

# DENİZBANK

FINANCIAL SERVICES GROUP

ANNUAL REPORT 2015

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Contact Information

## DENİZBANK FINANCIAL SERVICES GROUP (DFSG)

### BANKING SERVICES

DENİZBANK  
DENİZBANK AG (AUSTRIA)  
DENİZBANK MOSCOW (RUSSIAN FEDERATION)  
EURODENİZ INTERNATIONAL BANKING UNIT LTD. (TRNC)

### LEASING, FACTORING AND ASSET MANAGEMENT SERVICES

DENİZLEASING  
DENİZFACTORING  
DESTEKASSET MANAGEMENT

### INVESTMENT BANKING AND BROKERAGE SERVICES

DENİZINVEST SECURITIES  
EKSPRESSECURITIES  
DENİZ REAL ESTATE INVESTMENT TRUST  
DENİZPORTFOLIO MANAGEMENT

### INFORMATION TECHNOLOGY SERVICES

INTERTECH

### CULTURAL SERVICES

DENİZKÜLTÜR

### OTHER SERVICES

BANTAŞ  
AÇIK DENİZ RADIO-TV  
DENİZ CARD PAYMENT SYSTEMS

## DENİZBANK'S MISSION, VISION

DenizBank's mission is to become a bank that maximizes employee, customer and shareholder satisfaction with her position, image and corporate characteristics in the market by adopting a "supermarket approach" to financial services.

DenizBank envisions becoming one of the five largest banks in Turkey and the foremost financial institution in the region defined as the Middle East, Balkans, Caucasus and Commonwealth of Independent States countries through sustained and profitable growth.

## DIVIDEND DISTRIBUTION POLICY

After deducting any sums that would be compulsory for the Bank to pay or set aside, such as general expenditures and miscellaneous depreciation costs as well as any amount of taxes that would be compulsory for the Bank to pay, from the calculated income at the end of the accounting year, the remaining sum shall constitute the net income; after deducting the previous year's losses if any, the net income shall be distributed as follows:

### First Scheme Legal Reserves:

a) 5% of this sum shall be allocated to the legal reserves.

### First Dividends:

b) Out of the remaining amount, the rate and amount set by the Capital Markets Board of Turkey is allocated to the first dividend.

### Second Dividends:

c) After deducting any sums specified in item (a) and (b) from the net income, the General Assembly shall be authorized to distribute such remaining amount, in part or in full, or to allocate as the extraordinary reserves.

### General Legal Reserves:

d) Out of the sum calculated after deducting a dividend of 5% of the paid-in capital from the set amount to be distributed to the shareholders and other parties participating in the profit, 10% shall be added to the general legal reserves in accordance with Article 519, Paragraph 2, Item c of the Turkish Commercial Code.

Unless the discretionary legal reserves are duly set aside, and unless the dividends determined for the shareholders are distributed in cash and/or in the form of share certificates as per the Articles of Association, no decision may be adopted to allocate further legal reserves, to pass any profits to the following year, or to distribute any dividends to the members of the Board of Directors as well as any officials, workers and employees, to foundations established for various purposes, and to similar person and/or persons.

The date and manner of distribution to shareholders of the annual profit shall be determined by the General Assembly upon a proposal by the Board of Directors prepared under the relevant legislation issued by the Capital Markets Board. As of the accounting period of the dividend, irrespective of its issuing and acquiring dates, annual profit shall be distributed equally to all existing shares. The profits distributed pursuant to the provisions of these Articles of Association shall not be recalled.

## DIVIDEND DISTRIBUTION PROPOSAL

At its meeting on February 25, 2016, the Board of Directors resolved:

Not to distribute to the shareholders, the net profit of the Bank for the financial year 2015 amounting to TL 762,645,179.19;

- to allocate 5% of the net profit amounting to TL 38,132,258.96 to the general legal reserve according to Article 519/1 of the Turkish Commercial Code,
- to keep the exempt amount of TL 9,421,458.70 in the Mandatory Funds Account in order to benefit from the exception stated in Article 5/1-e of the Corporate Tax Law with respect to the profit gained by the Bank in 2015 from the real estate sale,
- to allocate the remaining amount of TL 715,091,461.53 to the extraordinary reserve and to propose every item to the approval of the General Assembly.

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 6 of the Articles of Association was amended in 2015.

At the Extraordinary General Assembly held on July 9, 2015, it was decided to increase the Bank's share capital from TL 716.1 million to TL 1,816.1 million and to amend Article 6 regarding "CAPITAL OF THE BANK" of the Articles of Association accordingly. Following the registration of the decisions of the related General Assembly on October 14, 2015, Article 6 regarding "CAPITAL OF THE BANK" of the Bank's Articles of Association was amended.

At the Board of Directors meeting held on December 2, 2015, it was decided to amend the Articles of Association of the Bank, except Article 6. On February 16, 2016, draft amendment has approved by CMB. The approval process at BRSA has been ongoing.

At the Board of Directors meeting held on December 31, 2015, it was decided to increase the Bank's share capital from TL 1,816.1 million to TL 3,316.1 million and amend Article 6 "CAPITAL OF THE BANK" of the Bank's Articles of Association. For the aforementioned amendments, required approvals were obtained from BRSA, CMB and the Ministry of Customs and Trade on January 14, 2016, January 20, 2016 and February 1, 2016, respectively.

## SHAREHOLDING STRUCTURE, PAID-IN CAPITAL AND CHANGES, SHARES HELD BY THE MANAGEMENT

DenizBank increased its share capital from TL 716.1 million to TL 1,816.1 million, by TL 1,100 million, via TL 550 million from retained earnings from share premium and TL 550 million in cash.

At the Board of Directors meeting held on December 31, 2015, it was decided to increase the Bank's share capital from TL 1,816.1 million to TL 3,316.1 million, by TL 1,500 million, via TL 750 million from retained earnings and TL 750 million in cash.

Required approvals were obtained from BRSA, CMB and the Ministry of Customs and Trade on January 14, 2016, January 20, 2016 and February 1, 2016, respectively.

DenizBank's shareholding structure, and the shares held by ultimate controlling real person(s), as of December 31, 2015 are presented in the table below. DenizBank's shareholding structure does not contain any cross-shareholdings.

### Shares Held by the Management

DenizBank's CEO Hakan Ateş owns 28.725 shares, corresponding to 0.000002% of the total capital.

### DenizBank Shareholding Structure - 31.12.2015

Shareholders	Nominal Value (TL)	Share (%)
Sberbank of Russia	1,813,422,610	99.8526
Central Bank of Russia		49.9263
Foreign Institutional Investors		47.1005
Domestic Legal Entities		2.8258
Others	86	0.000005
Publicly Listed	2,677,304	0.1474
<b>TOTAL</b>	<b>1,816,100,000</b>	<b>100.00</b>

## CHANGES IN THE MANAGEMENT, SHAREHOLDING STRUCTURE AND ACTIVITIES OF DFSG COMPANIES

### Opening a Representative Office in Dubai

In accordance with the Board of Directors decision dated June 30, 2015 regarding the opening of a representative office of the Bank in Dubai International Finance Center, the required approvals were granted by BRSA with its decision dated August 20, 2015. The process is currently underway pending approval by the relevant authorities in Dubai.

### Capital Increase of DenizBank AG

The paid-in capital of DenizBank AG, a subsidiary of DenizBank headquartered in Austria, was increased from EUR 159,830 thousand to EUR 191,831 thousand on September 4, 2015.

### Transfer of CMB Licenses of EkspresSecurities

As a result of the merger of brokerage and corporate finance services provided to domestic and international clients within DFSG under DenizInvest, a contract was signed between EkspresSecurities and Net Holding regarding transfer of CMB-issued capital market activity licenses of the subsidiary EkspresSecurities, whose operations were temporarily ceased as of December 31, 2013 to a new brokerage company to be established by Net Holding subject to approval by the CMB.

## DENİZBANK IN BRIEF

### DenizBank completed its third year under the umbrella of Sberbank Group, Russia's oldest and largest bank.

DenizBank was founded in 1938 as a state-owned bank to provide funding for Turkey's developing maritime sector. Acquired by Zorlu Holding from the Privatization Administration as a banking license in early 1997, DenizBank became one of the country's major banks in a short period of time.

In October 2006, Dexia, a leading European financial services institution, acquired DenizBank from Zorlu Group and remained its primary shareholder for six years. On September 28, 2012, DenizBank started operating under the umbrella of Sberbank Group, Russia's oldest and largest bank.

#### A rapid and extensive transformation

Following privatization in 1997, DenizBank implemented a "Return to Life" program that encompassed employee recruitment and new branch openings as part of its new corporate identity. These initiatives were undertaken in line with a five-year strategic plan, with all the Bank's growth objectives ultimately achieved. This growth was bolstered by buying back certain branches that were transferred to the Savings Deposit Insurance Fund, and by the Group's acquisition of Tarihbank at year-end 2002. To further extend its banking products and services, DenizBank established factoring, leasing, investment and portfolio management companies and acquired banks in Austria and Russia during this period.

As a result of the Bank's solid capital base and balanced financial structure, as well as the rapid growth of Turkey's banking sector, DenizBank reinforced its strong market position in very short order. In 2003, DenizBank Financial Services Group (DFSG) was formed to create a "financial supermarket" that provides a wide variety of financial services under a single umbrella.

#### The "financial supermarket" era in banking

In addition to the flagship DenizBank, DenizBank Financial Services Group includes seven domestic and three international financial subsidiaries, five domestic non-financial subsidiaries and a branch in Bahrain. The Group's domestic companies include DenizInvest Securities, EkspresSecurities, Deniz Real Estate Investment Trust, DenizPortfolio Management, DenizLeasing, DenizFactoring, DestekAsset Management, Intertech, DenizKültür, Açık Deniz Radio-TV, Deniz Card Payment Systems and Bantaş. EuroDeniz, DenizBank AG and DenizBank Moscow are DFSG's international subsidiaries.

DenizBank Financial Services Group's primary customer segments include retail customers, small and medium-size enterprises, exporters, public and project finance customers, and commercial and corporate clients. The Group has identified the agriculture, energy, tourism, education, healthcare, sports, infrastructure and maritime industries as the top priority fields of its business activities. DFSG also operates in European Union countries via its Vienna-based subsidiary DenizBank AG. Additionally, DenizBank serves the Group's existing customers abroad that have commercial and trade ties with Russia, meeting their various financial needs.

DFSG consolidated its operations, financial control and accounting functions at the head-office level and converted DenizBank branches into marketing centers. As a result of this strategy, the Bank has maintained an optimal number of employees while increasing overall operational efficiency.

DFSG's service network reaches out to all segments of Turkish society. In addition to DenizBank's 692 branch locations in Turkey and Bahrain, DenizBank AG and DenizBank Moscow operate 43 branches in total. Additionally, DenizBank provides its retail and corporate clients the world over the opportunity to carry out financial transactions via the Internet, as part of its alternative distribution channel offering.

# Deniz is Everywhere



**735**  
BRANCHES\*

**4,355**  
ATMs

**14,853**  
EMPLOYEES

**9.1** MILLION  
CUSTOMERS

## REGION

- Mediterranean
- Europe 1
- Europe 2
- Europe 3
- Thrace
- Capital 1
- Capital 2
- West Anatolia
- Cukurova
- Aegean
- South East Anatolia
- Istanbul Asia 1
- Istanbul Asia 2
- Black Sea
- Marmara
- Central Anatolia

\*Including DenizBank AG branches.

## SBERBANK IN BRIEF

Established in 1841, Sberbank is a universal commercial bank with diversified businesses and a global presence. The Bank plays a significant role in Russia's economy as the largest commercial banking enterprise in terms of assets, retail deposits and retail loans with market shares of 28.8%, 45.5%, and 38.6%, respectively (Sberbank calculations). More than 127 million individuals in Russia are clients of Sberbank, representing some 89% of the Russian population. Sberbank serves over 1.1 million corporate clients out of 4.5 million businesses in the country.

Sberbank delivers services through the largest banking distribution network in Russia, comprised of about 16,500 thousand branches, located in all of the country's 83 sub-federal units. Sberbank promotes banking via remote channels, which include Russia's largest ATM network of about 90 thousand machines and self-service terminals, as well as Online and Mobile services.

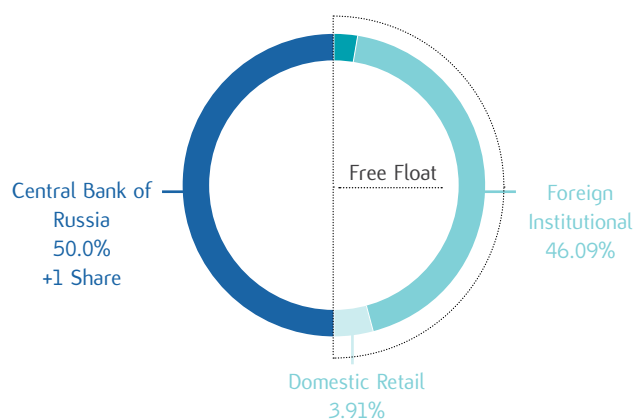
In addition to providing traditional banking services (i.e. loans, deposits, cards), Sberbank has extended its product lines to provide high-end financial advisory services and a selection of investment solutions via Sberbank Corporate and Investment Banking (Sberbank CIB). Sberbank is also actively developing an insurance business and retail brokerage.

Sberbank has substantially extended its international presence beyond the CIS – Kazakhstan, Ukraine and Belarus – to eight countries of Central and Eastern Europe via Sberbank Europe AG (former VBI), as well as to Turkey via DenizBank. Additionally, Sberbank has representative offices in Germany and China, a branch in India and operations in Switzerland via Sberbank (Switzerland) AG.

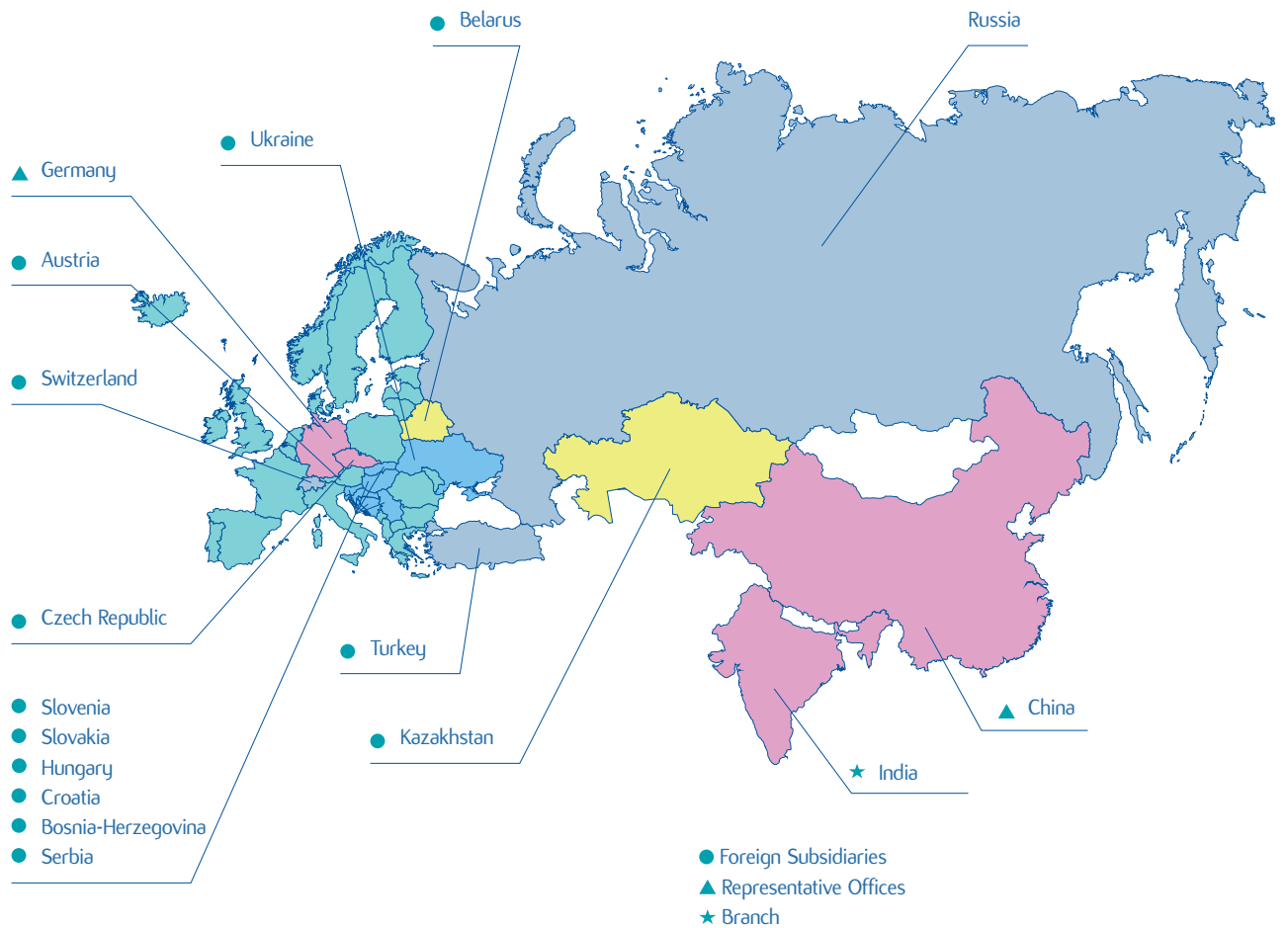
Sberbank's major shareholder is the Central Bank of Russia, which owns 50% of the Bank's share capital plus one voting share, with the remaining shareholder base represented by both international and domestic investors. The Bank's ordinary and preferred shares have been publicly traded in Russia since 1996. Sberbank American depository shares were listed on the London Stock Exchange and admitted to trading on the Frankfurt Stock Exchange and trade over the counter in the United States.

*General banking license by the Central Bank of Russia No. 1481. Sberbank's official website is [www.sberbank.ru](http://www.sberbank.ru).*

### SBERBANK'S OWNERSHIP STRUCTURE







**45.5%**  
RETAIL DEPOSITS  
MARKET SHARE

**38.6%**  
RETAIL LOANS MARKET SHARE

**32.4%**  
CORPORATE LOANS MARKET SHARE

**~ 127 million in Russia**  
**~ 137 million International**  
CUSTOMERS

**90 thousand**  
ATM AND SELF-SERVICE TERMINALS

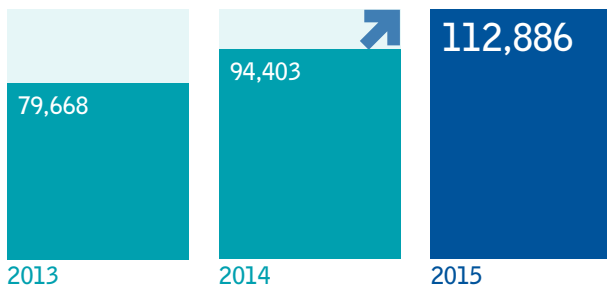
**>328 thousand**  
EMPLOYEES

**~16.5 thousand**  
BRANCHES

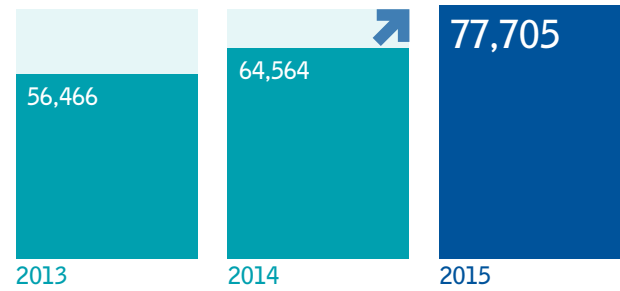
## FINANCIAL HIGHLIGHTS

### CONSOLIDATED

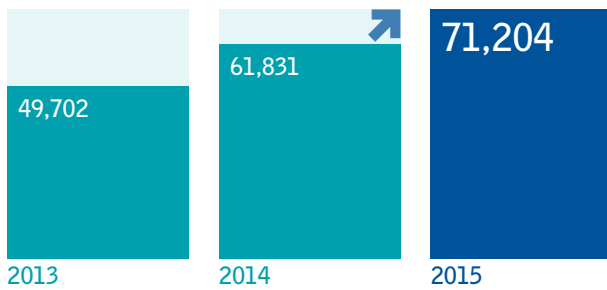
#### TOTAL ASSETS (TL million)



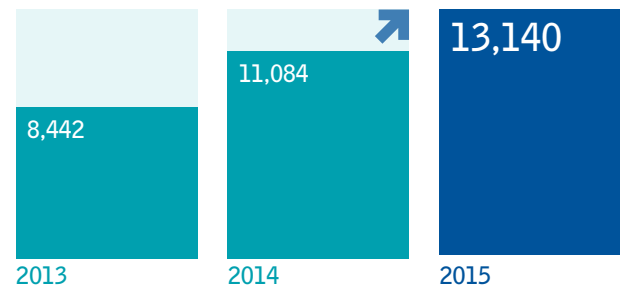
#### LOANS<sup>(1)</sup> (TL million)



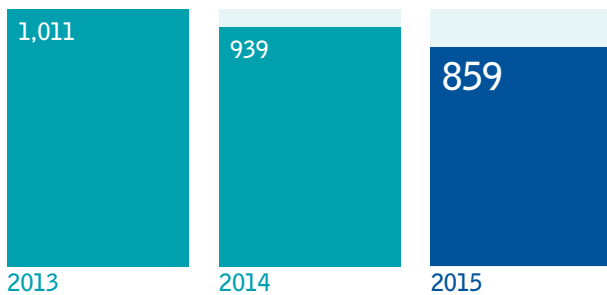
#### DEPOSITS<sup>(2)</sup> (TL million)



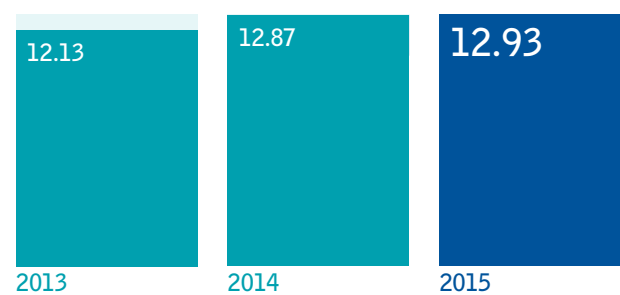
#### SHAREHOLDERS' EQUITY<sup>(3)</sup> (TL million)



#### NET PROFIT (TL million)



#### CAPITAL ADEQUACY RATIO (%)



Audited consolidated BRSA financials.

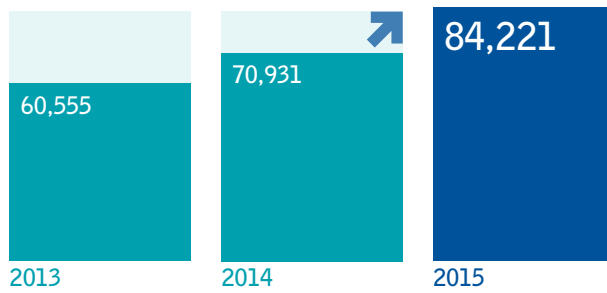
<sup>(1)</sup> Includes factoring and leasing receivables.

<sup>(2)</sup> Excludes bank deposits.

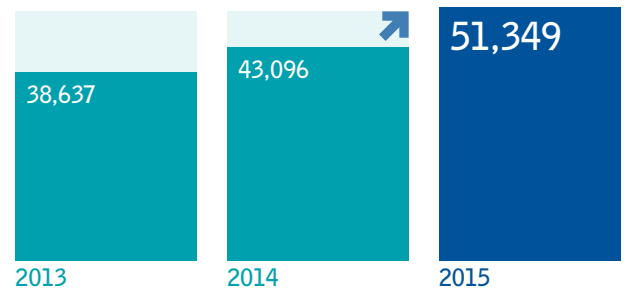
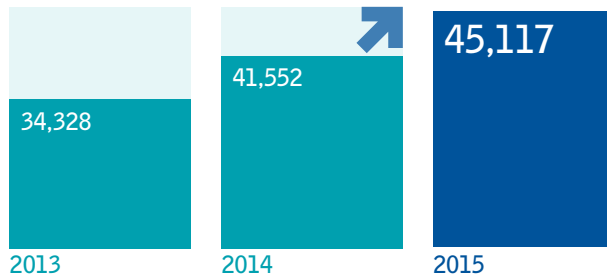
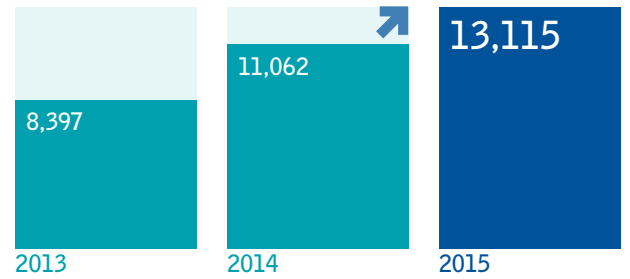
<sup>(3)</sup> Includes sub-debts.

## UNCONSOLIDATED

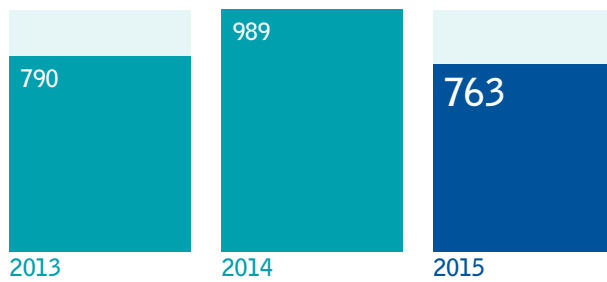
## TOTAL ASSETS (TL million)



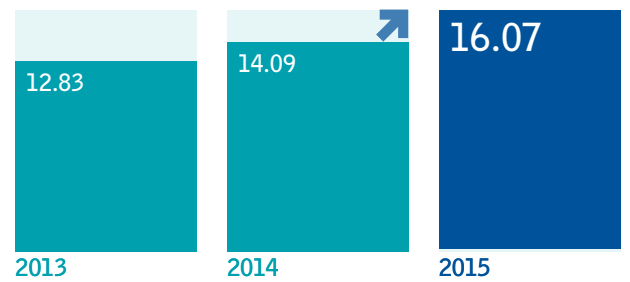
## LOANS (TL million)

DEPOSITS<sup>(1)</sup> (TL million)SHAREHOLDERS' EQUITY<sup>(2)</sup> (TL million)

## NET PROFIT (TL million)



## CAPITAL ADEQUACY RATIO (%)



Audited unconsolidated BRSA financials.

<sup>(1)</sup> Excludes bank deposits.

<sup>(2)</sup> Includes sub-debts.

## 2015 AT A GLANCE...

### JANUARY-FEBRUARY-MARCH

Making significant investments in culture and the arts by saying “Yes to Art” since its inception, DenizBank implemented the “Voyagers of Culture!” initiative, which was designed as a project of cultural brotherhood.

Construction of Intertech’s R&D building started in Teknopark İstanbul, an innovation center.

CEV DenizBank Volleyball Men’s Champions League Final Four matches were played in Berlin.

DenizBank became one of the financiers of Ankara Bilkent Integrated Health Campus, Turkey’s largest PPP project.

### APRIL-MAY-JUNE

Eczacıbaşı Vitra became the champion of the CEV DenizBank Volleyball Women’s Champions League.

DenizBank cooperated with TÜRSAK (Turkish Cinema and Audiovisual Culture Foundation) to provide significant support to Turkish cinema.

The “Adding Value to Agriculture” competition held by the Turkish Ministry of Food Agriculture and Livestock with the sponsorship of DenizBank was completed.

DenizBank broke new ground by implementing the Telephone Banking Service via Skype.

The era of logging into the e-Government Gateway with DenizBank commenced.

DenizBank ranked 23<sup>rd</sup> among “The Most Valuable Brands of Turkey.”

### JULY-AUGUST-SEPTEMBER

DenizBank and İstanbul Ticaret University cooperated in the area of urban transformation.

DenizBank sponsored the Büyükada section of the İstanbul Biennial.

DenizBank and Bank of China signed the “Cooperation Agreement to Support Mutual Foreign Trade and Investments.”

### OCTOBER-NOVEMBER-DECEMBER

DenizInvest became the first market maker for Electricity Futures on Borsa İstanbul’s VIOP.

DenizBank became one of the financiers of İstanbul’s third airport (İGA).

EFMA presents a major award to DenizBank: “Global Innovator of the Year.”

DenizBank has celebrated its 3<sup>rd</sup> anniversary under Sberbank’s shareholding.

KOSGEB Entrepreneurship Training Program is launched in collaboration with DenizBank and Bahçeşehir University.

Results of the 7<sup>th</sup> Agriculture and Human Photography Contest held in collaboration with DenizBank and the Ministry of Food, Agriculture and Livestock were announced.

Hakan Ateş, General Manager of DenizBank, was presented with the “Those Who Add Value to Turkey” award.

DenizBank signed a cooperation agreement with Sinosure, the China Export and Credit Insurance Agency, for the projects of Chinese companies to be realized in Turkey.

## AWARDS

DenizBank received 20 awards at the Stevie Awards, one of the most prestigious competitions within the international business community.

DenizBank won the highly acclaimed and widely coveted “Global Innovator of the Year” award at the 2015 Global Distribution & Marketing Innovation Awards granted by the European Financial Management Association (EFMA), one of the leading institutions within Europe’s banking and financial services sector. The Bank received recognition for its “Kumsal,” “e-Government Gateway,” “ATM Optimizer” and “Deniz Shell” projects. DenizBank also placed second in the “Most Disruptive Innovation” category with its project that provides direct access to the e-Government Gateway.

DenizBank received the “Greatest Positive Change in Compliance Award” from MasterCard.

DenizBank’s innovative payment system application fastPay placed first in the “Mobile Payment” category at the Merchant Payment Ecosystem Awards.

DenizBank received an award in the “Corporate Awareness” category of the TIDE (Institute of Internal Auditing) Awards.

DenizAcademy was presented with the bronze award in the “Best Impact of Corporate University on Implementation of Business Strategies of the Organization” category at the competition held by the Global Council of Corporate Universities.

Serving a large client base in Austria and Germany thanks to its strong network, DenizBank AG received the “High Customer Satisfaction Award” from the Austrian Financial Marketing Association for its service approach that enhances customer experience.

DenizBank received the Golden Effie award for the difference it made in local communications with the campaign “Standing Beside Our Farmers.”

With its SME and Producer Card, introduced for SME and farmer customers, DenizBank was named the bank that expanded its MasterCard portfolio the most in commercial cards at the MasterCard 2014 Sales Awards.

DenizBank received 20 awards at the Stevie Awards, one of the business world’s most prestigious competitions, including the “Grand Stevie” granted only to those companies demonstrating widespread excellence.

### Grand Stevie Award

#### Gold Stevie Awards

##### Contact Center

- › Customer Service Department of the Year
- › Award for Innovation in Customer Service
- › Inbound Marketing Program of the Year

##### CRM and Customer Satisfaction Group

- › Business Intelligence Solution
- › Customer Service Complaints Team of the Year
- › E-commerce Customer Service Award

#### Silver Stevie Awards

##### Contact Center

- › Contact Center of the Year (Over 100 Seats)
- › Best Use of Technology in Customer Service
- › Relationship Management Solution

##### Telesales

- › Sales Department of the Year

##### CRM Group

- › Relationship Management Solutions
- › Best Use of Technology in Sales

#### Bronze Stevie Awards

##### Telesales

- › Telesales Team of the Year
- › Sales Growth Achievement of the Year

##### Direct Sales

- › National Sales Team of the Year
- › Field Sales Team of the Year
- › Award for Innovation in Sales

##### Product and Portfolio Management

- › Collaboration Solutions
- › Business Development Achievement of the Year

## MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Ranking among the top players in the Turkish banking sector, DenizBank successfully completed the integration process with Sberbank Group this year.

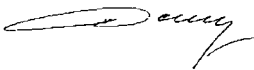
Dear Stakeholders, Clients and Business Partners,

2015 was a challenging year for emerging markets. Declining oil prices had varying effects, depending on the country. For Turkey, it was rather positive, resulting in a 20% reduction in the current account deficit, the economy's biggest structural challenge.

Bearing up in the face of global financial turbulence, the Turkish banking industry managed to keep non-performing loans ratio at around 3% while maintaining a capital adequacy ratio of 15%. Ranking among the top players in the Turkish banking sector, DenizBank successfully completed the integration process with Sberbank Group this year, which resulted in remarkably enhanced added value in the Bank's business processes. Thanks to a strong technology systems infrastructure, DenizBank business units have the ability to deliver new products and services to clients all around Turkey in a fast and effective way.

On this occasion, I would like to extend my gratitude to all our stakeholders, clients and business partners for the solid results we achieved in 2015!

Best regards,



**HERMAN GREF**  
CHAIRMAN OF THE BOARD OF DIRECTORS



## MESSAGE FROM THE CEO

DenizBank has recorded many important achievements that guide the future of digital banking with its vision of “Differentiation by Innovation.” In 2015, the Bank’s success was recognized once again by leaders of the global financial community.

Distinguished Friends of Deniz,

The global economy underperformed its potential in 2015 by posting growth of just 3.1%. While the US finally gained economic momentum, thanks to the quantitative easing policies of the Federal Reserve, growth and exports in Euroland and Japan came in below expectations despite steps taken to revive their respective economies. The world’s second biggest economy, China, recorded lower GDP growth of 7% in 2015. Meanwhile, stagnation in global markets throughout the year and a sharp fall in commodity/energy prices decreased growth targets of emerging markets.

### Fed plans to increase rates gradually

Steps taken by central banks in advanced economies vis-à-vis the ongoing fragility in the global economic environment as a whole topped the international agenda once again in 2015. In parallel with recovery in the labor market and rebounding economic growth indicators in the US, the Fed stopped its asset purchase program entirely and started to raise interest rates, which considerably curtailed foreign capital inflows to emerging markets. As one can infer from statements of Federal Reserve officials during the year, Fed funds rates will increase gradually in order to ease the negative repercussions on international capital markets. Efforts of the European Central Bank to launch an asset purchase program similar to that of the Fed, to shake off the long-standing stagnation in the EU, have not yet yielded the desired results. Economic growth in the Eurozone rose compared to the prior year at 1.5%, with Germany and Spain the best performers. The ECB announced that it would extend the quantitative easing until March 2017, from the previous end date of September 2016, in order to eliminate risk of a recession in the Eurozone.



### Turkey maintained macro-economic discipline despite a year of elections

Affected by a weak global economy and an intense political agenda driven by parliamentary elections on June 7 and November 1, Turkey’s economy expanded 3% in 2015, which was below expectations. On the other hand, the country retained its investment-grade rating despite the election related uncertainty while maintaining macro-economic discipline, which are solid foundations for future economic growth. Notably, a narrowing current account deficit driven by sharply falling energy prices is another important factor that should positively impact Turkey’s future growth potential.

