 lines)	167.791	204.604
Other off-balance sheet exposures		
10 Off-balance sheet exposures with gross nominal amount	60.120.818	57.415.403
11 Adjustment amount off-balance sheet exposures with credit conversion factor	(503)	(503)
12 Total off-balance sheet exposures (sum of 10 and 11 lines)	60.120.315	57.414.900
Capital and total exposures		
13 Tier 1 capital	11.905.826	10.274.321
14 Total exposures (sum of 3,6,9 and 12 lines)	210.761.027	186.775.857
Leverage ratio		
15 Leverage ratio	5,65	5,51

(*) The arithmetic average of the last 3 months in the related periods.

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 Approach Based on the Internal Ratings Method (IDF) have not been presented yet as of 30 September 2017.

a. Overview of RWA

	Risk Weighted Amount		Minimum capital requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	102.730.656	101.521.984	8.218.452
2 Standardised approach (SA)	102.730.656	101.521.984	8.218.452
3 Internal rating-based (IRB) approach	--	--	--
4 Counterparty credit risk	1.463.508	1.670.008	117.081
5 Standardised approach for counterparty credit risk (SA-CCR)	1.463.508	1.670.008	117.081
6 Internal model method (IMM)	--	--	--
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 (*)	10.888	9.843	871
10 Investments made in collective investment companies - %1250 weighted risk approach	--	--	--
11 Settlement risk	--	--	--
12 Securitization positions in banking accounts	--	--	--
13 IRB ratings-based approach (RBA)	--	--	--
14 IRB Supervisory Formula Approach (SFA)	--	--	--
15 SA/simplified supervisory formula approach (SSFA)	--	--	--
16 Market risk	624.263	399.825	49.941
17 Standardised approach (SA)	624.263	399.825	49.941
18 Internal model approaches (IMM)	--	--	--
19 Operational Risk	9.334.711	7.901.568	746.777
20 Basic Indicator Approach	9.334.711	7.901.568	746.777
21 Standart Approach	--	--	--
22 Advanced measurement approach	--	--	--
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	114.164.026	111.503.228	9.133.122

VIII. Explanations related to hedging transactions

a. Net Investment Risk

DFH 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 1.170 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 such subsidiary is amounting to TL (57.744).

Total net investment hedging funds recognized under equity is amounting to TL (1.458.859) as of 30 September 2017 (31 December 2016: TL (1.006.604)).

b. Cash Flow Hedge

The Parent Bank stopped applying cash flow hedge accounting arising from the fluctuations in the interest rate and in which the hedging instrument was interest rate swaps and the hedged item was deposit, on 31 May 2013. Consequently, derivatives financial instruments which were previously in “hedging purpose derivatives assets/liabilities” because of being risk hedging instruments are classified in “financial assets/liabilities held for trading” lines. Negative differences amounting to TL (18.657) which were cumulated until the transfer date in “hedging funds” account under equity will be transferred to statement of income until the maturities of related derivative instruments. As of the balance sheet date, net negative valuation difference under equity is net amounting to TL (316) (31 December 2016: (616)).

IX. Explanations related to the consolidated segment reporting

DFS Group is active in three areas, namely, wholesale banking, retail banking, treasury and investment banking.

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, non-cash loans, foreign exchange transactions, export finance, project finance, structured finance, corporate finance, deposit products and cash management services.

In retail banking, it offers loan products (consumer loans, mortgage, and vehicle loans), distinctive credit cards, investment products (mutual funds, shares, government bonds/treasury bills, and repos), deposit products (time, demand, protected), insurance products, SME loans as well as agricultural loans. 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 and investment banking, 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. Servicing the upper segment of wealthy and high income retail customers who require sophisticated banking and investment services falls within the scope of private banking.

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Segment information of the Group as of 30 September 2017 is presented in the following table:

	Wholesale Banking		Retail Banking		Treasury and Investment Banking	Total
Current Period (01.01.2017-30.09.2017)	Corporate Banking	Commercial&Public Finance	SME&Agriculture Banking	Retail Banking		
Net interest income	616.350	501.950	1.619.753	980.721	1.031.632	4.750.406
Net fee and commission income	72.475	96.981	490.370	522.058	(41.259)	1.140.625
Other income/expense, net	62.877	142.485	(43.750)	57.434	(452.140)	(233.094)
Total segment income	751.702	741.416	2.066.373	1.560.213	538.233	5.657.937
Other operating expenses	(170.039)	(260.367)	(829.724)	(1.034.137)	(46.705)	(2.340.972)
Provision for loan losses and other receivables	(97.839)	(150.092)	(568.756)	(509.397)	(176.695)	(1.502.779)
Tax charge						(398.384)
Net profit from continuing operations	483.824	330.957	667.893	16.679	314.833	1.415.802
Net profit from discontinued operations	--	--	--	--		--
Net profit	483.824	330.957	667.893	16.679	314.833	1.415.802
Current Period (30.09.2017)						
Segment assets	29.250.064	24.550.141	36.006.181	19.087.243	39.708.152	148.601.781
Subsidiaries and associates						25.197
Undistributed assets						3.350.428
Total assets						151.977.406
Segment liabilities	16.625.537	13.161.308	61.022.291	15.878.084	28.680.110	135.367.330
Undistributed liabilities						4.333.021
Shareholders' equity						12.277.055
Total liabilities						151.977.406

	Wholesale Banking		Retail Banking		Treasury and Investment Banking	Total
Prior Period (01.01.2016-30.09.2016)	Corporate Banking	Commercial&Public Finance	SME&Agriculture Banking	Retail Banking		
Net interest income	552.848	528.579	1.228.250	757.398	728.358	3.795.433
Net fee and commission income	71.747	74.178	413.093	374.155	(37.378)	895.795
Other income/expense, net	1.159.120	405.135	99.152	309.726	(1.870.972)	102.161
Total segment income	1.783.715	1.007.892	1.740.495	1.441.279	(1.179.992)	4.793.389
Other operating expenses	(155.776)	(246.652)	(739.124)	(881.829)	(58.945)	(2.082.326)
Provision for loan losses and other receivables	(170.360)	(177.720)	(467.825)	(368.743)	(127.569)	(1.312.217)
Tax charge						(295.393)
Net profit from continuing operations	1.457.579	583.520	533.546	190.707	(1.366.506)	1.103.453
Net profit from discontinued operations	--	--	--	--	--	1.118
Net profit	1.457.579	583.520	533.546	190.707	(1.366.506)	1.104.571
Prior Period (31.12.2016)						
Segment assets	27.311.779	22.840.097	28.333.699	16.536.941	37.514.556	132.537.072
Subsidiaries and associates						25.180
Undistributed assets						2.991.746
Total assets						135.553.998
Segment liabilities	16.212.772	11.243.823	13.644.291	51.266.805	28.455.620	120.823.311
Undistributed liabilities						4.140.589
Shareholders' equity						10.590.098
Total liabilities						135.553.998

Information relating to segment information of the Group was prepared in accordance with data obtained from system of Management Reporting.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	1.050.228	950.481	876.276	947.988
Central Bank of the Republic of Turkey	2.073.516	12.563.854	1.405.531	11.609.546
Other (*)	--	1	--	20
Total	3.123.744	13.514.336	2.281.807	12.557.554

(*) Cheques purchased for 1 TL includes (31 December 2016: TL 20) balance.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	677.526	1.825.438	1.405.531	1.501.383
Unrestricted Time Deposits	1.395.990	--	--	--
Restricted Time Deposits	--	10.738.416	--	10.108.163
Total	2.073.516	12.563.854	1.405.531	11.609.546

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

3. Information on required reserves

As of 30 September 2017, all banks operating in Turkey should provide a reserve in a range of 4% to 10,5% (31 December 2016: between 4% and 10,5%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 5% to 19% (31 December 2016: between 4,5% and 24,5%) in US Dollars or standard gold for their liabilities in foreign currencies.

