

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

DENİZBANK ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES

**INDEPENDENT AUDITOR'S REVIEW REPORT,
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND NOTES ENDED 30 JUNE 2016**

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

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

INTERIM REVIEW REPORT AND INTERIM FINANCIAL INFORMATION

To the Board of Directors of Denizbank A.Ş.

Introduction

We have reviewed the consolidated statement of financial position of Denizbank A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group") at 30 June 2016 and the related consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of Denizbank A.Ş. and its subsidiaries at 30 June 2016 and of the results of its operations and its cash flows for the six-month-period then ended in all aspects in accordance with the BRSA Accounting and Reporting Legislation.

Emphasis of Matter

We draw attention to the Section Five Note III-b in the consolidated financial statements for details of inspections which have been launched by Tax Inspection Board of T.C. Ministry of Finance on several tax matters related to the Banking and Insurance Transaction Tax ("BITT"), Resource Utilization Support Fund ("RUSF"), Corporate Tax and Debt Collection Fees and these tax penalties notified to the Bank. Our conclusion is not qualified in respect of this matter.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English:

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

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A Member Firm of ERNST&YOUNG GLOBAL LIMITED



Fatma Ebru Yücel, SMMM
Partner

4 August 2016

İstanbul, Turkey

**DENİZBANK A.Ş. CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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
yatirimciliskileri@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 REVIEW REPORT
- INTERIM ACTIVITY REPORT

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

| Subsidiaries |
|---|
| 1 Denizbank AG, Vienna |
| 2 Eurodeniz International Banking Unit Ltd. |
| 3 Ekspres Menkul Değerler A.Ş. |
| 4 Deniz Yatırım Menkul Kıymetler A.Ş. |
| 5 JSC Denizbank, Moscow |
| 6 Deniz Portföy Yönetimi A.Ş. |
| 7 Deniz Finansal Kiralama A.Ş. |
| 8 Deniz Faktoring A.Ş. |
| 9 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. |
| 10 Destek Varlık Yönetimi A.Ş. |
| 11 CR Erdberg Eins GmbH & Co KG |
| Structured Entity |
| 1 DFS Funding Corp. |

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

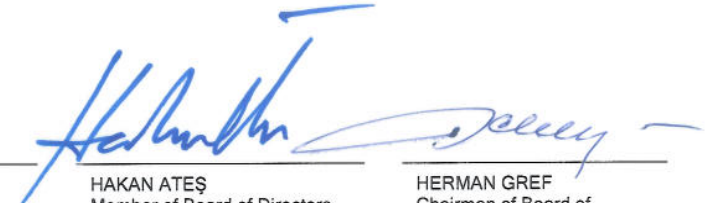
4 August 2016



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:

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SECTION ONE

GENERAL INFORMATION

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

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

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 |

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 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 Arboğan | 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, Private Banking | -- |
| Suavi Demircioğlu | Financial Affairs | -- |
| Dilek Duman | Information Technologies and Support Operations | -- |
| Tanju Kaya | Administrative Services Group | -- |
| Mustafa Özel | Branch and Central Operations | -- |
| İbrahim Şen | Credit Follow-up and Risk Monitoring | -- |
| Mehmet Aydoğdu | 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 | -- |
| Kürşad Taçalan | General Secretary and General Accounting | -- |
| 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 Önenç | Private Banking | -- |
| Sinan Yılmaz | Risk Management Group Leader | -- |
| Hakan Turan Pala | Corporate and Commercial Loans Analysis | -- |
| Fatma Ayperi Karahan | Individual-SME and Agricultural Banking Loan Allocation | -- |
| Edip Kürşad Başer | Corporate Loans Policies | -- |

(*) As of 23 May 2016, Pavel Barchugov is assigned as a member of Board of Directors and Audit Committee in place of Artem Dovlatov.

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

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

Sberbank is the controlling party of the Parent Bank's capital having both direct and indirect qualified shares. As of 30 June 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 688 domestic and 1 foreign branch as of 30 June 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.

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

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

Banks are obligated to prepare consolidated financial statements for credit institutions and financial subsidiaries for creating legal restrictions on a consolidated basis based on the "Communiqué on Preparation of Consolidated Financial Statements of Banks" by applying Turkish Accounting Standards. There is not any difference between the related Communiqué and the consolidation operations based on Turkish Accounting Standards except the scope of non-financial associate and subsidiary. Information in regards to consolidated subsidiaries and consolidation methods are given in Note III of Section Three.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(BALANCE SHEETS)
AS OF 30 JUNE 2016 AND 31 DECEMBER 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 (30/06/2016) | | | PRIOR PERIOD (31/12/2015) | | |
|--|-----------|--------------------------------|-------------------|--------------------|------------------------------|-------------------|--------------------|
| | | TL | FC | Total | TL | FC | Total |
| I. CASH AND BALANCES WITH THE CENTRAL BANK | (5.1.a) | 1.738.102 | 11.089.905 | 12.828.007 | 1.195.331 | 9.628.021 | 10.823.352 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net) | (5.1.b) | 605.632 | 309.055 | 914.687 | 899.970 | 273.469 | 1.173.439 |
| 2.1 Financial Assets Held For Trading | | 605.632 | 309.055 | 914.687 | 899.970 | 273.469 | 1.173.439 |
| 2.1.1 Public Sector Debt Securities | | 31.048 | 4.994 | 36.042 | 21.650 | 8.649 | 30.299 |
| 2.1.2 Share Certificates | | 60 | 348 | 408 | 78 | 79 | 157 |
| 2.1.3 Positive Value of Trading Purpose Derivatives | | 565.473 | 302.210 | 867.683 | 877.723 | 264.177 | 1.141.900 |
| 2.1.4 Other Securities | | 9.051 | 1.503 | 10.554 | 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) | 212.387 | 4.499.589 | 4.711.976 | 23.566 | 6.199.134 | 6.222.700 |
| IV. DUE FROM MONEY MARKETS | | 8.513 | - | 8.513 | 1.213.997 | - | 1.213.997 |
| 4.1 Interbank Money Market | | 8.513 | - | 8.513 | 13.644 | - | 13.644 |
| 4.2 Istanbul Stock Exchange | | - | - | - | - | - | - |
| 4.3 Reverse Repurchase Agreements | | - | - | - | 1.200.353 | - | 1.200.353 |
| V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net) | (5.1.d) | 6.665.068 | 3.058.285 | 9.723.353 | 7.310.139 | 2.663.050 | 9.973.189 |
| 5.1 Share Certificates | | 3.929 | 28.063 | 31.992 | 3.929 | 108.971 | 112.900 |
| 5.2 Public Sector Debt Securities | | 6.661.139 | 2.636.212 | 9.297.351 | 7.306.210 | 2.157.005 | 9.463.215 |
| 5.3 Other Securities | | - | 394.010 | 394.010 | - | 397.074 | 397.074 |
| VI. LOANS AND RECEIVABLES | (5.1.e) | 46.327.385 | 33.493.978 | 79.821.363 | 42.972.068 | 31.715.329 | 74.687.397 |
| 6.1 Loans and Receivables | | 45.465.522 | 33.491.088 | 78.956.610 | 42.084.220 | 31.712.586 | 73.796.806 |
| 6.1.1 Loans Utilized to the Bank's Risk Group | | 13.128 | 18 | 13.146 | 23 | 10 | 33 |
| 6.1.2 Public Sector Debt Securities | | - | - | - | - | - | - |
| 6.1.3 Others | | 45.452.394 | 33.491.070 | 78.943.464 | 42.084.197 | 31.712.576 | 73.796.773 |
| 6.2 Loans under Follow-Up | | 3.204.630 | 12.721 | 3.217.351 | 3.156.348 | 12.426 | 3.168.774 |
| 6.3 Specific Provisions (-) | | 2.342.767 | 9.831 | 2.352.598 | 2.268.500 | 9.683 | 2.278.183 |
| VII. FACTORING RECEIVABLES | | 1.065.338 | 32.582 | 1.097.920 | 712.017 | 35.285 | 747.302 |
| VIII. INVESTMENT HELD TO MATURITY (Net) | (5.1.f) | 2.948.308 | 496.716 | 3.445.024 | 2.875.209 | 500.960 | 3.376.169 |
| 8.1 Public Sector Debt Securities | | 2.948.308 | 463.271 | 3.411.579 | 2.875.209 | 468.743 | 3.343.952 |
| 8.2 Other Securities | | - | 33.445 | 33.445 | - | 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) | 5.649 | 112 | 5.761 | 5.649 | 111 | 5.760 |
| 10.1 Unconsolidated Financial Subsidiaries | | - | - | - | - | - | - |
| 10.2 Unconsolidated Non-Financial Subsidiaries | | 5.649 | 112 | 5.761 | 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) | 679.638 | 1.714.225 | 2.393.863 | 704.878 | 1.565.486 | 2.270.364 |
| 12.1 Financial Lease Receivables | | 863.385 | 2.041.950 | 2.905.335 | 888.297 | 1.802.956 | 2.691.253 |
| 12.2 Operational Lease Receivables | | - | - | - | - | - | - |
| 12.3 Others | | - | - | - | - | - | - |
| 12.4 Unearned Income (-) | | 183.747 | 327.725 | 511.472 | 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) | | 471.153 | 81.158 | 552.311 | 466.203 | 81.419 | 547.622 |
| XV. INTANGIBLE ASSETS (Net) | | 176.132 | 2.909 | 179.041 | 174.927 | 3.330 | 178.257 |
| 15.1 Goodwill | | 869 | - | 869 | 869 | - | 869 |
| 15.2 Others | | 175.263 | 2.909 | 178.172 | 174.058 | 3.330 | 177.388 |
| XVI. INVESTMENT PROPERTIES (Net) | (5.1.l) | 157.766 | - | 157.766 | 157.381 | - | 157.381 |
| XVII. TAX ASSETS | (5.1.m) | 108.432 | 34.678 | 143.110 | 145.057 | 21.293 | 166.350 |
| 17.1 Current Tax Assets | | 59 | 34.678 | 34.737 | 3.691 | 21.293 | 24.984 |
| 17.2 Deferred Tax Assets | | 108.373 | - | 108.373 | 141.366 | - | 141.366 |
| XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net) | (5.1.n) | - | - | - | - | - | - |
| 18.1 Held For Sale | | - | - | - | - | - | - |
| 18.2 Discontinued Operations | | - | - | - | - | - | - |
| XIX. OTHER ASSETS | (5.1.o) | 1.170.859 | 697.248 | 1.868.107 | 974.381 | 355.802 | 1.330.183 |
| TOTAL ASSETS | | 62.353.309 | 55.510.440 | 117.863.749 | 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 30 JUNE 2016 AND 31 DECEMBER 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 (30/06/2016) | | | PRIOR PERIOD (31/12/2015) | | |
|---|-----------|--------------------------------|-------------------|--------------------|------------------------------|-------------------|--------------------|
| | | TL | FC | Total | TL | FC | Total |
| I. DEPOSITS | (5.II.a) | 29.118.682 | 47.305.998 | 76.424.680 | 26.161.926 | 46.497.329 | 72.659.255 |
| 1.1 Deposits of the Bank's Risk Group | | 16.049 | 616.476 | 632.525 | 71.979 | 514.048 | 586.027 |
| 1.2 Others | | 29.102.633 | 46.689.522 | 75.792.155 | 26.089.947 | 45.983.281 | 72.073.228 |
| II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING | (5.II.b) | 257.909 | 623.045 | 880.954 | 311.050 | 327.591 | 638.641 |
| III. FUNDS BORROWED | (5.II.c) | 2.138.143 | 8.232.578 | 10.370.721 | 1.853.923 | 9.403.343 | 11.257.266 |
| IV. DUE TO MONEY MARKETS | | 6.493.004 | - | 6.493.004 | 7.184.158 | - | 7.184.158 |
| 4.1 Interbank Money Market | | - | - | - | - | - | - |
| 4.2 Istanbul Stock Exchange | | 650.000 | - | 650.000 | 720.000 | - | 720.000 |
| 4.3 Repurchase Agreements | | 5.843.004 | - | 5.843.004 | 6.464.158 | - | 6.464.158 |
| V. SECURITIES ISSUED (Net) | (5.II.d) | 1.722.867 | 1.298.347 | 3.021.214 | 1.604.898 | 1.481.142 | 3.086.040 |
| 5.1 Bills | | 1.299.826 | - | 1.299.826 | 945.365 | - | 945.365 |
| 5.2 Asset Backed Securities | | 423.041 | - | 423.041 | 556.311 | - | 556.311 |
| 5.3 Bonds | | - | 1.298.347 | 1.298.347 | 103.222 | 1.481.142 | 1.584.364 |
| VI. FUNDS | | - | - | - | - | - | - |
| 6.1 Borrowers Funds | | - | - | - | - | - | - |
| 6.2 Others | | - | - | - | - | - | - |
| VII. SUNDRY CREDITORS | | 1.251.048 | 369.140 | 1.620.188 | 1.185.867 | 586.352 | 1.772.219 |
| VIII. OTHER EXTERNAL RESOURCES | (5.II.e) | 1.436.571 | 1.065.151 | 2.501.722 | 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) | 1.324.110 | 22.264 | 1.346.374 | 1.201.923 | 22.578 | 1.224.501 |
| 12.1 General Provisions | | 1.054.101 | - | 1.054.101 | 975.339 | - | 975.339 |
| 12.2 Restructuring Provisions | | - | - | - | - | - | - |
| 12.3 Reserve for Employee Benefits | | 114.830 | 6.676 | 121.506 | 102.009 | 5.004 | 107.013 |
| 12.4 Insurance Technical Provisions (Net) | | - | - | - | - | - | - |
| 12.5 Other Provisions | | 155.179 | 15.588 | 170.767 | 124.575 | 17.574 | 142.149 |
| XIII. TAX LIABILITIES | (5.II.i) | 223.178 | 24.834 | 248.012 | 158.159 | 11.343 | 169.502 |
| 13.1 Current Tax Liability | | 222.671 | 4.405 | 227.076 | 157.649 | 3.201 | 160.850 |
| 13.2 Deferred Tax Liability | | 507 | 20.429 | 20.936 | 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 | | - | 4.820.081 | 4.820.081 | - | 4.845.965 | 4.845.965 |
| XVI. SHAREHOLDERS' EQUITY | (5.II.j) | 7.786.721 | 2.350.078 | 10.136.799 | 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 | | (806.399) | 53.548 | (752.851) | (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 | | (221.034) | 53.548 | (167.486) | (472.145) | (7.643) | (479.788) |
| 16.2.4 Revaluation Fund on Tangible Assets | (5.II.j) | - | - | - | 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) | | (600.696) | - | (600.696) | (583.282) | 20 | (583.262) |
| 16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations | | - | - | - | - | - | - |
| 16.2.10 Other Supplementary Capital | | 1.908 | - | 1.908 | 1.908 | - | 1.908 |
| 16.3 Profit Reserves | | 3.989.098 | 575.043 | 4.564.141 | 4.464.231 | 538.631 | 5.002.862 |
| 16.3.1 Legal Reserves | | 182.674 | 5.019 | 187.693 | 144.542 | 5.019 | 149.561 |
| 16.3.2 Status Reserves | | - | - | - | - | - | - |
| 16.3.3 Extraordinary Reserves | | 3.775.594 | 11.173 | 3.786.767 | 4.287.872 | 11.173 | 4.299.045 |
| 16.3.4 Other Profit Reserves | | 30.830 | 558.851 | 589.681 | 31.817 | 522.439 | 554.256 |
| 16.4 Profit or Loss | | 1.280.496 | 1.721.487 | 3.001.983 | 693.795 | 1.708.840 | 2.402.635 |
| 16.4.1 Prior Periods' Profits / Losses | | 739.689 | 1.500.228 | 2.239.917 | 534.187 | 1.010.045 | 1.544.232 |
| 16.4.2 Current Period Profit / Loss | | 540.807 | 221.259 | 762.066 | 159.608 | 698.795 | 858.403 |
| 16.5 Minority Shares | (5.II.j) | 7.426 | - | 7.426 | 7.198 | - | 7.198 |
| TOTAL LIABILITIES AND EQUITY | | 51.752.233 | 66.111.516 | 117.863.749 | 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 30 JUNE 2016 AND 31 DECEMBER 2015
(Currency: Thousands of TL- Turkish Lira)

