

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

DENİZBANK ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES

**INDEPENDENT AUDITOR'S REPORT,
CONSOLIDATED FINANCIAL STATEMENTS AND
NOTES ENDED 31 DECEMBER 2016**

I. Independent Auditor 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)

Independent Auditor Report

To the Board of Directors of Denizbank A.Ş.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Denizbank A.Ş. ("the Bank") and its consolidated subsidiaries (together will be referred as "the Group") as at 31 December 2016 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Bank's Board of Directors for the financial statements

Bank management is responsible for the preparation and fair presentation of the consolidated financial statement in accordance with "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 (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Independent Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with communiqué "Independent Audit of Banks" published by BRSA on the Official Gazette No.29314 dated 2 April 2015 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the accompanying consolidated financial statements presents fairly, in all material respects, the financial position of Denizbank A.Ş. and its subsidiaries as at 31 December 2016 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with BRSA Accounting and Financial Reporting Legislation.

Reports on arising from other regulatory requirements:

In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) no 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities for the period 1 January – 31 December 2016 are not in compliance with the code and provisions of the Bank’s articles of association in relation to financial reporting.

In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional paragraph for convenience translation to English:

As explained in detail in Note I.c of Section Three, accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting 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

Istanbul, Turkey

23 February 2017

DENİZBANK A.Ş.
CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2016

Address of the Bank's Headquarters
Büyükdere Caddesi No:141
34394 -ESENTEPE/İSTANBUL

Telephone and Fax Numbers
Tel : 0.212.348 20 00
Fax: 0.212.336 61 86

Website of the Bank
www.denizbank.com

E-mail address of the Bank
yatirimciiliskileri@denizbank.com

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 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 audit, 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**.

23 February 2017

HAKAN ELVERDİ
Senior Vice President
International and Regulatory
Financial Reporting

SUAVİ DEMİRCİOĞLU
Executive Vice President
Financial Affairs

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

HERMAN GREF
Chairman of Board of
Directors

PAVEL BARCHUGOV
Member of Board of Directors
and Audit Committee

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

NIHAT SEVİNÇ
Member of Board of Directors
and Audit Committee

Contact information for questions on this financial report:

Name/Title: İmge İhtiyar / Department Head, International Reporting Department

Tel No: 0 212 348 5997

Fax No: 0 212 336 6186

	<u>PAGE</u>
SECTION ONE	
General Information	
I. Parent Bank's date of establishment, beginning statute, its history including changes in its statute	1
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	1
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	2
IV. Explanations regarding the real person and corporate qualified shareholders at the Parent Bank	3
V. Type of services provided and the areas of operations of the Parent Bank	3
VI. A short explanation on the differences between the communique 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	3
VII. Existing or potential, actual or legal obstacles to immediate transfer of capital between Parent Bank and its subsidiaries and repayment of debts	3
SECTION TWO	
Consolidated Financial Statements	
I. Consolidated statements of financial position (Balance sheets)	5
II. Consolidated statements of off-balance sheet items	7
III. Consolidated statements of income	8
IV. Consolidated statements of income and expenses under shareholders' equity	9
V. Consolidated statements of changes in shareholders' equity	10
VI. Consolidated statements of cash flows	11
VII. Consolidated profit distribution tables	12
SECTION THREE	
Accounting Policies	
I. Basis of presentation	13
II. Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies	14
III. Information regarding the consolidated subsidiaries	15
IV. Explanations on forward transactions, options and derivative instruments	16
V. Explanations on interest income and expenses	16
VI. Explanations on fees and commissions	16
VII. Explanations on financial assets	16
VIII. Explanations on impairment of financial assets	18
IX. Explanations on offsetting financial instruments	18
X. Explanations on sale and repurchase agreements and transactions related to the lending of securities	18
XI. Explanations on assets held for sale and discontinued operations	18
XII. Explanations on goodwill and other intangible assets	19
XIII. Explanations on tangible assets	19
XIV. Explanations on investment properties	19
XV. Explanations on leasing activities	20
XVI. Explanations on provisions and contingent liabilities	20
XVII. Explanations on obligations for employee benefits	20
XVIII. Explanations on taxation	21
XIX. Additional explanations on borrowings	22
XX. Explanations on issuance of share certificates	22
XXI. Explanations on acceptances	22
XXII. Explanations on government grants	22
XXIII. Explanations on segment reporting	22
XXIV. Explanations on other matters	22
SECTION FOUR	
Consolidated Financial Position and Risk Management	
I. Explanations related to the consolidated shareholders' equity	23
II. Explanations related to the consolidated credit risk and risk management	28
III. Explanations related to the consolidated foreign currency exchange rate risk	38
IV. Explanations related to the consolidated interest rate risk	40
V. Position risk of equity shares on banking book	43
VI. Explanations related to the consolidated liquidity risk	43
VII. Explanations related to leverage ratio	47
VIII. Explanations related on risk management	48
IX. Presentation of financial assets and liabilities at their fair value	60
X. Transactions carried out on behalf and account of other parties and fiduciary transactions	61
XI. Explanations related to hedging transactions	62
XII. Explanations related to the consolidated segment reporting	62
SECTION FIVE	
Disclosures and Footnotes on Consolidated Financial Statements	
I. Explanations and disclosures related to consolidated assets	64
II. Explanations and disclosures related to consolidated liabilities	78
III. Explanations and disclosures related to consolidated off-balance sheet items	84
IV. Explanations and disclosures related to consolidated statement of income	87
V. Explanations and disclosures related to consolidated statement of changes in shareholders' equity	92
VI. Explanations and disclosures related to consolidated cash flow statement	93
VII. Explanations and disclosures related to DFS Group's risk group	94
VIII. Domestic, foreign and off-shore banking branches and foreign representatives of the Parent Bank	95
SECTION SIX	
Other Disclosures and Footnotes	
I. Other explanations related DFS Group's operations	96
SECTION SEVEN	
Independent Auditor's Report	
I. Matters to be disclosed related to Independent Audit Report	97
II. Explanations and notes prepared by Independent Auditor	97

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 31 December 2016.

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	1.813.422.610	99,85
Publicly traded	2.677.304	0,15
Others shareholders	86	--
Total	1.816.100.000	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 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

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

Name	Title	Shares owned (%)
President of the Board of Directors		
Herman Gref	Chairman	--
Board of Directors		
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	--
Svetlana Sagaydak	Member	--
Vadim Kulik	Member	--
Derya Kumru	Member	--
Igor Kondrashov	Member	--
Alexander Morozov	Member	--
Pavel Barchugov	Member	--
Audit Committee		
Wouter G.M. Van Roste	Member	--
Nihat Sevinç	Member	--
Pavel Barchugov	Member	--
Executive Vice Presidents		
Bora Böcügöz	Treasury, Financial Institutions	--
Suavi Demircioğlu	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Tanju Kaya	Administrative Services Group and Investment	--
Mustafa Özel	Branch and Central Operations	--
İbrahim Şen	Credit Follow-up and Risk Monitoring	--
Mehmet Aydoğdu	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 Hıçkiran	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	--
Ruslan Abil	Group Reporting and Asset/Liability Management	--
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 Öneng	Private Banking and Investment Sales-Performance Management	--
Sinan Yılmaz	Risk Management Group Leader	--
Hakan Turan Pala	Corporate and Commercial Loans Analysis	--
Edip Kürşad Başer(*)	Corporate Loans Policies	--
Murat Çıtak	IT Security and Digital-Card Payment Operations	--
Verda Beril Yüzer Oğuz	Financial Institutions	--

(*) Fatma Ayperi Karahan, Deputy General Manager responsible for Individual - SME and Agriculture Banking Credit Allocation Group at Parent Bank, has retired. Title of Edip Kürşad Başer has been changed as "Deputy General Manager responsible for Loans Policies-Individual - SME and Agriculture Banking Credit Allocation Group" with Board of Directors Decision dated 5 October 2016.

Hayri Cansever, who were General Manager of Destek Varlık Yönetim A.Ş., one of our former Group Companies, has been assigned as Secretary General and Deputy General Manager responsible for Sberbank Coordination Group following the resignation of Kürşad Taçalan, who were General Secretary at Parent Bank.

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 31 December 2016 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 693 domestic and 1 foreign branch as of 31 December 2016.

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.

A part 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
- VII. Consolidated Profit Distribution Tables

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(BALANCE SHEETS)
AS OF 31 DECEMBER 2016 AND 2015
(Currency: Thousands of TL - Turkish Lira)

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

ASSETS	Footnotes	CURRENT PERIOD (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.a)	2.281.807	12.557.554	14.839.361	1.195.331	9.628.021	10.823.352
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.b)	1.049.942	397.917	1.447.859	899.970	273.469	1.173.439
2.1 Financial Assets Held For Trading		1.049.942	397.917	1.447.859	899.970	273.469	1.173.439
2.1.1 Public Sector Debt Securities		93.100	3.787	96.887	21.650	8.649	30.299
2.1.2 Share Certificates		-	-	-	78	79	157
2.1.3 Positive Value of Trading Purpose Derivatives		946.929	394.096	1.341.025	877.723	264.177	1.141.900
2.1.4 Other Securities		9.913	34	9.947	519	564	1.083
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)	17.006	5.555.737	5.572.743	23.566	6.199.134	6.222.700
IV. DUE FROM MONEY MARKETS		3.001.571	-	3.001.571	1.213.997	-	1.213.997
4.1 Interbank Money Market		-	-	-	13.644	-	13.644
4.2 Istanbul Stock Exchange		175	-	175	-	-	-
4.3 Reverse Repurchase Agreements		3.001.396	-	3.001.396	1.200.353	-	1.200.353
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(5.1.d)	5.421.996	2.174.994	7.596.990	7.310.139	2.663.050	9.973.189
5.1 Share Certificates		3.930	37.798	41.728	3.929	108.971	112.900
5.2 Public Sector Debt Securities		5.418.066	1.707.773	7.125.839	7.306.210	2.157.005	9.463.215
5.3 Other Securities		-	429.423	429.423	-	397.074	397.074
VI. LOANS AND RECEIVABLES	(5.1.e)	49.267.080	41.883.408	91.150.488	42.972.068	31.715.329	74.687.397
6.1 Loans and Receivables		48.268.612	41.878.192	90.146.804	42.084.220	31.712.586	73.796.806
6.1.1 Loans Utilized to the Bank's Risk Group		14.194	-	14.194	23	10	33
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		48.254.418	41.878.192	90.132.610	42.084.197	31.712.576	73.796.773
6.2 Loans under Follow-Up		3.635.008	16.631	3.651.639	3.156.348	12.426	3.168.774
6.3 Specific Provisions (-)		2.636.540	11.415	2.647.955	2.268.500	9.683	2.278.183
VII. FACTORING RECEIVABLES		1.155.332	79.389	1.234.721	712.017	35.285	747.302
VIII. INVESTMENT HELD TO MATURITY (Net)	(5.1.f)	3.339.895	1.716.137	5.056.032	2.875.209	500.960	3.376.169
8.1 Public Sector Debt Securities		3.339.895	1.678.583	5.018.478	2.875.209	468.743	3.343.952
8.2 Other Securities		-	37.554	37.554	-	32.217	32.217
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	130	12.233	5.649	111	5.760
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		12.103	130	12.233	5.649	111	5.760
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)	616.636	2.020.671	2.637.307	704.878	1.565.486	2.270.364
12.1 Financial Lease Receivables		780.796	2.420.711	3.201.507	888.297	1.802.956	2.691.253
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		164.160	400.040	564.200	183.419	237.470	420.889
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)	(5.1.l)	552.614	111.965	664.579	466.203	81.419	547.622
XV. INTANGIBLE ASSETS (Net)	(5.1.m)	193.140	11.679	204.819	174.927	3.330	178.257
15.1 Goodwill		869	-	869	869	-	869
15.2 Others		192.271	11.679	203.950	174.058	3.330	177.388
XVI. INVESTMENT PROPERTIES (Net)	(5.1.n)	164.527	-	164.527	157.381	-	157.381
XVII. TAX ASSETS	(5.1.o)	220.354	34.510	254.864	145.057	21.293	166.350
17.1 Current Tax Assets		67.178	34.510	101.688	3.691	21.293	24.984
17.2 Deferred Tax Assets		153.176	-	153.176	141.366	-	141.366
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.1.p)	-	-	-	-	-	-
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.q)	1.099.302	603.655	1.702.957	974.381	355.802	1.330.183
TOTAL ASSETS		68.406.252	67.147.746	135.553.998	59.843.720	53.042.689	112.886.409

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(BALANCE SHEETS)
AS OF 31 DECEMBER 2016 AND 2015
(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 (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.a)	35.185.381	57.010.570	92.195.951	26.161.926	46.497.329	72.659.255
1.1 Deposits of the Bank's Risk Group		38.299	732.007	770.306	71.979	514.048	586.027
1.2 Others		35.147.082	56.278.563	91.425.645	26.089.947	45.983.281	72.073.228
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.II.b)	546.611	701.775	1.248.386	311.050	327.591	638.641
III. FUNDS BORROWED	(5.II.c)	2.129.526	9.129.165	11.258.691	1.853.923	9.403.343	11.257.266
IV. DUE TO MONEY MARKETS		5.397.576	-	5.397.576	7.184.158	-	7.184.158
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	720.000	-	720.000
4.3 Repurchase Agreements		5.397.576	-	5.397.576	6.464.158	-	6.464.158
V. SECURITIES ISSUED (Net)	(5.II.d)	2.181.325	1.309.730	3.491.055	1.604.898	1.481.142	3.086.040
5.1 Bills		1.766.245	-	1.766.245	945.365	-	945.365
5.2 Asset Backed Securities		415.080	-	415.080	556.311	-	556.311
5.3 Bonds		-	1.309.730	1.309.730	103.222	1.481.142	1.584.364
VI. FUNDS		-	-	-	-	-	-
6.1 Borrowers Funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. SUNDRY CREDITORS		1.429.351	532.863	1.962.214	1.185.867	586.352	1.772.219
VIII. OTHER EXTERNAL RESOURCES	(5.II.e)	1.060.323	912.887	1.973.210	978.653	776.012	1.754.665
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)	1.715.537	32.614	1.748.151	1.201.923	22.578	1.224.501
12.1 General Provisions		1.269.354	-	1.269.354	975.339	-	975.339
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		114.048	7.671	121.719	102.009	5.004	107.013
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		332.135	24.943	357.078	124.575	17.574	142.149
XIII. TAX LIABILITIES	(5.II.i)	188.093	17.072	205.165	158.159	11.343	169.502
13.1 Current Tax Liability		188.093	1.626	189.719	157.649	3.201	160.850
13.2 Deferred Tax Liability		-	15.446	15.446	510	8.142	8.652
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	(5.II.k)	-	5.483.501	5.483.501	-	4.845.965	4.845.965
XVI. SHAREHOLDERS' EQUITY	(5.II.l)	7.266.585	3.323.513	10.590.098	6.054.349	2.239.848	8.294.197
16.1 Paid-In Capital		3.316.100	-	3.316.100	1.816.100	-	1.816.100
16.2 Supplementary Capital		(1.414.688)	(98.711)	(1.513.399)	(926.975)	(7.623)	(934.598)
16.2.1 Share Premium		15	-	15	39	-	39
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Securities Revaluation Reserve		(444.941)	(110.354)	(555.295)	(472.145)	(7.643)	(479.788)
16.2.4 Revaluation Fund on Tangible Assets	(5.II.l)	28.852	11.643	40.495	113.097	-	113.097
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		11	-	11	11	-	11
16.2.8 Hedging Funds (Effective Portion)		(1.007.220)	-	(1.007.220)	(583.282)	20	(583.262)
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Supplementary Capital		(4.802)	-	(4.802)	1.908	-	1.908
16.3 Profit Reserves		3.988.561	1.144.242	5.132.803	4.464.231	538.631	5.002.862
16.3.1 Legal Reserves		182.355	5.019	187.374	144.542	5.019	149.561
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		3.769.533	11.173	3.780.706	4.287.872	11.173	4.299.045
16.3.4 Other Profit Reserves		36.673	1.128.050	1.164.723	31.817	522.439	554.256
16.4 Profit or Loss		1.368.342	2.277.982	3.646.324	693.795	1.708.840	2.402.635
16.4.1 Prior Periods' Profits / Losses		746.069	1.500.228	2.246.297	534.187	1.010.045	1.544.232
16.4.2 Current Period Profit / Loss		622.273	777.754	1.400.027	159.608	698.795	858.403
16.5 Minority Shares	(5.II.l)	8.270	-	8.270	7.198	-	7.198
TOTAL LIABILITIES AND EQUITY		57.100.308	78.453.690	135.553.998	46.694.906	66.191.503	112.886.409

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF
OFF-BALANCE SHEET ITEMS
AS OF 31 DECEMBER 2016 AND 2015
(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		
		(31/12/2016)			(31/12/2015)		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		54.889.084	89.829.528	144.718.612	49.052.544	83.696.209	132.748.753
I. GUARANTEES	(5.III.a)	10.041.664	18.740.351	28.782.015	8.808.946	15.635.469	24.444.415
1.1. Letters of Guarantee		10.029.957	11.752.258	21.782.215	8.786.589	11.300.829	20.087.418
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		79.021	90.776	169.797	79.021	105.903	184.924
1.1.3. Other Letters of Guarantee		9.950.936	11.661.482	21.612.418	8.707.568	11.194.926	19.902.494
1.2. Bank Acceptances		5.498	251.332	256.830	12.074	182.245	194.319
1.2.1. Import Letter of Acceptance		5.498	251.332	256.830	12.074	182.245	194.319
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		42	2.426.574	2.426.616	7.687	2.386.663	2.394.350
1.3.1. Documentary Letters of Credit		42	1.611.093	1.611.135	7.687	1.559.184	1.566.871
1.3.2. Other Letters of Credit		-	815.481	815.481	-	827.479	827.479
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		6.167	4.310.187	4.316.354	2.596	1.765.732	1.768.328
1.9. Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.a)	28.323.856	4.027.727	32.351.583	23.949.810	2.881.260	26.831.074
2.1. Irrevocable Commitments		25.004.358	4.027.727	29.032.085	19.795.914	2.881.260	22.677.170
2.1.1. Asset Purchase and Sale Commitments		405.787	2.956.586	3.362.373	295.371	2.203.351	2.498.722
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		9.475.667	24.982	9.500.649	7.071.136	23.854	7.094.990
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		2.111.130	-	2.111.130	1.920.552	-	1.920.552
2.1.8. Tax and Fund Obligations from Export Commitments		2.415	-	2.415	997	-	997
2.1.9. Commitments for Credit Card Limits		12.764.645	-	12.764.645	10.209.119	-	10.209.119
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		1.416	-	1.416	800	-	800
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		243.298	1.046.159	1.289.457	297.935	654.055	951.990
2.2. Revocable Commitments		3.319.498	-	3.319.498	4.153.904	-	4.153.904
2.2.1. Revocable Loan Granting Commitments		3.318.939	-	3.318.939	4.153.345	-	4.153.345
2.2.2. Other Revocable Commitments		559	-	559	559	-	559
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.b)	16.523.564	67.061.450	83.585.014	16.293.784	65.179.480	81.473.264
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		16.523.564	67.061.450	83.585.014	16.293.784	65.179.480	81.473.264
3.2.1. Forward Foreign Currency Purchases/Sales		1.711.451	2.321.703	4.033.154	1.047.452	3.372.820	4.420.272
3.2.1.1. Forward Foreign Currency Purchases		879.079	1.148.288	2.027.367	524.028	1.677.026	2.201.054
3.2.1.2. Forward Foreign Currency Sales		832.372	1.173.415	2.005.787	523.424	1.695.794	2.219.218
3.2.2. Currency and Interest Rate Swaps		10.988.532	57.347.352	68.335.884	11.167.547	55.519.064	66.686.611
3.2.2.1. Currency Swaps-Purchases		2.846.554	22.168.613	25.015.167	1.880.585	24.159.278	26.039.863
3.2.2.2. Currency Swaps-Sales		6.920.574	16.486.099	23.406.673	9.285.556	14.869.890	24.155.446
3.2.2.3. Interest Rate Swaps-Purchases		610.000	9.347.248	9.957.248	-	8.245.744	8.245.744
3.2.2.4. Interest Rate Swaps-Sales		611.404	9.345.392	9.956.796	1.406	8.244.152	8.245.558
3.2.3. Currency, Interest Rate and Security Options		3.823.581	5.299.660	9.123.241	4.078.785	4.936.906	9.015.691
3.2.3.1. Currency Options-Purchases		1.947.258	2.529.227	4.476.485	2.217.151	2.313.493	4.530.644
3.2.3.2. Currency Options-Sales		1.876.323	2.643.805	4.520.128	1.861.634	2.623.413	4.485.047
3.2.3.3. Interest Rate Options-Purchases		-	63.314	63.314	-	-	-
3.2.3.4. Interest Rate Options-Sales		-	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		-	2.092.735	2.092.735	-	1.350.690	1.350.690
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		406.703.917	104.773.998	511.477.915	321.419.943	73.730.659	395.150.602
IV. ITEMS HELD IN CUSTODY		93.768.668	2.468.962	96.237.630	59.570.147	1.930.573	61.500.720
4.1. Customers' Securities and Portfolios Held		137.718	-	137.718	149.481	-	149.481
4.2. Securities Held in Custody		91.541.375	1.006.875	92.548.250	57.996.909	895.914	58.892.823
4.3. Checks Received for Collection		1.116.594	962.251	2.078.845	617.583	786.013	1.403.596
4.4. Commercial Notes Received for Collection		971.623	415.353	1.386.976	805.066	226.116	1.031.182
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		-	83.793	83.793	-	22.530	22.530
4.8. Custodians		1.358	690	2.048	1.108	-	1.108
V. PLEDGED ITEMS		312.550.745	101.470.333	414.021.078	261.435.946	70.922.003	332.357.949
5.1. Securities		3.134.244	25.768	3.160.012	3.591.505	80.391	3.671.896
5.2. Guarantee Notes		217.463.456	45.384.701	262.848.157	179.485.991	29.774.174	209.260.165
5.3. Commodities		13.702.267	3.683.797	17.386.064	14.308.847	2.880.210	17.189.057
5.4. Warrants		-	-	-	-	-	-
5.5. Immovables		69.421.586	35.399.926	104.821.512	57.338.417	28.010.177	85.348.594
5.6. Other Pledged Items		8.829.192	16.954.386	25.783.578	6.711.186	10.177.051	16.888.237
5.7. Pledged Items-Depository		-	21.755	21.755	-	-	-
VI. ACCEPTED GUARANTEES AND WARRANTIES		384.504	834.703	1.219.207	413.850	878.083	1.291.933
TOTAL OFF BALANCE SHEET ITEMS (A+B)		461.593.001	194.603.526	656.196.527	370.472.487	157.426.868	527.899.355