CBRT began paying interest for the required reserves maintained in Turkish Lira as from November 2014 and for the required reserves maintained in US Dollar as from May 2015. The interest income of TL 69.557 derived from the required reserves maintained by the Parent Bank at CBRT (1 January - 30 September 2016: TL 35.052) has been recorded under the account "interests derived from required reserves".

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

1. Information on trading securities given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	8.311	--	8.380	--
Other	--	--	--	--
Total	8.311	--	8.380	--

2. Trading securities subject to repurchase agreements

None (31 December 2016: None).

3. Positive value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	26.934	27.942	1.549	57.153
Swap Transactions	297.548	820.954	944.857	268.949
Futures Transactions	--	--	--	--
Options	153	55.741	523	67.994
Other	--	--	--	--
Total	324.635	904.637	946.929	394.096

c. Information on Banks

1. Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	308.381	960.753	6.383	655.752
Foreign	8.438	7.574.702	10.623	4.899.985
Foreign head offices and branches	--	--	--	--
Total	316.819	8.535.455	17.006	5.555.737

d. Information on investment securities available-for-sale

1. Major types of investment securities available-for-sale

Investment securities available-for-sale 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.

2. Investment securities available-for-sale given as collateral

Available-for-sale financial assets 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 1.134.708 (31 December 2016: TL 849.495).

3. Investment securities available-for-sale given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	--	--	--	--
T-bills, Bonds and Similar Securities	807.511	327.197	725.926	123.569
Other	--	--	--	--
Total	807.511	327.197	725.926	123.569

4. Investment securities available-for-sale subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1.911.752	224.627	3.830.370	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	--	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
Total	1.911.752	224.627	3.830.370	--

5. Information on available-for-sale securities

	Current Period	Prior Period
Debt instruments	7.097.834	7.865.668
Quoted on Stock Exchange	7.097.834	7.865.668
Unquoted on Stock Exchange	--	--
Share certificates	55.398	41.728
Quoted on Stock Exchange	51.421	37.779
Unquoted on Stock Exchange	3.977	3.949
Impairment provision (-)	358.489	310.406
Total	6.794.743	7.596.990

e. Information related to loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	--	--	--	--
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
Indirect Loans Granted to Shareholders	--	5.828	--	7.721
Loans Granted to Employees	61.158	--	60.741	4
Total	61.158	5.828	60.741	7.725

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

	Performing Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Agreement conditions modified			Agreement conditions modified		
	Loans and Other Receivables (Total)	Extension of Payment Plan	Other	Loans and Other Receivables (Total)	Extension of Payment Plan	Other
Non-specialized Loans	85.644.849	1.696.447	--	7.201.217	3.147.082	--
Working Capital Loans	32.712.315	437.392	--	503.392	439.897	--
Export Loans	1.338.761	11.810	--	26.510	594	--
Import Loans	--	--	--	--	--	--
Loans Given to Financial Sector	1.760.587	--	--	162.641	156.188	--
Consumer Loans	14.138.891	204.339	--	1.418.122	328.671	--
Credit Cards	5.423.178	8.863	--	411.302	92.784	--
Other	30.271.117	1.034.043	--	4.679.250	2.128.948	--
Specialization Loans	10.059.949	27.878	--	1.080.714	504.595	--
Other Receivables	--	--	--	--	--	--
Total	95.704.798	1.724.325	--	8.281.931	3.651.677	--

(*) 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 2016: 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 "Standard Loan and Other Receivables" as of 30 September 2017.

	Performing Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of modifications made to extend payment plan		
Extended by 1 or 2 times	1.491.018	3.243.329
Extended by 3,4 or 5 times	233.245	406.069
Extended by more than 5 times	62	2.279
Total	1.724.325	3.651.677

	Performing Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended payment period of time		
0-6 Months	5.652	113.303
6-12 Months	7.113	83.257
1-2 Years	20.965	213.676
2-5 Years	510.719	1.085.323
5 Year and Over	1.179.876	2.156.118
Total	1.724.325	3.651.677

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

	Short Term	Medium or Long Term	Total
Consumer Loans-TL	338.607	14.423.685	14.762.292
Real estate Loans	4.716	4.445.826	4.450.542
Vehicle Loans	914	278.177	279.091
General Purpose Loans	332.977	9.699.682	10.032.659
Other	--	--	--
Consumer Loans-Indexed to FC	--	24.623	24.623
Real estate Loans	--	24.216	24.216
Vehicle Loans	--	--	--
General Purpose Loans	--	407	407
Other	--	--	--
Consumer Loans-FC	9.000	19.538	28.538
Real estate Loans	--	2.269	2.269
Vehicle Loans	--	--	--
General Purpose Loans	--	188	188
Other	9.000	17.081	26.081
Individual Credit Cards-TL	5.085.490	297.794	5.383.284
Installment	2.396.915	297.794	2.694.709
Non installment	2.688.575	--	2.688.575
Individual Credit Cards-FC	1.386	--	1.386
Installment	--	--	--
Non installment	1.386	--	1.386
Loans Given to Employees-TL	3.910	28.926	32.836
Real estate Loans	--	1.468	1.468
Vehicle Loans	--	68	68
General Purpose Loans	3.910	27.390	31.300
Other	--	--	--
Loans Given to Employees - Indexed to FC	--	--	--
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Loans Given to Employees - FC	--	266	266
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	266	266
Personnel Credit Cards - TL	26.283	185	26.468
Installment	12.708	185	12.893
Non installment	13.575	--	13.575
Personnel Credit Cards - FC	57	--	57
Installment	--	--	--
Non installment	57	--	57
Overdraft Loans-TL (Real Persons) (*)	708.458	--	708.458
Overdraft Loans-FC (Real Persons)	--	--	--
Total	6.173.191	14.795.017	20.968.208

(*) Overdrafts used by the personnel of the Parent Bank are TL 1.532 (31 December 2016: TL 1.489).

4. Information on installment commercial loans and corporate credit cards

	Short Term	Medium or Long Term	Total
Installment Commercial Loans - TL	726.426	12.642.868	13.369.294
Real estate Loans	228	189.922	190.150
Vehicle Loans	9.747	405.322	415.069
General Purpose Loans	716.451	12.047.624	12.764.075
Other	--	--	--
Installment Commercial Loans - Indexed to FC	10.151	1.348.336	1.358.487
Real estate Loans	--	7.288	7.288
Vehicle Loans	212	28.639	28.851
General Purpose Loans	9.939	1.312.409	1.322.348
Other	--	--	--
Installment Commercial Loans - FC	--	43.879	43.879
Real estate Loans	--	--	--
Vehicle Loans	--	118	118
General Purpose Loans	--	43.761	43.761
Other	--	--	--
Corporate Credit Cards - TL	423.037	13	423.050
Installment	146.148	13	146.161
Non installment	276.889	--	276.889
Corporate Credit Cards - FC	235	--	235
Installment	--	--	--
Non installment	235	--	235
Overdraft Loans-TL (Legal Entities)	1.541.961	--	1.541.961
Overdraft Loans-FC (Legal Entities)	--	--	--
Total	2.701.810	14.035.096	16.736.906

5. Domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	93.306.663	82.206.250
Foreign Loans	10.680.066	7.940.554
Total	103.986.729	90.146.804

6. Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	13.449	14.139
Indirect loans granted to subsidiaries and associates	--	--
Total	13.449	14.139

7. Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectability	213.526	128.655
Loans and Receivables with Doubtful Collectability	590.851	463.077
Uncollectible Loans and Receivables	2.282.723	2.056.223
Total	3.087.100	2.647.955

8. Information on non-performing loans (Net)

(i) Information on loans under follow-up, loans and other receivables those are restructured /rescheduled