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

| | | CURRENT PERIOD (30/06/2016) | | | PRIOR PERIOD (31/12/2015) | | |
|---|-----------|--------------------------------|--------------------|--------------------|------------------------------|--------------------|--------------------|
| Footnotes | | TL | FC | Total | TL | FC | Total |
| A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III) | | 51.831.947 | 77.201.036 | 129.032.983 | 49.052.544 | 83.696.209 | 132.748.753 |
| I. GUARANTEES | (5.III.a) | 9.361.646 | 15.019.563 | 24.381.209 | 8.808.946 | 15.635.469 | 24.444.415 |
| 1.1. Letters of Guarantee | | 9.341.362 | 10.394.587 | 19.735.949 | 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 | 78.007 | 157.028 | 79.021 | 105.903 | 184.924 |
| 1.1.3. Other Letters of Guarantee | | 9.262.341 | 10.316.580 | 19.578.921 | 8.707.568 | 11.194.926 | 19.902.494 |
| 1.2. Bank Acceptances | | 5.835 | 190.476 | 196.311 | 12.074 | 182.245 | 194.319 |
| 1.2.1. Import Letter of Acceptance | | 5.835 | 190.476 | 196.311 | 12.074 | 182.245 | 194.319 |
| 1.2.2. Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3. Letters of Credit | | 12.081 | 2.159.059 | 2.171.140 | 7.687 | 2.386.663 | 2.394.350 |
| 1.3.1. Documentary Letters of Credit | | 1.626 | 1.565.739 | 1.567.365 | 7.687 | 1.559.184 | 1.566.871 |
| 1.3.2. Other Letters of Credit | | 10.455 | 593.320 | 603.775 | - | 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 | | 2.368 | 2.275.441 | 2.277.809 | 2.596 | 1.765.732 | 1.768.328 |
| 1.9. Other Sureties | | - | - | - | - | - | - |
| II. COMMITMENTS | (5.III.a) | 25.505.635 | 4.955.439 | 30.461.074 | 23.949.814 | 2.881.260 | 26.831.074 |
| 2.1. Irrevocable Commitments | | 22.202.128 | 4.955.439 | 27.157.567 | 19.795.910 | 2.881.260 | 22.677.170 |
| 2.1.1. Asset Purchase and Sale Commitments | | 729.272 | 3.351.858 | 4.081.130 | 295.371 | 2.203.351 | 2.498.722 |
| 2.1.2. Deposit Purchase and Sales Commitments | | - | 428.376 | 428.376 | - | - | - |
| 2.1.3. Share Capital Commitments to Associates and Subsidiaries | | - | - | - | - | - | - |
| 2.1.4. Loan Granting Commitments | | 7.863.106 | 13.122 | 7.876.228 | 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 | | 2.084.913 | - | 2.084.913 | 1.920.552 | - | 1.920.552 |
| 2.1.8. Tax and Fund Obligations from Export Commitments | | 1.737 | - | 1.737 | 997 | - | 997 |
| 2.1.9. Commitments for Credit Card Limits | | 11.243.237 | - | 11.243.237 | 10.209.119 | - | 10.209.119 |
| 2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services | | 1.273 | - | 1.273 | 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 | | 278.590 | 1.162.083 | 1.440.673 | 297.935 | 654.055 | 951.990 |
| 2.2. Revocable Commitments | | 3.303.507 | - | 3.303.507 | 4.153.904 | - | 4.153.904 |
| 2.2.1. Revocable Loan Granting Commitments | | 3.302.948 | - | 3.302.948 | 4.153.345 | - | 4.153.345 |
| 2.2.2. Other Revocable Commitments | | 559 | - | 559 | 559 | - | 559 |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | | 16.964.666 | 57.226.034 | 74.190.700 | 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 | | 16.964.666 | 57.226.034 | 74.190.700 | 16.293.784 | 65.179.480 | 81.473.264 |
| 3.2.1. Forward Foreign Currency Purchases/Sales | | 1.205.480 | 3.314.505 | 4.519.985 | 1.047.452 | 3.372.820 | 4.420.272 |
| 3.2.1.1. Forward Foreign Currency Purchases | | 661.656 | 1.598.570 | 2.260.226 | 524.028 | 1.677.026 | 2.201.054 |
| 3.2.1.2. Forward Foreign Currency Sales | | 543.824 | 1.715.935 | 2.259.759 | 523.424 | 1.695.794 | 2.219.218 |
| 3.2.2. Currency and Interest Rate Swaps | | 10.362.321 | 45.281.935 | 55.644.256 | 11.167.547 | 55.519.064 | 66.686.611 |
| 3.2.2.1. Currency Swaps-Purchases | | 2.979.131 | 18.755.904 | 21.735.035 | 1.880.585 | 24.159.278 | 26.039.863 |
| 3.2.2.2. Currency Swaps-Sales | | 7.381.786 | 12.077.136 | 19.458.922 | 9.285.556 | 14.869.890 | 24.155.446 |
| 3.2.2.3. Interest Rate Swaps-Purchases | | - | 7.225.250 | 7.225.250 | - | 8.245.744 | 8.245.744 |
| 3.2.2.4. Interest Rate Swaps-Sales | | 1.404 | 7.223.645 | 7.225.049 | 1.406 | 8.244.152 | 8.245.558 |
| 3.2.3. Currency, Interest Rate and Security Options | | 5.396.865 | 6.330.051 | 11.726.916 | 4.078.785 | 4.936.906 | 9.015.691 |
| 3.2.3.1. Currency Options-Purchases | | 3.190.333 | 2.695.510 | 5.885.843 | 2.217.151 | 2.313.493 | 4.530.644 |
| 3.2.3.2. Currency Options-Sales | | 2.206.532 | 3.634.541 | 5.841.073 | 1.861.634 | 2.623.413 | 4.485.047 |
| 3.2.3.3. Interest Rate Options-Purchases | | - | - | - | - | - | - |
| 3.2.3.4. Interest Rate Options-Sales | | - | - | - | - | - | - |
| 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 | | - | 2.299.543 | 2.299.543 | - | 1.350.690 | 1.350.690 |
| B. CUSTODY AND PLEDGED ITEMS (IV+V+VI) | | 358.859.384 | 83.421.086 | 442.280.470 | 321.419.943 | 73.730.659 | 395.150.602 |
| IV. ITEMS HELD IN CUSTODY | | 73.803.980 | 1.932.816 | 75.736.796 | 59.570.147 | 1.930.573 | 61.500.720 |
| 4.1. Customers' Securities and Portfolios Held | | 138.027 | - | 138.027 | 149.481 | - | 149.481 |
| 4.2. Securities Held in Custody | | 71.891.474 | 847.619 | 72.739.093 | 57.996.909 | 895.914 | 58.892.823 |
| 4.3. Checks Received for Collection | | 850.365 | 665.500 | 1.515.865 | 617.583 | 786.013 | 1.403.596 |
| 4.4. Commercial Notes Received for Collection | | 922.904 | 350.266 | 1.273.170 | 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 | | - | 67.154 | 67.154 | - | 22.530 | 22.530 |
| 4.8. Custodians | | 1.210 | 2.277 | 3.487 | 1.108 | - | 1.108 |
| V. PLEDGED ITEMS | | 284.667.645 | 80.707.236 | 365.374.881 | 261.435.946 | 70.922.003 | 332.357.949 |
| 5.1. Securities | | 2.926.286 | 101.190 | 3.027.476 | 3.591.505 | 80.391 | 3.671.896 |
| 5.2. Guarantee Notes | | 196.772.097 | 36.229.128 | 233.001.225 | 179.485.991 | 29.774.174 | 209.260.165 |
| 5.3. Commodities | | 12.859.240 | 2.941.090 | 15.800.330 | 14.308.847 | 2.880.210 | 17.189.057 |
| 5.4. Warrants | | - | - | - | - | - | - |
| 5.5. Immovables | | 64.126.487 | 29.724.267 | 93.850.754 | 57.338.417 | 28.010.177 | 85.348.594 |
| 5.6. Other Pledged Items | | 7.983.535 | 11.711.561 | 19.695.096 | 6.711.186 | 10.177.051 | 16.888.237 |
| 5.7. Pledged Items-Depository | | - | - | - | - | - | - |
| VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | | 387.759 | 781.034 | 1.168.793 | 413.850 | 878.083 | 1.291.933 |
| TOTAL OFF BALANCE SHEET ITEMS (A+B) | | 410.691.331 | 160.622.122 | 571.313.453 | 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 30 JUNE 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 (01/01-30/06/2016) | PRIOR PERIOD (01/01-30/06/2015) | CURRENT PERIOD (01/04-30/06/2016) | PRIOR PERIOD (01/04-30/06/2015) |
|--------------------------|---|-----------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| I. | INTEREST INCOME | (5.IV.a) | 4.831.640 | 3.965.850 | 2.370.449 | 2.055.061 |
| 1.1 | Interest from Loans | | 4.156.039 | 3.326.151 | 2.131.738 | 1.724.134 |
| 1.2 | Interest from Reserve Deposits | | 23.422 | 7.922 | 11.684 | 4.878 |
| 1.3 | Interest from Banks | | 7.812 | 9.482 | 4.571 | 5.526 |
| 1.4 | Interest from Money Market Transactions | | 5.642 | 1.432 | 1.720 | (46) |
| 1.5 | Interest from Securities Portfolio | | 503.265 | 506.465 | 153.198 | 263.456 |
| 1.5.1 | Trading Securities | | 2.737 | 5.321 | 1.086 | 2.840 |
| 1.5.2 | Financial Assets at Fair Value Through Profit or Loss | | - | - | - | - |
| 1.5.3 | Available for Sale Securities | | 349.710 | 340.480 | 108.232 | 167.343 |
| 1.5.4 | Held to Maturity Securities | | 150.818 | 160.664 | 43.880 | 93.273 |
| 1.6 | Interest from Financial Leases | | 105.562 | 88.967 | 53.914 | 45.369 |
| 1.7 | Other Interest Income | | 29.898 | 25.431 | 13.624 | 11.744 |
| II. | INTEREST EXPENSE | (5.IV.b) | 2.418.218 | 2.068.534 | 1.195.981 | 1.067.241 |
| 2.1 | Interest on Deposits | | 1.745.583 | 1.527.778 | 875.826 | 791.071 |
| 2.2 | Interest on Funds Borrowed | | 339.134 | 276.378 | 173.580 | 132.067 |
| 2.3 | Interest on Money Market Transactions | | 211.378 | 135.548 | 93.435 | 79.883 |
| 2.4 | Interest on Securities Issued | | 95.836 | 113.081 | 48.271 | 60.088 |
| 2.5 | Other Interest Expense | | 26.287 | 15.749 | 4.869 | 4.132 |
| III. | NET INTEREST INCOME (I - II) | | 2.413.422 | 1.897.316 | 1.174.468 | 987.820 |
| IV. | NET FEES AND COMMISSION INCOME /EXPENSE | (5.IV.j) | 591.023 | 526.598 | 297.400 | 267.839 |
| 4.1 | Fees and Commissions Received | | 785.732 | 682.249 | 402.214 | 352.972 |
| 4.1.1 | Non-Cash Loans | | 86.841 | 66.179 | 44.950 | 34.156 |
| 4.1.2 | Other | | 698.891 | 616.070 | 357.264 | 318.816 |
| 4.2 | Fees and Commissions Paid | | 194.709 | 155.651 | 104.814 | 85.133 |
| 4.2.1 | Non-Cash Loans | | 508 | 533 | 237 | 306 |
| 4.2.2 | Other | | 194.201 | 155.118 | 104.577 | 84.827 |
| V. | DIVIDEND INCOME | | 153 | 1.607 | 153 | 1.606 |
| VI. | TRADING INCOME/LOSS (Net) | (5.IV.c) | (393.271) | (206.368) | (164.889) | (164.903) |
| 6.1 | Profit / Loss on Securities Trading | | 2.139 | 49.530 | 9.099 | (5.646) |
| 6.2 | Profit / Loss on Derivative Financial Transactions | | (591.033) | 370.415 | 106.091 | 84.078 |
| 6.3 | Foreign Exchange Gains / Losses | | 195.623 | (626.313) | (280.079) | (243.335) |
| VII. | OTHER OPERATING INCOME | (5.IV.d) | 460.367 | 348.306 | 276.988 | 133.968 |
| VIII. | TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | 3.071.694 | 2.567.459 | 1.584.120 | 1.226.330 |
| IX. | PROVISION FOR LOANS AND OTHER RECEIVABLES (-) | (5.IV.e) | 699.603 | 625.074 | 294.242 | 273.818 |
| X. | OTHER OPERATING EXPENSES (-) | (5.IV.f) | 1.412.210 | 1.293.554 | 715.318 | 657.165 |
| XI. | NET OPERATING PROFIT/LOSS (VIII-IX-X) | | 959.881 | 648.831 | 574.560 | 295.347 |
| XII. | 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.g) | 959.881 | 648.831 | 574.560 | 295.347 |
| XVI. | TAX PROVISION FOR CONTINUING OPERATIONS (±) | (5.IV.h) | (197.587) | (145.996) | (112.802) | (61.436) |
| 16.1 | Current Tax | | (226.849) | (70.250) | (124.407) | (20.891) |
| 16.2 | Deferred Tax | | 29.262 | (75.746) | 11.605 | (40.545) |
| XVII. | NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI) | | 762.294 | 502.835 | 461.758 | 233.911 |
| XVIII. | PROFIT FROM DISCONTINUED OPERATIONS | | - | - | - | - |
| 18.1 | Assets Held for Sale | | - | - | - | - |
| | Profit on Sale of Associates, Subsidiaries and Joint Ventures | | - | - | - | - |
| 18.2 | Ventures | | - | - | - | - |
| 18.3 | Other | | - | - | - | - |
| XIX. | LOSS FROM DISCONTINUED OPERATIONS (-) | | - | - | - | - |
| 19.1 | Assets Held for Sale | | - | - | - | - |
| | Loss on Sale of Associates, Subsidiaries and Joint Ventures | | - | - | - | - |
| 19.2 | Ventures | | - | - | - | - |
| 19.3 | Other | | - | - | - | - |
| XX. | P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX) | | - | - | - | - |
| XXI. | TAX PROVISION FOR DISCONTINUED OPERATIONS (±) | | - | - | - | - |
| 21.1 | Current Tax | | - | - | - | - |
| 21.2 | Deferred Tax | | - | - | - | - |
| XXII. | NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI) | | - | - | - | - |
| XXIII. | NET PROFIT / LOSS (XVII+XXII) | (5.IV.i) | 762.294 | 502.835 | 461.758 | 233.911 |
| 23.1 | Group's Profit / Loss | | 762.066 | 502.640 | 461.581 | 233.853 |
| 23.2 | Minority Shares | | 228 | 195 | 177 | 58 |
| | Earnings / Losses per Share (Per thousand share) | | 0,30 | 0,25 | 0,18 | 0,12 |

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF
INCOME AND EXPENSES
UNDER SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 30 JUNE 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 (01/01-30/06/2016) | PRIOR PERIOD (01/01-30/06/2015) |
|---|--|---|---------------------------------------|
| I. | ADDITIONS TO SECURITIES REVALUATION RESERVE FROM AVAILABLE FOR SALE INVESTMENTS | 395.406 | (335.119) |
| II. | TANGIBLE ASSETS REVALUATION DIFFERENCES | - | - |
| III. | INTANGIBLE ASSETS REVALUATION DIFFERENCES | - | - |
| IV. | FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS | 35.425 | 151.151 |
| V. | PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion of Fair Value Differences) | 1.889 | 2.773 |
| VI. | PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion of Fair Value Differences) | (23.923) | (134.676) |
| VII. | THE EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS | - | - |
| VIII. | OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER EQUITY DUE TO TAS | - | - |
| IX. | DEFERRED TAXES OF VALUATION DIFFERENCES | (78.504) | 97.096 |
| X. | NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX) | 330.293 | (218.775) |
| XI. | CURRENT PERIOD PROFIT/LOSS | 762.294 | 502.835 |
| 1.1 | Net Change in Fair Value of Securities (Transfer to Profit & Loss) | 64.510 | 28.698 |
| 1.2 | Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes Recycled to Income Statement | (1.704) | (2.417) |
| 1.3 | Transfer of Hedge of Net Investment in Foreign Operations Recycled to Income Statement | - | - |
| 1.4 | Other | 699.488 | 476.554 |
| XII. | TOTAL PROFIT AND LOSS ACCOUNTED FOR THE PERIOD (X+XI) | 1.092.587 | 284.060 |

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 30 JUNE 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 Adjustment to Paid-In Capital (*) | Share Premium | Share Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Profit / (Loss) | Prior Period Net Profit / (Loss) | Securities Revaluation Reserve | Revaluation Fund of Tang./Intang.A. | Bonus Shares Obtained from Associates | Hedging Reserves | Val.Diff.Related to Assets Held for Sale/Disc.Opr. | Total Equity Attrib. to Equity Holders of the Parent | Minority Interest | Total Shareholders' Equity |
|---|------------------|---|---------------|----------------------------|----------------|-----------------|------------------------|----------------|------------------------------------|----------------------------------|--------------------------------|-------------------------------------|---------------------------------------|------------------|--|--|-------------------|----------------------------|
| PRIOR PERIOD 01/01-30/06/2015 | | | | | | | | | | | | | | | | | | |
| I. Balance 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 | (366.315) | - | 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 (I+II) | 716.100 | 189.164 | 98.411 | - | 149.561 | - | 3.802.322 | 287.936 | 937.409 | 1.173.014 | (138.789) | 306.054 | 11 | (366.315) | - | 7.154.878 | 6.306 | 7.161.184 |
| Changes in the Period | | | | | | | | | | | | | | | | | | |
| IV. Increase / Decrease Related to Mergers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. Valuation Differences of Securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. Hedging Transactions (Effective Portion) | - | - | - | - | - | - | - | - | - | - | (264.602) | - | - | - | - | (264.602) | - | (264.602) |
| 6.1 Cash Flow Hedge | - | - | - | - | - | - | - | - | - | - | - | - | - | (105.324) | - | (105.324) | - | (105.324) |
| 6.2 Hedging of a Net Investment in Foreign Subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | 2.416 | - | 2.416 | - | 2.416 |
| VII. Revaluation Fund of Tangible Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | (107.740) | - | (107.740) | - | (107.740) |
| VIII. Revaluation Fund of Intangible Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IX. Bonus Shares Obtained from Associates, Subekidaries and Joint Ventures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| X. Foreign Exchange Differences | - | - | - | - | - | - | - | 151.151 | - | - | - | - | - | - | - | 151.151 | - | 151.151 |
| 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 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14.1 Cash | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14.2 Internal Resources | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. Issuance of Capital Stock | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. Share Cancellation Profits | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVII. Capital Reserves from Inflation Adjustments to Paid-In Capital | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVIII. Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIX. Current Period Net Profit / Loss | - | - | - | - | - | - | - | - | 502.640 | - | - | - | - | - | - | 502.640 | 195 | 502.835 |
| XX. Profit Distribution | - | - | - | - | - | - | - | - | (937.409) | 371.218 | - | 69.468 | - | - | - | - | - | - |
| 20.1 Dividends Distributed | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20.2 Transfer to Reserves | - | - | - | - | - | - | - | - | (937.409) | 371.218 | - | 69.468 | - | - | - | - | - | - |
| 20.3 Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance at the End of Period (I+II+III+...+XVIII+XIX+XX) | 716.100 | 189.164 | 98.411 | - | 149.561 | - | 4.299.045 | 439.087 | 502.640 | 1.544.232 | (403.391) | 375.522 | 11 | (471.839) | - | 7.438.743 | 6.501 | 7.445.244 |
| CURRENT PERIOD 01/01-30/06/2016 | | | | | | | | | | | | | | | | | | |
| I. Balance at the Beginning of Period | 1.816.100 | - | 39 | - | 149.561 | - | 4.299.045 | 556.164 | 858.403 | 1.544.232 | (479.788) | 126.494 | 11 | (583.262) | - | 8.286.999 | 7.198 | 8.294.197 |
| Changes in the Period | | | | | | | | | | | | | | | | | | |
| II. Increase / Decrease Related to Mergers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. Valuation Differences of Securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IV. Hedging Transactions (Effective Portion) | - | - | - | - | - | - | - | - | - | - | 312.302 | - | - | - | - | 312.302 | - | 312.302 |
| 4.1 Cash Flow Hedge | - | - | - | - | - | - | - | - | - | - | - | - | - | (17.434) | - | (17.434) | - | (17.434) |
| 4.2 Hedging of a Net Investment in Foreign Subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | 1.704 | - | 1.704 | - | 1.704 |
| V. Revaluation Fund of Tangible Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | (19.138) | - | (19.138) | - | (19.138) |
| VI. Revaluation Fund of Intangible Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Bonus Shares Obtained from Associates, Subekidaries and Joint Ventures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. Foreign Exchange Differences | - | - | - | - | - | - | - | 35.425 | - | - | - | - | - | - | - | 35.425 | - | 35.425 |
| IX. Changes Related to Sale of Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| X. Changes Related to Reclassification of Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XI. Effects of Changes in Equities of Associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XII. The Effect of Capital Increase | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12.1 Cash | 1.500.000 | - | (39) | - | - | - | - | (636.864) | - | - | - | (113.097) | - | - | - | 750.000 | - | 750.000 |
| 12.2 Internal Resources | 750.000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 750.000 | - | 750.000 |
| XIII. Issuance of Capital Stock | - | - | (39) | - | - | - | - | (636.864) | - | - | - | (113.097) | - | - | - | - | - | - |
| XIV. Share Cancellation Profits | - | - | 15 | - | - | - | - | - | - | - | - | - | - | - | - | 15 | - | 15 |
| XV. Capital Reserves from Inflation Adjustments to Paid-In Capital | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVII. Current Period Net Profit / Loss | - | - | - | - | - | - | - | - | 762.066 | - | - | - | - | - | - | 762.066 | 228 | 762.294 |
| XVIII. Profit Distribution | - | - | - | - | 38.132 | - | - | 124.586 | (858.403) | 695.685 | - | - | - | - | - | - | - | - |
| 18.1 Dividend Distributed | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18.2 Transfer to Reserves | - | - | - | - | 38.132 | - | - | 124.586 | (858.403) | 695.685 | - | - | - | - | - | - | - | - |
| 18.3 Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance at the End of Period (I+II+III+...+XVI+XVII+XVIII) | 3.316.100 | - | 15 | - | 187.693 | - | 3.786.767 | 591.589 | 762.066 | 2.239.917 | (167.486) | 13.397 | 11 | (600.696) | - | 10.129.373 | 7.426 | 10.136.799 |

(*) The amount stated in the column "Paid-in Capital Inflation Adjustment Difference" and the amount stated in the column "Other Reserves" amounting to TL 1.908 and relating to the "actuarial loss/profit" calculated as per TAS 19 "Employee Benefits" is stated under "Other Capital Reserves" in consolidated financial statements.