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016 AND 2015
(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 (01/01-31/12/2016)	PRIOR PERIOD (01/01-31/12/2015)
I.	INTEREST INCOME	(5.IV.a)	10.120.405	8.387.453
1.1	Interest from Loans		8.723.432	7.108.995
1.2	Interest from Reserve Deposits		56.689	24.288
1.3	Interest from Banks		14.610	19.509
1.4	Interest from Money Market Transactions		20.337	5.986
1.5	Interest from Securities Portfolio		1.029.817	986.847
1.5.1	Trading Securities		3.854	8.386
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3	Available for Sale Securities		703.666	677.786
1.5.4	Held to Maturity Securities		322.297	300.675
1.6	Interest from Financial Leases		211.070	186.224
1.7	Other Interest Income		64.450	55.604
II.	INTEREST EXPENSE	(5.IV.b)	4.985.151	4.310.578
2.1	Interest on Deposits		3.677.436	3.195.380
2.2	Interest on Funds Borrowed		730.767	547.388
2.3	Interest on Money Market Transactions		347.363	324.829
2.4	Interest on Securities Issued		195.505	219.029
2.5	Other Interest Expense		34.080	23.952
III.	NET INTEREST INCOME (I - II)		5.135.254	4.076.875
IV.	NET FEES AND COMMISSION INCOME /EXPENSE		1.253.758	1.083.864
4.1	Fees and Commissions Received		1.666.196	1.456.279
4.1.1	Non-Cash Loans		180.765	143.657
4.1.2	Other	(5.IV.l)	1.485.431	1.312.622
4.2	Fees and Commissions Paid		412.438	372.415
4.2.1	Non-Cash Loans		1.258	1.382
4.2.2	Other	(5.IV.l)	411.180	371.033
V.	DIVIDEND INCOME	(5.IV.c)	205	1.685
VI.	TRADING INCOME/LOSS (Net)	(5.IV.d)	(570.120)	(632.972)
6.1	Profit / Loss on Securities Trading		(28.440)	70.314
6.2	Profit / Loss on Derivative Financial Transactions		57.944	824.317
6.3	Foreign Exchange Gains / Losses		(599.624)	(1.527.603)
VII.	OTHER OPERATING INCOME	(5.IV.e)	768.662	613.795
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		6.587.759	5.143.247
IX.	PROVISION FOR LOANS AND OTHER RECEIVABLES (-)	(5.IV.f)	1.836.532	1.361.419
X.	OTHER OPERATING EXPENSES (-)	(5.IV.g)	2.926.170	2.640.587
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		1.825.057	1.141.241
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII.	INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(5.IV.h)	1.825.057	1.141.241
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.i)	(424.683)	(283.384)
16.1	Current Tax		(301.748)	(148.437)
16.2	Deferred Tax		(122.935)	(134.947)
XVII.	NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5.IV.j)	1.400.374	857.857
XVIII.	PROFIT FROM DISCONTINUED OPERATIONS		983	1.670
18.1	Assets Held for Sale		-	1.670
18.2	Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-
18.3	Other		983	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		258	-
19.1	Assets Held for Sale		-	-
19.2	Loss on Sale of Associates, Subsidiaries and Joint Ventures		258	-
19.3	Other		-	-
XX.	P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		725	1.670
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(5.IV.i)	-	(232)
21.1	Current Tax		-	-
21.2	Deferred Tax		-	(232)
XXII.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		725	1.438
XXIII.	NET PROFIT / LOSS (XVII+XXII)	(5.IV.k)	1.401.099	859.295
23.1	Group's Profit / Loss		1.400.027	858.403
23.2	Minority Shares		1.072	892
	Earnings / Losses per Share (Per thousand share)		0,48	0,43

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 31 DECEMBER 2016 AND 2015
(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 (01/01-31/12/2016)	PRIOR PERIOD (01/01-31/12/2015)
I.	ADDITIONS TO SECURITIES REVALUATION RESERVE FROM AVAILABLE FOR SALE INVESTMENTS	(90.391)	(432.258)
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	45.895	13.397
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	610.467	266.803
V.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion of Fair Value Differences)	2.949	6.340
VI.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion of Fair Value Differences)	(533.388)	(278.122)
VII.	THE EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-	-
VIII.	OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER EQUITY DUE TO TAS	(8.388)	1.781
IX.	DEFERRED TAXES OF VALUATION DIFFERENCES	117.643	145.738
X.	NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	144.787	(276.321)
XI.	CURRENT PERIOD PROFIT/LOSS	1.401.099	859.295
1.1	Net Change in Fair Value of Securities (Transfer to Profit & Loss)	74.680	29.714
1.2	Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes Recycled to Income Statement	(2.752)	(5.551)
1.3	Transfer of Hedge of Net Investment in Foreign Operations Recycled to Income Statement	-	-
1.4	Other	1.329.171	835.132
XII.	TOTAL PROFIT AND LOSS ACCOUNTED FOR THE PERIOD (X±XI)	1.545.886	582.974

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 31 DECEMBER 2016 AND 2015
(Currency: Thousands of TL - Turkish Lira)

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

CHANGES IN SHAREHOLDERS' EQUITY		Paid-In Capital	Inflation Adjustments to Paid-In Capital (*)	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Securities Revaluation Reserve	Revaluation Fund of Tang./Intang.A.	Bonus Shares Obtained from Associates	Hedging Reserves	Val.Diff.Related to Assets Held for Sale/Dis.Opr.	Total Equity Attrib. to Equity Holders of the Parent	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD 01/01-31/12/2015																			
I.	Balances at the Beginning of Period	716.100	189.164	98.411	-	149.561	-	3.802.322	287.936	937.409	1.173.014	(138.789)	306.054	11	(386.315)	-	7.154.878	6.306	7.161.184
II.	Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (H-II)	716.100	189.164	98.411	-	149.561	-	3.802.322	287.936	937.409	1.173.014	(138.789)	306.054	11	(386.315)	-	7.154.878	6.306	7.161.184
Changes in the Period																			
IV.	Increase / Decrease Related to Mergers	(5.V.f)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Valuation Differences of Securities	(5.V.g)	-	-	-	-	-	-	-	-	-	(340.999)	-	-	-	-	(340.999)	-	(340.999)
VI.	Hedging Transactions (Effective Portion)	(5.V.h)	-	-	-	-	-	-	-	-	-	-	-	-	(218.947)	-	(218.947)	-	(218.947)
6.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	5.551	-	5.551	-	5.551
6.2	Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(222.498)	-	(222.498)	-	(222.498)
VII.	Revaluation Fund of Tangible Assets	(5.V.i)	-	-	-	-	-	-	-	-	-	-	13.397	-	-	-	13.397	-	13.397
VIII.	Revaluation Fund of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	268.803	-	-	-	-	-	-	-	268.803	-	268.803
X.	Foreign Exchange Differences	(5.V.j)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes Related to Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes Related to Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effects of Changes in Equities of Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	The Effect of Capital Increase	-	-	-	-	-	-	-	-	-	-	-	(262.425)	-	-	-	-	-	-
14.1	Cash	1.100.000	(189.164)	(98.411)	-	-	-	-	-	-	-	-	-	-	-	-	550.000	-	550.000
14.2	Internal Resources	550.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	550.000	-	550.000
XV.	Issuance of Capital Stock	-	-	-	-	-	-	-	-	-	-	-	(262.425)	-	-	-	-	-	-
XVI.	Share Cancellation Profits	-	-	39	-	-	-	-	-	-	-	-	-	-	-	-	39	-	39
XVII.	Capital Reserves from Inflation Adjustments to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	1.425	-	-	-	-	-	-	-	1.425	-	1.425
XIX.	Current Period Net Profit / Loss	-	-	-	-	-	-	-	-	858.403	-	-	-	-	-	-	858.403	892	859.295
XX.	Profit Distribution	(5.V.e)	-	-	-	-	-	496.723	-	(937.409)	371.218	-	69.468	-	-	-	-	-	-
20.1	Dividends Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfer to Reserves	(5.V.k)	-	-	-	-	-	496.723	-	(937.409)	371.218	-	69.468	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+III+...+XVIII+XIX+XX)		1.816.100	-	39	-	149.561	-	4.299.045	556.164	858.403	1.544.232	(479.788)	126.484	11	(583.262)	-	8.286.999	7.198	8.294.197
CURRENT PERIOD 01/01-31/12/2016																			
I.	Balances at the Beginning of Period	1.816.100	-	39	-	149.561	-	4.299.045	556.164	858.403	1.544.232	(479.788)	126.484	11	(583.262)	-	8.286.999	7.198	8.294.197
Changes in the Period																			
II.	Increase / Decrease Related to Mergers	(5.V.f)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation Differences of Securities	(5.V.g)	-	-	-	-	-	-	-	-	-	(75.507)	-	-	-	-	(75.507)	-	(75.507)
IV.	Hedging Transactions (Effective Portion)	(5.V.h)	-	-	-	-	-	-	-	-	-	-	-	-	(423.958)	-	(423.958)	-	(423.958)
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	2.752	-	2.752	-	2.752
4.2	Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(426.710)	-	(426.710)	-	(426.710)
V.	Revaluation Fund of Tangible Assets	(5.V.i)	-	-	-	-	-	-	-	-	-	-	40.495	-	-	-	40.495	-	40.495
VI.	Revaluation Fund of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures	(5.V.j)	-	-	-	-	-	-	610.467	-	-	-	-	-	-	-	610.467	-	610.467
VIII.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	(5.V.a)	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	-	-	-	-	-	-	-	(6.710)	-	-	-	-	-	-	-	(6.710)	-	(6.710)
XVII.	Current Period Net Profit / Loss	-	-	-	-	-	-	-	-	1.400.027	-	-	-	-	-	-	1.400.027	1.072	1.401.099
XVIII.	Profit Distribution	(5.V.e)	-	-	-	-	-	118.525	-	(858.403)	702.065	-	-	-	-	-	-	-	-
18.1	Dividend Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfer to Reserves	(5.V.k)	-	-	-	-	-	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	-	3.780.708	1.159.921	1.400.027	2.246.297	(555.285)	53.882	11	(1.007.220)	-	10.581.828	8.270	10.590.098

(*) The amount stated in the column "Paid-in Capital Inflation Adjustment Difference" and the amount stated in 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 FLOWS
FOR THE PERIODS ENDED
31 DECEMBER 2016 AND 2015
(Currency: Thousands of TL - Turkish Lira)

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

		CURRENT PERIOD (01/01-31/12/2016)	PRIOR PERIOD (01/01-31/12/2015)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit before Changes in Operating Assets and Liabilities (+)		1.943.673	543.317
1.1.1 Interest Received (+)		9.384.814	8.123.828
1.1.2 Interest Paid (-)		4.904.038	4.271.494
1.1.3 Dividend Received (+)		205	1.685
1.1.4 Fees And Commissions Received (+)		1.637.707	1.422.090
1.1.5 Other Income (+)		469.515	342.053
1.1.6 Collections from Previously Written-Off Loans and Other Receivables (+)		941.910	692.471
1.1.7 Payments to Personnel and Service Suppliers (-)		1.311.267	1.241.590
1.1.8 Taxes Paid (-)		373.635	185.185
1.1.9 Other (+/-)	(5.VI.c)	(3.901.538)	(4.340.541)
1.2 Changes in Operating Assets and Liabilities		(1.364.457)	1.992.315
1.2.1 Net (Increase) Decrease in Trading Securities (+/-)		(65.357)	76.371
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV (+/-)		-	-
1.2.3 Net (Increase) Decrease in Banks (+/-)		(151.097)	271.438
1.2.4 Net (Increase) Decrease in Loans (+/-)		(16.999.803)	(12.817.643)
1.2.5 Net (Increase) Decrease in Other Assets (+/-)		(1.808.278)	(1.858.214)
1.2.6 Net Increase (Decrease) in Bank Deposits (+/-)		119.622	(818.270)
1.2.7 Net Increase (Decrease) in Other Deposits (+/-)		19.374.401	9.321.619
1.2.8 Net Increase (Decrease) in Funds Borrowed (+/-)		(389.133)	2.951.527
1.2.9 Net Increase (Decrease) in Due Payables (+/-)		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities (+/-)	(5.VI.c)	(1.444.812)	4.865.487
I. Net Cash (Used in)/Provided from Banking Operations (+/-)		579.216	2.535.632
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from / (Used in) Investing Activities (+/-)		1.408.206	(1.541.714)
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries (-)		-	-
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries (+)		9.239	-
2.3 Fixed Assets Purchases (-)		272.403	178.371
2.4 Fixed Assets Sales (+)		64.905	119.692
2.5 Cash Paid for Purchase of Investments Available for Sale (-)		2.834.393	5.254.990
2.6 Cash Obtained From Sale of Investments Available for Sale (+)		4.440.858	3.767.174
2.7 Cash Paid for Purchase of Investment Securities (-)		-	-
2.8 Cash Obtained from Sale of Investment Securities (+)		-	-
2.9 Other (+/-)		-	4.781
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from / (Used in) Financing Activities (+/-)		1.224.377	662.711
3.1 Cash Obtained from Funds Borrowed and Securities Issued (+)		8.676.950	7.822.843
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-)		8.202.573	7.710.132
3.3 Capital Increase (+)		750.000	550.000
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 (+/-)	(5.VI.c)	803.652	718.903
V. Net Increase / (Decrease) in Cash and Cash Equivalents	(5.VI.c)	4.015.451	2.375.532
VI. Cash and Cash Equivalents at the Beginning of Period (+)	(5.VI.a)	9.947.093	7.571.561
VII. Cash and Cash Equivalents at the End of Period	(5.VI.a)	13.962.544	9.947.093

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED PROFIT DISTRIBUTION TABLES
FOR THE PERIODS ENDED
31 DECEMBER 2016 AND 2015
(Currency: Thousands of TL - Turkish Lira)

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

	CURRENT PERIOD (01/01-31/12/2016)	PRIOR PERIOD (01/01-31/12/2015)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	-	-
1.2 TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1 Corporate Tax (Income Tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
A. NET INCOME FOR THE YEAR(1.1-1.2)	-	-
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	-	-
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owner of ordinary shares	-	-
1.6.2 To owner of preferred shares	-	-
1.6.3 To owner of preferred shares (preem private rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit or loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owner of ordinary shares	-	-
1.9.2 To owner of preferred shares	-	-
1.9.3 To owner of preferred shares (preem private rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit or loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owner of ordinary shares	-	-
2.3.2 To owner of preferred shares	-	-
2.3.3 To owner of preferred shares (preem private rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit or loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*)According to Turkish Commercial Code, profit distribution is prepared based on unconsolidated financial statements not on 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.

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.

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

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 31 December 2015.

Aforementioned accounting policies and valuation principles are disclosed below in notes between note numbered II and note numbered XXIV. There exist no significant impacts of TAS/TFRS amendments entered into force as of 1 January 2016 on accounting policies, financial position and performance of DFH Group. TAS and TFRS amendments which are published but not entered into force as of signature date of financial statements do not have significant impact on accounting policies, financial position and performance of DFH Group, except for TFRS 9: Financial Instruments, which shall enter into force as of 1 January 2018 DFH Group has begun studies for compliance to TFRS 9 Financial Instruments Standard.

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

None (31 December 2015: None).

c. Additional paragraph for convenience translation:

The effects of differences between accounting principles and standards set out by BRSA Accounting and Reporting Regulation the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying 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.

	31 December 2016	31 December 2015
US Dollar	3,5192 TL	2,9181 TL
Euro	3,7099 TL	3,1838 TL

Foreign exchange gains and losses included in the income statement

As of 31 December 2016, net foreign exchange loss included in the income statement amounts to TL 599.624 (1 January - 30 September 2015: net foreign exchange loss of TL 1.527.603).

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 nine months 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 31 December 2016, total foreign exchange differences in equity amount to TL 1.128.050 (31 December 2015: TL 522.439).

The foreign exchange difference of TL 36.673 (31 December 2015: TL 31.817) 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.

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

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

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.

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 31 December 2016 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.

Real coupon of Consumer Price Index ("CPI") that is linked government bonds under available-for-sale and held-to maturity portfolios remains fixed until maturity. At the same time intended to effect of change in Consumer Price Index, valuation is carried out with using reference indexes at relating issue of security and preparation date of financial statements.

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, and which was amended with the communiqué published in the Official Gazette numbered 27513 dated 6 March 2010.

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 hold 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

An asset is regarded as "Asset held for resale" only when the sale is highly propable 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 31 December 2016, DFS Group does not have a discontinued operation (31 December 2015: 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 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 9.352 lawsuits against DFS Group with total risks amounting to TL 230.822, US Dollar 757.354 and Euro 1.579.799 as of 31 December 2016. There are also 14.433 follow-up cases amounting to TL 619.598, US Dollar 2.363.954 and Euro 45.000 in total that are filed by DFS Group and are at courts. DFS Group booked a provision amounting to TL 29.059 for the continuing lawsuits (31 December 2015: TL 26.288).

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 31 December 2016 deferred tax assets of TL 153.176 (31 December 2015: TL 141.366) and deferred tax liabilities of TL 15.446 (31 December 2015: TL 8.652) 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

Transactions regarding issue of shares are mentioned in note numbered II-I-8 in section five. Profit shares related to shares have not been announced after date of balance sheet.

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 2015: 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 DFS Group is TL 15.803.437 while its capital adequacy standard ratio is 14,17% as of 31 December 2016. Calculations of 31 December 2015 have been made in the framework of repealed regulations and equity amount is TL 12.613.417 while the capital adequacy standard ratio is 12,93%.

a. Components of consolidated shareholders' equity

	Current 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	
Share premium	15	
Legal reserves	3.968.080	
Projected gains to shareholders' equity of the accounting standards in Turkey	212.370	
Profit	3.646.324	
Net current period profit	1.400.027	
Prior period profit	2.246.297	
Free shares from investments and associates, subsidiaries and joint ventures that is not recognised in profit	11	
Minority shares	8.270	
Common Equity Tier 1 capital before regulatory adjustments	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	560.456	
Development cost of operating lease	91.733	
Goodwill (net of related tax liability)	522	869
Other intangibles other than mortgage-servicing rights (net of related tax liability)	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% threshold)	--	
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	775.459	
Common Equity Tier 1 capital (CET1)	10.375.711	

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(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 (Covered by Temporary Ailicte 3) --

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 (amount above 10% threshold) --

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 (-) 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 **82.179**

Additional Tier 1 capital (AT1) **(82.179)**

Tier 1 capital (T1 = CET1 + AT1) **10.293.532**

Tier 2 capital: instruments and provisions

Directly issued qualifying Tier 2 instruments plus related stock surplus 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 Ailicte 3) --

Provisions 1.269.354

Tier 2 capital before regulatory adjustments **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 (amount above the 10% threshold) (-) --

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) **5.531.921**

Total capital (TC = T1 + T2) **15.825.453**

Total risk weighted assets

Loans extended being non compliant with articles 50 and 51 of the Law --

Proportion 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 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 15.803.437

Total risk weighted items 111.503.228

CAPITAL ADEQUACY RATIOS

Consolidated Core Capital Adequacy Ratio (%) 9,31

Consolidated Tier 1 Capital Adequacy Ratio (%) 9,23

Consolidated Capital Adequacy Standard Ratio (%) 14,17

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

BUFFERS

Institution specific buffer requirement	0,647
Capital conservation buffer requirement (%)	0,625
Bank specific countercyclical buffer requirement (%)	0,022
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)	1.269.354
Cap on inclusion of provisions in Tier 2 under standardised approach	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	--
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	--
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	--
Upper limit for Additional Tier II Capital subjected to temporary Article 4	683.202
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	--

	Prior Period 31 December 2015 (*)
CORE CAPITAL	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.816.100
Share premium	39
Share cancellation profits	--
Reserves	4.448.606
Gains recognized in equity as per TAS	128.405
Profit	2.402.635
Current Period Profit	858.403
Prior Period Profit	1.544.232
Provisions for Possible Risks	11.000
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	11
Minorities' Share	7.198
Core Capital Before Deductions	8.813.994
Deductions from Common Equity	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	505.426
Leasehold improvements (-)	98.486
Goodwill or other intangible assets and deferred tax liability related to these items (-)	71.304
Net deferred tax asset/liability (-)	28.701
Shares obtained contrary to the 4th clause of the 56th Article of the Law (-)	--
Direct and indirect investments of the Bank in its own Core Capital (-)	--
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Core Capital of the Bank (-)	--
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Core Capital of the Bank (-)	--
Portion of mortgage servicing rights exceeding 10% of the Core Capital (-)	--
Portion of deferred tax assets based on temporary differences exceeding 10% of the Core Capital (-)	--
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	--
Excess amount arising from the net long positions of investments in core capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital (-)	--
Excess amount arising from mortgage servicing rights (-)	--
Excess amount arising from deferred tax assets based on temporary differences (-)	--
Other items to be defined by the BRSA (-)	--
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	--
Total Deductions From Core Capital	703.917
Total Common Equity	8.110.077
ADDITIONAL TIER I CAPITAL	
Capital amount and related premiums corresponding to preference shares that are not included in common equity	--
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)	--
Debt instruments and premiums deemed suitable by the BRSA (issued before 1.1.2014)	--
Third parties' share in the Tier I Capital	--
Additional Tier I Capital before Deductions	--
Deductions from Additional Tier I Capital	
Direct and indirect investments of the Bank in its own Additional Tier I Capital (-)	--
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	--
Portion of the total of net long positions of investments made in Additional Tier I Capital and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	--
Other items to be defined by the BRSA (-)	--
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II is not available (-)	--
Total Deductions From Additional Tier I Capital	--

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

Total Additional Tier I Capital	—
Deductions from Tier I Capital	150.004
Portion of goodwill and other intangible assets and the related deferred tax liabilities which not deducted from the Common Equity as per the 1st clause of Provisional Article 2 of the Regulation on the Equity of Banks (-)	106.953
Portion of net deferred tax assets/liabilities which is not deducted from the common equity pursuant to Paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	43.051
Total Tier I Capital	7.960.073
TIER II CAPITAL	
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)	1.679.282
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained before 1.1.2014)	2.089.360
Sources pledged to the Bank by shareholders to be used in capital increases of the Bank	—
General Loan Loss Provisions	975.339
Third parties' share in the Tier II Capital	—
Tier II Capital Before Deductions	4.743.981
Deductions From Tier II Capital	
Direct and indirect investments of the Bank in its own Tier II Capital (-)	—
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	—
Portion of the total of net long positions of investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	—
Other items to be defined by the BRSA (-)	56.115
Total Deductions from Tier II Capital	56.115
Total Tier II Capital	4.687.866
CAPITAL BEFORE DEDUCTIONS	
Loans granted contrary to the 50th and 51th Article of the Law (-)	—
Net book value of amounts exceeding the limit mentioned in the 1st Paragraph of Article 57 of the Law and assets acquired against overdue receivables which could not be disposed of even though five years have passed since their acquisition date (-)	1.092
Loans granted to banks and financial institutions, including those established abroad, and to eligible shareholders of the Bank and investments made in the borrowing instruments issued by them (-)	—
Loans granted to banks and financial institutions, including those established abroad, and to eligible shareholders of the Bank and investments made in the borrowing instruments issued by them (-)	—
Other items to be defined by the BRSA (-)	33.430
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	—
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	—
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	—
TOTAL CAPITAL	12.613.417
Amounts below the Excess Limits as per the Deduction Principles	—
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	—
Amounts arising from the net long positions of investments made in Tier I Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	—
Amounts arising from mortgage servicing rights	—
Amounts arising from deferred tax assets based on temporary differences	227.388

(*)Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date 31 March 2016, the information given in the prior period column has been calculated pursuant to former regulation.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

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	DEXIA CREDIT LOCAL PARIS	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	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.	"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	Deducted	Deducted	Deducted	Deducted	Deducted
Eligible at solo/group/group&solo	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in mil. as of most recent reporting date)	427	528	1056	1056	1056	140	0	0
Par value of instrument	427	528	1056	1056	1056	703	457	178
Accounting classification	3470102	3470102	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	27.09.2007	28.06.2007
Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	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	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 or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.
Subsequent call dates, if applicable	None.	None.	None.	None.	None.	None.	None.	None.
Dividend/Coupon Payments								
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Floating	Floating	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	7.5%	7.49%	6,10%	Libor + 2,90%	Libor + 2,10%	Libor + 2,10%
Existence of a dividend stopper	None.	None.	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.	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.	None.	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.	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.	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.	Not Possessed.	Not Possessed.
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	--	--	--	--	--	Article 8/2 (g)	Article 8/2 (g)	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 5 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 credit risk and risk management

- a. **Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals**

Credit risk is the risk that the counterparties of the Parent Bank and consolidated subsidiaries and associates may be unable to meet in full or part their commitments arising from contracts and cause to incur losses.

Credit risk limits of the customers are determined based on the customers' financial strength and the credit requirement, within the credit authorization limits of the branches, the credit evaluation group, the regional directorates, the executive vice presidents responsible from loans, the general manager, the credit committee and the Board of Directors; on condition that they are in compliance with the related regulations.

Credit risk limits are determined for debtors or group of debtors. Credit risk limits of the debtors, group of debtors and sectors are monitored on a weekly basis.

Information on determination and distribution of risk limits for daily transactions, monitoring of risk concentrations related to off-balance sheet items per customer and dealer basis

Risk limits and allocations relating to daily transactions are monitored on a daily basis. Off-balance sheet risk concentrations are monitored by on-site and off-site investigations.

Information on periodical analysis of creditworthiness of loans and other receivables per legislation, inspection of account vouchers taken against new loans, if not inspected, the reasons for it, credit limit renewals, collaterals against loans and other receivables

The Group targets a healthy loan portfolio and in order to meet its target there are process instructions, follow-up and control procedures, close monitoring procedures and risk classifications for loans in accordance with the banking legislation.