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period	10.293	36.952	124.984
(Gross Amounts Before Specific Reserves)	--	--	--
Restructured Loans and Other Receivables	--	--	--
Rescheduled Loans and Other Receivables	10.293	36.952	124.984
Prior Period	12.405	22.935	107.038
(Gross Amounts Before Specific Reserves)	--	--	--
Restructured Loans and Other Receivables	--	--	--
Rescheduled Loans and Other Receivables	12.405	22.935	107.038

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(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
Balances at Beginning of Period	571.012	866.753	2.213.874
Additions (+)	1.199.086	93.333	142.147
Transfers from Other Categories of Non-Performing Loans (+)	--	1.183.310	1.123.613
Transfers from Other Categories of Non-Performing Loans (-)	1.183.310	1.123.613	--
Collections (-)	186.681	165.573	330.773
Write-offs (-) (*)	--	--	513.001
Corporate and Commercial Loans	--	--	7.960
Retail Loans	--	--	210.694
Credit Cards	--	--	149.713
Other	--	--	144.634
Balances at End of the Period	400.109	854.210	2.635.860
Specific Provisions (-)	213.526	590.851	2.282.723
Net Balance on Balance Sheet	186.583	263.359	353.137

(*) On 31 March 2017, the parent bank has sold its personal portfolio which has a value of TL 155.670 at a cost of TL 12.900, and its corporate loan portfolio which has a value of TL 105.520 at a cost of TL 5.400. On 18th of May, its personal loans portfolio which has been monitored and has a value of TL 200.673 at a cost of TL 17.700, and it's corporate loans portfolio which has a value of TL 51.138 at a cost of TL 2.750 to wealth management companies.

Parent Bank in the previous periods has applied the minimum ratios for non-performing corporate, commercial loans and credit cards with in the framework of the "Regulation on Procedures and Principles Related to the Determination of the Qualifications of Banks as Loans and Other Receivables". The Parent Bank changed its estimations on the cash recoveries of such portfolios and provided excess provision amounting to TL 296.859.

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period: 30 September 2017			
Balance as of the Period End	15.338	7.491	2.346
Specific Provisions (-)	1.688	6.990	2.338
Net Balance on Balance Sheet	13.650	501	8
Prior Period: 31 December 2016			
Balance as of the Period End	7.700	8.431	500
Specific Provisions (-)	2.979	8.298	138
Net Balance on Balance Sheet	4.721	133	362

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net): 30 September 2017	186.584	263.358	353.137
Loans Granted to Real Persons and Legal Entities (Gross)	400.110	854.194	2.635.860
Specific provisions (-)	213.526	590.836	2.282.723
Loans Granted to Real Persons and Legal Entities (Net)	186.584	263.358	353.137
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	15	--
Specific provisions (-)	--	15	--
Other Loan and Receivables (Net)	--	--	--
Prior Period (Net): 31 December 2016	410.488	384.234	208.962
Loans Granted to Real Persons and Legal Entities (Gross)	539.143	845.105	2.265.185
Specific provisions (-)	128.655	460.871	2.056.223
Loans Granted to Real Persons and Legal Entities (Net)	410.488	384.234	208.962
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	2.206	--
Specific provisions (-)	--	2.206	--
Other Loan and Receivables (Net)	--	--	--

f. Information on investment securities held-to-maturity

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

(i) Information on securities subject to repurchase agreement

Held-to-maturity investments subject to repurchase agreement are TL 405.492 (31 December 2016: TL 1.797.997).

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

Collateralized held-to-maturity investments are government bonds, whose book value amounts to TL 3.523.815 (31 December 2016: TL 1.099.775).

2. Information on government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	5.091.693	5.018.478
Treasury Bills	--	--
Other Government Debt Securities	--	--
Total	5.091.693	5.018.478

3. Information on investment securities held-to-maturity

	Current Period	Prior Period
Debt Securities	5.134.709	5.066.364
Quoted on Stock Exchange	5.134.709	5.028.810
Unquoted on Stock Exchange	--	37.554
Impairment (-)	43.016	10.332
Total	5.091.693	5.056.032

4. Information on the movement of investment securities held-to-maturity during the period

	Current Period	Prior Period
Balance at the beginning of the period	5.056.032	3.376.169
Foreign exchange differences (*)	191.135	270.686
Purchases during the year (**)	--	1.419.509
Disposals/Redemptions	(110.608)	--
Impairment losses (-)	44.866	10.332
Total	5.091.693	5.056.032

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

(**) Classifications of available-for-sale financial assets are shown under "Purchases During The Year".

The Parent Bank transferred a portion of its securities from "investment securities available-for-sale" portfolio, as of reclassification date with a new cost is amounting to TL 2.826.026 and US Dollar 320.674, to the "investment securities held-to-maturity" portfolio due to change in the intention of holding dating 23 July, 24 July, 26 December 2013 and 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 197.653 (31 December 2016: TL 224.805).

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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. ⁽¹⁾	İstanbul/Turkey	9	--
2-Kredi Garanti Fonu A.Ş. ⁽²⁾	Ankara/Turkey	2	--
3-Ege Tarım Ürünleri Lisanslı Dep. A.Ş. ⁽²⁾	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	242.828	166.867	175.758	2.392	--	28.103	10.180	--
2	314.961	304.494	6.585	18.431	--	5.530	5.483	--
3	10.819	10.496	7.996	152	--	(600)	(465)	--

⁽¹⁾ Information on the financial statements is presented as of the period ended 30 June 2017.

⁽²⁾ Information on the financial statements is presented as of the period ended 31 December 2016.

2. Investments in consolidated associates

There are no investments in consolidated associates.

h. Investments in subsidiaries

1. Information on shareholders' 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 prepared within the scope of regulation depended by Denizbank AG and they are obtained from financial datas of 30 September 2017.

	Denizbank AG
Paid-in capital	888.080
Share Premium	1.302.268
Reserves	3.200.419
Deductions from capital	1.705
Total Common Equity	5.389.062
Total Additional Tier I Capital	--
Deductions from capital	6.819
Total Core Capital	5.382.243
Total Supplementary Capital	106.533
Capital	5.488.776
Deductions from capital	--
SHAREHOLDERS' EQUITY	5.488.776

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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	161.294	(2.544)	59.600	3.119	--	648	4.555	--
2	1.229	1.226	--	--	--	(91)	(53)	--
3	210	208	--	7	--	(12)	(19)	--
4	316	309	--	--	--	6	10	--
5	87	87	--	--	--	(15)	(12)	--
6	17.544	16.289	2.167	1.071	--	689	962	--

Information on the financial statements is presented as of the period ended 30 September 2017, subsidiaries above are not included in consolidation because they are nonfinancial partnerships.

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	44.308.905	5.637.539	47.116	1.269.225	4.562	497.328	327.656	--	--
2	529.396	25.041	67	15.818	--	287	580	--	--
3	283.844	227.811	1.819	8.688	204	24.751	6.813	--	--
4	989.780	286.767	3.154	43.537	9.630	28.664	19.543	--	--
5	18.421	16.770	15	1.436	100	4.508	2.708	--	--
6	3.186.868	703.610	142.106	206.556	--	72.412	64.809	--	--
7	1.626.614	249.633	1.502	188.497	--	58.888	35.852	--	--
8	209.897	204.166	131	807	--	7.017	4.143	--	--
9	109.084	95.946	87.077	1	--	2.242	1.529	--	--

Includes information on the consolidated financial statements as of 30 September 2017.

