

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

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

**INDEPENDENT AUDITOR'S REPORT, CONSOLIDATED  
FINANCIAL STATEMENTS AND NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2015**

I. Independent Auditor's Report

II. Publicly Disclosed Consolidated Financial Report

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

## **Independent auditor report**

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

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheet of Denizbank A.Ş. ("the Bank") and its consolidated subsidiaries (together will be referred as "the Group") as at 31 December 2015 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

Bank management is responsible for the preparation and fair presentation of the consolidated financial statement in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Reporting Legislation" which includes the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

#### ***Independent Auditor's responsibility***

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

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

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

#### ***Opinion***

In our opinion the accompanying consolidated financial statements presents fairly, in all material respects, the financial position of Denizbank A.Ş. and its subsidiaries as at 31 December 2015 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with BRSA Accounting and Reporting Legislation.

### ***Emphasis of Matter***

We draw attention to the Section Five Note III-d 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 opinion is not qualified in respect of this matter.

### **Reports on arising from other regulatory requirements:**

In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) no 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities for the period 1 January – 31 December 2015 are not in compliance with the code and provisions of the Bank’s articles of association in relation to financial reporting.

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

### **Additional paragraph for convenience translation to English:**

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

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



Fatma Ebru Yücel, SMMM  
Partner

Istanbul, 18 February 2016



**DENİZBANK A.Ş.**  
**CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2015**

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Büyükdere Caddesi No:141  
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The consolidated financial report package prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

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

Our structured 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 Yönetim 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 audit, are prepared in accordance with the "Regulation on Accounting Principles and Documentations", Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in Thousands of Turkish Lira.

18 February 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



**ARTEM DOVLATOV**  
Member of Board of Directors  
and Audit Committee



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



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

Contact information for questions on this financial report:

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## **SECTION ONE**

### **GENERAL INFORMATION**

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

Denizbank A.Ş. ("the Bank") was established as a public bank to provide financing services to the marine sector in 1938. In 1992, as a result of the resolution of the Government to merge some public banks, the Bank was merged to Emlakbank. Following the resolution of the High Council of Privatization numbered 97/5 and dated 20 March 1997 to privatize 100% of shares of Denizbank A.Ş., share sale agreement between Zorlu Holding A.Ş. and the Privatization Administration was signed on 29 May 1997 and the Bank started its activities on 25 August 1997 upon obtaining a permission to operate. Bank's shares have been quoted on Borsa İstanbul ("BIST") since 1 October 2004. 0,15% of the Bank's shares are publicly held as of 31 December 2015.

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**

<b>Name of the Shareholder</b>	<b>Amount (Full TL)</b>	<b>Share (%)</b>
Sberbank of Russia	1.813.422.610	99,85
Publicly traded	2.677.304	0,15
Others shareholders	86	-
<b>Total</b>	<b>1.816.100.000</b>	<b>100,00</b>

Explanation related to current period capital increase is given in Note II-I-3 of Section Five.

##### **Prior Period**

<b>Name of the Shareholder</b>	<b>Amount (Full TL)</b>	<b>Share (%)</b>
Sberbank of Russia	715.044.303	99,85
Publicly traded	1.055.663	0,15
Others shareholders	34	-
<b>Total</b>	<b>716.100.000</b>	<b>100,00</b>

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

<b>Name</b>	<b>Title</b>	<b>Shares owned (%)</b>
<b>President of the Board of Directors</b>		
Herman Gref	Chairman	–
<b>Board of Directors</b>		
Deniz Ülke Anboğan	Deputy Chairman	–
Hakan Ateş	Member, President and CEO	0,000002
Alexander Vedyakhin	Member	–
Nihat Sevinç	Member	–
Wouter G.M. Van Roste	Member	–
Timur Kozintsev	Member	–
Sergey Gorkov	Member	–
Vadim Kulik	Member	–
Derya Kumru	Member	–
Igor Kondrashov	Member	–
Alexander Morozov	Member	–
Artem Dovlatov	Member	–
<b>Audit Committee</b>		
Wouter G.M. Van Roste	Member	–
Nihat Sevinç	Member	–
<b>Executive Vice Presidents</b>		
Bora Böcügöz	Treasury, Financial Institutions, Private Banking	–
Suavi Demircioğlu	Financial Affairs	–
Dilek Duman	Information Technologies and Support Operations	–
Tanju Kaya	Central Operations and Foreign Subsidiaries	–
Gökhan Sun (*)	SME and Agricultural Banking	–
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 Hıçkırın	Card Payment Systems and Non-Branch Sales Channels	–
Murat Çelik	Digital Generation Banking	–
Selim Efe Teoman	Corporate and Commercial Loans	–
Ramazan Işık	Head of Inspection Board	–
Kürşad Taçalan	General Secretary and General Accounting	–
Ruslan Abil	Group Reporting and Asset/ Liability Management	–
Önder Özcan	Managerial Reporting and Budget Planning	–
Necip Yavuz Elkin	Human Resources and Deniz Academy	–
Burak Koçak (**)	SME 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	–

(\*) Gökhan Sun, General Manager Deputy responsible from SME and Agriculture Banking Group, resigned on 31 December 2015.

(\*\*) As of January 2016, Burak Koçak is assigned as the General Manager Deputy responsible for Agriculture Banking Group; Murat Kulaksız is assigned as the General Manager Deputy responsible for SME Banking Group.



**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	1.813.423	99,85%	1.813.423	–

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

As of 31 December 2015 the capital structure of Sberbank is as follows:

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

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

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

The Parent Bank is a private sector deposit bank which provides banking services to its customers through 691 domestic and 1 foreign branch as of 31 December 2015.

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  
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- II. Consolidated Statements of Off-Balance Sheet Items
- III. Consolidated Statements of Income
- IV. Consolidated Statements of Income and Expenses  
Under Shareholders' Equity
- V. Consolidated Statements of Changes in Shareholders'  
Equity
- VI. Consolidated Statements of Cash Flows
- VII. Consolidated Profit Distribution Tables

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(BALANCE SHEETS)**  
**AS OF 31 DECEMBER 2015 AND 2014**  
(Currency: Thousands of TL - Turkish Lira)

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

ASSETS	Footnotes	CURRENT PERIOD (31/12/2015)			PRIOR PERIOD (31/12/2014)		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(5.1.a)	<b>1.195.331</b>	<b>9.628.021</b>	<b>10.823.352</b>	<b>839.751</b>	<b>8.618.421</b>	<b>9.458.172</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.b)	<b>899.970</b>	<b>273.469</b>	<b>1.173.439</b>	<b>286.442</b>	<b>602.301</b>	<b>888.743</b>
2.1 Financial Assets Held For Trading		899.970	273.469	1.173.439	286.442	602.301	888.743
2.1.1 Public Sector Debt Securities		21.650	8.649	30.299	105.997	5.770	111.767
2.1.2 Share Certificates		78	79	157	97	148	245
2.1.3 Positive Value of Trading Purpose Derivatives		877.723	264.177	1.141.900	179.917	596.383	776.300
2.1.4 Other Securities		519	564	1.083	431	-	431
2.2 Financial Assets Designated at Fair Value		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Securities		-	-	-	-	-	-
<b>III. BANKS</b>	(5.1.c)	<b>23.566</b>	<b>6.199.134</b>	<b>6.222.700</b>	<b>429.142</b>	<b>4.212.920</b>	<b>4.642.062</b>
<b>IV. DUE FROM MONEY MARKETS</b>		<b>1.213.997</b>	<b>-</b>	<b>1.213.997</b>	<b>980.123</b>	<b>-</b>	<b>980.123</b>
4.1 Interbank Money Market		13.644	-	13.644	7.325	-	7.325
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Reverse Repurchase Agreements		1.200.353	-	1.200.353	972.798	-	972.798
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(5.1.d)	<b>7.310.139</b>	<b>2.663.050</b>	<b>9.973.189</b>	<b>6.443.558</b>	<b>1.965.623</b>	<b>8.409.181</b>
5.1 Share Certificates		3.929	108.971	112.900	3.929	15	3.944
5.2 Public Sector Debt Securities		7.306.210	2.157.005	9.463.215	6.428.923	1.587.224	8.016.147
5.3 Other Securities		-	397.074	397.074	10.706	378.384	389.090
<b>VI. LOANS AND RECEIVABLES</b>	(5.1.e)	<b>42.972.068</b>	<b>31.715.329</b>	<b>74.687.397</b>	<b>36.076.789</b>	<b>24.760.847</b>	<b>60.837.636</b>
6.1 Loans and Receivables		42.084.220	31.712.586	73.796.806	35.473.396	24.757.567	60.230.963
6.1.1 Loans Utilized to the Bank's Risk Group		23	10	33	48	-	48
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		42.084.197	31.712.576	73.796.773	35.473.348	24.757.567	60.230.915
6.2 Loans under Follow-Up		3.156.348	12.426	3.168.774	1.968.609	13.228	1.981.837
6.3 Specific Provisions (-)		2.268.500	9.683	2.278.183	1.365.216	9.948	1.375.164
<b>VII. FACTORING RECEIVABLES</b>		<b>712.017</b>	<b>35.285</b>	<b>747.302</b>	<b>1.708.896</b>	<b>66.117</b>	<b>1.775.013</b>
<b>VIII. INVESTMENT HELD TO MATURITY (Net)</b>	(5.1.f)	<b>2.875.209</b>	<b>500.960</b>	<b>3.376.169</b>	<b>2.726.604</b>	<b>415.596</b>	<b>3.142.200</b>
8.1 Public Sector Debt Securities		2.875.209	468.743	3.343.952	2.726.604	383.363	3.109.967
8.2 Other Securities		-	32.217	32.217	-	32.233	32.233
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.g)	<b>10.147</b>	<b>-</b>	<b>10.147</b>	<b>10.147</b>	<b>-</b>	<b>10.147</b>
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
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.h)	<b>5.649</b>	<b>111</b>	<b>5.760</b>	<b>5.649</b>	<b>98</b>	<b>5.747</b>
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		5.649	111	5.760	5.649	98	5.747
<b>XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)</b>	(5.1.i)	<b>2.800</b>	<b>-</b>	<b>2.800</b>	<b>2.800</b>	<b>-</b>	<b>2.800</b>
11.1 Joint Ventures accounted for Under Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		2.800	-	2.800	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
<b>XII. LEASE RECEIVABLES (Net)</b>	(5.1.j)	<b>704.878</b>	<b>1.565.486</b>	<b>2.270.364</b>	<b>687.665</b>	<b>1.264.080</b>	<b>1.951.745</b>
12.1 Financial Lease Receivables		888.297	1.802.956	2.691.253	868.575	1.437.162	2.305.737
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		183.419	237.470	420.889	180.910	173.082	353.992
<b>XIII. HEDGING PURPOSE DERIVATIVES</b>	(5.1.k)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(5.1.l)	<b>466.203</b>	<b>81.419</b>	<b>547.622</b>	<b>434.980</b>	<b>72.678</b>	<b>507.658</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	(5.1.m)	<b>174.927</b>	<b>3.330</b>	<b>178.257</b>	<b>149.992</b>	<b>3.983</b>	<b>153.975</b>
15.1 Goodwill		869	-	869	869	-	869
15.2 Others		174.058	3.330	177.388	149.123	3.983	153.106
<b>XVI. INVESTMENT PROPERTIES (Net)</b>	(5.1.n)	<b>157.381</b>	<b>-</b>	<b>157.381</b>	<b>128.137</b>	<b>-</b>	<b>128.137</b>
<b>XVII. TAX ASSETS</b>	(5.1.o)	<b>145.057</b>	<b>21.293</b>	<b>166.350</b>	<b>132.796</b>	<b>3.350</b>	<b>136.146</b>
17.1 Current Tax Assets		3.691	21.293	24.984	618	-	618
17.2 Deferred Tax Assets		141.366	-	141.366	132.178	3.350	135.528
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(5.1.p)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.q)	<b>974.381</b>	<b>355.802</b>	<b>1.330.183</b>	<b>821.095</b>	<b>552.434</b>	<b>1.373.529</b>
<b>TOTAL ASSETS</b>		<b>59.843.720</b>	<b>53.042.689</b>	<b>112.886.409</b>	<b>51.864.566</b>	<b>42.538.448</b>	<b>94.403.014</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(BALANCE SHEETS)**  
**AS OF 31 DECEMBER 2015 AND 2014**  
(Currency: Thousands of TL - Turkish Lira)

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

LIABILITIES AND EQUITY	Footnotes	CURRENT PERIOD (31/12/2015)			PRIOR PERIOD (31/12/2014)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.11.a)	<b>26.161.926</b>	<b>46.497.329</b>	<b>72.659.255</b>	<b>25.300.476</b>	<b>38.818.594</b>	<b>64.119.070</b>
1.1 Deposits of the Bank's Risk Group		71.979	514.048	586.027	37.485	451.880	489.365
1.2 Others		26.089.947	45.983.281	72.073.228	25.262.991	38.366.714	63.629.705
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(5.11.b)	<b>311.050</b>	<b>327.591</b>	<b>638.641</b>	<b>88.654</b>	<b>743.305</b>	<b>831.959</b>
<b>III. FUNDS BORROWED</b>	(5.11.c)	<b>1.853.923</b>	<b>9.403.343</b>	<b>11.257.266</b>	<b>1.902.190</b>	<b>5.986.841</b>	<b>7.889.031</b>
<b>IV. DUE TO MONEY MARKETS</b>		<b>7.184.158</b>	-	<b>7.184.158</b>	<b>2.698.848</b>	<b>52.358</b>	<b>2.751.206</b>
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		720.000	-	720.000	-	-	-
4.3 Repurchase Agreements		6.464.158	-	6.464.158	2.698.848	52.358	2.751.206
<b>V. SECURITIES ISSUED (Net)</b>	(5.11.d)	<b>1.604.898</b>	<b>1.481.142</b>	<b>3.086.040</b>	<b>1.934.739</b>	<b>1.458.613</b>	<b>3.393.352</b>
5.1 Bills		945.365	-	945.365	1.161.163	-	1.161.163
5.2 Asset Backed Securities		556.311	-	556.311	568.084	-	568.084
5.3 Bonds		103.222	1.481.142	1.584.364	205.492	1.458.613	1.664.105
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrowers Funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. SUNDRY CREDITORS</b>		<b>1.185.867</b>	<b>586.352</b>	<b>1.772.219</b>	<b>990.957</b>	<b>441.842</b>	<b>1.432.799</b>
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(5.11.e)	<b>978.653</b>	<b>776.012</b>	<b>1.754.665</b>	<b>876.467</b>	<b>642.859</b>	<b>1.519.326</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.11.f)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses ( - )		-	-	-	-	-	-
<b>XI. HEDGING PURPOSE DERIVATIVES</b>	(5.11.g)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.11.h)	<b>1.201.923</b>	<b>22.578</b>	<b>1.224.501</b>	<b>1.052.545</b>	<b>27.887</b>	<b>1.080.432</b>
12.1 General Provisions		975.339	-	975.339	813.128	-	813.128
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		102.009	5.004	107.013	95.511	3.826	99.337
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		124.575	17.574	142.149	143.906	24.061	167.967
<b>XIII. TAX LIABILITIES</b>	(5.11.i)	<b>158.159</b>	<b>11.343</b>	<b>169.502</b>	<b>270.673</b>	<b>31.019</b>	<b>301.692</b>
13.1 Current Tax Liability		157.649	3.201	160.850	269.914	19.376	289.290
13.2 Deferred Tax Liability		510	8.142	8.652	759	11.643	12.402
<b>XIV. SALE AND DISCONTINUED OPERATIONS (Net)</b>	(5.11.j)	-	-	-	-	-	-
14.1 Held For Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(5.11.k)	-	<b>4.845.965</b>	<b>4.845.965</b>	-	<b>3.922.963</b>	<b>3.922.963</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.11.l)	<b>6.054.349</b>	<b>2.239.848</b>	<b>8.294.197</b>	<b>5.934.643</b>	<b>1.226.541</b>	<b>7.161.184</b>
16.1 Paid-In Capital		1.816.100	-	1.816.100	716.100	-	716.100
16.2 Supplementary Capital		(926.975)	(7.623)	(934.598)	104.871	(15.852)	89.019
16.2.1 Share Premium		39	-	39	98.411	-	98.411
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Securities Revaluation Reserve		(472.145)	(7.643)	(479.788)	(122.828)	(15.961)	(138.789)
16.2.4 Revaluation Fund on Tangible Assets	(5.11.l)	113.097	-	113.097	306.054	-	306.054
16.2.5 Revaluation Fund on Intangible Assets		-	-	-	-	-	-
16.2.6 Revaluation Fund on Investment Properties		13.397	-	13.397	-	-	-
16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		11	-	11	11	-	11
16.2.8 Hedging Funds (Effective Portion)		(583.282)	20	(583.262)	(366.424)	109	(366.315)
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Supplementary Capital		1.908	-	1.908	189.647	-	189.647
16.3 Profit Reserves		4.464.231	538.631	5.002.862	3.956.758	282.578	4.239.336
16.3.1 Legal Reserves		144.542	5.019	149.561	144.542	5.019	149.561
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		4.287.872	11.173	4.299.045	3.791.149	11.173	3.802.322
16.3.4 Other Profit Reserves		31.817	522.439	554.256	21.067	266.386	287.453
16.4 Profit or Loss		693.795	1.708.840	2.402.635	1.150.608	959.815	2.110.423
16.4.1 Prior Periods' Profits / Losses		534.187	1.010.045	1.544.232	600.474	572.540	1.173.014
16.4.2 Current Period Profit / Loss		159.608	698.795	858.403	550.134	387.275	937.409
16.5 Minority Shares	(5.11.l)	7.198	-	7.198	6.306	-	6.306
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>46.694.906</b>	<b>66.191.503</b>	<b>112.886.409</b>	<b>41.050.192</b>	<b>53.352.822</b>	<b>94.403.014</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF**  
**OFF-BALANCE SHEET ITEMS**  
**AS OF 31 DECEMBER 2015 AND 2014**  
(Currency: Thousands of TL- Turkish Lira)

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

Footnotes		CURRENT PERIOD (31/12/2015)			PRIOR PERIOD (31/12/2014)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>49.052.544</b>	<b>83.696.209</b>	<b>132.748.753</b>	<b>44.302.457</b>	<b>67.360.939</b>	<b>111.663.396</b>
<b>I. GUARANTEES</b>	(5.III.a)	<b>8.808.946</b>	<b>15.635.469</b>	<b>24.444.415</b>	<b>7.621.663</b>	<b>12.830.451</b>	<b>20.452.114</b>
1.1. Letters of Guarantee		8.786.589	11.300.829	20.087.418	7.605.157	8.682.426	16.287.583
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		79.021	105.903	184.924	79.122	123.924	203.046
1.1.3. Other Letters of Guarantee		8.707.568	11.194.926	19.902.494	7.526.035	8.558.502	16.084.537
1.2. Bank Acceptances		12.074	182.245	194.319	10.626	104.313	114.939
1.2.1. Import Letter of Acceptance		12.074	182.245	194.319	10.626	104.313	114.939
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		7.687	2.386.663	2.394.350	2.020	2.492.163	2.494.183
1.3.1. Documentary Letters of Credit		7.687	1.559.184	1.566.871	2.020	1.993.680	1.995.700
1.3.2. Other Letters of Credit		-	827.479	827.479	-	498.483	498.483
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		2.596	1.765.732	1.768.328	3.860	1.551.549	1.555.409
1.9. Other Sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.III.a)	<b>23.949.814</b>	<b>2.881.260</b>	<b>26.831.074</b>	<b>24.276.613</b>	<b>3.263.744</b>	<b>27.540.357</b>
2.1. Irrevocable Commitments		19.795.910	2.881.260	22.677.170	20.916.335	3.263.744	24.180.079
2.1.1. Asset Purchase and Sale Commitments		295.371	2.203.351	2.498.722	370.490	2.174.873	2.545.363
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	465.380	465.380
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		7.071.136	23.854	7.094.990	9.565.147	69.575	9.634.722
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		1.920.552	-	1.920.552	1.669.129	-	1.669.129
2.1.8. Tax and Fund Obligations from Export Commitments		997	-	997	393	-	393
2.1.9. Commitments for Credit Card Limits		10.209.119	-	10.209.119	9.098.404	-	9.098.404
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		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		297.935	654.055	951.990	212.772	553.916	766.688
2.2. Revocable Commitments		4.153.904	-	4.153.904	3.360.278	-	3.360.278
2.2.1. Revocable Loan Granting Commitments		4.153.345	-	4.153.345	3.359.719	-	3.359.719
2.2.2. Other Revocable Commitments		559	-	559	559	-	559
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5.III.b)	<b>16.293.784</b>	<b>65.179.480</b>	<b>81.473.284</b>	<b>12.404.181</b>	<b>51.266.744</b>	<b>63.670.925</b>
3.1. Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2. Trading Purpose Derivatives		16.293.784	65.179.480	81.473.264	12.404.181	51.266.744	63.670.925
3.2.1. Forward Foreign Currency Purchases/Sales		1.047.452	3.372.820	4.420.272	644.004	1.940.857	2.584.861
3.2.1.1. Forward Foreign Currency Purchases		524.028	1.677.026	2.201.054	148.753	1.131.498	1.280.251
3.2.1.2. Forward Foreign Currency Sales		523.424	1.695.794	2.219.218	495.251	809.359	1.304.610
3.2.2. Currency and Interest Rate Swaps		11.167.547	55.519.064	66.686.611	8.258.279	44.494.016	52.752.295
3.2.2.1. Currency Swaps-Purchases		1.880.585	24.159.278	26.039.863	1.065.891	20.588.561	21.654.452
3.2.2.2. Currency Swaps-Sales		9.285.556	14.869.890	24.155.446	7.092.388	13.833.794	20.926.182
3.2.2.3. Interest Rate Swaps-Purchases		-	8.245.744	8.245.744	50.000	5.032.839	5.082.839
3.2.2.4. Interest Rate Swaps-Sales		1.406	8.244.152	8.245.558	50.000	5.038.822	5.088.822
3.2.3. Currency, Interest Rate and Security Options		4.078.785	4.936.906	9.015.691	2.783.038	3.298.820	6.081.858
3.2.3.1. Currency Options-Purchases		2.217.151	2.313.493	4.530.644	1.672.663	1.348.804	3.021.467
3.2.3.2. Currency Options-Sales		1.861.634	2.623.413	4.485.047	1.110.375	1.950.016	3.060.391
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		-	1.350.690	1.350.690	718.860	1.533.051	2.251.911
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>321.419.943</b>	<b>73.730.659</b>	<b>395.150.602</b>	<b>243.397.177</b>	<b>61.842.442</b>	<b>305.239.619</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>59.570.147</b>	<b>1.930.573</b>	<b>61.500.720</b>	<b>36.797.814</b>	<b>2.184.108</b>	<b>38.981.922</b>
4.1. Customers' Securities and Portfolios Held		149.481	-	149.481	299.568	-	299.568
4.2. Securities Held in Custody		57.996.909	895.914	58.892.823	35.014.258	779.473	35.793.731
4.3. Checks Received for Collection		617.583	786.013	1.403.596	499.653	1.104.902	1.604.555
4.4. Commercial Notes Received for Collection		805.066	226.116	1.031.182	983.284	279.876	1.263.160
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		-	22.530	22.530	-	19.857	19.857
4.8. Custodians		1.108	-	1.108	1.051	-	1.051
<b>V. PLEDGED ITEMS</b>		<b>261.435.946</b>	<b>70.922.003</b>	<b>332.357.949</b>	<b>206.175.824</b>	<b>57.142.928</b>	<b>263.318.752</b>
5.1. Securities		3.591.505	80.391	3.671.896	2.786.914	64.104	2.851.018
5.2. Guarantee Notes		179.485.991	29.774.174	209.260.165	137.345.843	22.398.245	159.744.088
5.3. Commodities		14.308.847	2.880.210	17.189.057	12.496.974	3.232.654	15.729.628
5.4. Warrants		-	-	-	-	-	-
5.5. Immovables		57.338.417	28.010.177	85.348.594	48.472.976	22.774.535	71.247.511
5.6. Other Pledged Items		6.711.186	10.177.051	16.888.237	5.073.117	8.673.390	13.746.507
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>413.850</b>	<b>878.083</b>	<b>1.291.933</b>	<b>423.539</b>	<b>2.515.406</b>	<b>2.938.945</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>370.472.487</b>	<b>157.426.868</b>	<b>527.899.355</b>	<b>287.699.634</b>	<b>129.203.381</b>	<b>416.903.015</b>