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIODS ENDED
30 JUNE 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 (01/01-30/06/2016) | PRIOR PERIOD (01/01-30/06/2015) |
|---|--------------------------------------|------------------------------------|
| A. CASH FLOWS FROM BANKING OPERATIONS | | |
| 1.1 Operating Profit before Changes in Operating Assets and Liabilities (+) | 2.158.565 | (238.692) |
| 1.1.1 Interest Received (+) | 4.425.322 | 3.641.517 |
| 1.1.2 Interest Paid (-) | 2.358.234 | 2.014.504 |
| 1.1.3 Dividend Received (+) | 153 | 1.607 |
| 1.1.4 Fees And Commissions Received (+) | 771.140 | 667.980 |
| 1.1.5 Other Income (+) | 553.203 | 49.530 |
| 1.1.6 Collections from Previously Written-Off Loans and Other Receivables (+) | 462.840 | 333.704 |
| 1.1.7 Payments to Personnel and Service Suppliers (-) | 603.462 | 561.367 |
| 1.1.8 Taxes Paid (-) | 158.042 | 66.382 |
| 1.1.9 Other (+/-) | (934.355) | (2.290.777) |
| 1.2 Changes in Operating Assets and Liabilities | (5.765.461) | (175.499) |
| 1.2.1 Net (Increase) Decrease in Trading Securities (+/-) | (11.697) | 76.979 |
| 1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV (+/-) | - | - |
| 1.2.3 Net (Increase) Decrease in Banks (+/-) | 93.369 | 611.341 |
| 1.2.4 Net (Increase) Decrease in Loans (+/-) | (6.187.982) | (7.187.652) |
| 1.2.5 Net (Increase) Decrease in Other Assets (+/-) | (2.131.884) | (2.568.469) |
| 1.2.6 Net Increase (Decrease) in Bank Deposits (+/-) | (127.510) | (319.376) |
| 1.2.7 Net Increase (Decrease) in Other Deposits (+/-) | 3.839.576 | 6.765.006 |
| 1.2.8 Net Increase (Decrease) in Funds Borrowed (+/-) | (1.066.394) | (767.937) |
| 1.2.9 Net Increase (Decrease) in Due Payables (+/-) | - | - |
| 1.2.10 Net Increase (Decrease) in Other Liabilities (+/-) | (172.939) | 3.214.609 |
| I. Net Cash (Used in)/Provided from Banking Operations (+/-) | (3.606.896) | (414.191) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| II. Net Cash Provided from / (Used in) Investing Activities (+/-) | 685.614 | (908.903) |
| 2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries (-) | - | - |
| 2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries (+) | - | - |
| 2.3 Fixed Assets Purchases (-) | 66.939 | 84.791 |
| 2.4 Fixed Assets Sales (+) | 32.598 | 28.274 |
| 2.5 Cash Paid for Purchase of Investments Available for Sale (-) | 1.717.826 | 3.533.429 |
| 2.6 Cash Obtained From Sale of Investments Available for Sale (+) | 2.437.781 | 2.680.273 |
| 2.7 Cash Paid for Purchase of Investment Securities (-) | - | - |
| 2.8 Cash Obtained from Sale of Investment Securities (+) | - | - |
| 2.9 Other (+/-) | - | 770 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| III. Net Cash Provided from / (Used in) Financing Activities (+/-) | 874.166 | 390.126 |
| 3.1 Cash Obtained from Funds Borrowed and Securities Issued (+) | 4.829.339 | 3.926.347 |
| 3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-) | 4.705.173 | 3.536.221 |
| 3.3 Capital Increase (+) | 750.000 | - |
| 3.4 Dividends Paid (-) | - | - |
| 3.5 Payments for Finance Leases (-) | - | - |
| 3.6 Other (+/-) | - | - |
| IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-) | (16.669) | 415.526 |
| V. Net Increase / (Decrease) in Cash and Cash Equivalents | (2.063.785) | (517.442) |
| VI. Cash and Cash Equivalents at the Beginning of Period (+) | 9.947.093 | 7.571.561 |
| VII. Cash and Cash Equivalents at the End of Period | 7.883.308 | 7.054.119 |

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

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

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

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.

These accounting policies and valuation principles are explained in Notes II to XXIV below. The amendments of TAS and TFRS which have entered into force as of 1 January 2016 have no material impact on the DFS Group's accounting policies, financial position and performance. The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, which have been published as of reporting date but have not been effective yet, will have no significant impact on the accounting policies, financial condition and performance of the DFS Group.

DFS Group assesses the impact of TFRS 9 Financial Instruments Standard (version of 2011).

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 consolidated financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of

operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

a. Strategy for the use of financial instruments

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

DFS Group assumes risks within the pre-determined risk limits short-term currency, interest and price movements in money and capital markets and market conditions.

These positions are closely monitored by the Risk Management System of the Parent Bank and the necessary precautions are taken if the limits are exceeded or should there be a change in the market environment.

In order to avoid interest rate risk, assets and liabilities with fixed and floating interests are kept in balance, taking the maturity structure into consideration.

The asset-liability balance is monitored on a daily basis in accordance with their maturity structure and foreign currency type. The risks associated with short-term positions are hedged through derivatives such as forwards, swaps and options.

No risks are taken as far as possible on foreign currencies other than US Dollar and Euro. Transactions are made under the determined limits to cover the position.

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

b. Transactions denominated in foreign currencies

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

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

| | 30 June 2016 | 31 December 2015 | 30 June 2015 |
|-----------|---------------------|-------------------------|---------------------|
| US Dollar | TL 2,8848 | TL 2,9181 | TL 2,6850 |
| Euro | TL 3,2078 | TL 3,1838 | TL 2,9982 |

Foreign exchange gains and losses included in the income statement

As of 30 June 2016, net foreign exchange gain included in the income statement amounts to TL 195.623 (1 January - 30 June 2015: net foreign exchange loss of TL 626.313).

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 six monthly average foreign exchange rates of the Parent Bank. The foreign exchange differences derived

from translation of income statements of consolidated subsidiaries, and arising from the difference between TL equivalent of their equities and the Parent Bank's share in their net assets are recorded in "other profit reserves".

As of 30 June 2016, total foreign exchange differences in equity amount to TL 558.851 (31 December 2015: TL 522.439).

The foreign exchange difference of TL 30.830 (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), Ekspres Menkul Değerler A.Ş. (Ekspres Menkul Değerler), 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), Destek Varlık Yönetim A.Ş. (Destek Varlık Yönetim) 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.

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

None.

Consolidation principles for subsidiaries

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

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

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

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

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

The financial statements which have been used in the consolidation are prepared as of 30 June 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.

As 30 June 2016, DFS Group does not have non-current assets held for sale and 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

All tangible assets are initially recognized at their acquisition cost in accordance with TAS 16 "Tangible Assets".

Tangible assets purchased before 2003 and in 2007 are depreciated on a straight-line basis and those purchased in 2003, 2004, 2005 and 2006 are depreciated using the double-declining method. The depreciation rates used are as below:

| | Estimated Economic Life (Year) | Received before 2003 year | Received between 2003-2006 years | Received in 2007 | Received between 2008-2015 years |
|------------------------|-----------------------------------|------------------------------|-------------------------------------|------------------|-------------------------------------|
| Movables | | | | | |
| - Office machinery | 4 YIL | % 20 | % 40 - % 50 | % 20 - % 25 | % 10 - % 25 |
| - Furniture/Furnishing | 5 YIL | % 20 | % 20 - % 50 | % 10 - % 20 | % 12,50 - % 20 |
| - Means of transport | 5 YIL | % 20 | % 40 - % 50 | % 20 - % 50 | % 20 - % 50 |
| - Other equipment | 10 YIL | % 20 | % 4,44 - % 50 | % 2,50 - % 50 | % 2,50 - % 50 |
| Real estates | 50 YIL | % 2 | % 2 | % 2 | % 2 - % 2,94 |

As of 30 June 2016 the Parent Bank has an impairment provision of TL 4.080, which had been recorded in the prior years for its buildings.

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 12.697 lawsuits against DFS Group with total risks amounting to TL 249.603, US Dollar 3.497.617 and Euro 1.577.041 as of 30 June 2016. There are also 17.805 follow-up cases amounting to TL 569.582, US Dollar 2.568.552 and Euro 110.247 in total that are filed by DFS Group and are at courts. DFS Group booked a provision amounting to TL 26.392 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 30 June 2016 deferred tax assets of TL 108.373 (31 December 2015: TL 141.366) and deferred tax liabilities of TL 20.936 (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

No share certificate has been issued in 2016.

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 14.486.311 while its capital adequacy standard ratio is 14,48% as of 30 June 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 30 June 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 | 3.974.460 | |
| Projected gains to shareholders' equity of the accounting standards in Turkey | 27.328 | |
| Profit | 3.001.983 | |
| Net current period profit | 762.066 | |
| Prior period profit | 2.239.917 | |
| Free shares from investments and associates, subsidiaries and joint ventures that is not recognised in profit | 11 | |
| Minority shares | 7.426 | |
| Common Equity Tier 1 capital before regulatory adjustments | 10.327.323 | |
| 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 | 188.860 | |
| Development cost of operating lease | 87.727 | |
| Goodwill (net of related tax liability) | 520 | 869 |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | 106.904 | 178.172 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 372 | |
| 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 | 384.383 | |
| Common Equity Tier 1 capital (CET1) | 9.942.940 | |

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| | |
|---|-------------------|
| 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 Aillicte 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 (-) | 71.617 |
| Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub paragraph of the Provisionat Article 2 of the Regulation on Banks Own Funds (-) | 248 |
| Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-) | -- |
| Total regulatory adjustments to Additional Tier 1 capital | 71.865 |
| Additional Tier 1 capital (AT1) | (71.865) |
| Tier 1 capital (T1 = CET1 + AT1) | 9.871.075 |
| Tier 2 capital: instruments and provisions | 3.588.334 |
| Directly issued qualifying Tier 2 instruments plus related stock surplus | 190.397 |
| Directly issued qualifying Tier 2 instruments plus related stock surplus | -- |
| The additional Tier 1 capital shares of third parties | -- |
| The additional Tier 1 capital shares of third parties (Covered by Temporary Aillicte 3) | -- |
| Provisions | 1.054.101 |
| Tier 2 capital before regulatory adjustments | 4.642.435 |
| 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) | 4.642.435 |
| Total capital (TC = T1 + T2) | 14.513.510 |
| Total risk weighted assets | |
| Loans extended being non compliant with articles 50 and 51 of the Law | -- |
| Portion of the sum of the bank's real estate net book value, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition | 7.763 |
| National specific regulatory adjustments | 19.436 |
| 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 | 14.486.311 |
| Total risk weighted items | 100.067.986 |
| CAPITAL ADEQUACY RATIOS | |
| Consolidated Core Capital Adequacy Ratio (%) | 9,94 |
| Consolidated Tier 1 Capital Adequacy Ratio (%) | 9,86 |
| Consolidated Capital Adequacy Standard Ratio (%) | 14,48 |

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|--|--|
| 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) (%) | 0,019 |
| 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) | 1.054.101 |
| Cap on inclusion of provisions in Tier 2 under standardised approach | 1.054.101 |
| Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | --- |
| Cap for inclusion of provisions in Tier 2 under internal ratings-based approach | --- |
| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022) | --- |
| Current cap on common equity T1 capital instruments subject to phase out arrangements | --- |
| Amount excluded from common equity T1 capital due to cap (excess over cap after redemptions and maturities) | --- |
| Current cap on additional T1 capital instruments subject to phase out arrangements | 976.794 |
| Amount excluded from additional T1 capital due to cap (excess over cap after redemptions and maturities) | --- |
| | 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 | --- |
| 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 | |

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| 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.

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

| Issuer | SBERBANK OF RUSSIA | SBERBANK OF RUSSIA | SBERBANK OF RUSSIA | SBERBANK OF RUSSIA | SBERBANK OF RUSSIA | DEXIA CREDIT LOCAL PARIS | 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 | 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. | "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 | Deducted |
| Eligible at solo/group/group&solo | Eligible | Eligible | Eligible | Eligible | Eligible | Eligible | Eligible | Eligible | Eligible |
| Instrument type | Loan | Loan | Loan | Loan | Loan | Loan | Loan | Loan | Loan |
| Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date) | 369 | 433 | 865 | 865 | 865 | 116 | 75 | 0 | 0 |
| Par value of instrument | 369 | 433 | 865 | 865 | 865 | 677 | 376 | 144 | 289 |
| Accounting classification | 3470102 | 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 | 28.12.2006 |
| Perpetual or dated | 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 | 10 years |
| Issuer call subject to prior supervisory approval | Yes | 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 at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given. |
| Subsequent call dates, if applicable | None. | None. | None. | None. | None. | None. | None. | None. | None. |
| Fixed or floating dividend/coupon | Fixed | Fixed | Fixed | Fixed | Fixed | Floating | 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% | Euribor + 2,5% |
| Existence of a dividend stopper | None. | 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. | 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. | 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. | 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. | 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. | 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) | 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 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 2,8848 |
| Euro purchase rate as at the balance sheet date | TL 3,2078 |

| <u>Date</u> | <u>US Dollar</u> | <u>Euro</u> |
|--------------|------------------|-------------|
| 24 June 2016 | 2,9266 | 3,2444 |
| 27 June 2016 | 2,9365 | 3,2402 |
| 28 June 2016 | 2,9130 | 3,2262 |
| 29 June 2016 | 2,8936 | 3,2044 |
| 30 June 2016 | 2,8848 | 3,2078 |

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

The arithmetical average US Dollar and Euro purchase rates for June 2016 are TL 2,9178 and TL 3,2750, respectively.

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f. Information on currency risk

| Current Period | EUR | USD | Other FC ⁽⁵⁾ | Total |
|--|---------------------|--------------------|--------------------------------|---------------------|
| Assets | | | | |
| Cash and Balances with the Central Bank of the Republic of Turkey | 2.094.962 | 6.739.837 | 2.255.106 | 11.089.905 |
| Due from Banks and Other Financial Institutions | 2.934.053 | 1.404.626 | 160.910 | 4.499.589 |
| Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾ | 170.351 | 89.936 | 50 | 260.337 |
| Interbank Money Market Placements | -- | -- | -- | -- |
| Investment Securities Available-for-Sale | 975.604 | 2.036.555 | 46.126 | 3.058.285 |
| Loans ⁽²⁾ | 15.768.700 | 20.455.672 | 865.436 | 37.089.808 |
| Investments in Subsidiaries and Associates | 112 | -- | -- | 112 |
| Investment Securities Held-to-Maturity | 134.518 | 362.198 | -- | 496.716 |
| Hedging Purpose Financial Derivatives | -- | -- | -- | -- |
| Tangible Assets | 80.482 | 70 | 606 | 81.158 |
| Intangible Assets ⁽³⁾ | -- | -- | -- | -- |
| Other Assets ⁽⁴⁾ | 1.454.048 | 907.160 | 245.185 | 2.606.393 |
| Total Assets | 23.612.830 | 31.996.054 | 3.573.419 | 59.182.303 |
| Liabilities | | | | |
| Bank Deposits | 266.622 | 271.158 | 636.314 | 1.174.094 |
| Foreign Currency Deposits | 28.865.829 | 16.558.196 | 707.879 | 46.131.904 |
| Interbank Money Markets | -- | -- | -- | -- |
| Funds Borrowed from Other Financial Institutions | 2.969.676 | 10.082.982 | 1 | 13.052.659 |
| Marketable Securities Issued | 1.178.147 | 120.200 | -- | 1.298.347 |
| Miscellaneous Payables | 275.517 | 88.143 | 5.480 | 369.140 |
| Hedging Purpose Financial Derivatives | -- | -- | -- | -- |
| Other Liabilities ⁽⁶⁾ | 339.751 | 1.015.654 | 5.163 | 1.360.568 |
| Total Liabilities | 33.895.542 | 28.136.333 | 1.354.837 | 63.386.712 |
| Net "On Balance Sheet Position" | (10.282.712) | 3.859.721 | 2.218.582 | (4.204.409) |
| Net "Off-Balance Sheet Position" ⁽⁷⁾ | 9.181.491 | (4.010.236) | (2.069.447) | 3.101.808 |
| Financial Derivatives (Assets) | 16.093.601 | 14.724.097 | 1.022.152 | 31.839.850 |
| Financial Derivatives (Liabilities) | (6.912.110) | (18.734.333) | (3.091.599) | (28.738.042) |
| Net Position | (1.101.221) | (150.515) | 149.135 | (1.102.601) |
| Non-Cash Loans | 4.891.848 | 9.712.465 | 415.250 | 15.019.563 |
| 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 48.718 are excluded.

(2) : Foreign currency indexed loans amounting to TL 3.595.830 are included.

(3) : Intangible assets amounting to TL 2.909 are excluded.

(4) : Factoring receivables indexed to foreign currency, amounting to TL 144.335 are included. Prepaid expenses at the amount of TL 16.675 are not included.

(5) : There are gold amounts in total assets amounting to TL 3.098.866 and in total liabilities amounting to TL 920.356.

(6) : Not including the exchange rate difference of TL 372.053 pertaining to derivative financial loans and the FX equity of TL 2.350.078 and the free reserve of TL 2.673.

(7) : Net amount of Receivables and Liabilities from financial derivatives is shown on the table. FX SWAP Transactions that reported under the "Financial Assets Purchase Pledges" is included in "Net Off-Balance Sheet Position".