If Turkey implements the structural reforms announced in the 10<sup>th</sup> Development Plan in combination with a monetary policy in line with Fed policies, the country’s growth performance can easily reach its desired levels.

After receiving the honor of being named the “Most Innovative Bank of the Year” by Bank Administration Institute (BAI) Finacle in 2014, DenizBank was presented with the “Global Innovator” designation at the 2015 Innovation Awards held by the European Financial Management Association (EFMA).

### DenizBank's full support for key sectors

The process of integration with our main shareholder Sberbank (2012-2015), which we completed very successfully in every sense, ushered in an important period of advancement for DenizBank. Our Bank:

- › Doubled its consolidated loans and increased its market share from 4.9% to 5.3%;
- › Provided USD 30 billion in long term financing to 68 mega projects, mostly comprised of energy and infrastructure investments with a total investment value of USD 7.5 billion;
- › Participated in landmark projects for the future of Turkey such as the Third Bosphorus Bridge, Istanbul's Third Airport, and City Hospitals with PPP; directly and indirectly participated in financing for the Cyprus Peace Water project; and became the private bank allocating the highest credit limit (EUR 500 million) for the Third Airport project;
- › Maintained market leading positions in public finance, agricultural banking and tourism with professional sports club financing climbing its loans to TL 78 billion, up 20%;
- › Outperformed the sector by posting deposits growth of 15%, made possible by a widened deposit base, and recording total deposits of TL 71 billion;
- › Continued to acquire clients across various segments, especially SMEs, by capitalizing on the Bank's strong deposit structure in 2015, when the sector's loans to deposits ratio neared 120% and funding through deposits became more important;
- › Financed important projects during the year in many niche sectors, particularly energy, construction, infrastructure, tourism, healthcare, municipalities, sports clubs and education.

DenizBank closed 2015 by recording TL 859 in consolidated net profit. The Bank increased its paid-in capital to TL 1.8 billion, up TL 1.1 billion, of which TL 550 million was in cash. It also increased total equity including subordinated loans to TL 13 billion. Bolstering the Bank's market position among the industry's leaders with such impressive achievements, DenizBank's strong equity base will help it to continue contributing to the Turkish economy in 2016.

Another important development for our Bank in 2015 was to bring together all our central service units, with some 5,200 employees, at Deniz Tower, Turkey's most modern working and living space, a 101 thousand square meter landmark structure. During the year, we also started construction on the 18 thousand square meter office development project in Teknopark Istanbul, Turkey's center for innovation. The office complex will house the new headquarters for Intertech, our flagship subsidiary in banking technologies, and the country's biggest software company.

### Innovation and customer centric product portfolio

Conducting operations with the mission of leading the innovation centric transformation in the global banking sector, DenizBank has undertaken many projects to this end. For example, the Bank acquired more than 750 thousand customers with the fastPay mobile wallet application after starting to serve users through Facebook and Twitter, which was a groundbreaking global success. Collecting all DenizBank mobile apps under a single roof thanks to the Deniz Shell application, our Bank has enabled customers to access the e-Government Gateway with a single tap, without the need for a separate password. Developing a banking

approach to meet the needs of the younger generation with the "Yihu" social banking app, our Bank continued to add value to the lives of customers with an application that enables all ATM transactions to be conducted without a card by using ID numbers and SMS. In short, DenizBank has pioneered the technological transformation in the sector by taking inspiration from technology. The success it has recorded to date is due to the Bank's vision of simplifying lives through technology by effectively analyzing the needs of different customer segments.

DenizBank continued to garner international recognition this year thanks to its innovative products and services. After receiving the honor of being named the "Most Innovative Bank of the Year" in 2014 by Bank Administration Institute (BAI) Finacle, DenizBank was presented with the "Global Innovator" designation for its "Kumsal," "e-Government Gateway," "ATM Optimizer" and "Deniz Shell" applications at the European Financial Management Association (EFMA) 2015 Innovation Awards. EFMA has more than 3,000 members that are financial institution and banks from 130 countries, and this event is one of the most prestigious awards platforms of the global financial community. In addition, our Bank placed second in the "Most Disruptive Innovation" category with its "e-Government Gateway" direct access application at the same awards ceremony.

### Corporate targets growing with Sberbank's vision...

DenizBank continues to boost its high brand value with wide-ranging activities that focus on success. The Bank has received many other awards in various fields for its efforts. In addition to the 19 awards we received at the Stevie Awards, which is one of the world's most prestigious business competitions, we were presented with the coveted "Grand Stevie." Meanwhile, our training center Deniz Akademi, which we see as our temple to learning, was granted the Global Bronze award by the Council of Corporate Universities in the "Most Effective Corporate University in Applying Corporate Strategies" category. DenizBank also won the Gold Effie in the "Difference in Local Communication" category at the 2015 Effie Turkey Advertising Event while our SME Card was crowned with the MasterCard Innovation Award. DenizBank AG, our source of pride abroad thanks to its many successes, was cited for its "High Customer Satisfaction" by the Austria based Financial Marketing Union.

I would like to extend my gratitude to all stakeholders who contributed to our success in the Bank's 2015 operating year. Our Bank is already setting sail to ever higher targets in the domestic and global arena while completing its third year under Sberbank shareholding. We know we will overcome all challenges we may face and embrace many more successes as a large family with the support of our main shareholder, business partners and 15 thousand sailors.

Respectfully,



HAKAN ATEŞ  
PRESIDENT & CEO



## BANKING SERVICES

### DENİZBANK CUSTOMER SEGMENTATION

DenizBank has classified customers into five main segments to reflect its customer-oriented service approach to its activities in the most effective manner.

**Corporate Banking:** This segment serves all companies with annual sales turnover of at least TL 200 million, as well as the groups to which these companies belong. (Financial services companies are included in this segment regardless of their turnover amount.)

**Commercial Banking:** This segment serves companies with annual sales turnover of at least TL 40 million that do not fall within the scope of the Corporate Banking segment.

**Public Banking:** This segment serves local public administrations, their subsidiaries and economic enterprises, as well as state economic enterprises, their establishments and subsidiaries, and all other enterprises in which the public or public companies hold at least a 50% stake.

**SME and Agricultural Banking:** This segment serves firms and sole proprietorships with annual turnover of less than TL 40 million, as well as the owners and partners of businesses.

**Retail Banking:** This segment serves individuals, self-employed professionals, owners and partners of corporate and commercial segment companies and owners and partners of companies that are clients of the Bank's SME segment with annual turnover of more than TL 5 million.

In addition to these five main segments, DenizBank delivers private banking services to upper retail segment clients and companies with a liquid net worth of at least USD 250 thousand.

### Branch Network/Segmentation

Aiming to become one of the major financial service providers in the region, DenizBank continued to expand its branch network in line with the strategy of delivering closer and more active services to customers, particularly in the Retail Banking, SME Banking and Agricultural Banking segments.

## With its superior service quality, the Retail Banking Group plays a key role in making DenizBank of choice for customers.

### RETAIL BANKING GROUP

The Retail Banking Group runs operations within Retail Banking Sales Management and Marketing, in coordination and creating synergy with the other business lines of the Bank.

The main activities of the Group include:

- › Developing products and services designed for specific customer segments, monitoring the market, generating impact analyses of changes in the competitive environment, and employing analytical tools to create appropriate offers based on customer data,
- › Improving technological and operational processes related to retail banking,
- › Monitoring, evaluating, and conducting strategic planning to develop the business line,
- › Offering banking products and services through the branches and digital channels (internet, mobile),
- › Working in coordination with other business lines to gain new customers via agreements concerning salary payments, school tuition and condo fees,
- › Increasing DenizBank's market share via new branches and ATMs while offering innovative solutions through new branch and ATM concepts to meet changing customer needs,
- › Developing new loan, deposit and other banking products through an innovative, customer-focused perspective and closely monitoring product performance to increase their market share.

The Retail Banking Group's high service quality was critical in encouraging customers to choose DenizBank, and it closed the 2015 with a number of achievements. The Group introduced new services as firsts in the sector in Turkey and reinforced customer loyalty with innovative and dynamic services.

A standout with its customer-focused approach and superior service quality in Pensioner Banking, DenizBank now has started to intermediate in the first pension payments\* of new retirees, pursuant to an agreement signed with the Social Security Institution (SGK).

Under the Branch Sales Force Mobilization Project, a key component of DenizBank's innovative approach and customer-focused strategy, branch sales personnel provided on-site services to clients via tablet PCs that integrate all banking applications.

\*All payments in the provinces of Istanbul, Izmir, Bursa and Kocaeli, and the first pension payments in provinces with DenizBank branches, are intermediated by DenizBank.

Furthermore, the tablet map application helps identify potential clients thus allowing customer representatives to outline their client visit plans. This innovative application has made significant contributions not only to branch sales force mobilization, but also to customer acquisition and increased customer satisfaction.

Designed to measure service quality, the Mystery Client and Net Recommendation Score initiatives allow for regular monitoring of the Bank's relationships with customers. Client feedback collected in these efforts is used to further improve service quality.

In line with its policy of offering specialized services according to client needs, DenizBank performed customer management programs under Affluent Banking, Mass Banking and Pensioner Banking segments within the Life Cycle Banking approach, based on the relationship between the life cycle and financial needs of the customers.

### Affluent Banking

#### *Privileged Services Designed to Touch the Lives of Customers*

"Affluent Banking focuses on accurately identifying the expectations and needs of each client, and devising tailor-made products and services.

The Affluent Banking program features such exclusive services as customized personal consultancy at branches, priority in banking transactions, special prices in deposit/investment products and loans, cash deposits from home or office with private security guards, Affluent Saving Products and complimentary or discounted banking services, as well as rapid and effective information services to help them make the right investments.

In 2015, Affluent Banking added a new item to its long list of privileged customer services. With the "Affluent Hotline Service Model," customers of branches without Personal Consultants are offered Affluent Banking services via phone. As such, affluent customers can receive exclusive service complete with designated products, services and financial information by means of their personal customer representatives. The Bank plans to extend this service to more branches and broaden the customer base in 2016.

Affluent Banking values the highly trained human resources of Turkey, closely monitors daily changes in the needs of specific professions such as lawyers, doctors, dentists, financial consultants, public notaries and pilots, and offers them customized financial solutions. Under an agreement with the Turkey Bar Association, DenizBank offered favorable products and services to lawyers and continued new lawyer clients and intensified relationships with existing ones. DenizBank renewed its agreement with the Istanbul Bar Association, the world's largest, in May 2015 while stepping up efforts to boost efficiency. During the year, the Bank entered into new agreements with the bar associations of Gaziantep, Konya, Karabük, Erzincan, Tekirdağ and Düzce. As a result, members of these bar associations started to receive DenizBank's privileged

products and services. With these new agreements, the Bank currently cooperates with 41 bar associations across Turkey.

DenizBank also undertook efforts to bolster the efficiency of services to existing clients in similar organizations, such as the İstanbul and Bursa Chambers of Dentists, Bursa Chamber of Medical Doctors, and the Pilots Foundation. In 2015, the Bank signed new agreements to provide its services en masse to member professionals of the Family Doctors' Associations (AHEF); Chambers of Financial Accountants in İstanbul, Adana, Mersin, and Manisa; and Denizli Chambers of Dentists. Ensuring the penetration of customized products among these groups and new customer acquisition are key aspects of DenizBank's marketing strategy. The Bank's business partnership agreements have helped bring about new brand collaborations with special privileges for Affluent Banking clients.

### Mass Banking

As part of its Mass Banking activities, DenizBank effectively analyzed customer data to formulate targeted offers for customers in centrally managed promotional campaigns. The Bank used CRM data to revise current CRM models and create new models. As a result, DenizBank's CRM modeling, which helps customer representatives achieved their sales targets, has come to boast a wider array of sales opportunities.

DenizBank analyzed those banking transactions most frequently conducted by retail customers and devised transaction tariffs accordingly. As a result, the Bank rolled out a new three-year transaction tariff in 2015, allowing customers to carry out their EFTs and money transfers at favorable rates.

Furthermore, the Findex packages developed in cooperation with the Credit Registration Bureau (KKB) enable customers to see their loan credit history and current status.

### Pensioner Banking

Providing exclusive banking services for pension customers, DenizBank Pensioner Banking continued to launch groundbreaking innovations to provide this key segment with special advantages especially suited to their needs and expectations. The Bank's approach is summarized in the slogan, "With Our Sincere Regards." Enjoying attractive loan maturity terms and interest rates, special interest rates for savings accounts, and priority status when transacting at branch locations, DenizBank's retired customers also have other advantages available to them, such as free-of-charge medical services via phone at an exclusive fee and special commission rates. Plus, the Pensioner Bonus Credit Card, a service exclusive to the Bank's retiree customers, allows them to benefit from additional installments, lower interest rates and discounts in utility bill payments.

As in previous years, Pensioner Banking personnel met with over 10 thousand retired customers in 2015 at a wide range of social events, including a boat trip, picnic, a breakfast and cinema screening – in effect becoming a part of their everyday lives. Additionally, the Department kept pensioners up-to-date with useful information, such as regular bulletins on healthy living.

Having approached retirees as a niche customer segment since 2010, DenizBank continued to roll out groundbreaking firsts through its Pensioner Banking services. Under an agreement entered into with the Social Security Institution as a result of all these efforts, the Bank has started to intermediate in the first pension payments of new retirees.

### Youth Banking

In 2015, DenizBank Youth Banking stayed in tune with young customers, designing products and campaigns specifically geared to their needs. Thanks to these efforts, the Bank recorded an increase in its young customer base.

Youth Banking provides a wide range of exclusive solutions for younger customers. These targeted products and services include the specialty credit card D-Şarj Bonus; Youth Account, which has no account maintenance fee and enables free-of-charge online money transfers; educational loans at special interest rates; and the mobile wallet fastPay.

During the year, DenizBank once again signed tuition payment agreements with additional schools, further broadening its reach among educational institutions with this service. The Bank now provides various products, services and advantages to both students and parents at a wide range of private schools, and universities across the country.

DenizBank Youth Banking continued to provide exclusive products to young customers in 2015.

## Promotional campaigns specially designed for specific customer segments continued throughout 2015.

### Retail Banking Products

#### Deposits and Savings Products

DenizBank Deposits and Savings Products offer an extensive array of deposit and savings products to meet various retail customer needs such as savings or cash flow. These products are designed in consideration of customers' risk perception and expectations, and to channel their savings towards investment. In line with this approach, DenizBank's Retail Banking segment continued to expand its total deposits in 2015, posting an increase of 23% over the prior year.

Promotional campaigns specially designed for specific customer segments continued throughout 2015. For example, DenizBank successfully carried out the Expat Campaign, which offers advantages to Turkish citizens living abroad, between May and September, the period when this target group visits Turkey most frequently. The Pensioner Campaign aimed at retired clients is ongoing. Additionally, the Bank completed systems development work to provide time deposits via the channel Digital Deniz, which allows clients to open an account without having to visit a physical branch.

#### Consumer Loans

DenizBank is one of the key players of the banking sector with its innovative, accessible and competitive loan products, and has expanded its consumer loan volume by 11% to TL 12.7 billion in 2015.

#### General Purpose Loans

In 2015, DenizBank expanded its general purpose loans by 16% and reached a market share of 4.6%.

In 2015, the Bank continued to launch products and processes centered on clients' needs and expectations which rest on changing retail world, and offered tailor-made special loan limits to current customers under pre-approved loan campaigns.

After the new regulations related to general purpose loan and auto loan maturity terms as well as the cap on credit card installment payment use went into effect at year-end 2013, DenizBank started to get results of efforts to minimize the adverse impact of shrinking loan demand in the market.

These included:

- › DenizBank placed a special focus on promotional campaigns and processes for pre-approved lending products and expanded these loan allocations.
- › In order to boost the efficiency of non-branch channels, DenizBank continued marketing loans via telemarketing, direct sales and Digital Deniz.
- › Initiated in line with regulations enacted in late 2013, the Dealership Channel has joined the Bank's portfolio, becoming the most actively used alternative channel. Tens of thousands of individuals have enjoyed the service since its launch.

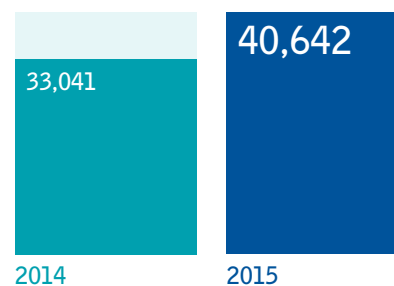
DenizBank continues to capitalize on its superior technology to develop new distribution channels.

With tablet loans sold through direct sales representatives, DenizBank creates synergy with its business partners by accepting loan applications via non-branch channels and extending these sums without client having to visit a branch. The Bank also enables clients to file face to face loan applications via tablet PCs through direct sales. As such, a new channel was added to DenizBank digital channels with tablet loans.

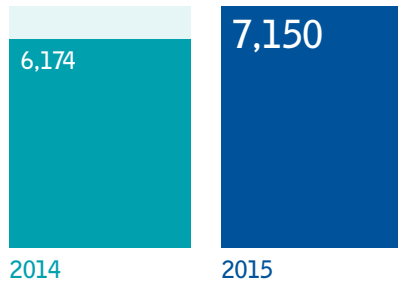
DenizBank has cooperated with PTT, a large, well-established entity in Turkey, since April 2014. As part of this cooperation, clients who receive their pension from PTT can easily apply for DenizBank loans at any PTT branch, without having to visit a bank.

Furthermore, the overdraft account product named "Kurtaran Account", which meets clients' urgent demands for cash, is available to customers round-the-clock via all the Bank's alternative distribution channels. Clients who would like to access the overdraft account in the form of installments can opt for installment payments of up to 12 months with the Overdraft Account with Installments and Instant Money Account product.

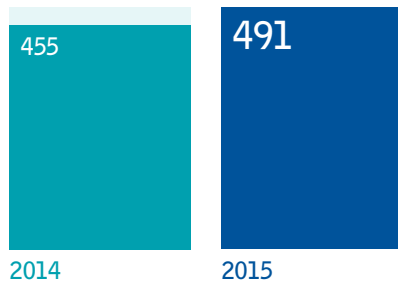
### Retail Customer Deposits (TL million)



## General Purpose Loans (TL million)



## Overdraft Loans (TL million)

*Housing and Car Loans*

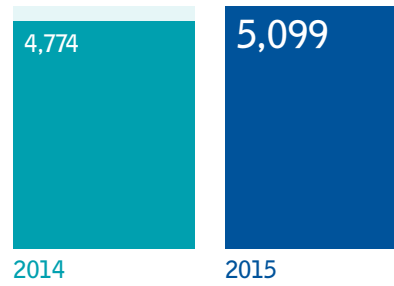
During 2015, DenizBank's housing loan volume expanded 7%; thus, the Bank's housing loans market share reached 3.5%.

DenizBank continued to collaborate with Turkey's leading real estate agencies in 2015 and reached out to 450 such agencies across Turkey through its traditional annual events. The mobile application "Pusula Deniz", a first in Turkey, was developed by the Bank in 2015 specially for real estate agencies. It aims to boost the Bank's cooperation with these enterprises by ensuring faster and more interactive communications. DenizBank also participated in 65 new projects during 2015, offering convenient housing loans to customers across Turkey with its top-quality service approach.

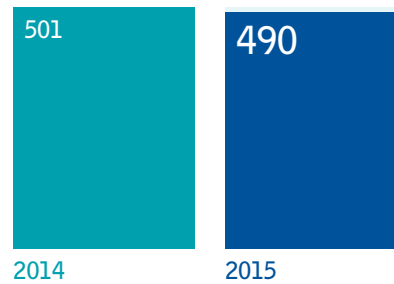
DenizBank is steadily advancing towards its goal of becoming "Turkey's Leading Bank in Urban Transformation Projects." Although it was the second bank to sign an agreement with the Ministry of Environment and Urbanization, DenizBank was the first Turkish banking institution to actually extend an Urban Transformation Loan and to complete the urban transformation project. As of year-end 2015, DenizBank has extended more than TL 300 million in Urban Transformation Loans to capture a 42% market share. The Bank provides the following advantages to make urban transformation a trouble-free process for clients:

- › No obligation to repay the principal during the construction phase,
- › Round-the-clock free urban transformation related consultancy via the Bank's website and Call Center, and
- › Specialized support in high risk building identification reports.

## Housing Loans (TL million)



## Car Loans (TL million)



Enjoying active and extensive cooperation with Turkey's leading automobile brands and an ever expanding car dealer network, DenizBank's car loans market share increased to 7.6% in 2015.

## Branch and ATM Planning

As part of optimization efforts in 2015, DenizBank merged 53 of its branches. The Bank then used the banking licenses of these branch locations to open new branches in 29 cities with high potential for agricultural banking. As such, the Bank maintained its solid market position in 2015, with 692 branches and a 6.2% branch market share. Including 43 overseas foreign subsidiary branch locations, the Bank operates a total of 735 branches.

DenizBank's ATM network, including those allocated to the Bank under the PTT partnership, was comprised of 4,355 ATMs at year-end 2015, including 2,271 DenizBank ATMs and 2,084 PTT ATMs, compared to 3,989 at year-end 2014. In line with the Bank's strategy, innovative branch and ATM concepts were developed for different customer segments; in addition, disabled-friendly banking was supported and ATMs were transformed to accommodate this customer group. In 2015, the Bank also introduced new features such as overdraft money withdrawal and entered into UnionPay agreements to generate new commission revenues and offer a wide array of customer-focused solutions.

**Innovative branch and ATM concepts were developed for different customer segments.**

## Bancassurance

### Insurance and Individual Pension Products

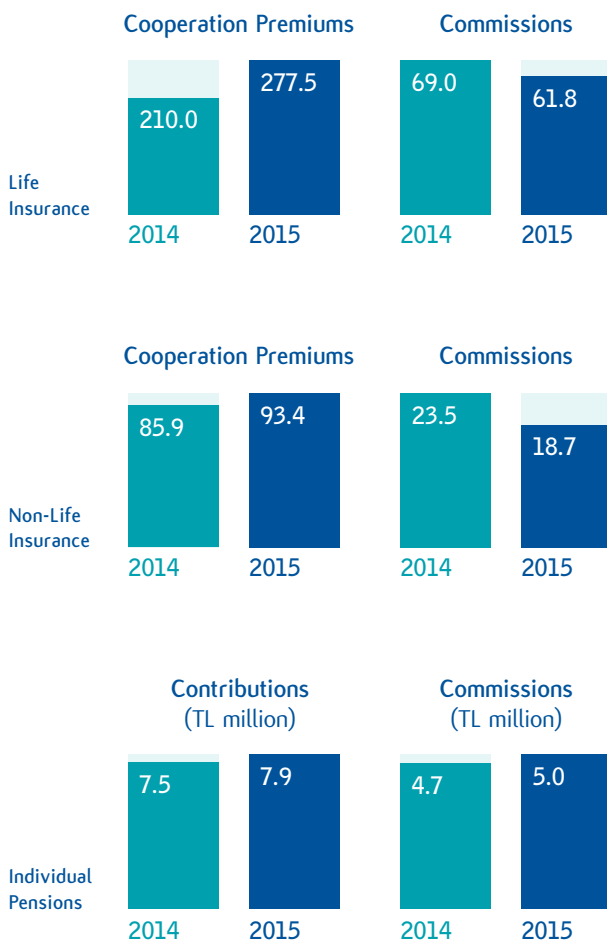
As part of its insurance operations, DenizBank provides life insurance, non-life insurance and individual pension products to customers. The Bank's wide product range offers all insurance and individual pension products and services including fire, agriculture, accident, engineering, liability, unemployment personal accident, and life insurance plans, as well as pension plans.

Individual pension products are available in different options, such as retail products, corporate products, or customized plans for specific segments.

DenizBank continues its cooperation with Axa Sigorta in non-life insurance activities and with MetLife in life insurance and individual pension products.

The Department cooperates with other DenizBank departments to provide insurance for those Bank customers already enjoying such services as loan, deposit, credit card, salary payment, merchant services, project finance and commercial and corporate banking.

### DenizBank Bancassurance Performance (TL million)



## DenizBank continues to offer fast and practical financial and operational solutions to SMEs.

### SME AND AGRICULTURAL BANKING GROUP\*

#### SME Banking Group

- > SME Banking,
- > Merchant Relations,
- > Gold Banking,
- > Cash Management

#### Agricultural Banking Group

- > Agricultural Banking,

The Group ensures that the operations below are carried in synergy, and in coordination with the other business lines of the Bank.

To reach out to its target groups such as SMEs, farmers, agricultural businesses, and investors interested in the agriculture sector, the Group undertakes the following activities:

- > Developing products and services designed to meet SMEs' needs, devising sector and product-specific packages, and creating timely and multidimensional sales opportunities,
- > Designing financial products to support the development of the agricultural sector and meet the financial needs of producers and agricultural businesses,
- > Conducting research and designing of new funding instruments for agricultural banking,
- > Managing merchant relations, setting targets aligned with the Bank's policies and strategies, and coordinating the sales of merchant firms,
- > Developing new POS products and support of branches in promoting and marketing these products,
- > Marketing and selling of gold and silver loans and deposits, and other products related to precious metals, as well as carrying out activities to acquire new customers,
- > Managing and improving products pertaining to the Bank's Cash Management system, as well as ensuring compliance with all relevant legal and in-house regulations,
- > Organizing the flow of internal-external funds to strengthen the Bank's liquidity structure.

#### SME Banking

2015 was a rather productive year for SME Banking with added momentum from new products and services. In light of macroeconomic developments, the Bank's expert personnel at the Head Office, regions and branches continued to provide life enhancing solutions to customers and boost service quality.

Funds allocated to SMEs exceeded TL 20 billion in 2015. Sector-wide, total loans to SMEs grew 16%, while DenizBank recorded an increase of 41%, outperforming the sector average.

DenizBank's SME client base expanded to 1.2 million, with an added boost from new products and marketing related activities.

The Bank's total number of SME Cards issued rose to 320 thousand in 2015, with the product maintaining its weighting in the overall SME Banking strategy. The SME Card allows shopkeepers to meet their daily financial needs with ease while also providing fast and practical solutions to SME customers with a wide range of options. These include postponed repayment and additional installments, as well as instant loans for fuel oil, food, electronics, accommodation and other expenses via promotional campaigns specific to the segment.

In 2015, DenizBank refreshed its communications to appeal to small and medium retailers around the concept of "Shopkeepers' Street." The aim was to offer these clients a comprehensive range of banking transactions and financial services. With a series of loan promotions directed especially at SMEs, the Bank extended TL 2.4 billion in loans to around 101 thousand micro enterprises.

In order to facilitate SME access to financing and render the associated paperwork process more efficient, DenizBank launched a new practice in March 2015. Under this upgrade, clients can apply via SMS, web, Açıkdeniz Internet Banking, SME Deniz Facebook page and ATMs for one or more of a range of products that include commercial loans (in installments) up to TL 125 thousand, overdraft account and SME Card. As a result, SME customers that apply for a loan receive a response within five minutes and can easily access the product at DenizBank branches. In 2015, the Bank received more than 300 thousand loan applications via these channels.

Another new SME product offered by DenizBank in 2015 was SME Packages and Transaction Tariffs. Thanks to these special tariffs, SMEs can access banking services based on their needs and transaction frequency, at fixed rates, resulting in savings of up to TL 3,000 per year. During the year, customers purchased more than 100 thousand SME tariffs and enjoyed these significant benefits.

DenizBank also provides special packages for specific sectors. In May, the Bank launched the "Pharmacy Package" to intermediate in pharmacists' collection of their receivables from the Social Security Institution, and to help them meet their financing needs at favorable rates. Additionally, the Bank rolled out the "Agricultural Supplier Package" for companies that supply agricultural products, and whose cash flows vary from season to season. This package includes seasonal loans, a special banking transaction rate and numerous highly advantageous products.

As part of the Co-Finance Loan Agreement, the Bank provides SMEs with additional assistance and co-financing loan packages, so that they can make better use of Small and Medium Enterprises Development Organization (KOSGEB) support.

Funding obtained from international financial institutions such as EBRD, EIB, EIF and EFSE continued to be allocated to SMEs at long maturity terms and attractive interest rates.

In 2015, the Bank continued to serve SME customers via all distribution means available. The waiting period for incoming calls to the SME Call Center (KOBİ ÜMİT) was only 11 seconds, and 98% of all calls were responded to. More than 16,000 customers took out loans as a result of outgoing calls from the telemarketing channel.

### Merchant Relations

2015 saw Cash Register POS devices adapted to the latest POS applications and various updates carried out. DenizBank remained the sector leader with 60,000 Cash Register POS devices deployed. The Bank plans to further expand its market share since updates to Cash Register POS are scheduled to continue.

DenizBank ended 2015 with over 200 thousand POS devices in operation, compared to about 191 thousand devices deployed in 2014.

Through agreements and sponsorships with contracted merchants, DenizBank reinforced its partnerships and expanded its brand recognition and also continued to provide new discounts and exclusive services to credit card customers.

POS	Number of POS	Market Share (%)
2015	200,020	6.2
2014	191,148	8.0

POS	Shopping Turnover (TL million)	Market Share (%)
2015	21,145	4.0
2014	18,785	4.0

### Gold Banking

#### Turkey's Gold Bank

The gold sector, which creates vast added value for Turkey, is not simply a niche market for DenizBank. In fact, the Bank intensified its focus in this area, leapfrogging its peers by establishing the Gold Banking department in 2011. DenizBank's objective is to provide a full suite of banking instruments ranging from loans to deposits so as to fully meet the demands of the gold sector.

DenizAltın Days has encouraged households to invest their 'under-the-mattress' savings into the national economy. This scheme has turned more than four tons of physical gold savings into deposits. The Gold Accumulating Account and Saver Account each offer savers the opportunity to grow their investments. With the launch of the DenizGold product, clients can withdraw their gold, deposited physically or virtually to their account, in gold coupons of 1, 2, 5, 10, 20, 50 or 100 grams.

The goal of DenizBank Gold Banking is to channel investors' gold assets in jewelry to clients as financial support under attractive terms, and thus contribute to the national economy.

DenizBank's total gold loan support has climbed to some four tons with a 13.6% market share. This was achieved through innovative means such as special loan assessment processes for precious metals, as well as groundbreaking product innovations including Equal-Installment Gold Loan, Gold Loan with Early Closure Option and Gold Support Loan to Manufacturers.

### Cash Management

Making extensive use of its IT facilities in order to deliver payment and collection methods well-suited to client needs, and thus fulfilling the core strategy of presenting ever faster, high-quality and efficient services, the Cash Management Group carried out important organizational changes in 2015. As a result, it now operates under the umbrella of the SME and Agricultural Banking Group.

In the coming year, the Cash Management Group plans to continue executing its strategy of enhancing the synergy between different segments to acquire new customers, deepening relationships with current clients to boost cross-sales and providing innovative products that meet customer needs.

In 2015, DenizBank carried out systems infrastructure related modifications to diversify its current product range, and launched the QR Code Cheque, which provides information about the cheque history of the drawer as well as the reliability of the cheque. The Bank has already become the top provider of QR Code Cheque among all banks, having delivered this product to the most clients industry-wide.

### Electronic Collection Services

In electronic collection services, the Bank contracted 113 new companies in the Direct Debit System (DDS) and corporate collection projects in 2015. As of year's end, the number of parent companies to have signed up to DDS and Card Payment System projects had grown 29% to 393 over 2014. Meanwhile, the total number of dealers rose 37% to 12,700, with a total collection volume of TL 4.7 billion.

Keen to provide solutions for the entire supply chain through its integrated assessment of clients and suppliers, DenizBank started conducting transactions via the Supplier Finance and Direct Debit System (DDS), whose systems infrastructure work was completed in 2014. In 2016, the Bank plans to establish deeper relationships with its clients on the basis of these products, in line with the objective of channeling customers' entire cash flow via the Bank.

### Electronic Payment Services

DenizBank's electronic payment services client base expanded 77% compared to 2014. During 2015, the Bank intermediated approximately 5 million payment transactions through the Wholesale Payment System, and increased the electronic payment transaction volume by 57% to TL 80 billion.

The Bank's Foreign Currency Wholesale Payment System, launched to facilitate DenizBank customer domestic and overseas wholesale foreign currency transfers, recorded a 190% rise in the number of transactions in 2015.

### Collections from Institutions and Municipalities

In 2015, DenizBank executed agreements with 25 new institutions and continued to expand the number of delivery channels through which it serves customers. Additionally, the Bank established strategic partnerships by providing specialized IT solutions to municipalities, and increased the number of municipality clients who receive its collection services to 65.

### Corporate Information Services

In addition to the electronic signature that allows clients to conduct transactions in a secure manner, DenizBank also launched the Registered E-Mail (KEP) service, which serves as legal proof of the dispatch of electronic messages.

Continuing to deliver the e-invoice service, which allows for secure digital circulation of invoices online, DenizBank plans to devise solutions to meet the financial needs of clients who are obliged to generate invoices in 2016.

### Agricultural Banking

DenizBank continues efforts to support Turkey's agricultural development, boost productivity in the sector, and put a smile on the faces of farmers. With the belief that agriculture holds the key to Turkey's future, DenizBank conducts operations in the agricultural sector in line with its social responsibility mission. DenizBank is the first private Turkish bank to differentiate its Head Office organizational and branch network structure to create a true agricultural banking enterprise. The Bank has carried out all of its agricultural efforts along the slogan, "Let's Put a Smile on the Faces of Our Farmers," and has touched the lives of about half of all the farmers in Turkey.

### Specialized Services

In line with its commitment to agriculture and the land, DenizBank acquired Tarıřbank in 2002 and launched its Agricultural Banking operations. As such, the Bank is proud to stand by Turkish farmers, who have created the world's seventh largest agricultural economy. Today, the Bank delivers the highest quality, fastest and state-of-the-art agricultural solutions to producers, via 280 branches located across Turkey's 81 provinces, and with a field team composed largely of agricultural engineers.

DenizBank supports micro producers who have difficulties in accessing institutional financing as well as large producers and investors involved in modern agriculture on a larger scale.

In 2015, DenizBank maintained its leadership position among private Turkish banks as the largest lender of agricultural loans. At year's end, DenizBank has the largest market share among the country's private banks with its agricultural loan portfolio totaling TL 5.6 billion. Meanwhile, DenizBank's agricultural banking customer base exceeded 1 million, with almost 420 thousand active customers.

## DenizBank Agricultural Banking: Putting a smile on the faces of farmers.



## Producers have a chance to pay their premiums at harvest time with their Producer Cards.

### *Services for Agricultural Producers*

#### *Producer Card*

The leader of the agricultural card market with its 515 thousand Producer Cards, DenizBank's Producer Card is designed to meet the specific needs of the sector. It facilitates access to funding for agricultural producers and provides the exclusive cost advantages for input purchases with no interest as well as maturity term advantages at contracted merchants.