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(i) Movement of consolidated subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	2.378.988	2.307.921
Movements during the Period	316.839	71.067
Purchases (***)	209.094	--
Bonus Shares Received	--	--
Dividends from Current Year Profit	--	--
Sales (**)	--	(9.999)
Revaluation Increase, Effect of Inflation and F/X Difference	107.745	87.520
Other (*)	--	(6.454)
Allowance for impairment	--	--
Balance at the End of the Period	2.695.827	2.378.988
Capital Commitments	--	--
Share Percentage at the end of Period (%)	--	--

(*) Type of Ekspres Menkul Değerler A.Ş. has changed and excluded from consolidation scope.

(**) Shares of Destek Varlık Yönetim A.Ş., owned at total 100% ratio by Deniz Yatırım, Ekspres Bilgi İşlem, Deniz Finansal Kiralama, Deniz Faktoring and Intertech, were sold to Lider Faktoring and Merkez Faktoring with a total consideration of TL 12.320 on 29 December 2016 in accordance with the Board of Directors decision of the Company dated 14 July 2016.

(***) Explanations of yearly purchases are on Section Three, footnote III.

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

	Current Period	Prior Period
Banks	1.634.886	1.417.857
Insurance Companies	--	--
Factoring Companies	138.107	138.107
Leasing Companies	559.379	512.877
Finance Companies	--	--
Other Subsidiaries	363.455	310.147
Total	2.695.827	2.378.988

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

(iii) Quoted subsidiaries within the consolidation scope

	Current Period	Prior Period
Quoted on domestic markets	130.221	67.141
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	23.713	28.132	5.708	61.010	(54.776)

Information on the unreviewed financial statements is presented as of the period ended 30 June 2017.

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 be nonfinancial entity. This entity is carried at cost.

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j. Information on receivables from leasing activities

1. Maturity analysis of finance lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	148.702	141.892	192.240	184.849
Between 1-4 years	1.188.371	1.056.057	1.425.809	1.269.652
Over 4 years	1.814.806	1.343.454	1.583.458	1.182.806
Total	3.151.879	2.541.403	3.201.507	2.637.307

2. Information on net investments in finance lease receivables

	Current Period	Prior Period
Gross finance lease receivable	3.151.879	3.201.507
Unearned finance income (-)	610.476	564.200
Cancelled leasing agreements (-)	--	--
Net investment on finance leases	2.541.403	2.637.307

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 September 2017, 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	Prior Period
Up to 1 year	33.251	31.158
Between 1-5 years	22.460	29.254
5 years and over	--	--
Total	55.711	60.412

k. Explanation on hedging purpose derivatives

None (31 December 2016: None).

l. Explanation on investment property

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

As of 30 September 2017, the Group has investment property is amounting to TL 164.927 (31 December 2016: TL 164.527) which carried from it's fair value on the Group's Financial Statements.

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m. Information on deferred tax asset

Deferred tax asset calculated on the basis of related regulation is TL 85.790 (31 December 2016: TL 153.176) and deferred tax liability is TL 16.652 (31 December 2016: TL 15.446). 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 bases:

	Current Period	Prior Period
Miscellaneous Provisions Financial Loss (*)	114.009	102.894
Unearned Income	58.341	56.753
Provision for Employee Benefits	8.695	22.110
Valuation Differences of Financial Assets	23.810	22.882
Financial Loss	--	629
Deferred Tax Assets	204.855	205.268
Valuation Differences of Tangible Assets	(33.937)	(32.269)
Valuation Differences of Derivatives	(74.560)	(16.007)
Other	(27.220)	(19.262)
Deferred Tax Liabilities	(135.717)	(67.538)
Net Deferred Tax Assets	69.138	137.730

(*) Balances of Deniz Leasing and Deniz Faktoring are also included in Miscellaneous Provisions.

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 2016: None).

o. Information on other assets

1. Information on prepaid expense, taxes and similar items

DFS Group's total prepaid expenses are TL 515.959 (31 December 2016: TL 300.053).

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 September 2017:

	Demand	7 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	2.791.166	--	2.020.252	18.753.077	873.377	341.181	351.149	19.153	25.149.355
Foreign Currency Deposits (*)	16.250.098	--	4.045.873	15.306.470	3.494.845	5.906.854	21.003.145	1.367	66.008.652
Residents in Turkey	6.694.559	--	3.305.934	14.168.134	2.933.950	848.333	1.971.201	1.191	29.923.302
Residents Abroad	9.555.539	--	739.939	1.138.336	560.895	5.058.521	19.031.944	176	36.085.350
Public Sector Deposits	640.901	--	15.317	388.891	7.315	352	13.939	--	1.066.715
Commercial Deposits	3.047.826	--	2.021.649	4.184.554	132.595	234.916	192.292	--	9.813.832
Other Ins. Deposits	117.694	--	93.979	854.606	513.883	404.868	72.656	--	2.057.686
Precious Metal Deposits	263.142	--	36.025	262.350	46.347	21.602	7.443	5.528	642.437
Bank Deposits	297.690	--	2.587.310	1.083.671	1.638	--	109.098	--	4.079.407
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	5.175	--	1.810.527	88.390	--	--	--	--	1.904.092
Foreign Banks	291.792	--	776.783	995.281	1.638	--	109.098	--	2.174.592
Special Finan. Inst.	723	--	--	--	--	--	--	--	723
Other	--	--	--	--	--	--	--	--	--
Total	23.408.517	--	10.820.405	40.833.619	5.070.000	6.909.773	21.749.722	26.048	108.818.084

(*) Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 43.223.235 and Commercial Deposit customers at the amount of TL 22.785.417 .

Prior period - 31 December 2016:

	Demand	7 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	2.322.348	--	2.355.686	15.076.048	701.221	153.831	252.692	26.694	20.888.520
Foreign Currency Deposits (*)	12.890.613	--	2.975.273	11.835.876	1.553.924	6.001.084	19.819.205	1.325	55.077.300
Residents in Turkey	5.861.977	--	2.696.271	10.866.308	1.278.067	1.962.383	1.588.328	1.165	24.254.499
Residents Abroad	7.028.636	--	279.002	969.568	275.857	4.038.701	18.230.877	160	30.822.801
Public Sector Deposits	486.443	--	38.636	51.363	3.669	349	10.808	--	591.268
Commercial Deposits	2.820.471	--	2.206.973	5.371.941	711.082	155.101	226.933	--	11.492.501
Other Ins. Deposits	102.245	--	103.356	1.515.642	128.363	9.358	178.377	--	2.037.341
Precious Metal Deposits	265.351	--	29.656	151.809	41.997	28.783	12.364	4.268	534.228
Bank Deposits	76.053	--	507.818	882.414	860	1.767	105.881	--	1.574.793
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	7.198	--	111.364	27.378	--	1.767	--	--	147.707
Foreign Banks	44.298	--	396.454	855.036	860	--	105.881	--	1.402.529
Special Finan. Inst.	24.557	--	--	--	--	--	--	--	24.557
Other	--	--	--	--	--	--	--	--	--
Total	18.963.524	--	8.217.398	34.885.093	3.141.116	6.350.273	20.606.260	32.287	92.195.951

(*) Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 36.483.244 and Commercial Deposit customers at the amount of TL 18.594.056.

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	Prior Period	Current Period	Prior Period
Saving Deposits	13.024.246	10.732.125	12.061.319	10.067.622
Foreign Currency Saving Deposits	3.474.961	2.373.888	11.975.966	9.536.921
Other Saving Deposits	--	--	--	--
Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Total	16.499.207	13.106.013	24.037.285	19.604.543

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

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	103.637	162.530
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	36.366	41.124
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	24.928	24.265
Total	164.931	227.919

(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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	3.549	14.576	40.220	19.978
Swap Transactions	659.962	225.615	506.384	595.267
Futures Transactions	--	--	--	--
Options	36	81.235	7	86.530
Other	--	--	--	--
Total	663.547	321.426	546.611	701.775

c. Information on funds borrowed

1. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank Loans	--	--	--	--
Domestic Bank and Institutions	548.990	821.529	1.094.208	740.691
Foreign Bank, Institutions and Funds	1.147.546	9.561.835	1.035.318	8.388.474
Total	1.696.536	10.383.364	2.129.526	9.129.165

2. Maturity information of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1.121.929	5.443.453	1.602.323	3.571.403
Medium and Long-Term	574.607	4.939.911	527.203	5.557.762
Total	1.696.536	10.383.364	2.129.526	9.129.165

d. Information on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	27.875	1.133.121	--	1.309.730
Bills	2.342.599	--	1.766.245	--
Asset Backed Security	312.813	--	415.080	--
Total	2.683.287	1.133.121	2.181.325	1.309.730

Nominal value of TL 100.545 (31 December 2016: TL 70.095) 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.

f. Information on lease payables

None (31 December 2016: None).