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



**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015 AND 2014**  
(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	PRIOR PERIOD
		(01/01-31/12/2015)	(01/01-31/12/2014)
<b>I. INTEREST INCOME</b>	(5.IV.a)	<b>8.395.410</b>	<b>7.079.870</b>
1.1 Interest from Loans		7.116.939	5.920.893
1.2 Interest from Reserve Deposits		24.288	756
1.3 Interest from Banks		19.522	50.618
1.4 Interest from Money Market Transactions		5.986	73.021
1.5 Interest from Securities Portfolio		986.847	819.343
1.5.1 Trading Securities		8.386	26.045
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3 Available for Sale Securities		677.786	491.745
1.5.4 Held to Maturity Securities		300.675	301.553
1.6 Interest from Financial Leases		186.224	166.286
1.7 Other Interest Income		55.604	48.953
<b>II. INTEREST EXPENSE</b>	(5.IV.b)	<b>4.310.995</b>	<b>3.453.224</b>
2.1 Interest on Deposits		3.195.332	2.550.278
2.2 Interest on Funds Borrowed		547.853	544.137
2.3 Interest on Money Market Transactions		324.829	127.125
2.4 Interest on Securities Issued		219.029	217.077
2.5 Other Interest Expense		23.952	14.607
<b>III. NET INTEREST INCOME (I - II)</b>		<b>4.084.415</b>	<b>3.626.646</b>
<b>IV. NET FEES AND COMMISSION INCOME /EXPENSE</b>	(5.IV.I)	<b>1.083.839</b>	<b>988.689</b>
4.1 Fees and Commissions Received		1.456.279	1.303.463
4.1.1 Non-Cash Loans		143.657	127.674
4.1.2 Other		1.312.622	1.175.789
4.2 Fees and Commissions Paid		372.440	314.774
4.2.1 Non-Cash Loans		1.382	1.159
4.2.2 Other		371.058	313.615
<b>V. DIVIDEND INCOME</b>	(5.IV.c)	<b>1.685</b>	<b>1.728</b>
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.IV.d)	<b>(632.518)</b>	<b>(615.388)</b>
6.1 Profit / Loss on Securities Trading		70.314	89.083
6.2 Profit / Loss on Derivative Financial Transactions		824.317	(284.161)
6.3 Foreign Exchange Gains / Losses		(1.527.149)	(420.310)
<b>VII. OTHER OPERATING INCOME</b>	(5.IV.e)	<b>613.690</b>	<b>586.535</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>5.151.111</b>	<b>4.588.210</b>
<b>IX. PROVISION FOR LOANS AND OTHER RECEIVABLES (-)</b>	(5.IV.f)	<b>1.361.485</b>	<b>951.840</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.IV.g)	<b>2.646.715</b>	<b>2.421.689</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>1.142.911</b>	<b>1.214.681</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY</b>		-	-
<b>XIII. METHOD</b>		-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	(5.IV.h)	<b>1.142.911</b>	<b>1.214.681</b>
<b>XVI. TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(5.IV.i)	<b>(283.616)</b>	<b>(276.137)</b>
16.1 Current Tax		(148.437)	(346.887)
16.2 Deferred Tax		(135.179)	70.750
<b>XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>	(5.IV.j)	<b>859.295</b>	<b>938.544</b>
<b>XVIII. PROFIT FROM DISCONTINUED OPERATIONS</b>		-	-
18.1 Assets Held for Sale		-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-
18.3 Other		-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1 Assets Held for Sale		-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Other		-	-
<b>XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(5.IV.i)	-	-
21.1 Current Tax		-	-
21.2 Deferred Tax		-	-
<b>XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	(5.IV.j)	-	-
<b>XXIII. NET PROFIT / LOSS (XVII+XXII)</b>	(5.IV.k)	<b>859.295</b>	<b>938.544</b>
23.1 Group's Profit / Loss		858.403	937.409
23.2 Minority Shares		892	1.135
Earnings / Losses per Share (Per thousand share)		0,62	0,74

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF**  
**INCOME AND EXPENSES**  
**UNDER SHAREHOLDERS' EQUITY**  
**FOR THE PERIODS ENDED 31 DECEMBER 2015 AND 2014**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
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STATEMENT OF INCOME AND EXPENSES UNDER SHAREHOLDERS' EQUITY	CURRENT PERIOD (01/01-31/12/2015)	PRIOR PERIOD (01/01-31/12/2014)
I. ADDITIONS TO SECURITIES REVALUATION RESERVE FROM AVAILABLE FOR SALE INVESTMENTS	(432.258)	267.772
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	13.397	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	266.803	(128.939)
V. PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion of Fair Value Differences)	6.340	6.329
VI. PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion of Fair Value Differences)	(278.122)	65.177
VII. THE EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-	-
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER EQUITY DUE TO TAS	1.781	(1.535)
IX. DEFERRED TAXES OF VALUATION DIFFERENCES	145.738	(69.409)
X. NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	(276.321)	139.395
XI. CURRENT PERIOD PROFIT/LOSS	859.295	938.544
1.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	29.714	19.944
1.2 Reclassification and Transfer of Derivatives Accounted for Cash Flow Hedge Purposes Recycled to Income Statement	(5.551)	(5.694)
1.3 Transfer of Hedge of Net Investment in Foreign Operations Recycled to Income Statement	-	-
1.4 Other	835.132	924.294
<b>XII. TOTAL PROFIT AND LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>582.974</b>	<b>1.077.939</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIODS ENDED 31 DECEMBER 2015 AND 2014**  
(Currency: Thousands of TL - Turkish Lira)

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CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-in Capital	Inflation Adjustments to Paid-in Capital (*)	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Securities Revaluation Reserve	Revaluation Fund of Tang./Intang.A.	Bonus Shares Obtained from Associates	Hedging Reserves	Val.DIFF.Related to Assets Held for Sale/Disc.Opr.	Total Equity Attrib. to Equity Holders of the Parent	Minority Shareholders' Interest	Total Shareholders' Equity
<b>PRIOR PERIOD 01/01-31/12/2014</b>																			
I. Balances at the Beginning of Period		716.100	189.184	98.411	-	149.581	-	3.348.187	418.103	1.011.230	588.942	(350.515)	306.054	11	(424.151)	-	6.051.077	37.292	6.088.369
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	189.184	98.411	-	149.581	-	3.348.187	418.103	1.011.230	588.942	(350.515)	306.054	11	(424.151)	-	6.051.077	37.292	6.088.369
<b>Changes in the Period</b>																			
IV. Increase / Decrease Related to Mergers	(5.V.d)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Valuation Differences of Securities	(5.V.e)	-	-	-	-	-	-	-	-	-	-	211.728	-	-	-	-	211.728	-	211.728
VI. Hedging Transactions (Effective Portion)	(5.V.f)	-	-	-	-	-	-	-	-	-	-	-	-	-	57.836	-	57.836	-	57.836
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	5.694	-	5.694	-	5.694
6.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	52.142	-	52.142	-	52.142
VII. Revaluation Fund of Tangible Assets	(5.V.g)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation Fund of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Differences	(5.V.h)	-	-	-	-	-	-	-	(128.939)	-	-	-	-	-	-	-	(128.939)	-	(128.939)
XI. Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effects of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. The Effect of Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Issuance of Capital Stock		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other	(5.V.i)	-	-	-	-	-	-	-	(1.228)	-	26.997	-	-	-	-	-	25.769	(32.121)	(6.352)
XIX. Current Period Net Profit / Loss		-	-	-	-	-	-	-	-	937.409	-	-	-	-	-	-	937.409	1.135	938.544
XX. Profit Distribution	(5.V.c)	-	-	-	-	-	-	454.155	-	(1.011.230)	557.075	-	-	-	-	-	-	-	-
20.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfer to Reserves	(5.V.j)	-	-	-	-	-	-	454.155	-	(1.011.230)	557.075	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the End of Period (I+II+...+XVIII+XIX+XX)</b>		<b>716.100</b>	<b>189.184</b>	<b>98.411</b>	<b>-</b>	<b>149.581</b>	<b>-</b>	<b>3.802.322</b>	<b>287.936</b>	<b>937.409</b>	<b>1.173.014</b>	<b>(138.789)</b>	<b>306.054</b>	<b>11</b>	<b>(366.315)</b>	<b>-</b>	<b>7.154.878</b>	<b>6.306</b>	<b>7.161.184</b>
<b>CURRENT PERIOD 01/01-31/12/2015</b>																			
I. Balances at the Beginning of Period		716.100	189.184	98.411	-	149.581	-	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
<b>Changes in the Period</b>																			
II. Increase / Decrease Related to Mergers	(5.V.d)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation Differences of Securities	(5.V.e)	-	-	-	-	-	-	-	-	-	-	(340.999)	-	-	-	-	(340.999)	-	(340.999)
IV. Hedging Transactions (Effective Portion)	(5.V.f)	-	-	-	-	-	-	-	-	-	-	-	-	-	(218.947)	-	(218.947)	-	(218.947)
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	5.551	-	5.551	-	5.551
4.2 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	(222.498)	-	(222.498)	-	(222.498)
V. Revaluation Fund of Tangible Assets	(5.V.g)	-	-	-	-	-	-	-	-	-	-	-	13.397	-	-	-	13.397	-	13.397
VI. Revaluation Fund of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences	(5.V.h)	-	-	-	-	-	-	-	266.803	-	-	-	-	-	-	-	266.803	-	266.803
IX. Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effects of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The Effect of Capital Increase		1.100.000	(189.164)	(98.411)	-	-	-	-	-	-	-	-	(282.425)	-	-	-	550.000	-	550.000
12.1 Cash		550.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	550.000	-	550.000
12.2 Internal Resources		550.000	(189.164)	(98.411)	-	-	-	-	-	-	-	-	(262.425)	-	-	-	-	-	-
XIII. Issuance of Capital Stock		-	-	39	-	-	-	-	-	-	-	-	-	-	-	-	39	-	39
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other	(5.V.i)	-	-	-	-	-	-	-	1.425	-	-	-	-	-	-	-	1.425	-	1,425
XVII. Current Period Net Profit / Loss		-	-	-	-	-	-	-	-	858.403	-	-	-	-	-	-	858.403	862	859.265
XVIII. Profit Distribution	(5.V.c)	-	-	-	-	-	-	496.723	-	(937.409)	371.218	-	69.468	-	-	-	-	-	-
18.1 Dividend Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfer to Reserves	(5.V.j)	-	-	-	-	-	-	496.723	-	(937.409)	371.218	-	69.468	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the End of Period (I+II+...+XVI+XVII+XVIII)</b>		<b>1.816.100</b>	<b>-</b>	<b>39</b>	<b>-</b>	<b>149.581</b>	<b>-</b>	<b>4.299.045</b>	<b>556.164</b>	<b>858.403</b>	<b>1.544.232</b>	<b>(479.788)</b>	<b>126.494</b>	<b>11</b>	<b>(583.262)</b>	<b>-</b>	<b>8.286.999</b>	<b>7.198</b>	<b>8.294.197</b>

(\*) 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**  
**31 DECEMBER 2015 AND 2014**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
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		CURRENT PERIOD Footnotes (01/01-31/12/2015)	PRIOR PERIOD (01/01-31/12/2014)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities (+)</b>		<b>543.317</b>	<b>1.723.977</b>
1.1.1 Interest Received (+)		8.123.828	6.584.785
1.1.2 Interest Paid (-)		4.271.494	3.371.324
1.1.3 Dividend Received (+)		1.685	1.728
1.1.4 Fees And Commissions Received (+)		1.422.090	1.288.309
1.1.5 Other Income (+)		342.053	467.076
1.1.6 Collections from Previously Written-Off Loans and Other Receivables (+)		692.471	513.731
1.1.7 Payments to Personnel and Service Suppliers (-)		1.241.590	1.131.966
1.1.8 Taxes Paid (-)		185.185	271.348
1.1.9 Other (+/-)	(5.VI.c)	(4.340.541)	(2.357.014)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>1.992.315</b>	<b>560.110</b>
1.2.1 Net (Increase) Decrease in Trading Securities (+/-)		76.371	(2.264)
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV (+/-)		-	-
1.2.3 Net (Increase) Decrease in Banks (+/-)		271.438	(82.930)
1.2.4 Net (Increase) Decrease in Loans (+/-)		(12.817.643)	(8.030.480)
1.2.5 Net (Increase) Decrease in Other Assets (+/-)		(1.858.214)	(1.779.023)
1.2.6 Net Increase (Decrease) in Bank Deposits (+/-)		(818.270)	(465.658)
1.2.7 Net Increase (Decrease) in Other Deposits (+/-)		9.321.619	12.061.639
1.2.8 Net Increase (Decrease) in Funds Borrowed (+/-)		2.951.527	(2.360.803)
1.2.9 Net Increase (Decrease) in Due Payables (+/-)		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities (+/-)	(5.VI.c)	4.865.487	1.219.629
<b>I. Net Cash (Used in)/Provided from Banking Operations (+/-)</b>		<b>2.535.632</b>	<b>2.284.087</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from / (Used in) Investing Activities (+/-)</b>		<b>(1.541.714)</b>	<b>(3.661.794)</b>
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries (-)		-	81
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries (+)		-	188
2.3 Fixed Assets Purchases (-)		178.371	221.844
2.4 Fixed Assets Sales (+)		119.692	65.091
2.5 Cash Paid for Purchase of Investments Available for Sale (-)		5.254.990	6.040.890
2.6 Cash Obtained From Sale of Investments Available for Sale (+)		3.767.174	2.519.595
2.7 Cash Paid for Purchase of Investment Securities (-)		-	189
2.8 Cash Obtained from Sale of Investment Securities (+)		-	-
2.9 Other (+/-)		4.781	16.336
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from / (Used in) Financing Activities (+/-)</b>		<b>662.711</b>	<b>2.409.784</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued (+)		7.822.843	6.000.207
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-)		7.710.132	3.590.423
3.3 Capital Increase (+)		550.000	-
3.4 Dividends Paid (-)		-	-
3.5 Payments for Finance Leases (-)		-	-
3.6 Other (+/-)		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)</b>	(5.VI.c)	<b>718.903</b>	<b>(43.890)</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>	(5.VI.c)	<b>2.375.532</b>	<b>988.187</b>
<b>VI. Cash and Cash Equivalents at the Beginning of Period (+)</b>	(5.VI.a)	<b>7.571.561</b>	<b>6.583.374</b>
<b>VII. Cash and Cash Equivalents at the End of Period</b>	(5.VI.a)	<b>9.947.093</b>	<b>7.571.561</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED PROFIT DISTRIBUTION TABLES**  
**FOR THE YEARS 31 DECEMBER 2015 AND 2014**  
(Currency: Thousands of TL - Turkish Lira)

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

	CURRENT PERIOD (01/01-31/12/2015)	PRIOR PERIOD (01/01-31/12/2014)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	-	-
1.2 TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1 Corporate Tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	-	-
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]</b>	-	-
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

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



## **SECTION THREE**

### **ACCOUNTING POLICIES**

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

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

Consolidated financial statements have been prepared in accordance with the regulations, communiqués, explanations and circulars published with respect to accounting and financial reporting principles by the Banking Regulation and Supervision Authority ("BRSA") within the framework of the provisions of the Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Document Keeping published in the Official Gazette no. 26333 dated 1 November 2006 in relation with the Banking Law no. 5411, as well as the Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") enforced by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the annexes and commentaries relating to these Standards (hereinafter collectively referred to as "Turkish Accounting Standards" or "TAS") if there are no specific regulations made by BRSA. The form and content of the consolidated financial statements which have been drawn up and which will be disclosed to public have been prepared in accordance with the "Communiqué on the financial Statements to be Disclosed to the Public by Banks and the Related Explanations and Footnotes", published in the Official Gazette no. 28337 dated 28 June 2012, 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 annual consolidated financial statements prepared for the year ending on 31 December 2014.

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 2015 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.

##### **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.

	<b><u>31 December 2015</u></b>	<b><u>31 December 2014</u></b>
US Dollar	TL 2,9181	TL 2,3269
Euro	TL 3,1838	TL 2,8272

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

As of 31 December 2015, net foreign exchange loss included in the income statement amounts to TL 1.527.149 (1 January - 31 December 2014: net foreign exchange loss of TL 420.310).

### **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 twelve 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 31 December 2015, total foreign exchange differences in equity amount to TL 522.439 (31 December 2014: TL 266.386).

The foreign exchange difference of TL 31.817 (31 December 2014: TL 21.067) 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), and 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**

Deniz Portföy's paid-in capital was increased to TL 5.000 upon a cash increase by Deniz Yatırım at the amount of TL 1.112 on 7 January 2015.

On 4 September 2015, the Parent Bank has increased Denizbank AG's capital by Euro 80 million.

### **Consolidation principles for subsidiaries**

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

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

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

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

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

The financial statements which have been used in the consolidation are prepared as of 31 December 2015 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 held into portfolio on the assets side of the accompanying consolidated balance sheet within “Financial Assets Held for Trading”, “Investment Securities Available for Sale” and “Investment Securities Held to Maturity” and are valuating according to valuation principles of relating portfolio. Funds obtained from repurchase agreements are presented on the liability side of the consolidated balance sheet within the account of “Funds Provided under Repurchase Agreements”. The accrual amounts corresponding to the period is calculated over the sell and repurchase price difference determined in repurchase agreements. Accrued interest expenses calculated for funds obtained from repurchase agreements are presented in “Reverse Repurchase Agreements” account in liability part of the consolidated balance sheet.

Securities received with resale commitments are presented under “Reverse Repurchase Agreements” line in the balance sheet. The accrual amounts for the corresponding part to the period of the resale and repurchase price difference determined in reverse repurchase agreements are calculated using the “Effective interest method”. The Parent Bank has not any security which subjected to borrowing activities.

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

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

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

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

As 31 December 2015, DFS Group does not have non-current assets held for sale and a discontinued operation (31 December 2014: None).

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

### **a. Goodwill**

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

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

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

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

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

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

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

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

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:

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

As of 31 December 2015 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, 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 8.089 lawsuits against DFS Group with total risks amounting to TL 142.317, US Dollar 1.046.653 and Euro 1.564.799 as of 31 December 2015. There are also 12.310 follow-up cases amounting to TL 501.473, US Dollar 2.353.954 and Euro 45.000 in total that are filed by DFS Group and are at courts. DFS Group booked a provision amounting to TL 26.288 for the continuing lawsuits (31 December 2014: TL 18.951).

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

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

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

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

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

## **XVIII. Explanations on taxation**

### **a. Current taxes**

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

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

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

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

Besides institutions reside in Turkey, dividends paid to the offices or the institutions earning through their permanent representatives in Turkey are not subject to withholding tax. According to the decision no. 2006/10731 of the Council of Ministers published in the Official Gazette no. 26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. In this respect, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent

representatives and the institutions residing in Turkey is 15%. While applying the withholding tax rates on dividend payments to the foreign based institutions and the real persons, the withholding tax rates covered in the related Avoidance of Double Taxation Treaty are taken into account. Addition of profit to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

Current Tax Effects that sourced from directly classified in equity transactions represent on equity accounts.

**b. Deferred taxes**

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

Individual deferred tax assets and liabilities of the consolidated entities have been offset in their separate financial statements, but have not been offset in the consolidated balance sheet. As a result of offsetting, as of 31 December 2015 deferred tax assets of TL 141.366 (31 December 2014: TL 135.528) and deferred tax liabilities of TL 8.652 (31 December 2014: TL 12.402) have been recognized in the accompanying financial statements.

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

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

**c. Transfer pricing**

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

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

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

**XIX. Additional explanations on borrowings**

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

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

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

Transactions related to issuance of share certificates are explained in Note II-I-8 of Section Five. No dividends have been declared subsequent to the balance sheet date.

**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 XVI of Section Four.

**XXIV. Explanations on other matters**

Marketable securities valued at TL 1.458.613, which issued by Structured Entity DFS Funding Corporation and redisclosed under "Borrowings" account on the prior periods is classified as "Securities Issued" account in the current period.

## **SECTION FOUR**

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

#### **I. Explanations related to the consolidated capital adequacy standard ratio**

As per the revised "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" effective from 1 July 2012, the consolidated capital adequacy ratio is 12,93% as of 31 December 2015 (unconsolidated capital adequacy ratio: 16,07%). This ratio is above the minimum rate specified in the related regulation.

##### **a. Risk measurement methods in the calculation of consolidated capital adequacy ratio**

Consolidated capital adequacy ratio is calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", "Regulation on Credit Risk Mitigation Techniques" published in the Official Gazette no.28337, dated 28 June 2012 and the "Regulation on Equities of Banks" published in the Official Gazette no.28756, dated 5 September 2013.

In the calculation of the consolidated capital adequacy ratio, the data prepared in compliance with the current legislation is used. Such accounting data is included in the calculation of credit and market risks subsequent to their designation as "trading book" and "banking book" according to the regulation.

The items classified as trading book and the items deducted from the equity are not included in the calculation of credit risk. In the calculation of risk weighted assets, the assets subject to amortization or impairment, are taken into account on a net basis after being reduced by the related amortizations and provisions.

In the calculation of the value at credit risk for the non-cash loans and commitments and the receivables from counterparties in such transactions are weighted after netting with specific provisions and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" according to comprehensive financial guarantee method and weighted as per Appendix-1 of the Regulation.

In the calculation of the value at credit risk for the derivative financial instruments and the credit derivatives classified in the banking book, the receivables from counterparties are multiplied by the rates stated in the Appendix-2 of the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

As per the article 5 of the Regulation, the "Counterparty Credit Risk" is calculated for repurchase transactions, securities and commodities borrowing agreements.