III. Explanations related to the consolidated interest rate risk

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

Standard method is used in measuring the interest rate risk of assets, liabilities and off-balance sheet items.

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

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

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

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

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

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

| Current Period | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Non-Interest Bearing | Total |
|---|---------------------|--------------------|-------------------|-------------------|---------------------|-------------------------|--------------------|
| Assets | | | | | | | |
| Cash and Balances with the Central Bank of the Republic of Turkey | 3.583.150 | -- | -- | -- | -- | 9.244.857 | 12.828.007 |
| Due from Banks and Other Fin. Inst. | 1.403.126 | 388.607 | 137.993 | -- | -- | 2.782.250 | 4.711.976 |
| Financial Assets at Fair Value Through Profit or Loss | 41.458 | 44.282 | 418.395 | 164.658 | 236.435 | 9.459 | 914.687 |
| Interbank Money Market Placements | 8.513 | -- | -- | -- | -- | -- | 8.513 |
| Investment Securities Av.-for-Sale | 145.044 | 1.525.595 | 2.280.405 | 2.061.788 | 3.678.529 | 31.992 | 9.723.353 |
| Loans | 12.328.712 | 9.397.303 | 15.737.568 | 26.943.958 | 14.616.199 | 797.623 | 79.821.363 |
| Investment Securities Held-to-Mat. | 1.594.637 | 282.570 | 415.784 | 408.158 | 743.875 | -- | 3.445.024 |
| Other Assets (*) | 117.289 | 208.006 | 899.395 | 1.455.247 | 811.846 | 2.919.043 | 6.410.826 |
| Total Assets | 19.221.929 | 11.846.363 | 19.889.540 | 31.033.809 | 20.086.884 | 15.785.224 | 117.863.749 |
| Liabilities | | | | | | | |
| Bank Deposits | 316.829 | 940.840 | -- | -- | -- | 68.948 | 1.326.617 |
| Other Deposits | 30.764.085 | 11.205.705 | 9.970.196 | 8.460.932 | 315.683 | 14.381.462 | 75.098.063 |
| Interbank Money Market Placements | 6.493.004 | -- | -- | -- | -- | -- | 6.493.004 |
| Miscellaneous Payables | -- | -- | 1.984 | 289 | -- | 1.617.915 | 1.620.188 |
| Marketable Securities Issued | 846.283 | 1.660.135 | 91.755 | 423.041 | -- | -- | 3.021.214 |
| Funds Borrowed from Other Fin. Inst. | 3.459.878 | 4.115.019 | 3.140.884 | 890.203 | 3.584.818 | -- | 15.190.802 |
| Other Liabilities (**) | 178.413 | 95.916 | 109.942 | 278.555 | 222.929 | 14.228.106 | 15.113.861 |
| Total Liabilities | 42.058.492 | 18.017.615 | 13.314.761 | 10.053.020 | 4.123.430 | 30.296.431 | 117.863.749 |
| On Balance Sheet Long Position | -- | -- | 6.574.779 | 20.980.789 | 15.963.454 | -- | 43.519.022 |
| On Balance Sheet Short Position | (22.836.563) | (6.171.252) | -- | -- | -- | (14.511.207) | (43.519.022) |
| Off-Balance Sheet Long Position | 2.154.064 | 2.374.745 | 2.073.208 | 3.631.954 | 3.240.658 | -- | 13.474.629 |
| Off-Balance Sheet Short Position | (1.299.145) | (4.322.832) | (3.890.189) | (1.370.182) | (2.304.071) | -- | (13.186.419) |
| Total Interest Sensitivity Gap | (21.981.644) | (8.119.339) | 4.757.798 | 23.242.561 | 16.900.041 | (14.511.207) | 288.210 |

(*) 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 552.311, TL 179.041, TL 157.766, TL 12.947, TL 143.110, TL 5.761, TL 113.508 and TL 1.754.599 respectively.

(**) Other liabilities/non-interest bearings include; Shareholders' Equity, Tax Liabilities, Provisions, and Other Liabilities with balances of TL 10.136.799, TL 248.012, TL 1.346.374 and TL 2.496.921 respectively.

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| Prior Period | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Non-Interest Bearing | Total |
|---|---------------------|--------------------|-------------------|-------------------|---------------------|-------------------------|---------------------|
| Assets | | | | | | | |
| Cash and Balances with the Central Bank of the Republic of Turkey | 3.360.160 | -- | -- | -- | -- | 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: 30 June 2016 | EUR % | USD % | JPY % | TL % |
|---|-------|-------|-------|-------|
| Assets | | | | |
| Cash and Balances with the Central Bank of the Republic of Turkey | -- | 0,49 | -- | 3,50 |
| Due from Banks and Other Financial Institutions | 0,68 | 0,80 | -- | 10,00 |
| Financial Assets at Fair Value Through Profit or Loss | 1,24 | 4,90 | -- | 11,17 |
| Interbank Money Market Placements | -- | -- | -- | -- |
| Investment Securities Available-for-Sale | 1,83 | 4,47 | -- | 9,09 |
| Loans | 4,65 | 5,53 | 5,32 | 16,24 |
| Investment Securities Held-to-Maturity | 4,46 | 4,25 | -- | 9,13 |
| Liabilities | | | | |
| Bank Deposits | 1,20 | 1,30 | -- | 11,20 |
| Other Deposits | 1,37 | 2,57 | 0,10 | 11,25 |
| Interbank Money Market Placements | -- | -- | -- | 8,90 |
| Miscellaneous Payables | -- | -- | -- | -- |
| Marketable Securities Issued | 2,23 | 3,65 | -- | 10,84 |
| Funds Borrowed from Other Financial Institutions | 2,00 | 3,96 | -- | 11,61 |
| 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 |

IV. Position risk of equity shares on banking book

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

DFS Group does not have associate and subsidiary traded at BIST markets as of 30 June 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).

V. Explanations related to the consolidated liquidity risk

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

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.

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.

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Liquidity coverage rates calculated in accordance with the Regulation on Calculation of Parent Bank's Liquidity Coverage rate published in Official Gazette dated 21 March 2014 and numbered 28948 are as follows. Consolidated foreign currency rate calculated for the last three months is at the lowest level in June 196,61 and at the highest level in April 262,83 while the liquidity coverage rate is at the lowest level in June 82,68 and at the highest level in April 89,38.

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 | | | 16.368.861 | 11.833.547 |
| CASH OUTFLOWS | | | | |
| 2 Retail deposits and deposits from small business customers, of which | 51.824.360 | 33.409.817 | 4.970.196 | 3.340.982 |
| 3 Stable deposits | 4.244.787 | -- | 212.239 | -- |
| 4 Less stable deposits | 47.579.573 | 33.409.817 | 4.757.957 | 3.340.982 |
| 5 Unsecured wholesale funding, of which | 22.404.383 | 10.917.224 | 12.486.340 | 5.640.211 |
| 6 Operational deposits | 4.851.491 | 2.359.868 | 1.212.873 | 589.967 |
| 7 Non-operational deposits | 12.492.134 | 7.155.491 | 6.212.709 | 3.648.379 |
| 8 Unsecured debt | 5.060.758 | 1.401.865 | 5.060.758 | 1.401.865 |
| 9 Secured wholesale funding | | | -- | -- |
| 10 Additional requirements of which | 48.739.729 | 21.810.252 | 5.540.051 | 7.164.677 |
| 11 Outflows related to derivative exposures and other collateral requirements | 1.061.244 | 4.941.281 | 1.061.244 | 4.941.281 |
| 12 Outflows related to loss of funding on debt products | -- | -- | -- | -- |
| 13 Credit and liquidity facilities | 47.678.485 | 16.868.971 | 4.478.807 | 2.223.396 |
| 14 Other contractual funding obligations | 4.550.045 | 949.564 | 1.611.752 | 949.564 |
| 15 Other contingent funding obligations | -- | -- | -- | -- |
| 16 TOTAL CASH OUTFLOWS | | | 24.608.339 | 17.095.434 |
| CASH INFLOWS | | | | |
| 17 Secured lending | 333.607 | -- | -- | -- |
| 18 Inflows from fully performing exposures | 7.121.199 | 3.202.327 | 5.124.907 | 2.907.732 |
| 19 Other cash inflows | 225.585 | 10.053.279 | 225.585 | 10.053.279 |
| 20 TOTAL CASH INFLOWS | 7.680.391 | 13.255.606 | 5.350.492 | 12.961.011 |
| | | | Total adjusted value | |
| 21 TOTAL HQLA | | | 16.368.861 | 11.833.547 |
| 22 TOTAL NET CASH OUTFLOWS | | | 19.257.847 | 4.273.859 |
| 23 LIQUIDITY COVERAGE RATIO (%) | | | 85,0 | 276,9 |

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

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| Prior Period | Total unweighted value (*) | | Total weighted value(*) | |
|---|----------------------------|-------------------|-----------------------------|-------------------|
| | TL+FC | FC | TL+FC | FC |
| HIGH QUALITY LIQUID ASSETS (HQLA) | | | | |
| 1 Total High Quality Liquid Assets | | | 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 | 46.456.451 | 21.920.051 | 5.480.837 | 7.051.540 |
| 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 | 45.369.717 | 17.183.236 | 4.394.103 | 2.314.725 |
| 14 Other contractual funding obligations | 6.057.980 | 945.978 | 1.729.299 | 945.978 |
| 15 Other contingent funding obligations | -- | -- | -- | -- |
| 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.

High quality liquid assets consist of cash assets, reserves kept in Central Bank of Republic of Turkey and unrestricted marketable securities. Cash outflows consist of deposits, bank borrowings, non-cash loans, derivatives and other liabilities without a certain maturity. Additionally, several bank borrowings are shown as cash outflow regardless of their maturity since they include contingent early payment condition. On the other hand, cash outflows also include additional guarantee liability sourcing from possible changes in fair values of derivative transactions.

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

| Current Period | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Year | 5 Years and Over | Non-Interest Bearing (*) | Toplam |
|---|---------------------|---------------------|---------------------|--------------------|-------------------|-------------------|--------------------------|--------------------|
| Assets | | | | | | | | |
| Cash and Balances with the Central Bank of the Republic of Turkey | 3.318.329 | 9.509.678 | -- | -- | -- | -- | -- | 12.828.007 |
| Due from Banks and Other Fin.Inst. | 2.782.250 | 1.169.475 | 163.611 | 210.498 | 386.136 | 6 | -- | 4.711.976 |
| Financial Assets at Fair Value Through Profit or Loss | 9.459 | 41.270 | 39.073 | 418.199 | 170.043 | 236.643 | -- | 914.687 |
| Interbank Money Market Placements | -- | 8.513 | -- | -- | -- | -- | -- | 8.513 |
| Investment Securities Av.-for-Sale | 31.992 | 7.453 | 680 | 542.161 | 3.521.917 | 5.619.150 | -- | 9.723.353 |
| Loans | -- | 8.947.411 | 3.690.277 | 13.835.349 | 29.327.463 | 23.223.240 | 797.623 | 79.821.363 |
| Investment Securities Held-to-Maturity | -- | -- | -- | 65.159 | 1.561.164 | 1.818.701 | -- | 3.445.024 |
| Other Assets | 1.365.575 | 112.702 | 206.087 | 857.130 | 1.476.374 | 840.385 | 1.552.573 | 6.410.826 |
| Total Assets | 7.507.605 | 19.796.502 | 4.099.728 | 15.928.496 | 36.443.097 | 31.738.125 | 2.350.196 | 117.863.749 |
| Liabilities | | | | | | | | |
| Bank Deposits | 68.948 | 316.830 | 940.839 | -- | -- | -- | -- | 1.326.617 |
| Other Deposits | 14.381.462 | 30.718.891 | 11.208.459 | 9.982.246 | 8.491.253 | 315.752 | -- | 75.098.063 |
| Funds Borrowed from Other Fin.Inst. and Subordinated Loans | -- | 2.194.532 | 2.142.217 | 4.143.278 | 3.075.032 | 3.635.743 | -- | 15.190.802 |
| Interbank Money Market Placements | -- | 6.493.004 | -- | -- | -- | -- | -- | 6.493.004 |
| Marketable Securities Issued | -- | 703.494 | 467.555 | 128.776 | 1.081.885 | 639.504 | -- | 3.021.214 |
| Miscellaneous Payables | 1.617.915 | -- | -- | 1.984 | 289 | -- | -- | 1.620.188 |
| Other Liabilities | 1.500.367 | 303.565 | 374.185 | 841.694 | 278.554 | 222.929 | 11.592.567 | 15.113.861 |
| Total Liabilities | 17.568.692 | 40.730.316 | 15.133.255 | 15.097.978 | 12.927.013 | 4.813.928 | 11.592.567 | 117.863.749 |
| Net Liquidity Gap | (10.061.087) | (20.933.814) | (11.033.527) | 830.518 | 23.516.084 | 26.924.197 | (9.242.371) | -- |
| Net "Off-Balance Sheet Position" | | | | | | | | |
| Financial Derivatives (assets) | -- | (136.437) | 1.626 | 280.826 | (124.009) | -- | -- | 22.006 |
| Financial Derivatives (liabilities) | -- | 14.575.658 | 6.516.191 | 8.586.825 | 3.071.499 | 4.356.180 | -- | 37.106.353 |
| Non-Cash Loans | -- | (14.712.095) | (6.514.565) | (8.305.999) | (3.195.508) | (4.356.180) | -- | (37.084.347) |
| | -- | 1.578.283 | 1.722.440 | 7.323.078 | 3.525.175 | 10.232.233 | -- | 24.381.209 |
| 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) |
| | -- | 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.

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VI. Explanations related to leverage ratio

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

Leverage ratio of DFS Group is 5,39% as of 30 June 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 (*) | 116.054.330 | 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 | (1.356.164) | (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 | 469.917 | 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 | 54.346.847 | 49.831.480 |
| 7 Total Risk | 169.514.427 | 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) | 114.698.167 | 110.211.981 |
| 2 (Assets deducted in determining Basel III Tier 1 capital) | 271.055 | (334.756) |
| 3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines) | 114.427.112 | 109.877.225 |
| Derivative exposures | | |
| 4 Replacement cost | 959.405 | 1.198.701 |
| 5 Add-on amount | 469.917 | 518.752 |
| 6 Total derivative exposures (sum of 4 and 5 lines) | 1.429.322 | 1.717.453 |
| Securities financing transaction exposures | | |
| 7 Gross SFT assets (with no recognition of accounting netting) | 152.356 | 34.832 |
| 8 Agent transaction exposures | -- | -- |
| 9 Total securities financing transaction exposures (sum of 7 and 8 lines) | 152.356 | 34.832 |
| Other off-balance sheet exposures | | |
| 10 Off-balance sheet exposures with gross nominal amount | 53.506.141 | 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) | 53.505.638 | 48.932.307 |
| Capital and total exposures | | |
| 13 Tier 1 capital | 9.134.182 | 7.975.417 |
| 14 Total exposures (sum of 3,6,9 and 12 lines) | 169.514.427 | 160.561.710 |
| Leverage ratio | | |
| 15 Leverage ratio | 5,39 | 4,97 |

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

VII. Explanations on Risk Management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. 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 30 June 2016.

a. Risk management and Overview of RWA

Overview of RWA

| | Risk Weighted Amount | | Minimum capital requirement |
|--|----------------------|-------------------|-----------------------------|
| | Current Period | Prior Period | Current Period |
| 1 Credit risk (excluding counterparty credit risk) (CCR) | 90.341.290 | 89.735.270 | 7.227.303 |
| 2 <i>Standardised approach (SA)</i> | 90.341.290 | 89.735.270 | 7.227.303 |
| 3 <i>Internal rating-based (IRB) approach</i> | -- | -- | -- |
| 4 Counterparty credit risk | 1.292.360 | 769.952 | 103.389 |
| 5 <i>Standardised approach for counterparty credit risk (SA-CCR)</i> | 1.292.360 | 769.952 | 103.389 |
| 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 | 522.925 | 274.113 | 41.834 |
| 17 <i>Standardised approach (SA)</i> | 522.925 | 274.113 | 41.834 |
| 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) | 100.067.986 | 97.528.710 | 8.005.438 |

b. Credit Risk Explanations

1. Credit quality of assets:

| | a | b | c | d |
|-------------------------------|---|-------------------------|----------------------------|--------------------|
| | Gross carrying values of (according to TAS) | | Allowances and Impairments | Net values (a+b-c) |
| | Defaulted exposures | Non-defaulted exposures | | |
| 1 Loans | 3.217.351 | 85.751.900 | 3.289.190 | 85.680.061 |
| 2 Debt Securities | -- | 13.182.981 | 2.158 | 13.180.823 |
| 3 Off-balance sheet exposures | 255.018 | 47.202.628 | 160.834 | 47.296.812 |
| 4 Total | 3.472.369 | 146.137.509 | 3.452.182 | 146.157.696 |

2. 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 | 806.969 |
| 3 Returned to non-defaulted status | 19.826 |
| 4 Amounts written off | 295.535 |
| 5 Other changes | (443.031) |
| 6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) | 3.217.351 |

3. 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 | 109.457.466 | 23.752.080 | 18.605.325 | -- | -- | -- | -- |
| 2 Debt Securities | 13.182.981 | -- | -- | -- | -- | -- | -- |
| 3 Total | 122.640.447 | 23.752.080 | 18.605.325 | -- | -- | -- | -- |
| 4 Of which defaulted | 2.992.902 | 224.449 | 117.983 | -- | -- | -- | -- |

4. 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 | | RWA and RWA density | |
| | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | RWA | RWA density |
| Asset classes | | | | | | |
| 1 Exposures to central governments or central banks | 26.322.883 | 764.764 | 26.219.922 | 525.815 | 6.996.313 | %26,16 |
| 2 Exposures to regional governments or local authorities | 629.728 | 19.917 | 628.476 | 8.570 | 318.523 | %50,00 |
| 3 Exposures to public sector entities | -- | 4 | -- | 1 | 1 | %100,00 |
| 4 Exposures to multilateral development banks | -- | -- | -- | -- | -- | %0,00 |
| 5 Exposures to international organisations | -- | -- | -- | -- | -- | %0,00 |
| 6 Exposures to institutions | 3.741.196 | 1.539.982 | 3.741.196 | 1.273.400 | 1.940.932 | %38,71 |
| 7 Exposures to corporates | 40.426.878 | 27.884.313 | 36.523.344 | 13.501.932 | 50.025.276 | %100,00 |
| 8 Retail exposures | 27.520.879 | 20.643.309 | 27.246.408 | 1.307.309 | 21.452.591 | %75,13 |
| 9 Exposures secured by residential property | 4.748.399 | 173.291 | 4.738.364 | 80.262 | 1.686.516 | %35,00 |
| 10 Exposures secured by commercial real estate | 8.920.894 | 981.989 | 8.920.894 | 629.719 | 5.456.167 | %57,13 |
| 11 Past-due loans | 872.588 | -- | 872.357 | -- | 826.661 | %94,76 |
| 12 Higher-risk categories by the Agency Board | 72.668 | -- | 72.650 | -- | 80.608 | %110,95 |
| 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) | -- | 792 | -- | 792 | 792 | %100,00 |
| 16 Other assets | 3.938.205 | -- | 3.938.205 | -- | 2.332.110 | %59,22 |
| 17 Investments in equities | -- | -- | -- | -- | -- | %0,00 |
| 18 Total | 117.194.318 | 52.008.361 | 112.901.816 | 17.327.800 | 91.116.490 | %69,97 |