In order to prevent the loans becoming non-performing either due to cyclical changes or structural problems, the potential problematic customers are determined through the analysis of early warning signals, and the probable performance problems are aimed to be resolved at an early stage.

It is preferred to obtain highly liquid collaterals such as bank guarantees, real estate and ship mortgages, pledges on securities, bills of exchange and sureties of the persons and companies.

Descriptions of past due and impaired loans as per the accounting practices

Loans which were transferred to second group loans based on the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables By Banks and Provisions to be Set Aside” and whose principal and interest payments were not realized at the relevant due dates are regarded as past due loans by the Parent Bank. Loans whose principal and interest payments were late for more than 90 days and the loans whose debtors have suffered deterioration in their creditworthiness as per the Bank's evaluations are regarded as impaired loans.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

Methods and approaches regarding valuation adjustments and provisions

Based on the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables By Banks and Provisions to be Set Aside" the Parent Bank calculates general provision for past due loans and specific provision for impaired loans.

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types

Corporate and commercial credit risks are evaluated according to the Group's internal assessment ("rating") system; which complies with the Basel II model; and classified according to their probability of default. Ratings of corporate and commercial loans portfolio is presented below:

Rating/Scoring Grades	Current Period	Prior Period
Above Average	%42	%45
Average	%41	%44
Below Average	%10	%6
Unrated	%7	%5

Group applies a different assessment method ("scoring") for consumer and SME credit risks. Ratings compatible with Basel II model is presented below:

Rating/Scoring Grades	Current Period	Prior Period
Above Average	%37	%39
Average	%31	%31
Below Average	%32	%30

Risk classifications	Current Period (*)	Average (**)
1 Conditional and unconditional receivables from central governments and Central Banks	29.206.638	26.258.918
2 Conditional and unconditional receivables from regional or local governments	546.445	656.152
3 Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	--	1
4 Conditional and unconditional receivables from multilateral development banks	--	--
5 Conditional and unconditional receivables from international organizations	--	--
6 Conditional and unconditional receivables from banks and brokerage houses	5.027.705	4.917.235
7 Conditional and unconditional receivables from corporate	60.739.447	57.177.588
8 Conditional and unconditional receivables from retail portfolios	35.166.364	28.627.101
9 Conditional and unconditional receivables secured by mortgages	5.383.060	5.026.243
10 Conditional and unconditional receivables secured by mortgages	11.679.326	9.031.700
11 Past due receivables	1.155.948	981.167
12 Receivables defined in high risk category by BRSA	--	790.630
13 Securities collateralized by mortgages	--	--
14 Short-term receivables from banks, brokerage houses and corporate	--	--
15 Investments similar to collective investment funds	2.255	2.004
16 Other receivables	4.435.249	3.984.588
17 Equity security investments	29.109	2.911
18 Total	153.371.546	137.456.238

(*) Includes risk amounts in banking book before the effect of credit risk mitigation but after the credit conversions.

(**) Arithmetical average of the amounts in quarterly reports prepared after the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Bank dated 28 June 2012.

- b. Information on the control limits of the Group for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions**

The Group has control limits defined for the positions arising from forward transactions, options and similar contracts. Credit risk for these instruments is managed together with those arising from market conditions.

- c. Information on whether the Group decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not**

Forward transactions can be realized at maturity. However, if it is required, reverse positions of the current positions are purchased to decrease the risk.

- d. Information on whether the indemnified non-cash loans are evaluated as having the same risk weight as non-performing loans or not**

Indemnified non-cash loans are treated as having the same risk weight as non-performing loans.

Information on whether the loans that are renewed and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are considered in these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not

Loans that are renewed and rescheduled are included in a new rating group as determined by the risk management system, other than the follow-up plan defined in the banking regulations.

Long term commitments are accepted as having more risk than short term commitments which results in a diversification of risk and are monitored periodically.

- e. Evaluation of the significance of country specific risk if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities**

There is no significant credit risk since the Parent Bank's foreign operations and credit transactions are conducted in OECD and EU member countries in considering their economic climate.

Evaluation of the Bank's competitive credit risk as being an active participant in the international banking transactions market

Being an active participant in the international banking transactions market, the Parent Bank does not have significant credit risk as compared to other financial institutions.

- f. DFS Group's**

- 1. The share of the top 100 and 200 cash loan customers in the total cash loans portfolio**

The share of the top 100 and 200 cash loan customers comprises 32% and 39% of the total cash loans portfolio (31 December 2015: %29, %36).

- 2. The share of the top 100 and 200 non-cash loan customers in the total loan non-cash loans portfolio**

The share of the top 100 and 200 non-cash loan customers comprises 46% and 58% of the total non-cash loans portfolio (31 December 2015: %48, %60).

- 3. The share of the total cash and non-cash loan balance of the top 100 and 200 loan customers in the total assets and off-balance sheet items**

The share of the total cash and non-cash loans from its top 100 and 200 loan customers comprise 19% and 26% of the total assets and off-balance sheet items (31 December 2015: %21, %27).

- g. DFS Group's general loan provision for its loans**

As at 31 December 2016, DFS Group's general loan provision amounts to TL 1.269.354 (31 December 2015: 975.339 TL).

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

h. Profile of significant exposures in major regions

Current Period	Risk Classifications (*)(**)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Domestic	25.479.742	494.522	--	--	--	1.345.409	32.040.595	31.585.944	5.055.717	8.035.893	1.068.112	--	--	--	1.187	4.147.723	3.929	109.258.773
European Union Countries	4.350.363	42.559	--	--	--	1.071.439	4.316.668	65.885	37.884	1.182	23.359	--	--	--	--	240.388	--	10.149.727
OECD Countries	--	--	--	--	--	21.467	188.293	4.510	2.774	--	13	--	--	--	--	--	--	217.057
Off-Shore Banking Regions	--	--	--	--	--	42.363	315.674	3.264	2.230	1.766	--	--	--	--	--	--	--	365.297
USA, Canada	--	--	--	--	--	128.150	212.006	6.267	1.524	115	96	--	--	--	--	--	--	348.158
Other Countries	--	--	--	--	--	475.226	2.079.585	61.315	78.054	2.833.177	4.464	--	--	--	--	47.139	--	5.578.960
Subsidiaries, Associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	25.180	25.180
Unallocated Assets/Liabilities	179.022	8.671	--	--	--	1.941.779	15.663.010	2.479.419	163.592	781.708	56.822	--	--	--	1.068	--	--	21.275.091
Total	30.009.127	545.752	--	--	--	5.025.833	54.815.831	34.206.604	5.341.775	11.653.841	1.152.866	--	--	--	2.255	4.435.250	29.109	147.218.243

Prior Period	Risk Classifications (*)(**)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Domestic	21.991.416	763.342	--	--	--	2.401.276	39.964.488	19.001.905	5.124.910	4.382.910	895.853	4.549.324	--	--	--	3.114.867	--	102.190.291
European Union Countries	3.069.134	38.346	--	--	--	1.367.606	1.073.204	181.305	46.417	4.196	3.504	4.156	--	--	--	163.449	--	5.951.317
OECD Countries	--	--	--	--	--	16.772	--	3.833	2.908	321	--	215	--	--	--	--	--	24.049
Off-Shore Banking Regions	--	--	--	--	--	1.154	325.574	671	3.816	30	--	119	--	--	--	22	--	331.386
USA, Canada	--	--	--	--	--	290.009	15.021	2.378	1.566	--	1.193	543	--	--	--	--	--	310.710
Other Countries	--	--	--	--	--	102.032	1.394.097	37.683	65.297	6.042	928	1.826	--	--	--	55.537	--	1.663.442
Subsidiaries, Associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	18.708	--	18.708
Unallocated Assets/Liabilities	24.383	4.413	1	--	--	1.695.433	14.279.863	4.309.490	77.147	325.722	--	--	--	--	571	13.651	--	20.730.674
Total	25.084.933	806.101	1	--	--	5.874.282	57.052.247	23.537.265	5.322.061	4.719.221	901.478	4.556.183	--	--	571	3.366.234	--	131.220.577

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

- | | |
|--|--|
| Conditional and unconditional receivables from central governments and | |
| 1: Central Banks | 10: Conditional and unconditional receivables secured by mortgages |
| Conditional and unconditional receivables from regional or local | |
| 2: governments | 11: Past due receivables |
| Conditional and unconditional receivables from administrative | |
| 3: bodies and non-commercial enterprises | 12: Receivables defined in high risk category by BRSA |
| Conditional and unconditional receivables from multilateral | |
| 4: development banks | 13: Securities collateralized by mortgages |
| Conditional and unconditional receivables from international | |
| 5: organizations | 14: Short-term receivables from banks, brokerage houses and corporates |
| Conditional and unconditional receivables from banks and | |
| 6: brokerage houses | 15: Investments similar to collective investment funds |
| 7: Conditional and unconditional receivables from corporates | 16: Other receivables |
| 8: Conditional and unconditional receivables from retail portfolios | 17: Equity security transactions |
| 9: Conditional and unconditional receivables secured by mortgages | |

(**) OECD countries except for EU countries, USA and Canada

(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

i. Risk Profile by Sectors or Counterparties

Current Period: 31 December 2016	Risk Classifications (*)(**)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agricultural	22.268	--	--	--	--	--	451.448	7.498.019	136.286	886.942	78.307	--	--	--	--	1	--	8.837.231	236.040	9.073.271
Farming and Cattle	21.699	--	--	--	--	--	447.351	7.483.545	135.995	885.652	78.078	--	--	--	--	1	--	8.826.064	226.257	9.052.321
Forestry	43	--	--	--	--	--	365	3.564	241	779	74	--	--	--	--	--	--	4.298	768	5.066
Fishing	526	--	--	--	--	--	3.732	10.910	50	511	155	--	--	--	--	--	--	6.869	9.015	15.884
Manufacturing	263.208	3	--	--	--	--	16.703.427	1.892.782	233.414	1.203.471	172.334	--	--	--	--	13	--	4.899.235	15.569.417	20.468.652
Mining	6.444	3	--	--	--	--	2.863.020	127.182	16.210	66.563	14.705	--	--	--	--	--	--	486.419	2.607.708	3.094.127
Production	256.116	--	--	--	--	--	10.043.433	1.740.201	205.567	1.091.567	94.081	--	--	--	--	11	--	3.821.443	9.609.533	13.430.976
Electric, Gas, Water	648	--	--	--	--	--	3.796.974	25.399	11.637	45.341	63.548	--	--	--	--	2	--	591.373	3.352.176	3.943.549
Construction	65.070	15.925	--	--	--	--	9.828.871	1.215.556	410.618	1.107.707	106.859	--	--	--	--	10	--	4.896.136	7.854.480	12.750.616
Services	16.924.497	7.133	--	--	--	5.025.833	20.528.951	6.472.762	1.020.706	7.241.323	410.246	--	--	--	--	6.306	15.411	18.065.616	39.587.552	57.653.168
Wholesale and Retail Trade	357.064	1	--	--	--	--	6.019.827	4.870.635	569.310	1.624.963	270.740	--	--	--	--	132	--	8.514.870	5.197.802	13.712.672
Hotel and Restaurant Services	21.422	--	--	--	--	--	4.241.199	242.411	232.268	4.607.475	31.321	--	--	--	--	--	--	1.412.240	7.963.856	9.376.096
Transportation and telecommunication	58.988	--	--	--	--	--	5.731.937	987.283	151.313	483.325	64.249	--	--	--	--	22	2.800	2.433.939	5.045.978	7.479.917
Financial institution	16.472.198	26	--	--	--	5.025.833	764.043	61.439	10.226	139.651	13.438	--	--	--	--	6.148	12.611	3.848.549	18.657.064	22.505.613
Real estate and letting services	3.154	1.512	--	--	--	--	182.740	108.519	23.651	12.692	3.501	--	--	--	--	1	--	205.163	130.607	335.770
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	3.024	5.594	--	--	--	--	880.066	69.886	19.941	231.170	4.999	--	--	--	--	--	--	827.637	387.043	1.214.680
Health and social services	8.647	--	--	--	--	--	2.709.139	132.589	13.997	142.047	21.998	--	--	--	--	3	--	823.218	2.205.202	3.028.420
Other	12.734.084	522.691	--	--	--	--	7.303.134	17.127.485	3.540.751	1.214.398	385.120	--	--	--	2.255	4.428.920	13.698	36.017.911	11.254.625	47.272.536
Total	30.009.127	545.752	--	--	--	5.025.833	54.815.831	34.206.604	5.341.775	11.653.841	1.152.866	--	--	--	2.255	4.435.250	29.109	72.716.129	74.502.114	147.218.243

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

- | | |
|--|---|
| <p>1: Conditional and unconditional receivables from central governments and Central Banks</p> <p>2: Conditional and unconditional receivables from regional or local governments</p> <p>3: Conditional and unconditional receivables from administrative bodies and non-commercial enterprises</p> <p>4: Conditional and unconditional receivables from multilateral development banks</p> <p>5: Conditional and unconditional receivables from international organizations</p> <p>6: Conditional and unconditional receivables from banks and brokerage houses</p> <p>7: Conditional and unconditional receivables from corporates</p> <p>8: Conditional and unconditional receivables from retail portfolios</p> <p>9: Conditional and unconditional receivables secured by mortgages</p> | <p>10: Conditional and unconditional receivables secured by mortgages</p> <p>11: Past due receivables</p> <p>12: Receivables defined in high risk category by BRSA</p> <p>13: Securities collateralized by mortgages</p> <p>14: Short-term receivables from banks, brokerage houses and corporates</p> <p>15: Investments similar to collective investment funds</p> <p>16: Other receivables</p> <p>17: Equity security transactions</p> |
|--|---|

(**) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

Prior Period:31 December 2015	Risk Classifications (*)(**)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agricultural	--	--	--	--	--	--	719.842	4.946.734	67.731	784.710	34.716	3.248	--	--	--	--	--	6.257.478	299.233	6.556.981
Farming and Cattle	--	--	--	--	--	--	656.022	4.940.366	67.466	781.120	34.167	3.240	--	--	--	--	--	6.247.234	235.147	6.482.381
Forestry	--	--	--	--	--	--	60.886	3.386	145	119	309	4	--	--	--	--	--	4.357	60.492	64.849
Fishing	--	--	--	--	--	--	2.937	2.982	120	3.471	240	4	--	--	--	--	--	6.157	3.594	9.751
Manufacturing	--	3	--	--	--	--	16.134.608	1.055.394	169.268	573.544	74.709	6.702	--	--	--	--	--	5.124.773	12.889.455	18.014.228
Mining	--	3	--	--	--	--	2.897.834	81.889	13.361	38.980	16.371	193	--	--	--	--	--	536.946	2.511.685	3.048.631
Production	--	--	--	--	--	--	10.059.162	968.670	141.813	509.526	57.229	4.620	--	--	--	--	--	4.088.486	7.652.534	11.741.020
Electric, Gas, Water	--	--	--	--	--	--	3.177.612	4.835	14.094	25.038	1.109	1.889	--	--	--	--	--	499.341	2.725.236	3.224.577
Construction	--	26.472	--	--	--	--	9.674.836	552.486	345.685	712.236	56.527	3.289	--	--	--	10.883	--	4.349.445	7.032.969	11.382.414
Services	25.084.933	2.090	--	--	--	5.874.282	22.040.918	4.682.827	837.599	1.816.106	324.498	13.464	--	--	--	34.383	--	24.598.596	36.112.504	60.711.100
Wholesale and Retail Trade	--	1	--	--	--	--	6.898.190	3.547.066	471.093	883.950	213.351	11.227	--	--	--	--	--	7.767.787	4.257.091	12.024.878
Hotel and Restaurant Services	--	--	--	--	--	--	6.895.040	183.185	173.780	467.038	10.951	285	--	--	--	--	--	1.212.380	6.517.899	7.730.279
Transportation and telecommunication	--	18	--	--	--	--	4.233.516	736.089	128.662	187.031	14.965	1.396	--	--	--	16	--	2.250.727	3.050.966	5.301.693
Financial institution	25.084.933	80	--	--	--	5.874.282	1.031.726	37.380	10.320	62.968	13.370	10	--	--	--	34.367	--	11.577.432	20.572.004	32.149.436
Real estate and letting services	--	1.991	--	--	--	--	216.891	80.486	25.839	11.065	38.861	439	--	--	--	--	--	204.345	171.227	375.572
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	--	--	--	--	--	--	915.397	37.083	9.591	115.558	1.638	53	--	--	--	--	--	858.787	220.533	1.079.320
Health and social services	--	--	--	--	--	--	1.850.158	61.538	18.314	88.496	31.362	54	--	--	--	--	--	727.138	1.322.784	2.049.922
Other	--	777.536	1	--	--	--	8.482.043	12.299.824	3.901.779	832.624	411.028	4.529.480	--	--	571	3.320.968	--	26.924.433	7.631.421	34.555.854
Total	25.084.933	806.101	1	--	--	5.874.282	57.052.247	23.537.265	5.322.062	4.719.220	901.478	4.556.183	--	--	571	3.366.234	--	67.254.995	63.965.582	131.220.577

(*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

- | | |
|--|---|
| <p>1: Conditional and unconditional receivables from central governments and Central Banks</p> <p>2: Conditional and unconditional receivables from regional or local governments</p> <p>3: Conditional and unconditional receivables from administrative bodies and non-commercial enterprises</p> <p>4: Conditional and unconditional receivables from multilateral development banks</p> <p>5: Conditional and unconditional receivables from international organizations</p> <p>6: Conditional and unconditional receivables from banks and brokerage houses</p> <p>7: Conditional and unconditional receivables from corporates</p> <p>8: Conditional and unconditional receivables from retail portfolios</p> <p>9: Conditional and unconditional receivables secured by mortgages</p> | <p>10: Conditional and unconditional receivables secured by mortgages</p> <p>11: Past due receivables</p> <p>12: Receivables defined in high risk category by BRSA</p> <p>13: Securities collateralized by mortgages</p> <p>14: Short-term receivables from banks, brokerage houses and corporates</p> <p>15: Investments similar to collective investment funds</p> <p>16: Other receivables</p> <p>17: Equity security transactions</p> |
|--|---|

(**) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

j. Analysis of maturity-bearing exposures according to remaining maturities

Current Period

Risk classifications	Undistributed (*)	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
1 Conditional and unconditional receivables from central governments and Central Banks	6.345.933	10.303.013	73.255	8.112	420.364	12.858.450
2 Conditional and unconditional receivables from regional or local governments	--	255	3.186	9.197	21.830	511.284
3 Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	--
4 Conditional and unconditional receivables from multilateral development banks	--	--	--	--	--	--
5 Conditional and unconditional receivables from international organizations	--	--	--	--	--	--
6 Conditional and unconditional receivables from banks and brokerage houses	1.372.923	850.462	656.659	275.061	564.726	1.306.002
7 Conditional and unconditional receivables from corporate	62.590	4.548.309	3.426.258	2.586.737	5.914.416	38.277.521
8 Conditional and unconditional receivables from retail portfolios	1.777	6.559.619	1.759.786	2.224.001	5.579.901	18.081.520
9 Conditional and unconditional receivables secured by mortgages	--	212.808	146.533	208.157	310.954	4.463.323
10 Conditional and unconditional receivables secured by mortgages	--	536.148	549.819	520.154	609.152	9.438.568
11 Past due receivables	1.058.710	5.401	839	1.281	2.984	83.651
12 Receivables defined in high risk category by BRSA	--	--	--	--	--	--
13 Securities collateralized by mortgages	--	--	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate	--	--	--	--	--	--
15 Investments similar to collective investment funds	--	2.089	--	--	166	--
16 Other receivables	4.404.835	11.609	--	--	--	18.806
17 Equity security investments	29.109	--	--	--	--	--
18 Total	13.275.877	23.029.713	6.616.335	5.832.700	13.424.493	85.039.125

(*) Drawing amounts are included.

Prior Period

Risk classifications	Undistributed (*)	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
1 Conditional and unconditional receivables from central governments and Central Banks	4.101.972	8.286.654	207.563	249.004	417.712	11.822.028
2 Conditional and unconditional receivables from regional or local governments	--	186	1.715	2.167	39.557	762.476
3 Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	1
4 Conditional and unconditional receivables from multilateral development banks	--	--	--	--	--	--
5 Conditional and unconditional receivables from international organizations	--	--	--	--	--	--
6 Conditional and unconditional receivables from banks and brokerage houses	1.001.956	2.358.338	432.729	301.519	71.419	1.708.321
7 Conditional and unconditional receivables from corporate	102.551	5.018.198	3.130.938	3.613.331	7.642.126	37.545.103
8 Conditional and unconditional receivables from retail portfolios	157	6.427.550	964.886	1.740.015	5.420.365	8.984.292
9 Conditional and unconditional receivables secured by mortgages	--	133.584	98.032	127.056	158.325	4.805.064
10 Conditional and unconditional receivables secured by mortgages	--	324.111	175.836	303.755	400.705	3.514.814
11 Past due receivables	825.258	6.083	438	1.274	3.628	64.797
12 Receivables defined in high risk category by BRSA	65.202	167.033	--	--	--	4.323.948
13 Securities collateralized by mortgages	--	--	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate	--	--	--	--	--	--
15 Investments similar to collective investment funds	--	432	--	139	--	--
16 Other receivables	3.296.495	58.808	--	--	6.000	4.931
17 Equity security investments	--	--	--	--	--	--
18 Total	9.393.591	22.780.977	5.012.137	6.338.260	14.159.837	73.535.775

(*) Drawing amounts are included.

k. Risk Classifications

Parent Bank has simplified its application through only considering credit grades of Fitch rating agency as of July 2016 through making a notification to Risk Centre on 1 July 2016 in order to limit variability generated by using multiple credit rating agencies (CRA) on legal rates.

The scope, in which the credit rating grades are taken into consideration, covers receivables from governments or central banks and receivables from banks and intermediary institutions and corporate receivables for those having residence abroad.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

Current Period

Credit Quality Grade	Risk Rating		Risk Classifications		
			Receivables from Banks and Brokerage Houses		Corporate Receivables
	Fitch		Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months	
1	AAA				
	AA+				
	AA		%0	%20	%20
2	AA-				
	A+				
	A		%20	%20	%50
3	A-				
	BBB+				
	BBB		%50	%20	%100
4	BBB-				
	BB+				
	BB		%100	%50	%100
5	BB-				
	B+				
	B		%100	%50	%100
6	B-				
	CCC				
	CC		%150	%150	%150
	C				
	D				

Prior Period

Credit Quality Grade	Risk Rating			Risk Classifications		
				Receivables from Banks and Brokerage Houses		Corporate Receivables
	Fitch	Moody's	S&P	Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months	
1	AAA	Aaa	AAA			
	AA+	Aa1	AA+			
	AA	Aa2	AA	%0	%20	%20
	AA-	Aa3	AA-			
2	A+	A1	A+			
	A	A2	A	%20	%20	%50
	A-	A3	A-			
	BBB+	Baa1	BBB+			
3	BBB	Baa2	BBB	%50	%20	%100
	BBB-	Baa3	BBB-			
	BB+	Ba1	BB+			
4	BB	Ba2	BB	%100	%50	%100
	BB-	Ba3	BB-			
	B+	B1	B+			
5	B	B2	B	%100	%50	%100
	B-	B3	B-			
		Caa1	CCC+			
6	CCC	Caa2	CCC			
		Caa3	CCC-			
	CC	Ca	CC	%150	%150	%150
	C	C	C			
	D	D	D			

I. Exposures by risk weights

Current Period

Risk Weight	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%1250	Equity Deduction
Exposures before Credit Risk Mtigation	16.439.368	--	1.870.339	--	18.517.089	41.035.264	75.067.893	287.179	--	154.415	--	879.654
Exposures after Credit Risk Mtigation	17.241.861	--	1.870.339	5.341.774	28.577.710	33.874.791	59.873.169	284.184	--	154.415	--	879.654

Prior Period

Risk Weight	%0	%10	%20	%50	%75	%100	%150	%200	%250	Equity Deduction
Exposures before Credit Risk Mtigation	24.014.207	--	3.294.447	5.872.451	27.490.649	65.679.995	2.032.547	2.765.162	71.119	944.558
Exposures after Credit Risk Mtigation	24.014.207	--	3.294.447	14.816.887	21.852.327	57.379.274	2.011.498	2.737.163	71.119	944.558

m. Information by major sectors and type of counterparties

Impaired Loans; are the loans either overdue for more than 90 days or loans regarded as impaired due to their creditworthiness. For such loans, "specific provisions" are allocated as per the Provisioning Regulation.