Launched in early 2015, the innovative product Producer Card Installment Loan allows farming customers to use their Producer Card for both short and long term needs. This product grants installments of up to three years in line with customers' annual cash flow, and during harvest season every year.

Under partnership with Petrol Ofisi that dates back to 2006, the Producer Card customers can meet their fuel oil needs at zero interest, to be repaid in five monthly installments. Since fuel oil is one of the largest expense items in agricultural production, this opportunity is much appreciated by farmers. In addition, farmers are offered the opportunity to purchase agricultural materials such as fertilizers, feed, seeds, seedlings and pesticides from contracted dealers by using their Producer Card, interest-free and with installments of up to six months.

In yet another ground breaking innovation, DenizBank has enabled producers to automatically pay their Bağ-Kur social security premiums with their Producer Card. As such, producers have the chance to pay their premiums at harvest time and enjoy all the social security services from Bağ-Kur without disruption. Producer Card holders are also offered advantages in their equipment purchases at contracted merchants, which offer the option of making payments in annual installments, for a term of up to three years. Additionally, producers can postpone payment of their Turkcell phone bills within a certain limit until harvest time, interest-free.

Producers can also secure agricultural enterprise loans by using their Producer Card at all DenizBank branches and ATMs. In addition, they are able to make purchases at contracted merchants to benefit from various promotions or installment payment options.

Producers can apply for the Producer Card at DenizBank branches, via POS devices at contracted merchants, via ATMs, on the DenizBank website or with a simple SMS, in a hassle-free, swift fashion.

DenizBank places great importance on agricultural chambers, unions and cooperatives for the preservation of micro-scale farms and the improvement of their production techniques. As a result of partnerships with leading unions and cooperatives such as Çukobirlik, Tariş and Pankobirlik; irrigation cooperatives; and breeding animal and cattle cooperatives, union members have the opportunity to purchase their agricultural inputs at attractive prices. In addition, the Producer Card gives producers the opportunity to postpone payment of their power bills due to agricultural irrigation until harvest time.

#### *Producer POS*

As the pioneering bank of agricultural financing, DenizBank has established ties between producers, contracted merchants and the Bank, to formulate solutions that provide the maximum benefit to all parties involved. A key instrument of this solutions partnership, the Producer Card was introduced to the Turkish banking sector by the Bank. In order to further enhance the benefits of this partnership, a promotional campaign was conducted among contracted merchants with Producer POS in 2015; 50 of these agricultural input providers were rewarded with free overseas trips.

#### *Other Products and Advantages*

*DenizBank provides support to all types of agricultural investments, from animal husbandry to land acquisition, fisheries to greenhouseing.*

DenizBank finances all manner of investments by agricultural producers in areas that include crop and animal production, greenhouseing, fisheries, tractors and other agricultural equipment, land acquisition, animal husbandry and fruit orchard production.

In 2015, DenizBank diversified its product portfolio to offer producers a wide array of innovative loans that included: "Village Transformation," "Plow and Drill," "Wedding Ceremony," "Repair/Modernization," "Organic Products," "Best Agricultural Practice," "Contract Agriculture," and "My Orchard, My Field." All these offerings are designed to ensure the longevity of agricultural activities through generations.

In another pioneering effort, the Bank extended the first Agricultural Loan via SMS. To speed up loan assessment processes for producers, the Bank completed systems infrastructure integration with the Ministry of Agriculture and Credit Registry Agency, facilitated access to the Farmer Registry System and significantly simplified loan assessment processes.

DenizBank offers fast and practical lending products to producer customers, by assigning them loan limits which they can utilize whenever needed.

#### *DenizBank brings banking services to villages...*

On top of the branches in the "Green Drop" category, a first in Turkey designed to get closer to producer clients, the Bank made further efforts in 2015 to ensure that producers can access banking services without having to leave the comfort of their homes. In addition to alternative channels such as telemarketing, ATM and digital banking, the Bank has distributed tablet PCs to its entire field personnel who visit producers in their homes to offer them banking services. As such, producers are not obliged to come to DenizBank's brick and mortar branch any longer.

Producers can make their loan applications via the Internet through applications with a single SMS. DenizBank's well-trained field teams equipped with tablet PCs can offer most of the banking transactions of a branch, thus virtually bringing the branch to the doorstep of customers.

#### *DenizBank's Producer Card brings forward TMO product payments...*

Thanks to the DenizBank Producer Card designed especially for them, producers can withdraw money from ATMs round-the-clock, and shop at contracted merchants without having to carry around cash. The Bank also intermediates in TMO payments for product purchases and enjoys a large market share in product payments among private banks. The Producer Card allows producers to receive their payments from TMO at an earlier date.

#### *Agricultural consultancy services by DenizBank*

DenizBank is committed to help increase the scale of agricultural enterprises, a key issue in Turkish agriculture. To this end, the Bank extends loans to producers to assist in covering agricultural investments and enterprise costs; additionally, it provides services to facilitate the establishment of new processing plants, to effect capacity increases in and modernization of existing facilities, and make equipment purchases easier.

Tarım Plus is another service that fuels sector growth, by offering turnkey project, information and advisory services to large-scale producers, agricultural enterprises and industrials.

Agricultural investment projects are supported by loans with attractive terms, thus allowing producers to finance projects in dairy cattle breeding, cattle raising, sheep and goat breeding, greenhouses and fruit cultivation with exclusive advantages from DenizBank. The fund secured from the European Bank for Reconstruction and Development (EBRD) for agricultural investments is channeled to finance such endeavors. Furthermore, DenizBank provides financing opportunities to the Instrument for Pre-Accession Assistance for Rural Development (IPARD) projects, as well as those available to receive grants. The Bank also presents projects for IPARD grants and provides consultancy to investors. DenizBank is the only bank that has signed an agreement with the Agricultural and Rural Development Support Agency (TKDK). DenizBank's expert project team offers full support to investors who want to directly apply for grants.

#### *Social Responsibility Efforts Continue*

DenizBank operates in the agricultural sector not simply as a lender but also as a comprehensive agricultural banking solutions provider that adds value to the everyday lives of producers in many ways.

In an effort to expand the availability of agricultural publications across Turkey and ensure that farmers have direct access to information, the Bank joined forces with the Ministry of Food, Agriculture and Livestock to carry out Turkey's most extensive training campaign. Some 500 thousand agricultural books were delivered to producers in 5 thousand villages with the intermediation of agricultural engineers who served as consultants.

Meanwhile, by sponsoring the national photography competition "Agriculture and People" held by the Ministry of Food, Agriculture, and Livestock, DenizBank intends to raise agricultural awareness across the country. As part of its educational support to the sector, the Bank organizes informational meetings in rural districts and encourages farmers to use well-informed production, pest control, pruning, and equipment maintenance techniques. In addition, high-achieving children of farmers who lack financial means are granted full tuition scholarships in collaboration with Turkish Education Association.

In 2015, DenizBank provided support to the first edition of the "Adding Value to Agriculture" competition held by the Ministry of Food, Agriculture and Animal Husbandry; intermediated in recognizing Ministry and Tar-Gel (Agricultural Know-How Enhancement Project) employees who make significant contributions to the agricultural sector with innovative initiatives that make a difference; and helped promote these projects which set examples for the industry.

As in prior years, DenizBank officers participated in local harvest celebrations and agricultural festivals across Turkey in 2015, continued to stand by producers no matter what and put smiles on their faces.

#### *Effie Award for Agricultural Banking Local Communication Strategy...*

Having built a close relationship with agricultural producers since the first day it entered the sector, DenizBank has continually worked to enhanced its product and service quality in this area. In recognition of its efforts to this end, the Bank received the "Golden Effie" award in the category "Differentiating Locally" for excellence in marketing communications.

## WHOLESALE BANKING GROUP

The Wholesale Banking Group ensures that the following operations are carried out in such a way as to create synergy and coordination with the Bank's other business lines:

- › Corporate Banking Group,
- › Commercial Banking and Public Finance Group,
- › Project Finance.

The core operations of the Group include enhancing relations and creating partnerships with overseas subsidiaries and branches, and expanding the overseas subsidiary and branch network in line with the Bank's overall strategy. Furthermore, DenizLeasing and DenizFactoring report to the Board Member in charge of the Group.

### Corporate Banking Group

The Corporate Banking Group ensures that

- › Corporate Banking

operations are carried out in such a way as to create synergy and coordination with the Bank's other business lines.

The Group carries out the following core activities geared towards its target group, comprising corporate and commercial firms:

- › Development and marketing of Corporate Banking products,
- › Organization of sales of products and services by branches in line with set targets,
- › Organization of the workflow between related departments and coordination of their relationships.

### Corporate Banking

Corporate Banking provides the right financial solutions for its clients' needs through innovative project finance and cash management products, as well as traditional corporate banking products, and creates chains of value that integrate all business lines of the DFSG.

Relationships with clients start through loan instruments, thereafter becoming permanent as a result of customer satisfaction. These strategic alliances in turn create new business opportunities for the DFSG. The Bank offers customers the opportunity to slash operational costs through its advanced technological infrastructure and cash management products, while receiving the maximum return from the economic cycle.

#### Portal Approach

The Corporate Banking Group's marketing approach rests on the following pillars: The capacity to create high-quality assets, adapt rapidly to economic change, generate synergy with other business lines and subsidiaries, and employ well experienced personnel who embody DenizBank's "collective wisdom" approach.

The Corporate Banking Group has over 70 products in areas such as loans, deposits, securities, cash management, project finance, leasing, factoring, insurance, foreign trade, and investment banking. The Group expanded the active corporate client base by 3%, and increased its average cross sales ratio to 3.8 in 2015.

Corporate Banking increased total loans by 22%, with 24% in cash loans and 18% in non-cash loans in 2015.

DenizBank Corporate Banking Group contributed to the investment and privatization processes through its know-how in project finance and financial strength, thus reinforcing its position in the market. The Corporate Banking Department is keen to continue activities focused on cash management and the portal approach in 2016.

### Commercial Banking and Public Finance Group

The Commercial Banking and Public Finance Group ensures that the following operations are carried out in such a way so as to create synergy and coordination with other business lines of the Bank:

- › Commercial Banking,
- › Public Finance

Targeting a client base consisting of commercial enterprises, local government and affiliated agencies, as well as state economic enterprises and subsidiaries, the Group carries out the following core operations:

- › Development of products and services for commercial companies and public agencies,
- › Execution, monitoring, budgeting and reporting of marketing activities in line with targets and strategies,
- › Development of marketing, sales and campaign models to win new clients and promote growth,
- › Coordination of the Bank's marketing activities in commercial and public finance branches.

### Commercial Banking

#### Differentiated Services with a Wide Range of Products

The Commercial Banking Group, which has revenue criteria between TL 25 and 200 million, provides tailor-made and proactive solutions to meet all the financial needs of its clients. Through its financial supermarket approach, the Group offers clients from different sectors a wide range of products and services such as project financing, cash management, insurance, leasing, factoring, foreign trade and treasury and investment products, as well as loans. Also, the Group aims to create synergy with other business lines and subsidiaries under its "collective wisdom" strategy.

The Commercial Banking Group boasts an expert sales team that operates across 18 provinces via 44 branches, including seven mixed and 37 commercial branches.

In 2015, with almost 20 thousand customers continuing to make DenizBank their main bank, the Group's total loans amounted to TL 32 billion and the deposit volume was TL 9 billion.

## Public Finance

### *Specialized and Highly-experienced Staff*

Defining public finance as a business line, DenizBank broke new ground in Turkish banking history and targeted specializing in public finance as one of its strategic working fields. The Public Finance Department was established to service a target group that comprises local government, its subsidiaries and economic enterprises, as well as state economic enterprises, their establishments and subsidiaries.

The Public Finance Department has provided low-cost and long-term financing to more than 300 projects to date.

The Public Finance Department provides the full range of banking services to local governments with its specialized and highly-experienced staff at its Head Office, regional offices, and branches.

With its specially developed cash management systems, DenizBank makes effective use of its branch network and alternative distribution channels to maximize operational efficiency and productivity in its tax collection processes. Today, the Bank intermediates in the tax, water bill, and similar type collections for over 100 municipalities.

The service provided to Public Finance clients is not limited to banking products. The Bank delivers news and information to customers via the BelediyeDeniz.com web site, which is specially designed for municipalities and public sector employees, as well as a monthly newspaper distributed to municipalities.

## Project Finance

The Project Finance Department's core business includes providing structured finance for:

- › Projects in target sectors,
- › Industrial investments, and
- › Privatization transactions.

The Project Finance Department focuses on those large-scale investments that play a key role in developing the economy, and thus necessitate medium and long-term financing. The Department provides funds to such top priority sectors as telecoms, energy, infrastructure (e.g. ports, airports and motorways), Public-Private Partnerships (PPP), healthcare and education that form the backbone of economic and social development. It also conducts long-term transactions including industrial investment, privatization and acquisition finance, as well as so-called "club-loans" featuring multiple banks.

DenizBank has secured some USD 20 billion in long term financing for the over 300 public sector projects it has funded over the last decade.

Since 2005, Turkey's total installed power generation capacity has increased by 33,600 MW to 72,450 MW. During the same period, DenizBank financed 57 power generation projects and intermediated in commissioning 6,400 MW in installed capacity. Including electricity distribution natural gas distribution and wholesale projects, DenizBank has provided USD 4 billion in long term financing to the energy sector.

Also playing a key role in Turkey's infrastructure investments, DenizBank allocated and extended EUR 500 million to İstanbul's Third Airport project, EUR 154 million to the TAV Bodrum Airport project and USD 37 million to the Cyprus Peace Water Provision project in 2015. DenizBank was the bank that allocated the most funding to the Third Airport project and became the sole funder of the TAV Bodrum project.

In late 2014 and 2015, the Bank provided the financing of tenders for seven of 23 city hospitals that were targeted for renovation under the Public-Private Partnership scheme, which was implemented to avoid placing additional burden on the public budget.

DenizBank allocated EUR 336 million in loans to the Mersin and Bilkent PPP projects with a maturity term of up to 18 years. The Bilkent PPP project was named the "Infrastructure Financing Transaction of the Year – 2015" at Global Financial Conferences.

Looking at 2016, the Project Finance Department plans to reinforce its pioneering position in large-scale infrastructure projects, while further bolstering growth in such core sectors as energy, transportation, healthcare and education.

## In 2015, DenizBank continued to grow with an extensive portfolio of credit card products.

### PAYMENT SYSTEMS AND NON-BRANCH CHANNELS GROUP

The Payment Systems and the Non-Branch Channels Group make up the following functions with in the coordination and synergy with other business lines at DenizBank:

- › Credit and Bank Cards Product Management,
- › Credit Cards Portfolio Management,
- › Call Center,
- › Telemarketing and Customer Retention, and
- › Direct Sales.

### Credit Cards

Throughout 2015, DenizBank continued to expand of its vast credit card portfolio specially designed for a wide range of customer segments and preferences. Keen to respond to all client needs related to the card payment systems while enriching its products and services in line with changing market conditions, DenizBank added innovative products to the debit card, credit card and pre-paid card portfolio in 2015.

As of year's end, the Bank's credit card unit market share had risen from 5.4% to 5.6%. Credit card turnover increased 14.5%, from TL 25.4 billion in 2014 to TL 29 billion in 2015; meanwhile, DenizBank's share of the sector's turnover went up from 5.4% to 5.5% in 2015.

### Bonus and Co-Branded Cards

In order to offer credit card products which will play a role in the life cycles of customers and to help meet their daily needs, DenizBank continued to undersign successful Co-Branded Projects with brands from various sectors, in addition to its privileged Bonus offerings with services that will make a difference in customers' lives.

Tailoring the Bank's card products for individual customers from the application stage through to exclusive promotional offers in order to provide the right product to the right customer, DenizBank continued to offer a vast array of alternatives to its customer base in 2015. The Bank's card portfolio includes city cards, miles credit cards, supermarket cards and cards without annual fee. A key example was the "DenizKızı (Mermaid)" initiative, which was designed to become more involved in women's daily lives.

### Segment Cards

DenizBank's extensive credit card offering is designed for customers from various segments and different stages of the life cycle. Synergy is achieved with the Retail Banking segment to provide clients a 360-degree banking experience.

The Bank added an innovative, interactive and dynamic dimension to the lives of young people with D-Şarj Bonus. Having started to intermediate in the payment of Social Security Institution pensions, the Bank now offers Pensioner Bonus services and campaigns that make life more comfortable and convenient for retirees.

The Bank offers Private Banking clients the Deniz Private Card, which features personalized advantages for shopping, travel and lifestyle services.

Providing cardholders experiences in step with their individual lifestyles, DenizBank continued its long-term brand collaborations with Hillside, and went on to sign a sponsorship agreement including special discounts with Big Chefs in 2015.

### Football Fan Cards

With the recent addition of Denizlispor Bonus, DenizBank has expanded its Football Fan Card product portfolio to include 20 football clubs. As a result, the Bank further bolstered its pioneering and market leading position in co-branded cards in 2016.

Additionally, the Bank was deemed worth of the Visa Vizyonist 2015 "The Most Successful Banks" achievement award for its Football Themed Loyalty Programs.

### Debit Cards/PTT Cards

In 2015, the Bank continued to send the monthly Paracard Bulletin to Paracard holders, informing them of the features and promotional campaigns associated with their debit cards. The same newsletter is also sent to DenizBank Debit Card holders. In addition, portfolio campaigns and general promotions were conducted to boost shopping turnover from PTT debit cards.

In order to upgrade DenizBank Debit Cards to Paracard, customer representatives communicated with customers in October and took action to start the conversion process. The conversion was completed as of December 2015; as a result, active DenizBank Debit Card holders were delivered their new Paracards. Paracard holders were given the opportunity to apply for cards via branches, the call center and AçıkDeniz.

## In March 2015 MasterCard granted DenizBank the “Second Largest Quantitative Increase in Debit Card Portfolio in 2014” award.

Thanks to all these efforts, in March 2015 MasterCard granted DenizBank the “Second Largest Quantitative Increase in Debit Card Portfolio in 2014” award.

DenizBank’s number of debit cards issued increased to 11.5 million from 9.9 million, raising its market share to 10.25%, up from 9.40%. As a result, ATM & POS issuing volumes also increased by 21% and 46%, climbing to TL 28 billion and TL 1.6 billion, respectively, in 2015.

### *Campus Cards*

#### *Campus Card initiative garnered a Bronze Stevie.*

The Campus Card is in use at Ankara, Marmara, Uludağ and TED Universities. In order to increase Campus Card activation as a debit card and to boost shopping turnover, the Bank held promotional campaigns targeted at the student body, faculty and administrative personnel at Uludağ, Marmara and TED Universities. During the registration period, flyers were distributed to promote Campus Cards, their exclusive offers, promotions and the D-Şarj Bonus credit card.

### *Pre-Paid Cards*

In an effort to cut card printing costs, the DenizBank extended the maturity term of pre-paid cards from three to five years. The Bank also signed an agreement with a new subcontractor for the courthouse locations where it offers à la carte services.

### Call Center

The Call Center provides clients with top quality, non-stop services 24/7. All processes and the individual performance system are designed to maximize customers’ experience in customer communications.

The Bank’s Interactive Voice Response (IVR) System utilizes user-friendly, functional and advanced technology. It is able to recognize customers by their voice, mobile phone number, or the data they enter; then they are diverted to menus best suited to meet their needs. Approximately 51% of customers complete their transactions via the user friendly IVR system without needing the help of a customer representative.

Customer representatives can easily access customer data over the advanced dashboard within the centralized authorization system, and offer rapid and perfectly customized solutions to customers demanding their services. The user-friendly dashboard helps customer representatives maximize operational productivity, and creates immense advantage in a team’s job training and initiation process.

In addition to the conventional channels of access, customers can reach DenizBank Call Center via telephone, AçıkDeniz Internet Banking, Mobil Deniz and fastPay, in line with changing technological needs and emerging trends. Furthermore, DenizBank Call Center is the only Turkish banking call center that customers can access via Skype.

Providing services in Turkish, English and Russian, DenizBank Call Center employs specific communication strategies for different customer segments. For example, it implements specialized service models such as KOBİ Ümit and Deniz Özel that serve only special customer groups. Another important link in the DenizBank communications chain is the POS Hotline which responds to contracted merchant questions and provides immediate solutions to 84% of all incoming cases over the phone.

The Call Center’s organizational structure is designed in order to provide the internal communication and continuous development of this large team. The organization is managed by teams of 17 customer representatives and team leaders responsible for the performance and development of each team.

The Call Center's revenue-oriented business culture is focused on optimizing the customer experience and maximizing productivity. Systems were established at the Center to monitor its overall performance and issue warnings whenever problems arise. The General Service Performance of the Call Center (percentage of answered call, speed of answer, overage call quality score) is measured by monthly scorecard and the results are reflected in Call Center employees' performance system. Studies on incoming call projections and shift organizations and efficient performance monitoring allowed the Center to reach its numerical and quality targets. As of year-end 2015, the response period was brought down to 16 seconds for 11.5 million incoming calls, with 96% of all calls answered.

The Call Center screening used to serve inbound customers is capable of presenting the best offer and next best offer, determined according to the needs of the customer through analytical CRM models. The call blending infrastructure allows the Center to maximize productivity and enables respondent personnel to function as a telemarketing team. In 2015, the Call Center's top priorities included systems and technological enhancements, productivity improvements in sales automation, customer service representative staff increases, and deeper integration of sales activities with the business culture. In 2015, the Call Center, which is a standout with its superior service and sales-focus, sold 1,639,510 products to customers.

Following a technological systems and organizational overhaul, DenizBank Call Center has become not only a robust customer service platform, but also one of the Bank's most effective sales channels. In 2015, the Call Center was presented with the Gold prize at the Stevie Sales & Customer Service Awards, in the categories "Best Marketing Program," "Best Customer Service Team" and "Most Innovative Customer Service." Additionally, at the 10<sup>th</sup> edition of the IMI Turkey Call Center Awards, Turkey's highly prestigious call center competition, the Bank received "The Most Praiseworthy Customer Representative of the Year" award.

## Telemarketing and Customer Retention

DenizBank's telephone sales channel, which manages all sales processes that start and end telephonically, has two main functions, namely:

- › Customer cross sales, activation and intensification via outgoing calls, and
- › Customer retention and reacquisition through incoming and outgoing calls.

This sales platform, always laser focused on high productivity and high quality sales, successfully manages a monthly average of 200 promotional campaigns through in-house operations or via outsourcing.

Outgoing call campaigns planned by the Bank's various business lines are placed on the channel via the Operational CRM Department. All contact with customers is recorded and different levels of security (confirmation) questions sets are utilized depending on the type of contact. In transactions that might lead to financial liability, the entire transaction is presented for the approval of the customer on the phone. Calls are recorded and screen shots are taken for ongoing analysis by performance management and sales management staff for sales performance and quality.

Outgoing calls constitute 95% of all channel related operations, and all outbound calls are made via an automated call system infrastructure. The channel's monthly outgoing call capacity is about 1.4 million calls. In addition to sales performed via outbound calls, incoming calls and outgoing calls are also used effectively in customer persuasion and reacquisitions for retail, commercial and agricultural credit cards, thanks to the rich experience of the Telemarketing Channel staff.

Following the success of the Retail Banking and SME Banking Telemarketing teams, the Bank set up the sector's very first phone sales staff for Agricultural Banking customers in 2015. With this initiative, the Bank started delivering its products and services to farmer clients via telephone. As a result of all telemarketing sales activities during the year, DenizBank sold some 1.3 million products via this channel in 2015, up 68% over 2014; meanwhile, the sales of bulk products generated another TL 861 million in turnover.

The Telemarketing Channel crowned its achievements in February 2015 at the “Awards for Sales and Customer Service” held by Stevie Awards, one of the world’s most prestigious competitions that recognizes excellence in the business world. Awards in this competition were presented to over 2,000 institutions from more than 65 countries around the globe. The Bank’s awards served as global recognition of the channel’s focus on high customer satisfaction and superior sales performance.

For non-sales calls concerning information updates, product promotions, surveys and other issues requested by business lines, DenizBank uses outsourced call centers to reduce costs. Performance monitoring of these operations, and control and coordination to ensure that service quality and responsibilities comply with contracts are the responsibility of the Telemarketing Outsourcing Management staff. As part of Retail, SME and Agricultural Banking operations, some 22 million outgoing calls were made via this channel in 2015.

### Direct Sales

The Direct Sales Group is a dedicated sales team focused on the marketing of payment systems, retail, SME and digital banking products in line with segment-specific targets. The Group also lends support to the Bank’s business partnerships as well as to general sales initiatives.

The Group’s four departments include: Retail Direct Sales, SME Direct Sales, Business Partnerships Direct Sales and Project Direct Sales.

The Direct Sales Group’s primary goal is to acquire new customers through multiple sales efforts, while also making the best use of technology to conduct highly efficient sales transactions.

Promptly responding to the needs of customers in projects such as business partnerships, the team makes on site visits to individuals who have not met with DenizBank yet and aims to meet their needs in the fastest way possible with a wide range of products and services. Besides acquiring new customers, the team provides support to the customer activation rate and the Bank’s profitability by also offering different products to existing customers which the team encounters in the field.

Sales representatives use the Direct Sales application downloaded to their tablet computers. This application enables the marketing of credit cards, consumer loans, cash advance with installment repayment, and credit card-related insurance products. Thanks to upgrades effected in 2015, the Direct Sales team became capable of extending retail loans and collecting SME Card applications via tablet PCs. In 2016, the Bank plans to add new products to its tablet applications menu to ensure that each team member can serve customers much like a mobile branch.

Direct Sales sold around 1 million products in 2015, up 53% over the prior year. Thanks to this exceptional performance, the Bank’s Direct Sales teams came to account for 35% of SME Card sales, 30% of credit card sales and 24% of retail loan sales via all Bank channels including branches.



## The Treasury Department manages the Bank's short-term liquidity in foreign and local currency.

### TREASURY, FINANCIAL INSTITUTIONS, PRIVATE BANKING GROUP

The Treasury, Financial Institutions and Private Banking Group undertakes the following activities in such a way so as to create synergy and coordination with other business lines of DenizBank:

- › Treasury,
- › Financial Institutions,

The core activities of the Group include:

- › Treasury: managing short-term liquidity, pricing treasury products, implementing the treasury-related aspects of asset-liability decisions, and performing profit-oriented trading activities,
- › Financial Institutions: establishing, enhancing and maintaining DFSG's correspondent bank relations; carrying out talks to intermediate the Bank customers' foreign trade transactions jointly with correspondent banks; securing bilateral loans from correspondent banks;
- › Management of Nostro – Vostro account relations: conducting talks with overseas banks and other financial institutions concerning medium and long term borrowing activities, structuring and monitoring relevant transactions, and coordinating these with the relevant Bank departments corresponding with foreign banks and other financial institutions as regards medium and long-term borrowing activities, structuring and monitoring transactions, as well as coordinating these with other Bank units.

### Treasury

In addition to managing the Bank's short-term liquidity in foreign and local currency, the Treasury Department performs treasury product pricing, implements those decisions of the Assets and Liabilities Committee related to the Treasury, and carries out profitable trading activities. The Treasury Department makes active use of risk measurement techniques in order to balance risks, and bases its activities on the principle of attaining sustainable profit, rather than short-term gain. Moreover, the Treasury Department carries out its activities in line with the targets set by the Assets and Liabilities Committee and implements the decisions made at the weekly Committee meetings.

The Treasury Department monitors the terms and costs of items on and off the Bank's balance sheet that will be exposed to risk, monitors economic developments in terms of risk and ensures that improvements are performed in line with the Bank's risk management strategy.

The Treasury Department consists of four sub-units: Treasury Marketing and Pricing, Money Markets, Fixed-Income Securities, and Derivative Transactions. The Department engages in money market transactions, foreign and local currency borrowings and placements, and ensures the effective management of the Bank's short-term funds by means of such instruments as FX swaps, repos and reverse repos. The Department carries out the pricing of all treasury and financial market products such as spot and forward exchange in international markets, all kinds of fixed-income securities, commodities, and derivative products. The Department is also in charge of profit-oriented trading activities within defined limits.

### Treasury Sales

With the main function of coordinating between the branches and the Treasury Group, the Treasury Sales Department, establishes direct contact with the customer base via the branch channel, while also developing and pricing money and capital market products. The Treasury Sales Department's fundamental strategy consists increasing the volume of financial market instruments. By providing its clients products related to balance sheet management and offsetting possible financial risks, the Treasury Sales Department ensures the structuring of financial instruments. Moreover, the Treasury Sales Department assumes responsibility for identifying the sales strategies and targets of investment products. The Treasury Sales Department coordinates transactions that are performed by branches in new treasury instruments.

The Treasury Sales Department creates and markets products in line with client needs and thus bolsters the growth of product diversity, cross-sales, transaction number, and transaction volume as a result of coordinated efforts with branches and Head Office departments.

The Department visits potential clients in person in order to expand the client base and increase transaction volume. The Department has also taken an active role in managing institutional investor relations, and in the issuance of bonds and bank bills, which stood at TL 1.2 billion as of year-end 2015.

## The Treasury Sales Department coordinates transactions that are performed by branches in new treasury instruments.

## The Financial Institutions Department oversees that there are correspondent bank relations in 122 countries with over 1,600 banks.

### Financial Institutions

#### Correspondent Relations and Foreign Trade Departments

Maintaining correspondent bank relations in 122 countries and with over 1,600 banks, DenizBank continued to expand its Foreign Trade Finance solutions portfolio in 2015. As a result, the Bank became one of the most important and active players in the sector during the year, based on the significant share it captures from Turkey's total foreign trade volume.

With the establishment of the Foreign Trade Finance Department, which was set up in line with the Bank's growth strategy, DenizBank came to play an even more active role in foreign trade in 2015. Although Turkey's foreign trade volume contracted 12% during the year, DenizBank's Foreign Trade client base expanded 20%, which generated an increase of 5.5% in exports, 4% in imports and 4.5% in foreign trade as a whole.

DenizBank had a 8.5% market share in [import letters of credit](#) in 2015 by offering diversified financing alternatives and options to importers, thus reinforcing its market position as a leading foreign trade finance bank. In addition, DenizBank increased its already numerous collaborations with various export loan insurance agencies from America to Asia, Europe to the Middle East. The Bank continues to be a major solution partner to meet companies' long term financing needs thanks to the agreements it has reached with Chinese banks and the China Export and Credit Insurance Corporation.

In 2014, DenizBank provided special support to clients keen to enter new export markets, while continuing to expand its correspondent bank network in such markets. As a large portion of Turkish exports continued to shift towards different countries and markets beyond the European Union, the Financial Institutions Department remained the strongest supporter of exporters in these markets and implemented game-changing projects through its solution-oriented customer relations. DenizBank solutions offered to export companies include export pre-financing loans secured from foreign lenders, confirmation and discount of export letters of credit, and the opportunity to trade in 146 different currencies for customers operating in different regions of the world. DenizBank has always met the external guarantee requirement of construction companies active across the world. The Bank provided clients in Central and Western Africa the support and know-how they need, and once again proved that it stands by its clients under any conditions.

In 2015, DenizBank offered convenient financing solutions to SMEs with its customized Product and Service Package and continued to support SME clients via the KOBİ Foreign Trade Hotline.

DenizBank plans to add new options to its Foreign Trade Solutions portfolio, while continuing to provide support to clients in the coming year.

The main function of the [Credit Analysis Department](#) is to carry out credit analyses of correspondent banks whose risk will be assumed by the Bank in line with its requirements, initiate the credit allocation process and follow it up until completion. The Credit Analysis Department works in coordination with the Credit Allocation Department.

The [Structured Finance Department's](#) responsibility is maintaining relationships with foreign banks and other financial institutions to meet the medium- and long-term borrowing needs of DenizBank Financial Services Group, managing the financing process, monitoring and structuring transactions, as well as establishing coordination with the Bank's other business lines.

DenizBank continued to provide loans for the agricultural sector, SMEs and the public sector secured from the European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), International Finance Corporation (IFC), German Development Bank (DEG), Japanese Bank for International Cooperation (JBIC), The European Fund For Southeast Europe S.A. SICAV-SIF (EFSE), French Agency for Development (AFD), Dutch Development Bank (FMO), Development Bank of Austria (OeEB), and Development Bank of Turkey (TKB), which intermediates for World Bank loans.

In 2016, DenizBank plans to continue cooperating with international investment and development banks to secure such loans, thereby increasing its market share and supporting the real economy with low-cost and long-term funds.

## The Private Banking Group's total assets climbed to TL 23 billion as of end-of-year 2015.

### PRIVATE BANKING

Offering multi-faceted, customized services and solutions, the Private Banking Group has the widest private banking network in Turkey with 24 Private Banking Service Points, 10 in İstanbul and 14 in other locations in the country. These Service Points operate in İstanbul, Ankara, İzmir, Antalya, Bursa, Adana, Kayseri, Samsun, Denizli, Bodrum, Diyarbakır, Eskişehir and Çorlu. Among these, the Private Banking Group opened the very first Private Banking Service Points in Kayseri, Samsun, Denizli, Bodrum, Diyarbakır, Eskişehir and Çorlu, differentiating itself from the competition.

The Private Banking Group's total assets increased 12% compared to year-end 2014, climbing to TL 23 billion as of end-of-year 2015. DenizBank's track record of success, which gained momentum in 2012 when it became part of the Sberbank family, was extended in 2013 when it acquired Citibank Turkey's Consumer Banking Unit. Operating as a single financial services gateway in harmony and close collaboration with other business lines, the Private Banking Group offers customers all DenizBank Financial Services Group products and services with myriad advantages, benefits and privileges through its 116 portfolio directors. After its partnership with Hillside Leisure Group, DenizBank signed a sponsorship agreement with Big Chefs Group in 2015 and thus started to offer exclusive privileges to Private Banking customers at all Big Chefs restaurants.

As the prestigious, high-end credit card of DenizBank, Deniz Private provides a number of exclusive advantages in Turkey and overseas to private banking clients.

Deniz Private Card was designed as a top-tier card after due consideration of the expectations and needs of Private Banking customers. Since its launch in May 2012, Deniz Private Card has stood out in the sector due to its multiple advantages.

With its event management related activities, DenizBank Private Banking seeks to provide experiences to clients that will make them feel special and privileged. For the Group, knowing its customers well is a top priority, and maximum customer satisfaction is placed at the center of operations. In 2015, the Group reached over 1,000 private banking clients via special screenings, gourmet and gusto tasting events, the "Hello Sailing" event, and concert invitations. The Private Banking Group plans to expand its asset size and service offering, while providing personalized solutions with a dedicated workforce to meet customer needs and expectations in 2016. The Group also plans to continue standing by its clients with special activities, and other non-banking services.

## Efforts of the Digital Generation Banking Group garnered DenizBank the "Global Innovator" award from EFMA.

### DIGITAL GENERATION BANKING

The Digital Generation Banking Group undertakes the following activities in such a way so as to create synergy and coordination with other business lines of DenizBank:

- › Internet and Mobile Banking Management,
- › Web, Social Media and New Generation Banking,
- › Digital Payment Systems, Cloud Banking Platforms and Customer Practices Management.