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**b. Consolidated and unconsolidated capital adequacy ratios**

**1. Current period: 31 December 2015**

**1 (i). Consolidated**

	Risk Weighted Assets									
	Consolidated									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
<b>Credit Risk Base</b>	–	–	658.889	7.408.444	16.389.245	57.379.275	3.017.247	5.474.326	177.798	–
<b>Risk classifications</b>										
Conditional and unconditional receivables from central governments or central banks	22.559.282	–	–	2.525.652	–	–	–	–	–	–
Conditional and unconditional receivables from regional or local governments	–	–	748.782	38.346	–	18.973	–	–	–	–
Conditional and unconditional receivables from administrative units and non-commercial enterprises	–	–	–	–	–	1	–	–	–	–
Conditional and unconditional receivables from multilateral development banks	–	–	–	–	–	–	–	–	–	–
Conditional and unconditional receivables from international organizations	–	–	–	–	–	–	–	–	–	–
Conditional and unconditional receivables from banks and brokerage houses	–	–	2.545.640	3.279.350	–	37.297	11.561	–	–	–
Conditional and unconditional receivables from corporates	–	–	–	6	–	52.343.406	–	–	–	–
Conditional and unconditional retail receivables	–	–	–	–	21.852.327	1.399.711	–	–	–	–
Conditional and unconditional receivables secured by mortgages	–	–	–	8.944.441	–	1.096.841	–	–	–	–
Past due receivables	–	–	–	18.464	–	596.268	286.601	–	–	–
Receivables defined in high risk category by BRSA	–	–	–	10.628	–	44.537	1.713.336	2.737.163	1.505	–
Securities collateralized by mortgages	–	–	–	–	–	–	–	–	–	–
Securitization positions	–	–	–	–	–	–	–	–	–	–
Short-term receivables from banks, brokerage houses and corporates	–	–	–	–	–	–	–	–	–	–
Investments similar to collective investment funds	–	–	–	–	–	571	–	–	–	–
Other receivables	1.454.925	–	25	–	–	1.841.670	–	–	69.614	–

**1 (ii). Parent Bank**

	Risk Weighted Assets									
	Parent Bank									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
<b>Credit Risk Base</b>	–	–	603.450	6.094.823	16.000.668	39.257.118	2.712.738	5.474.326	42.918	–
<b>Risk classifications</b>										
Conditional and unconditional receivables from central governments or central banks	19.829.089	–	–	1.761.084	–	–	–	–	–	–
Conditional and unconditional receivables from regional or local governments	–	–	748.782	–	–	84	–	–	–	–
Conditional and unconditional receivables from administrative units and non-commercial enterprises	–	–	–	–	–	1	–	–	–	–
Conditional and unconditional receivables from multilateral development banks	–	–	–	–	–	–	–	–	–	–
Conditional and unconditional receivables from international organizations	–	–	–	–	–	–	–	–	–	–
Conditional and unconditional receivables from banks and brokerage houses	–	–	2.268.445	1.846.918	–	696.512	11.561	–	–	–
Conditional and unconditional receivables from corporates	–	–	–	6	–	30.298.922	–	–	–	–
Conditional and unconditional retail receivables	–	–	–	–	21.334.224	1.258.110	–	–	–	–
Conditional and unconditional receivables secured by mortgages	–	–	–	8.552.546	–	1.025.134	–	–	–	–
Past due receivables	–	–	–	18.464	–	570.048	83.622	–	–	–
Receivables defined in high risk category by BRSA	–	–	–	10.628	–	44.537	1.713.309	2.737.163	1.505	–
Securities collateralized by mortgages	–	–	–	–	–	–	–	–	–	–
Securitization positions	–	–	–	–	–	–	–	–	–	–
Short-term receivables from banks, brokerage houses and corporates	–	–	–	–	–	–	–	–	–	–
Investments similar to collective investment funds	–	–	–	–	–	571	–	–	–	–
Other receivables	1.401.220	–	25	–	–	5.363.199	–	–	15.662	–



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**2. Prior period: 31 December 2014**  
**2 (i). Consolidated**

	Risk Weighted Assets									
	Consolidated									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
<b>Credit Risk Base</b>	–	–	811.846	4.681.414	12.822.849	49.285.474	2.197.220	7.858.912	445.750	–
<b>Risk classifications</b>										
Conditional and unconditional receivables from central governments or central banks	18.859.467	–	–	898.786	–	–	–	–	–	–
Conditional and unconditional receivables from regional or local governments	–	–	848.205	34.094	–	24.059	–	–	–	–
Conditional and unconditional receivables from administrative units and non-commercial enterprises	–	–	–	–	–	1	–	–	–	–
Conditional and unconditional receivables from multilateral development banks	–	–	–	–	–	–	–	–	–	–
Conditional and unconditional receivables from international organizations	–	–	–	–	–	–	–	–	–	–
Conditional and unconditional receivables from banks and brokerage houses	–	–	3.210.974	1.671.657	–	1.560.461	14.187	–	–	–
Conditional and unconditional receivables from corporates	–	–	–	–	–	43.775.975	7	–	–	–
Conditional and unconditional retail receivables	–	–	–	–	17.097.132	1.137.913	–	–	–	–
Conditional and unconditional receivables secured by mortgages	–	–	–	6.728.724	–	741.181	–	–	–	–
Past due receivables	–	–	–	23.937	–	447.966	70.526	–	–	–
Receivables defined in high risk category by BRSA	–	–	–	5.630	–	17.146	1.380.093	3.929.456	42.772	–
Securities collateralized by mortgages	–	–	–	–	–	–	–	–	–	–
Securitization positions	–	–	–	–	–	–	–	–	–	–
Short-term receivables from banks, brokerage houses and corporates	–	–	–	–	–	–	–	–	–	–
Investments similar to collective investment funds	–	–	–	–	–	–	–	–	–	–
Other receivables	1.374.473	–	51	–	–	1.580.772	–	–	135.528	–

**2 (ii). Parent Bank**

	Risk Weighted Assets									
	Parent Bank									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
<b>Credit Risk Base</b>	–	–	409.648	4.284.466	12.421.394	31.832.457	2.165.282	7.858.912	345.568	–
<b>Risk classifications</b>										
Conditional and unconditional receivables from central governments or central banks	17.501.097	–	–	490.176	–	–	–	–	–	–
Conditional and unconditional receivables from regional or local governments	–	–	848.205	–	–	576	–	–	–	–
Conditional and unconditional receivables from administrative units and non-commercial enterprises	–	–	–	–	–	1	–	–	–	–
Conditional and unconditional receivables from multilateral development banks	–	–	–	–	–	–	–	–	–	–
Conditional and unconditional receivables from international organizations	–	–	–	–	–	–	–	–	–	–
Conditional and unconditional receivables from banks and brokerage houses	–	–	1.200.015	1.532.419	–	1.332.881	10.657	–	–	–
Conditional and unconditional receivables from corporates	–	–	–	–	–	25.422.920	7	–	–	–
Conditional and unconditional retail receivables	–	–	–	–	16.561.858	1.137.913	–	–	–	–
Conditional and unconditional receivables secured by mortgages	–	–	–	6.516.769	–	701.025	–	–	–	–
Past due receivables	–	–	–	23.937	–	417.300	52.764	–	–	–
Receivables defined in high risk category by BRSA	–	–	–	5.630	–	17.459	1.380.093	3.929.456	42.772	–
Securities collateralized by mortgages	–	–	–	–	–	–	–	–	–	–
Securitization positions	–	–	–	–	–	–	–	–	–	–
Short-term receivables from banks, brokerage houses and corporates	–	–	–	–	–	–	–	–	–	–
Investments similar to collective investment funds	–	–	–	–	–	–	–	–	–	–
Other receivables	1.305.696	–	21	–	–	2.802.382	–	–	95.455	–

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**c. Summary information related to consolidated and unconsolidated capital adequacy ratio**

	<b>Consolidated</b>		<b>The Parent Bank</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2015</b>	<b>31 December 2014</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Capital Requirement for Credit Risk	7.240.418	6.248.277	5.614.883	4.745.418
Capital Requirement for Market Risk	21.929	111.448	31.154	92.376
Capital Requirement for Operational Risk	539.950	451.257	430.767	360.673
Equity	12.613.417	10.954.305	12.204.766	9.153.003
Equity / (KRSY+PRSY+ORSY)*12,5*100	12,93%	12,87%	16,07%	14,09%
Tier 1 Capital / (KRSY+PRSY+ORSY)*12,5*100	8,16%	8,12%	10,46%	8,38%
Core capital / (KRSY+PRSY+ORSY)*12,5*100	8,32%	8,27%	10,65%	8,56%

CRCR: Capital Requirement for Credit Risk  
CRMR: Capital Requirement for Market Risk  
CROR: Capital Requirement for Operational Risk

**d. Components of consolidated shareholders' equity**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>CORE CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.816.100	905.264
Share premium	39	98.411
Share cancellation profits	-	-
Reserves	4.448.606	3.951.883
Gains recognized in equity as per TAS	128.405	330.221
Profit	2.402.635	2.110.423
Current Period Profit	858.403	937.409
Prior Period Profit	1.544.232	1.173.014
Provisions for Possible Risks	11.000	8.000
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	11	11
Minorities' Share	7.198	6.306
<b>Core Capital Before Deductions</b>	<b>8.813.994</b>	<b>7.410.519</b>
<b>Deductions from Common Equity</b>		
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	232.417
Leasehold improvements (-)	98.486	108.979
Goodwill or other intangible assets and deferred tax liability related to these items (-)	71.304	30.795
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 (-)	-	-
<b>Total Deductions From Core Capital</b>	<b>703.917</b>	<b>372.191</b>
<b>Total Common Equity</b>	<b>8.110.077</b>	<b>7.038.328</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
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	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>-</b>	<b>-</b>
<b>Deductions from Additional Tier I Capital</b>		
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 (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
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	123.180
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	-
<b>Total Tier I Capital</b>	<b>7.960.073</b>	<b>6.915.148</b>

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**TIER II CAPITAL**

Debt instruments and premiums deemed suitable by the BRSA (issued/ obtained after 1.1.2014)	1.679.282	1.372.232
Debt instruments and premiums deemed suitable by the BRSA (issued/ obtained before 1.1.2014)	2.089.360	1.893.794
Sources pledged to the Bank by shareholders to be used in capital increases of the Bank	—	—
General Loan Loss Provisions	975.339	813.128
Third parties' share in the Tier II Capital	—	—
<b>Tier II Capital Before Deductions</b>	<b>4.743.981</b>	<b>4.079.154</b>
<b>Deductions From Tier II Capital</b>	<b>—</b>	<b>—</b>
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	35.461
<b>Total Deductions from Tier II Capital</b>	<b>56.115</b>	<b>35.461</b>
<b>Total Tier II Capital</b>	<b>4.687.866</b>	<b>4.043.693</b>
<b>CAPITAL BEFORE DEDUCTIONS</b>		
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	658
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	3.878
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 (-)	—	—
<b>TOTAL CAPITAL</b>	<b>12.613.417</b>	<b>10.954.305</b>
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	288.312

**e. Details on calculation in accordance with the temporary calculations on equity**

	<b>Consolidated</b>		<b>The Parent Bank</b>	
	<b>Amount to be considered in equity calculation in current period</b>	<b>Total</b>	<b>Amount to be considered in equity calculation in current period</b>	<b>Total</b>
Minority shares in Common Equity Core Capital	7.198	7.198	—	—
Third parties in Additional Core Capital	—	—	—	—
Third parties in Tier II Capital	—	—	—	—
Bank's borrowing instruments and related premium (issued before 1.1.2014 )	2.089.360	2.089.360	2.089.360	2.089.360

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**f. 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 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.
<b>Regulatory treatment</b>									
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&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)	366	438	875	875	875	234	77	29	--
Par value of instrument	366	438	875	875	875	584	380	146	287
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.
<b>Coupons/Dividends*</b>									
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	--	--	--	--	--	--	--	--	--
<b>Convertible or non-convertible</b>									
If convertible, conversion trigger (s)	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognized or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognized or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognized or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	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	--	--	--	--	--	--	--	--	--
<b>Write-down feature</b>									
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)

**g. Approaches for assessment of adequacy of internal capital requirements for current and future activities**

The Parent Bank's assessment process of adequacy of internal capital requirements and capital adequacy policies was prepared in accordance with the strategic plan which is yearly conducted and regard the instant and next three years. This assessment includes the interest rate risk, liquidity risk, reputational risk, residual risk, concentration risk, strategy risk, and country and transfer risks arising from Banking activities besides the market, credit and operational risks directly affecting its legal capital adequacy ratio. The assessment methodology of internal capital requirements is a developing process, accordingly the future improvement areas are determined and the working plans are set. Stress test analyses that are conducted based on annually determined risks are used as input for internal assessment. In the process, the Parent Banks's risk-weighted assets structure, equity development and capital planning components are calculated under the stress scenario and comparatively presented with the Bank's regulatory capital budgeting and target capital adequacy ratio.

**II. Explanations related to the consolidated credit risk**

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

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

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

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

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

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

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

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

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

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

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

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

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**Methods and approaches regarding valuation adjustments and provisions**

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

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

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

<b>Rating/ Scoring Grades</b>	<b>Current Period</b>	<b>Prior Period</b>
Above Average	45%	58%
Average	44%	28%
Below Average	6%	7%
Unrated	5%	7%

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

<b>Rating/ Scoring Grades</b>	<b>Current Period</b>	<b>Prior Period</b>
Above Average	39%	35%
Average	31%	33%
Below Average	30%	32%

<b>Risk classifications</b>	<b>Current Period (*)</b>	<b>Average (**)</b>
Conditional and unconditional receivables from central governments or central banks	25.084.933	22.358.480
Conditional and unconditional receivables from regional or local governments	806.101	877.827
Conditional and unconditional receivables from administrative units and non-commercial enterprises	1	1
Conditional and unconditional receivables from multilateral development banks	—	—
Conditional and unconditional receivables from international organizations	—	—
Conditional and unconditional receivables from banks and brokerage houses	5.874.282	6.436.847
Conditional and unconditional receivables from corporates	57.052.247	55.014.898
Conditional and unconditional retail receivables	23.537.265	22.233.595
Conditional and unconditional receivables secured by mortgages	10.041.282	8.120.432
a) Receivables secured by residential mortgages	5.322.061	3.987.315
b) Receivables secured by commercial mortgages	4.719.221	4.133.116
Past due receivables	901.478	748.879
Receivables defined in high risk category by BRSA	4.556.183	4.755.406
Securities collateralized by mortgages	—	—
Securitization positions	—	—
Short-term receivables from banks, brokerage houses and corporates	—	—
Investments similar to collective investment funds	571	120
Other receivables	3.366.234	3.547.053
<b>Total</b>	<b>131.220.577</b>	<b>124.093.538</b>

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

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

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<b>Risk classifications</b>	<b>Prior Period (*)</b>	<b>Average (**)</b>
Conditional and unconditional receivables from central governments or central banks	19.758.253	17.787.848
Conditional and unconditional receivables from regional or local governments	906.358	933.462
Conditional and unconditional receivables from administrative units and non-commercial enterprises	1	1
Conditional and unconditional receivables from multilateral development banks	—	—
Conditional and unconditional receivables from international organizations	—	—
Conditional and unconditional receivables from banks and brokerage houses	6.457.283	5.692.236
Conditional and unconditional receivables from corporates	47.023.298	43.684.421
Conditional and unconditional retail receivables	18.401.471	16.271.771
Conditional and unconditional receivables secured by mortgages	7.469.905	7.773.735
a) Receivables secured by residential mortgages	3.725.093	4.022.386
b) Receivables secured by commercial mortgages	3.744.812	3.751.349
Past due receivables	543.503	508.233
Receivables defined in high risk category by BRSA	5.423.034	5.265.803
Securities collateralized by mortgages	—	—
Securitization positions	—	—
Short-term receivables from banks, brokerage houses and corporates	—	—
Investments similar to collective investment funds	—	—
Other receivables	3.090.823	3.055.224
<b>Total</b>	<b>109.073.929</b>	<b>100.972.734</b>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**f. DFS Group's**

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

The share of the top 100 and 200 cash loan customers comprises 29% and 36% of the total cash loans portfolio (31 December 2014: 26%, 33%).

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

The share of the top 100 and 200 non-cash loan customers comprises 48% and 60% of the total non-cash loans portfolio (31 December 2014: 48%, 61%).

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

The share of the total cash and non-cash loans from its top 100 and 200 loan customers comprise 21% and 27% of the total assets and off-balance sheet items (31 December 2014: 18%, 24%).

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

As at 31 December 2015, DFS Group's general loan provision amounts to TL 975.339 (31 December 2014: TL 813.128).



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**h. Profile of significant exposures in major regions**

<b>Risk Classifications (*) (***)</b>																	
<b>Current Period: 31 December 2015</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J</b>	<b>K</b>	<b>L</b>	<b>M</b>	<b>N</b>	<b>O</b>	<b>P</b>	<b>Total</b>
Domestic	21.991.416	763.342	--	--	--	2.401.276	39.964.488	19.001.905	9.507.820	895.853	4.549.324	--	--	--	--	3.114.867	<b>102.190.291</b>
European Union Countries	3.069.134	38.346	--	--	--	1.367.606	1.073.204	181.305	50.613	3.504	4.156	--	--	--	--	163.449	<b>5.951.317</b>
OECD Countries (**)	--	--	--	--	--	16.772	--	3.833	3.229	--	215	--	--	--	--	--	<b>24.049</b>
Off-Shore Banking Regions	--	--	--	--	--	1.154	325.574	671	3.846	--	119	--	--	--	--	22	<b>331.386</b>
USA, Canada	--	--	--	--	--	290.009	15.021	2.378	1.566	1.193	543	--	--	--	--	--	<b>310.710</b>
Other Countries	--	--	--	--	--	102.032	1.394.097	37.683	71.339	928	1.826	--	--	--	--	55.537	<b>1.663.442</b>
Subsidiaries, associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	18.708	<b>18.708</b>
Unallocated Assets/Liabilities	24.383	4.413	1	--	--	1.695.433	14.279.863	4.309.490	402.869	--	--	--	--	--	571	13.651	<b>20.730.674</b>
<b>Total</b>	<b>25.084.933</b>	<b>806.101</b>	<b>1</b>	<b>--</b>	<b>--</b>	<b>5.874.282</b>	<b>57.052.247</b>	<b>23.537.265</b>	<b>10.041.282</b>	<b>901.478</b>	<b>4.556.183</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>571</b>	<b>3.366.234</b>	<b>131.220.577</b>

  

<b>Risk Classifications (*) (***)</b>																	
<b>Prior Period: 31 December 2014</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J</b>	<b>K</b>	<b>L</b>	<b>M</b>	<b>N</b>	<b>O</b>	<b>P</b>	<b>Total</b>
Domestic	18.393.750	865.896	--	--	--	2.243.728	33.724.472	14.633.457	7.035.554	538.578	5.411.061	--	--	--	--	2.902.483	<b>85.748.979</b>
European Union Countries	1.347.664	34.094	--	--	--	2.229.765	675.838	37.787	52.489	4.521	7.373	--	--	--	--	138.234	<b>4.527.765</b>
OECD Countries (**)	--	--	--	--	--	116.367	--	3.631	4.089	76	480	--	--	--	--	--	<b>124.643</b>
Off-Shore Banking Regions	--	--	--	--	--	61	343.728	2.046	12.579	6	180	--	--	--	--	--	<b>358.600</b>
USA, Canada	--	--	--	--	--	399.444	55.328	396	3.208	4	620	--	--	--	--	--	<b>459.000</b>
Other Countries	--	--	--	--	--	96.137	1.124.554	40.677	43.913	318	3.633	--	--	--	--	26.335	<b>1.335.567</b>
Subsidiaries, associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	18.596	<b>18.596</b>
Unallocated Assets/Liabilities	16.839	6.368	1	--	--	1.371.781	11.099.378	3.683.477	318.073	--	(313)	--	--	--	--	5.175	<b>16.500.779</b>
<b>Total</b>	<b>19.758.253</b>	<b>906.358</b>	<b>1</b>	<b>--</b>	<b>--</b>	<b>6.457.283</b>	<b>47.023.298</b>	<b>18.401.471</b>	<b>7.469.905</b>	<b>543.503</b>	<b>5.423.034</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3.090.823</b>	<b>109.073.929</b>

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

A: Conditional and unconditional receivables from central governments or central banks  
B: Conditional and unconditional receivables from regional or local governments  
C: Conditional and unconditional receivables from administrative units and non-commercial enterprises  
D: Conditional and unconditional receivables from multilateral development banks  
E: Conditional and unconditional receivables from international organizations  
F: Conditional and unconditional receivables from banks and brokerage houses  
G: Conditional and unconditional receivables from corporates  
H: Conditional and unconditional retail receivables

I: Conditional and unconditional receivables secured by mortgages  
J: Past due receivables  
K: Receivables defined in high risk category by BRSA  
L: Securities collateralized by mortgages  
M: Securitization positions  
N: Short-term receivables from banks, brokerage houses and corporates  
O: Investments similar to collective investment funds  
P: Other receivables

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

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

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**i. Risk Profile by Sectors or Counterparties**  
Current period: 31 December 2015

Sectors/Counterparties	Risk Classifications (*)(**)																TL	FC	Total
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P			
<b>Agricultural</b>	--	--	--	--	--	--	<b>719.842</b>	<b>4.946.734</b>	<b>852.441</b>	<b>34.716</b>	<b>3.248</b>	--	--	--	--	--	<b>6.257.748</b>	<b>299.233</b>	<b>6.556.981</b>
Farming and Cattle	--	--	--	--	--	--	656.022	4.940.366	848.586	34.167	3.240	--	--	--	--	--	6.247.234	235.147	<b>6.482.381</b>
Forestry	--	--	--	--	--	--	60.886	3.386	264	309	4	--	--	--	--	--	4.357	60.492	<b>64.849</b>
Fishing	--	--	--	--	--	--	2.934	2.982	3.591	240	4	--	--	--	--	--	6.157	3.594	<b>9.751</b>
<b>Manufacturing</b>	--	<b>3</b>	--	--	--	--	<b>16.134.608</b>	<b>1.055.394</b>	<b>742.812</b>	<b>74.709</b>	<b>6.702</b>	--	--	--	--	--	<b>5.124.773</b>	<b>12.889.455</b>	<b>18.014.228</b>
Mining	--	3	--	--	--	--	2.897.834	81.889	52.341	16.371	193	--	--	--	--	--	536.946	2.511.685	<b>3.048.631</b>
Production	--	--	--	--	--	--	10.059.162	968.670	651.339	57.229	4.620	--	--	--	--	--	4.088.486	7.652.534	<b>11.741.020</b>
Utilities (Electric, gas and water)	--	--	--	--	--	--	3.177.612	4.835	39.132	1.109	1.889	--	--	--	--	--	499.341	2.725.236	<b>3.224.577</b>
<b>Construction</b>	--	<b>26.472</b>	--	--	--	--	<b>9.674.836</b>	<b>552.486</b>	<b>1.057.921</b>	<b>56.527</b>	<b>3.289</b>	--	--	--	--	<b>10.883</b>	<b>4.349.445</b>	<b>7.032.969</b>	<b>11.382.414</b>
<b>Services</b>	<b>25.084.933</b>	<b>2.090</b>	--	--	--	<b>5.874.282</b>	<b>22.040.918</b>	<b>4.682.827</b>	<b>2.653.705</b>	<b>324.498</b>	<b>13.464</b>	--	--	--	--	<b>34.383</b>	<b>24.598.596</b>	<b>36.112.504</b>	<b>60.711.100</b>
Wholesale and retail trade	--	1	--	--	--	--	6.898.190	3.547.066	1.355.043	213.351	11.227	--	--	--	--	--	7.767.787	4.257.091	<b>12.024.878</b>
Hotel, food and beverage services	--	--	--	--	--	--	6.895.040	183.185	640.818	10.951	285	--	--	--	--	--	1.212.380	6.517.899	<b>7.730.279</b>
Transportation and telecommunication	--	18	--	--	--	--	4.233.516	736.089	315.693	14.965	1.396	--	--	--	--	16	2.250.727	3.050.966	<b>5.301.693</b>
Financial institutions	25.084.933	80	--	--	--	5.874.282	1.031.726	37.380	73.288	13.370	10	--	--	--	--	34.367	11.577.432	20.572.004	<b>32.149.436</b>
Real estate and letting services	--	1.991	--	--	--	--	216.891	80.486	36.904	38.861	439	--	--	--	--	--	204.345	171.227	<b>375.572</b>
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	<b>--</b>
Education services	--	--	--	--	--	--	915.397	37.083	125.149	1.638	53	--	--	--	--	--	858.787	220.533	<b>1.079.320</b>
Health and social services	--	--	--	--	--	--	1.850.158	61.538	106.810	31.362	54	--	--	--	--	--	727.138	1.322.784	<b>2.049.922</b>
<b>Other</b>	--	<b>777.536</b>	<b>1</b>	--	--	--	<b>8.482.043</b>	<b>12.299.824</b>	<b>4.734.403</b>	<b>411.028</b>	<b>4.529.480</b>	--	--	--	<b>571</b>	<b>3.320.968</b>	<b>26.924.433</b>	<b>7.631.421</b>	<b>34.555.854</b>
<b>Total</b>	<b>25.084.933</b>	<b>806.101</b>	<b>1</b>	--	--	<b>5.874.282</b>	<b>57.052.247</b>	<b>23.537.265</b>	<b>10.041.282</b>	<b>901.478</b>	<b>4.556.183</b>	--	--	--	<b>571</b>	<b>3.366.234</b>	<b>67.254.995</b>	<b>63.965.582</b>	<b>131.220.577</b>

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

A: Conditional and unconditional receivables from central governments or central banks  
B: Conditional and unconditional receivables from regional or local governments  
C: Conditional and unconditional receivables from administrative units and non-commercial enterprises  
D: Conditional and unconditional receivables from multilateral development banks  
E: Conditional and unconditional receivables from international organizations  
F: Conditional and unconditional receivables from banks and brokerage houses  
G: Conditional and unconditional receivables from corporates  
H: Conditional and unconditional retail receivables

I: Conditional and unconditional receivables secured by mortgages  
J: Past due receivables  
K: Receivables defined in high risk category by BRSA  
L: Securities collateralized by mortgages  
M: Securitization positions  
N: Short-term receivables from banks, brokerage houses and corporates  
O: Investments similar to collective investment funds  
P: Other receivables

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

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Prior period:31 December 2014