Past Due Loans; are the loans those are overdue up to 90 days but not impaired. For such loans, "general provisions" are allocated as per the Provisioning Regulation.

Current Period: 31 December 2016

Important Sectors/Counterparties	Loans		Value Adjustments(*)	Provisions(**)
	Impaired	Past Due		
Agricultural	200.093	340.760	10.174	137.753
Farming and Cattle	197.139	338.771	10.109	135.004
Forestry	527	242	6	460
Fishing	2.427	1.747	59	2.289
Manufacturing	357.990	599.580	20.567	215.052
Mining	39.933	68.803	1.578	27.911
Production	235.915	499.988	18.288	166.601
Electric, Gas, Water	82.142	30.789	701	20.540
Construction	232.278	233.309	7.232	156.120
Services	1.157.129	2.364.961	89.677	787.920
Wholesale and Retail Trade	748.500	634.089	18.493	495.120
Hotel and Restaurant Services	41.453	1.089.073	46.353	16.764
Transportation and telecommunication	216.466	359.467	12.212	154.069
Financial institution	28.667	174.919	7.991	17.282
Real estate and letting services	9.604	8.692	217	6.209
Self-employment services	--	--	--	--
Education services	21.522	3.610	89	16.673
Health and social services	90.917	95.111	4.322	81.803
Other	1.704.149	2.714.903	132.695	1.351.110
Total	3.651.639	6.253.513	260.345	2.647.955

(*) Representing the general provision of past due loans.

(**) Representing specific provision amounts.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

Prior Period: 31 December 2015

Important Sectors/Counterparties	Loans		Value Adjustments(*)	Provisions (**)
	Impaired	Past Due		
Agricultural	232.264	509.323	15.135	171.896
Farming and Cattle	230.664	507.985	15.084	170.806
Forestry	1.219	75	1	926
Fishing	381	1.263	50	164
Manufacturing	288.689	455.772	18.616	222.931
Mining	68.220	14.462	352	46.343
Production	214.322	353.321	14.288	173.435
Electric, Gas, Water	6.147	87.989	3.976	3.153
Construction	220.098	93.612	2.393	155.494
Services	703.176	981.245	33.547	441.827
Wholesale and Retail Trade	460.737	317.426	8.643	260.357
Hotel and Restaurant Services	22.442	120.440	4.320	11.750
Transportation and telecommunication	80.896	410.418	15.708	67.262
Financial institution	18.811	6.859	141	14.342
Real estate and letting services	6.793	4.491	108	4.129
Self-employment services	42	--	--	40
Education services	3.826	24.632	677	2.263
Health and social services	109.629	96.979	3.950	81.684
Other	1.724.547	1.784.826	100.444	1.286.035
Total	3.168.774	3.824.778	170.135	2.278.183

(*) Representing the general provision of past due loans.

(**) Representing specific provision amounts.

Movements in valuation adjustments and provisions

Current Period: 31 December 2016	Opening Balance	Charge for the period	Releases for provisions	Other Adjustments(*)	Ending Balance
Specific Provisions	2.278.183	1.241.892	(269.966)	(602.154)	2.647.955
General Provisions	975.339	294.015	--	--	1.269.354

(*) It includes sales made from non-performing loans and exchange differences amount of TL 2.383.

Prior Period: 31 December 2015	Opening Balance	Charge for the period	Releases for provisions	Other Adjustments(*)	Ending Balance
Specific Provisions	1.375.164	1.095.770	(190.919)	(1.832)	2.278.183
General Provisions	813.128	162.211	--	--	975.339

(*) Representing sales from the non-performing loans portfolio in amount of TL (2.845) and foreign exchange differences in amount of TL 1.013.

n. Risk involved in counter-cyclical capital buffer calculations:

Country of ultimate risk	Private sector credit exposure in banking book	Risk weighted equivalent trading book	Total
Turkey	86.029.159	25.542	86.054.701
Malta	1.452.193	--	1.452.193
Germany	1.177.841	--	1.177.841
Netherlands	1.169.288	--	1.169.288
Other	3.895.763	--	3.895.763

o. Distribution of credit risk according to the operational segments

Current Period: 31 December 2016	Commercial Loans (*)	Consumer Loans	Credit Cards	Other	Total
Standard Loans	70.296.983	12.204.822	4.801.357	26.643	87.329.805
Closely Monitored Loans	5.213.186	1.190.519	285.322	--	6.689.027
Non-performing Loans	2.331.997	848.256	471.386	--	3.651.639
Specific Provisions(-)	1.600.858	654.233	392.864	--	2.647.955
Total	76.241.308	13.589.364	5.165.201	26.643	95.022.516

(*) Informations on the table include receivables of Deniz Leasing and Deniz Factoring.

(**) Commercial loans include commercial, corporate and SME loans.

Prior Period: 31 December 2015	Commercial Loans (*)	Consumer Loans	Credit Cards	Other	Total
Standard Loans	56.828.960	11.645.974	4.132.903	14.316	72.622.153
Closely Monitored Loans	2.896.286	1.093.319	202.714	--	4.192.319
Non-performing Loans	1.684.130	898.406	586.238	--	3.168.774
Specific Provisions(-)	1.179.281	668.445	430.457	--	2.278.183
Total	60.230.095	12.969.254	4.491.398	14.316	77.705.063

(*) Informations on the table include receivables of Deniz Leasing and Deniz Factoring.

(**) Commercial loans include commercial, corporate and SME loans.

The loans of DFS Group amounting to TL 60.734.592 (31 December 2015: TL 56.329.099) are collateralized by cash, mortgage, cheques and notes obtained from customers.

III. 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 3,5192
Euro purchase rate as at the balance sheet date	TL 3,7099

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
27 December 2016	3,5135	3,6711
28 December 2016	3,5329	3,6901
29 December 2016	3,5318	3,6939
30 December 2016	3,5192	3,7099
31 December 2016	3,5192	3,7099

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 December 2016 are TL 3,0197 and TL 3,3389 respectively.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

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	3.593.180	7.019.629	1.944.745	12.557.554
Due from Banks and Other Financial Institutions	4.543.698	865.857	146.182	5.555.737
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	177.120	42.482	1	219.603
Interbank Money Market Placements	--	--	--	--
Investment Securities Available-for-Sale	1.030.396	1.080.344	64.254	2.174.994
Loans ⁽²⁾	20.765.084	23.817.521	969.661	45.552.266
Investments in Subsidiaries and Associates	130	--	--	130
Investment Securities Held-to-Maturity	155.033	1.561.104	--	1.716.137
Hedging Purpose Financial Derivatives	--	--	--	--
Tangible Assets	111.067	82	816	111.965
Intangible Assets ⁽³⁾	--	--	--	--
Other Assets ⁽⁴⁾	1.805.995	944.970	191.479	2.942.444
Total Assets	32.181.703	35.331.989	3.317.138	70.830.830
Liabilities				
Bank Deposits	601.140	125.378	672.524	1.399.042
Foreign Currency Deposits	37.991.989	16.652.338	967.201	55.611.528
Interbank Money Markets	--	--	--	--
Funds Borrowed from Other Financial Institutions	2.966.852	11.638.970	6.844	14.612.666
Marketable Securities Issued	1.192.424	117.306	--	1.309.730
Miscellaneous Payables	272.697	258.865	1.301	532.863
Hedging Purpose Financial Derivatives	--	--	--	--
Other Liabilities ⁽⁶⁾	304.275	856.058	9.258	1.169.591
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" ⁽⁷⁾	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
Prior Period				
Total Assets	21.317.524	31.976.949	2.641.004	55.935.477
Total Liabilities	34.816.004	27.748.600	1.183.454	63.748.058
Net "On Balance Sheet Position"	(13.498.480)	4.228.349	1.457.550	(7.812.581)
Net "Off-Balance Sheet Position"	13.215.699	(4.294.944)	(1.313.498)	7.607.257
Financial Derivatives (Assets)	18.653.766	18.207.544	633.734	37.495.044
Financial Derivatives (Liabilities)	(5.438.067)	(22.502.488)	(1.947.232)	(29.887.787)
Net Position	(282.781)	(66.595)	144.052	(205.324)
Non-Cash Loans	4.774.463	10.605.095	255.911	15.635.469

- (1) : Foreign currency differences of derivative assets amounting to TL 178.314 are excluded.
(2) : Foreign currency indexed loans amounting to TL 3.668.858 are included.
(3) : Intangible assets amounting to TL 11.679 are excluded.
(4) : Factoring receivables, indexed to foreign exchange, amount of TL 204.219 are included while prepaid expenses amount of 1.748.151 TL are not included.
(5) : There are gold amounts in total assets amounting to TL 1.117.272 and in total liabilities amounting to TL 2.728.172.
(6) : Not including the exchange rate difference of TL 488.886 pertaining to derivative financial loans and the FX equity of TL 3.323.513 and the free reserve of TL 5.871.
(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".

g. Informations on currency risk exposure

The table below demonstrates prospective increase and decrease in equities and the statement of income as of 31 December 2016 and 2015 (excluding tax effect) on condition that 10 percent devaluation of TL against the currencies below. This analysis has been prepared under the assumption that all other variables, especially interest rates, to be constant.

	Current Period		Prior Period	
	Period Profit Loss	Equity	Period Profit Loss	Equity
USD Dollar	(3.716)	(14.628)	6.400	(4.379)
Euro	(19.276)	(19.504)	(15.125)	(16.025)
Total (Net)	(22.992)	(34.132)	(8.725)	(20.404)

IV. 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	3.690.409	--	--	--	--	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 TL 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

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	3.360.160	--	--	--	--	7.463.192	10.823.352
Due from Banks and Other Fin. Inst.	2.192.594	314.307	61.352	--	--	3.654.447	6.222.700
Financial Assets at Fair Value Through Profit or Loss	73.983	265.332	190.415	532.231	110.802	676	1.173.439
Interbank Money Market Placements	1.213.997	--	--	--	--	--	1.213.997
Investment Securities Av.-for-Sale	283.639	1.567.201	2.426.953	2.678.795	2.903.701	112.900	9.973.189
Loans	11.841.376	8.408.220	13.921.559	25.494.345	14.209.224	812.673	74.687.397
Investment Securities Held-to-Mat.	1.545.220	289.208	340.211	453.552	747.978	--	3.376.169
Other Assets (*)	405.120	206.015	339.755	1.534.803	532.769	2.397.704	5.416.166
Total Assets	20.916.089	11.050.283	17.280.245	30.693.726	18.504.474	14.441.592	112.886.409
Liabilities							
Bank Deposits	614.237	555.196	145.986	--	--	139.734	1.455.153
Other Deposits	27.354.211	10.538.010	9.482.253	9.290.366	284.646	14.254.616	71.204.102
Interbank Money Market Placements	7.184.158	--	--	--	--	--	7.184.158
Miscellaneous Payables	80	1.521	7.977	1.033	--	1.761.608	1.772.219
Marketable Securities Issued	1.865.068	540.907	249.792	430.273	--	--	3.086.040
Funds Borrowed from Other Fin. Inst.	2.239.084	4.942.730	4.891.805	165.864	3.863.748	--	16.103.231
Other Liabilities (**)	99.385	98.261	41.387	307.204	95.326	11.439.943	12.081.506
Total Liabilities	39.356.223	16.676.625	14.819.200	10.194.740	4.243.720	27.595.901	112.886.409
On Balance Sheet Long Position	--	--	2.461.045	20.498.986	14.260.754	--	37.220.785
On Balance Sheet Short Position	(18.440.134)	(5.626.342)	--	--	--	(13.154.309)	(37.220.785)
Off-Balance Sheet Long Position	2.161.735	7.312.989	6.862.938	3.587.715	2.778.546	--	22.703.923
Off-Balance Sheet Short Position	(797.619)	(8.445.792)	(3.821.445)	(6.666.571)	(2.120.986)	--	(21.852.413)
Total Interest Sensitivity Gap	(17.076.018)	(6.759.145)	5.502.538	17.420.130	14.918.314	(13.154.309)	851.510

(*) 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 547.622, TL 178.257, TL 157.381, TL 12.947, TL 166.350, TL 5.760, TL 84.591 and TL 1.244.796 respectively.

(**) Other liabilities/non-interest bearings include; Shareholders' Equity, Tax Liabilities, Provisions, and Other Liabilities with balances of TL 8.294.197, TL 169.502, TL 1.224.501, and TL 1.751.743 respectively.

d. Average interest rates applied to monetary financial instruments

Current 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	--	--
Funds Borrowed from Other Financial Institutions	2,74	3,74	--	12,56
Prior Period: 31 December 2015				
Assets				
Cash and Balances with the Central Bank of the Republic of Turkey	--	0,31	--	5,47
Due from Banks and Other Financial Institutions	0,70	0,65	--	11,48
Financial Assets at Fair Value Through Profit or Loss	3,28	5,01	--	9,13
Interbank Money Market Placements	--	--	--	10,74
Investment Securities Available-for-Sale	1,79	4,29	--	8,55
Loans	5,87	5,36	5,29	15,31
Investment Securities Held-to-Maturity	4,46	4,04	--	9,35
Liabilities				
Bank Deposits	0,23	2,08	--	11,28
Other Deposits	1,57	2,54	0,17	11,92
Interbank Money Market Placements	--	--	--	8,83
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	2,33	3,05	--	10,58
Funds Borrowed from Other Financial Institutions	1,80	3,73	--	13,15

e. Interest rate risk on banking book

Nature of interest rate risk resulted from banking book, major assumptions including also early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk

Interest rate risk resulted from banking book is due to repricing maturity differences of assets and liabilities. Considering repricing maturities, average maturity of asset items is higher than the average maturity of liability items.

Interest risk is evaluated weekly considering size, developments at maturity structure and interest movements relating to asset and liability items. Interest risk exposed by the bank is managed centrally by the asset and liability committee and within the direction of decisions taken, the balance sheet interest sensitivity is aimed at minimum level and insured by interest based derivative contracts.

The effect of potential changes on interest rates to net present value is calculated within the scope of "Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method" and reported monthly.

Measurements performed with Standard Shock Method include all on and off balance sheet items in the "Banking Book" based on the classification as per the statutory accounting and reporting. Maturity assumption relating to demand deposits is overviewed yearly with analyses over at least five year data. By such analyses, the Bank gathers information on average duration of its demand deposits, and the amount and trend of deposit charge offs from different maturity brackets.

Economic value differences resulted from interest rate instabilities and prepared based on the Parent Bank's non-consolidated financial statements according to Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method

Interest rate risk for all banking transactions outside the trading portfolio are followed under interest rate risk related to the banking book. Interest rate risk related to the trading portfolio is followed under market risk.

ALCO performs daily management of interest rate risk in accordance with the risk limits set by the Board of Directors of the Parent Bank in relation to interest rate sensitivities of the banking book. ALCO meetings are held on a weekly basis.

The measurement process of interest rate risk resulting from the banking book is designed and managed by the Parent Bank on a bank-only basis to include the interest rate positions defined as banking book by Parent the Bank and to consider the relevant repricing and maturity data. Duration gaps, gaps by maturity brackets and sensitivity analysis are used in monitoring of repricing risk resulting from maturity mismatch. The duration gap and sensitivity analysis are carried out weekly. In the duration gap analysis, the present values of interest-rate-sensitive asset and liability items are calculated using yield curves developed from market interest rates.

In case of instruments with no maturities, the maturity is determined as per interest rate fixing periods and customer behaviors. Such results are supported by sensitivity and scenario analysis applied periodically for possible fluctuations in the markets.

The Group's economic value differences arising from the interest rate fluctuations pursuant to the "Regulation on the Measurement and Assessment of Interest Rate Risk Arising from Banking Accounts According to the Standard Shock Method" in a manner separated by different currencies are demonstrated in the following table as of 31 December 2016.

Current Period: 31 December 2016 Type of Currency	Shocks Applied (+/- x basis points)	Gaings/Losses	Gaings/Equity -Losses/Equity
1 TL	(+) 500 bps	(2.141.923)	(%13,55)
2 TL	(-) 400 bps	2.099.329	%13,28
3 Euro	(+) 200 bps	(243.636)	(%1,54)
4 Euro	(-) 200 bps	504.133	%3,19
5 US Dollar	(+) 200 bps	(131.925)	(%0,83)
6 US Dollar	(-) 200 bps	159.574	%1,01
Total (of positive shocks)		(2.517.484)	(%15,92)
Total (of negative shocks)		2.763.036	%17,48

Prior Period: 31 December 2015	Shocks Applied		
Type of Currency	(+/- x basis points)	Gaings/Losses	Gaings/Equity -Losses/Equity
1 TL	(+) 500 bps	(2.269.431)	(%17,99)
2 TL	(-) 400 bps	2.240.738	%17,76
3 Euro	(+) 200 bps	(17.487)	(%0,14)
4 Euro	(-) 200 bps	97.569	%0,77
5 US Dollar	(+) 200 bps	(59.665)	(%0,47)
6 US Dollar	(-) 200 bps	72.156	%0,57
Total (of positive shocks)		(2.346.583)	(%18,60)
Total (of negative shocks)		2.410.463	%19,10

V. 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 31 December 2016 (31 December 2015: 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 2015: None).

VI. 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.

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.

The Board of Directors approved "Risk Appetite Disclosure" on 30 March 2015 in order to manage risks in accordance with the Parent 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.

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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

An "Emergency Liquidity Action Plan" is established in order to form a trustable and proactive tracking mechanism which can provide keeping sufficient liquidity reserve under all conditions and to make forecast regarding measures which can be taken against unexpected liquidity squeezes of the Parent Bank. It is approved by the Board of Directors. Emergency Liquidity Action Plan includes target levels towards several liquidity indicators related to liquidity reserves and balance sheet structure besides duties and responsibilities related to liquidity management.

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 October 151,21 and at the highest level in December 253,67 while the liquidity coverage rate is at the lowest level in November 95,13 and at the highest level in December 115,27.

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			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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

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			15.585.473	11.237.166
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which	48.686.650	31.533.740	4.647.393	3.108.473
3 Stable deposits	4.425.453	898.007	221.273	44.900
4 Less stable deposits	44.261.197	30.635.733	4.426.120	3.063.573
5 Unsecured wholesale funding, of which	22.207.386	10.788.785	12.465.655	5.496.133
6 Operational deposits	5.287.465	2.750.059	1.321.866	687.515
7 Non-operational deposits	11.337.295	6.560.102	5.561.163	3.329.994
8 Unsecured debt	5.582.626	1.478.624	5.582.626	1.478.624
9 Secured wholesale funding			--	--
10 Additional requirements of which	4.068.391	7.252.159	2.038.288	5.529.433
11 Outflows related to derivative exposures and other collateral requirements	1.086.734	4.736.815	1.086.734	4.736.815
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	2.981.657	2.515.344	951.544	792.618
14 Other contractual funding obligations	6.057.980	945.978	1.729.299	945.978
15 Other contingent funding obligations	42.388.060	14.667.892	3.442.548	1.522.106
16 TOTAL CASH OUTFLOWS			24.323.184	16.602.124
CASH INFLOWS				
17 Secured lending	400.471	--	--	--
18 Inflows from fully performing exposures	8.906.122	5.014.213	6.972.831	4.734.585
19 Other cash inflows	189.742	11.117.487	189.742	11.117.487
20 TOTAL CASH INFLOWS	9.496.335	16.131.700	7.162.573	15.852.072
			Total adjusted value	
21 TOTAL HQLA			15.585.473	11.237.166
22 TOTAL NET CASH OUTFLOWS			17.160.611	4.150.531
23 LIQUIDITY COVERAGE RATIO (%)			90,8	271,6

(*) 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 day and a certain payment due date and receivables from banks and derivative products.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

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 Yearl	5 Years and Over	Non-Interest Bearing (*)	Toplam
Assets								
Cash and Balances with the Central Bank of the Republic of Turkey	4.709.643	10.129.718	--	--	--	--	--	14.839.361
Due from Banks and Other Fin.Inst.	4.287.521	308.145	417.036	560.041	--	--	--	5.572.743
Financial Assets at Fair Value Through Profit or Loss	9.947	405.151	168.844	256.476	406.656	200.785	--	1.447.859
Interbank Money Market Placements	--	3.001.571	--	--	--	--	--	3.001.571
Investment Securities Av.-for-Sale	41.728	--	333	6.072	4.126.699	3.422.158	--	7.596.990
Loans	--	9.801.714	3.670.790	15.647.248	33.574.620	27.452.432	1.003.684	91.150.488
Investment Securities Held-to-Maturity	--	--	68.037	--	2.349.750	2.638.245	--	5.056.032
Other Assets	1.352.560	573.000	186.450	520.848	1.549.176	1.042.657	1.664.263	6.888.954
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
Liabilities								
Bank Deposits	76.053	331.633	795.851	105.887	265.369	--	--	1.574.793
Other Deposits	18.887.471	36.798.092	10.778.346	14.095.193	9.535.318	526.738	--	90.621.158
Funds Borrowed from Other Fin.Inst. and Subordinated Loans	--	1.976.939	2.270.576	5.310.226	2.984.147	4.200.304	--	16.742.192
Interbank Money Market Placements	--	5.397.576	--	--	--	--	--	5.397.576
Marketable Securities Issued	--	550.916	893.700	470.624	895.667	680.148	--	3.491.055
Miscellaneous Payables	1.962.214	--	--	--	--	--	--	1.962.214
Other Liabilities	1.131.066	685.593	457.284	390.822	460.544	186.705	12.452.996	15.765.010
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"								
Financial Derivatives (assets)	--	874.059	(769.459)	117.624	(174.800)	--	--	47.424
Financial Derivatives (liabilities)	--	18.331.884	9.011.985	4.365.116	4.293.056	5.814.178	--	41.816.219
Non-Cash Loans	--	(17.457.825)	(9.781.444)	(4.247.492)	(4.467.856)	(5.814.178)	--	(41.768.795)
Non-Cash Loans	--	1.775.889	2.589.671	7.421.090	4.259.244	12.736.121	--	28.782.015
Prior Period								
Total Assets	7.712.800	20.327.485	3.993.911	14.128.760	34.954.592	29.641.914	2.126.947	112.886.409
Total Liabilities	17.209.237	37.913.386	13.646.519	15.720.586	13.222.708	5.596.724	9.577.249	112.886.409
Net Liquidity Gap	(9.496.437)	(17.585.901)	(9.652.608)	(1.591.826)	21.731.884	24.045.190	(7.450.302)	--
Net "Off-Balance Sheet Position"								
Financial Derivatives (assets)	--	(35.074)	227.672	121.594	247.154	--	--	561.346
Financial Derivatives (liabilities)	--	19.127.470	7.504.135	6.144.416	4.109.780	4.131.504	--	41.017.305
Non-Cash Loans	--	(19.162.544)	(7.276.463)	(6.022.822)	(3.862.626)	(4.131.504)	--	(40.455.959)
Non-Cash Loans	--	1.490.653	1.795.954	7.419.775	3.819.033	9.919.000	--	24.444.415

(*) 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.

c. Financial liabilities according to agreement maturities

DFS Group has significant financial liabilities which are not in derivative status. These are based on contract and separation of the contract maturities can be seen on table below. Interest amounts that will pay on these assets and liabilities added on maturity columns.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	56.058.504	11.542.912	14.205.029	10.365.503	641.343	92.813.291
Funds borrowed	2.107.932	2.390.916	5.716.728	4.192.219	4.886.238	19.294.033
Interbank Money markets	5.398.898	--	--	--	--	5.398.898
Securities issued	551.356	1.020.781	832.168	1.121.541	86.548	3.612.394
Total	64.116.690	14.954.609	20.753.925	15.679.263	5.614.129	121.118.616

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	42.156.533	11.147.194	9.729.852	9.396.504	554.675	72.984.758
Funds borrowed	2.536.660	1.979.770	6.069.885	4.046.428	4.319.167	18.951.910
Interbank Money markets	7.184.158	--	--	--	--	7.184.158
Securities issued	307.495	710.199	535.510	1.349.107	310.446	3.212.757
Total	52.184.846	13.837.163	16.335.247	14.792.039	5.184.288	102.333.583

VII. 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 5,51% as of 31 December 2016 (31 December 2015: 4,97%). 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 (*)	131.643.936	110.263.318
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	(3.916.000)	(51.337)
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	485.213	518.752
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	58.563.211	49.831.480
7 Total Risk	186.775.857	160.561.710

(*) 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.