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

| | a | b | c | d | e | f | g | h | i | j | |
|--|------------|-----|-----------|-------------------------------------|-------------------------------------|------------|------------|---------|------|--|-------------|
| | | | | %35 Secured by real estate | %50 Secured by real estate | | | | | Total risk amount (after CCF and CRM) | |
| Asset classes/ Risk weight | %0 | %10 | %20 | | | %75 | %100 | %150 | %200 | Diğerleri | |
| 1 Exposures to central governments or central banks | 12.753.111 | -- | -- | -- | 13.992.626 | -- | -- | -- | -- | -- | 26.745.737 |
| 2 Exposures to regional governments or local authorities | -- | -- | -- | -- | 637.046 | -- | -- | -- | -- | -- | 637.046 |
| 3 Exposures to public sector entities | -- | -- | -- | -- | -- | -- | 1 | -- | -- | -- | 1 |
| 4 Exposures to multilateral development banks | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 5 Exposures to international organisations | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 6 Exposures to institutions | -- | -- | 2.082.758 | -- | 2.816.610 | -- | 113.533 | 1.695 | -- | -- | 5.014.596 |
| 7 Exposures to corporates | -- | -- | -- | -- | -- | -- | 50.025.276 | -- | -- | -- | 50.025.276 |
| 8 Retail exposures | -- | -- | -- | -- | -- | 28.404.522 | 149.195 | -- | -- | -- | 28.553.717 |
| 9 Exposures secured by residential property | -- | -- | -- | 4.818.626 | -- | -- | -- | -- | -- | -- | 4.818.626 |
| 10 Exposures secured by commercial real estate | -- | -- | -- | -- | 8.188.891 | -- | 1.361.722 | -- | -- | -- | 9.550.613 |
| 11 Past-due loans | -- | -- | -- | -- | 299.775 | -- | 364.202 | 208.380 | -- | -- | 872.357 |
| 12 Higher-risk categories by the Agency Board | -- | -- | -- | -- | 2.404 | -- | 51.923 | 18.323 | -- | -- | 72.650 |
| 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) | -- | -- | -- | -- | -- | -- | 792 | -- | -- | -- | 792 |
| 16 Investments in equities | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 17 Other assets | 1.766.896 | -- | -- | -- | -- | -- | 2.064.108 | -- | -- | 107.201 | 3.938.205 |
| 18 Total | 14.520.007 | -- | 2.082.758 | 4.818.626 | 25.937.352 | 28.404.522 | 54.130.752 | 228.398 | -- | 107.201 | 130.229.616 |

c. Counterparty Credit Risk (CCR) Explanations:

1. Analysis of counterparty credit risk exposure by approach:

| | a | b | c | d | e | f |
|--|---------------------|---------------------------------|------|---|------------------------------------|----------------|
| | Replacement cost | Potential future exposure | EEPE | Alpha used for computing regulatory exposure at default | Exposure at default post CRM | RWA |
| 1 Standardised Approach (for derivatives) | 864.804 | 437.675 | | -- | 1.255.529 | 734.669 |
| 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) | | | | | 418.649 | 30.688 |
| 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) | | | | | 418.649 | 30.688 |
| 6 Total | | | | | | 765.357 |

2. 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 | 1.255.529 | 527.003 |
| 4 Total subject to the CVA capital charge | 1.255.529 | 527.003 |

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

| | a | b | c | d | e | f | g | h | i |
|--|----------------|------------|----------------|----------------|---------------|----------------|-------------|--------------|-------------------------------------|
| Risk Weight | %0 | %10 | %20 | %50. | %75 | %100 | %150 | Diğer | Total credit exposure(*) |
| Claims from central governments and central banks | 266.583 | -- | -- | -- | -- | -- | -- | -- | -- |
| 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 | -- | -- | 379.768 | 669.240 | -- | -- | -- | -- | 410.574 |
| Corporates | -- | -- | -- | -- | -- | 342.582 | -- | -- | 342.582 |
| Retail portfolios | -- | -- | -- | -- | 15.212 | -- | -- | -- | 11.409 |
| 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 | -- | -- | -- | -- | -- | 792 | -- | -- | 792 |
| Stock investment | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other claims | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other assets (**) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 266.583 | -- | 379.768 | 669.240 | 15.212 | 343.374 | -- | -- | 765.357 |

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

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

4. Composition of collateral for CCR exposure:

None.

5. Credit derivatives exposures:

None.

6. Exposures to central counterparties (CCP):

None.

d. Securitization Explanations:

1. Securitization positions in banking accounts

None.

2. Securitization positions in purchase and sale accounts

None.

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

None.

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

None.

e. Market Risk Explanations:

Standardised approach:

| | a |
|---|----------------|
| | RWA |
| Outright products | |
| 1 Interest rate risk (general and specific) | 18.625 |
| 2 Equity risk (general and specific) | 825 |
| 3 Foreign exchange risk | 454.537 |
| 4 Commodity risk | 15.463 |
| Options | |
| 5 Simplified approach | -- |
| 6 Delta-plus method | 33.475 |
| 7 Scenario approach | -- |
| 8 Securitisation | -- |
| 9 Total | 522.925 |

VIII. Explanations related to hedging transactions

a. Net Investment Risk

DFH Group applies net investment hedge strategy to hedge against the currency risk arising on a consolidated basis from the net investments amounting to a total of Euro 1.006 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 (599.032) as of 30 June 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 (1.664) (31 December 2015: TL (3.368)).

IX. Explanations related to the consolidated segment reporting

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

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

In retail banking, it offers loan products (consumer loans, mortgage, and vehicle loans), distinctive credit cards, investment products (mutual funds, shares, government bonds/treasury bills, and repos), deposit products (time, demand, protected), insurance products, SME loans as well as agricultural loans. Alternative distribution channels allow customers to meet their banking needs without the need to physically visit the branches. Among products that meet every day needs of customers are overdraft loans, automated bill payment, checkbooks and rental safes.

Within treasury and investment banking, sales, prop-trading and private banking departments offer spot and forward TL and foreign exchange transactions, trading of treasury bills, bonds and other local and

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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.

Segment information is presented in the following table:

| | Wholesale Banking | | Retail Banking | | Treasury and Investment Banking | Total |
|---|-------------------|---------------------------|-------------------------|-----------------|---------------------------------|--------------------|
| Current Period (01.01.2016-30.06.2016) | Corporate Banking | Commercial&Public Finance | SME&Agriculture Banking | Retail Banking | | |
| Net interest income | 369.599 | 361.815 | 760.142 | 466.979 | 454.887 | 2.413.422 |
| Net fee and commission income | 52.922 | 48.005 | 277.003 | 254.115 | (41.022) | 591.023 |
| Other income/expense, net | 85.819 | 150.359 | 82.468 | 110.437 | (361.834) | 67.249 |
| Total segment income | 508.340 | 560.179 | 1.119.613 | 831.531 | 52.031 | 3.071.694 |
| Other operating expenses | (110.777) | (171.193) | (499.894) | (586.376) | (43.970) | (1.412.210) |
| Provision for loan losses and other receivables | (24.664) | (70.956) | (323.563) | (269.222) | (11.198) | (699.603) |
| Tax charge | | | | | | (197.587) |
| Net profit from continuing operations | 372.899 | 318.030 | 296.156 | (24.067) | (3.137) | 762.294 |
| Net profit from discontinued operations | -- | -- | -- | -- | -- | -- |
| Net profit | 372.899 | 318.030 | 296.156 | (24.067) | (3.137) | 762.294 |
| Current Period (30.06.2016) | | | | | | |
| Segment assets | 22.545.477 | 19.590.572 | 25.587.266 | 15.589.832 | 31.631.559 | 114.944.706 |
| Subsidiaries and associates | | | | | | 18.708 |
| Undistributed assets | | | | | | 2.900.335 |
| Total assets | | | | | | 117.863.749 |
| Segment liabilities | 11.590.048 | 9.113.534 | 11.633.513 | 44.104.628 | 26.915.305 | 103.357.028 |
| Undistributed liabilities | | | | | | 4.369.922 |
| Shareholders' equity | | | | | | 10.136.799 |
| Total liabilities | | | | | | 117.863.749 |
| | Wholesale Banking | | Retail Banking | | Treasury and Investment Banking | Total |
| Prior Period (01.01.2015-30.06.2015) | Corporate Banking | Commercial&Public Finance | SME&Agriculture Banking | Retail Banking | | |
| Net interest income | 344.603 | 395.925 | 558.448 | 388.380 | 209.960 | 1.897.316 |
| Net fee and commission income | 44.230 | 63.073 | 180.229 | 245.980 | (6.914) | 526.598 |
| Other income/expense, net | 113.360 | 87.663 | 119.770 | 116.633 | (293.881) | 143.545 |
| Total segment income | 502.193 | 546.661 | 858.447 | 750.993 | (90.835) | 2.567.459 |
| Other operating expenses | (93.460) | (156.992) | (458.719) | (527.885) | (56.498) | (1.293.554) |
| Provision for loan losses and other receivables | (23.763) | (55.298) | (216.676) | (300.592) | (28.745) | (625.074) |
| Tax charge | | | | | | (145.996) |
| Net profit from continuing operations | 384.970 | 334.371 | 183.052 | (77.484) | (176.078) | 502.835 |
| Net profit from discontinued operations | -- | -- | -- | -- | -- | -- |
| Net profit | 384.970 | 334.371 | 183.052 | (77.484) | (176.078) | 502.835 |
| Prior Period (31.12.2015) | | | | | | |
| Segment assets | 20.024.706 | 20.426.304 | 21.150.294 | 16.103.759 | 32.782.846 | 110.487.909 |
| Subsidiaries and associates | | | | | | 18.707 |
| Undistributed assets | | | | | | 2.379.793 |
| Total assets | | | | | | 112.886.409 |
| Segment liabilities | 11.889.972 | 8.984.549 | 10.496.840 | 41.055.060 | 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 | 889.275 | 641.730 | 732.661 | 679.049 |
| Central Bank of the Republic of Turkey | 848.827 | 10.448.175 | 462.670 | 8.948.947 |
| Other (*) | -- | -- | -- | 25 |
| Total | 1.738.102 | 11.089.905 | 1.195.331 | 9.628.021 |

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

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

| | Current Period | | Prior Period | |
|------------------------------|----------------|-------------------|----------------|------------------|
| | TL | FC | TL | FC |
| Unrestricted Demand Deposits | 848.827 | 949.881 | 462.670 | 846.677 |
| Unrestricted Time Deposits | -- | -- | -- | -- |
| Restricted Time Deposits | -- | 9.498.294 | -- | 8.102.270 |
| Total | 848.827 | 10.448.175 | 462.670 | 8.948.947 |

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

3. Information on required reserves

As of 30 June 2016, all banks operating in Turkey should provide a reserve in a range of 5% to 11,5% (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 5% to 25% (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 23.422 derived from the required reserves maintained by the Parent Bank at CBRT (1 January-30 June 2015: TL 7.922) 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 | 10.422 | -- | 7.506 | -- |
| Other | -- | -- | -- | -- |
| Total | 10.422 | -- | 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 | 17.616 | 14.313 | 4.614 | 11.199 |
| Swap Transactions | 547.187 | 264.570 | 872.936 | 230.199 |
| Futures Transactions | -- | -- | -- | -- |
| Options | 670 | 23.327 | 173 | 22.779 |
| Other | -- | -- | -- | -- |
| Total | 565.473 | 302.210 | 877.723 | 264.177 |

c. Information on Banks

| | Current Period | | Prior Period | |
|-----------------------------------|----------------|------------------|---------------|------------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 201.841 | 1.086.032 | 8.994 | 2.007.929 |
| Foreign | 10.546 | 3.413.557 | 14.572 | 4.191.205 |
| Foreign head offices and branches | -- | -- | -- | -- |
| Total | 212.387 | 4.499.589 | 23.566 | 6.199.134 |

d. Information on investment securities available-for-sale

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

Investment securities available-for-sale consist of share certificates, debt securities representing government bonds, Eurobonds and foreign currency government bonds issued by the Turkish Treasury and foreign private sector debt securities.

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

Available-for-sale financial assets which were collateralized consist of securities offered to various financial institutions, primarily the Central Bank of the Republic of Turkey and İstanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank) for interbank money market, foreign exchange market and other transactions. Such financial assets include government bonds and Eurobonds, and their total book value amounts to TL 1.651.515 (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 | 688.268 | 963.247 | 857.701 | 832.684 |
| Other | -- | -- | -- | -- |
| Total | 688.268 | 963.247 | 857.701 | 832.684 |

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

| | Current Period | | Prior Period | |
|-------------------------------------|------------------|-----------|------------------|-----------|
| | TL | FC | TL | FC |
| Government Bonds | 4.241.664 | -- | 4.811.887 | -- |
| Treasury Bills | -- | -- | -- | -- |
| Other Debt Securities | -- | -- | -- | -- |
| Bonds Issued or Guaranteed by Banks | -- | -- | -- | -- |
| Asset Backed Securities | -- | -- | -- | -- |
| Other | -- | -- | -- | -- |
| Total | 4.241.664 | -- | 4.811.887 | -- |

5. Information on available-for-sale securities

| | Current Period | Prior Period |
|---------------------------------|-------------------|-------------------|
| Debt instruments | 10.001.767 | 10.289.586 |
| Quoted on Stock Exchange | 10.001.767 | 10.289.586 |
| Unquoted on Stock Exchange | -- | -- |
| Share certificates | 31.992 | 112.900 |
| Quoted on Stock Exchange | -- | -- |
| Unquoted on Stock Exchange | 31.992 | 112.900 |
| Impairment provision (-) | 310.406 | 429.297 |
| Total | 9.723.353 | 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 | -- | 4.845 | -- | 19.970 |
| Loans Granted to Employees | 64.457 | 89 | 63.019 | 115 |
| Total | 64.457 | 4.934 | 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 | 67.978.310 | 1.128.819 | -- | 3.814.095 | 1.414.755 | -- |
| Working Capital Loans | 894.705 | 282.639 | -- | 228.586 | 146.319 | -- |
| Export Loans | 1.281.075 | 5.867 | -- | 10.033 | 1.353 | -- |
| Import Loans | -- | -- | -- | -- | -- | -- |
| Loans Given to Financial Sector | 42.534 | 102.770 | -- | 5.579 | 3.134 | -- |
| Consumer Loans | 11.499.901 | 131.023 | -- | 1.172.758 | 352.801 | -- |
| Credit Cards | 4.459.770 | -- | -- | 209.276 | -- | -- |
| Other | 49.800.325 | 606.520 | -- | 2.187.863 | 911.148 | -- |
| Specialization Loans | 6.694.667 | 4.067 | -- | 469.538 | 191.072 | -- |
| Other Receivables | -- | -- | -- | -- | -- | -- |
| Total | 74.672.977 | 1.132.886 | -- | 4.283.633 | 1.605.827 | -- |

| | 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 | 1.076.720 | 1.343.125 |
| Extended by 3,4 or 5 times | 56.166 | 260.961 |
| Extended by more than 5 times | -- | 1.741 |
| Total | 1.132.886 | 1.605.827 |

| | Performing Loans and Other Receivables | Loans and Other Receivables Under Close Monitoring |
|--|--|--|
| Extended payment period of time | | |
| 0-6 Months | 2.843 | 11.372 |
| 6-12 Months | 40.532 | 42.592 |
| 1-2 Years | 29.516 | 152.074 |
| 2-5 Years | 361.636 | 608.895 |
| 5 Year and Over | 698.359 | 790.894 |
| Total | 1.132.886 | 1.605.827 |

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Originally Issued in Turkish,
See Note 3.1.c*

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

| | Short Term | Medium or Long Term | Total |
|---|------------------|---------------------|-------------------|
| Consumer Loans-TL | 223.291 | 11.781.491 | 12.004.782 |
| Real estate Loans | 4.364 | 5.029.132 | 5.033.496 |
| Vehicle Loans | 2.788 | 459.485 | 462.273 |
| General Purpose Loans | 216.139 | 6.292.874 | 6.509.013 |
| Other | -- | -- | -- |
| Consumer Loans-Indexed to FC | -- | 40.170 | 40.170 |
| Real estate Loans | -- | 39.668 | 39.668 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | 502 | 502 |
| Other | -- | -- | -- |
| Consumer Loans-FC | -- | 76.530 | 76.530 |
| Real estate Loans | -- | 2.196 | 2.196 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | 74.268 | 74.268 |
| Other | -- | 66 | 66 |
| Individual Credit Cards-TL | 4.377.000 | 13.936 | 4.390.936 |
| Installment | 1.982.130 | 13.936 | 1.996.066 |
| Non installment | 2.394.870 | -- | 2.394.870 |
| Individual Credit Cards-FC | 1.638 | -- | 1.638 |
| Installment | 335 | -- | 335 |
| Non installment | 1.303 | -- | 1.303 |
| Loans Given to Employees-TL | 3.751 | 33.413 | 37.164 |
| Real estate Loans | -- | 2.033 | 2.033 |
| Vehicle Loans | -- | 68 | 68 |
| General Purpose Loans | 3.751 | 31.312 | 35.063 |
| Other | -- | -- | -- |
| Loans Given to Employees - Indexed to FC | -- | -- | -- |
| Real estate Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Loans Given to Employees - FC | -- | 335 | 335 |
| Real estate Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | 5 | 5 |
| Other | -- | 330 | 330 |
| Personnel Credit Cards - TL | 25.486 | 8 | 25.494 |
| Installment | 12.335 | 8 | 12.343 |
| Non installment | 13.151 | -- | 13.151 |
| Personnel Credit Cards - FC | 98 | -- | 98 |
| Installment | 50 | -- | 50 |
| Non installment | 48 | -- | 48 |
| Overdraft Loans-TL (Real Persons) (*) | 513.678 | -- | 513.678 |
| Overdraft Loans-FC (Real Persons) | -- | -- | -- |
| Total | 5.144.942 | 11.945.883 | 17.090.825 |

(*) Overdrafts used by the personnel of the Parent Bank are TL 1.366 (31 December 2015: TL 1.371).