Sectors/Counterparties	Risk Classifications (*)(**)																TL	FC	Total
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P			
<b>Agricultural</b>	--	--	--	--	--	--	<b>926.014</b>	<b>3.542.784</b>	<b>645.550</b>	<b>29.911</b>	<b>3.279</b>	--	--	--	--	--	<b>4.667.544</b>	<b>479.994</b>	<b>5.147.538</b>
Farming and Cattle	--	--	--	--	--	--	917.829	3.536.254	644.963	29.711	3.278	--	--	--	--	--	4.654.688	477.347	<b>5.132.035</b>
Forestry	--	--	--	--	--	--	5.052	4.818	135	194	1	--	--	--	--	--	7.640	2.560	<b>10.200</b>
Fishing	--	--	--	--	--	--	3.133	1.712	452	6	--	--	--	--	--	--	5.216	87	<b>5.303</b>
<b>Manufacturing</b>	--	<b>3</b>	--	--	--	--	<b>14.134.606</b>	<b>949.040</b>	<b>554.598</b>	<b>46.591</b>	<b>3.149</b>	--	--	--	--	--	<b>4.902.152</b>	<b>10.785.835</b>	<b>15.687.987</b>
Mining	--	3	--	--	--	--	2.515.214	70.585	43.623	6.553	58	--	--	--	--	--	411.006	2.225.030	<b>2.636.036</b>
Production	--	--	--	--	--	--	9.512.922	870.782	478.382	37.225	2.902	--	--	--	--	--	4.332.689	6.569.524	<b>10.902.213</b>
Utilities (Electric, gas and water)	--	--	--	--	--	--	2.106.470	7.673	32.593	2.813	189	--	--	--	--	--	158.457	1.991.281	<b>2.149.738</b>
<b>Construction</b>	--	<b>36.170</b>	--	--	--	--	<b>6.904.776</b>	<b>513.579</b>	<b>725.446</b>	<b>49.609</b>	<b>1.411</b>	--	--	--	--	<b>2.624</b>	<b>3.708.485</b>	<b>4.525.130</b>	<b>8.233.615</b>
<b>Services</b>	<b>17.681.005</b>	<b>2.535</b>	--	--	--	<b>5.376.752</b>	<b>20.333.003</b>	<b>3.494.066</b>	<b>2.100.927</b>	<b>131.367</b>	<b>10.953</b>	--	--	--	--	<b>24.837</b>	<b>21.634.370</b>	<b>27.521.075</b>	<b>49.155.445</b>
Wholesale and retail trade	--	1	--	--	--	--	7.752.153	2.642.747	863.981	82.166	7.240	--	--	--	--	--	6.464.485	4.883.803	<b>11.348.288</b>
Hotel, food and beverage services	--	--	--	--	--	--	5.716.831	173.231	656.734	2.785	331	--	--	--	--	--	1.144.844	5.405.068	<b>6.549.912</b>
Transportation and telecommunication	--	34	--	--	--	--	3.741.891	503.249	212.940	12.403	1.898	--	--	--	--	14	1.788.688	2.683.741	<b>4.472.429</b>
Financial institutions	17.681.005	71	--	--	--	5.376.752	1.012.786	32.448	52.674	4.575	53	--	--	--	--	24.823	10.815.360	13.369.827	<b>24.185.187</b>
Real estate and letting services	--	2.429	--	--	--	--	392.196	53.178	59.974	1.080	63	--	--	--	--	--	175.788	333.132	<b>508.920</b>
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	<b>--</b>
Education services	--	--	--	--	--	--	801.526	26.946	120.041	998	1.313	--	--	--	--	--	710.031	240.793	<b>950.824</b>
Health and social services	--	--	--	--	--	--	915.620	62.267	134.583	27.360	55	--	--	--	--	--	535.174	604.711	<b>1.139.885</b>
<b>Other</b>	<b>2.077.248</b>	<b>867.650</b>	<b>1</b>	--	--	<b>1.080.531</b>	<b>4.724.899</b>	<b>9.902.002</b>	<b>3.443.384</b>	<b>286.025</b>	<b>5.404.242</b>	--	--	--	--	<b>3.063.362</b>	<b>24.153.922</b>	<b>6.695.422</b>	<b>30.849.344</b>
<b>Total</b>	<b>19.758.253</b>	<b>906.358</b>	<b>1</b>	--	--	<b>6.457.283</b>	<b>47.023.298</b>	<b>18.401.471</b>	<b>7.469.905</b>	<b>543.503</b>	<b>5.423.034</b>	--	--	--	--	<b>3.090.823</b>	<b>59.066.473</b>	<b>50.007.456</b>	<b>109.073.929</b>

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

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B: Conditional and unconditional receivables from regional or local governments  
C: Conditional and unconditional receivables from administrative units and non-commercial enterprises  
D: Conditional and unconditional receivables from multilateral development banks  
E: Conditional and unconditional receivables from international organizations  
F: Conditional and unconditional receivables from banks and brokerage houses  
G: Conditional and unconditional receivables from corporates  
H: Conditional and unconditional retail receivables

I: Conditional and unconditional receivables secured by mortgages  
J: Past due receivables  
K: Receivables defined in high risk category by BRSA  
L: Securities collateralized by mortgages  
M: Securitization positions  
N: Short-term receivables from banks, brokerage houses and corporates  
O: Investments similar to collective investment funds  
P: Other receivables

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

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

Current Period: 31 December 2015

<b>Risk classifications</b>	<b>Undistributed (*)</b>	<b>1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 year</b>
Conditional and unconditional receivables from central governments or central banks	4.101.972	8.286.654	207.563	249.004	417.712	11.822.028
Conditional and unconditional receivables from regional or local governments	—	186	1.715	2.167	39.557	762.476
Conditional and unconditional receivables from administrative units and non-commercial enterprises	—	—	—	—	—	1
Conditional and unconditional receivables from multilateral development banks	—	—	—	—	—	—
Conditional and unconditional receivables from international organizations	—	—	—	—	—	—
Conditional and unconditional receivables from banks and brokerage houses	1.001.956	2.358.338	432.729	301.519	71.419	1.708.321
Conditional and unconditional receivables from corporates	102.551	5.018.198	3.130.938	3.613.331	7.642.126	37.545.103
Conditional and unconditional retail receivables	157	6.427.550	964.886	1.740.015	5.420.365	8.984.292
Conditional and unconditional receivables secured by mortgages	—	457.695	273.868	430.811	559.030	8.319.878
Past due receivables	825.258	6.083	438	1.274	3.628	64.797
Receivables defined in high risk category by BRSA	65.202	167.033	—	—	—	4.323.948
Securities collateralized by mortgages	—	—	—	—	—	—
Securitization positions	—	—	—	—	—	—
Short-term receivables from banks, brokerage houses and corporates	—	—	—	—	—	—
Investments similar to collective investment funds	—	432	—	139	—	—
Other receivables	3.296.495	58.808	—	—	6.000	4.931
<b>Total Amount</b>	<b>9.393.591</b>	<b>22.780.977</b>	<b>5.012.137</b>	<b>6.338.260</b>	<b>14.159.837</b>	<b>73.535.775</b>

(\*) Drawing amounts are included.

Prior Period: 31 December 2014

<b>Risk classifications</b>	<b>Undistributed (*)</b>	<b>1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 year</b>
Conditional and unconditional receivables from central governments or central banks	1.162.722	7.202.631	549.678	653.924	755.888	9.433.410
Conditional and unconditional receivables from regional or local governments	—	1.265	1.731	10.891	24.319	868.152
Conditional and unconditional receivables from administrative units and non-commercial enterprises	—	—	—	—	—	1
Conditional and unconditional receivables from multilateral development banks	—	—	—	—	—	—
Conditional and unconditional receivables from international organizations	—	—	—	—	—	—
Conditional and unconditional receivables from banks and brokerage houses	669.886	3.263.885	660.388	217.463	440.713	1.204.948
Conditional and unconditional receivables from corporates	36.075	3.699.311	4.091.000	2.529.627	5.378.024	31.289.261
Conditional and unconditional retail receivables	1.557	5.147.709	995.066	1.507.103	4.689.401	6.060.635
Conditional and unconditional receivables secured by mortgages	60	437.957	212.109	246.325	481.345	6.092.109
Past due receivables	488.951	24.852	393	3.787	3.381	22.139
Receivables defined in high risk category by BRSA	28.427	236.243	—	—	—	5.158.364
Securities collateralized by mortgages	—	—	—	—	—	—
Securitization positions	—	—	—	—	—	—
Short-term receivables from banks, brokerage houses and corporates	—	—	—	—	—	—
Investments similar to collective investment funds	—	—	—	—	—	—
Other receivables	2.923.928	50	—	120	1.275	165.450
<b>Total Amount</b>	<b>5.311.606</b>	<b>20.013.903</b>	<b>6.510.365</b>	<b>5.169.240</b>	<b>11.774.346</b>	<b>60.294.469</b>

(\*) Drawing amounts are included.

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**k. Risk Classifications**

Credit ratings of International Credit Rating Agencies (CRA); Fitch, Moody's and Standard and Poors are used in the process of determining the risk weights as per the Article 6th of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

The scope of credit rating notes is valid for the non-residents and is limited to the receivables from Central Governments or Central Banks, and receivables from Banks and Brokerage Houses. When the credit ratings given by two different CRA for a particular receivable balance corresponding to different risk weights, the higher risk weight is taken into account; when the credit ratings given by more than two CRA corresponding to different risk weights then the higher of the lowest two risk weights is taken into account. According to the regulation credit ratings of the international CRA is not applicable for the receivables from the residents.

Current Period: 31 December 2015

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

Prior Period: 31 December 2014

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

#### I. Exposures by risk weights

Current Period: 31 December 2015

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

Prior Period: 31 December 2014

Risk Weight	0%	10%	20%	50%	75%	100%	150%	200%	250%	Equity Deductions
Exposures before Credit Risk Mitigation	20.233.940	–	4.059.230	2.634.128	21.296.248	55.228.826	1.481.273	3.961.984	178.300	535.368
Exposures after Credit Risk Mitigation	20.233.940	–	4.059.230	9.362.828	17.097.132	49.285.474	1.464.813	3.929.456	178.300	535.368

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**m. Information by major sectors and type of counterparties**

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

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

Current Period: 31 December 2015

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

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

(\*\*) Representing specific provision amounts.

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Prior Period: 31 December 2014

Important Sectors / Counterparties	Loans		Value Adjustments (*)	Provisions (**)
	Impaired	Past Due		
<b>Agricultural</b>	<b>193.351</b>	<b>159.103</b>	<b>5.016</b>	<b>148.359</b>
Farming and Cattle	190.660	158.442	5.001	146.266
Forestry	2.571	68	1	1.974
Fishing	120	593	14	119
<b>Manufacturing</b>	<b>162.507</b>	<b>381.251</b>	<b>16.486</b>	<b>119.826</b>
Mining	39.856	16.971	635	32.392
Production	116.296	291.013	12.271	84.069
Utilities (Electric, gas and water)	6.355	73.267	3.580	3.365
<b>Construction</b>	<b>186.166</b>	<b>55.375</b>	<b>1.678</b>	<b>132.933</b>
<b>Services</b>	<b>385.493</b>	<b>594.484</b>	<b>23.447</b>	<b>269.718</b>
Wholesale and retail trade	196.532	157.769	4.285	128.042
Hotel, food and beverage services	9.239	69.372	2.923	6.523
Transportation and telecommunication	54.943	326.548	14.552	44.135
Financial institutions	7.469	9.655	434	2.983
Real estate and letting services	1.335	3.910	94	1.013
Self-employment services	41	–	–	37
Education services	3.051	22.717	1.046	823
Health and social services	112.883	4.513	113	86.162
<b>Other</b>	<b>1.054.320</b>	<b>1.887.212</b>	<b>104.114</b>	<b>704.328</b>
<b>Total</b>	<b>1.981.837</b>	<b>3.077.425</b>	<b>150.741</b>	<b>1.375.164</b>

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

(\*\*) Representing specific provision amounts.

**Movements in valuation adjustments and provisions**

Current Period: 31 December 2015	Opening balance	Charge for the period	Releases of provisions	Other adjustments(*)	Ending balance
Specific Provisions	1.375.164	1.095.770	(190.919)	(1.832)	2.278.183
General Provisions	813.128	162.211	–	–	975.339

(\*) Representing provision reversals for non-performing loans portfolio written off in amount of TL (2.845) and foreign exchange differences in amount of TL 1.013.

Prior Period: 31 December 2014	Opening balance	Charge for the period	Releases of provisions	Other adjustments(*)	Ending balance
Specific Provisions	1.171.611	789.944	(228.400)	(357.991)	1.375.164
General Provisions	700.374	112.754	–	–	813.128

(\*) Representing sales from the non-performing loans portfolio in amount of TL (357.724) and foreign exchange differences in amount of TL (267).



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**n. Distribution of credit risk according to the operational segments**

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

<b>Prior Period: 31 December 2014</b>	<b>Commercial Loans(*)</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Standard Loans	46.531.813	10.308.012	3.836.450	20.950	<b>60.697.225</b>
Closely Monitored Loans	1.914.090	1.140.627	205.779	–	<b>3.260.496</b>
Non-performing Loans	1.082.032	513.788	386.017	–	<b>1.981.837</b>
Specific Provision (-)	792.132	348.845	234.187	–	<b>1.375.164</b>
<b>Total</b>	<b>48.735.803</b>	<b>11.613.582</b>	<b>4.194.059</b>	<b>20.950</b>	<b>64.564.394</b>

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

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

The loans of DFS Group amounting to TL 56.329.099 (31 December 2014: TL 43.909.204) are collateralized by cash, mortgage, cheques and notes obtained from customers.

### III. Explanations related to the consolidated market risk

**Whether the group within the financial risk management objectives hedges itself against market risk, the precautions taken by the Board of Directors for market risk, the methods used for measuring market risk and time intervals for measurement of market risk**

The Parent Bank has defined its risk management procedures and has taken necessary precautions in order to avoid market risks, in compliance with "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks". As the main precaution against being exposed to market risk, the Parent Bank's Board of Directors identifies risk limits determined in the context of economic capital.

Standard method and the internal risk measurement model are used in calculating the market risk. The criteria for the standard method have been set by the BRSA and are reported on a monthly basis. Internal risk measurement model is applied on a daily basis.

Under the standard method, the measurements are made over the "trading book" as per the statutory accounting and reporting classification.

#### a. Market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	1.427
(II) Capital Obligation against Specific Risk - Standard Method	132
(III) Capital Obligation against Specific Risk of Securitization Positions- Standard Method	-
(IV) Capital Obligation against Currency Risk - Standard Method	17.410
(V) Capital Obligation against Commodity Risk - Standard Method	364
(VI) Capital Obligation against Clearing Risk - Standard Method	-
(VII) Capital Obligation against Options Subject to Market Risk - Standard Method	2.036
(VIII) Capital Obligation against Counterparty Credit Risk - Standard Method	560
(IX) Capital Obligation against Market Risk at the Banks calculating Risk Measuring Models	-
<b>(X) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI+VII)</b>	<b>21.929</b>
<b>(XI) Value-At-Market-Risk (12,5 x IX) or (12,5 x X)</b>	<b>274.113</b>

#### b. Average market risk

	Current Period: 31 December 2015			Prior Period: 31 December 2014		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	4.472	30.449	1.541	30.697	65.728	12.420
Share Certificate Risk	49	89	18	159	526	6
Currency Risk	43.933	78.214	12.437	40.047	48.228	31.976
Commodity Risk	542	832	338	319	565	240
Clearing Risk	-	-	-	-	-	-
Option Risk	1.096	6.322	43	112	358	23
Counterparty Credit Risk	3.833	34.372	560	31.592	47.112	24.133
<b>Total Value-At-Risk</b>	<b>674.041</b>	<b>1.795.600</b>	<b>229.188</b>	<b>1.286.579</b>	<b>1.682.900</b>	<b>1.090.825</b>

#### c. Quantitative information on counterparty risk

In counterparty credit risk calculations, the fair value methodology is used according to the Appendix-2, Part 3 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". Positions arising from existing netting contracts are not taken into account for capital adequacy calculations.

Transactions related to the credit derivatives do not have hedging purposes and details based on the type of transaction are as follows:

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**Current Period: 31 December 2015**

	<b>Amount</b>
Interest-Rate Contracts	190.578
Foreign-Exchange-Rate Contracts	1.467.572
Commodity Contracts	451
Equity-Shares Related Contracts	-
Other	-
Gross Positive Fair Values	1.658.601
Netting Benefits	-
Net Current Exposure Amount	1.658.601
Collaterals Received	-
Net Derivative Position	1.658.601

**Prior Period: 31 December 2014**

	<b>Amount</b>
Interest-Rate Contracts	114.550
Foreign-Exchange-Rate Contracts	1.105.761
Commodity Contracts	874
Equity-Shares Related Contracts	-
Other	-
Gross Positive Fair Values	1.221.185
Netting Benefits	-
Net Current Exposure Amount	1.221.185
Collaterals Received	-
Net Derivative Position	1.221.185

**IV. Explanations related to the consolidated operational risk**

DFS Group used the "Basic Indicators Approach" in computation of its operational risk. In accordance with the 4th section (Computation of the Operational Risk) which is valid after 1 July 2012, of the "Regulation on Measurement and Evaluation of the Capital Adequacy of the Banks", published in the Official Gazette dated 28 June 2012 and numbered 28337, operational risk is computed using the gross income of DFS Group for the years ended 2014, 2013 and 2012. As explained in detail in Note I of this section, value at operational risk within the context of "Capital Adequacy Ratio" and operational risk capital liabilities are TL 6.749.375 and TL 539.950, respectively.

	<b>31.12.2012</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>Total / No. of Years of Positive GI</b>	<b>Rate (%)</b>	<b>Total</b>
Gross Income (GI)	2.855.790	3.811.680	4.131.530	3.599.667	15	<b>539.950</b>
Value at Operational Risk (Total*12,5)						<b>6.749.375</b>

**V. 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 XV-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 2,9181
Euro purchase rate as at the balance sheet date	TL 3,1838

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
25 December 2015	2,9123	3,1904
28 December 2015	2,9157	3,2006
29 December 2015	2,9084	3,1921
30 December 2015	2,9076	3,1776
31 December 2015	2,9181	3,1838

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

The arithmetical average US Dollar and Euro purchase rates for December 2015 are TL 2,9177 and TL 3,1765 , respectively.

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**f. Information on currency risk**

Current Period	EUR	USD	Other FC <sup>(5)</sup>	Total
<b>Assets</b>				
Cash and Balances with the Central Bank of the Republic of Turkey	1.910.443	5.959.640	1.757.938	<b>9.628.021</b>
Due from Banks and Other Financial Institutions	4.137.481	1.888.021	173.632	<b>6.199.134</b>
Financial Assets at Fair Value Through Profit or Loss <sup>(1)</sup>	145.035	69.031	1	<b>214.067</b>
Interbank Money Market Placements	—	—	—	<b>—</b>
Investment Securities Available-for-Sale	807.562	1.797.943	57.545	<b>2.663.050</b>
Loans <sup>(2)</sup>	12.864.699	21.124.737	598.683	<b>34.588.119</b>
Investments in Subsidiaries and Associates	111	—	—	<b>111</b>
Investment Securities Held-to-Maturity	134.391	366.569	—	<b>500.960</b>
Hedging Purpose Financial Derivatives	—	—	—	<b>—</b>
Tangible Assets	80.720	77	622	<b>81.419</b>
Intangible Assets <sup>(3)</sup>	—	—	—	<b>—</b>
Other Assets <sup>(4)</sup>	1.237.082	770.931	52.583	<b>2.060.596</b>
<b>Total Assets</b>	<b>21.317.524</b>	<b>31.976.949</b>	<b>2.641.004</b>	<b>55.935.477</b>
<b>Liabilities</b>				
Bank Deposits	442.862	234.289	506.148	<b>1.183.299</b>
Foreign Currency Deposits	28.171.313	16.477.092	665.625	<b>45.314.030</b>
Interbank Money Markets	—	—	—	<b>—</b>
Funds Borrowed from Other Financial Institutions	4.058.556	10.189.172	1.580	<b>14.249.308</b>
Marketable Securities Issued	1.335.237	145.905	—	<b>1.481.142</b>
Miscellaneous Payables	478.416	104.233	3.703	<b>586.352</b>
Hedging Purpose Financial Derivatives	—	—	—	<b>—</b>
Other Liabilities <sup>(6)</sup>	329.620	597.909	6.398	<b>933.927</b>
<b>Total Liabilities</b>	<b>34.816.004</b>	<b>27.748.600</b>	<b>1.183.454</b>	<b>63.748.058</b>
<b>Net "On Balance Sheet Position"</b>	<b>(13.498.480)</b>	<b>4.228.349</b>	<b>1.457.550</b>	<b>(7.812.581)</b>
<b>Net "Off-Balance Sheet Position" <sup>(7)</sup></b>	<b>13.215.699</b>	<b>(4.294.944)</b>	<b>(1.313.498)</b>	<b>7.607.257</b>
Financial Derivatives (Assets)	18.653.766	18.207.544	633.734	<b>37.495.044</b>
Financial Derivatives (Liabilities)	(5.438.067)	(22.502.488)	(1.947.232)	<b>(29.887.787)</b>
<b>Net Position</b>	<b>(282.781)</b>	<b>(66.595)</b>	<b>144.052</b>	<b>(205.324)</b>
Non-Cash Loans	4.774.463	10.605.095	255.911	<b>15.635.469</b>
<b>Prior Period</b>				
Total Assets	16.792.260	26.191.953	2.256.583	<b>45.240.796</b>
Total Liabilities	27.263.167	22.733.274	1.473.037	<b>51.469.478</b>
<b>Net "On Balance Sheet Position"</b>	<b>(10.470.907)</b>	<b>3.458.679</b>	<b>783.546</b>	<b>(6.228.682)</b>
<b>Net "Off-Balance Sheet Position"</b>	<b>10.694.405</b>	<b>(3.547.337)</b>	<b>(673.129)</b>	<b>6.473.939</b>
Financial Derivatives (Assets)	14.061.648	15.013.553	882.577	<b>29.957.778</b>
Financial Derivatives (Liabilities)	(3.367.243)	(18.560.890)	(1.555.706)	<b>(23.483.839)</b>
<b>Net Position</b>	<b>223.498</b>	<b>(88.658)</b>	<b>110.417</b>	<b>245.257</b>
Non-Cash Loans	3.515.934	9.099.090	215.427	<b>12.830.451</b>

(1) : Foreign currency differences of derivative assets amounting to TL 59.402 are excluded.

(2) : Foreign currency indexed loans amounting to TL 2.872.790 are included.

(3) : Intangible assets amounting to TL 3.330 are excluded.

(4) : Factoring receivables indexed to foreign currency, amounting to TL 93.470 are included. Prepaid expenses at the amount of TL 10.740 are not included.

(5) : There are gold amounts in total assets amounting to TL 2.179.066 and in total liabilities amounting to TL 831.715.

(6) : Not including the exchange rate difference of TL 201.784 pertaining to derivative financial loans and the FX equity of TL 2.239.848 and the free reserve of TL 1.813.

(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".

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**g. Informations on currency risk exposure**

The table below demonstrates prospective increase and decrease in equities and the statement of income as of 31 December 2015 and 2014 (excluding tax effect) on condition that 10 percent devaluation of TL against the currencies below. This analysis has been prepared under the assumption that all other variables, especially interest rates, to be constant.

	Curent Period		Prior Period	
	Period Profit Loss	Equity	Period Profit Loss	Equity
US Dollar	6.400	(4.379)	13.567	12.497
Euro	(15.125)	(16.025)	28.063	30.150
<b>Total (Net)</b>	<b>(8.725)</b>	<b>(20.404)</b>	<b>41.630</b>	<b>42.647</b>

**VI. 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.

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

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

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash and Balances with the Central Bank of the Republic of Turkey	344.542	—	—	—	—	9.113.630	<b>9.458.172</b>
Due from Banks and Other Fin. Inst.	3.479.571	161.395	2.584	—	—	998.512	<b>4.642.062</b>
Financial Assets at Fair Value Through Profit or Loss	80.900	73.714	291.123	374.957	67.374	675	<b>888.743</b>
Interbank Money Market Placements	980.123	—	—	—	—	—	<b>980.123</b>
Investment Securities Av.-for-Sale	114.367	1.054.075	3.849.362	1.274.307	2.113.126	3.944	<b>8.409.181</b>
Loans	15.470.994	4.199.716	6.869.861	21.187.404	12.550.155	559.506	<b>60.837.636</b>
Investment Securities Held-to-Mat.	1.440.413	266.400	315.508	408.684	711.195	—	<b>3.142.200</b>
Other Assets (*)	495.269	749.479	654.028	1.453.988	374.813	2.317.320	<b>6.044.897</b>
<b>Total Assets</b>	<b>22.406.179</b>	<b>6.504.779</b>	<b>11.982.466</b>	<b>24.699.340</b>	<b>15.816.663</b>	<b>12.993.587</b>	<b>94.403.014</b>
<b>Liabilities</b>							
Bank Deposits	833.528	1.244.823	101.122	—	—	108.265	<b>2.287.738</b>
Other Deposits	25.362.055	10.320.085	6.378.245	8.195.282	206.793	11.368.872	<b>61.831.332</b>
Interbank Money Market Placements	2.751.206	—	—	—	—	—	<b>2.751.206</b>
Miscellaneous Payables	14	304	1.812	1.391	—	1.429.278	<b>1.432.799</b>
Marketable Securities Issued	79.574	2.331.925	403.710	578.143	—	—	<b>3.393.352</b>
Funds Borrowed from Other Fin. Inst.	2.269.248	1.173.681	3.110.604	1.188.515	4.069.946	—	<b>11.811.994</b>
Other Liabilities (**)	333.185	452.923	445.425	131.852	68.535	9.462.673	<b>10.894.593</b>
<b>Total Liabilities</b>	<b>31.628.810</b>	<b>15.523.741</b>	<b>10.440.918</b>	<b>10.095.183</b>	<b>4.345.274</b>	<b>22.369.088</b>	<b>94.403.014</b>
On Balance Sheet Long Position	—	—	1.541.548	14.604.157	11.471.389	—	<b>27.617.094</b>
On Balance Sheet Short Position	(9.222.631)	(9.018.962)	—	—	—	(9.375.501)	<b>(27.617.094)</b>
Off-Balance Sheet Long Position	2.056.734	3.646.685	1.098.249	4.759.658	993.026	—	<b>12.554.352</b>
Off-Balance Sheet Short Position	(962.205)	(4.614.187)	(1.474.205)	(3.827.091)	(993.026)	—	<b>(11.870.714)</b>
<b>Total Interest Sensitivity Gap</b>	<b>(8.128.102)</b>	<b>(9.986.464)</b>	<b>1.165.592</b>	<b>15.536.724</b>	<b>11.471.389</b>	<b>(9.375.501)</b>	<b>683.638</b>

(\*) Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investment Properties, Investments in Associates and Joint Ventures, Tax Assets, Investments in Subsidiaries, Assets to be sold and other assets with balances of TL 507.658, TL 153.975, TL 128.137, TL 12.947, TL 136.146, TL 5.747, TL 96.657 and TL 1.276.053 respectively.