1. Changes in agreements and further commitments arising

None (31 December 2016: None).

2. Obligations under finance leases

None (31 December 2016: 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 2016: None).

h. Explanation on provisions

1. Information on general provisions

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	977.116	907.233
Additional Provision for Loans with Extended Maturities	23.208	71.838
Provisions for Loans and Receivables in Group II	266.606	258.866
Additional Provision for Loans with Extended Maturities	128.020	160.565
Provisions for Non Cash Loans	102.877	103.255
Other	--	--
Total	1.346.599	1.269.354

The minimum provision ratio for the calculation of the general provision according to "Regulation on the Amendment of the Regulation on the Procedures and Principles for the Determination of the Qualifications of Banks and the Other Receivables and Provisions to be Issued" published in the Official Gazette dated 14 December 2016 and numbered 29918, The Company provided a general provision above the minimum provision ratio as of 30 September 2017. If the minimum allowance ratios stated in the Regulation had been applied, the general provision amount in the financial statements would be lower by TL 1.042.000 (31 December 2016: TL 868.000).

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

As of 30 September 2017, the reserves allocated for the exchange rate differences of loans indexed to foreign currency amount to TL 10.038 (31 December 2016: TL 128). Provisions for exchange rate differences pertaining to loans indexed to foreign currency are netted off against the credits and receivables under asset items in financial statements.

3. Liabilities on provision for employee benefits

TAS 19 required to using the actuarial methods for calculation of operating obligations.

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

	Current Period	Prior Period
Discount rate	%5,71	% 5,71
Interest Rate	%11,00	% 11,00
Expected rate of salary/limit increase	%5,00	% 5,00

As of 30 September 2017, TL 94.156 of provision for employment termination benefits (31 December 2016: TL 86.385) and TL 32.816 of unused vacation accruals (31 December 2016: TL 35.334) were reflected to the consolidated financial statements.

Movement of retirement pays liability during the period:

	Current Period	Prior Period
Balance at the Beginning of the Period	86.385	70.923
Changes in the period	20.236	21.344
Actuarial loss/gain	--	8.388
Paid in the period	(12.866)	(14.517)
FX difference	401	247
Balance at the End of the Period	94.156	86.385

4. Information on other provisions

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

TL 256.325 of other provisions is provided for possible future losses related to certain loans in the loan portfolio (31 December 2016: TL 233.823). TL , 98.847 (31 December 2016: TL 85.998) specific provisions for non-cash, TL 44.910 (31 December 2016: TL 29.059). Includes provisions against the Bank and provisions for operational risk and TL 74.294 includes the other provisions (31 December 2016: TL 8.198).

i. Information on taxation

1. Information on current taxes

(i) Information on current tax liability

As of 30 September 2017, the corporate tax provision of DFS Group is TL 260.887 (31 December 2016: TL 320.330), and it has been offset with advance taxes amounting to TL 210.181 (31 December 2016: TL 312.220).

(ii) Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	50.706	8.110
Taxation on securities	68.270	52.785
Capital gains taxes on property	2.184	1.992
Banking Insurance Transaction Tax (BITT)	50.740	50.659
Taxes on foreign exchange transactions	--	--
Value added taxes payable	1.891	3.636
Other	16.053	46.938
Total	189.844	164.120

(iii) Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	8.926	8.154
Social security premiums- employer share	9.964	8.933
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	414	348
Pension fund membership fees and provisions- employer share	507	426
Unemployment insurance- employee share	636	582
Unemployment insurance- employer share	1.237	1.111
Other	2.702	6.045
Total	24.386	25.599

2. Information on deferred tax liabilities

Deferred tax liability calculated on the basis of related regulation is 16.652 (31 December 2016 TL 15.446). 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	Prior Period
Common Stock	3.316.100	3.316.100
Preferred Stock	--	--

Paid-in capital of the Parent Bank is shown as nominal above.

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.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and JVs	--	--	--	--
Valuation Difference	(361.086)	(24.996)	(444.941)	(110.354)
FX Difference	--	--	--	--
Total	(361.086)	(24.996)	(444.941)	(110.354)

10. Information on hedging funds

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

11. Information on minority shares

	Current Period	Prior Period
Balance at the Beginning of the Period	8.270	7.198
Minority interest in net income of consolidated subsidiaries	615	1.072
Increase/(decrease) in minority interest due to disposals	--	--
Other	--	--
Balance at the End of the Period	8.885	8.270

12. Information on revaluation differences of tangible assets

DFH Group has passed to revaluation model from cost model in the framework of TAS 16 "Intangible Fixed Assets" in valuation of properties in use which are traced under intangible fixed assets as of 31 December 2016 while it tracks all of its intangible fixed assets in accordance with TAS 16 "Intangible Fixed Assets". Revaluation difference amount of TL 41.317 is recognized under equities as a result of revaluation process.

Revaluation differences of tangible assets amounting to TL 66.854 is income from sales of real estate, associates, subsidiaries and equity securities classified as available-for-sale and recorded in equity.

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 2017, a sum of TL 1.409.281 from the net profit of the year 2016 amounting to TL 70.464 is to be allocated as legal reserve. 75% of sales income of real estate and participation shares amounting to TL 66.854 are to be allocated to savings funds in accordance with Article 5 subparagraph 1/e of the Law of Corporate Tax No 5520. It has been decided that the remaining TL 1.271.963 will be reserved as 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 September 2017, non-cash loans, commitments for credit card limits and commitments for cheque payments are TL 28.633.604, TL 14.481.761 and TL 2.340.689, respectively. (31 December 2016: TL 28.782.015, TL 12.764.645 and TL 2.111.130, 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 September 2017, DFS Group has letters of guarantee amounting to TL 23.057.957, bills of exchange and acceptances amounting to TL 310.172, and guarantees and sureties on letters of credit amounting to TL 2.794.072 and other guarantees and sureties amounting to TL 2.471.403

As of 31 December 2016 DFS Group has letters of guarantee amounting to TL 21.782.215, bills of exchange and acceptances amounting to TL 256.830, and guarantees and sureties on letters of credit amounting to TL 2.426.616 and other guarantees and sureties amounting to TL 4.316.354.

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

	Current Period	Prior Period
Provisional Letters of Guarantee	1.129.247	1.103.750
Final Letters of Guarantee	14.729.171	14.223.149
Letters of Guarantee for Advances	2.393.018	2.874.152
Letters of Guarantee given to Customs Offices	160.319	169.797
Other Letters of Guarantee	4.646.202	3.411.367
Total	23.057.957	21.782.215

3. Information on non-cash loans

(i) Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Obtaining Cash Loans	5.000.635	8.211.637
With Original Maturity of 1 Year or Less	4.731.495	7.816.907
With Original Maturity of More Than 1 Year	269.140	394.730
Other Non-Cash Loans	23.632.969	20.570.378
Total	28.633.604	28.782.015

b. Contingent assets and liabilities

Tax investigation report for 2010 has been issued by Large Taxpayers Office of Turkish Tax Inspection Board as a result of examination of file cost collected from customers who use individual credits with respect to Resource Utilization Support Fund. Tax investigation report for 2010 has been issued by Large Taxpayers Office of Turkish Tax Inspection Board as a result of examination of file cost collected from customers who use individual credits with respect to Resource Utilization Support Fund. In tax inspection reports, an 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 Resource Utilization Support Fund 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. The Bank has appealed to the court for the stay of execution. 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 amount of TL 3.957 paid 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.