(**)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)	127.727.936	110.211.981
2 (Assets deducted in determining Basel III Tier 1 capital)	(282.798)	(334.756)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines)	127.445.138	109.877.225
Derivative exposures		
4 Replacement cost	1.226.002	1.198.701
5 Add-on amount	485.213	518.752
6 Total derivative exposures (sum of 4 and 5 lines)	1.711.215	1.717.453
Securities financing transaction exposures		
7 Gross SFT assets (with no recognition of accounting netting)	204.604	34.725
8 Agent transaction exposures		
9 Total securities financing transaction exposures (sum of 7 and 8 lines)	204.604	34.725
Other off-balance sheet exposures		
10 Off-balance sheet exposures with gross nominal amount	57.415.403	48.932.810
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)	57.414.900	48.932.307
Capital and total exposures		
13 Tier 1 capital	10.274.321	7.975.417
14 Total exposures (sum of 3,6,9 and 12 lines)	186.775.857	160.561.710
Leverage ratio		
15 Leverage ratio	5,51	4,97

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

VIII. 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. According to Communiqué, notes and explanations have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, tables, which have to be prepared within the scope of Internal rating-based (IRB) approach, have not been presented as of 31 December 2016.

a. Risk management and Overview of RWA

1. Disclosures related to the risk management approach

Risks, exposed as a result of business model of the Bank, are determined on a consolidated basis through risk definition and materiality assessment of the Bank. Risk mitigation factors and monitoring activities are established for significant risks which are determined. Limits are identified for risks, considered to be significant, in Risk Appetite Declaration of the Bank and those limits are approved by the Board of Directors. Developments with respect to risk limits determined in Risk Appetite Declaration are monitored on a monthly basis and actions which are pre-determined in risk appetite declaration if those limits are exceeded.

Denizbank Risk Management Group Directorate is an internal systems unit responsible for carrying out risk management activities working subject to Board of Directors. It directly reports to Board of Directors. Risk Management Group is responsible to carry out processes such as definition and measurement of risks, establishment and application of risk policies and implementation procedures, analysis, monitoring and reporting of risks in the framework of principles determined by Senior Management of the Bank and Risk Management Group and approved by Board of Directors.

Delegation levels of groups, formed by client and clients at the Bank, are determined in accordance with risk categories established according to limit and credit grade components within the body of the Bank.

Rating process executed by Credit Analysis department and reviews of Credit Allocation department are periodically audited by Credit Risk Control in scope of determined rules and related outputs are presented to Rating Committee.

Informative contents are presented in order to extend risk culture within the body of the Bank and questionnaires towards reviewing of risk perception are performed. Risk sensitivity developments of employees are monitored in line with outputs of aforementioned questionnaires and required actions are taken through identifying weaker aspects. Training plans are established in this scope and it is aimed to provide contribution to developments of employees in determined matters.

Main components of risk measurement systems and its scope

Identification of Risks

The Bank has a comprehensive risk definition process including its subsidiaries. The process aims to determine significant risks specific to the Bank based on a broad list including inherent risks of banking and it is performed on an annual basis. Opinions and reviews of expert individuals within the body of the Bank during the determination of materiality level of risks. Review outputs are used in reports and form a basis to internal capital assessment processes of the Bank.

Measurement of Risks

The purpose of the studies made in scope of measurement of risks includes measuring of financial risks exposed by the Bank and its subsidiaries in order to prepare internal and legal reports and form a relation between carried risks and estimated profitability and evaluation of validity of parameters and assumptions used in risk measurement.

Controlling, reporting and management of Risks

It determines which type of reports shall be prepared as consolidated and unconsolidated. It ensures to establish an effective internal audit system which shall prevent to take risk exceeding targeted risk level and limits determined by regulatory authority. Risk limits, approved by Board of Directors for each type of risk types, are taken into account while controlling and reporting of risks.

Disclosures on risk reporting processes provided to Board of Directors and senior management, especially the scope and main content of the reporting

Risk Management Group performs reporting to Senior Management and Board of Directors through Audit Committee, ALCO and Rating Committees.

Audit Committee holds quarterly meetings in ordinary situations. Activities and risk indicators performed by Risk Management Group are presented to the Committee.

ALCO holds weekly meetings. Risk-limit follow-up and detailed analysis related to indicators such as interest and liquidity risk, capital adequacy are presented.

Rating Committee: Rating Committee holds meetings on a quarterly basis. It is the Committee to which the Risk Management presents its evaluation, analysis and findings regarding Internal Rating processes

Disclosures on Stress Test

The Bank performs stress test studies evaluating its capital adequacy in scope of ICAAP. Stress tests help to determine capital adequacy in three years projection and possible capital buffer requirement in scope of scenarios determined by regulatory authority and bank based on budget plan of the Bank.

Risk management, hedging and mitigation strategies of the Bank sourcing from business model and monitoring process with respect to continuing effectiveness of hedging and mitigating components

Limits, which are defined for risks considered to be significant, are monitored on a monthly basis and actions included in risk appetite declaration are taken, if required.

In addition, emergency plan related to capital adequacy in order to meet its strategic aims considering stress conditions of the Bank.

2. Overview of RWA

	Risk Weighted Amount		Minimum capital requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	101.521.984	89.735.270	8.121.759
2 <i>Standardised approach (SA)</i>	101.521.984	89.735.270	8.121.759
3 <i>Internal rating-based (IRB) approach</i>	--	--	--
4 Counterparty credit risk	1.670.008	769.952	133.601
5 <i>Standardised approach for counterparty credit risk (SA-CCR)</i>	1.670.008	769.952	133.601
6 <i>Internal model method (IMM)</i>	--	--	--
7 Basic risk weight approach to internal models equity position in the banking account	--	--	--
8 Investments made in collective investment companies - look-through approach	--	--	--
9 Investments made in collective investment companies - mandate-based approach	9.843	--	787
10 Investments made in collective investment companies - %1250 weighted risk approach	--	--	--
11 Settlement risk	--	--	--
12 Securitization positions in banking accounts	--	--	--
13 <i>IRB ratings-based approach (RBA)</i>	--	--	--
14 <i>IRB Supervisory Formula Approach (SFA)</i>	--	--	--
15 <i>SA/simplified supervisory formula approach (SSFA)</i>	--	--	--
16 Market risk	399.825	274.113	31.986
17 <i>Standardised approach (SA)</i>	399.825	274.113	31.986
18 <i>Internal model approaches (IMM)</i>	--	--	--
19 Operational Risk	7.901.568	6.749.375	632.125
20 <i>Basic Indicator Approach</i>	7.901.568	6.749.375	632.125
21 <i>Standart Approach</i>	--	--	--
22 <i>Advanced measurement approach</i>	--	--	--
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	111.503.228	97.528.710	8.920.258

b. Linkages between financial statements and exposures

1. Mapping and differences between accounting and regulatory scopes of consolidation

Legal consolidation refers to the consolidation that includes the consolidation of subsidiaries which are credit institutions or financial institutions in accordance with Article 5 paragraph 1 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks published in the Official Gazette dated 8 November 2006 and numbered 26340. Accounting consolidation refers to the consolidation in which all of the subsidiaries are included in the scope of consolidation in accordance with the Article 5 paragraph 6 of the same communiqué, irrespective of whether these subsidiaries are credit institutions or financial institutions, or not.

	a	b	c	d	e	f	g
	Carrying values of items under scope of TAS						
	Carrying values as reported in published financial statements	Carrying values as reported in regulatory scope of consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances at central bank	14.839.361	14.839.361	14.839.361	--	--	--	--
Financial assets held for trading	1.448.214	1.447.859	--	1.341.025	--	106.834	--
Financial assets designated at fair value through profit or loss	--	--	--	--	--	--	--
Banks	5.573.829	5.572.743	5.572.743	--	--	--	--
Receivables from money markets	3.001.570	3.001.571	175	3.001.396	--	--	--
Available for sale financial assets (net)	7.596.990	7.596.990	7.596.990	--	--	--	--
Loans and receivables	91.138.210	91.150.488	91.150.488	--	--	--	12.191
Factoring receivables	1.234.721	1.234.721	1.234.721	--	--	--	--
Held to maturity investments (net)	5.056.032	5.056.032	5.056.032	--	--	--	--
Investments in associates (net)	10.147	10.147	10.147	--	--	--	--
Investments in subsidiaries (net)	--	12.233	12.233	--	--	--	--
Investments in joint ventures (net)	9.735	2.800	2.800	--	--	--	--
Leasing receivables	2.637.307	2.637.307	2.637.307	--	--	--	--
Derivative financial assets held for hedges	--	--	--	--	--	--	--
Tangible assets (net)	722.973	664.579	664.579	--	--	--	91.733
Intangible assets (net)	212.894	204.819	204.819	--	--	--	204.819
Investment properties (net)	164.527	164.527	164.527	--	--	--	--
Tax assets	258.362	254.864	254.864	--	--	--	630
Non-current assets and disposal groups classified as held for sale (net)	--	--	--	--	--	--	--
Other assets	1.740.559	1.702.957	1.702.957	--	--	--	9.825
Total assets	135.645.431	135.553.998	131.104.743	4.342.421	--	106.834	319.198
Liabilities							
Deposits	92.102.850	92.195.951	--	--	--	--	92.195.951
Derivative financial liabilities held for trading	1.248.386	1.248.386	--	--	--	--	1.248.386
Loans	11.292.338	11.258.691	--	--	--	--	11.258.691
Debt to money markets	5.397.576	5.397.576	--	5.397.576	--	--	5.397.576
Debt securities in issue	3.491.055	3.491.055	--	--	--	--	3.491.055
Funds	--	--	--	--	--	--	--
Various debts	2.082.030	1.962.214	--	--	--	--	1.962.214
Other liabilities	1.977.433	1.973.210	--	--	--	--	1.973.210
Factoring debts	--	--	--	--	--	--	--
Debts from leasing transactions	--	--	--	--	--	--	--
Derivative financial liabilities held for hedges	--	--	--	--	--	--	--
Provisions	1.757.572	1.748.151	--	--	--	--	1.748.151
Tax liability	214.266	205.165	--	--	--	--	205.165
Liabilities included in disposal groups classified as held for sale (net)	--	--	--	--	--	--	--
Subordinated debts	5.483.501	5.483.501	--	--	--	--	5.483.501
Equity	10.598.424	10.590.098	--	--	--	--	10.590.098
Total liabilities	135.645.431	135.553.998	--	5.397.576	--	--	135.553.998

2. Main sources of differences between risk exposures and valued amounts in accordance with TMS in financial statements

	a	b	c	d	e
	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework (*)
1 Asset carrying value amount under scope of TAS	135.553.998	131.104.743	--	4.342.421	106.834
2 Liabilities carrying value amount under TAS	--	--	--	5.397.576	--
3 Total net amount under regulatory scope of consolidation	135.553.998	131.104.743	--	9.739.997	106.834
4 Off-balance sheet amounts (**)	57.789.021	20.444.394	--	--	--
5 Differences in valuations	--	--	--	--	--
6 Differences due to different netting rules, other than those already included in row 2	--	--	--	--	--
7 Differences due to consideration of provisions	--	--	--	--	--
8 Differences due to prudential filters	--	--	--	--	292.991
9 Differences resulted from considering of the financial guarantees	--	(6.153.306)	--	--	--
10 Risk exposures	193.343.019	145.395.831	--	9.739.997	399.825

(*) Financial instruments included in trading accounts according to "Communique on Measurement and Evaluation of Bank's Capital Adequacy" and principal amount subject to market risk sourcing from capital requirement calculated for foreign Exchange risk are included in line of risk amounts.

(**) It includes risk which are included in credit risk calculation.

3. Disclosures on differences between amounts valued in accordance with TAS and risk exposures

Differences between valued amounts in accordance with TAS and risk exposures:

It is obtained through addition of potential risk exposures according to type of transaction and maturity to risk exposure renewal costs in derivative transactions included in counterparty credit risk and through offsetting of cash amount subject to amount adjusted with volatility made to related security in repo and reverse repo transactions.

Amounts of items which are value in accordance with TAS and subject to market risk indicate fair value of financial instruments held for trade. Amounts in line of risk amount related to aforementioned transactions indicate principal amount subject to market risk sourcing from capital requirement calculated related to potential losses which can be caused by interest rate risk, share price risk, exchange rate risks in scope of "Communique on Measurement and Evaluation of Bank's Capital Adequacy".

Disclosures on controls performed and systems used in order to ensure prudence and reliability of valuations estimates of the Bank in accordance with prudential valuation principles and procedures included in accompanying Annex-3 to Communique on Measurement and Evaluation of Bank's Capital Adequacy:

If the financial instruments recognized through fair value have an active and deep market, valuation is performed based on prices included in market in question. Reliability of market data used in valuations is examined periodically. The Bank does not operate in markets which do not have a depth. Discounted cash flow model is mainly used in the evaluation of derivative instruments and generally accepted valuation models are used for derivative transactions including optionality. Accuracy of market data and model outputs used in valuations are periodically controlled and differences between counterparty valuations and bank's evaluations are monitored regularly.

c. Credit risk

1. General qualitative information about credit risk

How does the business model of the Bank transform to components in its credit risk portfolio

Credit risk within the body of the Bank is managed in the framework of Credit Risk Management Policy approved by Board of Directors. Risk, related to credit, are defined, duties of departments are determined and main principles of credit risk management are brought in aforementioned policy document. Departments assigned in credit management and their authorization/responsibilities are defined in aforementioned document.

In this direction, main limitations related to credit risk are determined in Risk Appetite Document approved annually by Board of Directors and reported throughout the year by Risk Management Department. Concentration limits on the basis of sector, customer segment and risk groups are determined. Actions which shall be taken in case of a possible overflow are also determined in this document.

In this scope, credit portfolio of the Bank draws a dispersed view with respect to customers segments and sectors.

Criteria and approach used while determining credit risk policy and credit risk limits

Risk limits defined to all counterparties in monitoring of credit risks are tracked on the basis of products, customers and risk groups separately by systems and it is not permitted to take risks exceeding determined limits. Many factors such as ability to pay, features of the sector and possible impacts of geographical and economic conditions are taken into consideration while determining the credit limits of counterparty. If deemed appropriate, it is tried to reduce possible losses of the Bank to minimum through applying required risk mitigation techniques. All documents required by the related legislation should be taken into account during credit examinations. Credit worthiness of counterparty is periodically controlled for limits provided for multi-use and limits are revised considering changes and requirements in the credit worthiness of counterparty. Customers are determined based on their classes by credit allocation officers and respective classes are changed, if required.

Structure and organization of credit risk management and control function

Credit allocation and monitoring is performed in accordance with segregation of duties and therefore, the credit can be reviewed in an objective manner during its economic life. Risk models are used in order to measure credit risk of customers in both allocation and monitoring groups in an accurate and objective manner. Early Warning Systems are used for the tracking of credit customers and signals received are regularly tracked by Monitoring groups and pre-determined action plans are taken with allocation groups if pre-determined triggers are detected.

Relation between credit risk management, risk control, legal compliance and internal audit functions

Credit Risk Control periodically presents analysis and results of execution of internal rating systems, development of credit rating grades, documentation of changes made in credit grade and compliance to internal limitations to Rating Committee. Compliance of Credit Risk Control activities to intra-bank arrangements and regulatory regulations and guides is periodically audited by internal audit departments of the Bank and issue requiring to be developed are monitored following their identification.

Scope and main content of reporting which shall be made to senior management and members of board of directors regarding credit risk management function and exposed credit risk

Board of Directors determines policy of the Group in credit management field and ensures establishment of required conditions to perform determined policies in an effective manner. In this scope, it defines sections related to measurement and management of credit quality and approves documents having primary importance related to credit risk such as Risk Appetite Declaration.

2. Credit quality of assets

	a	b	c	d
	Gross carrying values of (according to TAS)			
	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values (a+b-c)
1 Loans	3.651.639	94.018.832	4.024.967	93.645.504
2 Debt Securities	--	12.611.296	1.159	12.610.137
3 Off-balance sheet exposures (*)	252.392	54.199.335	182.858	54.268.869
4 Total	3.904.031	160.829.463	4.208.984	160.524.510

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

3. Changes in stock of defaulted loans and debt securities

	a (*)
1 Defaulted loans and debt securities at end of the previous reporting period	3.168.774
2 Loans and debt securities that have defaulted since the last reporting period	1.975.518
3 Returned to non-defaulted status	19.826
4 Amounts written off (**)	604.213
5 Other changes	(868.614)
6 Defaulted loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)	3.651.639

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

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

4. Additional disclosure related to the credit quality of assets

(i) Scope and definitions of "overdue" receivables and "provisioned" receivables used for purposes of accounting

The Parent Bank considers loans that have overdue principal and interest payments and are classified as 2nd Group according to the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days after the maturity date or the debtor of which are deemed unworthy by the Bank are considered "impaired loans."

(ii) Part of overdue receivables (over 90 days) which are not considered as "Provisioned" and reasons for the implementation in question.

The Bank calculates general loan loss provision for "past due loans" and specific provision for "impaired loans" according to the Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made."

(iii) Definitions of methods used while determining amount of provision

Parent Bank calculates general credit provision for overdue credits and specific provision for impaired credits in scope of "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made".

(iv) Definitions of restructured receivables

The Bank can restructure both of its first and second group of credit and its illiquid credit and receivables. Restructuring in first and second group of credits and in other receivables are made in order to improve repayment ability of the customer as well as including changes made in contract terms with the request of the customer independent from credit risk of the customer. Restructurings made in illiquid claims and receivables are changes made in payment plan of the credit towards ensuring of collection of the receivable. Credits which are overdue over 90 days of delay are automatically transferred to follow-up accounts and subject to special provision in accordance with "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made".

(v) Breakdown of receivables by geographical area

	Loans		Borrowing instruments		Off-Balance sheet receivables		Allowance /impairments	Write-Offs (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
1 Domestic	3.552.074	82.830.277	--	11.565.804	252.390	42.526.906	2.574.631	602.590
2 EU Countries	95.316	4.841.812	--	981.240	2	483.684	71.992	--
3 OECD Countries	33	195.576	--	--	--	791.318	19	--
4 Off Shore Zones	--	331.011	--	--	--	3.220	--	1.623
5 USA, Canada	52	236.664	--	--	--	111.186	13	--
6 Other Countries	4.164	5.583.492	--	64.252	--	10.283.021	1.300	--
7 Total	3.651.639	94.018.832	--	12.611.296	252.392	54.199.335	2.647.955	604.213

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

(vi) Breakdown of receivables by sectors

	Loans		Borrowing instruments		Off-Balance sheet receivables		Allowance /impairments	Write-Offs
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
Agricultural	200.093	8.796.827	--	--	3.714	1.837.547	137.753	6.509
Farming and Cattle	197.139	8.778.483	--	--	3.635	1.829.868	135.004	6.074
Forestry	527	3.771	--	--	17	3.672	460	407
Fishing	2.427	14.573	--	--	62	4.007	2.289	28
Manufacturing	357.990	12.815.751	--	57.735	30.760	11.670.095	215.052	33.260
Mining	39.933	2.811.457	--	--	1.765	705.388	27.911	7.763
Production	235.915	6.906.034	--	51.717	23.348	10.027.120	166.601	25.399
Electric, Gas, Water	82.142	3.098.260	--	6.018	5.647	937.587	20.540	98
Construction	232.278	9.334.442	--	--	75.177	9.618.001	156.120	21.994
Services	1.157.129	33.603.669	--	412.929	106.752	12.546.879	787.920	92.011
Wholesale and Retail Trade	748.500	12.833.708	--	--	94.767	7.997.189	495.120	75.075
Hotel and Restaurant Services	41.453	9.269.785	--	--	3.719	795.942	16.764	3.774
Transportation and telecommunication	216.466	6.519.837	--	33.517	5.627	1.945.952	154.069	9.947
Financial institution	28.667	837.870	--	379.412	141	1.192.687	17.282	582
Real estate and letting services	9.604	319.263	--	--	555	78.642	6.209	1.433
Self-employment services	--	--	--	--	--	--	--	--
Education services	21.522	1.178.221	--	--	884	85.607	16.673	357
Health and social services	90.917	2.644.985	--	--	1.059	450.860	81.803	843
Other	1.704.149	29.468.143	--	12.140.632	35.989	18.526.813	1.351.110	450.439
Total	3.651.639	94.018.832	--	12.611.296	252.392	54.199.335	2.647.955	604.213

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

(vii) Breakdown of receivables by outstanding maturity

	Undistributed	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
Non-defaulted receivables	26.248	21.998.313	8.223.328	8.109.397	27.548.606	94.923.571	160.829.463
1 Loans	--	9.612.324	5.069.570	4.615.492	11.258.160	63.463.286	94.018.832
2 Borrowings instruments	--	--	69.142	4.634	--	12.537.520	12.611.296
3 Off-balance sheet receivables	26.248	12.385.989	3.084.616	3.489.271	16.290.446	18.922.765	54.199.335
Defaulted receivables	3.904.031	--	--	--	--	--	3.904.031
1 Loans	3.651.639	--	--	--	--	--	3.651.639
2 Borrowings instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	252.392	--	--	--	--	--	252.392
Specific Provision	2.647.955	--	--	--	--	--	2.647.955
Total	1.282.324	21.998.313	8.223.328	8.109.397	27.548.606	94.923.571	162.085.539

(viii) Ageing analysis of Parent Bank for overdue receivables

	1-30 days	31-60 days	61-90 days	Total
Loans	6.273.302	1.312.479	858.290	8.444.070
Borrowings instruments	--	--	--	--
Off-balance sheet receivables	582.504	32.516	35.886	650.906

(ix) Breakdown of restructured receivables whether they are provisioned or not

	31 December 2016
Credits having standard nature and restructured from other receivables	1.437.793
Credits in close follow-up and restructured from other receivables	2.914.008
Restructured from illiquid claims	150.334

5. Credit risk mitigation techniques

The Bank can demand collateral in order to mitigate risk level of the credit. Each type of collaterals and collateral processes approved in credit risk calculations are defined with Bank procedures. Insurance and evaluation approach off properties or goods subject to collateral are regulated in internal documents of the Bank prepared in accordance with Turkish Banking Legislation.

The Bank performs credit risk mitigation according to comprehensive financial collateral method in accordance with "Communique on Credit Risk Mitigation Techniques". Exchange mismatch between receivable and collateral and cut-off rates based on type of collateral are considered through inspecting standard cut-off ratios mentioned in annex of the communique while maturity mismatch between receivable and collateral is taken into account in accordance with method mentioned in Article 49.

Bank established compliant provisions to Turkish Banking Legislation and BRSA Regulations in order to cover expected loss sourcing from occurrence of credit risk.

6. Credit risk mitigation techniques - overview

		a	b	c	d	e	f	g
		Exposures unsecured of (according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	70.373.081	23.272.423	20.223.805	--	--	--	--
2	Debt Securities	12.610.137	--	--	--	--	--	--
3	Total	82.983.218	23.272.423	20.223.805	--	--	--	--
4	Of which defaulted (*)	3.635.260	268.771	193.941	--	--	--	--

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

7. Disclosures on rating grades used while calculating credit risk with standard approach

Ratings provided by international rating agency Fitch are used for the determination of risk weights which shall be applied in the calculation of capital adequacy. The scope, in which the credit rating grades are taken into consideration, covers receivables from governments or central banks and receivables from banks and intermediary institutions and corporate receivables for those having residence abroad.