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4. Information on installment commercial loans and corporate credit cards

| | Short Term | Medium or Long Term | Total |
|---|------------------|---------------------|-------------------|
| Installment Commercial Loans - TL | 389.934 | 7.779.878 | 8.169.812 |
| Real estate Loans | 937 | 234.245 | 235.182 |
| Vehicle Loans | 12.245 | 565.249 | 577.494 |
| General Purpose Loans | 376.752 | 6.980.384 | 7.357.136 |
| Other | -- | -- | -- |
| Installment Commercial Loans - Indexed to FC | 11.882 | 1.081.055 | 1.092.937 |
| Real estate Loans | -- | 13.560 | 13.560 |
| Vehicle Loans | 127 | 44.559 | 44.686 |
| General Purpose Loans | 11.755 | 1.022.936 | 1.034.691 |
| Other | -- | -- | -- |
| Installment Commercial Loans - FC | 5.846 | 7.058 | 12.904 |
| Real estate Loans | -- | -- | -- |
| Vehicle Loans | -- | 278 | 278 |
| General Purpose Loans | 5.846 | 6.780 | 12.626 |
| Other | -- | -- | -- |
| Corporate Credit Cards - TL | 250.212 | 575 | 250.787 |
| Installment | 90.872 | 575 | 91.447 |
| Non installment | 159.340 | -- | 159.340 |
| Corporate Credit Cards - FC | 93 | -- | 93 |
| Installment | -- | -- | -- |
| Non installment | 93 | -- | 93 |
| Overdraft Loans-TL (Legal Entities) | 1.363.975 | -- | 1.363.975 |
| Overdraft Loans-FC (Legal Entities) | -- | -- | -- |
| Total | 2.021.942 | 8.868.566 | 10.890.508 |

5. Domestic and foreign loans

| | Current Period | Prior Period |
|----------------|-------------------|-------------------|
| Domestic Loans | 74.419.564 | 71.078.349 |
| Foreign Loans | 4.537.046 | 2.718.457 |
| Total | 78.956.610 | 73.796.806 |

6. Loans granted to subsidiaries and associates

| | Current Period | Prior Period |
|---|----------------|--------------|
| Direct loans granted to subsidiaries and associates | 13.093 | -- |
| Indirect loans granted to subsidiaries and associates | -- | -- |
| Total | 13.093 | -- |

7. Specific provisions for loans

| | Current Period | Prior Period |
|--|------------------|------------------|
| Specific Provisions | | |
| Loans and Receivables with Limited Collectability | 59.710 | 66.986 |
| Loans and Receivables with Doubtful Collectability | 430.977 | 410.993 |
| Uncollectible Loans and Receivables | 1.861.911 | 1.800.204 |
| Total | 2.352.598 | 2.278.183 |

8. Information on non-performing loans (Net)

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

| | Group III | Group IV | Group V |
|--|---|--|-------------------------------------|
| | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and receivables |
| Current Period | 8.684 | 29.364 | 75.090 |
| (Gross Amounts Before Specific Reserves) | -- | -- | -- |
| Restructured Loans and Other Receivables | -- | -- | -- |
| Rescheduled Loans and Other Receivables | 8.684 | 29.364 | 75.090 |
| 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 |

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(ii) Movement of non-performing loans

| | Group III | Group IV | Group V |
|---|--|--|--|
| | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and receivables |
| Balances at Beginning of Period | 471.167 | 718.083 | 1.979.524 |
| Additions (+) | 720.243 | 45.745 | 40.981 |
| Transfers from Other Categories of Non-Performing Loans (+) | -- | 639.931 | 536.835 |
| Transfers from Other Categories of Non-Performing Loans (-) | 639.931 | 536.835 | -- |
| Collections (-) | 155.048 | 100.566 | 207.243 |
| Write-offs (-) | -- | -- | 295.553 |
| Corporate and Commercial Loans | -- | -- | -- |
| Retail Loans | -- | -- | 115.663 |
| Credit Cards | -- | -- | 96.918 |
| Other | -- | -- | 82.972 |
| Balances at End of the Period | 396.431 | 766.358 | 2.054.562 |
| Specific Provisions (-) | 59.710 | 430.977 | 1.861.911 |
| Net Balance on Balance Sheet | 336.721 | 335.381 | 192.651 |

(*)The Parent Bank has sold retail loan, credit cards and enterprise credit portfolio amounting to TL 295.535, followed under nonperforming loan accounts to Finansal Varlık Yönetimi A.Ş. with the amounting of TL 30.100 , with sales agreements dated 29 April and 30 June 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: 30 June 2016 | | | |
| Balance as of the Period End | 1.995 | 9.234 | 1.492 |
| Specific Provisions (-) | 650 | 8.111 | 1.070 |
| Net Balance on Balance Sheet | 1.345 | 1.123 | 422 |
| 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): 30 June 2016 | 336.721 | 335.381 | 192.651 |
| Loans Granted to Real Persons and Legal Entities (Gross) | 396.431 | 764.450 | 2.054.562 |
| Specific provisions (-) | 59.710 | 429.069 | 1.861.911 |
| Loans Granted to Real Persons and Legal Entities (Net) | 336.721 | 335.381 | 192.651 |
| Banks (Gross) | -- | -- | -- |
| Specific provisions (-) | -- | -- | -- |
| Banks (Net) | -- | -- | -- |
| Other Loan and Receivables (Gross) | -- | 1.908 | -- |
| Specific provisions (-) | -- | 1.908 | -- |
| 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) | -- | 1.925 | -- |
| Specific provisions (-) | 66 | 1.925 | -- |
| Other Loan and Receivables (Net) | (66) | -- | -- |

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 1.830.293 (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 833.747 (31 December 2015: TL 959.121).

2. Information on government securities held-to-maturity

| | Current Period | Prior Period |
|----------------------------------|-----------------------|---------------------|
| Government Bonds | 3.411.579 | 3.343.952 |
| Treasury Bills | -- | -- |
| Other Government Debt Securities | -- | -- |
| Total | 3.411.579 | 3.343.952 |

3. Information on investment securities held-to-maturity

| | Current Period | Prior Period |
|----------------------------|-----------------------|---------------------|
| Debt Securities | 3.451.630 | 3.381.640 |
| Quoted on Stock Exchange | 3.418.185 | 3.349.423 |
| Unquoted on Stock Exchange | 33.445 | 32.217 |
| Impairment (-) | 6.606 | 5.471 |
| Total | 3.445.024 | 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 (*) | 77.167 | 242.891 |
| Purchases | -- | -- |
| Disposals/Redemptions | -- | (3.451) |
| Impairment losses (-) | 8.312 | 5.471 |
| Total | 3.445.024 | 3.376.169 |

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

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 2.645.113 and US Dollar 136.323, 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 232.397 followed under equity until the date of classification will be amortized with effective interest method and recycled to profit/loss until the maturities of these securities. As of the balance sheet date, the remaining negative valuation difference under equity is TL 178.529 (31 December 2015: TL 192.722).

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g. Investments in associates

1. Investments in unconsolidated associates

| Title | Address (City/Country) | The Parent Bank's share percentage (%) | The Parent Bank's risk group share percentage (%) |
|--|---------------------------|---|---|
| 1-Kredi Kayıt Bürosu A.Ş. (*) | 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 | 152.693 | 118.975 | 95.442 | 1.049 | -- | 5.766 | 9.994 | -- |
| 2 | 303.700 | 299.526 | 5.691 | 15.573 | -- | 5.483 | 10.287 | -- |
| 3 | 11.541 | 11.095 | 8.393 | 135 | -- | (465) | (1.175) | -- |

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

h. Investments in subsidiaries

1. Information on shareholders' of major subsidiaries

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

Amounts at below prepared within the scope of regulation depended by Denizbank AG and they are obtained from financial datas of 30 June 2016.

| | Denizbank AG |
|---------------------------------|------------------|
| Paid-in capital | 615.355 |
| Share Premium | 900.189 |
| Reserves | 1.871.767 |
| Deductions from capital | 232 |
| Total Common Equity | 3.387.079 |
| Total Additional Tier I Capital | -- |
| Deductions from capital | 926 |
| Total Core Capital | 3.386.153 |
| Total Supplementary Capital | 43.341 |
| Capital | 3.429.494 |
| Deductions from capital | -- |
| SHAREHOLDERS' EQUITY | 3.429.494 |

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2. Information on non-consolidated subsidiaries

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

| | Total Assets | Shareholders'Equity | Total Fixed Assets | Interest Income | Income on Securities Portfolio | Current Period Profit/(Loss) | Prior Period Profit/(Loss) | Fair Value |
|---|--------------|---------------------|--------------------|-----------------|--------------------------------|------------------------------|----------------------------|------------|
| 1 | 84.219 | 6.606 | 49.509 | 200 | -- | 1.038 | 71 | -- |
| 2 | 1.278 | 1.239 | -- | -- | -- | (35) | (33) | -- |
| 3 | 231 | 224 | -- | 4 | -- | (10) | (4) | -- |
| 4 | 297 | 295 | -- | -- | -- | 2 | 4 | -- |
| 5 | 74 | 74 | -- | -- | -- | (2) | (11) | -- |

Information on the financial statements is presented as of the period ended 30 June 2016, subsidiaries above are not included in consolidation because they are nonfinancial partnerships.

3. Information on consolidated subsidiaries

| Title | Address (City/Country) | The Parent Bank's share percentage(%) | Other shareholders' share percentage (%) (*) | Consolidation Method |
|---|------------------------|---------------------------------------|--|----------------------|
| 1 Denizbank AG | Vienna/Austria | 100 | -- | Full consolidation |
| 2 Eurodeniz International Banking Unit Ltd. | Nicosia / Cyprus | 100 | -- | Full consolidation |
| 3 Deniz Yatırım Menkul Kıymetler A.Ş. | Istanbul/Turkey | 100 | -- | Full consolidation |
| 4 Ekspres Menkul Değerler A.Ş.(**) | Istanbul/Turkey | 71 | 29 | Full consolidation |
| 5 JSC Denizbank Moskova | Moscow / Russia | 49 | 51 | Full consolidation |
| 6 Deniz Portföy Yönetimi A.Ş. | Istanbul/Turkey | -- | 100 | Full consolidation |
| 7 Deniz Finansal Kiralama A.Ş. | Istanbul/Turkey | 49 | 51 | Full consolidation |
| 8 Deniz Faktoring A.Ş. | Istanbul/Turkey | 100 | -- | Full consolidation |
| 9 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. | Istanbul/Turkey | -- | 91 | Full consolidation |
| 10 Destek Varlık Yönetim A.Ş.(***) | Istanbul/Turkey | -- | 100 | Full consolidation |
| 11 CR Erdberg Eins GmbH & Co KG | Vienna/Austria | -- | 100 | Full consolidation |

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

(**) The operations of Ekspres Menkul Değerler A.Ş. were suspended as of 31 December 2013 pursuant to the resolution taken at the Board of Directors meeting of Ekspres Menkul Değerler A.Ş. dated 28 November 2013 and numbered 2013/29.

(***)It is decided to sell the company in 2016 with the decision of Board of Directors dated 14 July 2016 to carry out the sale in question to Lider Faktoring, Merkez Faktoring and individuals on condition that obtaining approvals of BRSA and Competition Authority.

| | 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 | 30.205.978 | 3.422.308 | 26.804 | 685.970 | 16.452 | 185.665 | 231.057 | -- | -- |
| 2 | 281.050 | 19.611 | 65 | 10.987 | -- | 160 | 154 | -- | -- |
| 3 | 162.448 | 141.762 | 2.545 | 2.648 | 121 | 4.260 | (11.957) | -- | -- |
| 4 | 16.018 | 14.725 | 2.313 | 482 | 114 | 845 | 200 | -- | -- |
| 5 | 743.942 | 170.364 | 2.358 | 20.752 | 2.144 | 12.850 | 13.653 | -- | -- |
| 6 | 11.482 | 10.281 | 20 | 535 | 13 | 1.675 | 1.144 | -- | -- |
| 7 | 2.669.594 | 600.964 | 88.642 | 107.095 | -- | 46.251 | 33.214 | -- | -- |
| 8 | 1.138.753 | 203.526 | 1.804 | 72.898 | -- | 28.796 | 24.248 | -- | -- |
| 9 | 188.679 | 187.416 | 230 | 28 | -- | 2.602 | 2.252 | -- | -- |
| 10 | 67.812 | 12.176 | 38 | 6.697 | -- | 1.161 | 694 | -- | -- |
| 11 | 67.637 | 60.589 | 54.836 | 5 | -- | 964 | 860 | -- | -- |

Includes information on the consolidated financial statements as of 30 June 2016.

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(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 | 1.331 | 273.867 |
| Purchases (*) | -- | 257.537 |
| Bonus Shares Received | -- | -- |
| Dividends from Current Year Profit | -- | -- |
| Sales | -- | -- |
| Revaluation Increase, Effect of Inflation and F/X Difference | 1.331 | 16.330 |
| Other | -- | -- |
| Allowance for impairment | -- | -- |
| Balance at the End of the Period | 2.309.252 | 2.307.921 |
| Capital Commitments | -- | -- |
| Share Percentage at the end of Period (%) | -- | -- |

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

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

| | Current Period | Prior Period |
|---------------------|------------------|------------------|
| Banks | 1.409.595 | 1.409.200 |
| Insurance Companies | -- | -- |
| Factoring Companies | 138.107 | 138.107 |
| Leasing Companies | 464.486 | 462.173 |
| Finance Companies | 9.999 | 9.999 |
| Other Subsidiaries | 287.065 | 288.442 |
| Total | 2.309.252 | 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 | 65.796 | 67.624 |
| Quoted on foreign markets | -- | -- |

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

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

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

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

| Title | The Parent Bank's share percentage (%) | The Group's share percentage (%) | Current Assets | Non-Current Assets | Non-Current Liabilities | Income | Expenses |
|---|--|----------------------------------|----------------|--------------------|-------------------------|--------|----------|
| Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. | 33 | 33 | 21.657 | 17.092 | -- | 46.533 | (41.014) |

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

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j. Information on receivables from leasing activities

1. Maturity analysis of finance lease receivables

| | Current Period | | Prior Period | |
|-------------------|------------------|------------------|------------------|------------------|
| | Gross | Net | Gross | Net |
| Less than 1 year | 201.652 | 192.905 | 980.260 | 828.480 |
| Between 1-4 years | 1.279.730 | 1.136.588 | 1.285.557 | 1.088.637 |
| Over 4 years | 1.423.953 | 1.064.370 | 425.436 | 353.247 |
| Total | 2.905.335 | 2.393.863 | 2.691.253 | 2.270.364 |

2. Information on net investments in finance lease receivables

| | Current Period | Prior Period |
|---|------------------|------------------|
| Gross finance lease receivable | 2.905.335 | 2.691.253 |
| Unearned finance income (-) | 511.472 | 420.889 |
| Cancelled leasing agreements (-) | -- | -- |
| Net investment on finance leases | 2.393.863 | 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.

As of 30 June 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 | 24.465 | 17.376 |
| Between 1-5 years | 23.112 | 19.579 |
| 5 years and over | -- | -- |
| Total | 47.577 | 36.955 |

k. Explanation on hedging purpose derivatives

None (31 December 2015: None).

l. Explanation on investment property

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

As of 30 June 2016, the Group has investment property is amounting to TL 157.766 (31 December 2015: TL 157.381) which carried from it's fair value on the Group's Financial Statements.

m. Information on deferred tax asset

Deferred tax asset calculated on the basis of related regulation is TL 108.373 (31 December 2015: TL 141.366) and deferred tax liability is TL 20.936 (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 | 63.974 | 37.441 |
| Unearned Income | 48.383 | 42.750 |
| Provision for Employee Benefits | 23.013 | 20.461 |
| Valuation Differences of Financial Assets | 8.182 | 20.385 |
| Financial Loss (*) | 620 | 71.752 |
| Other | -- | 3.787 |
| Deferred Tax Assets | 144.172 | 196.576 |
| Valuation Differences of Tangible Assets | (19.696) | (19.883) |
| Valuation Differences of Derivatives | (9.552) | (43.979) |
| Other | (27.487) | -- |
| Deferred Tax Liabilities | (56.735) | (63.862) |
| Net Deferred Tax Assets | 87.437 | 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).

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

None (31 December 2015: None).

o. Information on other assets

1. Information on prepaid expense, taxes and similar items

DFS Group's total prepaid expenses are TL 292.403 (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: 30 June 2016

| | 7 | | | | | | | Accumulated | |
|-------------------------------|------------|-------------|---------------|------------|------------|-----------------|-----------------|------------------|------------|
| | Demand | Days Notice | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Months-1 Year | 1 Year and Over | Deposit Accounts | Total |
| Saving Deposits | 2.001.420 | -- | 1.711.308 | 13.374.015 | 394.616 | 120.857 | 246.338 | 32.956 | 17.881.510 |
| Foreign Currency Deposits (*) | 9.351.134 | -- | 3.411.667 | 10.943.314 | 1.117.359 | 3.139.715 | 17.854.530 | 1.326 | 45.819.045 |
| Residents in Turkey | 3.454.548 | -- | 3.143.096 | 10.207.339 | 855.412 | 757.424 | 1.471.817 | 1.165 | 19.890.801 |
| Residents Abroad | 5.896.586 | -- | 268.571 | 735.975 | 261.947 | 2.382.291 | 16.382.713 | 161 | 25.928.244 |
| Public Sector Deposits | 711.407 | -- | 13.991 | 47.873 | 2.576 | 321 | 534 | -- | 776.702 |
| Commercial Deposits | 2.099.337 | -- | 1.579.495 | 4.160.650 | 162.966 | 56.529 | 142.771 | -- | 8.201.748 |
| Other Ins. Deposits | 99.458 | -- | 96.372 | 1.275.274 | 525.181 | 84.856 | 25.058 | -- | 2.106.199 |
| Precious Metal Deposits | 118.706 | -- | 11.344 | 114.184 | 15.221 | 38.158 | 11.544 | 3.702 | 312.859 |
| Bank Deposits | 68.948 | -- | 262.332 | 376.134 | 617.754 | 1.449 | -- | -- | 1.326.617 |
| Central Bank | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Domestic Banks | 4.288 | -- | 70 | 23.967 | -- | 1.449 | -- | -- | 29.774 |
| Foreign Banks | 54.047 | -- | 262.262 | 352.167 | 617.754 | -- | -- | -- | 1.286.230 |
| Special Finan. Inst. | 10.613 | -- | -- | -- | -- | -- | -- | -- | 10.613 |
| Other | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 14.450.410 | -- | 7.086.509 | 30.291.444 | 2.835.673 | 3.441.885 | 18.280.775 | 37.984 | 76.424.680 |

(*) Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 32.428.062 and Commercial Deposit customers at the amount of TL 13.390.983.