The Group's core activities are as follows:

- › Delivering banking products and services via the current channels, increasing the sales capacity of these channels and monitoring and measuring the transactions undertaken,
- › Monitoring technological developments which concern the channels and adapting innovative projects and new products to the channels,
- › Developing new business model solutions based on digital media for all subsidiaries and business lines, analyzing user behavior to develop new applications, and helping the Bank gain new customers and enhance customer loyalty,
- › Expanding the number of individuals who benefit from products and services in digital media, as well as shifting products and services from more to less costly channels.

The Digital Generation Banking Group was established on March 1, 2012 in order to rapidly adapt to banking needs coming from the changing motivations and preferences of the new generation, which spends much of its time in the digital world.

The Digital Generation Banking Group is in charge of managing, disseminating and developing alternative distribution channels, as well as managing and implementing new digital media, social media channels and special projects in alternative channels.

In 2015, the Digital Banking product dijitaldeniz.com was once again deemed worthy of prestigious awards. In February, the superior customer experience and sales process of dijitaldeniz.com received a Silver Stevie at the Stevie Awards. In the same month, the fastPay application was named "The Best Mobile Payment Solution" at the MPE Awards. Following last year's "The World's Most Innovative Bank" award by the US-based, industry-leading BAI, DenizBank received the "Global Innovator" designation in 2015 at the EFMA-Accenture Innovation Awards, held by EFMA, one of the world's most reputable finance

organizations, which counts over 3,000 member banks from 130 countries. At the same EFMA awards ceremony, DenizBank was also deemed worthy of a second place prize in the “Groundbreaking Innovation” category of Internet Banking, with its product that provides direct access to the e-Government Gateway.

### Internet and Mobile Banking Management

#### *AçıkDeniz Internet Banking*

AçıkDeniz Internet Banking continued to serve customers with advanced functionality before and after login. The Bank carried out innovations to acquire new customers and to enrich the customer experience in frequently used screens; furthermore, in yet another first in Turkey, it offered password-free access to the e-Government portal via AçıkDeniz, thus becoming a pioneer once again in the banking sector. In addition, the Bank introduced new functions such as the Russian language option, launch of Commercial and Corporate welcome pages, and the opportunity to login to AçıkDeniz with individual identifying data (TCKN). The Bank also carried out improvements in various investment channels from stock trading to the Derivatives Market (VİOP). Thanks to all these efforts, AçıkDeniz Internet Banking increased its market share from 4.42% in September 2014 to 4.78% as of September 2015, and expanded its active user base by 36% between September 2014 and September 2015.

In 2015, the Bank closely monitored global technological innovations in order to develop market appropriate and beneficial products in line with changing needs, and plans to continue this approach in the coming period.

#### *Mobile Banking*

In 2015, the Mobile Banking Management Department continued its successful operations from the prior year by enhancing its applications with features to allow mobile banking users to perform their transactions with increased ease and security. The online chat added to MobilDeniz enables DenizBank customers to send instant messages to customer representatives. As such, messaging, a key user experience for mobile phone users, became a central feature of MobilDeniz.

Another additional important feature that has taken the MobilDeniz user experience to the next level is the option to dial the call center directly while using the application. This is not a standard call, since the customer representative is immediately informed of what transaction the customer is engaged in on the screen. As a result, the customer does not go through the standard call center procedure, and instead reaches the right person immediately. This feature reinforces customer satisfaction and differentiates MobilDeniz from other banking applications.

As of year-end 2015, MobilDeniz increased its market share to 4.46% and expanded its total user base by 85% over the prior year while the active user base grew 66%.

Throughout 2015, in order to allow users to conduct transactions without having to download applications, the Bank expended efforts to completely revamp its web site for mobile devices, including the menu structure and overall design. The Bank plans to work on Internet of Things (IoT) features of the MobilDeniz applications such as Beacon integration in 2016, and to launch these in the first months of the year.

### Web, Social Media and New Generation Banking

#### *www.denizbank.com*

In 2015, denizbank.com continued to welcome users with its revamped menu structure that allows online visitors to access what they are looking for with greater ease. During the year, the number of monthly visitors to the web site exceeded 3 million. The business flow on the web site was rendered more effective while denizbank.com became accessible in the Russian language as well.

In 2014, 9% of all DenizBank retail loans were extended via digital channels; in 2015, this rate had risen to 12.8%.

As a result of upgrades to the web site improvements of the user experience, credit card applications rose by 40% over the previous year.

#### *Social Media*

In 2015, DenizBank’s social media accounts continued to operate with a special focus on brand building, reputation management, marketing and customer satisfaction.

The DenizBank Facebook page collects loan and credit card applications with special interest rates.

The account @DenizDinliyor (“Deniz is Listening”) fields inquiries of social media users, gives a response within one hour, turns negative situations to positive experiences swiftly, and works to favorably enhance brand recognition.

DenizBank’s LinkedIn page ranks among the top three of its kind in the banking sector.

In order to improve customer interaction, the Bank held promotional campaigns and contests among followers especially on select days, holidays and special weeks during the year.

#### *New Generation Banking*

In 2015, the Bank rolled out Yihu, a brand new, fun-to-use app that includes numerous features and functions that appeal especially to the younger generation. Whether a DenizBank customer or not, all users who download Yihu on their smart phones can enjoy its chat function or make money transfers via Facebook or Twitter. Yihu offers interest rates which drop when the user shares the app with friends on social media; as such, these young users can apply for no-interest loans. In addition, Yihu users can support social responsibility projects.

### ATM Project Management

2015 also saw projects developed for the ATM channel in order to further improve user experience and customer satisfaction, bolster non-interest revenues and increase the Bank's innovative brand recognition. In a boost to customer satisfaction, customers became able to access ATMs via SMS even without their bank cards.

DenizBank commissioned the overdraft money withdrawal project at ATMs in order to boost both customer satisfaction and Bank revenues, while the ATM Recycle project helped cut service and support costs.

Numerous infrastructure system related improvements and developments to ATMs allow the Bank to intervene more rapidly in case of ATM problems, and enhanced ATM operational management tools ensure increased efficiency. As such, the workload of ATM Operations Department and branches was reduced and operational costs were slashed.

The Bank also improved ATM visuals, promoted new products and made security notifications; as a result, security risks were minimized, risk costs were reduced and customer satisfaction increased.

### Digital Payment Systems, Cloud Banking Platforms and Customer Practices Management

The Digital Payment Systems, set up in 2014 to develop projects related to new generation payment systems such as fastPay, Turkey's first mobile wallet, focused on infrastructure upgrades to the fastPay payment system in 2015. Furthermore, the Bank carried out design improvements to enhance the usability of the fastPay mobile app and web site, and lend them a more modern appearance.

The Bank also took its first steps into Voice Systems and Bluetooth technology solutions and the Internet of Things (IoT). With the development of products and services in both of these fields, IoT services and procedures were commissioned at the end of a one-year period.

With the launch of the Money Transfer via Voice Command feature, customers can make hands-free money transfers while involved in daily tasks such as driving a car. Subsequently, the introduction of Money Withdrawal by Voice Command provided further benefits to end-users. Customers can now withdraw money from ATMs four times faster than previously. Since no card is used during Money Withdrawal by Voice Command, the risk of card copying has been eliminated. As the ATM keyboard is not used, the possibility of password theft has also been eradicated. With voice command user confirmation, meanwhile, users have acquired a whole new way to withdraw cash.

The digital payment platform fastPay, which has introduced numerous global firsts, was upgraded with Beacon technology, which runs on a Bluetooth infrastructure. The fastPay Campaign/Coupon systems infrastructure, fastPay Hands-free Payment feature, Automatic Branch Queue Numerator and ATM Beacon integration projects were also initiated at the Bank.

With the fastPay Campaign/Coupon system, thousands of Beacon devices were placed in fastPay-member businesses with weekly, daily and even hourly campaigns defined easily; thus, businesses became able to access potential customers in a 200-meter radius. End-users, meanwhile, have the option to enjoy special opportunities presented to them while walking on the street.

The automatic DenizBank branch queue numerator has allowed hundreds of thousands of fastPay users to take advantage of special banking offers while around the Bank's branches, and receive a special queue number without even pressing a single key.

During the year, some 1,200 businesses and nearly 700 DenizBank branches and nearly 1,000 ATMs were rendered "smart," providing special promotional campaigns and services to DenizBank clients.

Turkey's first cloud wallet project, the mobile app "Deniz Kabuğu (Sea Shell)" was launched, uniting all DenizBank mobile applications under a single umbrella, and allowing customers to store and share photos, ID documents, and business cards.

In addition to products aimed at retail customers, the Bank continued to develop digital and innovative products for SMEs. Around the concept "Tech-Savvy Apprentice," the "Kumsal (Beach)" platform went live for the use of SMEs. Over the platform, all SMEs – whether a DenizBank customer or not – can create their web site, monitor cash register transactions, manage customers and develop promotional campaigns.

In order to respond to the mobile needs of other business lines within the Bank, DenizBank launched modular, closed-circuit event apps. These included the "Kaptan Mobil (Captain Mobile)" app for use at company events, "Deniz Akademi (Deniz Academy)" to keep track of learning programs, "Pruva Deniz (Bow Deniz)" for Retail Banking personnel, and "Pusula (Compass)" for the Bank's business partners in the real estate sector.

In 2015, DenizBank received first prize in the "Global Innovator" category at the EFMA-Accenture Innovation Awards, co-organized by European Financial Management Association (EFMA), one of the world's most reputable international financial awards platforms, and the global management consultancy Accenture. DenizBank was deemed worthy of this prestigious designation as the leader of digital transformation in the sector, which creates significant value with projects and pursues an innovative approach that touches upon all aspects of banking. The awards organization cited 17 different projects by the Bank, including Internet Banking, "Kumsal" and "Deniz Kabuğu."

Meanwhile, DenizBank's innovative payment systems app fastPay was granted the "Mobile Payment" award at the Merchant Payment Ecosystem Awards.

In addition to loan products, Dijitaldeniz.com also launched the project "Digital Deposit." Potential and current customers can give their personal data to direct sales personnel over the phone, and thus open up a deposit account without leaving the comfort of their home. Digital Deniz stands out among its peers by acquiring customers in this channel with attractive interest rates. With this project, customers who provide their data directly or call the direct sales team to do so, are from now on flagged as "Digital Client" in their customer data. This innovation will enable the Bank to provide customers with personalized experiences, differentiated prices and other opportunities.

The recently established Customer Practices Department regularly monitors the measurable value of the Group's products and services, provides substantive feedback to business owners about their quantitative performance and analyzes the ways of transferring products to clients and potential clients, in order to differentiate products and create a competitive edge.

#### *Innovation Committee and Management*

Third quarter 2015 saw the creation of the Innovation Committee, comprised of a Committee President who oversees DenizBank's innovation processes, Committee Board comprising 59 members representing all business lines and the Committee Secretary General. The Committee's vision is to make DenizBank the leading innovative enterprise in Turkey and worldwide, not only in finance but all sectors. Its mission is to interpret innovation in a way that touches upon both internal and external customers to ensure that all DenizBank units actively engage in and think of innovation. As such, the Innovation Committee strives to expand the culture of innovation among all Bank employees, and transform DenizBank into a veritable factory of innovation.

The follow-up of all business lines and the coordination of the Innovation Committee are carried out by the Innovation Management Department, which reports to Digital Generation Banking. In order to enhance current innovative products and identify new problems, the Committee and the Innovation Management team join forces, design DenizBank's all upcoming product processes, and take the necessary action to implement these. Innovation Committee is also responsible for the management of "Fikrim Var (I Have an Idea)," which collects the innovative ideas of DenizBank employees on an online platform. The Committee strives to encourage all employees to innovate, by playing an active role in the process from the entry of ideas submitted to Fikrim Var up to the implementation of these ideas. All creative and innovative ideas are meticulously analyzed by the Committee management and Innovation Management team, coordination with concerned departments is established and the innovation process is thus triggered.

Working in parallel with the Innovation Committee, the Innovation Management Department not only follows up on in-house innovation processes, but also keeps track of all innovative products and technologies from Turkey and worldwide, and explores how these can be utilized at DenizBank. In order to sustain DenizBank's international innovation achievements, which are appreciated across the world, applications are made to international awards which increase the global recognition of innovative products and services. Furthermore, in order to expand DenizBank's successes and unique experiences in this area, efforts are made to prepare and publish domestic and overseas publications on technology, digitalization and innovation.

The Innovation Management Department keeps track of all innovative products and technologies from Turkey and worldwide.

## OPERATIONS GROUP

The Information Technology and Support Operations Group, the Branch and Central Operations Group, and Intertech report to the Chief Operating Officer (COO).

### Information Technology and Support Operations Group

The Information Technology and Support Operations Group, undertakes the following activities in such a way so as to create synergy and coordination with other business lines of DenizBank:

- › Organization,
- › Service Quality,
- › Customer Relationship Management (CRM),
- › Digital and Card Payment Operations,
- › Credits Project Management.

The core business activities of the Group include the following:

- › Supporting the operations of the Bank and its subsidiaries by improving process efficiency and managing organizational changes, both of which are achieved through development and implementation of process improvement methodologies,
- › Increasing service quality and standardizing services offered through all channels as well as enforcing and managing business development, process improvement, branch support and data quality,
- › Determining strategies to provide the products and services that suit client needs by segmenting clients in DenizBank's business lines, and updating and managing the analytical and operational CRM platform in line with these strategies,
- › Managing Digital, Merchant, POS and ATM operations and relevant business development functions,
- › Developing and implementing the methodology, process and other IT projects of credit, allocation and risk units and managing of similar integrations with Sberbank.

The Information Technology (IT) and Support Operations Group focuses on "Operational Excellence" in the awareness that in today's increasingly competitive world, the quality of the customer experience is key to making a real difference, in addition to the actual products or services on offer.

In line with an approach that strives for continuous improvement and places the customer at the heart of the business, all processes are designed on the basis of five principles:

- › Simplicity
- › Consistency
- › Service through Multiple Channels
- › Empathy
- › Automation

In order to enhance service quality on an ongoing basis, the Bank uses customer feedback, customer surveys, operational measurements and benchmark results to improve the processes with the most advanced BPM techniques and tools.

The Information Technology (IT) and Support Operations Group focuses on "Operational Excellence".

## In 2015, DenizBank won a Bronze Stevie at the Stevie Awards in the “Product & Product Management” category.

### Organization

The Department focuses on establishing the optimal organizational structure for DenizBank which strives to offer top quality service to clients, and providing the informational tools that maximize in-house cooperation and sharing.

The internal web site DenizPortal, which maximizes information sharing between all Bank employees, consolidates all in-house information and puts these to the service of the entire workforce. To this end, the Bank launched the DenizBank Product Tree on the Portal. The Product Tree allows access to all required product information from a single point.

In 2015, DenizBank won a Bronze Stevie at the Stevie Awards in the “Product & Product Management” category.

Similarly, the Bank made department and job definitions accessible over the DenizPortal organizational charts. Procedures and flows were presented to users via the integrated and simplified interface of the Our Modus Operandi platform.

In 2015, service level agreement (SLA)s continued and the number of SLAs on the Deniz SLA Platform totaled 4,035. By checking the Process Performance Trends reports, each unit can clearly see which step of which process requires how much time, and can thus compare service durations with regional and overall averages. And with the help of dashboards that track productivity, managers can access the productivity trends of operations, sales and control functions.

In order to keep a healthy track record of business processes, the Bank used statistical methods and improved reporting quality.

In keeping with the Bank’s strategic targets, DenizBank developed alternative work patterns and service delivery models to boost efficiency and shared these with the relevant departments for implementation.

As part of DenizBank’s enterprise resource planning (ERP) efforts, work continued on the calculation of staffing patterns for Branch Operations, Portfolio Management and Central Operations Departments. In order to provide a basis for both staffing pattern calculations and process measurements, the bank completed process measurement work and activity-based costing. Capacity modeling was carried out for the Central Operations Departments and the input was generated for the PUPA premium model.

The Authorization Management team started managing all definitions of authorizations related to computer programs used at the Bank and its subsidiaries, cancellations and changes in authorizations. Authorization standards were managed to deliver high quality services and manage risk in the right manner.

In view of the importance that customer agreements and documents play in the relationship with the customer, the Bank continued to coordinate the management and follow-up of all customer agreements and documents from a single point within the Organization Department, in order to optimize each respective relationship and to manage Bank risks accurately.

Following the agreement between the Social Security Institution and DenizBank, changes were made to the numerator interface to help pensioner customers receive services more rapidly and practically. Campaigns started being promoted over the numerator device, thus providing a new notification platform and application channel for all business lines. As such, customers visiting branches are now informed about products and services via the numerators. In 2015, in order to enhance customer satisfaction, the Bank decided to expand the use of numerator devices and work started to set up these devices.

In line with the vision of operational excellence, the performance of operations employees is measured according to productivity, customer data and satisfaction, risk management and the promotion of alternative distribution channels.

### Service Quality

To uphold DenizBank’s strategic targets, the Service Quality Department focuses on improving processes and developing competitive, efficient and productive business methods to make progress toward operational excellence. Accordingly, its main targets are as follows:

- › Achieve simplicity and productivity in processes,
- › Maximize automation,
- › Convert all service points (in branches or non-branch channels) into sales-focused platforms without operations,
- › Ensure standardization, and
- › Maximize internal and external customer satisfaction.

As part of development and improvement efforts, process analysis modeling is applied and as the projects are put into practice, the departments strive to ensure that processes are defined and interconnected and that responsibilities and roles are clearly identified. In parallel with the continuous follow-up and improvement efforts, experiences yielded by each project are reflected upon in other projects and processes with a view to establishing a learning organization. Meanwhile, the requirements of all business lines are being elaborated in line with operational excellence targets. To ensure that the developed systematic solutions meet the requirements, an active role is played at all stages of the project, and projects put in practice are monitored to make sure that they deliver the targeted benefits.



To boost branch productivity with a customer-focused approach and to minimize and control risk, the improvement needs of branches are identified, turned into projects and resolved; strategic projects concerning the branches are implemented within the set deadlines.

In order to implement the projects, training, notification and coordination related activities are carried out. The purpose of these activities is to spread and reinforce the innovations that will make DenizBank more competitive and customer-oriented. To this end, the necessary methodology for extending and systematically implementing these training programs is outlined.

Efforts are expended to implement developments and improvements across the entire organization at the same standards. To this end, branch visits are performed, and the questions, opinions and requests from branch personnel are duly assessed.

In order to offer customers the most efficient services, all questions and problems coming from branches on applications, procedures and business methods-excepting certain technical issues-are resolved as soon as possible. The Department communicates with concerned departments to settle all malfunctioning business practices.

#### CRM-Customer Relationship Management

In today's world, where competitors provide similar products and services, companies can create the highest added value possible solely by offering the best experience and delivering superior products or services. For this reason, focusing on customers' experiences and improving these experiences has become as important as the functions and benefits of services that has become almost a standardized commodity.

Data and customer communication management related activities were geared up in line with the goal of delivering DenizBank's personalized financial services at the right time, through the right channel, at high quality and as quickly as possible. The customer communication and marketing applications have allowed the Bank to offer personalized and proactive solutions based on customer preferences, at every point of contact. Resource management strategies that maximize efficiency have laid the groundwork for various departments to operate at top productivity levels.

The roadmaps for specific customer groups, which serve to deepen the relationship on the basis of the customer's life cycle, were automated thus bringing resource efficiency to the highest maximum level.

In line with the strategy of offering accessible services that make the lives of customers easier, DenizBank customers were instantly delivered e-mail and SMS messages related to over 70 banking actions such as money deposits and withdrawals, investment accounts, credit card transactions and cheque transactions, in accordance with individual customer preferences.

Using online CRM applications, the Bank continued to make instant, personalized offers to customers by identifying their needs during various banking transactions. The integration of the application with trend models has allowed the Bank to present on-the-spot proposals based on analytical data at points of contact.

With customer service and transaction packages designed in line with customer behavior in transactions and channels, DenizBank took further steps to become customers' bank of choice, and posted significant growth in cross-sales and profitability from customers using these packages. As part of the "Branch Sales Teams Mobilization Project" implemented in 2015, sales managers were allocated tablet PCs and started to market products not only within but also outside branches. The tablet allows the visualization of current and potential customers on the map and ensures that the time outside the branch is spent in the most efficient manner. It also provides CRM data to help formulate the right offer for the right customer.

In order to comprehend and improve the DenizBank experience of clients in different segments, a three-monthly customer satisfaction survey was initiated during the year. Based on the customer opinions and thoughts revealed by the survey, the Bank identified areas of improvement and implemented experience-enhancing measures. Customer complaints and suggestions remained a key focal point in 2015. In order to meet customer demands at the very first moment and channel of contact, DenizBank analyzes all customer experiences in detail and introduces new processes wherever the need arises.

The roadmaps for specific customer groups, which serve to deepen the relationship on the basis of the customer's life cycle, were automated thus bringing resource efficiency to the highest maximum level.

## DenizBank has become the bank that delivers credit and debit cards in the fastest and most accurate manner in the sector.

The central service management model, which helps provide top-notch services in line with customer expectations at the same standard in all the distribution channels, enables customers to enjoy the same high quality experience at every point of contact with the Bank.

DenizBank initiated the following optimization projects in 2015 to enhance customer experience while cutting operational costs:

- › By blending location identification data and analytical data, a model was set up to determine the best location for ATMs in regions with high customer and transaction intensity. The application will maximize customer service quality.
- › The collection optimization application, meanwhile, helps the Bank communicate with customers at the right time, through the right channel, minimizing the number of delays and retaining customers with loan restructuring.

Emphasis was placed on innovative channels created in line with the channel habits of new generations of Bank customers. The latest technologies were deployed to communicate with and serve customers in social networks. To enhance the experience in these channels, customer interactions with the Bank were analyzed and the information collected was used to further improve customer experience at DenizBank.

DenizBank's CRM strategies and updates centered on customers and "big data" were recognized with awards of global prestige, including:

- › BAI Infosys Finacle 2015, Innovation in Internal Process Improvement
- › Stevie Awards for Sales & Customer Service 2015, Gold Stevie, Best Business Acumen
- › Stevie Awards for Sales & Customer Service 2015, Gold Stevie, Best Customer Relations Management Team
- › Stevie Awards for Sales & Customer Service 2015, Gold Stevie, Best Social Media Management
- › Stevie Awards for Sales & Customer Service 2015 Silver Stevie, Best Relationship Management
- › Stevie International Business Awards 2015, Silver Stevie, Best Business Acumen
- › Stevie International Business Awards 2015, Silver Stevie, Best Complaint Management Team
- › Stevie International Business Awards 2015, Silver Stevie, Best Social Media Management Team
- › Stevie International Business Awards 2015, Bronze Stevie, Best Big Data Management

- › Stevie International Business Awards 2015, Bronze Stevie, Best Risk Application
- › Stevie International Business Awards 2015, Bronze Stevie, Best Relations Management

### Digital and Card Payment R&D Operations

Card payment systems, very well-developed in Turkey, certainly affect clients' choice of bank with the ease of use and the comfort they bring to their lives. As such, card payments form a critical service that creates a competitive difference. Cognizant of the fact that card payment systems are a key component of its competitive edge, DenizBank aims to be the best service provider in the sector in terms of all card payment services provided to customers.

In order to provide clients the best experience while striving to achieve operational excellence, DenizBank has become the bank that delivers credit and debit cards in the fastest and most accurate manner in the sector. DenizBank is the Turkish bank with the highest level of completeness and accuracy in terms of customer address structure. Cards are sent to customers with a 90% successful delivery rate, reflecting the Bank's operational accuracy.

The Bank maintains a close watch on technological advances, and offers clients innovative products (NFC, prepaid) which break new ground in the domestic sector and worldwide. By adding anonymous prepaid and preauthorized prepaid cards to its existing credit/debit cards portfolio, DenizBank has succeeded in providing banking services to an even larger customer base. DenizBank's card services reach out to a vast population in Turkey by means of cards specially designed for transportation use, sports events and campus projects. Payment automation systems set up at Marmara, Uludağ, TED and Ankara Universities offer students and academics secure payment and safe access at these locations.

Likewise, prosecutors, attorneys and judges working in Istanbul and Anatolian courthouses were offered indoor card payment options.

DenizBank has almost doubled its number of POS devices, with more than 200 thousand deployed over the past two years; according to statistics of the Interbank Card Center, of Turkey the Bank ranked fifth in the sector. DenizBank offers the fastest online/offline provision by switching to ISO 8583 new messaging software. And thanks to POS services enabling customers to receive 24/7 support, DenizBank has achieved the service quality level required to become their preferred bank.

The Bank participated in the design and manufacture of New Generation Payment Registration Devices (ÖKC) demanded by the Ministry of Finance. It became the first bank in the world to launch these devices at contracted merchants. The Bank now enjoys an 16.6% market share in this segment.

Projects devised for the current POS models were also integrated with payment recording device terminals. In 2015, the Producer Card Project was integrated with Vera Payment Recording Devices. Payment recording devices were also enhanced to integrate with the multi-bank operation system. This process has a positive impact on customer satisfaction.

The project to complete fastPay – a mobile app launched for the first time in Turkey by DenizBank – by generating invoices, was finalized and around 60 thousand New Generation Payment Registration Devices (ÖKC) terminals started to provide this service. Furthermore, around 50 thousand terminals over Vera ÖKC can now accept one-touch payments. Users can rapidly define the fastPay payment process over ÖKC, by simply touching one button.

The Multi Currency project, which enables credit card payments with multiple currencies, will encourage foreign tourists to make more frequent use of ÖKC POS terminals in Turkey. Once again, a project of this type was implemented for the first time in Turkey by DenizBank.

The working model of POS operation processes was changed to the “per call” model, and around TL 1.2 million was saved per annum.

The ATM Cash Flow Management application was enhanced to minimize the funding cost of money transfers to ATMs, and render their operation more efficient.

At the Bank’s ATMs, supply and breakdown monitoring was automated. Individuals and institutions in charge of ATMs are now notified via online and mobile platforms and steps are taken to reach the expected customer service level.

The Recycle support, which allows the money deposited in ATMs to be used in withdrawals, has allowed ATMs to run for longer periods without being supplied and costs were cut as a result.

DenizBank initiated foreign currency exchange transaction functionality on its ATMs, transforming the Bank’s ATMs into veritable exchange bureaus. Furthermore, ATMs have started to host innovative services such as money withdrawal by voice command and i-Beacon.

Over the last two years, the number of DenizBank ATMs has grown to 4,355. To alleviate the workload of branch tellers, advanced Express Gişe Kiosks were developed to offer money deposit, withdrawal services and function as alternative distribution channels in retail chains. The number of Express Gişe Kiosks has approached 400. ATMs have become a channel based on the CRM infrastructure, that not only provides services but also sells products; as such, they propose original products and services to customers.

The Chargeback project and the Visa-MC foreign barter accounting automation project have minimized the operations-related loss of time and labor and operational failure risk, and reports have started to be stored in a digital format.

Actions in response to payment system fraud, increasingly widespread across the world, were analyzed, with proactive and reactive measures adopted according to customer lifestyles. As a result, DenizBank clients, who carry out transactions in all channels via the Bank’s systems, were provided with the most secure payments services in Turkey.

In the area of Customer Information and Security, the Bank took measures against financial losses of customers in line with recent trends and total loss was lowered despite a rise in the number of attacks.

### Credits Project Management

The Credits Project Management Department’s teams draft projects to ensure that DenizBank remains more competitive, customer-focused, and productive vis-a-vis rivals, in line with the strategic goals of the Group.

The Project Management team provides support to the strategic and tactical projects of the Credit, Allocation and Risk Departments of DenizBank. Projects concern the implementation of new methodologies, the development of corresponding processes, and creation of relevant IT solutions.

### Branch and Central Operations Group

The Branch and Central Operations Group undertakes the following activities in such a way as to create synergy and coordination with the other business lines of DenizBank:

- › Branch Operations and Foreign Trade Center Operations,
- › Central Operations,
- › Fund Management, Payment Systems and Private Banking Operations,
- › Investment Banking, Custody and Fund Services Operations.

The Branch and Central Operations Group ensures that the banking products previously or currently purchased by DenizBank customers and their after-sales aspects are in accordance with national, international and in-house regulations.

### Branch Operations and Foreign Trade Center Operations

- › Managers of the Regional Operations and New Applications Departments continued to implement new applications across the field, and inform and train field staffers.
- › Bank tellers focused on product sales in 2015, and lived up to the objective of high quality service “with a smile”.
- › To support specialization in foreign trade and enrollment in certification programs, the total number of employees to obtain CDCS on the international ICC test taken after intra-departmental training programs was brought up to 22.
- › The Foreign Trade Hotline was established to support the Bank’s objective of growth in the Foreign Trade and SME segments. A team specialized in international letters of credit respond to branch and customer inquiries on Foreign Trade laws, banking practices and international payment methods.
- › In departments and branches reporting to the Branch and Central Operations Group, efforts continued to set up efficient monitoring mechanisms, monitor and develop operational processes, reduce operational risk and raise productivity.

### Central Operations

In 2015, the Group focused on increasing operational productivity and sustainability via the following activities;

- › Responding to inquiries, investigations and garnishee orders from official institutions, submitting data and documents to the banking system.
- › Carrying out domestic and overseas wire transfers, foreign trade transactions, domestic and overseas letter of guarantees.
- › Archiving physical documents.
- › Bookkeeping for checks and promissory notes, as well as related clearing and follow-up transactions.
- › Performing data entry and follow-up of loan products.
- › Work on automating collection payments geared up during the year; payment transactions performed through Automatic Payment System increased by 32%, reaching 4.9 million in 2015. Collection payments and salary payments started to be managed centrally. The Department began cooperating with branches in customer visits and marketing activities.
- › Multiple documents scanning efforts were rendered faster and more efficient at the Avcılar Archive Building and the Scanning Centers in seven regions in 2015. Scanning and archive costs continue to come down.
- › All operational transactions such as reconciliation and approval of branches in the “Green Drop” category, which mainly focus on the agricultural segment, were carried out by Central Operations.
- › Management of customer transaction orders, checks of authorization and signature, and customer confirmation actions started to be carried out by Central Operations in order to increase operational efficiency and lower costs in branches.
- › In 2015, the Disaster Recovery Center started to provide temporary service to the operations staff of Başkent-1 Region branches, and set up a document scanning center in Ankara, in addition to its school project management and coordination functions. As such, its scope of activity further expanded in 2015.
- › The Central Operations team, which offers banking services via non-branch channels, has come to provide Central Data Entry, document and information entry and controls concerning SME Card, from 09:00-22:00, seven days a week, including official and religious holidays.
- › The Risk Center, established to centralize DenizBank reporting, correspondence and coordination with legal authorities, stepped up its efforts in 2015.
- › The checks for authorized signatures list, authorization, letters of dismissal and letters of proxy, which started being managed digitally in 2014, continued in 2015 and came to include efforts to monitor and update expired documents.

Bank tellers focused on product sales in 2015, and lived up to the objective of high quality service “with a smile”.

- › Cash Management, institutional collections and all kinds of reconciliation were automated to integrate all new corporate and retail clients. As such, the number and scope of issues managed via automation expanded.
- › With the initiation of a pool management project for operations, different operational departments formerly focused on a single task started to turn into a single Operations Department that performs all tasks. Competencies, modus operandi, transaction priorities, SLA management, performance management, and operation promotion criteria were updated, and transition was made to an objective, transparent and clear-cut task management model based on statistical data. A system was set up to ensure that branches take tasks from the central operations pool in peak days and hours.
- › It became possible to make bulk payments in tax and Social Security Institution transactions, issue payment orders before the payment deadline, and make automatic payment on the last day of payment.
- › In parallel to improvements in Loan Life Insurance Demand Entry monitors, all manual operations in the retail loan application process were automated, leading to savings of up to 90% in paper print-outs.
- › Improvements were made to all monitoring/update/reporting procedures related to insurance activities and it became possible to perform all these activities over dashboards.
- › The monitoring of channels and sums of insurance production, and keeping track of insurance commission fees on the basis of insurance company, branch, non-branch sales channel and general ledger were made possible during the year.
- › As for DenizBank cheque-books, the new “Cheque with QR Code” product rolled out in August 2015. With this innovative product, clients can collect intelligence themselves from the Credit Bureau of Turkey (KKB). This application has made it possible to make fraud controls for forged cheques or stolen cheques over the market.
- › Follow-up, notification, approval and controls concerning KOSGEB loan applications as well as loan allocations and reconciliations were included in the area of responsibility of Central Operations.
- › All monitoring and controls related to individual restructuring loans were included in Central Operations’ area of responsibility.
- › Operational procedures related to the assessment, follow-up and finalization of customer applications to arbitration commissions were included in Central Operations’ area of responsibility.

### Fund Management, Payment Systems and Private Banking Operations

Fund Management, Payment Systems and Private Banking Operations implemented the following improvements in 2015 to comply with applicable legislation, boost operational productivity and minimize operational risk:

- › Option Transaction Confirmation Forms were revised. In new transaction confirmation forms, the losses that the client may incur due to possible exchange rate changes are given under the heading Scenario Analysis.
- › The Customer Derivative Products Module was rendered compatible with Capital Markets Law No. 6362 and relevant communiqués.
- › The Bank Limits Module was updated, making it possible to monitor settlement lines online.
- › The reconciliation of the services and costs for Cash Processing services procured from Bantaş, Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. was transferred to the system.
- › In order to automate data entry for gold trading on the Istanbul Gold Exchange (İAB), integration was achieved with the necessary İAB platforms. Additionally, data entry for the precious metal trading performed via Reuters, Bloomberg and other electronic trading platforms was also automated.

## Since the beginning of 2013, DenizBank has enjoyed market-maker status in the government debt securities (DİBS) market.

### Investment Banking, Custody and Fund Services Operations

#### Investment Banking

To maintain DenizBank's competitive edge in securities operations, in addition to the standard services offered in the market, DenizBank's exclusive securities projects are developed and automated in the securities system.

The Investment Banking Operation Department carries out the following transactions:

- › Trading in liquid and short term investment funds via branches and alternative distribution channels, 24/7,
- › Automatic trading for the "Captain Account" application of the Liquid Fund,
- › Automatic terminating of Liquid Funds during cash withdrawal from ATMs,
- › Carrying out "transfer between funds" in all funds with due date except the Liquid Fund,
- › Performing automatic fund sales in line with the criteria of the "DepositFund" project,
- › Conducting public offering of Umbrella Funds, termination of these funds according to certain criteria, and repayment on maturity date,
- › Issuing DenizBank Asset-Backed Securities, related Central Registry Agency transactions and customer transactions,
- › Issuing DenizBank Bank Bonds, related Central Registry Agency transactions, distribution, trade, repayment of principal and coupons.