(\*\*) Other liabilities/non-interest bearings include; Shareholders' Equity, Tax Liabilities, Provisions, and Other Liabilities with balances of TL 7.161.184, TL 301.692, TL 1.080.432, and TL 919.365 respectively.



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

<b>Current Period: 31 December 2015</b>	<b>EUR %</b>	<b>USD %</b>	<b>JPY %</b>	<b>TL %</b>
<b>Assets</b>				
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
<b>Liabilities</b>				
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
<b>Prior Period: 31 December 2014</b>	<b>EUR %</b>	<b>USD %</b>	<b>JPY %</b>	<b>TL %</b>
<b>Assets</b>				
Cash and Balances with the Central Bank of the Republic of Turkey	–	–	–	1,54
Due from Banks and Other Financial Institutions	0,23	0,56	–	11,06
Financial Assets at Fair Value Through Profit or Loss	2,99	4,22	–	9,95
Interbank Money Market Placements	–	–	–	11,23
Investment Securities Available-for-Sale	1,05	4,75	–	9,21
Loans	5,55	5,23	5,26	14,01
Investment Securities Held-to-Maturity	4,46	5,09	–	10,78
<b>Liabilities</b>				
Bank Deposits	0,10	1,55	–	10,72
Other Deposits	1,96	2,64	0,10	10,11
Interbank Money Market Placements	–	–	–	8,25
Miscellaneous Payables	–	–	–	–
Marketable Securities Issued	2,36	3,23	–	9,22
Funds Borrowed from Other Financial Institutions	1,54	3,75	–	9,61

**e. Interest rate risk on banking book**

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

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

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

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

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

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

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

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

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

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

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The Group's economic value differences arising from the interest rate fluctuations pursuant to the "Regulation on the Measurement and Assessment of Interest Rate Risk Arising from Banking Accounts According to the Standard Shock Method" in a manner separated by different currencies are demonstrated in the following table as of 31 December 2015.

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

<b>Prior Period: 31 December 2014</b>		<b>Shocks Applied</b>		<b>Gains/ Equity</b>
<b>Type of Currency</b>		<b>(+/- basis points)</b>	<b>Gains/ Losses</b>	<b>- Losses/ Equity</b>
1 TL		(+) 500 bps	(1.747.142)	(15,95%)
2 TL		(-) 400 bps	1.752.323	16,00%
3 Euro		(+) 200 bps	(23.118)	(0,21%)
4 Euro		(-) 200 bps	206.915	1,89%
5 US Dollar		(+) 200 bps	11.657	0,11%
6 US Dollar		(-) 200 bps	(20.353)	(0,19%)
<b>Total (of positive shocks)</b>			<b>(1.758.603)</b>	<b>(16,05%)</b>
<b>Total (of negative shocks)</b>			<b>1.938.885</b>	<b>17,70%</b>

## **VII. Position risk of equity shares on banking book**

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

DFS Group does not have associate and subsidiary traded at BIST markets as of 31 December 2015 (31 December 2014: 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 2014: None).

## **VIII. 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.

Liquidity coverage rates calculated in accordance with the Regulation on Calculation of Parent Bank's Liquidity Coverage rate published in Official Gazette dated 21 March 2014 and numbered 28948 are as follows. Consolidated foreign currency rate calculated for the last three months is at the lowest level in October 250,45 and at the highest level in December 297,03 while the liquidity coverage rate is at the lowest level in November 90,43 and at the highest level in October 91,58.

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**a. Liquidity coverage ratio**

Current Period	Total unweighted value (*)		Total weighted value(*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 Total High Quality Liquid Assets			15.585.473	11.237.166
<b>CASH OUTFLOWS</b>				
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	—	—	—	—
<b>16 TOTAL CASH OUTFLOWS</b>			24.323.184	16.602.124
<b>CASH INFLOWS</b>				
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
<b>20 TOTAL CASH INFLOWS</b>	9.496.335	16.131.700	7.162.573	15.852.072
			<b>Total adjusted value</b>	
<b>21 TOTAL HQLA</b>			15.585.473	11.237.166
<b>22 TOTAL NET CASH OUTFLOWS</b>			17.160.611	4.150.531
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			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

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Prior Period	Total unweighted value (*)		Total weighted value(**)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 Total High Quality Liquid Assets			15.504.927	7.777.183
<b>CASH OUTFLOWS</b>				
2 Retail deposits and deposits from small business customers, of which	37.781.527	22.806.487	3.607.541	2.244.029
3 Stable deposits	3.412.240	732.400	170.612	36.620
4 Less stable deposits	34.369.287	22.074.087	3.436.929	2.207.409
5 Unsecured wholesale funding, of which	22.131.005	12.240.319	12.592.800	6.653.357
6 Operational deposits	3.754.712	1.943.539	938.678	485.885
7 Non-operational deposits	13.251.082	8.622.949	6.528.911	4.493.641
8 Unsecured debt	5.125.211	1.673.831	5.125.211	1.673.831
9 Secured wholesale funding			68.620	68.620
10 Additional requirements of which	42.100.760	17.451.915	4.794.875	5.816.189
11 Outflows related to derivative exposures and other collateral requirements	901.532	4.071.548	901.532	4.071.548
12 Outflows related to loss of funding on debt products	—	—	—	—
13 Credit and liquidity facilities	41.199.228	13.380.367	3.893.343	1.744.641
14 Other contractual funding obligations	4.314.231	878.818	1.585.477	878.818
15 Other contingent funding obligations	—	—	—	—
<b>16 TOTAL CASH OUTFLOWS</b>			22.649.313	15.661.013
<b>CASH INFLOWS</b>				
17 Secured lending	653.800	—	—	—
18 Inflows from fully performing exposures	9.247.697	4.865.647	7.379.692	4.652.320
19 Other cash inflows	228.319	7.938.897	228.319	7.938.897
<b>20 TOTAL CASH INFLOWS</b>	10.129.816	12.804.544	7.608.011	12.591.217
			<b>Total adjusted value</b>	
<b>21 TOTAL HQLA</b>			15.504.927	7.777.183
<b>22 TOTAL NET CASH OUTFLOWS</b>			15.041.302	3.915.253
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			103,1	200,8

(\*) 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 Years	5 Years and Over	Undist. (*)	Total
<b>Assets</b>								
Cash and Balances with the Central Bank of the Republic of Turkey	2.861.347	7.962.005	–	–	–	–	–	10.823.352
Due from Banks and Other Fin.Inst.	3.654.447	1.885.415	156.225	149.930	376.677	6	–	6.222.700
Financial Assets at Fair Value Through Profit or Loss	676	73.502	265.136	189.930	532.489	111.706	–	1.173.439
Interbank Money Market Placements	–	1.213.997	–	–	–	–	–	1.213.997
Investment Securities Av.-for-Sale	112.900	118.073	216.148	671.282	3.947.092	4.907.694	–	9.973.189
Loans	–	8.713.355	3.151.652	12.783.828	27.813.405	21.412.484	812.673	74.687.397
Investment Securities Held-to-Maturity	–	–	–	–	736.615	2.639.554	–	3.376.169
Other Assets	1.083.430	361.138	204.750	333.790	1.548.314	570.470	1.314.274	5.416.166
<b>Total Assets</b>	<b>7.712.800</b>	<b>20.327.485</b>	<b>3.993.911</b>	<b>14.128.760</b>	<b>34.954.592</b>	<b>29.641.914</b>	<b>2.126.947</b>	<b>112.886.409</b>
<b>Liabilities</b>								
Bank Deposits	139.734	385.003	523.358	145.986	–	261.072	–	1.455.153
Other Deposits	14.254.616	27.293.917	10.531.337	9.513.312	9.326.274	284.646	–	71.204.102
Funds Borrowed from Other Fin.Inst. and Subordinated Loans	–	2.498.686	1.607.723	5.344.461	2.621.208	4.031.153	–	16.103.231
Interbank Money Market Placements	–	7.184.158	–	–	–	–	–	7.184.158
Marketable Securities Issued	–	303.870	599.463	291.192	966.988	924.527	–	3.086.040
Miscellaneous Payables	1.761.608	81	1.520	7.977	1.033	–	–	1.772.219
Other Liabilities	1.053.279	247.671	383.118	417.658	307.205	95.326	9.577.249	12.081.506
<b>Total Liabilities</b>	<b>17.209.237</b>	<b>37.913.386</b>	<b>13.646.519</b>	<b>15.720.586</b>	<b>13.222.708</b>	<b>5.596.724</b>	<b>9.577.249</b>	<b>112.886.409</b>
<b>Net Liquidity Gap</b>	<b>(9.496.437)</b>	<b>(17.585.901)</b>	<b>(9.652.608)</b>	<b>(1.591.826)</b>	<b>21.731.884</b>	<b>24.045.190</b>	<b>(7.450.302)</b>	<b>–</b>
<b>Net "Off-Balance Sheet Position"</b>								
Financial Derivatives (assets)	–	19.127.470	7.504.135	6.144.416	4.109.780	4.131.504	–	41.017.305
Financial Derivatives (liabilities)	–	19.162.544	7.276.463	6.022.822	3.862.626	4.131.504	–	40.455.959
Non-Cash Loans	–	1.490.653	1.795.954	7.419.775	3.819.033	9.919.000	–	24.444.415
<b>Prior Period</b>								
Total Assets	4.486.229	19.782.312	3.995.474	12.187.489	27.864.930	24.283.332	1.803.248	94.403.014
Total Liabilities	13.815.743	31.346.931	13.672.659	10.561.761	12.096.565	4.614.127	8.295.228	94.403.014
<b>Net Liquidity Gap</b>	<b>(9.329.514)</b>	<b>(11.564.619)</b>	<b>(9.677.185)</b>	<b>1.625.728</b>	<b>15.768.365</b>	<b>19.669.205</b>	<b>(6.491.980)</b>	<b>–</b>
<b>Net "Off-Balance Sheet Position"</b>								
Financial Derivatives (assets)	–	12.857.786	6.127.354	6.665.829	4.467.766	1.697.360	–	31.816.095
Financial Derivatives (liabilities)	–	13.058.968	6.348.961	6.575.035	4.174.879	1.696.987	–	31.854.830
Non-Cash Loans	–	1.518.765	1.387.097	3.965.562	5.414.841	8.165.849	–	20.452.114

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

**c. Financial liabilities according to agreement maturities**

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

Current Period: 31 December 2015	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Liabilities</b>						
Deposit	42.156.533	11.147.194	9.729.852	9.396.504	554.675	72.984.758
Funds borrowed	2.536.660	1.979.770	6.069.885	4.046.428	4.319.167	18.951.910
Interbank Money Markets	7.184.158	–	–	–	–	7.184.158
Securities issued	307.495	710.199	535.510	1.349.107	310.446	3.212.757
<b>Total</b>	<b>52.184.846</b>	<b>13.837.163</b>	<b>16.335.247</b>	<b>14.792.039</b>	<b>5.184.288</b>	<b>102.333.583</b>
Prior Period: 31 December 2014	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Liabilities</b>						
Deposit	37.685.317	11.676.542	6.632.574	8.360.934	221.046	64.576.413
Funds borrowed	2.109.080	1.072.432	3.543.744	3.641.379	5.983.837	16.350.472
Interbank Money Markets	2.751.206	–	–	–	–	2.751.206
Securities issued	101.745	717.709	559.026	747.700	–	2.126.180
<b>Total</b>	<b>42.647.348</b>	<b>13.466.683</b>	<b>10.735.344</b>	<b>12.750.013</b>	<b>6.204.883</b>	<b>85.804.271</b>

**IX. Securitization exposures**

None.

## **X. Credit risk mitigation techniques**

The Parent Bank applies credit risk mitigation techniques according to the comprehensive financial guarantee method in compliance with the communique "Regulation on Credit Risk Mitigation Techniques".

Currency mismatch between receivables and collaterals, and the haircuts to be applied on collateral types are taken into account using the standard haircuts as defined in the Communique appendix; while the maturity mismatch between receivables and collaterals are handled by the method defined in the Article 49 of the Communique.

In the credit risk mitigation process, collaterals such as cash, deposit blockage and debt securities are taken into consideration. Physical collaterals are only used for determination of the risk classification according to commercial and residential mortgages. In calculation balance sheet and off-balance sheet component of netting are not taken into account.

### **Information about guaranties according to risk classifications;**

Current Period: 31 December 2015

<b>Risk classification</b>	<b>Amount (*)</b>	<b>Financial Guarantees</b>	<b>Other/ Physical Guarantees</b>	<b>Guarantees and Credit Derivatives</b>
Conditional and unconditional receivables from central governments or central banks	24.887.618	—	—	—
Conditional and unconditional receivables from regional or local governments	811.968	—	—	—
Conditional and unconditional receivables from administrative units and non-commercial enterprises	4	—	—	—
Conditional and unconditional receivables from multilateral development banks	—	—	—	—
Conditional and unconditional receivables from international organizations	—	—	—	—
Conditional and unconditional receivables from banks and brokerage houses	4.755.491	866	—	—
Conditional and unconditional receivables from corporates	71.628.304	4.835.291	—	—
Conditional and unconditional retail receivables	37.788.018	338.033	—	—
Conditional and unconditional receivables secured by mortgages	10.281.873	—	8.944.441	—
a) Receivables secured by residential mortgages	5.404.791	—	5.138.449	—
b) Receivables secured by commercial mortgages	4.877.082	—	3.805.992	—
Past due receivables	2.913.455	146	—	—
Receivables defined in high risk category by BRSA	4.822.390	49.014	—	—
Securities collateralized by mortgages	—	—	—	—
Securitization positions	—	—	—	—
Short-term receivables from banks, brokerage houses and corporates	—	—	—	—
Investments similar to collective investment funds	—	—	—	—
Other receivables	3.379.943	—	—	—
<b>Total</b>	<b>161.269.064</b>	<b>5.223.350</b>	<b>8.944.441</b>	<b>--</b>

(\*) Represents the risk figure before deduction of the haircut applied to collateral value.



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Prior Period: 31 December 2014

<b>Risk classification</b>	<b>Amount (*)</b>	<b>Financial Guarantees</b>	<b>Other/ Physical Guarantees</b>	<b>Guarantees and Credit Derivatives</b>
Conditional and unconditional receivables from central governments or central banks	19.646.123	–	–	–
Conditional and unconditional receivables from regional or local governments	922.749	–	–	–
Conditional and unconditional receivables from administrative units and non-commercial enterprises	3	–	–	–
Conditional and unconditional receivables from multilateral development banks	–	–	–	–
Conditional and unconditional receivables from international organizations	–	–	–	–
Conditional and unconditional receivables from banks and brokerage houses	6.567.142	8	–	–
Conditional and unconditional receivables from corporates	62.762.013	3.350.451	–	–
Conditional and unconditional retail receivables	31.200.622	207.945	–	–
Conditional and unconditional receivables secured by mortgages	7.672.146	–	6.728.724	–
a) Receivables secured by residential mortgages	3.779.814	–	3.624.039	–
b) Receivables secured by commercial mortgages	3.892.332	–	3.104.685	–
Past due receivables	1.801.994	1.074	–	–
Receivables defined in high risk category by BRSA	5.539.714	47.937	–	–
Securities collateralized by mortgages	–	–	–	–
Securitization positions	–	–	–	–
Short-term receivables from banks, brokerage houses and corporates	–	–	–	–
Investments similar to collective investment funds	–	–	–	–
Other receivables	3.096.000	–	–	–
<b>Total</b>	<b>139.208.506</b>	<b>3.607.415</b>	<b>6.728.724</b>	<b>--</b>

(\*) Represents the risk figure before deduction of the haircut applied to collateral value.

## **XI. 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 4,97% as of 31 December 2015 (31 December 2014: 5,12%). 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.

**Leverage ratio common disclosure template:**

	<b>Current Period (*)</b>	<b>Prior Period (*)</b>
<b>On-balance sheet exposures</b>		
1 On-balance sheet items (exclude derivatives and SFTs; include collateral)	110.211.981	91.652.816
2 (Assets deducted in determining Basel III Tier 1 capital)	334.756	259.028
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines )	109.877.225	91.393.788
<b>Derivative exposures</b>		
4 Replacement cost	1.198.701	764.398
5 Add-on amount	518.752	496.993
6 Total derivative exposures (sum of 4 and 5 lines )	1.717.453	1.261.391
<b>Securities financing transaction exposures</b>		
7 Gross SFT assets (with no recognition of accounting netting)	34.725	118.904
8 Agent transaction exposures		
9 Total securities financing transaction exposures (sum of 7 and 8 lines)	34.725	118.904
<b>Other off-balance sheet exposures</b>		
10 Off-balance sheet exposures with gross nominal amount	48.932.810	43.414.639
11 Adjustment amount off-balance sheet exposures with credit conversion factor	(503)	(2.675.883)
12 Total off-balance sheet exposures (sum of 10 and 11 lines)	48.932.307	40.738.756
<b>Capital and total exposures</b>		
13 Tier 1 capital	7.975.417	6.839.873
14 Total exposures (sum of 3,6,9 and 12 lines)	160.561.710	133.512.839
<b>Leverage ratio</b>		
15 Leverage ratio	4,97	5,12

(\*) Average of the monthly leverage ratios over the quarter.

## **XII. Risk management objectives and policies**

The Risk Management Strategy is based on consistently monitoring risk levels and capital requirement and maintaining the balance between long and short term goals and capital structure. Risk politics, implementation methods and limits which provide opportunity to manage different dimensions of risks arising from activities, are the basis of risk management strategy. The Board of Directors owns the entire risk management strategy, programme and organization.

The Parent Bank organizes the relation between capital and risk levels with risk tolerance and limit mechanisms. While determining limits, current circumstances along with prospective problems are taken into account. Limit consistency is evaluated and confirmed by the Board of Directors. Audit committee is responsible for the monitoring of compliance with the risk management policies and risk limits specified by the Board of Directors and reporting respective measures to the Board of Directors. Executive units are responsible for following risks and limit consistency relating to their respective area of operations.

As per the risk policies accepted by the Parent Bank, risk management operations including risk measuring, monitoring, controlling and reporting are performed separately from executive units and reported directly to the Board of Directors. To design risk measurement models, parameters defined considering internationally recognized methods and conditions specific to active markets, are used. In order to insure adaptation of risk politics and risk measurement models to changing conditions, regular reviews are carried out. Limit usages within risk management activities are closely monitoring and reporting.

Strategic and tactic bank targets should be consistent with limits identified as part of risk policies. The Parent Bank applies credit risk mitigation techniques for various risk factors for the purposes of compliance with the Parent Bank's internal and legal limits and taking precautions in the direction of economic developments and new regulations. Efficiency and competence of protection provided by risk reduction instruments are being followed through risk measurements.

### **XIII. Presentation of financial assets and liabilities at their fair value**

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

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

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

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

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

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

	Carrying value		Fair Value	
	Current Period 31 December 2015	Prior Period 31 December 2014	Current Period 31 December 2015	Prior Period 31 December 2014
<b>Financial Assets</b>	<b>98.491.118</b>	<b>81.737.960</b>	<b>97.657.543</b>	<b>81.784.103</b>
Interbank money market placements	1.213.997	980.123	1.213.997	980.123
Due from banks	6.222.700	4.642.062	6.222.698	4.642.109
Investment securities available-for-sale	9.973.189	8.409.181	9.973.189	8.409.181
Investment securities held-to-maturity	3.376.169	3.142.200	3.390.677	3.425.908
Loans and Other Receivables	77.705.063	64.564.394	76.856.982	64.326.782
<b>Financial Liabilities</b>	<b>100.804.903</b>	<b>83.508.421</b>	<b>100.638.455</b>	<b>83.745.566</b>
Bank deposits	1.455.153	2.287.738	1.453.988	2.287.423
Other deposits	71.204.102	61.831.332	71.304.071	61.915.563
Interbank money market borrowings	7.184.158	2.751.206	7.184.158	2.751.206
Funds borrowed from other financial institutions	11.257.266	7.889.031	11.181.275	8.092.985
Subordinated Loans	4.845.965	3.922.963	4.675.890	3.888.346
Securities Issued	3.086.040	3.393.352	3.066.854	3.377.244
Miscellaneous Payables	1.772.219	1.432.799	1.772.219	1.432.799

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**b. Classification of fair value**

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

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

<b>Current Period-31 December 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss	31.539	1.141.900	–	<b>1.173.439</b>
Public Sector Debt Securities	30.299	–	–	<b>30.299</b>
Share Certificates	157	–	–	<b>157</b>
Trading Purpose Derivatives	–	1.141.900	–	<b>1.141.900</b>
Other Securities	1.083	–	–	<b>1.083</b>
Financial Assets Available for Sale (*)	9.463.215	397.074	108.955	<b>9.969.244</b>
Public Sector Debt Securities	9.463.215	–	–	<b>9.463.215</b>
Other Securities	–	397.074	108.955	<b>506.029</b>
Hedging Purpose Derivatives	–	–	–	<b>--</b>
<b>Total Assets</b>	<b>9.494.754</b>	<b>1.538.974</b>	<b>108.955</b>	<b>11.142.683</b>
Derivative Financial Liabilities Held for Trading	–	638.641	–	<b>638.641</b>
Hedging Purpose Derivatives	–	–	–	<b>--</b>
<b>Total Liabilities</b>	<b>--</b>	<b>638.641</b>	<b>--</b>	<b>638.641</b>
<b>Prior Period-31 December 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss	112.443	776.300	–	<b>888.743</b>
Public Sector Debt Securities	111.767	–	–	<b>111.767</b>
Share Certificates	245	–	–	<b>245</b>
Trading Purpose Derivatives	–	776.300	–	<b>776.300</b>
Other Securities	431	–	–	<b>431</b>
Financial Assets Available for Sale (*)	8.016.147	389.090	–	<b>8.405.237</b>
Public Sector Debt Securities	8.016.147	–	–	<b>8.016.147</b>
Other Securities	–	389.090	–	<b>389.090</b>
Hedging Purpose Derivatives	–	–	–	<b>--</b>
<b>Total Assets</b>	<b>8.128.590</b>	<b>1.165.390</b>	<b>--</b>	<b>9.293.980</b>
Derivative Financial Liabilities Held for Trading	–	831.959	–	<b>831.959</b>
Hedging Purpose Derivatives	–	–	–	<b>--</b>
<b>Total Liabilities</b>	<b>--</b>	<b>831.959</b>	<b>--</b>	<b>831.959</b>

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

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

**Level 3:** Unobservable inputs

(\*) Share certificates amounting TL 3.945 (31 December 2014: TL 3.944), classified in financial assets available for sale that do not have quoted market prices in an active market or whose fair value cannot be measured, are carried at cost in the framework of TAS 39.

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

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

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

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

None.

**XV. 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 854 million and US Dollar 6,5 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 (579.894) as of 31 December 2015 (31 December 2014: TL (357.397)).

- 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 (3.368) (31 December 2014: TL 8.919).

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**XVI. Explanations related to the consolidated segment reporting**

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

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

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

Within treasury and investment banking, sales, prop-trading and private banking departments offer spot and forward TL and foreign exchange transactions, trading of treasury bills, bonds and other local and international securities and derivative products. Servicing the upper segment of wealthy and high income retail customers who require sophisticated banking and investment services falls within the scope of private banking.