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Prior Period: 31 December 2015

| | 7 | | | | | | | | |
|----------------------------------|-------------------|----------------|------------------|-------------------|------------------|---------------------|--------------------|------------------------------------|-------------------|
| | Demand | Days Notice | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Months- 1 Year | 1 Year and Over | Accumulated Deposit Accounts | Total |
| Saving Deposits | 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.

| | Saving Deposit Insurance Fund | | Exceeding the Insurance Coverage Limit | |
|---|----------------------------------|------------------|---|-------------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Saving Deposits | 9.150.206 | 7.838.510 | 8.597.714 | 8.447.404 |
| Foreign Currency Saving Deposits | 2.252.949 | 2.148.057 | 9.548.550 | 7.964.570 |
| Other Saving Deposits | -- | -- | -- | -- |
| Foreign Branches' Deposits Under Foreign Insurance Coverage | -- | -- | -- | -- |
| Off-Shore Deposits Under Foreign Insurance Coverage | -- | -- | -- | -- |
| Total | 11.403.155 | 9.986.567 | 18.146.264 | 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 | 121.878 | 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 | 34.856 | 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 | 110.833 | 110.234 |
| Total | 267.567 | 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.

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b. Information on trading purpose derivatives

1. Negative value of trading purpose derivatives

| | Current Period | | Prior Period | |
|----------------------|----------------|----------------|----------------|----------------|
| | TL | FC | TL | FC |
| Forward Transactions | 467 | 35.304 | 3.413 | 28.971 |
| Swap Transactions | 257.433 | 556.459 | 307.637 | 276.878 |
| Futures Transactions | -- | -- | -- | -- |
| Options | 9 | 31.282 | -- | 21.742 |
| Other | -- | -- | -- | -- |
| Total | 257.909 | 623.045 | 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 | 1.160.438 | 484.135 | 1.416.454 | 291.518 |
| Foreign Bank, Institutions and Funds | 977.705 | 7.748.443 | 437.469 | 9.111.825 |
| Total | 2.138.143 | 8.232.578 | 1.853.923 | 9.403.343 |

2. Maturity information of funds borrowed

| | Current Period | | Prior Period | |
|----------------------|------------------|------------------|------------------|------------------|
| | TL | FC | TL | FC |
| Short-Term | 1.638.130 | 3.636.149 | 1.853.923 | 5.411.777 |
| Medium and Long-Term | 500.013 | 4.596.429 | -- | 3.991.566 |
| Total | 2.138.143 | 8.232.578 | 1.853.923 | 9.403.343 |

d. Information on securities issued

| | Current Period | | Prior Period | |
|-----------------------|------------------|------------------|------------------|------------------|
| | TL | FC | TL | FC |
| Bonds | -- | 1.298.347 | 103.222 | 1.481.142 |
| Bills | 1.299.826 | -- | 945.365 | -- |
| Asset Backed Security | 423.041 | -- | 556.311 | -- |
| Total | 1.722.867 | 1.298.347 | 1.604.898 | 1.481.142 |

Nominal value of TL 129.997 (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 | 778.898 | 723.563 |
| Additional Provision for Loans with Extended Maturities | 54.305 | 31.355 |
| Provisions for Loans and Receivables in Group II | 186.646 | 170.305 |
| Additional Provision for Loans with Extended Maturities | 100.176 | 88.712 |
| Provisions for Non Cash Loans | 88.557 | 81.471 |
| Other | -- | -- |
| Total | 1.054.101 | 975.339 |

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

As of 30 June 2016, the reserves allocated for the exchange rate differences of loans indexed to foreign currency amount to TL 38.661 (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 30 June 2016, TL 77.513 of provision for employment termination benefits (31 December 2015: TL 70.923) and TL 43.993 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 | 13.925 | 17.891 |
| Actuarial loss/gain | -- | (1.781) |
| Paid in the period | (7.346) | (10.785) |
| FX difference | 11 | 167 |
| Balance at the End of the Period | 77.513 | 70.923 |

4. Information on other provisions

(i) As of 30 June 2016, the free reserves allocated to potential risks amount to TL 33.807 (31 December 2015: TL 12.813), which includes other reserves set aside for credit portfolio.

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

TL 73.717 (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 26.392 (31 December 2015: TL 26.288) consists of

provisions for lawsuits pending against DFS Group and TL 36.851 (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 30 June 2016, the corporate tax provision of DFS Group is TL 226.015 (31 December 2015: TL 155.107), and it has been offset with advance taxes amounting to TL136.928 (31 December 2015: TL 151.424).

(ii) Information on taxes payable

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Corporate taxes payable | 89.087 | 3.683 |
| Taxation on securities | 49.157 | 45.588 |
| Capital gains taxes on property | 2.019 | 1.779 |
| Banking Insurance Transaction Tax (BITT) | 39.843 | 42.730 |
| Taxes on foreign exchange transactions | -- | -- |
| Value added taxes payable | 6.850 | 2.118 |
| Other | 14.671 | 41.219 |
| Total | 201.627 | 137.117 |

(iii) Information on premiums

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Social security premiums- employee share | 8.154 | 7.512 |
| Social security premiums- employer share | 8.950 | 8.218 |
| Bank pension fund premium- employee share | -- | -- |
| Bank pension fund premium- employer share | -- | -- |
| Pension fund membership fees and provisions- employee share | 561 | 291 |
| Pension fund membership fees and provisions- employer share | 687 | 356 |
| Unemployment insurance- employee share | 588 | 537 |
| Unemployment insurance- employer share | 1.117 | 1.024 |
| Other | 5.392 | 5.795 |
| Total | 25.449 | 23.733 |

2. Information on deferred tax liabilities

Deferred tax liability calculated on the basis of related regulation is TL 20.936 (31 December 2015: TL 8.652). Information on deferred taxes is disclosed in Note "m" of explanations and disclosures related to consolidated assets.

j. Information on shareholders' equity

1. Paid-in capital

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

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

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

Registered paid-in capital system is not applied.

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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 TL 1.500.000 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

None.

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

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

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

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

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

The Parent Bank does not have any preferred stocks.

8. Common stock issue premiums, shares and equity instruments

| | Current Period | Prior Period |
|-----------------------------------|----------------|--------------|
| Number of Shares (*) | 50.368.526 | 50.368.526 |
| Preferred Stock | -- | -- |
| Common Stock Issue Premium (**) | 15 | 39 |
| Common Stock Cancellation Profits | -- | -- |
| Other Equity Instruments | -- | -- |
| Total Common Stock Issued (*) | 50.369 | 50.369 |

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

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

Share premium at an amount of TL 94.501 and inflation adjustment differences of share premium at an amount of TL 3.910 has been added to paid-in capital with the capital increase made by the 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 | (221.034) | 53.548 | (472.145) | (7.643) |
| FX Difference | -- | -- | -- | -- |
| Total | (221.034) | 53.548 | (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 | 228 | 892 |
| Increase/(decrease) in minority interest due to disposals | -- | -- |
| Other | -- | -- |
| Balance at the End of the Period | 7.426 | 7.198 |

12. Information on revaluation differences of tangible assets

There is no change in revaluation differences of plant, property and equipment in the current period. The explanation regarding capital increase can be found in Note II-j-3 of Section Five (31 December 2015: TL 113.097).

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

a. Information related to off-balance sheet commitments

1. Type and amount of irrevocable commitments

All of DFS Group's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 30 June 2016, non-cash loans, commitments for credit card limits and commitments for cheque payments are TL 24.381.209, TL 11.243.237 and TL 2.084.913, 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 30 June 2016, DFS Group has letters of guarantee amounting to TL 19.735.949, bills of exchange and acceptances amounting to TL 196.311, and guarantees and sureties on letters of credit amounting to TL 2.171.140 and other guarantees and sureties amounting to TL 2.777.809.

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 | 1.153.440 | 1.013.609 |
| Final Letters of Guarantee | 13.014.849 | 13.484.968 |
| Letters of Guarantee for Advances | 2.658.787 | 2.938.430 |
| Letters of Guarantee given to Customs Offices | 157.028 | 184.924 |
| Other Letters of Guarantee | 2.751.845 | 2.465.487 |
| Total | 19.735.949 | 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 | 5.282.326 | 4.624.008 |
| With Original Maturity of 1 Year or Less | 5.086.740 | 4.369.183 |
| With Original Maturity of More Than 1 Year | 195.586 | 254.825 |
| Other Non-Cash Loans | 19.098.883 | 19.820.407 |
| Total | 24.381.209 | 24.444.415 |

b. 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, including a total amount of TL 55.745 assessment consists of original tax at an amount of TL 4.495 and tax loss penalty at an amount of TL 6.743 in 2010, original tax at an amount of TL 4.664 and tax loss penalty at an amount of TL 6.996 in 2011, original tax at an amount of TL 2.625 and tax loss penalty at an amount of TL 3.937 in 2012, original tax at an amount of TL 5.863 and tax loss penalty at an amount of TL 8.795 in 2013 and original tax at an amount of TL 4.651 and tax loss penalty at an amount of TL 6.976 in 2014 has 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. It is considered that the debtor is responsible for encashment fee in accordance with established decisions and legislation and there is no provision made in financial statements since the implementation of the Parent Bank is considered to be in line with legislation. Application of conciliation after assessment related to aforementioned fines has been made and the reply of tax office is still being waited.

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, including a total amount of TL 952 assessment consisting of original tax at an amount of TL 35 and tax loss penalty at an amount of TL 52 in 2011, original tax at an amount of TL 45 and tax loss penalty at an amount of TL 68 in 2012 and original tax at an amount of TL 301 and tax loss penalty at an amount of TL 451 in 2014 has been delivered to Parent Bank on account of the fact that corporation tax regarding 2011, 2012 and 2014 was not paid completely. There is no provision made in financial statements since the implementation of the Parent Bank is considered to be in line with legislation. Application of conciliation after assessment related to aforementioned fines has been made and the reply of tax office is still being waited.

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, including a total amount of TL 67.780 assessment consisting of original tax at an amount of TL 3 and loss of tax fine at an amount of TL 5 in 2009, original tax at an amount of TL 2.018 and loss of tax fine at an amount of TL 3.027 in 2010 and original tax at an amount of TL 10.833 and loss of tax fine at an amount of TL 16.249 in 2011 and original tax at an amount of TL 3.538 and loss of tax fine at an amount of TL 5.307 in 2012 original tax at an amount of TL 6.764 and loss of tax fine at an amount of TL 10.146 in 2013 original tax at an amount of TL 3.956 and loss of tax fine at an amount of TL 5.934 in 2014 has been delivered to Parent Bank on account of the fact that Banking and Insurance transaction Tax was not paid. There is no provision made in financial statements since the implementation of the Parent Bank is considered to be in line with communique and advance ruling published by the Ministry of Finance regarding derivative transactions. Application of conciliation after assessment related to year of 2009, 2010, 2011, 2012, 2013 and 2014 has been made and the reply of tax office is still being waited.

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.

The Parent Bank shall use its legal rights for taxes and tax penalties regarding Resource Utilization Support Fund for the years 2009, 2010, 2011, 2012, 2013 and 2014; Corporation Tax for the years 2011, 2012 and 2014 and Debt Collection Fees for the years 2010, 2011, 2012, 2013 and 2014.

Based on the principle of conservatism DFS Group made a provision amounting to TL 26.392 (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.

IV. Explanations and disclosures related to consolidated statement of income

a. Interest income

1. Information on interest income received from loans

| | Current Period | | Prior Period | |
|--|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| Short Term Loans | 1.221.198 | 53.867 | 1.066.675 | 55.104 |
| Medium and Long Term Loans | 1.968.717 | 884.296 | 1.444.830 | 732.379 |
| Loans Under Follow-Up | 27.961 | -- | 27.163 | -- |
| Premiums Received from Resource Utilization Support Fund | -- | -- | -- | -- |
| Total | 3.217.876 | 938.163 | 2.538.668 | 787.483 |

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 | 70 | -- | -- | -- |
| Domestic Banks | 174 | 5.226 | 2.567 | 4.729 |
| Foreign Banks | 418 | 1.924 | 821 | 1.365 |
| Foreign Head Offices and Branches | -- | -- | -- | -- |
| Total | 662 | 7.150 | 3.388 | 6.094 |

The interest income from required reserves that maintain in CBRT of Parent Bank amounting to 23.422 (1 January-30 June 2015: 7.922) 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 | 2.306 | 431 | 5.141 | 180 |
| Financial Assets at Fair Value Through Profit or Loss | -- | -- | -- | -- |
| Investment Securities Available-for-Sale | 299.095 | 50.615 | 290.037 | 50.443 |
| Investment Securities Held-to-Maturity | 139.302 | 11.516 | 150.005 | 10.659 |
| Total | 440.703 | 62.562 | 445.183 | 61.282 |

4. Information on interest income received from associates and subsidiaries

| | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Received from Associates and Subsidiaries | 211 | 33 |

b. Interest expense

1. Information on interest expense related to funds borrowed

| | Current Period | | Prior Period | |
|--|----------------|----------------|---------------|----------------|
| | TL | FC | TL | FC |
| Banks | 81.315 | 257.819 | 70.541 | 205.837 |
| Central Bank of the Republic of Turkey | 3 | -- | 4 | -- |
| Domestic Banks | 56.407 | 3.357 | 46.493 | 3.110 |
| Foreign Banks | 24.905 | 254.462 | 24.044 | 202.727 |
| Foreign Head Offices and Branches | -- | -- | -- | -- |
| Other Institutions | -- | -- | -- | -- |
| Total | 81.315 | 257.819 | 70.541 | 205.837 |

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

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2. Information on interest expense paid to associates and subsidiaries

| | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Paid to Associates and Subsidiaries | 830 | 1.370 |

3. Information on interest expense paid to securities issued

| | Current Period | Prior Period |
|------------------------------------|----------------|--------------|
| Interest Paid to Securities Issued | 95.836 | 113.081 |

4. Maturity structure of the interest expense on deposits

| Account Name | Demand Deposits | Up to 1 Month | Time Deposit | | | | Cumulative Deposit | Total |
|---------------------------|-----------------|----------------|------------------|---------------|---------------|------------------|--------------------|------------------|
| | | | Up to 3 Month | Up to 6 Month | Up to 1 Year | More than 1 Year | | |
| TL | | | | | | | | |
| Bank Deposits | -- | 8.474 | -- | -- | -- | -- | -- | 8.474 |
| Saving Deposits | 22 | 87.856 | 746.606 | 16.262 | 6.592 | 11.025 | 1.355 | 869.718 |
| Public Sector Deposits | -- | 599 | 2.423 | 523 | 5 | 26 | -- | 3.576 |
| Commercial Deposits | -- | 111.982 | 224.441 | 13.173 | 3.951 | 2.217 | -- | 355.764 |
| Other Deposits | 1 | 4.869 | 73.269 | 5.761 | 2.209 | 622 | -- | 86.731 |
| "7 Days Notice" Deposits | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 23 | 213.780 | 1.046.739 | 35.719 | 12.757 | 13.890 | 1.355 | 1.324.263 |
| FC | | | | | | | | |
| Foreign Currency Deposits | 1.116 | 257.558 | 121.650 | 9.802 | 9.441 | 10.979 | 7 | 410.553 |
| Bank Deposits | 234 | 3.717 | -- | -- | -- | -- | -- | 3.951 |
| "7 Days Notice" Deposits | -- | -- | -- | -- | -- | -- | -- | -- |
| Precious Metal Deposits | 1 | 3.907 | 1.997 | 285 | 475 | 123 | 28 | 6.816 |
| Total | 1.351 | 265.182 | 123.647 | 10.087 | 9.916 | 11.102 | 35 | 421.320 |
| Grand Total | 1.374 | 478.962 | 1.170.386 | 45.806 | 22.673 | 24.992 | 1.390 | 1.745.583 |

c. Information on trading income / loss

| | Current Period | Prior Period |
|----------------------------------|--------------------|--------------------|
| Income | 103.264.426 | 121.119.986 |
| Capital Market Transactions | 23.099 | 61.856 |
| Derivative Financial Instruments | 2.915.346 | 2.615.997 |
| Foreign Exchange Gains | 100.325.981 | 118.442.133 |
| Loss (-) | 103.657.697 | 121.326.354 |
| Capital Market Transactions | 20.960 | 12.326 |
| Derivative Financial Instruments | 3.506.379 | 2.245.582 |
| Foreign Exchange Losses | 100.130.358 | 119.068.446 |
| Net Trading Income / Loss | (393.271) | (206.368) |

Net gain from foreign exchange translation differences related to derivative financial instruments is TL (808.824) (net gain for the period 1 January-30 June 2015: TL 20.860).

d. Information on other operating income

| | Current Period | Prior Period |
|---|----------------|----------------|
| Reversal of prior periods' provisions | 216.072 | 215.991 |
| Sale revenue for Real estate properties | 10.260 | 19.379 |
| Communication income | 5.573 | 7.061 |
| Cheque book fees | 1.910 | 2.159 |
| Other | 226.552 | 103.716 |
| Total | 460.367 | 348.306 |

"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 89.138 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.

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e. Impairment on loans and other receivables

| | Current Period | Prior Period |
|---|----------------|----------------|
| Specific Provisions on Loans and Other Receivables | 568.498 | 518.754 |
| <i>Loans and Receivables in Group III</i> | 75.980 | 81.964 |
| <i>Loans and Receivables in Group IV</i> | 229.260 | 207.151 |
| <i>Loans and Receivables in Group V</i> | 263.258 | 229.639 |
| Non-performing Commissions and Other Receivables | -- | -- |
| General Loan Loss Provisions | 78.762 | 75.502 |
| Free Provision for Probable Risks | 17.726 | 3.073 |
| Impairment Losses on Securities | 6.991 | 11.000 |
| <i>Financial Assets at Fair Value Through Profit or Loss</i> | -- | 724 |
| <i>Investment Securities Available-for-Sale</i> | 6.991 | 10.276 |
| Impairment Losses on Associates, Subsidiaries, Joint Ventures and | | |
| Investment Securities Held to Maturity | 1.135 | 1.280 |
| <i>Associates</i> | -- | -- |
| <i>Subsidiaries</i> | -- | -- |
| <i>Joint Ventures</i> | -- | -- |
| <i>Investment Securities Held-to-Maturity</i> | 1.135 | 1.280 |
| Other | 26.491 | 15.465 |
| Total | 699.603 | 625.074 |

f. Information related to other operational expenses

| | Current Period | Prior Period |
|---|------------------|------------------|
| Personnel Expenses | 681.634 | 615.935 |
| Reserve for Employee Termination Benefits | 6.877 | 4.887 |
| Reserve for Bank's Social Aid Fund Deficit | -- | -- |
| Impairment Losses on Tangible Assets | -- | -- |
| Depreciation Charges of Tangible Assets | 60.409 | 58.817 |
| Impairment Losses on Intangible Assets | -- | -- |
| Amortization Charges of Intangible Assets | 43.920 | 38.013 |
| Impairment Losses on Investment Accounted for under Equity Method | -- | -- |
| Impairment of Assets to be Disposed | -- | -- |
| Depreciation of Assets to be Disposed | 1.004 | 811 |
| Impairment of Assets Held for Sale | -- | -- |
| Other Operating Expenses | 448.588 | 410.249 |
| <i>Operational Leases Expenses</i> | 121.500 | 114.846 |
| <i>Repair and Maintenance Expenses</i> | 26.282 | 20.823 |
| <i>Advertisement Expenses</i> | 35.068 | 43.081 |
| <i>Other Expenses (*)</i> | 265.738 | 231.499 |
| Losses on Sale of Assets | 1.528 | 1.867 |
| Other | 168.250 | 162.975 |
| Total | 1.412.210 | 1.293.554 |

(*) 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 40.474, TL 39.467, TL 10.764, TL 3.612, TL 12.278, TL 50.359 and TL 108.784, respectively (1 January - 30 June 2015: TL 37.128, TL 29.275, TL 8.350, TL 3.401, TL 11.884, TL 48.539 and TL 92.922, respectively).

g. Information on profit / loss before tax from continuing operations

As 1 January-30 June 2016, DFS Group has a profit before tax from continuing operations amounting to TL 959.881 (1 January-30 June 2015: TL 648.831).

h. Information on tax provision for continued and discontinued operations

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

As 1 January-30 June 2016 the current period taxation charge on continuing operations is TL 226.849 (1 January-30 June 2015: TL 70.250) while deferred tax benefit is TL 29.262 (1 January-30 June 2015: TL 75.746 deferred tax charge).