As a result of examination of filing expenditure collected from customers who are provided individual credits by Tax Inspection Board - Istanbul Large Taxpayers Directorate with respect to Resource Utilization Support Fund (RUSF), a tax investigation report is issued for 2011. Accrual slips including RUSF amount of TL 2,182 and penalty rate amount of TL 2.911 is notified for 2011 in tax investigation report since the Bank did not calculate RUSF over filing expenditure collected from customers who are provided individual credits. No provisions are made in financial statements since it is concluded that implementation of Bank are compliant to legislation considering decisions regarding repayment of file expenditures in court decisions due to not being accepted as interest in Uniform Chart of Accounts published by BRSA. The Bank has filed a claim in order for suspension of execution to Istanbul Administrative Court 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 cost collected from customers who use individual credits with respect to Resource Utilization Support Fund. In tax inspection reports, accrual slips including Resource Utilization Support Fund 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 Resource Utilization Support Fund 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 2. Administrative Court, to Istanbul 12. Administrative Court and to Istanbul 7. Administrative Court on 5 September 2017. Suspensions of execution have been decreed with regards to the claims, and the lawsuit process is still in progress.

In addition to the matters explained in detail above, the Group has provided a provision amounting to TL 43.825 (31 December 2016: TL 23.959) for the cases against the Group in accordance with the precautionary principle; These reserves are classified in the bill as "Other reserves". Except for provisions, other ongoing cases are unlikely to result in a conclusion and cash outflow is not foreseen for this case.

IV. Explanations and disclosures related to consolidated statement of income

a. Interest income

1. Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term Loans	1.959.118	109.894	1.876.580	81.615
Medium and Long Term Loans	4.193.627	1.747.998	3.050.869	1.319.524
Loans Under Follow-Up	45.063	--	30.590	--
Premiums Received from Resource Utilization Support Fund	--	--	--	--
Total	6.197.808	1.857.892	4.958.039	1.401.139

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

2. Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	90.796	576	2	288
Domestic Banks	41.527	8.165	420	7.060
Foreign Banks	472	12.187	19	762
Foreign Head Offices and Branches	--	--	--	--
Total	132.795	20.928	441	8.110

The interest income from required reserves that maintain in CBRT of Parent Bank amounting to TL 69.557 (1 January - 30 September 2016: 35.052) recognized under " Interest Income Received From Required Reserves " account.

3. Information on interest income received from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	3.883	6.187	2.802	331
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
Investment Securities Available-for-Sale	420.628	51.442	492.703	86.935
Investment Securities Held-to-Maturity	296.035	95.300	227.993	21.831
Total	720.546	152.929	723.498	109.097

As stated in the chapter III footnote numbered VII, the Parent Bank has government securities in the available for sale and held to maturity securities portfolio 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 September 2017, the valuation of the related securities was based on the yearly 9,95% inflation forecast. If the valuation of these securities indexed to CPI was made according to the reference index valid for 30 September 2017, the valuation differences of the securities under equity would decrease by TL 6.080 and the consolidated net profit for the period would have increased by TL 23.438 to TL 1.439.240.

4. Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	414	4.180

b. Interest expense

1. Information on interest expense related to funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	162.305	468.366	129.744	394.681
Central Bank of the Republic of Turkey	31	--	52	--
Domestic Banks	56.340	17.136	80.231	4.611
Foreign Banks	105.934	451.230	49.461	359.239
Foreign Head Offices and Branches	--	--	--	--
Other Institutions	--	--	--	--
Total	162.305	468.366	129.744	363.850

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

2. Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	5.976	1.923

3. Information on interest expense paid to securities issued

	Current Period	Prior Period
Interest Paid to Securities Issued	242.316	142.323

4. Maturity structure of the interest expense on deposits

Account Name	Demand Deposits	Up to 1 Month	Up to 3 Month	Time Deposit			Cumulative Deposit	Total
				Up to 6 Month	Up to 1 Year	More than 1 Year		
TL								
Bank Deposits	--	47.150	--	--	--	--	--	47.150
Saving Deposits	23	160.996	1.492.291	65.316	19.663	23.028	1.347	1.762.664
Public Sector Deposits	--	2.624	9.849	467	24	733	--	13.697
Commercial Deposits	--	187.254	455.387	18.326	17.047	12.735	--	690.749
Other Deposits	--	7.259	105.635	30.444	18.583	7.653	--	169.574
"7 Days Notice" Deposits	--	--	--	--	--	--	--	--
Total	23	405.283	2.063.162	114.553	55.317	44.149	1.347	2.683.834
FC								
Foreign Currency Deposits	2.518	413.950	315.064	47.904	28.111	26.597	6	834.150
Bank Deposits	1.102	15.893	--	--	--	--	--	16.995
"7 Days Notice" Deposits	--	--	--	--	--	--	--	--
Precious Metal Deposits	3	8.463	2.701	470	435	196	67	12.335
Total	3.623	438.306	317.765	48.374	28.546	26.793	73	863.480
Grand Total	3.646	843.589	2.380.927	162.927	83.863	70.942	1.420	3.547.314

c. Information on trading income/loss

	Current Period	Prior Period
Income	232.798.983	153.660.078
Capital Market Transactions	14.824	30.434
Derivative Financial Instruments	4.663.119	3.691.860
Foreign Exchange Gains	228.121.040	149.937.784
Loss (-)	233.594.504	154.171.024
Capital Market Transactions	48.636	36.083
Derivative Financial Instruments	6.006.219	4.168.703
Foreign Exchange Losses	227.539.649	149.966.238
Net Trading Income / Loss	(795.521)	(510.946)

Net gain from foreign exchange translation differences related to derivative financial instruments is TL (1.029.753) (net gain for the period 1 January - 30 September 2016: TL (714.702)).

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d. Information on other operating income

	Current Period	Prior Period
Reversal of prior periods' provisions	263.287	261.082
Sale revenue for Real estate properties	27.363	10.600
Communication income	7.658	8.258
Cheque book fees	2.619	2.702
Other	260.270	330.260
Total	561.197	612.902

e. Impairment on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	1.191.205	902.276
<i>Loans and Receivables in Group III</i>	<i>251.669</i>	<i>121.313</i>
<i>Loans and Receivables in Group IV</i>	<i>439.443</i>	<i>269.232</i>
<i>Loans and Receivables in Group V</i>	<i>500.093</i>	<i>511.731</i>
Non-performing Commissions and Other Receivables	--	--
General Loan Loss Provisions	77.245	113.826
Free Provision for Probable Risks	21.723	137.394
Impairment Losses on Securities	53.839	66.067
<i>Financial Assets at Fair Value Through Profit or Loss</i>	<i>485</i>	<i>19</i>
<i>Investment Securities Available-for-Sale</i>	<i>53.354</i>	<i>66.048</i>
Impairment Losses on Associates, Subsidiaries, Joint Ventures and Investment Securities Held to Maturity	42.744	13.204
<i>Associates</i>	<i>--</i>	<i>--</i>
<i>Subsidiaries</i>	<i>--</i>	<i>--</i>
<i>Joint Ventures</i>	<i>--</i>	<i>--</i>
<i>Investment Securities Held-to-Maturity</i>	<i>42.744</i>	<i>13.204</i>
Other	116.023	79.450
Total	1.502.779	1.312.217

f. Information related to other operational expenses

	Current Period	Prior Period
Personnel Expenses	1.063.825	1.005.007
Reserve for Employee Termination Benefits	7.353	9.447
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	93.571	90.360
Impairment Losses on Intangible Assets	--	--
Amortization Charges of Intangible Assets	79.034	67.496
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	1.251	1.610
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	797.979	663.561
<i>Operational Leases Expenses</i>	<i>229.853</i>	<i>180.660</i>
<i>Repair and Maintenance Expenses</i>	<i>50.194</i>	<i>39.959</i>
<i>Advertisement Expenses</i>	<i>64.211</i>	<i>47.108</i>
<i>Other Expenses (*)</i>	<i>453.721</i>	<i>395.834</i>
Losses on Sale of Assets	2.794	2.206
Other	295.165	242.639
Total	2.340.972	2.082.326

(*) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationery, entertainment and representation, heating and lighting, credit card service fee and others amounting to TL 59.102, TL 70.161, TL 16.870, TL 5.246, TL 20.537, TL 134.554 and TL 147.251, respectively (1 January - 30 September 2016: TL 57.743, TL 59.679, TL 15.099, TL 5.105, TL 18.598, TL 80.773 and TL 158.837, respectively).