**Segment information of the Group as of 31 December 2015 is presented in the following table:**

	Wholesale Banking			Retail Banking		
					Treasury and Investment Banking	
<b>Current Period (01.01.2015-31.12.2015)</b>	<b>Corporate Banking</b>	<b>Commercial &amp; Public Finance</b>	<b>SME &amp; Agriculture Banking</b>	<b>Retail Banking</b>		<b>Total</b>
Net interest income	707.962	829.423	1.215.121	763.293	568.616	<b>4.084.415</b>
Net fee and commission income	90.055	109.782	391.837	532.051	(39.886)	<b>1.083.839</b>
Other income/ expense, net	203.298	208.111	207.486	230.609	(866.647)	<b>(17.143)</b>
<b>Total segment income</b>	<b>1.001.315</b>	<b>1.147.316</b>	<b>1.814.444</b>	<b>1.525.953</b>	<b>(337.917)</b>	<b>5.151.111</b>
Other operating expenses	(197.908)	(325.135)	(925.867)	(1.086.060)	(111.745)	<b>(2.646.715)</b>
Provision for loan losses and other receivables	(36.034)	(204.227)	(450.464)	(608.821)	(61.939)	<b>(1.361.485)</b>
Tax charge	—	—	—	—	—	<b>(283.616)</b>
<b>Net profit from continuing operations</b>	<b>767.373</b>	<b>617.954</b>	<b>438.113</b>	<b>(168.928)</b>	<b>(511.601)</b>	<b>859.295</b>
Net profit from discontinued operations	—	—	—	—	—	<b>--</b>
<b>Net profit</b>	<b>767.373</b>	<b>617.954</b>	<b>438.113</b>	<b>(168.928)</b>	<b>(511.601)</b>	<b>859.295</b>
<b>Current Period (31.12.2015)</b>						
Segment assets	19.455.682	22.129.557	20.016.066	16.103.759	32.782.845	<b>110.487.909</b>
Subsidiaries and associates						<b>18.707</b>
Undistributed assets						<b>2.379.793</b>
<b>Total assets</b>						<b>112.886.409</b>
Segment liabilities	11.878.769	9.302.364	10.189.095	41.056.193	28.469.405	<b>100.895.826</b>
Undistributed liabilities						<b>3.696.386</b>
Shareholders' equity						<b>8.294.197</b>
<b>Total liabilities</b>						<b>112.886.409</b>

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	<b>Wholesale Banking</b>		<b>Retail Banking</b>		<b>Treasury and Investment Banking</b>	
<b>Prior Period (01.01.2014-31.12.2014)</b>	<b>Corporate Banking</b>	<b>Commercial &amp; Public Finance</b>	<b>SME &amp; Agriculture Banking</b>	<b>Retail Banking</b>		<b>Total</b>
Net interest income	626.556	741.519	967.524	745.154	545.893	<b>3.626.646</b>
Net fee and commission income	73.171	87.999	355.336	491.223	(19.040)	<b>988.689</b>
Other income/ expense, net	129.481	172.049	118.872	196.604	(644.131)	<b>(27.125)</b>
<b>Total segment income</b>	<b>829.208</b>	<b>1.001.567</b>	<b>1.441.732</b>	<b>1.432.981</b>	<b>(117.278)</b>	<b>4.588.210</b>
Other operating expenses	(202.535)	(323.118)	(793.350)	(1.040.683)	(62.003)	<b>(2.421.689)</b>
Provision for loan losses and other receivables	(80.977)	(111.945)	(281.800)	(461.518)	(15.600)	<b>(951.840)</b>
Tax charge						<b>(276.137)</b>
<b>Net profit from continuing operations</b>	<b>545.696</b>	<b>566.504</b>	<b>366.582</b>	<b>(69.220)</b>	<b>(194.881)</b>	<b>938.544</b>
Net profit from discontinued operations	–	–	–	–	–	<b>–</b>
<b>Net profit</b>	<b>545.696</b>	<b>566.504</b>	<b>366.582</b>	<b>(69.220)</b>	<b>(194.881)</b>	<b>938.544</b>
<b>Prior Period (31.12.2014)</b>						
Segment assets	15.735.020	19.580.462	14.356.842	14.892.070	27.520.481	<b>92.084.875</b>
Subsidiaries and associates						<b>18.694</b>
Undistributed assets						<b>2.299.445</b>
<b>Total assets</b>						<b>94.403.014</b>
Segment liabilities	10.299.386	10.460.673	8.684.534	33.465.383	21.078.037	<b>83.988.013</b>
Undistributed liabilities						<b>3.253.817</b>
Shareholders' equity						<b>7.161.184</b>
<b>Total liabilities</b>						<b>94.403.014</b>

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	732.661	679.049	605.068	641.678
Central Bank of the Republic of Turkey	462.670	8.948.947	234.653	7.976.722
Other (*)	–	25	30	21
<b>Total</b>	<b>1.195.331</b>	<b>9.628.021</b>	<b>839.751</b>	<b>8.618.421</b>

(\*) Includes TL 25 of cheques purchased (31 December 2014: TL 51).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	462.670	846.677	234.653	928.526
Unrestricted Time Deposits	–	–	–	–
Restricted Time Deposits	–	8.102.270	–	7.048.196
<b>Total</b>	<b>462.670</b>	<b>8.948.947</b>	<b>234.653</b>	<b>7.976.722</b>

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

###### **3. Information on required reserves**

As of 31 December 2015, all banks operating in Turkey should provide a reserve in a range of 5% to 11,5% (31 December 2014: 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 2014: between 6% and 13%) 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 TL 24.288 derived from the required reserves maintained by the Parent Bank at CBRT (1 January-31 December 2014: 756) 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	7.506	–	2.623	–
Other	–	–	–	–
<b>Total</b>	<b>7.506</b>	<b>–</b>	<b>2.623</b>	<b>–</b>

###### **2. Trading securities subject to repurchase agreements**

None (31 December 2014: None).



### 3. Positive value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	4.614	11.199	1.172	21.824
Swap Transactions	872.936	230.199	178.522	553.189
Futures Transactions	—	—	—	—
Options	173	22.779	223	21.370
Other	—	—	—	—
<b>Total</b>	<b>877.723</b>	<b>264.177</b>	<b>179.917</b>	<b>596.383</b>

### c. Information on Banks

#### 1. Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	8.994	2.007.929	412.359	1.241.402
Foreign	14.572	4.191.205	16.783	2.971.518
Foreign head offices and branches	—	—	—	—
<b>Total</b>	<b>23.566</b>	<b>6.199.134</b>	<b>429.142</b>	<b>4.212.920</b>

#### 2. Foreign banks

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	3.802.814	2.490.987	—	6.981
USA, Canada	276.224	312.407	12.180	12.180
OECD Countries (*)	16.156	115.315	—	—
Off shore zones	7.384	5.932	—	—
Other	91.019	40.972	—	3.527
<b>Total</b>	<b>4.193.597</b>	<b>2.965.613</b>	<b>12.180</b>	<b>22.688</b>

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

### d. Information on investment securities available-for-sale

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

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

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

Available-for-sale financial assets which were collateralized consist of securities offered to various financial institutions, primarily the Central Bank of the Republic of Turkey and İstanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank) for interbank money market, foreign exchange market and other transactions. Such financial assets include government bonds and Eurobonds, and their total book value amounts to TL 1.690.385 (31 December 2014: TL 1.245.688).

**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	857.701	832.684	342.373	903.315
Other	–	–	–	–
<b>Total</b>	<b>857.701</b>	<b>832.684</b>	<b>342.373</b>	<b>903.315</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	4.811.887	–	1.866.138	–
Treasury Bills	–	–	–	–
Other Debt Securities	–	–	–	–
Bonds Issued or Guaranteed by Banks	–	–	–	13.726
Asset Backed Securities	–	–	–	–
Other	–	–	–	40.226
<b>Total</b>	<b>4.811.887</b>	<b>–</b>	<b>1.866.138</b>	<b>53.952</b>

**5. Information on available-for-sale securities**

	Current Period	Prior Period
<b>Debt instruments</b>	<b>10.289.586</b>	<b>8.464.998</b>
Quoted on Stock Exchange	10.289.586	8.464.998
Unquoted on Stock Exchange	–	–
<b>Share certificates</b>	<b>112.900</b>	<b>3.944</b>
Quoted on Stock Exchange	–	–
Unquoted on Stock Exchange	112.900	3.944
<b>Impairment provision (-)</b>	<b>429.297</b>	<b>59.761</b>
<b>Total</b>	<b>9.973.189</b>	<b>8.409.181</b>

**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
<b>Direct Loans Granted to Shareholders</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3.025</b>
Corporate Shareholders	–	–	–	3.025
Individual Shareholders	–	–	–	–
<b>Indirect Loans Granted to Shareholders</b>	<b>–</b>	<b>19.970</b>	<b>–</b>	<b>56.077</b>
<b>Loans Granted to Employees</b>	<b>63.019</b>	<b>115</b>	<b>56.982</b>	<b>95</b>
<b>Total</b>	<b>63.019</b>	<b>20.085</b>	<b>56.982</b>	<b>59.197</b>

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

Cash Loans	Performing Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Agreement conditions modified		Loans and Other Receivables (Total)	Agreement conditions modified	
		Extension of Payment Plan	Other		Extension of Payment Plan	Other
<b>Non-specialized Loans</b>	<b>65.102.368</b>	<b>571.788</b>	<b>--</b>	<b>3.373.280</b>	<b>1.398.849</b>	<b>--</b>
Working Capital Loans	406.906	77.582	--	228.928	214.539	--
Export Loans	1.482.845	--	--	7.567	892	--
Import Loans	--	--	--	--	--	--
Loans Given to Financial Sector	126.689	--	--	4.795	--	--
Consumer Loans	11.645.974	105.342	--	1.093.319	317.900	--
Credit Cards	4.132.884	706	--	202.714	1.682	--
Other	47.307.070	388.158	--	1.835.957	863.836	--
<b>Specialization Loans</b>	<b>4.869.660</b>	<b>4.947</b>	<b>--</b>	<b>451.498</b>	<b>149.951</b>	<b>--</b>
<b>Other Receivables</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>69.972.028</b>	<b>576.735</b>	<b>--</b>	<b>3.824.778</b>	<b>1.548.800</b>	<b>--</b>

	Performing Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
<b>Number of modifications made to extend payment plan</b>		
Extended by 1 or 2 times	502.400	1.270.504
Extended by 3,4 or 5 times	74.335	270.462
Extended by more than 5 times	--	7.834
<b>Total</b>	<b>576.735</b>	<b>1.548.800</b>

	Performing Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
<b>Extended payment period of time</b>		
0-6 Months	1.132	136.496
6-12 Months	10.572	38.889
1-2 Years	22.893	110.660
2-5 Years	285.995	476.014
5 Year and Over	256.143	786.741
<b>Total</b>	<b>576.735</b>	<b>1.548.800</b>

**3. Information on loans according to maturity structure concentration**

	Standard Loans and Other Receivables I		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Short-Term Loans and Other Receivables</b>	<b>16.506.459</b>	<b>12.082</b>	<b>818.956</b>	<b>76.041</b>
Non-Specialized Loans	15.205.100	11.439	714.357	53.857
Specialized Loans	1.301.359	643	104.599	22.184
Other Receivables	--	--	--	--
<b>Medium and Long-Term Loans and Other Receivables</b>	<b>53.465.569</b>	<b>564.653</b>	<b>3.005.822</b>	<b>1.472.759</b>
Non-Specialized Loans	49.897.268	560.349	2.658.923	1.344.992
Specialized Loans	3.568.301	4.304	346.899	127.767
Other Receivables	--	--	--	--
<b>Total</b>	<b>69.972.028</b>	<b>576.735</b>	<b>3.824.778</b>	<b>1.548.800</b>

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

	Short Term	Medium or Long Term	Total
<b>Consumer Loans-TL</b>	<b>224.080</b>	<b>11.482.567</b>	<b>11.706.647</b>
Real estate Loans	5.300	5.017.886	5.023.186
Vehicle Loans	3.067	486.593	489.660
General Purpose Loans	215.713	5.978.088	6.193.801
Other	--	--	--
<b>Consumer Loans-Indexed to FC</b>	<b>--</b>	<b>52.231</b>	<b>52.231</b>
Real estate Loans	--	51.534	51.534
Vehicle Loans	--	--	--
General Purpose Loans	--	697	697
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>452</b>	<b>451.425</b>	<b>451.877</b>
Real estate Loans	6	22.270	22.276
Vehicle Loans	--	--	--
General Purpose Loans	446	428.706	429.152
Other	--	449	449
<b>Individual Credit Cards-TL</b>	<b>4.025.731</b>	<b>35.014</b>	<b>4.060.745</b>
Installment	1.602.546	35.014	1.637.560
Non installment	2.423.185	--	2.423.185
<b>Individual Credit Cards-FC</b>	<b>1.279</b>	<b>--</b>	<b>1.279</b>
Installment	202	--	202
Non installment	1.077	--	1.077
<b>Loans Given to Employees-TL</b>	<b>3.721</b>	<b>33.444</b>	<b>37.165</b>
Real estate Loans	--	2.282	2.282
Vehicle Loans	--	110	110
General Purpose Loans	3.721	31.052	34.773
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>37</b>	<b>279</b>	<b>316</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	37	279	316
<b>Loans Given to Employees - FC</b>	<b>7</b>	<b>11</b>	<b>18</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	7	11	18
Other	--	--	--
<b>Personnel Credit Cards - TL</b>	<b>24.373</b>	<b>21</b>	<b>24.394</b>
Installment	10.737	21	10.758
Non installment	13.636	--	13.636
<b>Personnel Credit Cards - FC</b>	<b>71</b>	<b>--</b>	<b>71</b>
Installment	15	--	15
Non installment	56	--	56
<b>Overdraft Loans-TL (Real Persons) (*)</b>	<b>491.039</b>	<b>--</b>	<b>491.039</b>
<b>Overdraft Loans-FC (Real Persons)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>4.770.790</b>	<b>12.054.992</b>	<b>16.825.782</b>

(\*) Overdrafts used by the personnel of the Parent Bank are TL 1.371 (31 December 2014: TL 1.220).

## 5. Information on installment commercial loans and corporate credit cards

	Short Term	Medium or Long Term	Total
<b>Installment Commercial Loans - TL</b>	<b>460.220</b>	<b>7.025.417</b>	<b>7.485.637</b>
Real estate Loans	636	226.379	227.015
Vehicle Loans	24.823	527.412	552.235
General Purpose Loans	434.761	6.271.626	6.706.387
Other	--	--	--
<b>Installment Commercial Loans - Indexed to FC</b>	<b>7.779</b>	<b>929.028</b>	<b>936.807</b>
Real estate Loans	--	20.255	20.255
Vehicle Loans	83	48.973	49.056
General Purpose Loans	7.696	859.800	867.496
Other	--	--	--
<b>Installment Commercial Loans - FC</b>	<b>2.952</b>	<b>21.215</b>	<b>24.167</b>
Real estate Loans	--	--	--
Vehicle Loans	--	368	368
General Purpose Loans	2.952	20.847	23.799
Other	--	--	--
<b>Corporate Credit Cards - TL</b>	<b>246.198</b>	<b>2.828</b>	<b>249.026</b>
Installment	89.137	2.828	91.965
Non installment	157.061	--	157.061
<b>Corporate Credit Cards - FC</b>	<b>83</b>	<b>--</b>	<b>83</b>
Installment	--	--	--
Non installment	83	--	83
<b>Overdraft Loans-TL (Legal Entities)</b>	<b>1.097.532</b>	<b>--</b>	<b>1.097.532</b>
<b>Overdraft Loans-FC (Legal Entities)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>1.814.764</b>	<b>7.978.488</b>	<b>9.793.252</b>

## 6. Loan concentration according to counterparty

	Current Period	Prior Period
Public	891.287	953.258
Private	72.905.519	59.277.705
<b>Total</b>	<b>73.796.806</b>	<b>60.230.963</b>

## 7. Domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	71.078.349	58.049.783
Foreign Loans	2.718.457	2.181.180
<b>Total</b>	<b>73.796.806</b>	<b>60.230.963</b>

## 8. Loans granted to subsidiaries and associates

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

## 9. Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectability	66.986	98.371
Loans and Receivables with Doubtful Collectability	410.993	275.516
Uncollectible Loans and Receivables	1.800.204	1.001.277
<b>Total</b>	<b>2.278.183</b>	<b>1.375.164</b>

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

10 (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
<b>Current Period</b>	<b>15.994</b>	<b>37.147</b>	<b>65.519</b>
(Gross Amounts Before Specific Reserves)	—	—	—
Restructured Loans and Other Receivables	—	—	—
Rescheduled Loans and Other Receivables	15.994	37.147	65.519
<b>Prior Period</b>	<b>14.104</b>	<b>27.580</b>	<b>28.787</b>
(Gross Amounts Before Specific Reserves)	—	—	—
Restructured Loans and Other Receivables	—	—	—
Rescheduled Loans and Other Receivables	14.104	27.580	28.787

10 (ii). Movement of non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	<b>339.585</b>	<b>501.924</b>	<b>1.140.328</b>
Additions (+)	1.494.317	240.303	147.637
Transfers from Other Categories of Non-Performing Loans (+)	—	1.160.180	1.013.781
Transfers from Other Categories of Non-Performing Loans (-)	1.160.180	1.013.781	—
Collections (-)	202.555	170.543	319.373
Write-offs (-)	—	—	2.849
Corporate and Commercial Loans	—	—	2.845
Retail Loans	—	—	—
Credit Cards	—	—	4
Other	—	—	—
<b>Balances at End of the Period</b>	<b>471.167</b>	<b>718.083</b>	<b>1.979.524</b>
Specific Provisions (-)	66.986	410.993	1.800.204
<b>Net Balance on Balance Sheet</b>	<b>404.181</b>	<b>307.090</b>	<b>179.320</b>

While the parent shareholder bank set aside reserves at the rate of 100% for corporate and commercial loans in the 3rd group followed, in accordance with the principles in the "Regulation on the Principles and Procedures for the Determination of the Qualities of Loans and Other Receivables by Banks and Reserves to be Set Aside for Them" in previous periods, reserves were calculated using the minimum reserve ratio specified in the regulation for corporate and commercial loans followed in the current year. As a result of this change, the bank set aside TL 77.362 less reserves in the current year, compared to the calculation method of the previous year.

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10 (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
<b>Current Period: 31 December 2015</b>			
Balance as of the Period End	2.482	9.189	755
Specific Provisions (-)	758	8.542	383
<b>Net Balance on Balance Sheet</b>	<b>1.724</b>	<b>647</b>	<b>372</b>
<b>Prior Period: 31 December 2014</b>			
Balance as of the Period End	4.162	8.671	395
Specific Provisions (-)	1.675	8.079	194
<b>Net Balance on Balance Sheet</b>	<b>2.487</b>	<b>592</b>	<b>201</b>

10 (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
<b>Current Period (Net): 31 December 2015</b>	<b>404.181</b>	<b>307.090</b>	<b>179.320</b>
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)	-	-
<b>Prior Period (Net): 31 December 2014</b>	<b>241.214</b>	<b>226.408</b>	<b>139.051</b>
Loans Granted to Real Persons and Legal Entities (Gross)	339.585	499.945	1.140.328
Specific provisions (-)	98.371	273.537	1.001.277
Loans Granted to Real Persons and Legal Entities (Net)	241.214	226.408	139.051
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	1.979	-
Specific provisions (-)	-	1.979	-
Other Loan and Receivables (Net)	-	-	-

**11.Liquidation policy for uncollectible loans and receivables**

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

**12.Information on write-off from assets policy**

Unrecoverable non-performing loans are written off with the decision of the Board of Directors on condition that receivable of the Group is not material compared to the costs to be incurred for the preparation of necessary documentation. Written-off amount is TL 2.849 in 2015 (31 December 2014: TL 10.582).

**f. Information on investment securities held-to-maturity**

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

**1 (i). Information on securities subject to repurchase agreement**

Held-to-maturity investments subject to repurchase agreement are TL 1.595.489 (31 December 2014: TL 964.091).

**1 (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 959.121 (31 December 2014: TL 701.433).

**2. Information on government securities held-to-maturity**

	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	3.343.952	3.109.968
Treasury Bills	—	—
Other Government Debt Securities	—	—
<b>Total</b>	<b>3.343.952</b>	<b>3.109.968</b>

**3. Information on investment securities held-to-maturity**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Debt Securities</b>	<b>3.381.640</b>	<b>3.145.340</b>
Quoted on Stock Exchange	3.349.423	3.113.108
Unquoted on Stock Exchange	32.217	32.232
<b>Impairment (-)</b>	<b>5.471</b>	<b>3.140</b>
<b>Total</b>	<b>3.376.169</b>	<b>3.142.200</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the beginning of the period</b>	<b>3.142.200</b>	<b>2.571.462</b>
Foreign exchange differences (*)	242.891	180.377
Purchases (**)	—	409.837
Disposals/ Redemptions	(3.451)	(16.336)
<b>Impairment losses (-)</b>	<b>5.471</b>	<b>3.140</b>
<b>Total</b>	<b>3.376.169</b>	<b>3.142.200</b>

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

(\*\*) Reclassified securities are included in "Purchases".

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 net TL 192.722 (31 December 2014: TL 212.295).



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**g. Investments in associates**

**1. Investments in unconsolidated associates**

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

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/ Loss</b>	<b>Prior Period Profit/ Loss</b>	<b>Fair Value</b>
1	129.527	104.842	69.591	3.662	–	26.782	18.547	–
2	280.776	256.586	3.486	–	–	11.811	9.692	–
3	11.427	11.389	8.394	91	–	(172)	(946)	–

(\*) Information on the financial statements is presented as of the period ended 30 September 2015.

(\*\*) Information on the financial statements is presented as of the period ended 31 December 2014.

**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 31 December 2015.

	<b>Denizbank AG</b>
Paid-in capital	610.752
Share Premium	893.454
Reserves	1.650.809
Deductions from capital	330
<b>Total Common Equity</b>	<b>3.154.685</b>
Total Additional Tier I Capital	–
Deductions from capital	1.319
<b>Total Core Capital</b>	<b>3.153.366</b>
Total Supplementary Capital	–
<b>Capital</b>	<b>3.153.366</b>
Deductions from capital	–
<b>SHAREHOLDERS' EQUITY</b>	<b>3.153.366</b>

## 2. Information on non-consolidated subsidiaries

Title	Address (City/ Country)	The Parent Bank's share percentage (%)	Other shareholders' share percentage (%)
1-İntertech 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	Capital requirement
1	72.892	5.569	3.411	560	–	462	1.772	–	–
2	1.305	1.273	–	–	–	(9)	(23)	–	–
3	239	234	–	11	–	(9)	(16)	–	–
4	295	293	–	–	–	11	9	–	–
5	75	75	–	–	–	(12)	(22)	–	–

Information on the financial statements is presented as of the period ended 31 December 2015, 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 Yatırım were suspended as of 31 December 2013 pursuant to the resolution taken at the Board of Directors meeting of Ekspres Yatırım dated 28 November 2013 and numbered 2013/29.

	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	29.594.784	3.154.695	27.375	1.253.134	98.745	459.473	394.973	–	–
2	375.163	19.677	71	59.092	–	691	1.778	–	–
3	157.945	138.963	2.827	4.419	91	(12.342)	6.974	–	–
4	15.135	13.880	2.354	883	158	1.071	(66)	–	–
5	796.621	139.063	2.303	56.429	14.004	28.893	26.326	–	–
6	9.825	8.607	18	836	19	2.319	717	–	–
7	2.583.220	554.713	61.014	194.239	–	71.469	58.119	–	–
8	793.546	174.730	2.386	160.886	–	(36.638)	104.894	–	–
9	188.961	184.806	303	754	–	10.285	13.078	–	–
10	78.519	11.015	28	13.557	–	1.438	81	–	–
11	66.252	59.193	54.995	11	–	1.827	430	–	–

Includes information on the consolidated financial statements as of 31 December 2015.

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3 (i). Movement of consolidated subsidiaries

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>2.034.054</b>	<b>1.881.827</b>
<b>Movements during the Period</b>	<b>273.867</b>	<b>152.227</b>
Purchases (*)	257.537	159.437
Bonus Shares Received	—	4.703
Dividends from Current Year Profit	—	—
Sales	—	—
Revaluation Increase, Effect of Inflation and F/X Difference	16.330	(11.913)
Other	—	—
Allowance for impairment	—	—
<b>Balance at the End of the Period</b>	<b>2.307.921</b>	<b>2.034.054</b>
<b>Capital Commitments</b>	<b>--</b>	<b>--</b>
<b>Share Percentage at the end of Period (%)</b>	<b>--</b>	<b>--</b>

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

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

	Current Period	Prior Period
Banks	1.409.200	1.146.906
Insurance Companies	—	—
Factoring Companies	138.107	138.107
Leasing Companies	462.173	427.806
Finance Companies	9.999	9.999
Other Subsidiaries	288.442	311.236
<b>Total</b>	<b>2.307.921</b>	<b>2.034.054</b>

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

3 (iii). Quoted subsidiaries within the consolidation scope

	Current Period	Prior Period
Quoted on domestic markets	67.624	98.237
Quoted on foreign markets	—	—

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

3 (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	18.324	17.521	–	79.822	(74.068)

Information on the unreviewed financial statements is presented as of the period ended 31 December 2015.