Since the beginning of 2013, DenizBank has enjoyed market-maker status in the government debt securities (DİBS) market with the approval of Undersecretariat of Treasury. The Bank's transactions on the Stock Exchange and the OTC market have expanded in terms of number and volume. Due to this market-maker status, the Bank also participates in Open Market Transactions (APİ) tenders and direct trading tenders. An automatic tender notification infrastructure has been established to communicate with the Central Bank of Turkey regarding weekly DİBS tenders.

The Inter-Securities Module introduced with the Investment Funds Project in 2014 was implemented across all branches, channels, the Head Office and DenizPortfolio simultaneously. Work on the software to cover all securities continued in 2015, and the initiative is expected to be completed in the first half of 2016.

#### Custody Services

DenizBank's Custody Services Department provides custody services to portfolio management companies and individual customers in line with Capital Markets Board communiqués.

The main products that fall under custody services include:

- › Stocks,
- › Fixed Income Securities,
- › Eurobonds,
- › Investment Fund Participation Certificates,
- › Domestic and foreign currency deposits,
- › Foreign currency exchange transactions,
- › OTC derivative transactions,
- › Futures and Options Market (VİOP).

The custody program is continuously updated in line with customer demands and needs. Enhancements relate to new products as well as automation processes. Portfolio management companies and their customers are sent bank statements in the frequency they choose. Bank customers can also monitor their assets online via the Internet Branch.

The Bank has received Portfolio Custody authorization for and started to offer custody service to Investment Funds and Investment Trusts (Collective Investment Undertaking).

#### Fund Services

Fund Services joined the Group in July 2015 as a new department. Fund Services provides such services as price calculation, accounting, notification and funds reporting to investment funds set up and managed by Deniz Portföy A.Ş., or other portfolio management companies.

The Department serves a total of 19 investment funds, of which 16 are in-house. One fund is at the establish stage, and a license application was made for another fund at the Capital Markets Board. The number of funds served is planned to be brought up to 21 by year's end.

The follow-up of fund services is carried out over the program ATP/Yatfon. Changes and improvements required by applicable laws, rules and regulations are communicated to the software company and completed in a joint effort.

## DenizBank AG also provides retail banking services to many Turkish citizens living abroad.

### FOREIGN SUBSIDIARIES

DenizBank AG (Austria)-JSC DenizBank Moscow (Russian Federation)-EuroDeniz International Banking Unit Ltd. (TRNC)

#### DenizBank AG (Austria)

Established in 1996 by the former Esbank in Vienna, Esbank AG was acquired by DenizBank A.Ş. in 2002, and renamed DenizBank AG in 2003.

DenizBank AG operates with an extensive range of deposit and loan products in Retail and Commercial Banking, and serves corporate, commercial, SME and retail clients by focusing on products such as investment loans and project and foreign trade finance based on market needs and identified opportunities. Headquartered in Austria, DenizBank AG has a network of 43 branches; 27 in Austria, and 16 branches in Germany as of year-end 2015. DenizBank AG closely follows global development trends, and is the third biggest bank in Austria in terms of direct banking client portfolio.

DenizBank AG also provides retail banking services to many Turkish citizens living abroad. Synergy between DenizBank AG and DenizBank is attained by pooling resources such as the extensive branch network, the increasing number of money transfer points, and easy access to services. These resources bring about a positive customer experience that reflects well on both companies, and thereby expands their respective customer bases. As of year-end 2015, the total assets of the bank amounted to EUR 9.3 billion while with total shareholders' equity was EUR 991 million.

In the coming period, DenizBank plans to expand its branch network and the scope of its Internet banking services in the Eurozone.

#### JSC DenizBank Moscow (Russian Federation)

DenizBank acquired Iktisat Bank Moscow in 2003 and changed name to CJSC DenizBank Moscow. This company name was changed to "JSC DenizBank Moscow" on December 3, 2014. The bank offers a full array of banking services to corporate and commercial customers from its head office in Moscow.

The opportunities for economic partnership between Turkey and Russia generate new investments, primarily in foreign trade and tourism; as such, the number of Turkish entrepreneurs investing in Russia is on the rise. By establishing close relationships with these entrepreneurs, JSC DenizBank can identify the needs of these businesses accurately and bring all financial services offered by DFSG to its clients, while responding quickly to requests by way of DenizBank's financial power.

DenizBank clients perform their foreign trade transactions in Russian rubles with the support of the subsidiary. Moreover, clients can perform many other banking transactions like money transfers, account openings, external guarantees, foreign exchange transactions, Russian ruble purchasing, as well as forwards and arbitrage.

As of year-end 2015, the total assets and shareholders' equity of the bank amounted to USD 273 million and USD 48 million, respectively.

#### EuroDeniz International Banking Unit Ltd. (TRNC)

Acquired by DenizBank from the Savings Deposit Insurance Fund of Turkey in 2002, the bank was renamed EuroDeniz International Banking Unit (IBU) Limited in February 2009. The bank is licensed to undertake all commercial banking operations, and offers various deposit and loan products to the corporate and commercial customer segments.

As of year-end 2015, the bank's total assets stood at USD 129 million and its shareholders' equity amounted to USD 6.7 million.

## INFORMATION TECHNOLOGY (IT) SERVICES

Intertech was established to provide much needed IT services to the financial sector.

### INTERTECH

Established to provide much needed IT services to the financial sector, Intertech continues to report to the DenizBank COO, under the umbrella of the DenizBank Financial Services Group (DFSG). Intertech designs innovative and efficient solutions for 23 institutions in seven countries, in particular the finance sector, its field of expertise, with superior service quality.

Intertech provides cutting edge IT solutions-recognized by multiple international awards-for DenizBank to achieve its targets of operational excellence and unique client experience.

Having received numerous awards since its inception, Intertech was recently deemed worthy of the first prize in the "Innovation in Internal Process Improvement" category of Bank Administration Institute awards, widely considered the "Oscars" of the global financial sector, for its inter-Dashboard application. The application, which maximizes customer satisfaction with its "Strong Cash-Desk Module," had already received an award in the "Best Use of IT in Retail Banking" category at the Banking Technology Awards 2014; in 2015, its success was confirmed at the highest level with the BAI award.

Intertech has added yet another nation to its long list of references, with the inter-Vision project carried out on behalf of the prominent Azeri bank, Azerbaijan Industry Bank.

After Austria, Bahrain, Germany, TRNC, Saudi Arabia and Turkey, Intertech's latest integrated finance platform "inter-Vision" has extended its services to Azerbaijan, thus bringing up the number of national markets it serves to seven and its references to 23 as of 2015.

Intertech has also adapted its inter-Vision Integrated Banking Platform for participation banking. This package was launched first at Ziraat Participation Bank and then at Albaraka Türk Participation Bank in 2015. Having developed and launched its first participation banking package back in 2004, Intertech has merged its 28 years of know-how in the financial sector and the rich experience of inter-Vision Integrated Banking Platform currently in use by over 20 financial institutions, with the know-how of Albaraka Türk to bring a whole new approach to participation banking.

Intertech continued to participate in the sector's leading fairs and events during the year. On May 12-13, 2015, Intertech participated in Cards and Payments Middle East 2015 held in Dubai. There, the company shared its innovative banking products and approach with prominent senior managers from Middle Eastern financial services providers.

The next generation banking platform, inter-Vision Integrated Banking Platform, was developed in line with DFSG's IT strategy. It is a web-based banking application built entirely on service oriented architecture to assure scalable solutions through the quick application and unique combination of the best IT infrastructure in its field. The inter-Vision Integrated Banking Platform links DenizBank's corporate marketing strategy with banking processes in a manner that places client process management at the center, thus allowing DenizBank to execute its activities in line with client needs and expectations. Information retrieved from consolidated and central data feeds marketing applications to provide dynamic access to decision support models and turns its operational employees into a fully equipped sales force.

DenizBank has achieved the following results via the inter-Vision Integrated Banking Platform:

- › *Customer Relationship Management for a Customer-Oriented Perspective:* Customers are offered high-quality products and services aligned with their preferences and financials.
- › *Business Process Management for Operational Productivity:* The platform was provided to design, automate, implement and optimize customer-oriented business processes, achieve low training costs and inject agility across all levels of the organization.
- › *Financial Solutions for Agility:* Intertech's fields of expertise are not limited to basic banking operations, but also include financial topics that appeal to all institutions. As such, the relevant companies in DFSG not only utilize Intertech's solutions in basic banking, but also in factoring and leasing.
- › *Business Intelligence Solutions for Efficient Decision Support:* This platform has strengthened the management of financial data storage and created an integrated decision support structure.



- › *Alternative Distribution Channels Management for Banking, Anytime and Anywhere:* The platform has provided uninterrupted 24/7 financial services through all distribution channels and has developed IT solutions and infrastructure in line with business growth.
- › In addition, Intertech develops innovative and mobile applications such as fastPay, Siramatik, My DenizBank, MobilDeniz, Direct Sales Tablet Apps and Facebook and Twitter Banking, which users can check their accounts, assets and credit card receipts with ease, make money transfers to any recipient anytime on social media platforms. These applications work on platforms such as Windows 8 RT, Windows 8 Pro and Windows Phone 8 and are a first of their kind in Turkey and in the international arena.

Intertech designs a continuous, robust and flexible IT development infrastructure for DFSG. The company has also established the Disaster Recovery Center in Ankara, outside operational areas, with a view to providing continuous services in cases of emergencies and disasters. Twice a year, Intertech controls the operations expected to be delivered by the Disaster Recovery Center to ensure the continuation of banking services.

As the expansion of online services across the world brings about a parallel increase in IT security threats, Intertech has expanded its IT security team. As such, Intertech provides the following security measures:

- › Development of security policies and procedures,
- › Training of code security and techniques for secure code development,
- › Training of security awareness,
- › Audit for IT security,
- › Application security audits,
- › Network weakness analyses and penetration tests,
- › Installation of public key infrastructures,
- › Encryption and electronic signature applications,
- › IT security risk analyses.

Intertech implements processes based on the global ITIL and COBIT standards to continuously improve and sustain the quality of IT services provided to DFSG, and to keep its services in line with defined Service Level Agreement (SLA)s.

With the belief that service quality can be guaranteed only with a quality life cycle, Intertech continuously improves and sustains its service quality by including the quality life cycle into all process within its projects, developed through the total quality management-approach.

In its DenizBank/Intertech IT infrastructure (storing units, servers and network equipment, cooling systems), DenizBank prefers green hardware which uses energy effectively. In the evaluation of the bid offers costs and sensitivity for the environment are important criteria. When calculating the total cost of ownership, energy costs are also included in the calculation.

Energy consumption figures of DenizBank's systems are monitored and the Bank's IT infrastructure was virtualized by 70%. Green cooling systems and high efficiency UPS systems are utilized. In order to control the Data Center's energy consumption, air-conditioning is made at the optimum temperature the systems can tolerate. The right space for energy optimization is where there are too many devices. For this purpose, all PCs and monitors are managed remotely by Microsoft SCCM and when they are not in use, standby mode is activated and thus energy savings are achieved.

Energy consumption figures of DenizBank's systems are monitored and the Bank's IT infrastructure was virtualized by 70%.

## INVESTMENT BANKING AND BROKERAGE SERVICES

DENIZINVEST  
EKSPRESSECURITIES  
DENIZPORTFOLIO MANAGEMENT  
DENIZ REAL ESTATE INVESTMENT TRUST

### DenizInvest

Boasting all operation certifications in capital markets since 1998, DenizBank Financial Services Group provides financial supermarket services. The Group's know-how in brokerage services and corporate finance are offered to retail and institutional investors.

In 2015, DenizInvest ranked seventh among all brokerage houses in the stock market with TL 91 billion in transaction volume and a 4.4% market share, and tenth in the Futures and Options Market (ViOP) with TL 35 billion in transaction volume and a 3.1% market share. Thanks to high quality service delivery and sound customer relationship management, the company's customer base exceeded 179 thousand during the year. DenizInvest retained its title of "The Most Extensive Brokerage Firm" in Turkey, providing services through its 55 branches located across the country.

The 55 DenizInvest branches, established pursuant to the Capital Markets Board's communiqué on investment companies, continue to serve customers. Nineteen of these branches are Special Investment Centers with an expanding capital market product range that can deliver personalized services in all products; meanwhile, the remaining 36 branches are Investment Branches (as defined in the CMB communiqué) that provide "investment consultancy" or "general investment advisory" services. As a result of this restructuring, DenizInvest has continued its transformation from a company focused mainly on brokerage activities to an investment bank that offers a full range of capital markets products.

### Firsts and Achievements

- › In 2007, DenizInvest undersigned a groundbreaking achievement by offering institutional investors direct electronic access to the Istanbul Stock Exchange and the company continued to expand in this area.
- › DenizInvest was the first institution in Turkey to offer brokerage services for international derivatives exchanges in accordance with its authorization certification received from the Capital Markets Board.
- › Since 2007, brokerage services have been offered for Turkish firms active in the metals industry that want to hedge their risk on the London Metals Exchange.
- › As part of the Investor Protection and Rewards Program, designed and implemented for the first time in Turkey, the incentive mechanisms Repurchase Guarantee and Bonus Shares were offered to the public. In 2012, the Daily Purchasing Order Guarantee and Financial Performance Guarantee mechanisms followed, and were designed to support IPO markets.
- › In IPOs carried out in Turkey since 2004, DenizInvest has captured one-sixth of the total IPO demand and has served one-sixth of all investors.
- › In the period 2000-2015, the company underwrote key IPOs such as Zorlu Enerji, Fenerbahçe Futbol A.Ş., Trabzonspor Sportif, DenizBank, Bank Asya, Vestel Beyaz Eşya, Türk Telekom, Anel Elektrik, Katmerciler, Kiler REIT, Bilici Yatırım, Özak REIT, Polisan Holding, Tümosan and Panora REIT, serving as either lead underwriter or co-lead.
- › DenizInvest also played an active role in the expanding market of private sector borrowing instruments, and underwrote bond issues of many companies from the financial services industry and the real economy – including Fenerbahçe Futbol A.Ş., Bimeks, Zorlu Faktoring, Umur Basım, Ereğli Tekstil, Başer Faktoring, Final Varlık, Derimod and Metal Yapı Konut – from 2012 until 2015.
- › DenizInvest commenced margin trading operations after receiving the relevant license from the Capital Markets Board in 2012, with total margin trading volume of over USD 100 billion at year-end 2014.
- › In parallel with the increasing use of technology and digital channels, DenizBank continued to invest in these areas; the number of electronic delivery channels rose to 11 and 52% of the orders communicated were received electronically.

In the final quarter of 2013, it was decided to merge the operations of EkspresInvest and DenizInvest under a single umbrella; the merger was completed by year-end. As a result of the merger, all domestic and foreign clients of DFSG started to receive services under a single roof.

The Research Department provides fast and accurate information flow to domestic individual/institutional investors and foreign institutional investors related to their investments on the Istanbul Stock Exchange (BİST). The process of integration with Sberbank CIB Research Department, which had started in 2014, was completed in 2015. As a result, all the reports of the Research Department started being issued under the brands of

both Sberbank CIB and DenizYatırım. Overseas marketing roadshows were organized jointly with Sberbank CIB and conferences were held for foreign institutional investors for six large listed banks and 12 consumer goods companies. Furthermore, the Research Department improved communication with DenizYatırım's branch network and field team while increasing the number of products aimed at domestic investors in 2015. Additionally, the Department continued to deliver services to DenizPortfolio. The Department will continue to diversify its products for domestic customers pursuant to the new CMB communiqué, and maintain the synergy created with Sberbank CIB in 2016.

DFSG plans to continue keeping a close watch on the world and Turkey, assuming the right positions in the face of market developments, and pioneering technological advancement. The extensive investor portfolio will be expanded further with DFSG's synergy, and customer needs and expectations will continue to be met at the right time, with the right method.

### EkspresSecurities

EkspresSecurities joined DenizBank Financial Services Group at the end of 2002 and focuses on offering equity investment services for foreign institutional investors.

In the final quarter of 2013, it was decided that EkspresInvest and DenizInvest would merge under the trade name of the latter and the merger was finalized by year's end.

In July 2015, a Securities Trading Brokerage Authorization Certificate sales agreement was signed with Net Holding and the conveyancing procedure is ongoing.

### DenizPortfolio Management

In May 2003, DenizInvest Securities made the decision to conduct its mutual fund and portfolio management activities under a separate entity, taking the first step in this direction by acquiring EgePortfoy Yonetimi A.Ş. (Ege Portfolio Management) from the Savings Deposit Insurance Fund of Turkey. In November 2015, upon receipt of CMB authorization, DenizBank funds were transferred to DenizPortfolio, which has thus become the official founder of the funds that it manages.

Committed to delivering top quality services and innovative products in response to changing market conditions, DenizPortfolio manages 17 DenizBank investment funds, providing investors both high performance and consistent returns. Boasting a specialized and well-experienced team of professionals, DenizPortfolio plays a key role in international capital markets with world-class services that include domestic and foreign investment funds, pension funds and portfolio management.

In 2014 and 2015, DenizPortfolio focused on the sales and management of funds investing in private sector bills and bonds in tandem with DenizBank. As a result, the company came to enjoy a prominent standing in the sector, bringing its market share in investment funds up to 3.8%. Meanwhile, the total volume of investment funds, pension and individual portfolio management has climbed to TL 2,367 billion. The company plans to offer new products to the public, in due consideration of the investment preferences of its clients, while capturing more market share by focusing on individual/corporate portfolio management in 2016.

### Deniz Real Estate Investment Trust

The company joined the DenizBank Financial Services Group under the trade name of DenizInvest Ortaklığı A.Ş. (DenizInvestment Trust) as a subsidiary of DenizInvest Menkul Kıymetler A.Ş. (DenizInvest Securities) at the end of 2001. At its Ordinary General Assembly on December 20, 2013, the company transformed itself into a real estate investment trust and changed its trade name to Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. (Deniz REIT).

After the transition, in order to create its real estate investment trust portfolio, Deniz REIT acquired the DFSG company Pupa in its entirety on December 31, 2013. On June 11, 2014, Deniz REIT created its real estate portfolio by acquiring Pupa's assets and liabilities in their entirety and merging with it.

Deniz REIT's real estate portfolio consists of 64 independent sections at İstanbul Karaköy 5-storey building, Bahçeşehir 3. Cadde AVM shopping mall, 38 independent sections at Ankara Eryaman Göksu AVM shopping mall, 23 independent sections at Ankara Eryaman Metrokent AVM shopping mall and 26 independent sections and a kindergarten block at Metrokent Konsept Mağaza department store in Ankara Eryaman.

## LEASING, FACTORING AND ASSET MANAGEMENT SERVICES

### DENIZLEASING DENIZFACTORING DESTEKASSET MANAGEMENT

#### DenizLeasing

DenizLeasing provides financial and operational leasing services to corporate, commercial and SME customers in the Turkish economy, which is in need of modern financing methods due to its rapid development. Established in 1997 with a customer-oriented approach and a strategy to launch new products in response to customer needs, DenizLeasing is committed to becoming the leading provider in the field. The company maintains its pioneering position in financial leasing by providing the right financing method for the right investment, establishing customer relationships based on trust, and meticulously evaluating the financial requirements of client projects.

With a proactive sales policy, the customer-specific financial solutions it has developed in the energy and healthcare sectors, and the fleet leasing services it has launched under the DenizFleet brand, DenizLeasing has deepened its relationships with existing customers while acquiring new ones. As a result, the company has rapidly increased its market share with the value-added it has created.

Capitalizing on the synergy created with DFSG's 735 branch network and 15 thousand-strong workforce, DenizFleet provides "boutique" services to every client and strives to deliver unconditional and sustainable customer satisfaction.

Keeping the organization's internal dynamics fresh with a specialized staff, continuous improvement and ongoing restructuring, DenizLeasing strives to offer added value to its solutions partners and the sector as a whole. DenizLeasing manages its sales operations with 18 branches across the country. In addition to this management approach that covers the entire country, DenizLeasing diversifies customer experience with regional differentiation. To its solution partners from different sectors, DenizLeasing provides various long- and medium-term payment schemes for financing of all manner of investment goods in foreign currency or TL, according to the respective sector's cash flow qualities. The company also makes active use of DenizBank's distribution network.

DenizLeasing initiated operational leasing activities, the first in Turkey among leasing companies, upon the coming into effect in 2012 of Law No. 6361 on Leasing, Factoring and Financing Companies, and has set up its new brand DenizFleet which stands out as a pioneering enterprise in the sector.

#### *Near the Top in Net Leasing Receivables*

DenizLeasing continued to provide services for investment financing in line with its strategy of productivity and profitability, and reinforced its place among sector leaders in terms of assets and shareholders' equity. As of 2015 year-end, DenizLeasing maintained its place near the top in the sector with TL 2,358 million in net leasing receivables.

In 2016, DenizLeasing plans to maintain its position among the pioneering companies of the sector, with a consistent and prudent growth strategy. The company will enhance its differentiation by offering the advantages of operational leasing to customers in need of leased car fleets, further improve performance in the SME segment by providing special financing facilities, boost market share by offering a specialized service approach to commercial and corporate enterprises on the basis of each specific client and project. As a result, DenizLeasing will continue advancing toward its goal of becoming a company that leads and shapes the sector with innovative practices.

### DenizFactoring

Set up in 1998 under the umbrella of DenizBank Financial Services Group (DFSG) to offer customers guarantee, collection and financing services, DenizFactoring is a pioneer in the field with products that include Collection Management System, Supplier Finance Application, Public Sector Factoring, SME Factoring and Export Factoring.

A full member of the Turkish Union of Financial Corporations (Union of Financial Leasing, Factoring and Finance Companies) and Factors Chain International (FCI), DenizFactoring has 19 branches across Turkey. DenizFactoring delivers its products and services to customers via a highly qualified, 104-strong team at the Head Office and via the DFSG network, in a rapid and accessible fashion. DenizBank employees branches support DenizFactoring within the legislative framework established.

In line with the vision of becoming the sector leader in terms of total assets and profitability by guaranteeing sustainable and profitable growth, the company strives to expand DenizBank's product range with factoring products and to contribute significantly to DenizBank Financial Services Group's success.

Some 95% of DenizFactoring's transaction volume originates from domestic factoring transactions while 5% is derived from international.

At the FCI 2014 awards, in the "The Year's Export Factoring" category, DenizFactoring placed fifth among 270 companies from across the world with a service score of 97.40%.

### DestekAsset

Deniz Varlık Yönetim A.Ş. (Deniz Asset Management) established in May 2013 and started operations in December 2013, following approval by the Banking Regulation and Supervision Agency. The company was renamed DestekAsset Yönetim A.Ş. (Destek Asset Management) which was entered into the Trade Registry on April 9, 2014. The company's core functions are as follows:

- › Acquiring, purchasing, collecting, liquidating or restructuring the receivables and other assets of banks, Security Deposit Insurance Fund, other financial institutions and credit insurance companies,
- › Operating, leasing or investing in real estate and other properties, rights and assets with a view to collecting receivables,
- › Providing additional funding to debtors with a view to collecting the receivables,
- › Providing consultancy or brokerage services as regards the restructuring or sale to third parties of the receivables and other assets of banks, Security Deposit Insurance Fund, other financial institutions and credit insurance companies.

With the portfolios purchased in 2015, DestekVarlık increased its volume to TL 509 million and completed personnel, software and other infrastructure work. In order to expand its portfolio and gain market share, the company participates in bids banks organize for selling their past-due receivables. DestekAsset provides services such as purchasing nonperforming receivables from banks and other financial institutions while offering relevant support to the DFSG, within the asset management sector, which dates back eight years in Turkey.

## CULTURAL SERVICES

DenizKültür represents the Group's corporate and social mission through educational, cultural, arts and sporting events.

### DenizKültür

Established in 2004 to organize and support scientific research, arts, literature and other cultural activities, DenizKültür represents the Group's corporate and social mission through educational, cultural, arts and sporting events.

DenizKültür's activities include the following:

- › Publishing books on science, arts and literature,
- › Producing audio and visual cultural materials,
- › Staging arts events,
- › Organizing collection/exhibition projects geared towards the plastic arts and handcrafts,
- › Organizing campaigns in line with the Bank's social mission, as well as other cultural activities to emerge from new ideas

### Arts Productions and Publications in 2015

#### *Two Coasts and One Sea*

Published by DenizKültür, the volume "Two Coasts and One Sea – 2" focuses on the historical relationship between Turkey and Russia, touching upon bloody wars, strong friendships, the stories of Turkey's Nazım Hikmet in Moscow and Russia's Trotsky on Prinkipo Island, football matches between Turkey and Russia, and countless other lives.

Penned by Mehmet Perinçek, Orhun Şemin, Perihan Yücel and Volha Matveyenka, the book comes with a documentary video as supplementary materials.

The video documentary, which features footage from the Russian state archive, provides a rich addition to the print volume.

#### *Geziograf*

The volume "Geziograf" brings together two decades of travels and observations by Başak Dizdar, an attorney at law who works for the Bank, and has been edited over the last five years. An astute observer and photographer who has visited all the world's continents, Başak Dizdar has used only her own photographs and information to create this volume, realized after very meticulous efforts.

Maps are provided for all the journeys recounted in the book to make them easier to follow. The volume also features extensive information about various cities and towns, local tastes and in-depth details. A sequel to the book is expected.

## BOARD OF DIRECTORS

Name Surname	Title	Executive/ Non-executive/ Independent Member	Education	Professional Experience (years)	DenizBank titles held in the last five years	Other non-DFSG titles currently held	% of Shares
Herman Gref	Chairman of the Board of Directors	Non-executive	Ph.D.	24	Chairman of the Board of Directors	Member of Sberbank Board of Directors, CEO of Sberbank, Chairman of Sberbank JSC (Ukraine) Board of Directors	-
Deniz Ülke Ariboğan	Member of the Board of Directors, Corporate Governance and Nomination Committee Member	Independent Member	Ph.D.	29	Member of the Board of Directors, Vice Chairman of the Board of Directors, Corporate Governance and Nomination Committee Member	Chairman of Advisory Committee of Istanbul Bilgi University, Faculty member at Istanbul University, Faculty of Political Sciences	-
Hakan Ates	Member of the Board of Directors, President and CEO, Credit Committee Member	Executive	Bachelor's Degree	34	Member of the Board of Directors, President and CEO, Credit Committee Member	Member of TED University's Board of Trustees, Member of TED Ankara College Association Board of Directors, Member of THK University's Board of Trustees, Member of MetLife's Board of Directors, Member of TED İstanbul College Foundation's Board of Trustees, Vice Chairman of Board of Turkish Tourism Investors Association	0.000002
Nihat Sevinç	Vice Chairman of the Board of Directors, Audit Committee Member, Remuneration Committee Member	Independent Member	Bachelor's Degree	29	Vice Chairman of the Board of Directors, Member of the Board of Directors, Audit Committee Member, Remuneration Committee Member	-	-
Wouter Van Roste	Member of the Board of Directors, Audit Committee Member	Non-executive	Bachelor's Degree	26	Member of the Board of Directors, Audit Committee Member, Credit Committee Member, Executive Vice President	-	-
Derja Kumru	Member of the Board of Directors, Credit Committee Member	Executive	Master's Degree	23	Member of the Board of Directors, Credit Committee Member, Deputy General Manager	-	-
Alexander Ved'yakhin	Member of the Board of Directors, Credit Committee Member	Non-executive	Ph.D.	16	Member of the Board of Directors, Credit Committee Member	Head of Risk Management of Sberbank Group - Senior Vice President	-
Vadim Kulik	Member of the Board of Directors	Non-executive	Master's Degree	17	Member of the Board of Directors	Sberbank Deputy Chairman of Board of Directors, Chairman of the Board of Directors at United Credit Bureau, Board Member at BPS Sberbank JSC	-
Timur Kozintsev	Member of the Board of Directors and Credit Committee Associate Member	Executive	Ph.D.	16	Member of the Board of Directors, Corporate Governance and Nomination Committee Member and Credit Committee Associate Member	Sberbank Managing Director	-
Sergey Gorkov	Member of the Board of Directors, Remuneration Committee Member, Credit Committee Associate Member, Corporate Governance and Nomination Committee Member	Non-executive	Master's Degree	21	Member of the Board of Directors, Remuneration Committee Member, Credit Committee Associate Member, Corporate Governance and Nomination Committee Member	Sberbank Deputy Chairman of Board of Directors, the Board Member at JSC (Ukraine), Board Member at SB Sberbank JSC, Board Member at BPS-Sberbank JSC, Deputy Chairman of the Board at Sberbank Europe AG	-
Igor Kondrashov	Member of the Board of Directors	Non-executive	Master's Degree	23	Member of the Board of Directors	Director of Sberbank Legal Department	-
Alexander Morozov	Member of the Board of Directors	Non-executive	Master's Degree	23	Member of the Board of Directors	Sberbank Deputy Chairman of Board of Directors, Board Member at Sberbank of Russia JSC, Board Member at Sberbank BPS	-
Artem Dovlatov	Member of the Board of Directors, Audit Committee Member	Non-executive	Ph.D.	14	Member of the Board of Directors, Audit Committee Member	Sberbank International Network Development Department Head	-



**HERMAN GREF**  
**CHAIRMAN OF THE BOARD OF DIRECTORS**

Born in 1964, Mr. Gref received an undergraduate degree in Jurisprudence from Omsk State University, Faculty of Law. Subsequently, he obtained a postgraduate degree from Leningrad State University, Faculty of Law before completing Ph.D. studies in Economics at the National Academy of Economics, an institution of higher learning established by the government of the Russian Federation. Starting his professional career in 1992 as First Rank Legal Advisor at the Administration of Petrodvorets, St. Petersburg, Mr. Gref served on the City Property Committee of St. Petersburg Mayor's Office from 1994 to 1997 as First Deputy Chairman and Vice Chairman of the Committee. Between 1997 and 1998, he held the posts of Chairman and Vice Chairman on the City Property Committee of St. Petersburg Mayor's Office. After holding the position of First Deputy Minister of the Ministry of State Property of Russia from 1998 until 2000, Mr. Gref served as the Minister for Economic Development and Trade of Russia from 2000 to 2007. Mr. Gref has been a Member of the Supervisory Board and Chairman of the Executive Board & CEO at Sberbank since November 2007; Chairman of Sberbank JSC (Ukraine) Board of Directors since March 2008; and Chairman of DenizBank A.Ş. Board of Directors since September 2012.



**HAKAN ATEŞ**  
**MEMBER OF THE BOARD OF DIRECTORS**

Born in 1959, Mr. Ateş graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Business Administration after completing his studies at TED Ankara College. He started his banking career in 1981 as Internal Auditor at İşbank. After holding various positions in various Interbank departments from 1986 to 1993, he worked as Branch Manager at the Elmadağ, Şişli, Bakırköy, İzmir and Central Branches. Mr. Ateş established Interbank's Cash Management System and was promoted to Executive Vice President responsible for Central Operations in 1993. Mr. Ateş worked as Executive Vice President for Financial Affairs and Operations at Bank Express between 1994 and 1996 and led the bank's restructuring project with Bank of America. He established Garanti Bank Moscow in Russia and worked as CEO for one year starting in June 1996. Mr. Ateş continues to serve as President & CEO at DenizBank, where he started in June 1997 as the Founder President. During his tenure, DenizBank shares were publicly listed in October 2004, 5.5 times oversubscribed with 68% sold to institutional clients abroad. Mr. Ateş oversaw the process of selling 75% of Zorlu Holding DenizBank shares to Dexia S.A. in May 2006, as well as the sales process of 99.85% of DenizBank shares to Sberbank six years later in June 2012. Hakan Ateş is also the Chairman of the Board of Directors at DenizBank subsidiaries Deniz Yatırım Securities, Intertech, Destek Asset Management and DenizBank Moscow and the First Deputy Chairman of the Board of Directors at DenizBank AG.





**DENİZ ÜLKE ARIBOĞAN**  
MEMBER OF THE BOARD OF DIRECTORS

Born in 1965, Ms. Arıboğan graduated from TED Ankara College Foundation High School. She received an undergraduate degree in International Relations from Ankara University, Faculty of Political Sciences. Subsequently, she received M.A. and Ph.D. degrees from Istanbul University, Institute of Social Sciences in International Relations. In 1995, Ms. Arıboğan attended the International Security School at the University of St Andrews in Scotland. Her academic career started at Istanbul University, and continued at Istanbul Bilgi University and Bahçeşehir University. Between 2007 and 2010, she served as the Rector of Bahçeşehir University. From 2010 to 2014, Professor Deniz Ülke Arıboğan served as a member of the Board of Trustees at Istanbul Bilgi University, prior to working as a faculty member at Istanbul University, Faculty of Political Sciences from March 2014 and as Chairman of the Advisory Committee at Istanbul Bilgi University from February 2015. Ms. Arıboğan was appointed as an Independent Board Member at DenizBank A.Ş. in December 2012 and served as Vice Chairman of the Board of Directors until December 2015.



**NİHAT SEVİNÇ**  
VICE CHAIRMAN OF THE BOARD OF DIRECTORS

Born in 1952, Mr. Sevinç graduated from Istanbul University, Faculty of Literature, English Language and Literature. Starting his professional career at Interbank in 1986, he held several different positions at the Branches, Central Operations and Capital Market Departments until 1994. Mr. Sevinç served as Department Head at the Branch Operations, Internal Control and Legislation Departments at Bank Ekspres headquarters until 1996. He worked as Deputy General Manager at GarantiBank Moscow between 1996 and 1997. He joined DenizBank in 1997, served as Executive Vice President of Operations until 2002 and as Executive Vice President of Foreign Subsidiaries from 2002 to 2007. Mr. Sevinç has held the post of Independent Board Member at DenizBank A.Ş. since December 2012. He has served as Vice Chairman of the Board of Directors since December 2015.



**WOUTER VAN ROSTE**  
MEMBER OF THE BOARD OF DIRECTORS

Born in 1965, Mr. Van Roste graduated from Limburg University (Belgium), Marketing Department. Starting his professional career at Bacob Bank Belgium in 1989 in the Corporate Sales Department, he held several positions at Paribas Bank Belgium and Artesia BC as Head of the Corporate Sales, Structured Products, and FX Derivatives Departments before joining Dexia in 2002. Mr. Van Roste worked at Dexia as Deputy Head of Financial Engineering and Derivative Products in the Treasury and Financial Markets Group and served in the Public and Project Finance Group, Structured Finance and Export Finance Department from 2003 to 2005. He held the position of Executive Director at Dexia Holding between 2005 and 2007, Executive Vice President in charge of Public and Project Finance Group at DenizBank A.Ş. in 2007, Executive Vice President in charge of Public Project Finance and the Corporate Banking Group at DenizBank A.Ş. from 2007 to 2009. Wouter Van Roste has served as a Member of the Board of Directors at DenizBank A.Ş. since June 2009.