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

As 1 January - 30 September 2017, DFS Group has a profit before tax from continuing operations amounting to TL 1.814.186 (1 January-30 September 2016: TL 1.398.846).

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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 September 2017 the current period taxation charge on continuing operations is TL 254.192 (1 January - 30 September 2016: TL 289.704) while deferred tax charge is TL 144.192 (1 January - 30 September 2016: TL 5.689 deferred tax benefit).

There are not current period taxation charge on discontinuing operations. (1 January-30 September 2016: 88 TL).

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

Deferred tax benefit/charge arising from temporary differences	Current Period	Prior Period
Arising from Origination of Deductible Temporary Differences (+)	(16.404)	162.037
Arising from Reversal of Deductible Temporary Differences (-)	(62.238)	(134.759)
Arising from Origination of Taxable Temporary Differences (-)	(93.595)	(67.508)
Arising from Reversal of Taxable Temporary Differences (+)	28.045	34.541
Total	(144.192)	(5.689)

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

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	(78.013)	98.718
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	(65.550)	(32.969)
Arising from Origination (+)/ Reversal (-) of Tax Losses	(629)	(71.438)
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
Total	(144.192)	(5.689)

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

	Current Period	Prior Period
Profit/(loss) attributable to minority interests	615	643

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

Other Fees and Commissions Received	Current Period	Prior Period
Credit card clearing and other commissions	534.445	438.181
Contracted merchant / POS commissions	207.194	190.283
Insurance services	170.482	109.123
Filing fees	131.429	90.914
Account management fees	79.523	60.035
Intermediary services	43.017	44.830
Remittance commissions	38.526	30.477
Expertise fees	13.561	11.360
Other	103.296	87.418
Total	1.321.473	1.062.621

Other Fees and Commissions Paid	Current Period	Prior Period
Credit card / POS commissions	283.287	223.404
EFT fees and commissions	8.762	6.769
Other	60.082	67.959
Total	352.131	298.132

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

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	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	14.146	128.405	5.448	7.721	56	4
Balance at the End of the Period	13.600	126.216	6.145	5.828	9.224	--
Interest and Commission Income Received	415	21	584	--	3	--

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

Prior Period

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	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	2	35.394	2.299	19.970	33	30
Balance at the End of the Period	14.146	128.405	5.448	7.721	56	4
Interest and Commission Income Received	4.192	47	126	8	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

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
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	45.783	102.325	7.380.921	6.607.506	9.185	9.247
Interest and Commission Income Received	6.612	830	279.532	231.906	515	615

(*) 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.

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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
Transactions for Trading Purposes:						
Balance at the Beginning of the Period	--	--	--	--	--	11.510
Balance at the End of the Period	--	--	--	--	--	--
Total Income/(Loss)	--	--	2.671	(5.681)	--	(388)
Transactions for Hedging Purposes:						
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 Executives

DFS Group makes payment amounting to TL 35.147 (30 September 2016: TL 33.282) to its Executives as of 30 September 2017.

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

As of 30 September 2017, cash loans and other receivables of the risk group represent 0,03% of DFS Group's total cash loans and bank deposits granted the deposits and borrowings represent 5,9% of DFS Group's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,5% 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

None.

SECTION SIX

INDEPENDENT AUDITORS' REVIEW REPORT

I. Information on the independent auditors' review report

DFS Group's consolidated financial statements and footnotes have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Ernst&Young Global Limited) and the independent auditors' review report dated 2 November 2017 is presented in front of the consolidated financial statements.

II. Disclosures and footnotes prepared by independent auditor

There are no significant issues and required disclosures and footnotes related to DFS Group's operations, deemed as necessary, which have not been explained in the sections above.

SECTION SEVEN

INTERIM ACTIVITY REPORT

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

Message From the Chairman

Similar to the first half of the year, Turkish banking sector has performed an increase in growth rates and higher profitability compared to the first nine months of the previous year and well marking 17,18% CAR (August 2017). Increasing its support to economy, Denizbank, the fifth private bank of Turkey, increased its consolidated and unconsolidated assets and deposits by 12% and 16%, respectively, and expanding its consolidated loan portfolio by 15% and growing unconsolidated loans by 17%.

Attaching great importance to the development of niche sectors that will contribute to the long term development targets of Turkey, Denizbank continued its leadership in tourism, agriculture and pensioner banking. Through the "Nefes Loan" project. Denizbank enhanced its support to SMEs, which are the building blocks of economic development, and provided financing amounting to more than TL 10 billion together with loans secured by KGF to approximately 12 thousand customers.

A trend-setter for innovation in banking, Denizbank continued to develop its products and services by combining its strong technological infrastructure with its innovative approach to meet customers needs and to make a difference with its investments in this area in 2017.

As Denizbank, we have no doubt that the Turkish banking industry will continue to achieve sustainable growth over the long run, thanks to its strong capital structure, prudent risk management principles, advanced technology and top-quality human resources.

I am convinced that Denizbank's significant achievements upto 2017, its 20th birthday and 5th years in the Sberbank family, will continue to grow increasingly and even more significant in the coming years together with Sberbank cooperation.

Message From The President and CEO

In the third quarter of 2017, Turkish banking sector displayed success results similar to the previous quarters. Denizbank grew its assets, loans and deposits above the sector average in the first nine months of the year.

Our consolidated and unconsolidated assets increased by 12% year-to-date and 24% and 25% on a year-on year basis, reaching TL 152,0 billion and TL 115,2 billion, respectively.

Denizbank's customer deposits reached TL 104,7 billion and TL 68,9 billion on a consolidated and unconsolidated basis, respectively, recording 33% annual and 16% year-to-date increase. Expansion of the customer base by 13% in the last one year, in addition to the total branch network of 740 branches in 81 provinces of Turkey including 43 foreign subsidiary branches, has been one of the most important factors in the increase in Denizbank's deposits.

In the first nine months of 2017, Denizbank continued to transfer its funds into the economy and took its consolidated cash loan volume to TL 108,9 billion, increasing by 27% on a year-on-year basis and 15% year-to-date. Unconsolidated cash loan volume was realized at TL 72,6 billion, growing by 27% on a year-on-year basis and 17% in the first nine months. Consolidated cash and non-cash loan volume reached TL 137,5 million in total increasing by 24% on a year-on-year basis and 11% in the first nine months of the year.

For SMEs to access low-cost funding, approximately 12 thousand customers were lent "Nefes Loan", which we realized as the only private bank in collaboration with the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and Credit Guarantee Fund. SMEs were supported by loans amounting to TL 10 billion together with loans secured by KGF. Denizbank maintained its leadership among private banks with 41% of market share and its financial support to more than 1,1 million producers amounting to TL 11 billion.