There are not current period taxation charge on discontinuing operations. (1 January-30 June 2015: None).

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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 (+) | 186.228 | 63.026 |
| Arising from Reversal of Deductible Temporary Differences (-) | (130.668) | (153.813) |
| Arising from Origination of Taxable Temporary Differences (-) | (59.381) | (37.022) |
| Arising from Reversal of Taxable Temporary Differences (+) | 33.083 | 52.063 |
| Total | 29.262 | (75.746) |

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 | 126.693 | (159.317) |
| Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences | (26.298) | 15.041 |
| Arising from Origination (+)/ Reversal (-) of Tax Losses | (71.133) | 68.530 |
| Arising from Origination (+)/ Reversal (-) of Unused Tax Credits | -- | -- |
| Total | 29.262 | (75.746) |

i. Information on net profit and loss

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

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

2. Profit or loss attributable to minority interests

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Profit/(loss) attributable to minority interests | 228 | 195 |

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

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

| Other Fees and Commissions Received | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Credit card clearing and other commissions | 284.659 | 227.247 |
| Contracted merchant / POS commissions | 123.855 | 109.580 |
| Insurance services | 69.818 | 52.806 |
| Filing fees | 56.347 | 44.548 |
| Intermediary services | 43.796 | 37.121 |
| Account management fees | 33.346 | 42.259 |
| Remittance commissions | 20.581 | 18.664 |
| Expertise fees | 7.799 | 7.150 |
| Other | 58.690 | 76.695 |
| Total | 698.891 | 616.070 |

| Other Fees and Commissions Paid | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Credit card / POS commissions | 142.851 | 115.912 |
| EFT fees and commissions | 4.959 | 4.311 |
| Other | 46.391 | 34.895 |
| Total | 194.201 | 155.118 |

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

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

Current Period

| DFS Group's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|---|---|----------|--|----------|---|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans and Other Receivables | | | | | | |
| Balance at the Beginning of the Period | 2 | 35.394 | 2.299 | 19.970 | 33 | 30 |
| Balance at the End of the Period | 21.096 | 16.878 | 688 | 4.845 | 53 | 30 |
| Interest and Commission Income Received | 214 | 31 | 68 | 7 | 2 | -- |

(*) 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 | 35 | 23 | 334 | 2 | 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 | 11.364 | 27.778 | 5.619.272 | 6.257.056 | 12.851 | 8.552 |
| Interest and Commission Income Received | 830 | 1.370 | 147.613 | 132.688 | 341 | 764 |

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

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

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

| DFS Group's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|---|---|--------------|--|--------------|---|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Transactions for Trading Purposes: | | | | | | |
| Balance at the Beginning of the Period | -- | -- | -- | 54.565 | 11.510 | 5.654 |
| Balance at the End of the Period | -- | -- | -- | -- | -- | 11.510 |
| Total Income/(Loss) | -- | -- | (5.332) | (9.603) | (388) | 5 |
| Transactions for Hedging Purposes: | | | | | | |
| Balance at the Beginning of the Period | -- | -- | -- | -- | -- | -- |
| Balance at the End of the Period | -- | -- | -- | -- | -- | -- |
| Total Income/(Loss) | -- | -- | -- | -- | -- | -- |

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

d. Information on benefit provided to Executives

DFS Group makes payment amounting to TL 21.794 (30 June 2015: TL 14.820) to its Executives as of 30 June 2016.

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

As of 30 June 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 6,2% of DFS Group's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,1% 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.

SECTION SIX

INDEPENDENT AUDITORS' REVIEW REPORT

I. Information on the independent auditors' review report

DFS Group's consolidated financial statements and footnotes have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Ernst&Young Global Limited) and the independent auditors' review report dated 4 August 2016 is presented in front of the consolidated financial statements.

II. Disclosures and footnotes prepared by independent auditor

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

SECTION SEVEN

INTERIM ACTIVITY REPORT

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

Message From the Chairman

Despite increasing geopolitical risks as well as the slowdown in the global economy, the Turkish banking sector posted a stable 5% growth in the first half of 2016. This growth was achieved while maintaining stable asset quality, capital adequacy levels of over 15% and a loan to deposit ratio of 117%. DenizBank, as one of the largest players of the Turkish banking sector, performed strong results for the first six months of 2016: consolidated assets grew by 4%, loans by 7% and deposits by 5%.

DenizBank reinforced its capital position that will allow the bank to continue to support all sectors of the economy with specific emphasis on agriculture, SME, tourism, maritime, education and healthcare. DenizBank will also support major investments playing a significant role in the development of Turkey.

During the first half of 2016, DenizBank continued to expand its product mix and services on the basis of its sound technology infrastructure.

Being the leader bank among all private banks in the agricultural sector, DenizBank introduced another innovative solution specially designed for producers. DenizBank opened a Facebook page "From Deniz to Soil" aims to provide agricultural consultancy for the farmers to produce their products more efficiently, weather forecasts, news on grants and supports and product prices at harvest.

Considering its priority to support SMEs, the backbone of Turkish economy, DenizBank launched new products and services to support female entrepreneurs and enable them to launching and growing their businesses.

DenizBank will continue to work for financial and operational success while continuously improving its quality of services to increase customer satisfaction.

Message From The President and CEO

In the first half of 2016, Turkish banking sector continued its support to Turkish economy that maintained its growth trend due to the impacts of recent global developments. DenizBank displayed a similar performance with the sector in asset, loan and deposit growth in the first half of the year.

Our consolidated and unconsolidated assets increased by 13% and 12% on a year on year basis & 4% and 6% on a year-to-date basis and reached TL117,9 billion and TL 89,3 billion, respectively.

DenizBank's consolidated and unconsolidated customer deposits reached TL 75,1 billion and TL 49,2 billion, recording 9% and 10% yearly increases & 5% and 9% year-to-date rise, respectively. Expanding customer base up 12% year-on-year, parallel to the branch network consisting of 732 branches in 81 provinces of Turkey together with 43 branches of its foreign subsidiaries, have been one of the most important factors in the increase of DenizBank's deposits. Beside deposits, in the first quarter half of 2016 DenizBank issued bonds in the amount of almost TL 1.351 million, diversifying its funding base.

In the first half of 2016, DenizBank continued to transfer its funds into the economy and reached its consolidated loans to TL 83,3 billion increasing by 15% y-o-y and 7% y-t-d. Unconsolidated loan volume was realized at TL 55,4 billion, growing by 13% y-o-y and 8% y-t-d. Consolidated cash and non-cash loan volume reached TL 107,7 million in total increasing by 12% y-o-y and 5% y-t-d.

DenizBank increased its paid-in capital to TL 3.316 million, up TL 1.5 million, of which TL 750 million was in cash. Our consolidated and unconsolidated shareholders' equity increased by 22% compared to the end of 2015, reaching TL 10,1 billion. Including subordinated loan, our consolidated shareholders' equity reached TL 15 billion increasing by 25% y-o-y and 14% y-t-d.

DenizBank increased its consolidated net profit of TL 762,3 million in the first half of 2016 with a 52% rise year on year basis, while recording TL 758,3 million unconsolidated net profit. DenizBank recorded 16,5% of consolidated ROE, higher than the sector average of 12,5%.

Being the leader bank among all private banks and supporting the producers in all fields, DenizBank opened a Facebook page titled as "From Deniz to Soil", for the first time in the sector, through which it will share the

latest developments on the agenda of the producers, news with rich content and all information required for agricultural production.

DenizBank continued to be praised by national and international platforms in 2016 for its differentiated innovative solutions. DenizBank SME Banking received the Golden Stevie for its “Fast Loan to Artisans” in Marketing Solution category under “Stevie Awards for Sales & Customer Service” by Stevie Awards which is one of the most prestigious awards of the world.

Placing technology in the heart of its activities, DenizBank was also awarded as “Model Bank” in the category of “Digital Banking Transformation” by “Celent”, which is a globally renowned company of Oliver Wyman. Reaching this success with Internet of Things projects, DenizBank has proven once more its leadership in digital transformation and its innovative structure on a global scale.

Besides these awards, DenizBank also received “Institution to Increase Highest Level Of Reputation in the Banking Sector” by the public jury as a result of the “2015 Reputation and Brand Value Performance Measurement” conducted by Akademetre that is prominent in consumer surveys and leading publisher of the sector Marketing Türkiye.

Continuing to support education, culture, arts and sports besides the contribution it provides to the economy of the country with its financial activities, DenizBank became the main sponsor of “Toplum Gönüllüleri Vakfı”(Community Volunteers Foundation) NGO that operates in 77 provinces. In 2016, giving its name, DenizBank continued its sponsorship support to the “First Script Contest” that was actualized by the collaboration of DenizBank and the Turkish Foundation of Cinema and Audio-visual Culture (TÜRSAK) in 2015.

In its 19th year, DenizBank will continue to write new success stories together with the Sberbank family, driven by dynamism of being a young bank and self-confidence of the unique success story achieved with a devoted work.

Changes in DFSG Companies

There are no significant changes in DenizBank Financial Services Group companies during the reporting period.

Amendments to Articles of Association

In line with our Bank’s Board of Directors’ decision dated 2 December 2015, it was decided to amend all articles of the Bank’s Articles of Association, except Article 6. The amendment text was approved by the CMB and the BRSA at the end of February and by the Ministry of Customs and Trade on 3 March 2016.

In accordance with our Bank’s Board of Directors’ decision dated 31 December 2015, it was decided to increase our bank’s capital from 1.816.100.000 TL to 3.316.100.000 TL and to amend article 6 of the Bank’s Articles of Association entitled “CAPITAL OF THE BANK” within this scope. The amendment text was approved by the CMB and the BRSA at the end of January and by the Ministry of Customs and Trade on 1 February 2016.

At the Ordinary General Assembly Meeting of our Bank held on 31 March 2016, it was decided to increase our bank’s capital from 1.816.100.000 TL to 3.316.100.000 TL and to amend Article 6 of our Bank’s Articles of Association entitled “CAPITAL OF THE BANK” within this scope and to amend all articles of our Bank’s Articles of Association, except Article 6 at the same meeting.

With the registration of the mentioned General Assembly decisions on 4 April 2016, all articles except Article 6 of our Articles of Association have been amended.

Following the decision of Extraordinary General Assembly, necessary applications were made to the CMB on 1 April 2016 regarding public offering of shares with a nominal value of TL 1.500.000.000 subject to increase and the offering circular related to the capital increase was approved by CMB on 23 May 2016. The preference right period was exercised between 27 May 2016 and 10 June 2016. The unused shares amounting to TL 16.223,115 remaining after use of preference rights was offered to the public on 15-16 June 2016 and the sale of the unused shares on ISE Primary Market was completed on 15 June 2016. With the registration of the resolution of the Ordinary General Assembly, held on 31 March 2016, related to the decision on the amendment of Article 6 regarding “CAPITAL OF THE BANK” of the Articles of Association of the Bank on 28 June 2016, the capital increase was completed. The shareholding structure of the Bank after the capital increase is as follows:

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DenizBank A.S. Shareholding structure

| Shareholders | Number of Shares | Nominal (TL) | % Shares |
|--------------------|--------------------------|----------------------|----------------|
| Sberbank of Russia | 3.311.211.133,518 | 114.771 | 99,85% |
| Other | 157,347 | 157 | 0,00% |
| Publicly Listed | 4.888.709,135 | 4.888.709 | 0,15% |
| TOTAL | 3.316.100.000,000 | 3.316.100.000 | %100,00 |

Amendments to Rating Notes

The amendments to Ratings of DenizBank assigned by Fitch Ratings and Moody's in 2016 are below.

On 11 March 2016, Moody's announced that it has placed "Ba2" foreign and local long term deposit ratings and "ba2" adjusted baseline credit assessment (adjusted BCA) of DenizBank on review for downgrade."NP" local and foreign short term deposit ratings and "ba3" baseline credit assessment rating (BCA) has not been affected from this action.

On 28 April 2016, Moody's announced that it has affirmed "Ba2" foreign and local long term deposit ratings and "ba2" adjusted baseline credit assessment (adjusted BCA) of DenizBank with "Negative" outlook. "NP" local and foreign short term deposit ratings and "ba3" baseline credit assessment rating (BCA) has not been affected from this action.

On 20 July 2016, Moody's announced that it has placed "Ba2" foreign and local long term deposit ratings, "ba2" adjusted baseline credit assessment (adjusted BCA) and "ba3" baseline credit assessment rating (BCA) of DenizBank on review for downgrade following the related placement of the Turkish sovereign rating under review for downgrade.

On 17 March 2016, Fitch Ratings announced that it has affirmed DenizBanks' long term local and foreign ratings as 'BB+', short term local and foreign ratings as 'B', viability rating as 'bb+', support rating as '3' and national rating as 'AA(tur)'. Ratings are as follows:

| Moody's* | | Fitch Ratings** | |
|--------------------------------------|--|-----------------------------|-----------------|
| Outlook | Ratings Under Review | Outlook | Stable |
| Long Term Foreign Currency Deposits | Ba2 (Watch on Possible Downgrade) | Long Term Foreign Currency | BB+ |
| Short Term Foreign Currency Deposits | Not Prime | Short Term Foreign Currency | B |
| Long Term Local Currency Deposits | Ba2 (Watch on Possible Downgrade) | Long Term Local Currency | BB+ |
| Short Term Local Currency Deposits | Not Prime | Short Term Local Currency | B |
| Baseline Credit Assessment (BCA) | ba3 (Watch on Possible Downgrade) | Viability | bb+ |
| | | Support | 3 |
| | | National | AA (tur) |

*As of 20.07.2016

**As of 18.03.2016

Financial Information

a. General Outlook of the Banking Sector

Evaluation of the banking sector according to the June 2016 data*:

| | |
|---|------------------|
| -Loan volume (excluding financial sector loans) | TL 1.542 billion |
| TL Loan volume (excluding financial sector loans) | TL 1.059 billion |
| FX Loan volume (excluding financial sector loans) | USD 167 billion |
| -Deposit Volume (excluding interbank deposits) | TL 1.331 billion |
| TL Deposit Volume (excluding interbank deposits) | TL 771 billion |
| FX Deposit Volume (excluding interbank deposits) | USD 193 billion |

In the first half of 2016, the total loan volume of the banking sector increased by 5% compared to the end of 2015 and by 12% compared to the same period of the previous year and reached TL 1.542 billion. In the first half of 2016, mortgage, general purpose, commercial and corporate loans became the segments with priority impact on total loan increase. In the first six months of the year, consumer loans indicated a 3% increase compared to 2015 year-end rates, while a 5% increase year-on-year basis. On the other hand, credit card loans showed an 1% increase in the first six months of the year. Commercial and corporate loans including SME loans grew by 6% in the first six months, while indicating 13% rise year-on-year basis. While completing

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the year of 2015 at level of 3,2% from its highest level of 5,8% during the crisis, the total NPL ratio increased to 3,4% as at June 2016, increasing 23 bps.

Total deposits reached TL 1.331 billion by increasing 12% compared to the same period of 2015 and 8% according to 2015-end. The sector's total equity rose by 17% y-o-y and 9% y-t-d in the first six months, reaching TL 285 billion.

The net profit of the banking sector in the first six months was realized as TL 19.0 billion recording a 40% y-o-y increase.

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

b. Summary Financial Highlights

| Summary Consolidated Financial Highlights (TL millions) | | |
|--|-------------------|-------------------|
| Balance Sheet | 30.06.2016 | 31.12.2015 |
| Securities ⁽¹⁾ | 13.215 | 13.381 |
| Net Loans ⁽²⁾ | 83.313 | 77.705 |
| Banks | 16.009 | 15.634 |
| Total Assets | 117.864 | 112.886 |
| Customer Deposits ⁽³⁾ | 75.098 | 71.204 |
| Time | 51.247 | 56.949 |
| Demand | 23.851 | 14.255 |
| Borrowings ⁽⁴⁾ | 10.371 | 11.257 |
| Securities Issued ⁽⁴⁾ | 3.021 | 3.086 |
| Sub-ordinated Loans | 4.820 | 4.846 |
| Shareholders' Equity | 10.137 | 8.294 |
| Paid-in Capital | 3.316 | 1.816 |
| Non-cash Loans | 24.381 | 24.444 |
| Income Statements | 30.06.2016 | 30.06.2015 |
| Interest Income | 4.832 | 3.966 |
| Interest Expense | (2.418) | (2.069) |
| Net Interest Income after Provisions | 1.714 | 1.272 |
| Non-interest Income | 853 | 826 |
| Non-interest Expense | (1.607) | (1.449) |
| Net Income | 762 | 503 |
| Other Highlights | 30.06.2016 | 31.12.2015 |
| Number of Branches ⁽⁵⁾ | 732 | 735 |
| Number of Employees | 14.609 | 14.853 |
| Number of ATMs | 4.522 | 4.355 |
| Number of POS Terminals | 201.451 | 200.020 |
| Number of Credit Cards | 3.399.245 | 3.284.266 |

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

⁽²⁾ Includes factoring and leasing receivables.

⁽³⁾ Excludes bank deposits

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

⁽⁵⁾ Includes subsidiaries' branches

c. Assessment of Financial Position and Risk Management

| | Consolidated | |
|--|---------------------|-------------------|
| | 30.06.2016 | 31.12.2015 |
| Capital Adequacy Ratio (%) | 14,48 | 12,93 |
| Shareholders' Equity | 10.137 | 8.294 |
| Return on Average Equity (%) | 16,5 | 11,1 |
| Non-performing Loans/ Total Cash Loans Ratio (%) | 3,8 | 4,0 |
| Free Capital ⁽¹⁾ | 8.008 | 6.164 |
| Free Capital Ratio ⁽²⁾ (%) | 6,79 | 5,46 |

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

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