**DERYA KUMRU**  
MEMBER OF THE BOARD OF DIRECTORS

Born in 1964, Mr. Kumru graduated from Ankara University, Faculty of Political Sciences and obtained an M.A. degree from Istanbul University, Institute of Social Sciences. From 1987 to 1999, he held several positions at Esbank T.A.Ş. and was appointed Executive Vice President in 1998. Mr. Kumru joined DenizBank Financial Services Group in 1999. After serving as Executive Vice President in charge of DenizBank A.Ş. Corporate Marketing Group, General Manager of DenizLeasing and DenizFactoring, he was appointed General Manager of DenizBank Moscow in 2004. Between 2009 and 2011, he served as Executive Vice President in charge of Corporate, Commercial Banking, Public Project Finance and the Foreign Subsidiaries Group at DenizBank A.Ş. From 2011 to 2012, he assumed the position of Executive Vice President in charge of the Wholesale Banking Group at DenizBank A.Ş. Derya Kumru has served as a Member of the Board of Directors at DenizBank A.Ş. since December 2012.



**ALEXANDER VEDYAKHIN**  
MEMBER OF THE BOARD OF DIRECTORS

Born in 1977, Mr. Vedyakhin graduated from Volgograd State Technical University, Department of Global Economy. He obtained a Ph.D. in Economics from Volgograd State University and an MBA in Banking from the National Academy of Economics established by the government of the Russian Federation. From 2011 to 2012, he completed a program arranged for Sberbank executives at London Business School. Starting his banking career as a Specialist at Sberbank in 1999, Mr. Vedyakhin was appointed Head of the Retail Banking Unit in 2001 and, subsequently, Head of the Operational Department at Sberbank Volgograd. Continuing his career at Sberbank as Head of the Credit Department between 2004 and 2006, Mr. Vedyakhin also served as Deputy Chairman of the Management Board at Sberbank Volgograd. From 2008 to 2012, he held the position of First Deputy Chairman of the Board of Directors at Sberbank of Russia PJSC (Ukraine). Mr. Vedyakhin was appointed as a Member of the Board of Directors and Credit Risk Officer at DenizBank A.Ş. in November 2012. Following his appointment as Head of Risk Management of Sberbank Group with the title of Senior Vice President, Mr. Vedyakhin has continued to serve as Non-Executive Board Member at DenizBank A.Ş. since August 2015.



**VADIM KULIK**  
MEMBER OF THE BOARD OF DIRECTORS

Born in 1972, Mr. Kulik obtained undergraduate and master's degrees from Mendeleev Institute of Chemical Technology in the field of chemical technology. From 1998 to 2004, he worked at AKB Probusinessbank as Head of the Risk Analysis Department, Vice-President of Credit Risk and Banking Technologies and Head of the Division for Commercial Risk Analysis. Serving at VTB CJSC as Senior Vice- President (Head of the Risk Department) until 2008, Mr. Kulik joined Sberbank as Head of the Retail Risk Department in 2008. Holding the post of Head of the Risk Department at Sberbank between 2009 and 2013, Mr. Kulik has served as Deputy Chairman of the Executive Board at Sberbank since January 2013. In addition, Mr. Kulik has also held the position of Chairman of the Board of Directors at United Credit Bureau since March 2010 and Board Member at BPS Sberbank JSC since March 2012. Vadim Kulik has served as Board Member at DenizBank A.Ş. since September 2012.



**TIMUR KOZINTSEV**  
**MEMBER OF THE BOARD OF DIRECTORS**

Born in 1972, Mr. Kozintsev received B.A., M.A. and Ph.D. degrees in Economics from Moscow State University. He worked at Bayerische Hypo Vereinsbank as Deputy Head Representative from 1996 to 2000, at Unicredit Bank as Head of the Corporate Customers Department between 2000 and 2007 and at Unicredit Security as Debt Capital Markets Director from 2007 to 2008. Subsequently, he served as Investment Banking Director at IFD Kapital between 2008 and 2012. Mr. Kozintsev has worked at Sberbank as Senior Managing Director since April 2013. He was appointed as a Member of the Board of Directors at DenizBank A.Ş. in July 2013. Mr. Kozintsev has held the position of Board Member in charge of Credit Risk at DenizBank A.Ş. since August 2015.



**SERGEY GORKOV**  
**MEMBER OF THE BOARD OF DIRECTORS**

Born in 1968, Mr. Gorkov completed his studies in Jurisprudence at the Academy of Federal Security Service of Russia. From 1994 to 1997, he worked as Deputy Head and, subsequently, Head of the Human Resources Department and Deputy Director of Human Resources at Menatep Bank. Mr. Gorkov served as Human Resources Department Head at OAO Yukos Oil and OAO Yukos Companies between 1997 and 1998. Later, he held the post of Head of Personnel at ZAO Yukos Petrol Company from 1998 until 2000, Head of the Human Resources Department and Director of the Human Resources Organization at Yukos Moscow between 2000 and 2005. He joined Sberbank as Director of Human Resources Policies in 2008. He has continued to serve as Deputy Chairman of the Executive Board at Sberbank responsible for International Activities since October 2010. Mr. Gorkov has also served as a Board Member at JSC (Ukraine) since March 2011, Board Member at SB Sberbank JSC since April 2011, Board Member at BPS-Sberbank JSC and Deputy Chairman of the Board at Sberbank Europe AG since February 2012. Sergey Gorkov has held the position of Board Member at DenizBank A.Ş. since September 2012.



**IGOR KONDRASHOV**  
**MEMBER OF THE BOARD OF DIRECTORS**

Born in 1973, Mr. Kondrashov graduated from Moscow State University, Faculty of Law. Starting his professional career as an Attorney with the law firm YUST in 1992, he worked there for nine years. Having held the position of Director of the Legal Department at Sberbank of Russia since 2011, Mr. Kondrashov has served as Executive Vice President at Sberbank since 2014. Igor Kondrashov has been a Member of the Board of Directors at DenizBank A.Ş. since December 2012.



**ALEXANDER MOROZOV**  
**MEMBER OF THE BOARD OF DIRECTORS**

Born in 1969, Mr. Morozov graduated from Lomonosov Moscow State University, Department of Economics. Subsequently, he completed an M.A. in Advanced Management Program Executive Education at Harvard Business School. Mr. Morozov commenced his professional career as Deputy Head of the Currency Operations Department at Commercial Bank Rodina in 1992. Between 1994 and 2007, he served as Head of Treasury and General Manager at International Moscow Bank (UniCredit Bank since 2007). From 2007 to 2008, he held the posts of Executive Vice President and CFO at Renaissance Capital Bank. Mr. Morozov joined Sberbank in 2008 as Head of Financial Affairs and became Senior Vice President in charge of Financial Affairs in 2009. Since 2013, Mr. Morozov has served as Deputy Chairman of the Executive Board at Sberbank; in addition, he is a Board Member at Sberbank of Russia JSC and Sberbank BPS, which are Sberbank subsidiaries. Alexander Morozov has been a Member of the Board of Directors at DenizBank A.Ş. since December 2012.



**ARTEM DOVLATOV**  
**MEMBER OF THE BOARD OF DIRECTORS**

Born in 1979, Mr. Dovlatov received B.A., M.A. and Ph.D. degrees in Economics from Moscow State University of Management. He worked as Deputy Manager in the Investment Department at Russian Airlines in 2001; Investor Relations Deputy Manager, Manager and Director for Corporate Affairs at ZTL Power Machines between 2003 and 2006; Vice President for Financial Communications in the US office of PBN Company from 2006 to 2009; and Managing Director at VTB Bank until 2012. Subsequently, he joined Sberbank in 2012 and has served as the Director of International Network Development since that time. Mr. Dovlatov has held the position of Member of the Board of Directors at DenizBank A.Ş. since March 2014.

## RESIDENT BOARD MEMBERS



*Left to right:* Derya Kumru, Hakan Ateş, Wouter Van Roste, Timur Kozintsev

## EXECUTIVE BOARD

### HAKAN ATEŞ

*President, CEO and Member of the Board of Directors*

Mr. Ateş was born in Ankara in 1959 and graduated from Middle East Technical University, Faculty of Administrative Sciences. He began his banking career in 1981 as an Internal Auditor at İşbank. He continues to serve as Board Member, President and CEO at DenizBank, since joining the Bank in June 1997 as the Founding President and CEO.

### WOUTER VAN ROSTE

*Member of the Board of Directors*

Mr. Van Roste was born in 1965 and graduated from Limburg University (Belgium), Marketing Department; he is pursuing his MBA. He began his banking career in 1989 and joined DenizBank in 2006.

### TIMUR KOZINTSEV

*Member of the Board of Directors*

Mr. Kozintsev was born in 1972 and obtained B.A., M.A. and Ph.D. degrees in Economics from Moscow State University. He began his banking career in 1996 and joined DenizBank in July 2013.

### DERYA KUMRU

*Member of the Board of Directors*

Mr. Kumru was born in 1964 and graduated from Ankara University, with a degree in Political Science; he also holds an M.A. in Public Administration from İstanbul University. He began his banking career in 1987 and joined DenizBank in 1999.

### BORA BÖCÜGÖZ

*Treasury, Financial Institutions, Private Banking Group, Executive Vice President*

Mr. Böcügöz was born in 1967 and graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration. He began his banking career in 1989 and joined DenizBank in February 2002.

### GÖKHAN SUN\*

*SME and Agricultural Banking Group, Executive Vice President*

Mr. Sun was born in 1970 and obtained an undergraduate degree in Electrical-Electronics Engineering from Bilkent University and an M.A. in Economic Law from Bilgi University. He began his banking career in 1992 and joined DenizBank in 2003.

### SUAVİ DEMİRCİOĞLU

*Financial Affairs Group, Executive Vice President*

Mr. Demircioğlu was born in 1970 and graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Business Administration. He began his banking career in 1990 and joined DenizBank in January 2005.

### MUSTAFA ÖZEL

*Branch and Central Operations Group, Executive Vice President*

Mr. Özel was born in 1966 and graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Public Administration. He began his banking career in 1988 and joined DenizBank in 1997.

### İBRAHİM ŞEN

*Credits Follow-up and Risk Monitoring Group, Executive Vice President*

Mr. Şen was born in 1967 and graduated from Middle East Technical University, Department of Industrial Engineering. He began his banking career in 2000 and joined DenizBank Financial Services Group in 2007.

### MEHMET AYDOĞDU

*Commercial Banking and Public Finance Group, Executive Vice President*

Mr. Aydoğdu was born in 1968 and graduated from Dokuz Eylül University, Faculty of Economics and Administrative Sciences. He began his banking career in 1996 and joined DenizBank Financial Services Group in 2002.

\* Resigned as of 31.12.2015.

### TANJU KAYA

*Administrative Services Group, Executive Vice President*

Mr. Kaya was born in 1964 and graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Public Administration. He began his banking career in 1986 and joined DenizBank in 1997.

### DİLEK DUMAN

*Information Technology and Support Operations Group, Executive Vice President*

Ms. Duman was born in 1967 and graduated from Boğaziçi University, Department of Computer Engineering. She began her professional career in 1989 and joined DenizBank Financial Services Group in 1997. Since March 2008, Ms. Duman has served as Executive Vice President in the Information Technology and Support Operations Group.

### MURAT ÇELİK

*Digital Generation Banking Group, Executive Vice President*

Mr. Çelik was born in 1968 and graduated from Boğaziçi University, Department of Computer Engineering. He began his professional career in 1992 and joined DenizBank Financial Services Group in 2004.

### SELİM EFE TEOMAN

*Corporate and Commercial Credits Group, Executive Vice President*

Mr. Teoman was born in 1970 and graduated from Hacettepe University, Faculty of Economic and Administrative Sciences, Department of Economics. He began his banking career in 1994 and joined DenizBank in 2003.

### AYŞENUR HIÇKIRAN

*Payment Systems and Non-Branch Channel Group, Executive Vice President*

Ms. Hıçkiran was born in 1969 and graduated from Ege University, Faculty of Letters, Department of English Language and Literature. She began her banking career in 1996 and joined DenizBank in July 2013.

### AYPERİ KARAHAN

*Retail - SME and Agricultural Banking - Credit Allocation Group, Executive Vice President*

Ms. Karahan was born in 1962 and graduated from Boğaziçi University, Department of Business Administration. She began her banking career in 1987 and joined DenizBank in 2004.

### YAVUZ ELKİN

*Human Resources and Deniz Academy, Executive Vice President*

Mr. Elkin was born in 1971 and graduated from Marmara University, Department of Business Administration in English. He started his banking career in 1993 and joined DenizBank in 2004.

### BURAK KOÇAK\*\*

*SME Banking Group, Executive Vice President*

Mr. Koçak was born in 1970 and graduated from Dokuz Eylül University, Department of Econometrics. He started his professional career in 1996 and joined DenizBank in 2006.

### OĞUZHAN ÖZARK

*Retail Banking Sales Group, Executive Vice President*

Mr. Özark was born in 1976 and graduated from İstanbul Technical University, Department of Mathematical Engineering. He began his banking career in 1997 and joined DenizBank in 2004.

### CEM ÖNENÇ

*Private Banking Group, Executive Vice President*

Mr. Önenç was born in 1971 and graduated from Yıldız Technical University, Department of Mechanical Engineering. He holds an MBA from New York's Pace University and a Ph.D. in Banking from Marmara University. He began his professional career in 1997 at DenizBank.

### ÖNDER ÖZCAN

*Management Reporting and Budget Planning Group, Executive Vice President*

Mr. Özcan was born in 1971 and graduated from Middle East Technical University, Department of Business Administration. He began his banking career in 1998 and joined DenizBank in 2004.

\*\* As of January 2016, Burak Koçak was appointed Executive Vice President responsible for the Agricultural Banking Group. Murat Kulaksız was appointed Executive Vice President responsible for the SME Banking Group.



## EXECUTIVE BOARD MEMBERS



*Standing (left to right):* Hayri Cansever, Sinan Yılmaz, Oğuzhan Özark, Selim Efe Teoman, Mehmet Çitil, Önder Özcan, Kahraman Günaydın, Ruslan Abil, Hakan Turan Pala, Mehmet Aydoğdu, Cem Öneç, İbrahim Şen, Ayperi Karahan, Fatih Arabacıoğlu, Kürşad Taçalan, Edip Kürşad Başer, Burak Koçak, Alper Tunga Emecan, Mustafa Özel, Yavuz Elkin, Cem Demirağ, Ramazan Işık

*Seated (left to right):* Mustafa Saruhan Özel, Ali Murat Dizdar, Gökhan Sun, Bora Böcügöz, Dilek Duman, Derya Kumru, Wouter Van Roste, Hakan Ateş, Timur Kozintsev, Tanju Kaya, Cafer Bakırhan, Suavi Demircioğlu, Ayşenur Hıçkırın, Murat Çelik

# DenizBank



## RUSLAN ABİL

*Group Reporting and ALM Group, Executive Vice President*

Mr. Abil was born in 1975 and graduated from Middle East Technical University, Department of International Relations. He began his professional career in 1997 and joined DenizBank in 2013.

## HAKAN TURAN PALA

*Corporate and Commercial Credits Analysis Group, Executive Vice President*

Mr. Pala was born in 1967 and graduated from Middle East Technical University, Department of Business Administration. He began his banking career in 1994 and joined DenizBank in 2004.

## EDİP KÜRŞAD BAŞER

*Corporate Credit Policies, Executive Vice President*

Mr. Başer was born in 1967 and graduated from Middle East Technical University, Department of Electrical-Electronics Engineering. He began his banking career in 1990 and joined DenizBank in 2004.

## KÜRŞAD TAÇALAN

*Secretary General and General Accounting Group, Executive Vice President*

Mr. Taçalan was born in 1965 and graduated from Istanbul Technical University, Faculty of Management Engineering. He began his banking career in 1992 and joined DenizBank in 2005.

## MUSTAFA SARUHAN ÖZEL

*Economic Research, Strategy and Project Management Group, Executive Vice President and Chief Economist*

Mr. Özel was born in 1967 and graduated from Boğaziçi University, Department of Business Administration. He later obtained an M.A. in Finance and a Ph.D. in Economics from Virginia Tech. Mr. Özel began his professional career in 1996 and joined DenizBank in 1997.

## RAMAZAN IŞIK

*Internal Audit Group, Head of Internal Audit*

Mr. Işık was born in 1967 and graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Economics. He began his career in 1999 and joined DenizBank in 2013.

## ALİ MURAT DİZDAR

*Legal Affairs Group, Chief Legal Advisor*

Mr. Dizdar was born in 1960 and graduated from Istanbul University, Department of Law; he holds an M.A. in Private Law from the same institution. He began his career in 1982 and joined DenizBank in 2002.

## CEM DEMİRAĞ

*Internal Control Center and Compliance Group, Head of Internal Control and Compliance*

Mr. Demirağ was born in 1968 and graduated from Middle East Technical University, Faculty of Administrative Sciences, Department of Public Administration. He began his professional career in 1991 and joined DenizBank in 2010.

## SİNAN YILMAZ

*Risk Management Group, Head of Risk Management*

Mr. Yılmaz was born in 1974 and graduated from Istanbul Technical University, Department of Management Engineering. He began his banking career in 1998 at DenizBank.

## CAFER BAKIRHAN

*DFSG Investment Companies, Executive Board Member*

Mr. Bakırhan was born in 1963 and graduated from Ankara University, Faculty of Political Sciences, Department of Economics; he holds an MBA from the same institution. He began his professional career in 1985 and joined DenizInvest Securities in 1999. Since June 2005, Mr. Bakırhan has served as an Executive Board Member at DFSG Investment Companies.

## KAHRAMAN GÜNAYDIN

*DenizLeasing, General Manager*

Mr. Günaydin was born in 1966 and graduated from Middle East Technical University, Department of Geological Engineering; he also holds an MBA from Bilkent University. He began his professional career in 1990 and joined DenizBank in 2002. Mr. Günaydin has worked as General Manager at DenizLeasing since February 2011.

## ALPER TUNGA EMECAN

*DenizFactoring General Manager*

Mr. Emecan was born in 1971 and graduated from Istanbul University, Faculty of Economics and Administrative Sciences, Department of International Relations. He began his professional career in 1994 and joined DenizBank in 1998. Mr. Emecan has served as General Manager at DenizFactoring since May 2015.

## HÜSEYİN SAMİ ÇELİK

*DenizInvest Securities, General Manager*

Mr. Çelik was born in 1965 and graduated from Middle East Technical University, Department of Metallurgical Engineering. He began his professional career in 1990 and joined DenizInvest Securities in 1999.

## HÜSEYİN MELİH AKOSMAN

*Executive Member, DenizInvest Securities*

Mr. Akosman was born in 1971 and graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Business Administration; he also holds an MBA from the same university. He began his professional career in 1991 and joined DenizBank Financial Services Group in 2004.

## ÖMER UYAR

*Intertech, General Manager*

Mr. Uyar was born in 1977 and graduated from Istanbul Technical University, Department of Electrical and Electronic-Computer Engineering. He began his professional career in 1996 and joined DenizBank Financial Services Group in 2000. Mr. Uyar has served as General Manager at Intertech since March 2012.

## AHMET MESUT ERSOY

*DenizBank AG, General Manager*

Mr. Ersoy was born in 1973 and graduated from Istanbul University, Faculty of Business Administration; he also received an MBA from Bahrain University. He began his banking career in 1995 and joined DenizBank Financial Services Group in 2002. Mr. Ersoy has served as General Manager at DenizBank AG since September 2011.

## FATİH ARABACIOĞLU

*DenizPortfolio Management, General Manager*

Mr. Arabacıoğlu was born in 1966 and graduated from Ankara University, Faculty of Political Sciences. Subsequently, he received an M.A. in International Banking and Finance from Heriot-Watt University in Edinburgh. He began his professional career in 1988 and joined DenizInvest Securities in 1999. Mr. Arabacıoğlu has served as General Manager at DenizPortfolio Management since June 2004.

## OĞUZ YALÇIN

*JSC DenizBank Moscow, General Manager*

Mr. Yalçın was born in 1975 and graduated from Boğaziçi University, Faculty of Economic and Administrative Sciences, Department of Political Sciences and International Relations. He began his banking career in 1998 and joined DenizBank in 2002. Mr. Yalçın has served as General Manager at JSC DenizBank Moscow since January 2013.

## HAYRİ CANSEVER

*DestekAsset Management, General Manager*

Mr. Cansever was born in 1974 and graduated from Istanbul Technical University, Department of Machine Engineering; he also holds an M.A. in Banking and Finance from Yeditepe University. He began his banking career in 1998 at DenizBank Financial Services Group. Mr. Cansever has served as General Manager at DestekAsset Management since July 2015.

## MEHMET ÇİTİL

*Deniz Real Estate Investment Trust, General Manager*

Mr. Çitil was born in 1966 and graduated from Istanbul Technical University, Department of Architecture; he also holds an MBA from Istanbul University, Faculty of Economics and Administrative Sciences. He began his banking career in 1988 and joined DenizBank in 1997. Mr. Çitil has served as General Manager at Deniz Real Estate Investment Trust since December 2013.

## EXECUTIVE MANAGEMENT

Title	Name/ Surname	Duty	Education	Professional Experience (Years)
CEO	Hakan Ateş	CEO	Bachelor's Degree	34
Executive Vice Presidents	Mehmet Aydoğdu	Corporate Banking, Commercial Banking and Public Finance Group - EVP	Bachelor's Degree	18
	Bora Böcügöz	Treasury, Financial Institutions, Private Banking Group - EVP	Bachelor's Degree	26
	Suavi Demircioğlu	Financial Affairs Group-EVP, CFO	Bachelor's Degree	25
	Dilek Duman	Information Technology and Support Operations Group - EVP, COO	Bachelor's Degree	26
	Murat Çelik	Digital Generation Banking Group - EVP	Bachelor's Degree	23
	Tanju Kaya	Administrative Services Group - EVP	Bachelor's Degree	29
	Mustafa Özel	Branch and Central Operations Group - EVP	Bachelor's Degree	27
	Saruhan Özel	Economic Research, Strategy and Programme Management Group - EVP	Ph.D.	19
	Gökhan Sun*	SME and Agricultural Banking Group - EVP	Master's Degree	23
	İbrahim Şen	Credit Following and Risk Monitoring Group - EVP	Bachelor's Degree	22
	Selim Efe Teoman	Corporate and Commercial Credits Group - EVP	Bachelor's Degree	21
	Ayşenur Hıçkırın	Payment Systems and Non-Branch Channel Group - EVP	Bachelor's Degree	19
	Ruslan Abil	Group Reporting and Asset Liability Management Group - EVP	Bachelor's Degree	18
	Önder Özcan	Managerial Reporting and Budget Planning Group - EVP	Bachelor's Degree	17
	Necip Yavuz Elkin	Human Resources and Deniz Academy Group - EVP	Bachelor's Degree	22
	Burak Koçak**	SME Group - EVP	Bachelor's Degree	20
	Oğuzhan Özark	Retail Banking Sales Management Group - EVP	Bachelor's Degree	17
	Cem Önenç	Private Banking Group - EVP	Ph.D.	18
	Hakan Turan Pala	Corporate and Commercial Credits Analysis Group - EVP	Bachelor's Degree	21
	Ayperi Karahan	Retail, SME and Agriculture Credits Group - EVP	Bachelor's Degree	26
Edip Kürşad Başer	Corporate Credit Policy Group - EVP	Bachelor's Degree	25	
Ali Murat Dizdar	Chief Legal Advisor	Master's Degree	24	
Secretary General	Kürşad Taçalan	Secretary General	Bachelor's Degree	23
Internal Systems	Ramazan Işık	Head of Internal Audit	Master's Degree	16
	Cem Demirağ	Head of Internal Control Unit and Compliance	Bachelor's Degree	24
	Sinan Yılmaz	Head of Risk Management	Bachelor's Degree	18

\* Resigned as of 31.12.2015.

\*\* As of January 2016, Burak Koçak was appointed Executive Vice President responsible for the Agricultural Banking Group. Murat Kulaksız was appointed Executive Vice President responsible for the SME Banking Group.

## COMMITTEES

Committee	Name Surname	Title	Education	Professional Experience (Years)
Audit Committee	Nihat Sevinç	Member	Bachelor's Degree	29
	Wouter G.M. Van Roste	Member	Bachelor's Degree	26
	Artem Dovlatov	Member	Ph.D	14
Corporate Governance and Remuneration Committee	Deniz Ülke Arıboğan	Member	Ph.D.	29
	Sergey Gorkov	Member	Master's Degree	21
	Yeliz Koraşlı Özdemir	Member	Master's Degree	15
	Tanju Kaya	Member	Bachelor's Degree	29
Remuneration Committee	Sergey Gorkov	Member	Master's Degree	21
	Nihat Sevinç	Member	Bachelor's Degree	29
Credit Committee	Alexander Vedyakhin*	Member	Ph.D.	16
	Derya Kumru	Member	Master's Degree	23
	Hakan Ateş	Member	Bachelor's Degree	34
	Sergey Gorkov	Associate Member	Master's Degree	21
	Timur Kozintsev**	Associate Member	Ph.D.	16

\* As of January 29, 2016 his title was changed as Associate Member.

\*\* As of January 29, 2016 his title was changed as Member.

### Executive Committees

Management Board  
 Executive Committee  
 Assets and Liabilities Committee  
 Executive Credit Risk Committee  
 Disciplinary Committee  
 Purchasing Committee  
 Communications Committee  
 Promotions Committee  
 Recommendation Committee

### Committee Meetings

Committee members fully and regularly attended all meetings held during the reporting period.

## SUMMARY REPORT OF THE BOARD OF DIRECTORS TO THE GENERAL ASSEMBLY

Dear Shareholders,

DenizBank has achieved successful financial and operational results by growing its balance sheet in line with the sector average.

In 2015, DenizBank recorded consolidated net profit of TL 859 million and non-consolidated net profit of TL 763 million. Despite the increased funding costs, as a result of the Central Bank monetary policy, DenizBank's consolidated net interest income rose 13% while non-consolidated net interest income went up 9%. The Bank's both consolidated and non-consolidated fee, commissions and banking services revenues increased 10%, higher than sector averages. DenizBank's consolidated and non-consolidated total operating revenue went up 12% and 7%, respectively.

DenizBank, the fifth largest Turkish private bank by consolidated asset size, recycled all its resources to the real economy to help boost the country's economic growth. The Bank expanded its assets and shareholder equity with a growth above the sector average, while showing a parallel growth with the sector in terms of loans and deposits.

As of year-end 2015, DenizBank reported consolidated and unconsolidated assets of TL 112,886 million and TL 84,221 million, up 20% and 19%, respectively, compared to the prior year. Our consolidated shareholders' equity, including subordinated loans, grew 19% to TL 13,140 million, while the Bank's consolidated capital adequacy ratio stood at 12.93%. Unconsolidated shareholders' equity, including subordinated loans, rose to TL 13,115 million, with an unconsolidated capital adequacy ratio of 16.07%.

Aiming to channel the funds it generates back to the real economy, DenizBank succeeded in expanding its consolidated loan portfolio by 20% over 2014 to TL 77,705 million. The Bank also maintained its market leading position in turning deposits into loans, with a loan/deposit ratio of 109%. Meanwhile, on an unconsolidated basis, DenizBank's loan volume increased 19% to TL 51,349 million.

In line with the Bank's core principles of providing unconditional customer satisfaction and pursuing continuous improvement, at year-end 2015 DenizBank operated a branch network with 735 locations, employed a workforce numbering 14,853 and served almost 9.1 million customers, up 10% over the prior year. Additionally, the Bank's consolidated customer deposits soared 15% to TL 71,204 million, well above the sector average. Meanwhile, on an unconsolidated basis, customer deposits grew 9% to TL 45,117 million.

As a reflection of these positive financial results, DenizBank compensated DFSG personnel with performance based premium payment of an average 2.60 monthly salaries. Immensely proud of its broader contributions to the nation, and viewing corporate social responsibility activities as an integral part of its core business, DenizBank continued efforts towards social advancement by providing support to culture, the arts, sports and education in 2015. During the year, DenizBank continued its name sponsorship of Europe's most prestigious organization in volleyball, "CEV Volleyball Champions League"; main sponsorship of the Gümüşlük Music Festival and the Istanbul International Opera Festival; and its 10-year partnership with the Istanbul State Symphonic Orchestra.

Having adopted an innovative management approach, DenizBank continued to invest extensively in technology in order to diversify and improve the quality of products and services in 2015. Designated "The Most Innovative Bank of the Year" at the BAI Banking Innovation Awards and "Bank of the Year in Turkey" at The Banker Awards in 2014, DenizBank also garnered the coveted "Global Innovator" title in 2015 from European Financial Management Association (EFMA).

We would like to take this opportunity to extend our gratitude to our customers, shareholders, business partners and employees for their unwavering support during the operating year 2015, and to our esteemed shareholders and stakeholders for gracing our General Assembly with their presence.

### Board of Directors

## DONATIONS MADE IN 2015

INSTITUTION	AMOUNT (TL)
TÜRK EĞİTİM DERNEĞİ- TED	596,050
İSTANBUL KÜLTÜR VE SANAT VAKFI	150,000
ODTÜ GELİŞTİRME VAKFI	15,000
LÖSEV	12,312
TOPLUM GÖNÜLLÜLERİ VAKFI	5,880
TÜRK EĞİTİM VAKFI	2,070
OTHER	9,005
<b>TOTAL</b>	<b>790,318</b>

## RELATED PARTY TRANSACTIONS

Please see Notes to the Independently Audited Financial Statements, Section Five-VII.

## HUMAN RESOURCES

In the survey “Turkey’s Ideal Employers according to Generation Y in 2015,” DenizBank was the top bank in the category “Respect for People, and Gender Equality”.

In line with the strategies and goals of the Bank and in cooperation with all organizational units, the Human Resources Department provides guidance to employees, DenizBank Financial Service Group’s most important asset. The Department strives to create a pleasant and productive working environment while significantly contributing to employee development.

DenizBank’s 14,853 employees offer services through a total of 735 domestic and international branches in 2015. As a result of meticulous workforce planning, DenizBank is one of the banks with the lowest number of employees per branch.

In the survey “Turkey’s Ideal Employers according to Generation Y in 2015,” conducted among students by Universum Global, DenizBank was the top bank in the category “Respect for People, and Gender Equality” and was the second place bank in the “Gender Equality” category. At an awards ceremony held by Turkey’s leading recruitment web site Kariyer.net, the Bank was named “The Biggest Job Creator of the Year.”

In order to promote the DenizBank employer brand via social media, an account named “Career at Deniz” was opened on Instagram, following similar accounts on LinkedIn, Facebook, Twitter and YouTube.

Over 400 interns accepted to The Pearls of Deniz University Internship Program completed their internships at branches and the Head Office in 2015. Students in their final year of school, who succeeded as The Pearls of Deniz, were invited to join The Pearls of Deniz Plus on-the-job training program administered by the Bank in collaboration with İŞKUR.

During the year, the Bank started to administer the general aptitude test for unexperienced candidates and job interviews with experienced candidates located outside of Istanbul online. As part of The Pearls of Deniz program, 2015 summer interns were successfully offered a completely digitized and personalized recruitment and orientation experience. In a first in Turkey, the Bank introduced internship candidates to the job orientation

program called Onboarding. This process enables every candidate to access detailed information about the internship via a special web site and keep track of tasks that need to be fulfilled. They win virtual badges as they complete various experiences. This digital process allows HR teams to carry out much more sophisticated data analysis about interns.

The Recruitment and Career Management team has started to employ tablet PCs in job interviews and during meetings with employees, thus rapidly entering interview data into the Bank's system while saving on paper costs.

As a result of posts on LinkedIn where DenizBank has acquired a large number of followers, the Bank ranked first among all banks operating in Turkey, according to LinkedIn's Employer Brand Talent Brand Index Report. In another LinkedIn report, the Content Marketing Score, DenizBank was chosen as the Turkish bank with the most popular content on LinkedIn.

### Employee Loyalty

In order to bolster employee loyalty, the Bank organized employee loyalty focus groups. Satisfaction levels were measured via questionnaires among personnel who resign, who start the job, or who turn down the job offer. These data were analyzed together with the surveys carried out by Universum among university students and young professionals. In addition, the Bank initiated the Employer Brand Project to reinforce DenizBank's reputation as a quality employer both internally and externally.

In partnership with Bahçeşehir University and Sabancı University, the Bank started to offer Corporate MBA and Executive MBA programs to employees.

### Career Opportunities

While adding well-qualified and highly skilled employees to its workforce, the DenizBank Financial Services Group cultivates the future's managers from within its ranks, provides equal opportunities to personnel, and gives preference to current staff members when filling vacancies. In the four promotion periods of fiscal year 2015, a total of 3,487 individuals advanced to a higher job level, while 131 Bank employees were appointed to managerial positions, amounting to 80% of all management promotions for the year.

In 2015, some 233 Auxiliary Employees including Secretaries and Operations Support Personnel took the career group transition exam. Successful candidates will be offered positions in the Bank's career group.

### Reward System

The Performance Development Program (PDP), which aims to improve employee performance and qualifications, is implemented twice a year. The objective is to increase the frequency of feedback provided to the employee and to offer guidance throughout the process.

The Group offers competitive salaries and fringe benefits in line with current market conditions. Manager and employee salaries are determined according to ethical values, internal balance, strategic goals and levels of responsibility.

All indemnity payments which function as incentives to reward the performance of managers are assessed with due consideration of the past performances of employees, and their contribution to the long term performance of the Bank.

As part of managers' bonus payments GM Premiums and the PUPA Premium system, performance based premium payment of approximately 2.60 monthly salaries were made to DFSG personnel in 2015.



## TRAINING

Deniz Academy views the cultivation of managers from within its own ranks as one of its leading missions, and a strong pillar of the Bank's corporate culture.

### Deniz Academy

Deniz Academy structures the personal and professional development of all DFSG employees in a planned way. The training needs of all employees are analyzed in line with the importance of training in career improvement. Deniz Academy prepares training maps for field employees according to their level, and structures their development throughout their career with compulsory and elective courses, thus allowing them to enjoy a faster moving and more satisfying career path. Head Office employees are offered boutique courses following the annual training needs analyses and six-monthly curriculum of elective courses.

Deniz Academy sees the training of managers as a mission guiding the corporate culture, and develops training projects spread over a period of time by utilizing different teaching methods to make learning by practice more stimulating. Deniz Academy has the capacity to provide training to 1,500 people simultaneously, and organizes seminars, hobby workshops and many other activities in addition to employee training, also playing host to many of DFSG's events.

In 2015, via Deniz Academy, DFSG increased and improved its investment in human resources - its most important asset. Throughout the year, Deniz Academy reached every employee and became one of the top institutions in the sector by organizing an average of 8.6 days of training per employee.

The Development Center continued to identify the strengths and any improvable areas in the role of vice presidents during the year. Vice presidents who attended this program furthered their personal development by participation in the Vice President Development Program. The program, which consists of nine days divided into three modules, branches out into two separate sub-programs designed for Head Office employees and branch personnel.