Attaching great importance to the development of niche sectors that will contribute to the long term development targets of Turkey, Denizbank continued its leadership in the tourism sector and has reached the position of a bank that pays the largest number of pension payments among private banks with 1,1 million units, thanks to its customer-focused management approach and high service quality in Pensioner Banking.

Our equity increased by 16% on a consolidated and unconsolidated basis, compared to the end of 2016, reaching TL 12,3 billion and TL 12.2 billion, respectively. Our consolidated equity including subordinated loans reached TL 17,2 billion increasing by 7% in the first nine months.

Denizbank increased its consolidated net profit in the first nine months of 2017 to TL 1.416 million, with a 28% growth on a year-on-year basis, while recording TL 1.405 million unconsolidated net profit. Denizbank recorded 16,5% of consolidated ROE, higher than the sector average.

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Aiming to extend its contribution to our economy through its financial activities to the entire society by supporting education, culture, arts and sports, Denizbank continued its collaboration with “CEV Volleyball Champions League”, the most prestigious championship of world volleyball, as the official partner. Besides the Istanbul State Symphony Orchestra, which we have been sponsoring for 14 years, Orchestra Academic Capital Concerts and Karsiyaka Municipality Chamber Orchestra Concerts have been among the artistic activities we support.

As an institution that has been mentioned in the giants league of the sector in its 20th year, which has proven its brand value and has commended itself for the huge projects it has provided finance, Denizbank will continue to sail with new success with inspiration and confidence from global vision of Sberbank that it has been an important member for 5 years.

Changes in DFSG Companies

The changes in Denizbank Financial Services Group companies are follows:

The Bank has participated 100% in the increase of the paid-in capital of Denizbank AG, headquartered in Austria, a 99,99% owned subsidiary of the Bank, from EUR 191.830.557,72 to EUR 211.830.894,05 by the issuance of 27.521 registered ordinary shares of Denizbank AG (from 263.964 to 291.485 shares) with an issuing price of EUR 1.816,83 per one share which have to be paid in cash. Following the transfer of EUR 20.000.336,33 to “Paid-in Capital” account and EUR 30.000.642,10 to “Share Premium” account, EUR 50.000.978,43 in total for all newly issued shares, the capital increase has been completed on 17 October 2017.

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 2017 are below.

On 20 March 2017. following the announcement regarding the change of Turkey's rating outlook to “Negative” from “Stable”. Moody's announced that it has affirmed “Ba2” long term local and foreign currency deposit ratings with “Negative” outlook and “ba3” baseline credit assessment (BCA) of Denizbank.

On 14 March 2017. Fitch Ratings announced that it has downgraded Denizbank's viability rating to “bb” from “bb+” and affirmed its long term local and foreign currency IDRs as ‘BB+’ with “Stable” outlook. short term local and foreign currency ratings as “B”. support rating as “3” and national long term rating as “AA(tur)” with “Stable” outlook.

On 5 October 2017. Fitch Ratings announced that it has affirmed Denizbank's long term local and foreign currency IDRs as “BB+” and revised their Outlooks to “Positive” from “Stable”. following the revision of the Outlook on Sberbank of Russia's long term local and foreign currency IDRs to “Positive” from “Stable” after the revision on Russia's Sovereign Rating dated 28 September 2017.

Ratings are as follows:

Moody's*		Fitch Ratings**	
Outlook	Negative	Outlook	Positive
Long Term Foreign Currency Deposits	Ba2	Long Term Foreign Currency	BB+
Short Term Foreign Currency Deposits	Not Prime	Short Term Foreign Currency	B
Long Term Local Currency Deposits	Ba2	Long Term Local Currency	BB+
Short Term Local Currency Deposits	Not Prime	Short Term Local Currency	B
Baseline Credit Assessment (BCA)	ba3	Viability	bb
		Support	3
		National	AA (tur)
*As of 20.03.2017		**As of 05.10.2017	

Financial Information

a. General Outlook of the Banking Sector

Evaluation of the banking sector according to the August and September 2017 data*:

-Loan volume (excluding financial sector loans)	TL 1. 978 billion
TL Loan volume (excluding financial sector loans)	TL 1.348 billion
FX Loan volume (excluding financial sector loans)	USD 176 billion
-Deposit Volume (excluding interbank deposits)	TL 1.647 billion
TL Deposit Volume (excluding interbank deposits)	TL 923 billion
FX Deposit Volume (excluding interbank deposits)	USD 202 billion

In the first nine months of 2017, the total loan volume of the banking sector increased by 15% compared to the end of 2016 and by 24% compared to the same period of the previous year and reached TL 1.978 billion. In the first nine months of 2017, SME, corporate and commercial loans became the segments with priority impact on total loan increase. In the first nine months of the year, consumer loans indicated a 14% increase compared to 2016 year-end rates, while a 20% increase year-on-year basis. On the other hand, credit card loans showed an 6% increase in the first nine months of the year. While SME became the most effective segment on the loan growth, commercial and corporate loans including SME loans grew by 16% in the nine months and 26% rise year-on-year basis. While completing the year of 2016 at level of 3,3 from its highest level of 5,8% during the crisis, the total NPL ratio realized as 3,1% as at September 2017.

Total deposits reached TL 1.647 billion by increasing 22% compared to the same period of 2016 and 13% according to 2016-end. The sector's total equity rose by 17% y-o-y and 13% y-t-d in the first eight months, reaching TL 340 billion.

The net profit of the banking sector in the first eight months was realized as TL 33 billion recording a 25% y-o-y increase.

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

b. Summary Financial Highlights

Balance Sheet	30.09.2017	31.12.2016
Securities ⁽¹⁾	11.956	12.760
Net Loans ⁽²⁾	108.894	95.023
Banks	23.490	18.588
Total Assets	151.977	135.554
Customer Deposits ⁽³⁾	104.739	90.621
Time	81.628	71.734
Demand	23.111	18.887
Borrowings ⁽⁴⁾	12.080	11.259
Securities Issued ⁽⁴⁾	3.816	3.491
Sub-ordinated Loans	4.948	5.484
Shareholders' Equity	12.277	10.590
Paid-in Capital	3.316	3.316
Non-cash Loans	28.634	28.782
Income Statements	30.09.2017	30.09.2016
Interest Income	9.412	7.447
Interest Expense	(4.662)	(3.652)
Net Interest Income after Provisions	3.248	2.483
Non-interest Income	1.262	1.297
Non-interest Expense	(2.695)	(2.381)
Net Income	1.416	1.105

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Other Highlights	30.09.2017	31.12.2016
Number of Branches ⁽⁵⁾	740	737
Number of Employees	14.773	14.832
Number of ATMs	5.195	4.756
Number of POS Terminals	211.899	200.756
Number of Credit Cards	3.839.861	3.572.969

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

⁽²⁾ Includes factoring and leasing receivables.

⁽³⁾ Excludes bank deposits

⁽⁴⁾ Securities issued by Special Purpose Entity DFS Funding Corp. are reported under Securities Issued

⁽⁵⁾ Includes subsidiaries' branches

c. Assessment of Financial Position and Risk Management

	Consolidated	
(million TL)	30.09.2017	31.12.2016
Capital Adequacy Ratio (%)	15,34	14.17
Shareholders' Equity	12.277	10,590
Return on Average Equity (%)	16,51	14.84
Non-performing Loans/ Total Cash Loans Ratio (%)	3,47	3.74
Free Capital ⁽¹⁾	9.864	8,115
Free Capital Ratio (%) ⁽²⁾	6,49	5.99

⁽¹⁾ Free Capital = Shareholders' Equity - Net Non-performing Loans - Subsidiaries - Deferred Tax Assets - Tangible and Intangible Fixed Assets - Prepaid Expenses - Fixed Assets to be disposed of

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