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

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

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

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	980.260	828.480	127.608	122.410
Between 1-4 years	1.285.557	1.088.637	1.304.868	1.155.542
Over 4 years	425.436	353.247	873.261	673.793
<b>Total</b>	<b>2.691.253</b>	<b>2.270.364</b>	<b>2.305.737</b>	<b>1.951.745</b>

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

	Current Period	Prior Period
Gross finance lease receivable	2.691.253	2.305.737
Unearned finance income (-)	420.889	353.992
Cancelled leasing agreements (-)	–	–
<b>Net investment on finance leases</b>	<b>2.270.364</b>	<b>1.951.745</b>

**3. Information on operating lease activities**

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

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

As of 31 December 2015, 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	17.376	5.599
Between 1-5 years	19.579	9.352
5 years and over	–	–
<b>Total</b>	<b>36.955</b>	<b>14.951</b>

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**k. Explanation on hedging purpose derivatives**

None.

**l. Information on tangible assets**

	Land and buildings	Fixed assets under finance lease	Vehicles	Other tangible fixed assets	Total
<b>Current Period End: 31 December 2015</b>					
<b>Net book value at the beginning of the period</b>	<b>113.433</b>	<b>208.959</b>	<b>25.126</b>	<b>736.309</b>	<b>1.083.827</b>
Additions	6.648	27.188	42.930	107.991	184.757
Disposals	(15.473)	(12.109)	(1.262)	(59.876)	(88.720)
Net FX difference from foreign subsidiaries	—	—	54	4.802	4.856
<b>Net book value at the end of the period</b>	<b>104.608</b>	<b>224.038</b>	<b>66.848</b>	<b>789.226</b>	<b>1.184.720</b>
<b>Accumulated depreciation at the beginning of the period (-)</b>	<b>14.532</b>	<b>157.735</b>	<b>2.664</b>	<b>401.238</b>	<b>576.169</b>
Additions	—	—	—	—	—
Disposals	(4.192)	(11.524)	(301)	(43.777)	(59.794)
Net FX difference from foreign subsidiaries	155	—	49	2.271	2.475
Depreciation	1.999	18.063	5.426	92.760	118.248
<b>Current period accumulated depreciation (-)</b>	<b>12.494</b>	<b>164.274</b>	<b>7.838</b>	<b>452.492</b>	<b>637.098</b>
<b>Closing net book value</b>	<b>92.114</b>	<b>59.764</b>	<b>59.010</b>	<b>336.734</b>	<b>547.622</b>
<b>Prior Period End: 31 December 2014</b>					
<b>Net book value at the beginning of the period</b>	<b>59.767</b>	<b>195.614</b>	<b>2.120</b>	<b>654.434</b>	<b>911.935</b>
Additions	53.666	20.770	23.249	123.639	221.324
Disposals	—	(7.425)	(129)	(39.954)	(47.508)
Net FX difference from foreign subsidiaries	—	—	(114)	(1.810)	(1.924)
<b>Net book value at the end of the period</b>	<b>113.433</b>	<b>208.959</b>	<b>25.126</b>	<b>736.309</b>	<b>1.083.827</b>
<b>Accumulated depreciation at the beginning of the period (-)</b>	<b>12.597</b>	<b>152.546</b>	<b>1.123</b>	<b>336.215</b>	<b>502.481</b>
Additions	499	—	—	—	499
Disposals	—	(7.220)	(74)	(24.990)	(32.284)
Net FX difference from foreign subsidiaries	—	—	(80)	(704)	(784)
Depreciation	1.436	12.409	1.695	90.717	106.257
<b>Prior period accumulated depreciation (-)</b>	<b>14.532</b>	<b>157.735</b>	<b>2.664</b>	<b>401.238</b>	<b>576.169</b>
<b>Closing net book value</b>	<b>98.901</b>	<b>51.224</b>	<b>22.462</b>	<b>335.071</b>	<b>507.658</b>

The Parent Bank has booked an impairment loss provision of TL 4.080 for three of its buildings in prior years (31 December 2014: TL 4.402).

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**m. Information on intangible assets**

<b>Current Period End: 31 December 2015</b>	<b>Other</b>	<b>Goodwill</b>	<b>Total</b>
<b>Net book value at the beginning of the period</b>	<b>412.747</b>	<b>869</b>	<b>413.616</b>
Additions	105.107	—	105.107
Disposals	(1.591)	—	(1.591)
Net FX difference from foreign subsidiaries	2.296	—	2.296
<b>Net book value at the end of the period</b>	<b>518.559</b>	<b>869</b>	<b>519.428</b>
<b>Accumulated depreciation at the beginning of the period (-)</b>	<b>259.641</b>	<b>--</b>	<b>259.641</b>
Disposals	(1.562)	—	(1.562)
Net FX difference from foreign subsidiaries	2.008	—	2.008
Depreciation	81.084	—	81.084
<b>Current period accumulated depreciation (-)</b>	<b>341.171</b>	<b>--</b>	<b>341.171</b>
<b>Closing net book value</b>	<b>177.388</b>	<b>869</b>	<b>178.257</b>
<b>Prior Period End: 31 December 2014</b>			
<b>Net book value at the beginning of the period</b>	<b>356.187</b>	<b>869</b>	<b>357.056</b>
Additions	59.568	—	59.568
Disposals	(201)	—	(201)
Net FX difference from foreign subsidiaries	(2.807)	—	(2.807)
<b>Net book value at the end of the period</b>	<b>412.747</b>	<b>869</b>	<b>413.616</b>
<b>Accumulated depreciation at the beginning of the period (-)</b>	<b>193.993</b>	<b>--</b>	<b>193.993</b>
Disposals	(223)	—	(223)
Net FX difference from foreign subsidiaries	(1.766)	—	(1.766)
Depreciation (-)	67.637	—	67.637
<b>Prior period accumulated depreciation (-)</b>	<b>259.641</b>	<b>--</b>	<b>259.641</b>
<b>Closing net book value</b>	<b>153.106</b>	<b>869</b>	<b>153.975</b>

**n. Explanation on investment property**

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

As of 31 December 2015, the Group has investment property is amounting to TL 157.381 (31 December 2014: TL 128.137) which carried from it's fair value on the Group's Financial Statements.

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**o. Information on deferred tax asset**

Deferred tax asset calculated on the basis of related regulation is TL 141.366 (31 December 2014: TL 135.528) and deferred tax liability is TL 8.652 (31 December 2014: TL 12.402). 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:

	<b>Current Period</b>	<b>Prior Period</b>
Financial Loss (*)	71.752	—
Unearned Income	42.750	41.356
Miscellaneous Provisions	37.441	35.433
Provision for Employee Benefits	20.461	19.076
Valuation Differences of Financial Assets	20.385	43.502
Other	3.787	2.929
<b>Deferred Tax Assets</b>	<b>196.576</b>	<b>142.296</b>
Valuation Differences of Derivatives	(43.979)	(5.239)
Valuation Differences of Tangible Assets	(19.883)	(13.931)
Other	—	—
<b>Deferred Tax Liabilities</b>	<b>(63.862)</b>	<b>(19.170)</b>
<b>Net Deferred Tax Assets</b>	<b>132.714</b>	<b>123.126</b>

(\*) 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).

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

None.

**q. Information on other assets**

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

DFS Group's total prepaid expenses are TL 268.965 (31 December 2014: TL 244.529).

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

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

**a. Information on deposits**

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

**1 (i). Current period - 31 December 2015:**

	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	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.

**1 (ii). Prior period - 31 December 2014:**

		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	1.325.315	–	1.367.063	11.595.196	357.150	167.250	254.348	30.204	15.096.526
Foreign Currency Deposits (*)	7.630.538	–	2.220.481	9.375.797	1.021.400	3.757.431	12.348.575	935	36.355.157
Residents in Turkey	3.474.986	–	2.136.622	8.726.498	821.915	506.072	706.815	831	16.373.739
Residents Abroad	4.155.552	–	83.859	649.299	199.485	3.251.359	11.641.760	104	19.981.418
Public Sector Deposits	350.422	–	7.785	33.475	1.850	1.993	438	–	395.963
Commercial Deposits	1.803.652	–	1.966.332	3.346.340	360.315	121.899	201.153	–	7.799.691
Other Ins. Deposits	73.013	–	57.725	1.219.843	261.226	89.571	14.607	–	1.715.985
Precious Metal Deposits	185.932	–	29.273	211.518	10.786	18.163	10.453	1.885	468.010
Bank Deposits	108.265	–	624.232	522.647	826.761	192.968	12.865	–	2.287.738
Central Bank	–	–	–	–	–	–	–	–	–
Domestic Banks	24.816	–	174.052	8.051	–	11.516	12.865	–	231.300
Foreign Banks	35.650	–	450.180	514.596	826.761	181.452	–	–	2.008.639
Special Finan. Inst.	47.799	–	–	–	–	–	–	–	47.799
Other	–	–	–	–	–	–	–	–	–
Total	11.477.137	–	6.272.891	26.304.816	2.839.488	4.349.275	12.842.439	33.024	64.119.070

(\*) Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 20.756.234 and Commercial Deposit customers at the amount of TL 15.598.923.



## 2. Information on deposit insurance

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

	Deposit Insurance Covered by Fund		Deposit Insurance Exceeding the Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	7.838.510	6.631.489	8.447.404	8.363.195
Foreign Currency Saving Deposits	2.148.057	1.753.367	7.964.570	5.001.945
Other Saving Deposits	—	—	—	—
Foreign Branches' Deposits Under Foreign Insurance Coverage	—	—	—	—
Off-Shore Deposits Under Foreign Insurance Coverage	—	—	—	—
<b>Total</b>	<b>9.986.567</b>	<b>8.384.856</b>	<b>16.411.974</b>	<b>13.365.140</b>

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

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	75.346	100.236
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	30.020	37.381
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	110.234	105.466
<b>Total</b>	<b>215.600</b>	<b>243.083</b>

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

## b. Information on trading purpose derivatives

### 1. Negative value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	3.413	28.971	1.744	24.461
Swap Transactions	307.637	276.878	86.910	683.604
Futures Transactions	—	—	—	—
Options	—	21.742	—	35.240
Other	—	—	—	—
<b>Total</b>	<b>311.050</b>	<b>327.591</b>	<b>88.654</b>	<b>743.305</b>

**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	1.416.454	291.518	1.166.544	543.049
Foreign Bank, Institutions and Funds	437.469	9.111.825	735.646	5.443.792
<b>Total</b>	<b>1.853.923</b>	<b>9.403.343</b>	<b>1.902.190</b>	<b>5.986.841</b>

**2. Maturity information of funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1.853.923	5.411.777	1.298.746	3.436.756
Medium and Long-Term	–	3.991.566	603.444	2.550.085
<b>Total</b>	<b>1.853.923</b>	<b>9.403.343</b>	<b>1.902.190</b>	<b>5.986.841</b>

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

Deposits constitute the most important fund of the Group, and they account for 64% of total funds (31 December 2014: 68%). Loans received, subordinated loans, debts to money markets and issued securities account for 23% of total funds (31 December 2014: 19%).

**d. Information on securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	103.222	1.481.142	205.492	1.458.613
Bills	945.365	–	1.161.163	–
Asset Backed Security	556.311	–	568.084	–
<b>Total</b>	<b>1.604.898</b>	<b>1.481.142</b>	<b>1.934.739</b>	<b>1.458.613</b>

Nominal value of TL 188.439 (31 December 2014: TL 105.321) 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 2014: None).

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

None (31 December 2014: None).

2. **Obligations under finance leases**

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 2014: None).

- h. **Explanation on provisions**

1. **Information on general provisions**

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	723.563	594.623
Additional Provision for Loans with Extended Maturities	31.355	25.980
Provisions for Loans and Receivables in Group II	170.305	143.462
Additional Provision for Loans with Extended Maturities	88.712	71.690
Provisions for Non Cash Loans	81.471	75.043
Other	—	—
<b>Total</b>	<b>975.339</b>	<b>813.128</b>

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

As of 31 December 2015, the reserves allocated for the exchange rate differences of loans indexed to foreign currency amount to TL 10.635 (31 December 2014: TL 9.481). 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:

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	Current Period	Prior Period
Discount rate	5,71%	4,67%
Interest Rate	11,00%	9,90%
Expected rate of salary/ limit increase	5,00%	5,00%

As of 31 December 2015, TL 70.923 of provision for employment termination benefits (31 December 2014: TL 65.431) and TL 36.090 of unused vacation accruals (31 December 2014: TL 33.906) were reflected to the consolidated financial statements.

Movement of retirement pays liability during the period:

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>65.431</b>	<b>56.281</b>
Changes in the period	17.891	12.757
Actuarial loss/ gain	(1.781)	1.535
Paid in the period	(10.785)	(5.094)
FX difference	167	(48)
<b>Balance at the End of the Period</b>	<b>70.923</b>	<b>65.431</b>

#### 4. Information on other provisions

4 (i). As of 31 December 2015, the free reserves allocated to potential risks amount to TL 12.813 (31 December 2014: TL 38.707), which includes other reserves set aside for credit portfolio.

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

TL 65.998 (31 December 2014: TL 107.018) of other provisions consists of provisions for non-cash loans that are not indemnified and converted into cash. TL 26.288 (31 December 2014: TL 18.951) consists of provisions for lawsuits pending against DFS Group and TL 37.050 (31 December 2014: TL 3.291) consists of other provisions.

#### i. Information on taxation

##### 1. Information on current taxes

1 (i). Information on current tax liability

As of 31 December 2015, the corporate tax provision of DFS Group is TL 155.107 (31 December 2014: TL 344.544), and it has been offset with advance taxes amounting to TL 151.424 (31 December 2014: TL 199.836).

1 (ii). Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	3.683	144.708
Taxation on securities	45.588	34.486
Capital gains taxes on property	1.779	1.966
Banking Insurance Transaction Tax (BITT)	42.730	35.708
Taxes on foreign exchange transactions	—	—
Value added taxes payable	2.118	2.636
Other	41.219	37.822
<b>Total</b>	<b>137.117</b>	<b>257.326</b>

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**1 (iii). Information on premiums**

	<b>Current Period</b>	<b>Prior Period</b>
Social security premiums- employee share	7.512	7.044
Social security premiums- employer share	8.218	7.636
Bank pension fund premium- employee share	—	—
Bank pension fund premium- employer share	—	—
Pension fund membership fees and provisions- employee share	291	238
Pension fund membership fees and provisions- employer share	356	291
Unemployment insurance- employee share	537	502
Unemployment insurance- employer share	1.024	966
Other	5.795	15.287
<b>Total</b>	<b>23.733</b>	<b>31.964</b>

**2. Information on deferred tax liabilities**

Deferred tax liability calculated on the basis of related regulation is TL 8.652 (31 December 2014: TL 12.402). Information on deferred taxes is disclosed in Note “o” of explanations and disclosures related to consolidated assets.

**j. Non-current liabilities relating to held for sale and discontinued operations**

None.

**k. Information on subordinated loans**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Domestic banks	—	—	—	—
Other domestic institutions	—	—	—	—
Foreign banks	—	4.845.965	—	3.922.963
Other foreign institutions	—	—	—	—
<b>Total</b>	<b>--</b>	<b>4.845.965</b>	<b>--</b>	<b>3.922.963</b>

Information related to subordinated loans is given in Note I-f of Section Four.

**I. Information on shareholders' equity**

**1. Paid-in capital**

	<b>Current Period</b>	<b>Prior Period</b>
Common Stock	1.816.100	716.100
Preferred Stock	–	–

Paid-in capital of the Parent Bank is shown as nominal above. The amount of TL 189.164 paid-in capital sourcing from its inflation adjustment is added to paid-in capital on 14 October 2015. Explanations regarding capital increase are given in Note II-I-3 of Section Five.

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

Registered paid-in capital system is not applied.

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

At the date of 14 October 2015, the Parent Bank has increased its paid-in capital at an amount of TL 1.100.000 in total through share premiums at an amount of TL 94.501, inflation adjustment differences of share premiums at an amount of TL 3.910, inflation adjustment differences of paid-in capital at an amount of TL 189.164, shares of subsidiaries and associates and return on sales at an amount of TL 262.425 and cash reserves at an amount of TL 550.000.

<b>Capital Increase Date</b>	<b>Capital Increase Amount</b>	<b>Cash</b>	<b>Income Reserves Subject to Capital Increase</b>	<b>Capital Reserves Subject to Capital Increase</b>
14 October 2015	1.100.000	550.000	–	550.000

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

<b>Securities Increment Value Fund</b>	<b>Tangible and Intangible Fixed Assets Appraisal Surplus</b>	<b>Affiliates Associates and Jointly Controlled Entities (Joint Ventures) Bonus Share/ Issue</b>	<b>Other</b>
–	–	262.425	–

Explanation regarding capital increase is given in Note II-I-3 of Section Five.

**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.

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

	<b>Current Period</b>	<b>Prior Period</b>
Number of Shares (*)	50.368.526	50.368.526
Preferred Stock	—	—
Common Stock Issue Premium (**)	39	98.411
Common Stock Cancellation Profits	—	—
Other Equity Instruments	—	—
<b>Total Common Stock Issued (*)</b>	<b>50.369</b>	<b>50.369</b>

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

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

Share premium at an amount of TL 94.501 and inflation adjustment differences of share premium at an amount of TL 3.910 has been added to paid-in capital with the capital increase made by the Bank at the date of 14 October 2015. Explanations regarding capital increase are given in Note II-I-3 of Section Five.

A share premium at an amount of TL 39 has been occurred due to capital increase on 14 October at an amount of TL 1.100.000.

**9. Securities Revaluation Reserve**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Associates, Subsidiaries and JVs	—	—	—	—
Valuation Difference	(472.145)	(7.643)	(122.828)	(15.961)
FX Difference	—	—	—	—
<b>Total</b>	<b>(472.145)</b>	<b>(7.643)</b>	<b>(122.828)</b>	<b>(15.961)</b>

**10. Information on hedging funds**

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

**11. Information on minority shares**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of the Period</b>	<b>6.306</b>	<b>37.292</b>
Minority interest in net income of consolidated subsidiaries	892	1.135
Increase/ (decrease) in minority interest due to disposals	—	—
Other (*)	—	(32.121)
<b>Balance at the End of the Period</b>	<b>7.198</b>	<b>6.306</b>

(\*) Portion of Deniz Yatırım on Deniz GYO shares reach to 91,38% from 86,76% due to BIST mandatory tender offer on 23 January 2014.

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

TL 262.425 of TL 306.054, included in fixed assets revaluation differences is used in capital increase dated 14 October 2015. Explanation regarding capital increase is given in Note II-I-3 of Section Five (31 December 2014: TL 306.054 ).

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

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

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

All of DFS Group's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2015, non-cash loans, commitments for credit card limits and commitments for cheque payments are TL 24.444.415, TL 10.209.119 and TL 1.920.552, respectively (31 December 2014: TL 20.452.114, TL 9.098.404 and TL 1.669.129, 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

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

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 letters of credit amounting to TL 2.394.350 and other guarantees and sureties amounting to TL 1.768.328.

As of 31 December 2014 DFS Group has letters of guarantee amounting to TL 16.287.583, bills of exchange and acceptances amounting to TL 114.939, and guarantees and sureties on letter of credit amounting to TL 2.494.183 and other guarantees and sureties amounting to TL 1.555.409.

##### 2 (ii). Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	1.013.609	950.281
Final Letters of Guarantee	13.484.968	11.430.101
Letters of Guarantee for Advances	2.938.430	2.360.279
Letters of Guarantee given to Customs Offices	184.924	203.046
Other Letters of Guarantee	2.465.487	1.343.876
<b>Total</b>	<b>20.087.418</b>	<b>16.287.583</b>

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

##### 3 (i). Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Obtaining Cash Loans	4.624.008	3.143.061
With Original Maturity of 1 Year or Less	4.369.183	2.957.362
With Original Maturity of More Than 1 Year	254.825	185.699
Other Non-Cash Loans	19.820.407	17.309.053
<b>Total</b>	<b>24.444.415</b>	<b>20.452.114</b>



3 (ii). Sectorial risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>125.561</b>	<b>1,42</b>	<b>228.819</b>	<b>1,46</b>	<b>145.619</b>	<b>1,91</b>	<b>459.140</b>	<b>3,58</b>
Farming and Cattle	124.382	1,41	228.819	1,46	144.208	1,89	456.580	3,56
Forestry	893	0,01	—	—	1.256	0,02	2.560	0,02
Fishing	286	—	—	—	155	0,00	—	—
<b>Manufacturing</b>	<b>2.021.443</b>	<b>22,95</b>	<b>5.275.588</b>	<b>33,74</b>	<b>1.504.582</b>	<b>19,74</b>	<b>4.324.074</b>	<b>33,70</b>
Mining	229.451	2,60	126.803	0,81	180.863	2,37	120.593	0,94
Production	1.462.574	16,60	4.565.941	29,20	1.188.305	15,59	3.389.987	26,42
Electric, gas and water	329.418	3,75	582.844	3,73	135.414	1,78	813.494	6,34
<b>Construction</b>	<b>2.502.194</b>	<b>28,41</b>	<b>5.172.860</b>	<b>33,08</b>	<b>2.342.467</b>	<b>30,73</b>	<b>3.877.808</b>	<b>30,22</b>
<b>Services</b>	<b>3.090.136</b>	<b>35,08</b>	<b>3.327.861</b>	<b>21,28</b>	<b>2.689.652</b>	<b>35,29</b>	<b>2.850.301</b>	<b>22,22</b>
Wholesale and retail trade	1.929.549	21,90	2.266.018	14,49	1.597.689	20,96	1.771.628	13,81
Hotel, food and beverage services	223.470	2,54	244.521	1,56	201.522	2,64	344.279	2,68
Transportation and telecommunication	473.289	5,37	554.439	3,55	506.375	6,64	452.216	3,52
Financial institutions	166.001	1,88	188.834	1,21	131.723	1,73	231.531	1,80
Real estate and letting services	30.106	0,34	1.984	0,01	25.238	0,33	4.103	0,03
Self-employment services	—	—	—	—	—	—	—	—
Education services	37.715	0,43	13.870	0,09	30.001	0,39	12.431	0,10
Health and social services	230.006	2,62	58.195	0,37	197.104	2,60	34.113	0,28
<b>Other</b>	<b>1.069.612</b>	<b>12,14</b>	<b>1.630.341</b>	<b>10,44</b>	<b>939.343</b>	<b>12,33</b>	<b>1.319.128</b>	<b>10,28</b>
<b>Total</b>	<b>8.808.946</b>	<b>100,00</b>	<b>15.635.469</b>	<b>100,00</b>	<b>7.621.663</b>	<b>100,00</b>	<b>12.830.451</b>	<b>100,00</b>

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

	I. Grup		II. Grup	
	TL	FC	TL	FC
Letters of guarantee	8.688.683	11.177.179	97.906	123.650
Bank acceptances	12.074	181.619	—	626
Letters of credit	7.687	2.386.663	—	—
Endorsements	—	—	—	—
Underwriting commitments	—	—	—	—
Factoring commitments	—	—	—	—
Other commitments and contingencies	2.596	1.765.732	—	—
<b>Non-cash Loans</b>	<b>8.711.040</b>	<b>15.511.193</b>	<b>97.906</b>	<b>124.276</b>

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**b. Information related to derivative financial instruments**

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

<b>Prior Period</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Hedging Purpose Derivative Transactions</b>						
<b>A. Total hedging Purpose Derivative Transactions</b>	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
<b>Types of trading transactions</b>	--	--	--	--	--	--
<b>Foreign currency related derivative transactions(I)</b>	<b>25.151.580</b>	<b>12.128.961</b>	<b>9.361.214</b>	<b>4.434.752</b>	<b>170.846</b>	<b>51.247.353</b>
Forward FC Call transactions	590.868	274.109	406.439	8.835	--	1.280.251
Forward FC Put transactions	596.116	277.740	420.840	9.914	--	1.304.610
Swap FC Call transactions	11.087.363	5.258.147	2.889.865	2.330.476	88.601	21.654.452
Swap FC Put transactions	10.517.413	5.459.423	2.781.574	2.085.527	82.245	20.926.182
Options FC Call transactions	1.170.346	421.421	1.429.700	--	--	3.021.467
Options FC Put transactions	1.189.474	438.121	1.432.796	--	--	3.060.391
Futures FC Call transactions	--	--	--	--	--	--
Futures FC Put transactions	--	--	--	--	--	--
<b>Total of interest derivative transactions (II)</b>	<b>--</b>	<b>347.354</b>	<b>3.879.650</b>	<b>2.721.156</b>	<b>3.223.501</b>	<b>10.171.661</b>
Swap Interest Call transactions	--	173.677	1.939.825	1.360.578	1.608.759	5.082.839
Swap Interest Put transactions	--	173.677	1.939.825	1.360.578	1.614.742	5.088.822
Options Interest Call transactions	--	--	--	--	--	--
Options Interest Put transactions	--	--	--	--	--	--
Securities Interest Call transactions	--	--	--	--	--	--
Securities Interest Put transactions	--	--	--	--	--	--
Futures Interest Call transactions	--	--	--	--	--	--
Futures Interest Put transactions	--	--	--	--	--	--
<b>Other types of trading transactions (III)</b>	<b>765.174</b>	<b>--</b>	<b>--</b>	<b>1.486.737</b>	<b>--</b>	<b>2.251.911</b>
<b>B. Total types of trading transactions (I+II+III)</b>	<b>25.916.754</b>	<b>12.476.315</b>	<b>13.240.864</b>	<b>8.642.645</b>	<b>3.394.347</b>	<b>63.670.925</b>
<b>Total Derivative Transactions (A+B)</b>	<b>25.916.754</b>	<b>12.476.315</b>	<b>13.240.864</b>	<b>8.642.645</b>	<b>3.394.347</b>	<b>63.670.925</b>

**c. Credit derivatives and risk exposures on credit derivatives**

None.