Deniz Academy has a 13-day Leadership Program called the "New Captains Club" designed for those employees who have been recently promoted to the positions of branch manager and department head.

In addition to these programs, managers are offered select courses on technical and personal development and leadership throughout the year. Furthermore, managers come together with experts in corporate entrepreneurship, positive leadership and psychology in morning and evening sessions.

In addition to classroom training programs, DenizBank added virtual instruction to its alternative learning portfolio, including e-learning, mobile learning and Deniz TV. Deniz Academy has thus implemented a multifaceted training model and provides an average of 18 hours of training per employee. In 2015, some 1,500 different materials were offered for use by all employees include personal development, professional, technical and management training programs, as well as book summaries and various digital library options.

In 2015, all participants became able to access seminar notes at anytime, anywhere with the Deniz Academy mobile app. The Academy continued to administer e-learning programs and launched the applied monitor simulation program. Facebook and Twitter accounts are used to inform employees about developments in the Bank, and seminars, projects and activities at the Academy.

*In 2015, Deniz Academy continued to crown its distinguished learning and development programs with awards received in the international arena.*

Adding another to its long list of awards dating back to 2008, Deniz Academy was presented with the Bronze award from Global CCU in the category "Best Impact of Corporate University on Implementation of Business Strategies of the Organization."

## SUPPORT SERVICES

SUPPORT SERVICES PROVIDERS	BUSINESS LINE
Method Araştırma Danışmanlık ve Mühendislik San. Tic. Ltd. Şti.	Research Service
Iron Mountain Arşivleme Hizmetleri A.Ş.	Archive
Active Bilgisayar Hiz. ve Tic. Ltd Şti.	
ATP Bilgisayar Ağı ve Elektrik Güç Kaynakları Üretim Paz. ve Tic. A.Ş.	
Bilin Yazılım ve Bilişim Danışmanlığı Ltd. Şti.	
ETCBASE Yazılım ve Bilişim Teknoloji A.Ş.	
Fineksus Bilişim Çözümleri A.Ş.	
Hewlett-Packard Teknoloji Çözümleri Ltd. Şti.	
Ingenico Ödeme Sis. A.Ş.	
Intelrad Bilişim Güv. Hiz. Danış. ve Üretim Tic. A.Ş.	IT Systems
Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.	
Ixfuture Yazılım Teknolojileri San. ve Tic. Ltd. Şti.	
ODC İş Çözümleri A.Ş.	
Superonline İletişim Hizmetleri A.Ş.	
TMOB Bilişim Yazılım Teknoloji Sistemleri A.Ş.	
V.R.P Veri Raporlama Programlama Bilişim Yazılım ve Danışmanlık Hizmetleri Tic. A.Ş.	
Verifone Elektronik Danışmanlık ve Ltd. Şti.	
Hugin Yazılım Teknoloji A.Ş.	
Karbil Yazılım Bilişim Tekn. Tic. A.Ş.	IT Systems / Operational Services
MT Bilgi Teknolojileri ve Dış Tic. A.Ş.	
R2 Servis Elektrik Elektronik ve Bilgisayar Teknoloji San. ve Tic. A.Ş.	
Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş.	Call Center
Metlife Emeklilik ve Hayat A.Ş. ile Callpex Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.	
Atos Bilişim Danışmanlık ve Müşteri Hizmetleri San. ve Tic. A.Ş.	
Tempo Çağrı Merkezi ve İş Süreçleri Dış Kaynak Hizm. Tic. A.Ş.	Call Center / Marketing
Win Bilgi İletişim Hizmetleri A.Ş.	
Collectürk Alacak Yönetimi ve Danışmanlık A.Ş. (Former Name: Collection Platform Yazılım ve Danışmanlık A.Ş.)	Call Center / Collection Management
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	Security
Asseco See Teknoloji A.Ş.	
Austria Card Turkey Kart Operasyonları A.Ş.	
Avi Gayrimenkul Yatırım Değerleme ve Danışmanlık A.Ş.	
BBS Danışmanlık Gayrimenkul ve Eğitim A.Ş.	
Cankurt İş Sağlığı ve Güvenliği Hizmetleri Ortak Sağlık Güvenlik Ticaret Ltd. Şti.	
DHL Worldwide Express Taşımacılık ve Tic. A.Ş.	
E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.	
ETB Elektronik Teknoloji ve Bilişim Hiz. San. ve Tic. Ltd. Şti.	
Etisan Proje Bilgi ve Yazılım Teknolojileri San. Tic. Ltd. Şti. (Former Name: Etisan Barkod ve Bilgisayar Sistemleri Ltd. Şti.)	
FU Gayrimenkul Yatırım Danışmanlık A.Ş.	
Hayat Teknoloji Bilgisayar Sis. Kart Basım Hiz. San. ve Tic. Ltd. Şti.	Operational Services
İpoteka Gayrimenkul Yatırım Danışmanlık A.Ş.	
İstanbul Altın Rafinerisi A.Ş.	
Konfides Bilgi Teknolojileri Tic. A.Ş.	
Kurye-Net Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş.	
Mapikart Tanıtım Hizmetleri ve Dış Tic. Ltd. Şti.	
MTM Holografi Güvenlikli Basım ve Bilişim Teknolojileri San. Tic. A.Ş.	
Plastik Kart Akıllı Kart İletişim Sis. San. Tic. A.Ş.	
Printaş Basım ve Sanayi Tic. A.Ş.	
Sistem Kurye Hiz. Taş. Tekstil Deri Tic. Ltd. Şti.	
Tagar Tapu Garanti Hizmetleri A.Ş.	
UZ Gayrimenkul A.Ş.	

SUPPORT SERVICES PROVIDERS	BUSINESS LINE
Zeta İnsan Kaynakları ve Kurumsal Çözümler Ltd. Şti.	Operational Services / Marketing
Doksanaltı İnternet Danışmanlık Hiz. Tic. Ltd. Şti.	
Enuygun Com İnternet Bilgi Hizmetleri Teknoloji ve Tic. A.Ş.	
ETTS Elektronik Tic. Tah. Sis. San. ve Tic. Ltd. Şti.	
Fenerbahçe Spor Okulları Ltd. Şti.	
Finzoom İnternet ve Danışmanlık Hizmetleri Tic. Ltd. Şti.	
Hangisi İnternet ve Bilgi Hizmetleri A.Ş.	Marketing
Kiler Alışveriş Hizmetleri Gıda San. ve Tic. A.Ş.	
Klon Ödeme Kuruluşu A.Ş. (Former Name: Klon Ödeme ve İletişim Teknolojileri Ltd. Şti.)	
Konut Kredisi Com Tr Danışmanlık A.Ş.	
Posta ve Telgraf Teşkilatı A.Ş.	
Verkata Llç	

# DENİZBANK CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## PART I: CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

### PART II: SHAREHOLDERS

- 2.1 Investor Relations Department
- 2.2 Exercise of Shareholders' Right to Information
- 2.3 General Assembly Meetings
- 2.4 Voting Rights and Minority Rights
- 2.5 Dividend Rights
- 2.6 Transfer of Shares

### PART III: PUBLIC DISCLOSURE AND TRANSPARENCY

- 3.1 Corporate Website and Contents
- 3.2 Annual Report

### PART IV: STAKEHOLDERS

- 4.1 Informing Stakeholders
- 4.2 Stakeholder Participation in Management
- 4.3 Human Resources Policy
- 4.4 Code of Ethics and Social Responsibility

### PART V: BOARD OF DIRECTORS

- 5.1 Structure and Formation of the Board of Directors
- 5.2 Operating Principles of the Board of Directors
- 5.3 Number, Structure and Independence of Board Committees
- 5.4 Risk Management and Internal Control Mechanism
- 5.5 The Company's Strategic Objectives
- 5.6 Remuneration

## PART I: CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Prior to its IPO, DenizBank voluntarily conducted studies for compliance with the Capital Markets Board's (CMB) Corporate Governance Principles in line with international principles and sectorial practices; the "Corporate Governance Report" was published upon approval by the Board of Directors at its meeting dated September 16, 2004. DenizBank views Corporate Governance Principles as a dynamic field open to further improvement, and works to enhance its operations in this spirit.

DenizBank operates with a management approach built on the principles of transparency, equality, responsibility and accountability, and exercises maximum care to comply with the principles outlined in the annex to BRSA's Regulation on Corporate Governance Principles (Regulation) and expends maximum effort to comply with CMB's Corporate Governance Communiqué (Communiqué) no. II-17.1, Corporate Governance Principles as regards the management of relations with shareholders, as well as the determination of the duties, authorities and responsibilities of the Board of Directors and the management tiers that report to the Board. Differences between CMB Corporate Governance Principles and the Bank are outlined under the relevant sections of this report.

### PART II: SHAREHOLDERS

#### 2.1 Investor Relations Department

Established in 2004 with the aim of taking necessary measures to comply with the existing legislation, the Articles of Association, and other in-house regulations regarding the protection and exercising of shareholders' rights, and the right to obtain and review information in particular, the Department has been carrying out its activities with name of Investor Relations and Financial Communication Department within the structure of Financial Affairs Group, under the supervision of Financial Affairs Group-EVP, CFO. The tasks of Investor Relations Department within the 5<sup>th</sup> Clause of the 11<sup>th</sup> Article of the Communiqué are carried out in coordination with the Secretary General, Corporate Compliance and Treasury and Financial Institutions departments. Names and contact info regarding the staff members of the Department are given below. Due to the fact that the portion of shares in public float is 0.15%, the number of inquiries made by investors within the period was limited, and thus all inquiries were answered verbally or in writing.

*Yeliz Koraşlı Özdemir-Department Head-Capital Market Activities Level 3 and Corporate Governance Rating Specialist Licenses*

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Due to the fact that most of the tasks specified in the 11<sup>th</sup> Article of the Communiqué are carried out by our Bank's Investor Relations and Financial Communication Department the Department Manager Yeliz Koraşlı Özdemir was appointed as the "Director of Investor Relations Department" upon the Board of Directors decision dated June 20, 2014. Furthermore, within the scope of the 1<sup>st</sup> Clause of the 11<sup>th</sup> Article of the Communiqué she was appointed as a member to the Corporate Governance and Nomination Committee.

### Activities during the Period

- › Material event disclosures,
- › Preparation of the annual report, interim activity reports, and press releases on financial data,
- › Updating relevant information on the Bank's website,
- › Examination of sector data and preparation of market share reports,
- › Examination and comparative analysis of reports by other banks,
- › Responding to questions received by email and telephone,
- › Organization of Ordinary/Extraordinary General Assembly Meeting,
- › Communicating with credit rating agencies, reviewing and evaluating reports,
- › Providing assistance to the documentation made within the scope of bonds/bills issuance, making necessary announcements and disclosures,
- › Coordinating the practices developed in the Bank within the scope of Corporate Governance Practices

The report regarding the activities carried out within the scope of the Communiqué was prepared in coordination for 2015 and was submitted to the Board of Directors on February 2016.

### 2.2 Exercise of Shareholders' Right to Information

The Investor Relations and Financial Communication Department treats all shareholders equally. All shareholder and other stakeholders' inquiries were first assessed to determine whether or not they concerned trade secrets, and then answered accordingly either in written form, or else verbally. Queries made to the Investor Relations and Financial Communication Department concerned the following topics:

- › The Bank's financial statements,
- › Activities in business lines,
- › General Assembly Meetings,
- › Main shareholder,
- › Bonds/bills issued,
- › Project finance.

DenizBank exercises maximum care to release information that may impact the exercising of shareholders' rights and the decisions of investors, in the most rapid and effective manner. Disclosures are considered within the scope of the CMB's Communiqué and Guide on Principles Regarding Public Disclosure of Material Events, announced via the Public Disclosure Platform and also published on the Bank's website as in both Turkish and English. The Bank's website is itself used actively to provide shareholders, investors and other stakeholders' easy access to information. The information published on our website is explained in detail under "Part III/3.1 Company Website and Contents."

#### Request for the Appointment of a Special Auditor

Shareholders' right to request the appointment of a special auditor is stipulated as an individual right in Article 14 of the Articles of Association, as per the Turkish Commercial Code, Article 438 and onwards. During the period, no request from shareholders, that have such a right according to internal and legal regulations, for the appointment of a special auditor was received.

### 2.3 General Assembly Meetings

#### Invitation to and Information about the General Assembly

DenizBank issues the invitation to the Annual General Assembly at least 3 (three) weeks before the meeting date, as stated in Articles 11 and 35 of the Articles of Association. The announcement/invitation on/to the General Assembly is published in the Trade Registry Gazette, in a daily newspaper printed in Istanbul where the Bank is headquartered, on the Central Registry Agency's (MKK) Electronic General Meeting System (e-GEM), Public Disclosure Platform (PDP) as well as on the DenizBank website. Furthermore, the agenda items, proxy forms, Annual Report, Articles of Association, financial statements and their footnotes, old and new versions of the Articles of Association in case of any amendments, information stated on principles on Board Members and candidate Members in case the agenda items include the dismissal, replacement or election of Board Members, any requests from the shareholders to add items to the agenda, and Information Document including all other documents regarding the agenda and other documentation are submitted for shareholder scrutiny at the Bank's Head Office and on the Bank website as of the date of the announcement. Documents regarding the agenda items are also published via MKK's portals including the e-GEM. Proxy voters do not have to be shareholders. It is no longer necessary to place voting shares under participator's blockage in the General Assembly Meeting. Shareholders can now participate in the meeting via the e-GEM, until 00:00 hours the day before the meeting. All shareholders whose names are included on the Shareholders List obtained from the e-GEM prior to the meeting can participate in person.

Although not stipulated in the Articles of Association, DenizBank's Board of Directors can decide to open General Assembly meetings to the wider public, including stakeholders and the press, although the latter do not have the right to take the floor. The meeting minutes of the General Assembly and the Attendance List are published on the e-GEM, Public Disclosure Platform (PDP) and the Bank's website. In 2015, DenizBank held an Ordinary and two Extraordinary General Assembly Meetings.

*Date:* 26.03.2015

*General Assembly:* 2014-Ordinary

*Participants:* Shareholders, Representatives of Legal Authorities, Stakeholders

*Participation Rate:* 99.85%

*Form of Invitation:* Trade Registry Gazette, Hürses newspaper, and announcement on the e-GEM, PDP and the Bank website.

*Date:* 09.07.2015

*General Assembly:* 2015-Extraordinary

*Participants:* Shareholders, Representatives of Legal Authorities, Stakeholders

*Participation Rate:* 99.85%

*Form of Invitation:* Announcements on Trade Registry Gazette, Hürses newspaper, and on the e-GEM, e-COMPANY, PDP and the Bank website.

*Date:* 23.12.2015

*General Assembly:* 2015-Extraordinary

*Participants:* Shareholders, Representatives of Legal Authorities, Stakeholders

*Participation Rate:* 99.85%

*Form of Invitation:* Announcements on Trade Registry Gazette, Hürses newspaper, and on the e-GEM, e-COMPANY, PDP and the Bank website.

### *Shareholders' Right to Add Items to the Agenda and Ask Questions*

As indicated in Article 11 of the Articles of Association, minority shareholders may add items to the agenda and request the Board of Directors to call an Extraordinary General Assembly via justifiable written requests. At the Ordinary General Assembly held in 2015, shareholders did not propose such new agenda items.

At the Extraordinary General Meeting held on 9 July 2015, one of our shareholders proposed new items for the agenda. These proposals were reviewed by the Bank's Board of Directors and decided not to be added on the agenda. The reasons why the proposals not to be added on the agenda announced to the public via the Information Document by publishing on Public Disclosure Platform and the corporate website of the Bank.

At the Extraordinary General Meeting held on 23 December 2015, one of our shareholders proposed new items for the agenda. These proposals were reviewed by the Bank's Board of Directors and decided not to be added on the agenda. The reasons why the proposals not to be added on the agenda announced to the public via the Information Document by publishing on Public Disclosure Platform and the corporate website of the Bank.

As per Article 14 of the Articles of Association, all shareholders have the right to express their opinions and ask questions during General Assemblies. Questions directed at the Board of Directors shall be answered immediately and verbally, if possible. Otherwise, these will be answered in written form within 15 (fifteen) days of the General Assembly. In line with recent amendments to the Communiqué, questions posed during General Assembly meetings and their answers shall be published in 30 (thirty) days on the Bank's website.

At the Ordinary General Assembly held on March 26, 2015, shareholders did not pose any questions.

At the Extraordinary General Meeting held on 9 July 2015, one of our shareholders proposed new items for the agenda and asked questions. Proposals were not be added to the agenda due to the decision resulted by voting. One of the questions was answered by the Vice Chairman of BoD and the Chairman of the council during the meeting. Other questions were not replied during the meeting due to no relation with the agenda. The questions were answered in 15 days in written according to the Articles of Association and the answers were published on the corporate website of the Bank.

At the Extraordinary General Meeting held on 23 December 2015, one of our shareholders asked questions. Questions were not replied during the meeting due to no relation with the agenda. The questions were answered in 15 days in written according to the Articles of Association and the answers were published on the corporate website of the Bank.

The Bank makes donations and gives aid in line with the Donation Policy and relevant procedures defined by the Social Responsibility Policy. The sum of donations made during the period and the benefactors of these donations are listed in

the Annual Report and presented to the shareholders at the General Assembly as a separate agenda item with the policy changes if existed.

### 2.4 Voting Rights and Minority Rights

DenizBank shares do not have any preferential rights. As per Article 12 of the Articles of Association, each share carries one vote. Obstructions to the exercising of voting rights are avoided. Shareholders can be represented at the General Assembly by other shareholders, or an external proxy.

The Bank does not have any cross-shareholding relationships with any company. As stipulated by the Article 29 of the Capital Market Law No. 6362, minority rights shall be exercised by shareholders representing at least one-twentieth of the paid-in capital as per Article 411 of the Turkish Commercial Code, and this condition is met by Article 11 of the Articles of Association.

### 2.5 Dividend Rights

The Bank's dividend distribution policy is outlined in Article 32 of the Articles of Association and published on the website. Prior to being presented by the Board of Directors to the General Assembly, the dividend distribution proposal is announced as a material event disclosure to shareholders and published on the Bank's website and e-GEM. The dividend distribution policy and the dividend distribution proposal for the relevant year are published in the Annual Report. There are no privileges concerning the distribution of dividends. Pursuant to the decision of the General Assembly held in March, no dividend is being paid for the year 2014.

### 2.6 Transfer of Shares

There is no provision in the Bank's Articles of Association restricting the transfer of shares. According to Article 8 of the Articles of Association, the transfer of shares is allowed in accordance with Turkish Commercial Code, Banking Law no.5411, Capital Market Law and the Articles of Association.

## PART III: PUBLIC DISCLOSURE AND TRANSPARENCY

### 3.1 Corporate Website and Contents

In accordance with the public disclosure and transparency principles of the Corporate Governance Principles, DenizBank has created an effective website which is updated periodically to provide timely, accurate, complete, comprehensible, easy to analyze, low-cost and accessible information. The Bank's web address is [www.denizbank.com](http://www.denizbank.com). The website, available in Turkish and English, contains all the information stipulated in CMB's Corporate Governance Principles.

The following information is available on the website:

- > Trade Registry and share information, shareholding and management structure,
- > The latest version of the Bank's Articles of Association, information about the changes,
- > Material event disclosures,
- > Press releases,
- > Annual reports and interim activity reports, financial reports,

- › Documents concerning securities issued,
- › General Assembly forms,
- › Information on the internal control system and risk management,
- › Curricula Vitae of the Board of Directors and the Executive Management team,
- › Policies,
- › Corporate Governance Principles Compliance Report,
- › List of social responsibility activities.

### 3.2 Annual Report

The Annual Report is published in sufficient detail to provide complete and accurate information about the Bank's operations, and in accordance with BRSA and CMB regulations. The Annual Report features all topics listed in the relevant regulations. Following its release on the Public Disclosure Platform, it is also published on the Bank's website.

## PART IV: STAKEHOLDERS

### 4.1 Informing Stakeholders

The rights earned through legislation and the reciprocal contracts of DenizBank's stakeholders (employees, clients, correspondent banks, entities participating in syndication loans, public agencies, borrowers, lenders, credit rating agencies, suppliers, the social environment, and other interest groups the Bank is in contact with) are protected by DenizBank. If these rights are violated, the injured party is compensated. Relationships with all stakeholders are maintained with respect to the Code of Ethics. Employee rights have been determined through the Bank's approach, and through its human resources policy, remuneration policy, employee, disciplinary, and other regulations. Stakeholders are provided with information related to the Bank within the framework of the disclosure policy and other in-house regulations. Stakeholders are regularly informed through General Assembly minutes; material event disclosures; press releases; internal bulletins; in-house announcements; "Team Spirit" magazine; emails to clients; announcements via SMS, the call center, web platforms and social media channels; annual and interim reports; financial reports; and all notifications made via the Bank website.

In addition, information is provided via meetings organized upon request and in written statements. Easy access to up-to-date information is facilitated by posting all the aforementioned information on the Bank's website.

Several mechanisms have been set up by which stakeholders can share complaints and suggestions regarding the Bank's activities and transactions with the management. While employees can use the suggestion system to share their wishes, requests, suggestions and complaints with the executive management, other stakeholders can share their requests and complaints with the Bank's management via the customer satisfaction system.

### 4.2 Stakeholder Participation in Management

To ensure optimum satisfaction while preserving the balance between customers, employees, shareholders and other stakeholders, the Bank strives to improve its product and service quality, and to fulfill the expectations of domestic and foreign customers. To this end, DenizBank acts in accordance with the "collective wisdom" concept and gears its systems towards continuous improvement.

Stakeholders can participate in the Bank's management by attending various committee meetings and the General Assembly, as well as by using the suggestion system and by exercising their right (as stated in Article 20 of the Articles of Association) to demand from the Chairman in writing the placing of an item on the agenda of the General Assembly meeting. Furthermore, as per Article 11 of the Articles of Association, minority shareholders may request in written form that the Board of Directors add an item to the agenda of the General Assembly through justifiable written requests prior to the creation of said agenda. Moreover, shareholders may request the Board of Directors to call for an Extraordinary General Assembly through justifiable written requests and create the agenda for discussion. Below is a list of systems that facilitate employee, customer and shareholder participation in management. The output of these systems is presented to the Executive Management after being analyzed by related departments.

#### Employees

- › Committees
- › Suggestion System

#### Customers

- › Customer Satisfaction System
- › Suggestion System

#### Shareholders

- › General Assembly
- › Board of Directors
- › Management Meetings

### 4.3 Human Resources Policy

General human resources policies designed for the Bank and its subsidiaries to perform their functions in the most effective fashion are based on the principles summarized below. These principles are posted as related procedures and processes on the Bank's website and intranet portal "DenizPortal" and are accessible by all members of staff.

**Respect for Individuals:** Recognizing that the first criterion for success is respect for the individual, and providing all employees, without discrimination, with the harmonious professional environment and physical means necessary for them to fully utilize and improve their abilities and skills.

**Transparency in Management:** Facilitating new ideas within the framework of mutual trust, understanding and communication; and problem solving through collective wisdom. Establishing and developing user-friendly technological systems that give employees the opportunity to communicate their demands, suggestions and opinions by further informing them on the applications that concern them.

**Opportunity for Training and Development:** Keeping in mind that the Bank's most valuable investment is the development of employees using every available training tool, as well as managing their careers in accordance with their accomplishments and competencies, and aiming to select the managers and directors of the future from among Bank employees.

**Fair and Reliable Remuneration Management:** Implementing a compensation management system that provides fair and reliable salaries and benefits that encourage and reward success and excellence in line with market and prevailing conditions.

Practices and attitudes related to matters such as hiring criteria, salaries, training and health, in accordance with the general approach adopted within the framework of the human resources policy, are documented through guidelines, procedures and policies, all of which are available to employees.

Announcements that are of interest to Bank employees are communicated over the intranet (DenizPortal) and by email. A Suggestion System was developed through which the employees can transmit all of their suggestions and opinions. Suggestions submitted through "I Have an Idea" on DenizPortal are evaluated and pre-assessed by the Organization Department. Suggestions deemed viable after the pre-assessment by the relevant group/ department are submitted to the Suggestions Committee. Evaluation and rewarding of relevant suggestions are carried out by the Suggestions Committee. The recording and follow-up of the suggestions chosen for implementation are coordinated by the Organization Department. Furthermore, all employee concerns and problems regarding working practices are evaluated by their supervisors and brought to the attention of the Executive Management, where necessary. There have been no complaints from employees regarding discrimination in the workplace.

We believe that development is the most important factor of our human resource policy, and we support the personal development and career path of every DenizBank Financial Services Group employee with a policy of equal opportunity. All related programs are carried out at Deniz Academy, with training needs analyzed. Modern training tools and methods like e-Deniz Academy, Deniz TV, mobile training and social media are used in training projects.

The Bank's employee remuneration policy was designed to establish the principles governing payroll and social benefits. The Remuneration Committee was established to audit and monitor pay policies and practices on behalf of the Board of Directors. Salaries, factors significant in determining increase rates, the performance based pay system and criteria used in assessments have been identified within the scope of the policy. The policy has been made available to employees via the website and intranet portal.

#### 4.4 Code of Ethics and Social Responsibility

DenizBank carries out its activities within the framework of the Banking Code of Ethics it has adapted and published on its corporate website. Taking and implementing management decisions necessary for compliance with the Banking

Code of Ethics published by The Banks Association of Turkey, constitute the basis of the activities. Furthermore, the Bank published the "DenizBank Compliance and Integrity Policy" in order to establish respect for laws and regulations, ensure trust among customers, employees and shareholders, and prevent misconduct and fraud.

In addition to contributing to the national economy through its financial activities, DenizBank supports projects designed to raise public awareness, mainly in the fields of education, culture and the arts and sports, in line with its social responsibility approach. DenizBank Financial Services Group's Corporate Social Responsibility has also been published on the website.

As part of its social responsibility activities, the Bank makes donations, supports projects, organizes cultural events and publishes works via DenizKültür.

The list of activities conducted to this end is presented on the Bank's website.

## PART V: BOARD OF DIRECTORS

### 5.1 Structure and Formation of the Board of Directors

The Annual Report includes the names and short biographies of the Bank's executive, non-executive and independent Board Members. The formation, duties, and responsibilities of the Bank's Board of Directors, as well as its meeting format, are described in detail in Articles 17, 18, 19, and 20 of the Articles of Association. The Board of Directors consists of 14 members, four independent members of which three are also the Members of the Audit Committee (as per Articles 4.3.6 of the CMB's Corporate Governance Principles, two are independent members), 11 are non-executive and three are executive members. In line with Article 17 of the Articles of Association, the duties of Chairman and CEO are performed by different individuals. The term of office for all members of the Board of Directors is defined within the scope of Article 18 of the Articles of Association as three years. A member whose term of office expires can be re-elected. There are no quantitative limits as to the Board Members' taking office in the Bank's subsidiaries. In order to ensure efficient management, in principle, Board Members are asked not to take up more than three duties beyond the Bank's subsidiaries. A "Statement of Independence" has been received from the independent members pursuant to Articles 4.3.6 of the CMB's Corporate Governance Principles to fulfill the criteria of independence.

Investigating the independence of the independent Board Members and identifying any conflicts of interests are among the duties and responsibilities of the Corporate Governance and Nomination Committee. Within the framework of the principles in force during the period of activity, there were no circumstances which could compromise the independence of the Board Members. In line with the revision of Communiqué criteria, the statements from independent Board Members were renewed in 2014 according to CMB principles.

One of the Bank's 13 Board members is female. According to the objective set by CMB's Corporate Governance Principles, Article 4.3.9, at least 25% of the members



need to be female, which corresponds to four women in DenizBank's case. Women account for 36% of the Bank's managers; the Bank is keen on attaining this objective concerning the Board of Directors.

## 5.2 Operating Principles of the Board of Directors

Principles and quorum for Board of Directors meetings have been established in Article 20 of the Articles of Association. Although the Articles of Association state that the Board of Directors should meet at least four times per year, the Board meets as frequently as required to fulfill its duties effectively. The Board of Directors is convened by the Chairman of the Board or by the Vice Chairman if the Chairman is not present. The agenda of the Board of Directors meetings consists of items arising from the duties and responsibilities of Board Members as stipulated in Article 19 of the Articles of Association, as well as members' requests, matters discussed at the weekly Executive Committee meetings and Committee resolutions. In line with shareholder rights, minority shareholders and stakeholders may demand that a certain subject be addressed at the Board of Directors meeting through a written request to the Chairman, and have it added to the agenda.

In the year 2015, the Board of Directors made 168 decisions.

It is essential that Board Members attend the meetings in person, although attendance is also permitted via any means of remote conferencing. Each Board Member has one vote, all votes are equal and no member or Chairman has the privileged or weighted power to vote or veto.

Board Members cannot vote at a meeting on a related party transaction concerning themselves.

The Chairman of the Board does his utmost to enable the participation of non-executive members at the meetings. The Chairman is responsible for ensuring that Board meeting invitations and discussions are conducted in accordance with procedures, and that decisions are recorded in the meeting minutes.

During the Board of Directors meetings, members who cast dissenting votes are required to sign the minutes along with a statement explaining the reason for their votes. Minutes of the meetings and related documents, as well as the related correspondence are archived on a regular basis. The manner in which the Board of Directors meetings are held is determined by in-house regulations. Information and documents related to the items on the agenda of the Board of Directors meetings are presented to Board Members for scrutiny by the Board Secretariat prior to the meeting in order to establish equal information flow. Members who cannot attend the meeting may submit their views in writing to the Board of Directors, and these opinions are shared with all other members. The compliance of the Bank's meeting minutes with legislation is ensured by the Board Secretariat, and a report is presented to authorized parties upon request. The duties of the Board Secretariat have been passed onto the Secretary General upon resolution of the Board of Directors. Decisions of the Board of Directors that are significant to stakeholders are made public via material event disclosures.

## 5.3 Number, Structure and Independence of Board Committees

In order for the duties and responsibilities of the Board of Directors to be carried out fully, the Board established the Audit Committee and the Corporate Governance and Nomination Committee in 2004 within the scope of CMB Corporate Governance Principles. In addition, in 2011, the Board of Directors established the Remuneration Committee to monitor and inspect remuneration practices on behalf of the Board of Directors in accordance with the "Regulation on the Banks' Corporate Governance Principles" of the Banking Regulation and Supervision Agency. The duties and operating principles of committees are posted on the Bank's website. Information about the committees reporting to the Board of Directors and on the executive committees providing information flow to the management is presented below.

### Committees Reporting to the Board of Directors

#### *Corporate Governance and Nomination Committee*

The Committee is responsible for monitoring the Bank's compliance with the Corporate Governance Principles. The Committee is composed of four members. Due to the fact that most of the tasks specified in the 11<sup>th</sup> Article of the Communiqué are carried out by our Bank's Investor Relations and Financial Communication Department; the Department Manager was appointed as the "Director of Investor Relations Department" and as a member to the Corporate Governance and Nomination Committee upon the Board of Directors decision dated June 20, 2014.

The qualifications of committee members are presented in the "Management" section of the report.

The Corporate Governance and Nomination Committee convene at least three times a year. It also convenes whenever else required in the performance of its duties. The procedures related to the structure, duties, authorities and responsibilities of the Corporate Governance and Nomination Committee have been determined, and its main activities are posted on the Bank's website. In 2015, Corporate Governance and Nomination Committee made nine decisions to recommend candidates to the Board of Directors as regards the appointment of executives. The nominated executives were appointed in line with the recommendations presented to the Board of Directors. The Committee has reviewed its operating principles during the meetings and made an effort to improve these through suggestions to the Board.

#### *Audit Committee*

The Audit Committee is responsible for overseeing the Bank's accounting system, financial information and its public disclosure, as well as taking all required measures to supervise the proper functioning and effectiveness of the internal control system. The Committee consists of three members. The qualifications of committee members are presented in the "Management" section of the report.

The Audit Committee convenes at least once every three months - at least four times a year. In addition, the Committee meets with the independent auditors of the Bank, separate from the executive units, at least four times a year to discuss issues regarding internal control, financial statements, internal audit and other important items that need to be discussed. The procedures regarding the structure, duties, authorities and responsibilities of the Audit Committee have been defined and its main activities are posted on the Bank's website. The Audit Committee's activities during the year 2014 can be found in the section entitled "Assessments of the Audit Committee" in the Annual Report.

#### *Remuneration Committee*

A Remuneration Committee was established on December 7, 2011, to monitor and inspect remuneration practices on behalf of the Board of Directors in accordance with the Regulation on the Banks' Corporate Governance Principles issued by the Banking Regulation and Supervision Agency.

The Committee evaluates remuneration policies and practices within the framework of risk management and reports its recommendations annually to the Board of Directors. The qualifications of the members of the Committee are presented in the section of "Management" of the report.

#### *Credit Committee*

The Credit Committee is in charge of evaluating proposals or applications regarding the commercial, corporate and SME loans of the Bank. The Committee convenes every week, assesses these proposals or applications, and approves, or rejects those within its limits of authority. The Committee submits those proposals or applications beyond its authority to the Board of Directors. The Committee consists of three full and two alternate members. The qualifications of the members of the Committee presented in the "Management" section of the report.

#### *Executive Committees*

##### *Management Board*

The DFSG Management Board is a committee operating under the authority of the CEO with powers delegated by the Board of Directors. The Management Board meets once a week under the chairmanship of the CEO. The Management Board consists of executive members of the Board of Directors, Executive Vice Presidents of executive business lines of the Bank and General Managers of subsidiaries. The Secretary General is a natural member of the Executive Committee without voting rights. The Management Board was established to prepare and provide information to the Board of Directors, and to evaluate, conclude and exchange ideas regarding certain strategic decisions. Upon accepting recommendations regarding subjects within the authorization limits of the CEO, the CEO along with the Executive Vice President of the relevant unit, or the General Manager of the relevant subsidiary proceeds to enact the change. Recommendations related to subjects within the authorization limits of the Board of Directors are presented to the Board of Directors by the CEO, and the decisions made are executed under the responsibility of the Board of Directors.

#### *Executive Committee*

The DenizBank Financial Services Group (DFSG) Executive Committee is a consultation body that operates within the framework of the responsibilities delegated to the CEO by the Board of Directors. The Executive Committee, in principle, meets at least once a month under the chairmanship of the CEO and consists of the Executive members of the Board, the Executive Vice Presidents of the Bank, General Managers and/or Board members of some of the subsidiaries. The Executive Committee aims to make timely and reliable decisions in accordance with the "collective wisdom" principle.

#### *Assets and Liabilities Committee*

The Assets and Liabilities Committee meets every week under the chairmanship of the CEO and with the participation of the Bank's Chief Economist and the managers of groups which conduct activities that can impact the balance sheet. The meeting agenda consists of the balance sheet of the Bank, activities of the business lines, general economic data and evaluation of current political and economic developments, along with the determination of the weekly assets and liabilities strategy.