8. Standardised approach - Credit risk exposure and credit risk mitigation (CRM) effects

	a	b	c	d	e	f
	Exposures before credit conversion factor and CRM	Exposures post-credit conversion factor and CRM	Exposures before credit conversion factor and CRM	Exposures post-credit conversion factor and CRM	RWA and RWA density	
Risk classifications	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to central governments or central banks	29.027.608	688.695	29.810.368	198.759	7.373.518	%24,57
2 Exposures to regional governments or local authorities	537.203	19.368	537.081	8.671	272.876	%50,00
3 Exposures to public sector entities	--	--	--	--	--	%0,00
4 Exposures to multilateral development banks	--	--	--	--	--	%0,00
5 Exposures to international organisations	--	--	--	--	--	%0,00
6 Exposures to institutions	3.084.054	2.258.890	3.084.054	1.941.779	2.110.608	%42,00
7 Exposures to corporates	44.491.134	29.227.490	39.153.945	15.661.886	54.815.830	%100,00
8 Retail exposures	32.529.013	25.701.748	31.743.829	2.462.775	25.737.950	%75,24
9 Exposures secured by residential property	5.216.261	332.318	5.178.729	163.046	1.869.621	%35,00
10 Exposures secured by commercial real estate	10.897.617	1.160.079	10.873.030	780.811	6.605.552	%56,68
11 Past-due loans	1.097.821	188.177	1.096.044	56.822	1.125.693	%97,64
12 Higher-risk categories by the Agency Board	--	--	--	--	--	%0,00
13 Exposures in the form of covered bonds	--	--	--	--	--	%0,00
14 Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	%0,00
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	1.187	1.068	1.187	1.068	2.255	%100,00
16 Other assets	4.435.249	--	4.435.250	--	2.681.236	%60,45
17 Investments in equities	29.109	--	29.109	--	28.979	%99,55
18 Total	131.346.256	59.577.833	125.942.626	21.275.617	102.624.118	%69,71

9. Standardised Approach - Exposures by asset classes and risk weights

		a	b	c	k	d	e	f	g	h	i	j
					%35 Secured with property mortgage	%50 Secured with property mortgage						Total risk exposure (after CCF and CRM)
Risk Weight*	Classifications/Risk	%0	%10	%20		%50	%75	%100	%150	%200	Diğerleri	
1	Exposures to central governments or central banks	15.262.094	--	--	--	--	14.747.033	--	--	--	--	30.009.127
2	Exposures to regional governments or local authorities	--	--	--	--	545.752	--	--	--	--	--	545.752
3	Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to institutions	--	--	1.862.899	--	2.849.812	--	313.122	--	--	--	5.025.833
7	Exposures to corporates	--	--	--	--	--	2	54.815.829	--	--	--	54.815.831
8	Retail exposures	--	--	--	--	--	33.874.612	331.992	--	--	--	34.206.604
9	Exposures secured by residential property	--	--	--	5.341.775	--	--	--	--	--	--	5.341.775
10	Exposures secured by commercial real estate	--	--	--	--	10.096.579	--	1.557.262	--	--	--	11.653.841
11	Past-due loans	--	--	--	--	338.529	--	530.154	284.183	--	--	1.152.866
12	Higher-risk categories by the Agency Board	--	--	--	--	--	--	--	--	--	--	--
13	Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	2.255	--	--	--	2.255
16	Other assets	130	--	--	--	--	--	28.979	--	--	--	29.109
17	Investments in equities	1.979.637	--	7.440	--	3	--	180	2.293.575	--	--	154.415
18	Total	17.241.861	--	1.870.339	5.341.775	10.435.111	18.142.597	33.874.794	59.873.168	284.183	--	154.415
												147.218.243

d. Counterparty Credit Risk

1. Counterparty Credit risk (CCR) explanations

Counterparty credit risk is determined according to type of counterparty and the transaction. Counterparties are divided into segments as financial institutions, corporate-commercial customers, KBI-Micro-Gold-Agriculture customers and individual customers. Transaction types are grouped as derivative financial products and repo transactions.

Compliance test is applied in line with production information, financial position and transaction frequency of the customer in order to determine products and services provided to customers.

Credit worthiness of counterparty is analysed before the transactions causing counterparty credit risk and periodically reviewed. Reviewing frequency is increased if required.

Limits, in line with risk appetite, policy and strategies of the Bank are determined for the transactions in scope of CCR. Those limits are approved by Board of Directors for banks. Approval authorizations determined in scope of credit allocation process are applied for parties apart from banks. Limits are reviewed at least annually. If the market conditions get worse or credit qualities of certain counterparties decline, limits are reviewed and required changes are made. Approved limits are blocked with the approval of Credit Committee/Credit Allocation Department, if required.

Risk mitigation methods such as netting contracts, collateral and margin contracts are used in counterparty credit risk management related to financial institutions. Collateralization principles and procedures are applied in scope of credit policy and procedures currently applied within the Bank for counterparties apart from financial institutions.

Potential and current risk amounts of transactions are calculated/determined in order to determine counterparty credit risk. The risks of transactions that are subject to the legally binding bilateral netting agreement and to which the netting transaction can be applied are followed together.

2. Analysis of counterparty credit risk exposure by approach

			a	b	c	d	e	f
			Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default)	Exposure at default post CRM	RWA
1	Standardised Approach (for derivatives)		1.340.530	544.723		--	1.805.349	996.506
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--	--
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)				--		--	--
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)						392.667	95.785
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit						--	--
6	Total							1.092.291

3. Credit valuation adjustment (CVA) capital charge

	a	b
	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 Value at Risk (VaR) component (including the 3×multiplier)	--	--
2 Stressed VaR component (including the 3×multiplier)	--	--
3 All portfolios subject to the Standardised CVA capital charge	1.805.349	577.717
4 Total subject to the CVA capital charge	1.805.349	577.717

4. Standard approach - Counterparty credit risk with respect to risk classes and weights

	a	b	c	d	e	f	g	h	i
Risk Weights / Risk Classifications	%0	%10	%20	%50.	%75	%100	%150	Diğer	Total credit Exposure (*)
Claims from central governments and central banks	--	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	693.315	1.091.567	--	--	--	--	684.447
Corporates	--	--	--	--	--	390.909	--	--	390.909
Retail portfolios	--	--	--	--	21.156	--	--	--	15.867
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	1.068	--	--	1.068
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
Total	--	--	693.315	1.091.567	21.156	391.977	--	--	1.092.291

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

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

5. Collaterals used for counterparty credit risk

	a	b	c	d	e	f
	Guarantees of Derivative		Financial Instrument		Guarantees of Other Transactions	
	Received Guarantees		Given Guarantees		Received	Given
	Appropriated	Unappropriated	Appropriated	Unappropriated	Guarantees	Guarantees
Cash-Domestic Currency	--	--	--	--	3.001.396	5.6
Cash-Foreign Currency	79.903	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	--	--
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
Total	79.903	--	--	--	3.001.396	5.6

6. Credit derivatives

None.

7. Exposures to central counterparties (CCP)

None.

e. Securitization

1. Disclosures on securitization positions

None.

2. Securitization positions in banking accounts

None.

3. Securitization positions in trading accounts

None.

4. Securitization positions in banking positions and capital requirements related to those - whose sponsorship or founder is the bank

None.

5. Securitization positions in banking positions and capital requirements related to those- in which the Bank is an investor

None.

f. Market Risk

1. Explanations on market risk

Principles, policies and limits related to management of market risk are approved by board of directors and periodically reviewed. The Bank is exposed to market risk mainly due to interest rates, exchange rates and changes which may occur in share and commodity prices. When the asset structure of the Bank is examined, it is concluded that the most significant one among aforementioned risks is interest and exchange rate risk. Two separate methods, "standard method" and "internal method", are used in measurement of aforementioned risks.

Value at risk approach is mainly taken as basis in the follow-up process of risk limits. There exist sensitivity limits in addition to aforementioned limit for risk which are not covered by the model. Parametric approach is adopted since the structure of financial positions held by the Bank is simple and the model is easy to use and understandable. Value at risk calculations are made over all instruments and foreign currency positions of the Bank which are sensitive to interest. Value at risk calculations are supported with stress tests and scenario analysis and possible results of potential market movements which can cause a significant impact on the Bank although having a low possibility to emerge are examined. Retrospective tests of the model are made periodically and amendments can be made in the model in accordance with test results, if required.

2. Standardised approach

		RAT
Outright products		
1	Interest rate risk (general and specific)	27.263
2	Equity risk (general and specific)	75
3	Foreign exchange risk	288.449
4	Commodity risk	55.600
Options		
5	Simplified approach	--
6	Delta-plus method	28.438
7	Scenario approach	--
8	Securitisation	--
9	Total	399.825

3. Information on market risk calculated as of month-ends during the period

	Current Period: 31 December 2016			Prior Period: 31 December 2015		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	1.647	2.715	960	4.772	30.449	1.541
Stock Risk	34	84	2	49	89	18
Currency Riski	31.587	57.264	14.949	43.933	78.214	12.437
Emtia Risk	280	395	257	542	832	338
Settlement Risk	--	--	--	--	--	--
Option Risk	2.177	3.642	956	1.096	6.322	43
Counterparty Risk	--	--	--	3.833	34.372	560
Total Risk Exposure Value	458.641	780.438	239.725	674.041	1.795.600	229.188

g. Operational Risk

1. Disclosures on operational risk calculation

"Basic Indicator Approach" is utilized in operational risk calculation of DFH Group. Principal amount subject to operational risk is calculated through using year-end gross income of 2015, 2014 and 2013 of DFH Group belonging to last 3 years via "Basic Indicator Approach" dated 1 July 2012 in accordance with "Communique on Measurement and Evaluation of Bank's Capital Adequacy" published on Official Gazette dated 28 June 2013 and numbered 28337.

2. Standart method

	31.12.2013	31.12.2014	31.12.2015	Total/Positive Gİ year number	Ratio(%)	Total
Gross Income	3.811.680	4.131.530	4.699.298	4.214.169	15	632.125
Amount Subject to Operational Risk						7.901.568

IX. Presentation of financial assets and liabilities at their fair value

a. Calculation of financial assets and liabilities at their fair value

The fair value of held-to-maturity assets are determined based on market prices, or when they are not available, based on market prices quoted for other securities subject to similar terms of interest, maturity and other conditions.

The expected fair value of the demand deposits represents the amount to be paid upon request. The fair value of the overnight deposits and floating rate placements represent their carrying value. The expected fair value of the fixed rate deposits are determined by calculating the discounted cash flows using the market interest rates of similar instruments.

The expected fair value of fixed rate loans and receivables are determined by calculating the discounted cash flows using the current market interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

Estimated fair value of banks, funds provided from other financial entities, issued securities and deposits is calculated through determination of discounted cash flows using current market interest rates.

The following table summarizes the carrying value and fair value of financial assets and liabilities. The carrying value represents the sum of the acquisition costs and interest accruals of financial assets and liabilities.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	116.249.852	98.491.118	115.475.425	97.657.543
Interbank Money Market Placements	3.001.571	1.213.997	3.001.571	1.213.997
Banks	5.572.743	6.222.700	5.572.631	6.222.698
Investment Securities Available-For-Sale	7.596.990	9.973.189	7.596.990	9.973.189
Investment Securities Held-To-Maturity	5.056.032	3.376.169	4.961.408	3.390.677
Loans and Other Receivables	95.022.516	77.705.063	94.342.825	76.856.982
Financial Liabilities	119.788.988	100.804.903	119.433.556	100.638.455
Bank Deposits	1.574.793	1.455.153	1.574.184	1.453.988
Other Deposits	90.621.158	71.204.102	90.712.016	71.304.071
Interbank Money market borrowings	5.397.576	7.184.158	5.397.576	7.184.158
Funds Borrowed From Other Financial Institutions	11.258.691	11.257.266	11.180.602	11.181.275
Subordinated Loans	5.483.501	4.845.965	5.104.666	4.675.890
Securities Issued	3.491.055	3.086.040	3.502.298	3.066.854
Miscellaneous Payables	1.962.214	1.772.219	1.962.214	1.772.219

b. Classification of fair value

TFRS 7 sets classification of valuation techniques according to the inputs used in valuation techniques based on fair value calculations which are whether observable or not.

Fair value levels of financial assets and liabilities that are carried at fair value in DFS Group's financial statements are given below:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	106.834	1.341.025	--	1.447.859
Public Sector Debt Securities	96.887	--	--	96.887
Share Certificated	--	--	--	--
Trading Purpose Derivatives	--	1.341.025	--	1.341.025
Other Securities	9.947	--	--	9.947
Financial Assets Available for Sale (*)	7.125.839	429.423	--	7.555.262
Public Sector Debt Securities	7.125.839	--	--	7.125.839
Other Securities	--	429.423	--	429.423
Hedging Purpose Derivatives	--	--	--	--
Total Assets	7.232.673	1.770.448	--	9.003.121
Derivative Financial Liabilities Held for Trading	--	1.248.386	--	1.248.386
Hedging Purpose Derivatives	--	--	--	--
Total Liabilities	--	1.248.386	--	1.248.386

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	31.539	1.141.900	--	1.173.439
Public Sector Debt Securities	30.299	--	--	30.299
Share Certificated	157	--	--	157
Trading Purpose Derivatives	--	1.141.900	--	1.141.900
Other Securities	1.083	--	--	1.083
Financial Assets Available for Sale (*)	9.463.215	397.074	108.955	9.969.244
Public Sector Debt Securities	9.463.215	--	--	9.463.215
Other Securities	--	397.074	108.955	506.029
Hedging Purpose Derivatives	--	--	--	--
Total Assets	9.494.754	1.538.974	108.955	11.142.683
Derivative Financial Liabilities Held for Trading	--	638.641	--	638.641
Hedging Purpose Derivatives	--	--	--	--
Total Liabilities	--	638.641	--	638.641

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Unobservable inputs

(*) Share certificates amounting TL 3.930 (31 December 2015: TL 3.945), classified in financial assets available for sale that do not have quoted market prices in an active market or whose fair value cannot be measured, are carried at cost in the framework of TAS 39.

X. Transactions carried out on behalf and account of other parties and fiduciary transactions

a. Information on whether the Group performs sales, purchase, management, consultancy and custody services on behalf and account of others, or not

DFS Group performs sales, purchase, management, consultancy and custody services on behalf and account of others.

b. Transactions directly realized with other financial institutions depending on fiduciary contracts and probability of material effect of such transactions on the financial position of the Bank.

None.

XI. 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 1.006 million and US Dollar 6,7 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 (1.006.604) as of 31 December 2016 (31 December 2015: TL (579.894)).

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 (616) (31 December 2015: TL (3.368)).

XII. 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

Segment information is presented in the following table:

	Wholesale Banking		Retail Banking		Treasury and Investment Banking	Total
Current Period (01.01.2016-31.12.2016)	Corporate Banking	Commercial&Public Finance	SME&Agriculture Banking	Retail Banking		
Net interest income	796.122	739.598	1.682.522	1.024.170	892.842	5.135.254
Net fee and commission income	92.601	99.312	596.224	521.815	(56.194)	1.253.758
Other income/expense, net	141.549	243.103	190.887	263.338	(640.130)	198.747
Total segment income	1.030.272	1.082.013	2.469.633	1.809.323	196.518	6.587.759
Other operating expenses	(217.310)	(341.859)	(1.039.606)	(1.250.556)	(76.839)	(2.926.170)
Provision for loan losses and other receivables	(94.879)	(521.765)	(703.621)	(479.747)	(36.520)	(1.836.532)
Tax charge						(424.683)
Net profit from continuing operations	718.083	218.389	726.406	79.020	83.159	1.400.374
Net profit from discontinued operations	--	--	--	--		725
Net profit	718.083	218.389	726.406	79.020	83.159	1.401.099
Current 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
	Wholesale Banking		Retail Banking		Treasury and Investment Banking	Total
Prior Period (01.01.2015-31.12.2015)	Corporate Banking	Commercial&Public Finance	SME&Agriculture Banking	Retail Banking		
Net interest income	707.962	829.518	1.212.450	758.357	568.588	4.076.875
Net fee and commission income	90.055	109.782	391.841	532.063	(39.877)	1.083.864
Other income/expense, net	203.472	208.111	207.465	230.561	(867.101)	(17.492)
Total segment income	1.001.489	1.147.411	1.811.756	1.520.981	(338.390)	5.143.247
Other operating expenses	(198.083)	(325.135)	(924.056)	(1.081.569)	(111.744)	(2.640.587)
Provision for loan losses and other receivables	(36.034)	(204.227)	(450.464)	(608.755)	(61.939)	(1.361.419)
Tax charge						(283.384)
Net profit from continuing operations	767.372	618.049	437.236	(169.343)	(512.073)	857.857
Net profit from discontinued operations	--	--	--	--		1.438
Net profit	767.372	618.049	437.236	(169.343)	(512.073)	859.295
Prior Period (31.12.2015)						
Segment assets	19.455.682	22.129.557	20.016.066	16.103.759	32.782.845	110.487.909
Subsidiaries and associates						18.707
Undistributed assets						2.379.793
Total assets						112.886.409
Segment liabilities	11.878.769	9.302.364	10.189.095	41.056.193	28.469.405	100.895.826
Undistributed liabilities						3.696.386
Shareholders' equity						8.294.197
Total liabilities						112.886.409

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	876.276	947.988	732.661	679.049
Central Bank of the Republic of Turkey	1.405.531	11.609.546	462.670	8.948.947
Other (*)	--	20	--	25
Total	2.281.807	12.557.554	1.195.331	9.628.021

(*) Includes TL 20 of cheques purchased as of (31 December 2015 TL 25).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1.405.531	1.501.383	462.670	846.677
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	--	10.108.163	--	8.102.270
Total	1.405.531	11.609.546	462.670	8.948.947

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

3. Information on required reserves

As of 31 December 2016, all banks operating in Turkey should provide a reserve in a range of 4% to 10,5% (31 December 2015: between 5% and 11,5%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 4,5% to 24,5% (31 December 2015: between 5% and 25%) 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 56.689 derived from the required reserves maintained by the Parent Bank at CBRT (1 January-31 December 2015: TL 24.288) 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	8.380	--	7.506	--
Other	--	--	--	--
Total	8.380	--	7.506	--

2. Trading securities subject to repurchase agreements

None (31 December 2015: None).

3. Positive value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.549	57.153	4.614	11.199
Swap Transactions	944.857	268.949	872.936	230.199
Futures Transactions	--	--	--	--
Options	523	67.994	173	22.779
Other	--	--	--	--
Total	946.929	394.096	877.723	264.177

c. Information on Banks

1. Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	6.383	655.752	8.994	2.007.929
Foreign	10.623	4.899.985	14.572	4.191.205
Foreign head offices and branches	--	--	--	--
Total	17.006	5.555.737	23.566	6.199.134

2. Information on Foreign Banks

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	4.216.039	3.802.814	--	--
USA, Canada	133.538	276.224	--	12.180
OECD Countries(*)	24.627	16.156	--	--
Off shore zones	42.362	7.384	--	--
Other	494.042	91.019	--	--
Total	4.910.608	4.193.597	--	12.180

(*)OECD countries except for EU countries, USA and Canada

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 849.495 (31 December 2015: TL 1.690.385).

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	725.926	123.569	857.701	832.684
Other	--	--	--	--
Total	725.926	123.569	857.701	832.684

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	3.830.370	--	4.811.887	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bonds Issued or Guaranteed by Banks	--	--	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
Total	3.830.370	--	4.811.887	--

5. Information on available-for-sale securities

	Current Period	Prior Period
Debt instruments	7.865.668	10.289.586
Quoted on Stock Exchange	7.865.668	10.289.586
Unquoted on Stock Exchange	--	--
Share certificates	41.728	112.900
Quoted on Stock Exchange	37.779	--
Unquoted on Stock Exchange	3.949	112.900
Impairment provision (-)	310.406	429.297
Total	7.596.990	9.973.189

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	--	7.721	--	19.970
Loans Granted to Employees	60.741	4	63.019	115
Total	60.741	7.725	63.019	20.085

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	76.576.693	1.426.475	--	5.449.561	2.679.020	--
Working Capital Loans	2.160.315	375.465	--	572.289	491.328	--
Export Loans	1.402.581	6.218	--	24.680	5.211	--
Import Loans	--	--	--	--	--	--
Loans Given to Financial Sector	390.073	--	--	168.744	163.189	--
Consumer Loans	12.204.822	259.838	--	1.190.519	392.174	--
Credit Cards	4.801.357	3.527	--	285.322	64.172	--
Other	55.617.545	781.427	--	3.208.007	1.562.946	--
Specialization Loans	7.316.598	11.318	--	803.952	234.988	--
Other Receivables	--	--	--	--	--	--
Total	83.893.291	1.437.793	--	6.253.513	2.914.008	--

(*) The Bank has a cash loan exposure amounting to USD 117 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. 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 31 December 2016.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

	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	1.372.652	2.677.980
Extended by 3,4 or 5 times	65.062	234.071
Extended by more than 5 times	79	1.957
Total	1.437.793	2.914.008

	Performing Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended payment period of time		
0-6 Months	5.557	153.588
6-12 Months	9.003	57.517
1-2 Years	24.846	195.368
2-5 Years	464.681	753.971
5 Year and Over	933.706	1.753.564
Total	1.437.793	2.914.008

3. Information on loans according to maturity structure concentration

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and other Receivables	Restructured or Rescheduled	Loans and other Receivables	Restructured or Rescheduled
Short-Term Loans and Other Receivables	17.953.834	42.922	1.174.733	68.883
Non-Specialized Loans	16.383.528	41.237	1.062.470	41.071
Specialized Loans	1.570.306	1.685	112.263	27.812
Other Receivables	--	--	--	--
Medium and Long-Term Loans and Other Receivables	65.939.457	1.394.871	5.078.780	2.845.125
Non-Specialized Loans	60.193.165	1.385.238	4.387.091	2.637.949
Specialized Loans	5.746.292	9.633	691.689	207.176
Other Receivables	--	--	--	--
Total	83.893.291	1.437.793	6.253.513	2.914.008

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

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

	Short Term	Medium or Long Term	Total
Consumer Loans-TL	263.618	12.394.257	12.657.875
Real estate Loans	4.794	5.007.451	5.012.245
Vehicle Loans	2.610	411.279	413.889
General Purpose Loans	256.214	6.975.527	7.231.741
Other	--	--	--
Consumer Loans-Indexed to FC	--	36.623	36.623
Real estate Loans	--	36.185	36.185
Vehicle Loans	--	--	--
General Purpose Loans	--	438	438
Other	--	--	--
Consumer Loans-FC	1.255	79.274	80.529
Real estate Loans	--	2.309	2.309
Vehicle Loans	--	--	--
General Purpose Loans	1.255	76.937	78.192
Other	--	28	28
Individual Credit Cards-TL	4.523.428	254.375	4.777.803
Installment	2.070.874	254.375	2.325.249
Non installment	2.452.554	--	2.452.554
Individual Credit Cards-FC	1.414	--	1.414
Installment	56	--	56
Non installment	1.358	--	1.358
Loans Given to Employees-TL	3.627	30.555	34.182
Real estate Loans	--	1.798	1.798
Vehicle Loans	--	93	93
General Purpose Loans	3.627	28.664	32.291
Other	--	--	--
Loans Given to Employees - Indexed to FC	--	--	--
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Loans Given to Employees - FC	41	361	402
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	27	--	27
Other	14	361	375
Personnel Credit Cards - TL	24.488	234	24.722
Installment	11.528	234	11.762
Non installment	12.960	--	12.960
Personnel Credit Cards - FC	24	--	24
Installment	8	--	8
Non installment	16	--	16
Overdraft Loans-TL (Real Persons) (*)	560.700	--	560.700
Overdraft Loans-FC (Real Persons)	25.030	--	25.030
Total	5.403.625	12.795.679	18.199.304

(*) Overdrafts used by the personnel of the Parent Bank are TL 1.489 (31 December 2015: TL 1.371).