**d. Contingent assets and liabilities**

A tax inspection for the years of 2010, 2011, 2012, 2013 and 2014 is carried out by Large Taxpayers Office of Turkish Tax Inspection Board with respect to an inspection conducted debt collection fees. In tax inspection reports, tax and penalty notifications, 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.

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.

Tax investigation reports and tax penalty notifications for the years of 2009 and 2010 and tax investigation reports for 2011, 2012, 2013 and 2014 have been issued by Large Taxpayers Office of Turkish Tax Inspection Board as a result of examination of derivative transactions with respect to Banking and Insurance Transaction Tax. In tax inspection reports, tax and penalty notifications, including a total amount of TL 67.780 assessment consisting of original tax at an amount of TL 3 and tax loss penalty at an amount of TL 5 in 2009, original tax at an amount of TL 2.018 and tax loss penalty at an amount of TL 3.027 in 2010 and original tax at an amount of TL 10.833 and tax loss penalty at an amount of TL 16.249 in 2011 and original tax at an amount of TL 3.538 and tax loss penalty at an amount of TL 5.307 in 2012 original tax at an amount of TL 6.764 and tax loss penalty at an amount of TL 10.146 in 2013 original tax at an amount of TL 3.956 and tax loss penalty at an amount of TL 5.934 in 2014 has been delivered to the 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 legislation.

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 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 26.288 (31 December 2014: TL 18.951) 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.

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

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

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

**a. Interest income**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term Loans	2.240.514	112.699	1.979.252	103.240
Medium and Long Term Loans	3.156.197	1.551.605	2.546.716	1.242.636
Loans Under Follow-Up	55.924	—	49.049	—
Premiums Received from Resource Utilization Support Fund	—	—	—	—
<b>Total</b>	<b>5.452.635</b>	<b>1.664.304</b>	<b>4.575.017</b>	<b>1.345.876</b>

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	—	150	—	—
Domestic Banks	7.224	9.977	39.444	8.183
Foreign Banks	952	1.219	903	2.088
Foreign Head Offices and Branches	—	—	—	—
<b>Total</b>	<b>8.176</b>	<b>11.346</b>	<b>40.347</b>	<b>10.271</b>

The interest income from required reserves that maintain in CBRT of Parent Bank amounting to 24.288 (1 January-31 December 2014: 756 ) 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	7.997	388	25.126	919
Financial Assets at Fair Value Through Profit or Loss	—	—	—	—
Investment Securities Available-for-Sale	579.661	98.126	429.004	62.742
Investment Securities Held-to-Maturity	277.678	22.997	282.277	19.275
<b>Total</b>	<b>865.336</b>	<b>121.511</b>	<b>736.407</b>	<b>82.936</b>

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	1.156	222

**b. Interest expense**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>115.714</b>	<b>432.139</b>	<b>213.092</b>	<b>331.045</b>
Central Bank of the Republic of Turkey	49	–	40	–
Domestic Banks	90.511	8.169	74.208	11.200
Foreign Banks	25.154	423.970	138.844	319.845
Foreign Head Offices and Branches	–	–	–	–
<b>Other Institutions</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>115.714</b>	<b>432.139</b>	<b>213.092</b>	<b>331.045</b>

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

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

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	2.809	1.876

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

	Current Period	Prior Period
Interest Paid to Securities Issued	219.029	217.077

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

Account Name	Demand Deposits	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 Year		
<b>TL</b>								
Bank Deposits	32	25.073	–	–	–	–	–	25.105
Saving Deposits	44	187.027	1.287.177	22.347	11.392	20.328	2.102	1.530.417
Public Sector Deposits	–	4.613	4.129	479	35	40	–	9.296
Commercial Deposits	1	280.946	384.766	12.124	10.287	2.608	–	690.732
Other Deposits	–	9.351	120.769	6.538	1.958	974	–	139.590
"7 Days Notice" Deposits	–	–	–	–	–	–	–	–
<b>Total</b>	<b>77</b>	<b>507.010</b>	<b>1.796.841</b>	<b>41.488</b>	<b>23.672</b>	<b>23.950</b>	<b>2.102</b>	<b>2.395.140</b>
<b>FC</b>								
Foreign Currency Deposits	3.040	502.168	220.549	17.717	17.686	17.477	30	778.667
Bank Deposits	221	6.339	–	–	–	–	–	6.560
"7 Days Notice" Deposits	–	–	–	–	–	–	–	–
Precious Metal Deposits	2	9.325	4.804	165	407	227	35	14.965
<b>Total</b>	<b>3.263</b>	<b>517.832</b>	<b>225.353</b>	<b>17.882</b>	<b>18.093</b>	<b>17.704</b>	<b>65</b>	<b>800.192</b>
<b>Grand Total</b>	<b>3.340</b>	<b>1.024.842</b>	<b>2.022.194</b>	<b>59.370</b>	<b>41.765</b>	<b>41.654</b>	<b>2.167</b>	<b>3.195.332</b>

**c. Dividend income**

	Current Period	Prior Period
Trading Securities	119	308
Financial Assets at Fair Value Through Profit or Loss	–	–
Investment Securities Available-for-Sale	–	6
Other (*)	1.566	1.414
<b>Total</b>	<b>1.685</b>	<b>1.728</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Income</b>	<b>260.042.549</b>	<b>146.564.138</b>
Capital Market Transactions	94.293	158.043
Derivative Financial Instruments	4.890.262	4.493.887
Foreign Exchange Gains	255.057.994	141.912.208
<b>Loss (-)</b>	<b>260.675.067</b>	<b>147.179.526</b>
Capital Market Transactions	23.979	68.960
Derivative Financial Instruments	4.065.945	4.778.048
Foreign Exchange Losses	256.585.143	142.332.518
<b>Net Trading Income / Loss</b>	<b>(632.518)</b>	<b>(615.388)</b>

Net gain from foreign exchange translation differences related to derivative financial instruments is TL 1.065.761 (net gain for the period 1 January - 31 December 2014: TL 169.847).

**e. Information on other operating income**

	<b>Current Period</b>	<b>Prior Period</b>
Reversal of prior periods' provisions	302.986	314.095
Sale revenue for Real estate properties	25.473	28.472
Communication income	12.423	13.265
Cheque book fees	4.150	4.991
Other (*)	268.658	225.712
<b>Total</b>	<b>613.690</b>	<b>586.535</b>

(\*) Includes the income from the sale of Mastercard shares at TL 51.335 and Visa shares at TL 24.692 recognized as of 2015.

**f. Impairment on loans and other receivables**

	<b>Current Period</b>	<b>Prior Period</b>
Specific Provisions on Loans and Other Receivables	1.095.770	789.944
<i>Loans and Receivables in Group III</i>	<i>203.159</i>	<i>156.989</i>
<i>Loans and Receivables in Group IV</i>	<i>254.078</i>	<i>224.311</i>
<i>Loans and Receivables in Group V</i>	<i>638.533</i>	<i>408.644</i>
Non-performing Commissions and Other Receivables	—	—
General Loan Loss Provisions	162.211	112.754
Free Provision for Probable Risks	4.647	161
Impairment Losses on Securities	26.058	13.499
<i>Financial Assets at Fair Value Through Profit or Loss</i>	<i>1.025</i>	<i>—</i>
<i>Investment Securities Available-for-Sale</i>	<i>25.033</i>	<i>13.499</i>
Impairment Losses on Associates, Subsidiaries, Joint Ventures and Investment Securities Held to Maturity	2.373	1.569
<i>Associates</i>	<i>—</i>	<i>—</i>
<i>Subsidiaries</i>	<i>—</i>	<i>—</i>
<i>Joint Ventures</i>	<i>—</i>	<i>—</i>
<i>Investment Securities Held-to-Maturity</i>	<i>2.373</i>	<i>1.569</i>
Other	70.426	33.913
<b>Total</b>	<b>1.361.485</b>	<b>951.840</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Personnel Expenses	1.247.377	1.139.062
Reserve for Employee Termination Benefits	8.857	9.093
Reserve for Bank's Social Aid Fund Deficit	—	—
Impairment Losses on Tangible Assets	—	—
Depreciation Charges of Tangible Assets	118.248	106.257
Impairment Losses on Intangible Assets	—	—
Amortization Charges of Intangible Assets	81.084	67.637
Impairment Losses on Investment Accounted for under Equity Method	—	—
Impairment of Assets to be Disposed	—	—
Depreciation of Assets to be Disposed	1.634	1.708
Impairment of Assets Held for Sale	—	—
Other Operating Expenses	853.414	825.152
<i>Operational Leases Expenses</i>	<i>247.643</i>	<i>214.777</i>
<i>Repair and Maintenance Expenses</i>	<i>49.296</i>	<i>44.823</i>
<i>Advertisement Expenses</i>	<i>80.008</i>	<i>95.193</i>
<i>Other Expenses (*)</i>	<i>476.467</i>	<i>470.359</i>
Losses on Sale of Assets	7.867	21.432
Other	328.234	251.348
<b>Total</b>	<b>2.646.715</b>	<b>2.421.689</b>

(\*) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationery, entertainment and representation, heating and lighting, credit card service fee and others amounting to TL 78.262, TL 72.595, TL 18.904, TL 7.991, TL 23.852, TL 95.597 and TL 179.266, respectively (1 January - 31 December 2014: TL 82.831, TL 55.492, TL 21.823, TL 7.912, TL 20.638, TL 89.811 and TL 191.852, respectively).

**h. Information on profit / loss before tax from continuing operations**

As 1 January-31 December 2015, DFS Group has a profit before tax from continuing operations amounting to TL 1.142.911 (1 January-31 December 2014: TL 1.214.681).

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

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

As 1 January-31 December 2015 the current period taxation charge on continuing operations is TL 148.437 (1 January-31 December 2014: TL 346.887) while deferred tax charge is TL 135.179 (1 January-31 December 2014: TL 70.750 deferred tax benefit).

There are not current period taxation charge on discontinuing operations. ( 1 January-31 December 2014: None).

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

<b>Deferred tax benefit/ charge arising from temporary differences</b>	<b>Current Period</b>	<b>Prior Period</b>
Arising from Origination of Deductible Temporary Differences (+)	54.545	228.076
Arising from Reversal of Deductible Temporary Differences (-)	(218.060)	(148.016)
Arising from Origination of Taxable Temporary Differences (-)	(17.434)	(36.664)
Arising from Reversal of Taxable Temporary Differences (+)	45.770	27.354
<b>Total</b>	<b>(135.179)</b>	<b>70.750</b>

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

<b>Sources of deferred tax benefit/ charge</b>	<b>Current Period</b>	<b>Prior Period</b>
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	(235.267)	172.016
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	28.336	(9.311)
Arising from Origination (+)/ Reversal (-) of Tax Losses	71.752	(91.955)
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	–	–
<b>Total</b>	<b>(135.179)</b>	<b>70.750</b>

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

DFS Group has a net profit is amounting to TL 859.295 (31 December 2014: TL 938.544).

DFS Group does not have discontinuing operations.

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

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

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

**2. Changes in estimations made by DFS Group with respect to the financial statement's effects on profit/loss explained in Note I-e-10-10 (ii) of Section Five.**

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

	<b>Current Period</b>	<b>Prior Period</b>
Profit/ (loss) attributable to minority interests	892	1.135

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

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

<b>Other Fees and Commissions Received</b>	<b>Current Period</b>	<b>Prior Period</b>
Credit card clearing and other commissions	508.976	448.153
Contracted merchant / POS commissions	231.790	209.921
Insurance services	115.653	94.981
Filing fees	105.548	109.679
Account management fees	82.480	94.565
Intermediary services	38.445	31.535
Remittance commissions	91.883	66.495
Expertise fees	14.604	13.402
Other	123.243	107.058
<b>Total</b>	<b>1.312.622</b>	<b>1.175.789</b>

<b>Other Fees and Commissions Paid</b>	<b>Current Period</b>	<b>Prior Period</b>
Credit card / POS commissions	261.785	224.613
EFT fees and commissions	8.888	7.954
Other	100.385	81.048
<b>Total</b>	<b>371.058</b>	<b>313.615</b>



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

**a. Information on capital increase**

At the date of 14 October 2015, the Parent Bank has increased its paid-in capital at an amount of TL 1.100.000 in total through share premiums at an amount of TL 94.501, inflation adjustment differences of share premiums at an amount of TL 3.910, inflation adjustment differences of paid-in capital at an amount of TL 189.164, shares of subsidiaries and associates and return on sales at an amount of TL 262.425 and cash reserves at an amount of TL 550.000.

**b. Information on issuance of shares**

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

A share premium at an amount of TL 39 has been occurred due to capital increase on 14 October at an amount of TL 1.100.000.

**c. Information on distribution of profit:**

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

**d. Information on increase/decrease amounts resulting from merger:**

None.

**e. Information on investments available-for-sale**

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

**f. Hedging transactions**

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

**g. Revaluation difference on tangible assets**

Revaluation differences on tangible assets includes gains on sales of subsidiaries and gains on sales of real estates and explained in detail in Note II-I-3 of Section Five.

**h. Information on to foreign exchange difference:**

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

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

**i. Other**

As of 2014 Portion of Deniz Yatırım on Deniz GYO shares reach to 91,38% from 86,76% as a result of mandatory tender offer on BIST dated on 23 January 2014.

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**j. Amounts transferred to legal reserves**

The Parent Bank transferred TL 496.723 (31 December 2014: TL 454.155) to extraordinary reserves from prior period profits in 2015. There is any amount transferred to legal reserves (31 December 2014: None). Reserves pertaining to consolidated subsidiaries are included in previous years' profits.

**VI. Explanations and disclosures related to consolidated cash flow statement**

**a. Information on cash and cash equivalents**

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>01.01.2015</b>	<b>01.01.2014</b>
<b>Cash</b>	<b>2.245.290</b>	<b>1.856.475</b>
Cash in Vault, foreign currencies and other	1.246.778	1.260.111
Banks demand deposit	998.512	596.364
<b>Cash and Cash Equivalents</b>	<b>5.326.271</b>	<b>4.726.899</b>
Interbank money market placements	980.123	1.290.942
Banks time deposit	3.992.518	2.715.082
Securities	353.630	720.875
<b>Total Cash and Cash Equivalents</b>	<b>7.571.561</b>	<b>6.583.374</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31.12.2015</b>	<b>31.12.2014</b>
<b>Cash</b>	<b>5.066.168</b>	<b>2.245.290</b>
Cash in Vault, foreign currencies and other	1.411.721	1.246.778
Banks demand deposit	3.654.447	998.512
<b>Cash and Cash Equivalents</b>	<b>4.880.925</b>	<b>5.326.271</b>
Interbank money market placements	1.213.997	980.123
Banks time deposit	3.333.389	3.992.518
Securities	333.539	353.630
<b>Total Cash and Cash Equivalents</b>	<b>9.947.093</b>	<b>7.571.561</b>

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

DFS Group made a total provision for required reserves on CB of Turkey and other foreign Central Banks in amount of TL 9.411.617 (31 December 2014: TL 8.211.375). Additionally, there is TL 12.180 (31 December 2014: TL 19.160) limited amount in foreign banks account.

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

"Other" item amounting to TL (4.340.541) (31 December 2014: TL (2.357.014)) before "changes in operating assets and liabilities" comprise other operating expenses, fees and commissions paid and net trading loss. As a result of these changes in the cash flow statement, the balance of cash and cash equivalents has changed from TL 7.571.561 (31 December 2014: TL 6.583.374) to TL 9.947.093 in 2015 (31 December 2014: TL 7.571.561).

"Other liabilities" item included in "change in assets and liabilities arising from banking activities", amounting to TL 4.865.487 (31 December 2014: TL 1.219.629) comprise changes in sundry creditors, taxes and duties payable, and other external resources.

The impact of change in exchange rate on cash and cash equivalent assets consists of exchange difference occurring as a result of translation of foreign currency cash and cash equivalent assets average to TL with rates belonging to beginning and end of the period and it amounts to TL 718.903 as of 31 December 2015 (31 December 2014: TL (43.890)).

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

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

#### 1 (i). 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
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	1	10.477	18.175	59.102	94	4
Balance at the End of the Period	2	35.394	2.299	19.970	33	30
Interest and Commission Income Received	1.167	63	772	81	2	—

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

#### 1 (ii). 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
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	24.507	8.555	920	11.287	47	4
Balance at the End of the Period	1	10.477	18.175	59.102	94	4
Interest and Commission Income Received	230	18	1.170	37	1	—

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

### 2. 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	26.193	17.699	3.878.370	2.887.026	14.305	14.650
Balance at the End of the Period	27.778	26.193	6.257.056	3.878.370	8.552	14.305
Interest and Commission Expenses	2.809	1.900	264.635	224.092	1.198	1.173

(\*) 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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**3. Information on forward and option agreements and similar agreements made with DFS Group's risk group**

	Associates, Subsidiaries and Joint- Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>DFS Group's Risk Group (*)</b>						
<b>Transactions for Trading Purposes:</b>						
Balance at the Beginning of the Period	–	–	54.565	292.678	5.654	4.735
Balance at the End of the Period	–	–	–	54.565	11.510	5.654
Total Income/ (Loss)	–	–	(12.712)	(2.307)	(164)	(1.058)
<b>Transactions for Hedging Purposes:</b>						
Balance at the Beginning of the Period	–	–	–	–	–	–
Balance at the End of the Period	–	–	–	–	–	–
Total Income/ (Loss)	–	–	–	–	–	–

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

**4. Information on benefit provided to Executives**

DFS Group makes payment amounting to TL 70.453 (31 December 2014: TL 48.932) to its Executives as of 31 December 2015.

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

As of 31 December 2015, cash loans and other receivables of the risk group represent 0,003% of DFS Group's total cash loans and bank deposits granted the deposits and borrowings represent 7,1% of DFS Group's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,23% 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.

On 11 July 2015, The Parent Bank, sold an its real estate properties to Deniz GYO at TL 25.000, the income from before mentioned transaction is found at "Revaluation fund on investment properties" under consolidated shareholders' equity.

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

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

	<b>Number</b>	<b>Number of Employees</b>			
Domestic branch	691	12.917			
			<b>Country of Incorporations</b>		
Foreign representation	–	–	–		
				<b>Total Assets</b>	<b>Statutory Share Capital</b>
Foreign branch	–	–	--	--	–
Off shore banking region branches	1	6	1-Bahreyn	3.373.296	–

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

The Parent Bank opened 29 new branches closed 53 branche in 2015.

**3. The branches of associates and subsidiaries**

There are forty three branches of Denizbank AG, which headquarter is located centrally in Vienna. Twenty seven of branches are located in Austria, sixteen of branches are in Germany.

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

## **SECTION SIX**

### **OTHER DISCLOSURES AND FOOTNOTES**

#### **I. Other explanations related to DFS Group's operations**

##### **a. Explanations related to DFS Group's operations**

On 31 July 2014, European Union ("EU") had applied sectoral restrictive measures to the Russian Federation, and certain financial institutions, including Sberbank Group (excluding their subsidiaries established in EU countries), had been subjected to these measures. According to EU amendments dated 8 September 2014 and 4 December 2014 the scope of the applied restrictive measures has been amended.

In addition, according to the amendment dated 12 September 2014 on the directive dated 12 March 2014 (together, "the Directive"), the Office of Foreign Assets Control ("OFAC"), established under the United States Department of the Treasury, has applied a number of restrictive measures to all transactions by the United States citizens with the persons determined in the Directive. Consequently, Denizbank has also been included in the scope of these restrictions. Denizbank has applied to OFAC to be exempt from the scope of these restrictions and OFAC has announced that DenizBank has been excluded completely from restrictive measures through the Directive by General License No.3, dated 6 October 2014. The attempts are underway for DenizBank to be left outside the scope of the restrictive measures of EU as well.

The Parent Bank has increased its paid-in capital at an amount of TL 1.100.000 in total as of 14 October 2015 through share premiums at an amount of TL 94.501, inflation adjustment differences of share premiums at an amount of TL 3.910, inflation adjustment differences of paid capital at an amount of TL 189.164, shares of subsidiaries and associates and return on sales at an amount of TL 262.425 and cash reserves at an amount of TL 550.000.

Under the decision of the Parent Bank's Board of Directors dated 30 June 2015, it was decided to open the Parent Bank's Representative Office in Dubai International Finance Center and to authorize the General Management for the follow-up and conclusion of all procedures to be conducted in this respect in line with the Banking Law no. 5411 and other relevant regulations. In this regard, necessary applications were filed to the Banking Regulation and Supervision Authority on 2 July 2015. Under the BRSA's decision dated 20 August 2015 and numbered 6419, the Parent Bank has been allowed to open the representative office in Dubai under article 14 of Banking Law no. 5411. In this context, the process is still ongoing.

In the Board of Director's meeting of the Parent Bank dated on 2 December 2015, it is decided to amend the Articles of Incorporation of the Parent Bank, except for article 6, and to apply Capital Markets Board of Turkey, Banking Regulation and Supervision Agency and Ministry of Customs and Trade in order to take required permissions and to authorize General Directorate of the Bank to make necessary applications and sign necessary documents. Required applications have been made to Capital Markets Board of Turkey and Banking Regulation and Supervision Agency on 4 December 2015.

Capital Markets Board of Turkey ("CMB") requested to make amendments in the draft text regarding the modification of Articles of Incorporation and Board of Directors of the Parent Bank decided on 15 February 2016 to approve draft text regarding amendments of Articles of Incorporation except for article 6 in the framework of CMB request and applications were made to CMB and BRSA for the approval of the text on 16 February 2016. Required permissions are given from the CMB while the approval process is still going on in BRSA.

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

**Moody's (\*)**

Long Term Foreign Currency Deposits	Ba2
Short Term Foreign Currency Deposits	Not Prime
Long Term Local Currency Deposits	Ba
Short Term Local Currency Deposits	Not Prime
Bank Financial Strength Rating (BCA)	ba3

**Fitch Rating's (\*\*)**

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

(\*) As of 27 February 2015

(\*\*) As of 26 March 2015

**c. Subsequent events**

It is decided to increase capital of the Parent Bank to TL 3.316.100 from TL 1.816.100 and to pay in cash an amount of TL 1.500.000 of the capital increase from Shares of Subsidiaries and Associates and Sales Income of Properties at an amount of TL 113.097 and from Share Premiums at an amount of TL 39 and from guarantees provided by shareholders at an amount of TL 750.000 before the approval of capital increase and to make applications to Capital Boards of Turkey ("CMB") and Banking Regulation and Supervision Agency ("BRSA") in order take necessary permissions for capital increase and to authorize General Directorate of the Parent Bank to make all the applications and sign necessary documents in the Board of Directors meeting of the Parent Bank held on 31 December 2015.

The applications made to BRSA and CMB in order to make amendments in article 6 of Articles of Incorporation of the Parent Bank titled "Bank Capital" and to take necessary permissions for capital increase on 8 January 2016 resulted positively on 14 January 2016 and 20 January 2016, respectively.

Following the related approvals, the application made to the Ministry of Customs and Trade on 28 January 2016 in order to confirm the appropriateness of the amendments resulted positively on 1 February 2016.

## **SECTION SEVEN**

### **INDEPENDENT AUDITORS' REPORT**

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

DFS Group's consolidated financial statements and footnotes have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Ernst&Young Global Limited) and the independent auditors' report dated 18 February 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.