5. Information on installment commercial loans and corporate credit cards

	Short Term	Medium or Long Term	Total
Installment Commercial Loans - TL	919.302	8.025.791	8.945.093
Real estate Loans	624	223.589	224.213
Vehicle Loans	10.674	534.271	544.945
General Purpose Loans	908.004	7.267.931	8.175.935
Other	--	--	--
Installment Commercial Loans - Indexed to FC	23.700	1.323.659	1.347.359
Real estate Loans	--	13.594	13.594
Vehicle Loans	281	40.524	40.805
General Purpose Loans	23.419	1.269.541	1.292.960
Other	--	--	--
Installment Commercial Loans - FC	2.537	58.556	61.093
Real estate Loans	--	--	--
Vehicle Loans	--	234	234
General Purpose Loans	2.537	58.322	60.859
Other	--	--	--
Corporate Credit Cards - TL	282.664	2	282.666
Installment	106.298	2	106.300
Non installment	176.366	--	176.366
Corporate Credit Cards - FC	50	--	50
Installment	--	--	--
Non installment	50	--	50
Overdraft Loans-TL (Legal Entities)	1.452.593	--	1.452.593
Overdraft Loans-FC (Legal Entities)	--	--	--
Total	2.680.846	9.408.008	12.088.854

6. Loan concentration according to counterparty

	Current Period	Prior Period
Public	1.427.934	891.287
Private	88.718.870	72.905.519
Total	90.146.804	73.796.806

7. Domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	82.206.250	71.078.349
Foreign Loans	7.940.554	2.718.457
Total	90.146.804	73.796.806

8. Loans granted to subsidiaries and associates

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

9. Specific provisions for loans

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectability	128.655	66.986
Loans and Receivables with Doubtful Collectability	463.077	410.993
Uncollectible Loans and Receivables	2.056.223	1.800.204
Total	2.647.955	2.278.183

10. 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	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
Prior Period	15.994	37.147	65.519
(Gross Amounts Before Specific Reserves)	--	--	--
Restructured Loans and Other Receivables	--	--	--
Rescheduled Loans and Other Receivables	15.994	37.147	65.519

(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	471.167	718.083	1.979.524
Additions (+)	1.707.814	116.904	150.800
Transfers from Other Categories of Non-Performing Loans (+)	--	1.292.066	1.082.261
Transfers from Other Categories of Non-Performing Loans (-)	1.292.066	1.082.261	--
Collections (-)	315.903	178.039	394.498
Write-offs (-)	--	--	604.213
Corporate and Commercial Loans	--	--	33.181
Retail Loans	--	--	242.059
Credit Cards	--	--	182.960
Other	--	--	146.013
Balances at End of the Period	571.012	866.753	2.213.874
Specific Provisions (-)	128.655	463.077	2.056.223
Net Balance on Balance Sheet	442.357	403.676	157.651

(*)The Group has sold individual loan, credit cards and enterprise credit portfolio amount of TL 295.535, tracked in legal proceedings accounts, for a price of TL 30.100 to Finansal Varlık Yönetimi A.Ş. with sales contracts dated 29 April and 30 June 2016 and has also sold individual loan, credit cards and enterprise credit portfolio amount of TL 110.891 and TL 110.474, tracked in legal proceedings accounts, for a price of TL 11.600 TL and 11.700TL respectively Sümer Varlık Yönetimi A.Ş. and İstanbul Varlık Yönetimi A.Ş. with sales contracts dated 29 September and 30 September 2016 respectively and has sold individual loan, credit cards and enterprise credit portfolio amount of TL 36.002, tracked in legal proceedings accounts, for a price of TL 50 to Vera Varlık Yönetimi A.Ş. with sales contract dated 29 December 2016 and enterprise and commercial credit portfolio amount of TL 51.312 tracked in legal proceedings accounts, for a price of TL 150 to Vera Varlık Yönetimi A.Ş. with sales contract dated 30 December 2016.

(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: 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
Prior Period: 31 December 2015			
Balance as of the Period End	2.482	9.189	755
Specific Provisions (-)	758	8.542	383
Net Balance on Balance Sheet	1.724	647	372

(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): 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)	--	--	--
Prior Period (Net): 31 December 2015	404.181	307.090	179.320
Loans Granted to Real Persons and Legal Entities (Gross)	471.167	716.158	1.979.524
Specific provisions (-)	66.920	409.068	1.800.204
Loans Granted to Real Persons and Legal Entities (Net)	404.247	307.090	179.320
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	66	1.925	--
Specific provisions (-)	66	1.925	--
Other Loan and Receivables (Net)	--	--	--

11. Liquidation policy for uncollectible loans and receivables

For uncollectible loans and receivables, the Bank tries to solve the issue with the customer. If no result is obtained, all legal actions are taken. Such actions are completed when the insufficiency of collaterals is documented or a certificate of insolvency is obtained.

12. Information on write-off from assets policy

Unrecoverable non-performing loans are written off with the decision of the Board of Directors on condition that receivable of the Group is not material compared to the costs to be incurred for the preparation of necessary documentation. There is no written-off amount in 2016 (31 December 2015: TL 2.849).

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 1.797.997 (31 December 2015: TL 1.595.489).

(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 1.099.775 (31 December 2015: TL 959.121).

2. Information on government securities held-to-maturity

	Current Period	Prior Period
Government Bonds	5.018.478	3.343.952
Treasury Bills	--	--
Other Government Debt Securities	--	--
Total	5.018.478	3.343.952

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

3. Information on investment securities held-to-maturity

	Current Period	Prior Period
Debt Securities	5.066.364	3.381.640
Quoted on Stock Exchange	5.028.810	3.349.423
Unquoted on Stock Exchange	37.554	32.217
Impairment (-)	10.332	5.471
Total	5.056.032	3.376.169

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	3.376.169	3.142.200
Foreign exchange differences (*)	270.686	242.891
Purchases during the year (**)	1.419.509	--
Disposals/Redemptions	--	(3.451)
Impairment losses (-)	10.332	5.471
Total	5.056.032	3.376.169

(*) 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. 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 224.805 (31 December 2015: TL 192.722).

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. (*)	İstanbul/Türkiye	9	--
2-Kredi Garanti Fonu A.Ş. (**)	Ankara/Türkiye	2	--
3-Ege Tarım Ürünleri Lisanslı Dep. A.Ş. (**)	İzmir/Türkiye	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	185.448	129.647	135.578	2.817	--	16.458	26.782	--
2	303.700	299.526	5.691	15.573	--	5.483	11.811	--
3	11.541	11.095	8.393	135	--	(465)	(172)	--

(*) Information on the financial statements is presented as of the period ended 30 September 2016.

(**) Information on the financial statements is presented as of the period ended 31 December 2015.

2. Investments in consolidated associates

There are no investments in consolidated associates.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

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 31 December 2016.

	Denizbank AG
Paid-in capital	711.674
Share Premium	1.041.091
Reserves	2.505.232
Deductions from capital	1.832
Total Common Equity	4.256.165
Total Additional Tier I Capital	--
Deductions from capital	7.328
Total Core Capital	4.248.837
Total Supplementary Capital	105.584
Capital	4.354.421
Deductions from capital	--
SHAREHOLDERS' EQUITY	4.354.421

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/Türkiye	71	29

(*) Field of activity of Ekspres Menkul Değerler A.Ş. has been changed on 10 August 2016 and its title has become Ekspres Bilgi İşlem ve Ticaret A.Ş.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
1	183.805	(3.192)	56.189	923	--	(9.055)	462	--
2	1.350	1.317	--	--	--	44	(9)	--
3	228	219	--	11	--	(11)	(9)	--
4	308	305	--	--	--	12	11	--
5	73	73	--	--	--	(12)	(12)	--
6	17.017	15.600	2.206	863	--	1.285	1.071	--

Information on the financial statements is presented as of the period ended 31 December 2016, subsidiaries above are not included in consolidation because they are nonfinancial partnerships.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

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	38.016.406	4.339.770	41.948	1.417.968	16.391	547.337	459.473	--	--
2	596.336	24.528	78	21.078	--	684	691	--	--
3	195.802	167.604	2.486	5.228	249	14.026	(12.342)	--	--
4	869.245	237.711	3.335	43.824	4.701	27.440	28.893	--	--
5	13.337	12.263	17	1.129	42	3.656	2.319	--	--
6	2.983.510	631.198	121.760	214.584	--	76.485	71.469	--	--
7	1.288.260	190.745	2.224	162.669	--	16.015	(36.638)	--	--
8	198.266	197.142	222	129	--	12.327	10.285	--	--
9	94.975	82.963	78.279	6	--	2.111	1.827	--	--

Includes information on the consolidated financial statements as of 31 December 2016.

(i) Movement of consolidated subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	2.307.921	2.034.054
Movements during the Period	71.067	273.867
Purchases (*)	--	257.537
Bonus Shares Received	--	--
Dividends from Current Year Profit	--	--
Sales (***)	(9.999)	--
Revaluation Increase, Effect of Inflation and F/X Difference	87.520	16.330
Other (**)	(6.454)	--
Allowance for impairment	--	--
Balance at the End of the Period	2.378.988	2.307.921
Capital Commitments	--	--
Share Percentage at the end of Period (%)	--	--

(*) Explanations about year in purchasing are in Note III of Section Three.

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

(***)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.

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

	Current Period	Prior Period
Banks	1.417.857	1.409.200
Insurance Companies	--	--
Factoring Companies	138.107	138.107
Leasing Companies	512.877	462.173
Finance Companies	--	9.999
Other Subsidiaries	310.147	288.442
Total	2.378.988	2.307.921

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	67.141	67.624
Quoted on foreign markets	--	--

(iv) Consolidated subsidiaries disposed during the current period:

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. Sales loss sourcing from aforementioned transaction amount of TL 258 is represented as "Sale loss sourcing from sales of subsidiary" under "Expenses from Discontinuing Operations" in accompanying financial statements.

(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	22.003	26.970	5.466	100.511	(94.209)

Information on the unreviewed financial statements is presented as of the period ended 31 December 2016.

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.

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	192.240	184.849	980.260	828.480
Between 1-4 years	1.425.809	1.269.652	1.285.557	1.088.637
Over 4 years	1.583.458	1.182.806	425.436	353.247
Total	3.201.507	2.637.307	2.691.253	2.270.364

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

	Current Period	Prior Period
Gross finance lease receivable	3.201.507	2.691.253
Unearned finance income (-)	564.200	420.889
Cancelled leasing agreements (-)	--	--
Net investment on finance leases	2.637.307	2.270.364

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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

As of 31 December 2016, 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	31.158	17.376
Between 1-5 years	29.254	19.579
5 years and over	--	--
Total	60.412	36.955

k. Explanation on hedging purpose derivatives

None (31 December 2015: None).

l. Information on tangible assets

	Real Estate	Tangible Fixed Assets Retained With Leasing	Vehicles	Other Tangible Fixed Assets	Total
Prior Period					
Cost	104.608	224.038	66.848	789.226	1.184.720
Accumulated Depreciation	(12.494)	(164.274)	(7.838)	(452.492)	(637.098)
Net Book Value	92.114	59.764	59.010	336.734	547.622
Current Period					
Net Book Value at the Beginning of the Period	92.114	59.764	59.010	336.734	547.622
Differences During the Period (Net)	46.149	70	69.668	112.322	228.209
Depreciation Cost	(2.069)	(16.525)	(9.390)	(92.388)	(120.372)
Provision For Decrease In Value	(3.719)	--	--	--	(3.719)
FX Differences (Net)	8.954	--	53	3.832	12.839
Cost At the End of the Period	141.429	216.670	135.502	914.474	1.408.075
Accumulated Depreciation At the End of the Period	--	(173.361)	(16.161)	(553.974)	(743.496)
Net Book Value At The End Of The Period	141.429	43.309	119.341	360.500	664.579

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.

Revaluation difference amount of TL 45.894 is recognized under equities as a result of revaluation process and impairment provision made in previous periods for related properties amount of TL (4.080) is cancelled and an impairment provision amount of TL (3.719) is made for related properties.

m. Information on tangible assets

	Other	Goodwill	Total
Prior Period			
Cost	518.559	869	519.428
Accumulated Depreciation	(341.171)	--	(341.171)
Net Book Value	177.388	869	178.257
Current Period			
Net Book Value at the Beginning of the Period	177.388	869	178.257
Differences During the Period (Net)	117.891	--	117.891
Depreciation Cost	(92.092)	--	(92.092)
Provision For Decrease In Value	--	--	--
FX Differences (Net)	763	--	763
Cost At the End of the Period	640.132	869	641.001
Accumulated Depreciation At the End of the Period	(436.182)	--	(436.182)
Net Book Value At The End Of The Period	203.950	869	204.819

n. Explanation on investment property

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

As of 31 December 2016, the Group has investment property is amounting to TL 164.527 (31 December 2015: TL 157.381) which carried from it's fair value on the Group's Financial Statements.

o. Information on deferred tax asset

Deferred tax asset calculated on the basis of related regulation is TL 153.176 (31 December 2015: TL 141.366) and deferred tax liability is TL 15.446 (31 December 2015: TL 8.652). 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 (**)	102.894	37.441
Unearned Income	56.753	42.750
Provision for Employee Benefits	22.882	20.461
Valuation Differences of Financial Assets	10.615	20.385
Financial Loss (*)	629	71.752
Other	20.985	3.787
Deferred Tax Assets	214.758	196.576
Valuation Differences of Derivatives	(44.759)	(43.979)
Valuation Differences of Tangible Assets	(32.269)	(19.883)
Other	--	--
Deferred Tax Liabilities	(77.028)	(63.862)
Net Deferred Tax Assets	137.730	132.714

(*) Fiscal loss essentially arises from the valuation of financial instruments in the calculation of corporate tax of the current period under the Tax Procedures Law (TPL).

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

p. 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.

q. Information on other assets

1. Information on prepaid expense, taxes and similar items

DFS Group's total prepaid expenses are TL 300.053 (31 December 2015: TL 268.965).

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

II. Explanations and disclosures related to consolidated liabilities

a. Information on deposits

1. Information on maturity structure of deposits:

Current 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 34.483.244 and Commercial Deposit customers at the amount of TL 18.594.056.

Prior Period: 31 December 2015

	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	1.611.963	--	1.539.654	12.627.000	252.858	128.011	199.058	34.631	16.393.175
Foreign Currency Deposits (*)	9.857.764	--	2.783.078	9.956.894	1.376.704	2.444.644	18.555.740	1.477	44.976.301
Residents in Turkey	4.055.236	--	2.715.018	9.219.769	1.263.219	898.260	1.504.270	1.290	19.657.062
Residents Abroad	5.802.528	--	68.060	737.125	113.485	1.546.384	17.051.470	187	25.319.239
Public Sector Deposits	416.169	--	47.736	48.877	1.899	46	459	--	515.186
Commercial Deposits	2.164.960	--	1.667.334	3.432.461	116.203	111.929	94.213	--	7.587.100
Other Ins. Deposits	81.970	--	92.903	1.028.700	169.986	910	20.142	--	1.394.611
Precious Metal Deposits	121.790	--	24.210	136.557	11.513	31.379	9.578	2.702	337.729
Bank Deposits	139.734	--	490.742	649.242	6.939	168.496	--	--	1.455.153
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	3.252	--	104.475	35.637	--	1.466	--	--	144.830
Foreign Banks	123.821	--	386.267	613.605	6.939	167.030	--	--	1.297.662
Special Finan. Inst.	12.661	--	--	--	--	--	--	--	12.661
Other	--	--	--	--	--	--	--	--	--
Total	14.394.350	--	6.645.657	27.879.731	1.936.102	2.885.415	18.879.190	38.810	72.659.255

(*) Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 30.343.294 and Commercial Deposit customers at the amount of TL 14.633.007.

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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

	Saving Deposit Insurance Fund		Exceeding the Insurance Coverage Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	10.732.125	7.838.510	10.067.622	8.447.404
Foreign Currency Saving Deposits	2.373.888	2.148.057	9.536.921	7.964.570
Other Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Off-Shore Deposits Under Foreign Insurance Coverage	--	--	--	--
Total	13.106.013	9.986.567	19.604.543	16.411.974

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

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	162.530	75.346
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	41.124	30.020
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	24.265	110.234
Total	227.919	215.600

(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	40.220	19.978	3.413	28.971
Swap Transactions	506.384	595.267	307.637	276.878
Futures Transactions	--	--	--	--
Options	7	86.530	--	21.742
Other	--	--	--	--
Total	546.611	701.775	311.050	327.591

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	1.094.208	740.691	1.416.454	291.518
Foreign Bank, Institutions and Funds	1.035.318	8.388.474	437.469	9.111.825
Total	2.129.526	9.129.165	1.853.923	9.403.343

2. Maturity information of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1.602.323	3.571.403	1.853.923	5.411.777
Medium and Long-Term	527.203	5.557.762	--	3.991.566
Total	2.129.526	9.129.165	1.853.923	9.403.343

3. Additional explanation on concentrations of the Group's liabilities

Deposits constitute the most important fund of the Group, and they account for 68% of total funds (31 December 2015: 64%). Loans received, subordinated loans, debts to money markets and issued securities account for 19% of total funds (31 December 2015: 23%).

d. Information on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	--	1.309.730	103.222	1.481.142
Bills	1.766.245	--	945.365	--
Asset Backed Security	415.080	--	556.311	--
Total	2.181.325	1.309.730	1.604.898	1.481.142

Nominal value of TL 70.095 (31 December 2015: TL 188.439) 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 2015: None).

1. Changes in agreements and further commitments arising

None (31 December 2015: None).

2. Obligations under finance leases

None (31 December 2015: 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 2015: None).

h. Explanation on provisions

1. Information on general provisions

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	907.233	723.563
Additional Provision for Loans with Extended Maturities	71.838	31.355
Provisions for Loans and Receivables in Group II	258.866	170.305
Additional Provision for Loans with Extended Maturities	160.565	88.712
Provisions for Non Cash Loans	103.255	81.471
Other	--	--
Total	1.269.354	975.339

Minimum provision rates for the general provision calculation are determined in "Communique on Amendments made on Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" which is published at Official Gazette dated December 14, 2016 and numbered 29918 and the Bank has made provisions over the aforementioned minimum provision rates as of December 31, 2016. General provision amount would be TL 868.000 less if the minimum provision rates, which are mentioned in the aforementioned Communique, were applied.

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

As of 31 December 2016, the reserves allocated for the exchange rate differences of loans indexed to foreign currency amount to TL 128 (31 December 2015: TL 10.635). 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 31 December 2016, TL 86.385 of provision for employment termination benefits (31 December 2015: TL 70.923) and TL 35.334 of unused vacation accruals (31 December 2015: TL 36.090) 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	70.923	65.431
Changes in the period	21.344	17.891
Actuarial loss/gain	8.388	(1.781)
Paid in the period	(14.517)	(10.785)
FX difference	247	167
Balance at the End of the Period	86.385	70.923

4. Information on other provisions

(i) As of 31 December 2016, the free reserves allocated to potential risks amount to TL 233.823 (31 December 2015: TL 12.813), which includes other provisions for the possible outflows regarding to specific loan portfolio.

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

TL 85.998 (31 December 2015: TL 65.998) of other provisions consists of provisions for non-cash loans that are not indemnified and converted into cash. TL 29.059 (31 December 2015: TL 26.288) consists of provisions for lawsuits pending against DFS Group, comprise of tax fine provision amounting to TL 44.000, whose details are mentioned in note numbered III.b in section five and TL 8.197 (31 December 2015: TL 37.050) consists of other provisions.

i. Information on taxation

1. Information on current taxes

(i) Information on current tax liability

As of 31 December 2016, the corporate tax provision of DFS Group is TL 320.330 (31 December 2015: TL 155.107), and it has been offset with advance taxes amounting to TL 312.220 (31 December 2015: TL 151.424).

(ii) Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	8.110	3.683
Taxation on securities	52.785	45.588
Capital gains taxes on property	1.992	1.779
Banking Insurance Transaction Tax (BITT)	50.659	42.730
Taxes on foreign exchange transactions	--	--
Value added taxes payable	3.636	2.118
Other	46.938	41.219
Total	164.120	137.117

(iii) Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	8.154	7.512
Social security premiums- employer share	8.933	8.218
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	348	291
Pension fund membership fees and provisions- employer share	426	356
Unemployment insurance- employee share	582	537
Unemployment insurance- employer share	1.111	1.024
Other	6.045	5.795
Total	25.599	23.733

2. Information on deferred tax liabilities

Deferred tax liability calculated on the basis of related regulation is TL 15.446 (31 December 2015: TL 8.652). Information on deferred taxes is disclosed in Note "o" of explanations and disclosures related to consolidated assets.

j. Information on debts of fixed assets held for sales purposes and related to discontinuing operations

None.

k. Information on subordinated credits

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	--	--	--	--
Other Domestic Institutions	--	--	--	--
Foreign Banks	--	5.483.501	--	4.845.965
Other Foreign Institutions	--	--	--	--
Total	--	5.483.501	--	4.845.965

Information on subordinated credits are provided in note numbered I-b in Fourth section.

l. Information on shareholders' equity

1. Paid-in capital

	Current Period	Prior Period
Common Stock	3.316.100	1.816.100
Preferred Stock	--	--

Paid-in capital of the Parent Bank is shown as nominal above. Disclosure regarding capital increase is made in note numbered II-I-3 in Section Five.

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

The Parent Bank has increased its paid capital at a total amount of TL1.500.000 on 28 June 2016 consisting of share premium of TL 39, subsidiary and associate shares and real estate sales income of TL 113.097 and extraordinary reserves of TL 636.864 and cash reserve of TL 750.000.

Date of Increase	Amount of Increase	Cash	Profit reserves entreated in increase	Capital reserves entreated in increase
28 June 2016	1.500.000	750.000	113.136	636.864

4. Information on share capital increases from revaluation funds

Securities Growth Fund	Revaluation Increase in Value for tangible and intangible fixed assets	Bonus share real estate profit on sale of subsidiaries, associates and joint controlled partnerships (joint ventures)	Other
--	--	113.097	--

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	39
Common Stock Cancellation Profits	--	--
Other Equity Instruments	--	--
Total Common Stock Issued (*)	50.369	50.369

(*) Related to the Parent 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 Parent 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	(444.941)	(110.354)	(472.145)	(7.643)
FX Difference	--	--	--	--
Total	(444.941)	(110.354)	(472.145)	(7.643)

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	7.198	6.306
Minority interest in net income of consolidated subsidiaries	1.072	892
Increase/(decrease) in minority interest due to disposals	--	--
Other	--	--
Balance at the End of the Period	8.270	7.198

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 40.495 is recognized under equities as a result of revaluation process.

Revaluation differences of tangible assets amounting to TL 113.097 have used for capital increase dated on 28 June 2016. The explanation regarding capital increase can be found in Note II-I-3 of Section Five (31 December 2015: TL 262.425).

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 31 December 2016, non-cash loans, commitments for credit card limits and commitments for cheque payments are TL 28.782.015, TL 12.764.645 and TL 2.111.130, respectively (31 December 2015: TL 24.444.415, TL 10.209.119 and TL 1.920.552, 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 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.

As of 31 December 2015 DFS Group has letters of guarantee amounting to TL 20.087.418, bills of exchange and acceptances amounting to TL 194.319, and guarantees and sureties on letter of credit amounting to TL 2.394.350 and other guarantees and sureties amounting to TL 1.768.328.

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

	Current Period	Prior Period
Provisional Letters of Guarantee	1.103.750	1.013.609
Final Letters of Guarantee	14.223.149	13.484.968
Letters of Guarantee for Advances	2.874.152	2.938.430
Letters of Guarantee given to Customs Offices	169.797	184.924
Other Letters of Guarantee	3.411.367	2.465.487
Total	21.782.215	20.087.418

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	8.211.637	4.624.008
With Original Maturity of 1 Year or Less	7.816.907	4.369.183
With Original Maturity of More Than 1 Year	394.730	254.825
Other Non-Cash Loans	20.570.378	19.820.407
Total	28.782.015	24.444.415

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

(ii) Sectorial risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	125.897	1,25	115.147	0,61	125.561	1,42	228.819	1,46
Farming and Cattle	124.881	1,24	113.637	0,61	124.382	1,41	228.819	1,46
Forestry	584	0,01	768	--	893	0,01	--	--
Fishing	432	--	742	--	286	--	--	--
Manufacturing	2.217.779	22,09	8.391.528	44,78	2.021.443	22,95	5.275.588	33,74
Mining	325.222	3,24	277.560	1,48	229.451	2,60	126.803	0,81
Production	1.558.544	15,52	7.509.548	40,07	1.462.574	16,60	4.565.941	29,20
Electric, Gas, Water	334.013	3,33	604.420	3,23	329.418	3,75	582.844	3,73
Construction	2.982.079	29,70	5.275.696	28,15	2.502.194	28,41	5.172.860	33,08
Services	3.304.228	32,89	3.421.731	18,26	3.090.136	35,08	3.327.861	21,28
Wholesale and Retail Trade	1.963.421	19,55	1.788.412	9,54	1.929.549	21,90	2.266.018	14,49
Hotel and Restaurant Services	250.429	2,49	351.862	1,88	223.470	2,54	244.521	1,56
Transportation and telecommunication	489.354	4,87	855.957	4,57	473.289	5,37	554.439	3,55
Financial institution	296.000	2,95	340.408	1,82	166.001	1,88	188.834	1,21
Real estate and letting services	21.577	0,21	3.998	0,02	30.106	0,34	1.984	0,01
Self-employment services	--	--	--	--	--	--	--	--
Education services	38.997	0,39	11.688	0,06	37.715	0,43	13.870	0,09
Health and social services	244.450	2,43	69.406	0,37	230.006	2,62	58.195	0,37
Other	1.411.681	14,07	1.536.249	8,20	1.069.612	12,14	1.630.341	10,44
Total	10.041.664	100,00	18.740.351	100,00	8.808.946	100,00	15.635.469	100,00

(iii) Information about the first and second group of non-cash loans

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	9.844.489	11.544.903	185.468	207.355
Bank Acceptances	5.498	251.332	--	--
Letters of Credit	42	2.426.574	--	--
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Commitments	--	--	--	--
Other Commitments and Contingencies	6.167	4.306.250	--	3.937
Total	9.856.196	18.529.059	185.468	211.292

b. Information related to derivative financial instruments

Current Period	Up to 1 moth	1-3 month	3-12 month	1-5 years	More than 5 years	Total
Hedging Purpose Derivative Transactions						
A. Total Hedging Purpose Derivative Transactions	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
Types of Trading Transactions						
Foreign Currency Related Derivative Transactions (I)	34.214.405	16.867.847	5.859.534	4.509.821	--	61.451.607
Forward FC Call Transactions	1.165.432	174.033	687.902	--	--	2.027.367
Forward FC Pull Transactions	388.688	927.659	689.440	--	--	2.005.787
Swap FC Call Transactions	14.903.585	7.050.000	890.994	2.170.588	--	25.015.167
Swap FC Pull Transactions	13.239.897	7.109.478	718.065	2.339.233	--	23.406.673
Options FC Call Transactions	2.241.094	825.161	1.410.230	--	--	4.476.485
Options FC Pull Transactions	2.275.709	781.516	1.462.903	--	--	4.520.128
Futures FC Call Transactions	--	--	--	--	--	--
Futures FC Pull Transactions	--	--	--	--	--	--
Total of Interest Derivative Transactions (II)	19.259	1.073.356	2.583.656	3.918.759	12.445.642	20.040.672
Swap Interest Call Transactions	10.557	536.678	1.291.828	1.958.678	6.159.507	9.957.248
Swap Interest Pull Transactions	8.702	536.678	1.291.828	1.960.081	6.159.507	9.956.796
Options Interest Call Transactions	--	--	--	--	63.314	63.314
Options Interest Pull Transactions	--	--	--	--	63.314	63.314
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
Other Types of Trading Transactions (III)	1.556.043	34.940	169.418	332.334	--	2.092.735
B. Total Types of Trading Transactions (I + II + III)	35.789.707	17.976.143	8.612.608	8.760.914	12.445.642	83.585.014
Total Derivatives Transactions (A+B)	35.789.707	17.976.143	8.612.608	8.760.914	12.445.642	83.585.014

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

Prior Period	Up to 1 month	1-3 month	3-12 month	1-5 years	More than 5 years	Total
Hedging Purpose Derivative Transactions						
A. Total Hedging Purpose Derivative Transactions	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
Types of Trading Transactions						
Foreign Currency Related Derivative Transactions (I)	36.939.324	12.194.324	9.036.060	5.461.564	--	63.631.272
Forward FC Call Transactions	729.409	557.706	888.005	25.934	--	2.201.054
Forward FC Pull Transactions	728.072	559.422	904.922	26.802	--	2.219.218
Swap FC Call Transactions	16.077.352	4.605.911	2.528.268	2.828.332	--	26.039.863
Swap FC Pull Transactions	14.773.219	4.421.895	2.379.836	2.580.496	--	24.155.446
Options FC Call Transactions	2.320.709	1.047.381	1.162.554	--	--	4.530.644
Options FC Pull Transactions	2.310.563	1.002.009	1.172.475	--	--	4.485.047
Futures FC Call Transactions	--	--	--	--	--	--
Futures FC Pull Transactions	--	--	--	--	--	--
Total of Interest Derivative Transactions (II)	--	2.586.274	3.131.178	2.510.842	8.263.008	16.491.302
Swap Interest Call Transactions	--	1.293.137	1.565.589	1.255.514	4.131.504	8.245.744
Swap Interest Pull Transactions	--	1.293.137	1.565.589	1.255.328	4.131.504	8.245.558
Options Interest Call Transactions	--	--	--	--	--	--
Options Interest Pull Transactions	--	--	--	--	--	--
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
Other Types of Trading Transactions (III)	1.350.690	--	--	--	--	--
B. Total Types of Trading Transactions (I + II + III)	38.290.014	14.780.598	12.167.238	7.972.406	8.263.008	81.473.264
Total Derivatives Transactions (A+B)	38.290.014	14.780.598	12.167.238	7.972.406	8.263.008	81.473.264

c. Credit derivatives and risk exposures on credit derivatives

None.

d. Contingent assets and liabilities

A tax inspection for the years of 2010, 2011, 2012, 2013 and 2014 is carried out by Large Taxpayers Office of Turkish Tax Inspection Board with respect to an inspection conducted debt collection fees. In tax inspection reports, tax and penalty notifications, amounting to TL 55.745 assessment, have been delivered to the Parent Bank on account of the fact that legal encashment fee related to collections made externally through making payments to Parent Bank or lawyers by related debtors regarding their non-performing credits in Parent Bank is not paid.

A tax inspection for the years of 2010, 2011, 2012, 2013 and 2014 is carried out by Large Taxpayers Office of Turkish Tax Inspection Board regarding the examination of judgment and compensation fees with respect to Corporation Tax has been carried out. In tax inspection reports, tax and penalty notifications, amounting to TL 952 assessment have been delivered to Parent Bank on account of the fact that corporation tax regarding 2011, 2012 and 2014 was not paid completely.

As a result of investigation of derivative transactions with respect to Banking and Insurance Transaction Tax made by Tax Inspection Board Istanbul Large Taxpayers Office Group Presidency, tax investigation reports and tax notifications for penalty have been issued for 2009, 2010, 2011, 2012, 2013 and 2014. In tax inspection reports, tax and fine notifications, amounting to TL 67.780 assessment have been delivered to Parent Bank on account of the fact that Banking and Insurance transaction Tax was not paid.

The Parent Bank has decided to benefit from favorable provisions of the Law on Restructuring of Certain Receivables numbered 6736 published on Official Gazette dated 19 August 2016 and numbered 29806 and related communique with respect to abovementioned penalties and applied to respective tax office. In scope of aforementioned Law, as a result of restructuring of tax and penalties, accrued amounts are paid in cash on 30 November 2016 for judgement cost of collection amount of TL 12.924, TL 199 for corporate tax and banking and insurance transaction tax amount of TL 15.096.

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 Parent 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 Parent 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 Parent Bank has appealed to the court for the stay of execution. The defendant tax office has notified the Parent Bank regarding payment orders on 15 March 2016

since the aforementioned case has not been concluded. The parent 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. 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 Parent 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 Parent 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 Parent 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.

Based on the principle of conservatism DFS Group made a provision amounting to TL 23.959 (31 December 2015: TL 26.288) for lawsuits pending against itself; which are classified in "Other provisions" item at the balance sheet. Other ongoing lawsuits which have not any provision are unlikely to occur and for which cash outflow is not expected to incur.

e. Activities carried out on behalf and account of other persons

The Bank provides trading, custody, management and consultancy services to its customers.

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	2.525.685	111.928	2.240.514	112.699
Medium and Long Term Loans	4.190.252	1.851.111	3.156.197	1.551.605
Loans Under Follow-Up	44.456	--	47.980	--
Premiums Received from Resource Utilization Support Fund	--	--	--	--
Total	6.760.393	1.963.039	5.444.691	1.664.304

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	2	602	--	150
Domestic Banks	2.365	9.825	7.211	9.977
Foreign Banks	343	1.473	952	1.219
Foreign Head Offices and Branches	--	--	--	--
Total	2.710	11.900	8.163	11.346

The interest income from required reserves that maintain in CBRT of Parent Bank amounting to 56.689 (1 January-31 December 2015: 24.288) 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	3.531	323	7.997	388
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
Investment Securities Available-for-Sale	584.188	119.478	579.661	98.126
Investment Securities Held-to-Maturity	289.607	32.690	277.678	22.997
Total	877.326	152.491	865.336	121.511

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

4. Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	359	1.156

b. Interest expense

1. Information on interest expense related to funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	179.630	551.137	115.249	432.139
Central Bank of the Republic of Turkey	52	--	49	--
Domestic Banks	103.919	8.451	90.046	8.169
Foreign Banks	75.659	542.686	25.154	423.970
Foreign Head Offices and Branches	--	--	--	--
Other Institutions	--	--	--	--
Total	179.630	551.137	115.249	432.139

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	3.344	2.809

3. Information on interest expense paid to securities issued

	Current Period	Prior Period
Interest Paid to Securities Issued	195.505	219.029

4. Maturity structure of the interest expense on deposits

Account Name	Demand Deposits	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 Year		
TL								
Bank Deposits	17	32.546	--	--	--	--	--	32.563
Saving Deposits	45	201.698	1.535.975	43.076	14.036	25.012	2.372	1.822.214
Public Sector Deposits	--	2.357	5.390	702	14	96	--	8.559
Commercial Deposits	1	219.880	505.660	45.306	9.818	7.103	--	787.768
Other Deposits	1	11.551	158.925	22.050	5.429	2.340	--	200.296
"7 Days Notice" Deposits	--	--	--	--	--	--	--	--
Total	64	468.032	2.205.950	111.134	29.297	34.551	2.372	2.851.400
FC								
Foreign Currency Deposits	2.152	506.708	233.077	18.376	20.635	24.066	14	805.028
Bank Deposits	644	6.238	--	--	--	--	--	6.882
"7 Days Notice" Deposits	--	--	--	--	--	--	--	--
Precious Metal Deposits	3	9.550	3.118	354	797	251	53	14.126
Total	2.799	522.496	236.195	18.730	21.432	24.317	67	826.036
Grand Total	2.863	990.528	2.442.145	129.864	50.729	58.868	2.439	3.677.436

c. Dividend Income

	Current Period	Prior Period
Trading Securities	--	119
Financial Assets at Fair Value Through Profit or Loss	--	--
Investment Securities Available-For-Sale	--	--
Other(*)	205	1.566
Total	205	1.685

(*) Presents dividend income from unconsolidated subsidiaries and associates.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016
(Currency: Thousands of TL - Turkish Lira)

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

d. Information on trading income / loss

	Current Period	Prior Period
Income	231.976.770	260.042.549
Capital Market Transactions	19.677	94.293
Derivative Financial Instruments	4.575.590	4.890.262
Foreign Exchange Gains	227.381.503	255.057.994
Loss (-)	232.546.890	260.675.521
Capital Market Transactions	48.117	23.979
Derivative Financial Instruments	4.517.646	4.065.945
Foreign Exchange Losses	227.981.127	256.585.597
Net Trading Income / Loss	(570.120)	(632.972)

Net gain from foreign exchange translation differences related to derivative financial instruments is TL 265.964 (net gain for the period 1 January-31 December 2015: TL 1.065.761).

e. Information on other operating income

	Current Period	Prior Period
Reversal of prior periods' provisions	332.407	302.986
Sale revenue for Real estate properties	13.262	25.473
Communication income	10.957	12.423
Cheque book fees	3.743	4.150
Other	408.293	268.763
Total	768.662	613.795

"Other operating income" item consists of revenue obtained as a result of sales made from follow-up portfolio and collections made from receivables for which a provision has been made in previous periods. Additionally, income amounting to TL 120.672 related to cash portion as a result of the transfer of Visa Europe Ltd., to Visa Inc., in which the Parent Bank has a share in its capital, is recognized in financial statements.

f. Impairment on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	1.241.892	1.095.704
<i>Loans and Receivables in Group III</i>	<i>123.029</i>	<i>203.093</i>
<i>Loans and Receivables in Group IV</i>	<i>313.688</i>	<i>254.078</i>
<i>Loans and Receivables in Group V</i>	<i>805.175</i>	<i>638.533</i>
Non-performing Commissions and Other Receivables	--	--
General Loan Loss Provisions	294.015	162.211
Free Provision for Probable Risks	222.471	4.647
Impairment Losses on Securities	30.154	26.058
<i>Financial Assets at Fair Value Through Profit or Loss</i>	<i>228</i>	<i>1.025</i>
<i>Investment Securities Available-for-Sale</i>	<i>29.926</i>	<i>25.033</i>
Impairment Losses on Associates, Subsidiaries, Joint Ventures and Investment Securities Held to Maturity	2.969	2.373
<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>2.969</i>	<i>2.373</i>
Other	45.031	70.426
Total	1.836.532	1.361.419

g. Information related to other operational expenses

	Current Period	Prior Period
Personnel Expenses	1.359.190	1.245.238
Reserve for Employee Termination Benefits	7.202	8.833
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	3.719	--
Depreciation Charges of Tangible Assets	120.372	118.244
Impairment Losses on Intangible Assets	--	--
Amortization Charges of Intangible Assets	92.092	81.079
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	2.579	1.634
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	975.872	849.598
<i>Operational Leases Expenses</i>	<i>242.400</i>	<i>247.566</i>
<i>Repair and Maintenance Expenses</i>	<i>60.462</i>	<i>49.296</i>
<i>Advertisement Expenses</i>	<i>92.763</i>	<i>80.008</i>
<i>Other Expenses (*)</i>	<i>580.247</i>	<i>472.728</i>
Losses on Sale of Assets	4.376	7.867
Other	360.768	328.094
Total	2.926.170	2.640.587

(*) 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 78.141, TL 82.257, TL 21.216, TL 8.040, TL 24.813, TL 113.765 and TL 252.015, respectively (1 January - 31 December 2015: TL 78.262, TL 72.595, TL 18.904, TL 7.991, TL 23.852, TL 95.597 and TL 179.266, respectively).

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

As 1 January-31 December 2016, DFS Group has a profit before tax from continuing operations amounting to TL 1.825.057 (1 January-31 December 2015: TL 1.141.241).

Sales of Destek Varlık A.Ş., one of the subsidiaries of the Group, is made as it is stated in h.3.(iv) Fifth Section. Current period income and expense items of aforementioned subsidiary, until its disposal date, are classified as "Sales losses of Subsidiaries, Associates and joint ventures" included under income and expenses sourcing from discontinuing operations in consolidated income statement.

Income and expenses from discontinuing activities belonging to accounting period ending as of 31 December 2016 and 2015 are as follows:

Income Statement From Discontinued Operations	Current Period	Prior Period
Net Interest Income	5.387	7.540
Net Fees and Commission Income	(34)	(25)
Dividend Income	--	--
Commercial Profit/Loss (Net)	--	454
Other Operation Income	917	70
Total Operation Income/Expenses	6.270	8.039
Impairment of Loans and Other Receivables	--	(66)
Other Operation Expense	(5.221)	(6.303)
Discontinued Operations Profit/Loss Before Taxation	1.049	1.671
Discontinued Operations Tax Deduction	(66)	(232)
Discontinued Operations net Profit/Loss for the Period	983	1.439
Subsidiaries and Jointly Controlled Entities	(258)	--
Discontinued Operations Net Profit/Loss for the Period	725	1.439

i. 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-31 December 2016 the current period taxation charge on continuing operations is TL 301.748 (1 January-31 December 2015: TL 148.437) while deferred tax charge is TL 122.935 (1 January-31 December 2015: TL 134.947 deferred tax charge).

The current period taxation charge on discontinuing operations is TL 66 (1 January-31 December 2015: None). There is no deferred tax profit / loss (1 January-31 December 2015: TL 232 deferred tax loss)

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 (+)	24.307	54.777
Arising from Reversal of Deductible Temporary Differences (-)	(124.207)	(218.060)
Arising from Origination of Taxable Temporary Differences (-)	(55.351)	(17.434)
Arising from Reversal of Taxable Temporary Differences (+)	32.316	45.770
Total	(122.935)	(134.947)

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	(28.777)	(235.035)
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	(23.035)	28.336
Arising from Origination (+)/ Reversal (-) of Tax Losses	(71.123)	71.752
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
Total	(122.935)	(134.947)

j. Information on continuing and discontinued operations net profit/loss

DFS Group has a net profit is amounting to TL 1.401.099 (31 December 2015: 859.295 TL).

DFS Group does not have discontinuing operations.

k. 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	1.072	892

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.

l. 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	608.509	508.976
Contracted merchant / POS commissions	258.470	231.790
Insurance services	158.719	115.653
Filing fees	145.506	105.548
Intermediary services	84.490	91.883
Account management fees	56.528	82.480
Remittance commissions	42.472	38.445
Expertise fees	16.767	14.604
Other	113.970	123.243
Total	1.485.431	1.312.622

Other Fees and Commissions Paid	Current Period	Prior Period
Credit card / POS commissions	305.524	261.785
EFT fees and commissions	10.163	8.888
Other	95.493	100.360
Total	411.180	371.033

V. Explanations and disclosures related to consolidated statement of changes in shareholders' equity

a. Information on capital increase

Parent Bank has increased its paid capital at a total amount of TL 1.500.000 consisting of share premiums amount of TL 39, sales profits sourcing from shares of subsidiaries and associates and properties amount of TL 113.097, extraordinary reserves amount of TL 636.964 and cash reserve amount of TL 750.000 on 28 June 2016.

b. Information on issuance of shares

Share premium, at an amount of TL 39, has added to paid capital with the capital increase made by the Bank on 28 June 2016.

A premium of issued shares amount of TL 15 formed as a result of capital increase of TL 1.500.000 made on 28 June 2016.

c. Information on distribution of profit

General Assembly of the Bank is authorized body for the profit appropriation decisions. As of the preparation date of these financial statements, annual ordinary meeting of the General Assembly has not been held yet.

d. Information on increase/decrease amounts resulting from merger

None.

e. Information on investments available-for-sale

"Unrealised gain/loss" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statement but recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

f. Hedging transactions

Explained in Information on hedging transactions in Note XI of Section Four.

g. Revaluation difference on tangible assets

Revaluation differences on tangible assets includes gains on sales of subsidiaries and gains on sales of real estates and explained in detail in Note II-I-12 of Section Five.

h. Information on to foreign exchange difference

Balance sheet items of Bahreyn branch of the Parent Bank and subsidiaries of the Group founded abroad are translated into Turkish Lira with the foreign exchange rates prevailing at the balance sheet date, and income statements items are translated into Turkish Lira with the average foreign exchange rates. Related foreign exchange differences are accounted in the shareholders' equity under "Other profit reserves."

Explained in detail in "Information on to foreign exchange difference in Note II-b of Section Three".

i. Other

None.

j. Amounts transferred to legal reserves

The Parent Bank transferred TL 715.091 (31 December 2015: TL 496.723) to extraordinary reserves from prior period profits in 2016. The amount of TL 38.132 transferred to legal reserves (31 December 2015: None).

VI. Explanations and disclosures related to consolidated cash flow statement

a. Information on cash and cash equivalents

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities less than three months are defined as "Cash equivalents".

1. Cash and cash equivalents at the beginning of the period

	Current Period	Prior Period
	01.01.2016	01.01.2015
Cash	5.066.168	2.245.290
Cash in Vault, foreign currencies and other	1.411.721	1.246.778
Banks demand deposits	3.654.447	998.512
Cash and Cash Equivalent	4.880.925	5.326.271
Interbank Money market placements	1.213.997	980.123
Banks time deposits	3.333.389	3.992.518
Securities	333.539	353.630
Total Cash and Cash Equivalents	9.947.093	7.571.561

2. Cash and cash equivalents at the end of the period

	Current Period	Prior Period
	31.12.2016	31.12.2015
Cash	6.111.804	5.066.168
Cash in Vault, foreign currencies and other	1.824.283	1.411.721
Banks demand deposits	4.287.521	3.654.447
Cash and Cash Equivalent	7.850.740	4.880.925
Interbank Money market placements	3.001.570	1.213.997
Banks time deposits	4.734.305	3.333.389
Securities	114.865	333.539
Total Cash and Cash Equivalents	13.962.544	9.947.093

b. Information on cash and cash equivalent assets of DFS Group that are not available for free use due to legal restrictions or other reasons

DFS Group made a total provision for required reserves on CB of Turkey and other foreign Central Banks in amount of TL 13.015.077 (31 December 2015: TL 9.411.617).

c. Disclosures for "other" items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents

"Other" item amounting to TL (3.901.538) (31 December 2015: TL (4.340.541)) before "changes in operating assets and liabilities" comprise other operating expenses, fees and commissions paid and net trading loss. As a result of these changes in the cash flow statement, the balance of cash and cash equivalents has changed from TL 9.947.093 (31 December 2015: TL 7.571.561) to TL 13.962.544 in 2015 (31 December 2015: TL 9.947.093).

"Other liabilities" item included in "change in assets and liabilities arising from banking activities", amounting to TL (1.444.812) (31 December 2015: TL 4.865.487) comprise changes in sundry creditors, taxes and duties payable, and other external resources.

The impact of change in exchange rate on cash and cash equivalent assets consists of exchange difference occurring as a result of translation of foreign currency cash and cash equivalent assets average to TL with rates belonging to beginning and end of the period and it amounts to TL 803.652 as of 31 December 2016 (31 December 2015: TL 718.903).

VII. 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	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	377	54	126	8	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	1	10.477	18.175	59.102	94	4
Balance at the End of the Period	2	35.394	2.299	19.970	33	30
Interest and Commission Income Received	1.167	63	772	81	2	--

(*) 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	27.778	26.193	6.257.056	3.878.370	8.552	14.305
Balance at the End of the Period	102.325	27.778	6.607.506	6.257.056	9.247	8.552
Interest and Commission Income Received	3.347	2.809	231.906	264.635	907	1.198

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

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

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

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes:						
Balance at the Beginning of the Period	--	--	--	54.565	11.510	5.654
Balance at the End of the Period	--	--	--	--	--	11.510
Total Income/(Loss)	--	--	(5.681)	(12.712)	(388)	(164)
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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2016

(Currency: Thousands of TL - Turkish Lira)

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

d. Information on benefit provided to Executives

DFS Group makes payment amounting to TL 81.609 (31 December 2015: TL 70.453) to its Executives as of 31 December 2016.

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

As of 31 December 2016, cash loans and other receivables of the risk group represent 0,02% of DFS Group's total cash loans and bank deposits granted the deposits and borrowings represent 7,3% of DFS Group's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,6% 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.

VIII. Domestic, foreign and off-shore banking branches and foreign representatives of the Parent Bank

a. Information relating to the Parent Bank's domestic and foreign branch and representatives

	Number	Number of Employees			
Domestic branch	693	12.932			
			Country of Incorporations		
Foreign representation	-	-	-		
				Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off shore banking region branches	1	6	1-Bahreyn	7.016.474	-

b. Explanations on the Parent Bank's branch and agency openings or closings

The Parent Bank opened 27 new branches closed 25 branches in 2016.

c. The branches of associates and subsidiaries

There are 43 branches of Denizbank AG, which headquarter is located centrally in Vienna. 27 of branches are located in Austria, 16 branches are in Germany.

JSC Denizbank Moscow, which headquarter is located in Moscow, operates through center.

SECTION SIX

OTHER DISCLOSURES AND FOOTNOTES

I. Other explanations related to DFS Group's operations

a. Explanations related to DFS Group's operations

None.

b. Summary information about ratings of the Banks which has been assigned by the international rating agencies

Moody's*	
Outlook	On Watch
Long Term Foreign Currency Deposits	Ba2(On Watch for the possible decrease)
Short Term Foreign Currency Deposits	Not Prime
Long Term Local Currency Deposits	Ba2 (On Watch for the possible decrease)
Short Term Local Currency Deposits	Not Prime
Bank Financial Strenght Rating (BCA)	ba3 (On Watch for the possible decrease)
*As of 20.07.2016	

Fitch Ratings**	
Outlook	Stable
Long Term Foreign Currency	BB+
Short Term Foreign Currency	B
Long Term Local Currency	BB+
Short Term Local Currency	B
Viability	bb+
Support	3
National	AA (tur)
**As of 18.03.2016	

c. Subsequent events

None.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Matters to be disclosed related to Independent Audit Report

Consolidated financial statements and notes of DFH Group are subject to independent audit by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and audit report dated 23 February 2017 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by Independent Auditor

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