#### *Executive Credit Risk Committee*

The Risk Committee meets once every three months to evaluate the effects of the market and economic developments that could create a risk for the loan portfolio of the Bank's business lines and subsidiaries; to pursue and assess non-performing loans; to monitor developments in the collection efforts for non-performing loans; and to evaluate reserve budgets.

#### *Disciplinary Committee*

The Disciplinary Committee identifies operations and behavior punishable under the Bank's regulations and disciplinary code, as well as the perpetrators, their degrees of fault, and the potential damages. The meetings are chaired by the Executive Vice President in charge of Human Resources. The Disciplinary Committee meets at least six times a year and whenever required, depending on the meeting call and creates its own agenda.

#### *Purchasing Committee*

The Purchasing Committee was established to centralize the wholesale and retail purchase transactions of the Bank according to appropriate price and quality criteria, and within the framework of DenizBank's procurement policy. The Committee meets at least once a month.

### *Communications Committee*

The Communications Committee was established to convey the Bank's corporate identity to its target audience via appropriate messaging, projects and mass media releases, while reinforcing and supporting the image of the Bank. The Communications Committee meets once every three months. The resulting ideas and recommendations are presented to the Management Board for consideration.

### *Idea Proposal Committee*

The Promotions Committee is responsible for evaluating and making final decisions concerning promotional movements of all DenizBank Financial Services Group employees. The Promotions Committee meets four times in a year, in February, May, August and November under the chairmanship of the CEO, and with the participation of all Executive Committee members.

### *Suggestions Committee*

The Suggestions Committee is responsible for the evaluation and compensation of the suggestions submitted by DFSG employees through the My World/I Have an Idea menu on DenizPortal. The Suggestions Committee is formed under the coordination of the Organization Department. Committee members consist of the representatives of business lines, the Human Resources Department, Intertech, the Service Quality Department and the Organization Department.

## 5.4 Risk Management and Internal Control Mechanism

The Board of Directors has established the risk management and internal control systems designed to minimize the risks that could affect shareholders and stakeholders; and the Annual Report includes detailed information on the functioning, management, authority, responsibilities and efficiency of the system. The Bank's Internal Control mechanism is managed by the Internal Control Center and Compliance Department, and by the Internal Audit Department. The Board of Directors monitors the efficiency of risk management and internal control systems via quarterly analyses and reports prepared by the Audit Committee. The Annual Report's section on the assessment of the Audit Committee provides further information on this issue.

## 5.5 The Company's Strategic Objectives

The Board of Directors administers and represents the Company by making strategic decisions that prioritize the long term interests of the Company, through a rational and prudent risk management approach designed to strike the optimum balance between the Bank's risk, growth and returns. To this end, the Board of Directors sets the Bank's strategic objectives, identifies the human and financial resources it will necessitate, monitors the planning of the organization and operations geared towards this goal, and audits the management's performance in line with defined targets. During the implementation of the strategy, the Board oversees the compliance of the Bank's operations with legislation, the Articles of Association, in-house regulations and policies.

The Company's Strategic Objectives have been approved by the Board of Directors. The strategic objectives and the actual degree of completion of the business plans and budgets designed to meet these objectives are periodically monitored and reported through a robust infrastructural system.

## 5.6 Remuneration

DenizBank publishes on the corporate website its Remuneration Policy, approved by the Board of Directors and established to set the principles of payroll and social benefits. Principles regarding the performance-based evaluation and remuneration of members of the Board of Directors, executive managers, the second-level managers of DenizBank, and second-level managers of subsidiaries are defined in the Remuneration Policy. Members of the Management Board (Executive Members of the Board of Directors and Vice Presidents) receive bonuses based on performance. The Chairman, Vice Chairman, and Board Members are paid an attendance fee determined by the General Assembly. Board members residing in Turkey were paid a gross monthly sum of TL 10,000. As part of managers' bonus payments GM Premiums and the PUPA Premium system, performance based premium payment of approximately 2.60 monthly salaries were made to DFSG personnel in 2015.

## INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE AND RISK MANAGEMENT SYSTEMS

At DenizBank, the activities, duties, and responsibilities of the internal audit, internal control, compliance and risk management functions have been separated. The Internal Audit Department, Internal Control Center and Compliance Department, and Risk Management Group perform these respective activities under the supervision of a member of the Board of Directors, who is also a member of the Audit Committee, pursuant to internationally accepted audit standards, domestic laws, rules and regulations, as well as the needs of the Bank and the Group.

### Internal Control Center and Compliance Department

Reporting directly to the Board of Directors and Audit Committee, the Internal Control Center and Compliance Department is charged with making sure that the Group's activities are carried out efficiently and productively in compliance with national laws and in-house regulations; reducing operational and other risks; and ensuring the reliability and integration of accounting, financial reporting and IT systems.

The internal control and compliance efforts consist of control and reporting related activities performed independently at specified intervals by internal control and compliance employees at the Head Office and/or at branches, in order to assess the compliance, adequacy and efficiency of the Bank's operations.

The units are also responsible for ensuring coordination with domestic and foreign subsidiaries regarding internal control and compliance and routine report flow.

The Internal Control Center and Compliance Department has two SVPs who report to the Head of the Department, and an 88 strong workforce dispersed across 10 units as of end-2015, pursuant to national laws, rules, regulations, communiqués, as well as in-house bylaws. Once every three months, the Audit Committee is informed about the activities, agenda and organization of the Internal Control Center and Compliance Department.

### Internal Control Activities

The Financial and Official Control Department carries out the analysis and control of activities that have an impact on the Bank's profits and losses in terms of accounting, transaction and customer. Additionally, the Department controls the reports prepared by various departments to be sent to public agencies such as the Banking Regulation and Supervision Agency, the Central Bank of Turkey and the Savings Deposit Insurance Fund.

The Branches Internal Control Department I and II produces six-monthly control plans with a risk management focus and carries out control efforts related to all business lines across the branches. By way of branch visits, the Branches Internal Control Department controls the compliance of transactions with applicable laws, rules and in-house regulations, searches for any deficiencies in the internal control function, shares its findings with the relevant branches and business lines, and follows up future developments. In line with the 2015 control plan, the Bank completed a total of 636 controls, of which 609 controls were at the branch level, 20 controls were at subsidiaries and seven controls were at the Head Quarters/process level.

The Basic Controls and Support Department organizes the processes of reporting and coordination inside the Internal Control Center and Compliance Department, and executes the performance of administrative and organizational duties, the management of the Bank's support services processes and the assistance of the Consumer Affairs Coordinating Officer. The controls of subsidiaries are executed by the Basic Controls and Support Department and the Branches Internal Control Department II. In 2015, 20 on-site controls were conducted at the Bank's subsidiaries.

In accordance with the type of control planned at each branch, the Central Controls Department carries out centralized controls related to possible abuses and transactions at the Private Banking Centers.

The Fund Management Internal Control Department is charged with controlling transactions conducted by Fund Management and relevant operational departments, in financial and operational terms.

The Control Assessment and IT Control Department carries out information technology controls over IT activities that support the Bank's operations, communication channels, IT systems, and IT security policies. The Department also oversees the harmony between IT security policies, standards and guides in line with the COBIT framework. In 2015, 7,841 DenizBank employees received Information Security Awareness (e-learning) training.

Finally, the Loans and Credit Cards Control Department performs periodic controls to ensure that the loan and credit card payment transactions undertaken by the Bank are in compliance with applicable laws, rules, regulations and the Bank's internal procedures.

### Compliance Activities

In 2015, the Compliance Group fulfilled its duties via the following departments:

- › Corporate Compliance Department, and
- › Anti-Money Laundering Department.

The Corporate Compliance Department is responsible for setting basic compliance rules; overseeing the coordination of compliance risk management; ensuring compliance with the Group standards and local rules and regulations; organizing compliance-related information

flow and reporting procedures among the subsidiaries; and integrating DenizBank subsidiaries within the current Corporate Compliance system. In 2015, 294 Bank employees received a total of 667 hours of classroom training while 494 personnel participated in e-learning seminars on these topics.

The Anti-Money Laundering Department's duties include monitoring customer transactions within the scope of Law No. 5549 on the Prevention of the Laundering Proceeds of Crime and Law No. 6415 and related regulations on the Prevention of the Financing of Terrorism; giving its opinion on or approval for transactions concerning risk-bearing sectors and countries; controlling correspondent banks; identifying and monitoring suspicious transactions; reporting suspicious transactions to the public authorities; and organizing classroom and online training seminars among Bank personnel on the Prevention of Laundering Proceeds of Crime and Financing of Terrorism. In 2015, 1,189 Bank employees received classroom training on these topics while 7,317 participated in e-learning seminars, with a total average duration of three hours.

### Internal Audit Department

The auditors of the Internal Audit Department inspect the level of compliance of the Bank's operations with legal requirements, the Articles of Association, in-house regulations and banking principles. The promotion of auditors is based on examination results and job performance. Recruited after a very rigorous selection process followed by an intensive training program, internal auditors conduct their work in an impartial, independent and meticulous fashion, in line with their professional code of ethics. Additionally, the Internal Audit Department also actively informs and trains Bank personnel. In 2015, the Internal Audit Department staff administered 643 hours of training to 2,094 employees. As of year-end 2015, Internal Audit Department operates with 112 staff members. The Internal Audit Department performs its functions under the following five organizational categories:

#### 1-Audits of Head Office Processes and Subsidiaries

The Department audits the processes of Head Office units, and the processes and activities of domestic and foreign subsidiaries in accordance with applicable laws, rules and regulations. Additionally, the Department monitors its findings in line with an action plan, and analyzes relevant processes. Thirty-eight such audits were performed in 2015.

#### 2-Branch Audits

The Department conducts risk assessments of the branches, prepares annual branch audit plans, audits branch activities, and shares the findings with relevant branches and Head Office departments. In 2015, 432 branches and eight regional directorates were audited in accordance with the audit plan.

#### 3-Investigations and Inquiries

The Department makes investigations and inquiries in accordance with Internal Audit regulations, prospectus, the Bank's internal rules and legal requirements; prepares reports; and monitors the cases. Additionally, the Department provides training for employees in the early detection and prevention of misconduct. In 2015, 989 Bank employees received 198 hours of training in this area.

#### 4-Audit of Information Systems Processes

The Department conducts audits to ensure that DFSG's IT systems processes are structured to support the Bank's policies, and are managed in compliance with applicable laws and regulations. In 2015, the Department conducted 17 audits of this type.

#### 5-Audit Management Office

The Department's activities include making necessary plans and arrangements regarding all of DFSG's internal audit activities; contributing to the identification of the best audit tools and methods; generating relevant reports; preparing operational procedures; and updating existing procedures under the supervision of the Head of Internal Audit.

### Risk Management Group

The Risk Management Group carries out comprehensive risk management efforts which play a critical role in the formulation of DenizBank's operational strategies. The Group is responsible for creating, auditing and reporting necessary policies and procedures to identify, measure, analyze and monitor risks, which are primarily real or potential risks including the risk/return ratio of cash flows. These policies and procedures follow the principles set by the Bank's executive management and the Risk Management Group and are approved by the Board of Directors.

Depending on the type of process involved, the Risk Management Group works in collaboration with the Audit Committee, Assets and Liabilities Committee, Credit Committee, Risk Committee, as well as the Internal Control Center and Compliance Department, and the Internal Audit Department regarding both policies and practices.

- › The Risk Management Group periodically reports risk analyses to the Audit Committee and the Assets and Liabilities Committee to provide guidance in setting and monitoring risk limits and developing risk management strategies.
- › Monitoring, analysis, assessment and modeling of credit risk are conducted, based on credit type, by the credit allocation departments of the related groups, namely the Credit Committee, Risk Committee and Risk Management Group. Results pertaining to credit risk are reported to the Board of Directors.
- › While each business unit is responsible for managing its own operational risk, the Risk Management Group sets policies and monitors and reports activities in coordination with the Internal Control Center and Compliance Department, and the Internal Audit Department. Assessments are performed by the Risk Committee and the Audit Committee.

Risk management policies consist of risk identification measurement and management processes. DenizBank conducts its banking activities by strictly adhering to risk management policies that aim to analyze risks and manage them within acceptable limits. Adopting this approach as a core operating principle throughout the organization, the Bank also develops systems that comply with Basel II, and other guiding international risk management principles.

Risk Management policies are based on the following types of risk:

- › Market Risk,
- › Basel II/Credit Risk,
- › Liquidity Risk,
- › Operational Risk, and
- › Structural Interest Rate Risk.

### Market Risk

The Bank conducts activities in the money and capital markets in accordance with its risk policies and limits. DenizBank measures market risk using the internationally accepted Value at Risk (VaR) method, which is known for its dynamic structure that adapts easily to changing market conditions. VaR quantifies the loss of value that the portfolio of the Bank and its financial subsidiaries might sustain at a given time and confidence interval as a result of fluctuations in risk factors. VaR analyses are supported by scenario analyses and stress tests. This method allows for adaptation to changing market conditions when the risk level is determined. The reliability of the model used in calculating VaR is periodically tested through back testing. The Bank has formulated risk policies and has established risk based limits with regards to its money and capital market trading activities.

### Basel II/Credit Risk

In line with BRSB's regulations on Basel II, the Risk Management Group oversees the calculation of legal credit risk weighted assets in the First Structural Block in coordination with the Financial Affairs Group. With regard to the Second Structural Block, the Bank calculates the annual general stress test in accordance with its plans and scenarios; meanwhile, the Internal Capital Assessment Process Report is prepared by Bank management in coordination with other departments. In order to ensure compliance with Basel II credit risk internal assessment methods, the Group participates in the development of the necessary credit risk models and coordinates efforts to integrate these with the data systems infrastructure. The Group is also charged with the quality control and reporting of the credit levels yielded by the current internal credit assessment models.

### Liquidity Risk

Liquidity adequacy is monitored within defined limits to ensure that the Bank has sufficient liquidity and reserves under any market or operating conditions. While analyzing liquidity adequacy, any negative developments that may arise as a result of a change in market conditions or customer behavior are taken into account. The adequacy of existing liquidity and reserve opportunities are tested against these worst-case scenarios.

### Operational Risk

All events that bear operational risk for the Bank and its subsidiaries are recorded in a manner that captures the causes and impacts of the events, collections and measures taken to prevent their repeat occurrence. Events that are frequent or significant are discussed by the Internal Control Center, the Internal Audit Department and the relevant department, and corrective/preventive measures are put into practice. Potential operational risk is assessed by means of Risk and Control Self-Assessment. The adequacy of current measures is reviewed during this study and new measures are implemented when deemed necessary. Additionally, the coordination of the Business Continuity Program is kept up to date and testing of same is undertaken to ensure its effectiveness.

### Structural Interest Rate Risk

DenizBank monitors the structural interest rate risk exposure due to the Bank's balance sheet structure by using advanced models, and controls assumed risks through defined limits. The Bank conducts interest sensitivity analyses to measure the impact of the Bank's maturity mismatch on net present value and income. The structural interest rate risk exposure due to the Bank's balance sheet structure is monitored by using advanced models, and assumed risks are controlled through defined limits.

## ASSESSMENTS OF THE AUDIT COMMITTEE

Reporting to the Board of Directors, the Bank's Audit Committee functions in accordance with Banking Law No. 5411 and the Regulation on Internal Systems. The Audit Committee meets periodically on behalf of the Board of Directors and sets the Bank's audit policies.

The Audit Committee is responsible for taking all the steps necessary to oversee the audit and public disclosure of the Bank's accounting system and financial data, as well as the functioning and effectiveness of its internal control, compliance, and risk management systems.

The Audit Committee receives quarterly reports from the control units (i.e. internal audit, internal control, compliance and risk management) in order to evaluate the adequacy of the methods for the identification, control and monitoring of risks that the Bank is exposed to, and to report its findings to the Board of Directors. Furthermore, the Audit Committee submits its opinions and recommendations on significant matters to the Board of Directors.

In line with the four meetings it held in 2015 and the activities it conducted as part of its responsibilities, the Audit Committee took the following actions:

The Audit Committee audited the Bank's financial statements and notes for year-end 2014 and the first, second and third quarters of 2015 for compliance with the Bank's accounting principles and international accounting standards, as well as to confirm the accuracy of the information used. The results were reported to the Board of Directors along with the Audit Committee's own assessments. The Committee reviewed the Internal Audit Plan for 2015 and submitted it to the Board of Directors for approval. The Committee also assessed and approved the quarterly reports of the Internal Audit, Internal Control and Compliance, and Risk Management units. The Committee inspected the performance and objectivity of the independent external auditors and monitored their work at all stages.

The Committee also performed a risk assessment related to the support services to be received by the Bank, and submitted its assessments and the risk management program in a report to the Board of Directors, complete with a list of these service providers.

The 2015 activities of the groups that report to the Audit Committee were as follows:

### Internal Audit Department

Reporting directly to the Board of Directors, the Internal Audit Department is charged with ensuring that internal audit activities are in line with applicable laws, rules and regulations and the Bank's strategies, policies, principles and targets. The Internal Audit Department oversees the efficiency and adequacy of internal control and risk management systems, and makes a risk assessment of the operations of the Bank and its subsidiaries. Efforts to efficiently manage operational risk account for a large portion of the audit activity. In 2015, the Internal Audit Department also successfully audited the financial and IT systems of the Bank's entire domestic and overseas business lines and subsidiaries, both from the Head Office and on-site.

Operating with a 112 strong workforce, DenizBank's Internal Audit Department fulfills its responsibilities in an impartial and independent manner, and reports its findings to the Audit Committee. Aiming to establish a proactive audit structure, the Internal Audit Department runs its audit operations largely based on the results of risk assessments. The Department completed all activities listed in the 2015 Annual Audit Plan as scheduled. In addition to such pre-planned audit activities, in 2015 the Department also carried out investigations and inquiries, participated in various projects and provided a range of consultancy services requested by the Bank's executive management, when deemed necessary.

### Internal Control Center and Compliance Department

Reporting directly to the Audit Committee, the Internal Control Center and Compliance Department carried out its 2015 activities with a staff of 88 employees. The Internal Control Center performed central and on-site controls of the branches, Head Office units and subsidiaries through the Bank's own internal control and reporting software. Subsequently, the Center shared the findings of these controls with the relevant business lines and managers, and monitored the actions taken. Classroom and web-based training seminars including examination were held for all employees of the Bank and its subsidiaries on the prevention of money laundering and the financing of terrorism, the reinforcement of the compliance culture and IT security.

Via the Bank's internal tracking software, the Department performed controls pertaining to the laundering proceeds of crime and financing of terrorism, monitored relevant national and international legislation, and took measures necessary for compliance.

In line with relevant BRSA regulations, the Department monitored, updated and tested processes related to the Management Declaration.

The Department also monitored the application of risk management policies and principles across the Bank.

### Risk Management Group

The Risk Management Group is responsible for creating and measuring risks and defining and implementing risk policies and procedures, as well as analyzing, monitoring, reporting, investigating, confirming and auditing risks, in line with the principles set jointly by the Bank's executive management and the Risk Management Group, and approved by the Board of Directors.

The Risk Management Group had 19 employees as of December 31, 2015.

The Risk Management Group's Market and Interest Rate Risk Department measures market risk, continually upgrades the analyses and methods utilized, oversees compliance with risk tolerance as defined by the Board of Directors, and reports to the relevant units, executive management and the Audit Committee. While analyzing the possible effects of market fluctuations on the Bank's balance sheet and income statement, and setting in-house risk policies, the Risk Management Group takes into account legal limitations and regulations, best practices, and the Bank's own requirements. The Board of Directors has also defined the Bank's risk tolerance for market and interest rate risk and associated it with shareholders' equity. DenizBank has formulated market risk policies, established market risk limits and a portfolio structure in line with Sberbank Group's approach.

The Credit Risk Control and Risk Models Validation Department coordinates the Bank's Basel II compliance processes and generates the internal risk reports. Basel II compliance efforts include:

1. Structural blocks within the framework of legal reporting data systems infrastructure creation and development processes,
2. Structural blocks within the framework of the Bank's plans and scenarios according to the annual general Stress Test Calculation and the annual Internal Capital Assessment Process reporting. The Department also undertakes the internal rating based models and their suitability for the purpose and control of the proper usage together with the validation related to the process.

Operational risk events are regularly recorded by the Operational Risk Management Department. Relatively high impact events are defined and related measures are followed. The Operational Risk Department coordinates the business continuity plan developed against any business interruption risk of the Bank. Business Continuity Plans are regularly updated, tested and preventive measures are taken. Certain regulations and policies are developed at DenizBank in accordance with Sberbank Group standards: operational risk policy, internal regulation on data loss recovery, scenario analysis and self-assessment regulations. The Bank's Business Continuity Program is coordinated to cover potentially significant operational risks.

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

**WOUTER VAN ROSTE**  
Board Member and  
Audit Committee  
Member

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



## INDEPENDENT AUDITOR REPORT ON THE ANNUAL REPORT



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(CONVENIENCE TRANSLATION OF A REPORT ORIGINALLY ISSUED IN TURKISH)

### INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Board of Directors of Denizbank A.Ş.

#### Report on the Audit of the Annual Report of the Board of Directors in Accordance with the Independent Auditing Standards

We have audited the annual report of Denizbank A.Ş. ("the Bank") and its consolidated subsidiaries (together will be referred as "the Group") as at December 31, 2015.

#### *Responsibility of the Bank's Board of Directors*

In accordance with Article 514 of the Turkish Commercial Code (TCC) no.6102 and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006, the Bank management is responsible for the preparation and fair presentation of annual report consistent with the consolidated and unconsolidated financial statements prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation; "BRSA Accounting and Reporting Legislation" ("consolidated and unconsolidated financial statements") and for the internal control considered for the preparation of a report of such quality.

#### *Independent Auditor's responsibility*

Our responsibility is to express an opinion based on the independent audit we performed on the Bank's annual report, in accordance with the Article 397 of TCC and "Communique on Independent Audit of Banks" published in the Official Gazette no.29314 dated 2 April 2015 on whether the financial information provided in this annual report is presented fairly and consistent with the Bank's consolidated and unconsolidated financial statements there on which auditor's report dated February 18, 2016 has been issued.

We conducted our audit in accordance Independent Standards of Auditing ("ISA") which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). These standards require compliance with ethical requirements the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report is free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

An independent audit involves performing audit procedures to obtain audit evidence about the historical financial information. The procedures selected depend on the independent auditor's professional judgment.

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 financial information provided in the annual report of the Board of Directors is presented fairly and consistent with the audited consolidated and unconsolidated financial statements in all material respects.

#### *Report on other responsibilities arising from regulatory requirements*

In accordance with paragraph 3 of Article 402 of the Turkish Commercial Code, within the framework of the Independent Auditing Standards 570 "Going Concern", no material uncertainty has come to our attention to be disclosed which causes us to believe that the Bank will not be able to continue as a going concern in the foreseeable future.

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

Fatma Ebru Yücel, SMMM  
Partner

İstanbul, February 25, 2016

## FIVE-YEAR SUMMARY FINANCIAL HIGHLIGHTS

Summary Consolidated Financial Highlights (TL million)					
	2015	2014	2013	2012	2011
Securities <sup>(1)</sup>	13,381	11,664	7,601	8,656	5,544
Net Loans <sup>(2)</sup>	77,705	64,564	56,466	38,801	30,947
Total Assets	112,886	94,403	79,668	56,495	44,756
Customer Deposits <sup>(3)</sup>	71,204	61,831	49,702	34,985	26,499
Time	56,949	50,462	39,091	27,950	22,357
Demand	14,255	11,369	10,611	7,035	4,142
Borrowings <sup>(4)</sup>	11,257	7,889	10,018	6,019	6,438
Securities Issued <sup>(4)</sup>	3,086	3,393	2,587	1,753	1,583
Sub-ordinated Loans	4,846	3,923	2,354	888	939
Shareholders' Equity	8,294	7,161	6,088	5,665	4,641
Paid-in Capital	1,816	716	716	716	716
Non-cash Loans	24,444	20,452	18,416	12,381	10,111
Interest Income	8,395	7,080	5,454	4,806	3,536
Interest Expense	-4,311	-3,453	-2,443	-2,337	-1,655
Net Interest Income after Provisions	2,723	2,675	1,983	1,742	1,428
Non-interest Income	1,439	1,276	1,612	952	989
Non-interest Expense	-3,019	-2,736	-2,327	-1,739	-1,500
Profit from Investments accounted under equity method	0	0	0	0	0
Net Profit/Loss from Discontinued Operations	0	0	0	0	343
Net Income	859	939	1,011	720	1,061

	2015	2014	2013	2012	2011
Number of Branches <sup>(5)</sup>	735	758	713	624	600
Number of Employees	14,853	14,979	14,413	11,618	10,826
Number of ATMs	4,355	3,989	3,749	3,180	2,370
Number of POS Terminals	200,020	191,148	185,980	122,567	110,324
Number of Credit Cards	3,284,266	3,098,579	2,717,839	2,191,590	1,966,602

All financial figures presented in this table are extracts from the audited consolidated financial statements prepared in accordance with accounting and valuation standards as described in the "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents," dated 1 November 2006, which is published in the Official Gazette No. 26333, Turkish Accounting Standards and Turkish Financial Reporting Standards.

<sup>(1)</sup> Sum of financial assets at fair value through profit or loss (excluding trading purpose derivatives), investment securities available for sale and investment securities held to maturity.

<sup>(2)</sup> Includes factoring and leasing receivables.

<sup>(3)</sup> Excludes bank deposits.

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

<sup>(5)</sup> Includes subsidiaries' branches.

Summary Unconsolidated Financial Highlights (TL million)					
	2015	2014	2013	2012	2011
Securities <sup>(1)</sup>	11,790	9,822	6,135	7,392	5,193
Net Loans	51,349	43,096	38,637	28,191	22,422
Total Assets	84,221	70,931	60,555	44,198	35,983
Customer Deposits <sup>(2)</sup>	45,117	41,552	34,328	25,807	18,896
Time	36,751	34,188	26,939	20,816	15,795
Demand	8,366	7,364	7,389	4,991	3,101
Borrowings	10,699	7,508	9,123	5,398	6,520
Securities Issued	1,259	1,622	1,371	772	411
Sub-ordinated Loans	4,846	3,923	2,354	888	939
Shareholders' Equity	8,269	7,139	6,043	5,030	3,951
Paid-in Capital	1,816	716	716	716	716
Non-cash Loans	24,275	20,422	18,326	12,106	9,745
Interest Income	6,805	5,744	4,515	4,095	3,071
Interest Expense	-3,651	-2,838	-2,007	-1,953	-1,390
Net Interest Income after Provisions	1,936	2,019	1,540	1,476	1,251
Non-interest Income	1,122	1,072	1,092	1,131	771
Non-interest Expense	-2,715	-2,509	-2,069	-1,614	-1,385
Profit from Investments accounted under equity method	528	550	353	0	0
Net Profit/Loss from Discontinued Operations	0	0	34	0	388
Net Income	763	989	790	813	874

	2015	2014	2013	2012	2011
Number of Branches	692	716	689	610	588
Number of Employees	12,923	13,187	12,822	10,280	9,772
Number of ATMs	4,355	3,989	3,749	3,180	2,370
Number of POS Terminals	200,020	191,148	185,980	122,567	110,324
Number of Credit Cards	3,284,266	3,098,579	2,717,839	2,191,590	1,966,602

All financial figures presented in this table are extracts from the audited unconsolidated financial statements prepared in accordance with accounting and valuation standards as described in the "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents," dated 1 November 2006, which is published in the Official Gazette No. 26333, Turkish Accounting Standards and Turkish Financial Reporting Standards.

<sup>(1)</sup> Sum of financial assets at fair value through profit or loss (excluding trading purpose derivatives), investment securities available for sale and investment securities held to maturity.

<sup>(2)</sup> Excludes bank deposits.

## ASSESSMENT OF FINANCIAL POSITION

Shareholders' Equity and Capital Adequacy (TL millions)						
	Consolidated			Unconsolidated		
	2015	2014	2013	2015	2014	2013
Capital Adequacy Ratio (%)	12.93	12.87	12.13	16.07	14.09	12.83
Shareholders' Equity	8,294	7,161	6,088	8,269	7,139	6,043
Return on Average Equity (%)	11.1	14.2	17.2	9.9	15.0	14.3
Free Capital <sup>(1)</sup>	6,164	5,397	4,604	2,587	2,623	2,066
Free Capital Ratio (%) <sup>(2)</sup>	5.46	5.72	5.78	3.07	3.70	3.41

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

<sup>(2)</sup> Free Capital Ratio = Free Capital / Total Assets.

Asset Quality						
	Consolidated			Unconsolidated		
	2015	2014	2013	2015	2014	2013
Non-performing Loans/Total Cash Loans Ratio (%)	4.0	3.0	2.8	5.0	3.8	3.5
Non-performing Loans Provision Ratio (%)	103.1	112.4	120.3	109.9	120.0	128.0
Loan Loss Provisions/Total Cash Loans Ratio (%)	4.1	3.4	3.4	5.5	4.6	4.5
Cost of Risk (%)	1.4	1.1	1.5	1.5	1.5	2.0

## CAPITAL MARKET INSTRUMENTS ISSUED BY DENİZBANK

Funding	Amount- TL	Maturity	Issue Date	Maturity Date
Bill	55,000,000	107 days	January 7, 2015	April 24, 2015
Bill	60,000,000	177 days	January 7, 2015	July 3, 2015
Bill	100,000,000	116 days	February 16, 2015	June 12, 2015
Bill	50,000,000	90 days	March 6, 2015	June 4, 2015
Bill	56,000,000	175 days	March 6, 2015	August 28, 2015
Bill	60,000,000	84 days	March 27, 2015	June 19, 2015
Bill	140,000,000	175 days	March 27, 2015	September 18, 2015
Bill	65,000,000	105 days	April 10, 2015	July 24, 2015
Bill	57,637,900	70 days	April 24, 2015	July 3, 2015
Bill	42,362,100	175 days	April 24, 2015	October 16, 2015
Bill	40,000,000	175 days	April 24, 2015	October 16, 2015
Bill	10,000,000	65 days	May 20, 2015	July 24, 2015
Bill	54,000,000	140 days	May 20, 2015	October 7, 2015
Bill	127,485,281	91 days	May 29, 2015	August 28, 2015
Bill	20,217,725	140 days	May 29, 2015	October 16, 2015
Bill	50,000,000	125 days	June 4, 2015	October 7, 2015
Bill	80,000,000	70 days	June 12, 2015	August 21, 2015
Bill	26,000,000	84 days	June 26, 2015	September 18, 2015
Bill	85,000,000	105 days	July 3, 2015	October 16, 2015
Bill	15,000,000	147 days	July 3, 2015	November 27, 2015
Bill	5,000,000	75 days	July 24, 2015	October 7, 2015
Bill	50,000,000	75 days	August 21, 2015	November 13, 2015
Bill	150,000,000	91 days	August 28, 2015	November 27, 2015
Bill	50,000,000	154 days	August 28, 2015	January 29, 2016
Bill	175,000,000	82 days	September 18, 2015	December 09, 2015
Bill	100,000,000	100 days	October 7, 2015	January 15, 2016
Bill	133,000,000	91 days	October 15, 2015	January 15, 2016
Bill	67,000,000	175 days	October 15, 2015	April 08, 2016
Bill	50,000,000	119 days	November 13, 2015	March 11, 2016
Bill	130,000,000	105 days	November 27, 2015	March 11, 2016
Bill	70,000,000	175 days	November 27, 2015	May 20, 2016
Bill	176,000,000	107 days	December 9, 2015	Mar 25, 2016
<b>TOTAL-Bills-Bonds</b>	<b>2,349,703,006</b>			

## DENİZBANK RATINGS BY INTERNATIONAL RATING AGENCIES

### Moody's\*

Outlook	Negative
Long Term Foreign Currency Deposits	Ba2
Short Term Foreign Currency Deposits	Not Prime
Long Term Local Currency Deposits	Ba2
Short Term Local Currency Deposits	Not Prime
Baseline Credit Assessment (BCA)	ba3

\*As of 27.02.2015.

### Fitch Ratings\*\*

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

\*\*As of 26.03.2015.



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







**I. INDEPENDENT AUDITOR'S REPORT**

**II. PUBLICLY DISCLOSED UNCONSOLIDATED FINANCIAL REPORT**



Güney Bağımsız Denetim ve  
SMMM AŞ  
Eski Büyükdere Cad.  
Orjin Maslak No. 27  
Maslak, Şişli 34398  
İstanbul-Türkiye

Tel : +90 212 315 30 00  
Fax: +90 212 230 82 91  
ey.com  
Ticaret Sicil No : 479920-427502

(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 Unconsolidated Financial Statements

We have audited the accompanying unconsolidated balance sheet of Denizbank A.Ş. ("the Bank") as at 31 December 2015 and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated 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 unconsolidated 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 unconsolidated financial statements based on our audit. We conducted our audit in accordance with communique "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 unconsolidated financial statements. The procedures selected depend on the independent auditor's professional judgment, including the assessment of risks of material misstatement of the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements presents fairly, in all material respects, the financial position of Denizbank A.Ş. 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 unconsolidated 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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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



Istanbul, 18 February 2016

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

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

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

Website of the Bank  
www.denizbank.com

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

The unconsolidated 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 BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- DISCLOSURES ON ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITOR'S REPORT

The unconsolidated 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 unconsolidated 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



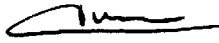
**HAKAN ATEŞ**  
Member of Board of Directors  
and President and Chief  
Executive Officer



**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:  
Name/Title: İmge İhtiyar / Department Head, International Reporting Department  
Tel No: 0 212 348 5997  
Fax No: 0 212 336 6186

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**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2015**  
(Currency: Thousands of TL - Turkish Lira)

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

**SECTION ONE**  
**GENERAL INFORMATION**

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

Denizbank A.Ş. ("the Bank") was established as a public bank to provide financing services to the marine sector in 1938. In 1992, as a result of the resolution of the Government to merge some public banks, the Bank was merged to Emlakbank. Following the resolution of the High Council of Privatization numbered 97/5 and dated 20 March 1997 to privatize 100% of shares of Denizbank A.Ş., share sale agreement between Zorlu Holding A.Ş. and the Privatization Administration was signed on 29 May 1997 and the Bank started its activities on 25 August 1997 upon obtaining a permission to operate. Bank's shares have been quoted on Borsa Istanbul ("BIST") since 1 October 2004. 0,15% of the Bank's shares are publicly held as of 31 December 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 the Bank shares representing 99,85% of the Bank's capital. The transaction covers the 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 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 Bank directly or indirectly, and if exists, changes on these issues and the Group that the Bank belongs to**

**Current Period**

Name of the Shareholder	Amount (Full TL)	Share (%)
Sberbank of Russia	1.813.422.610	99,85
Publicly traded	2.677.304	0,15
Others shareholders	86	-
<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**

Name of the Shareholder	Amount (Full TL)	Share (%)
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>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2015**  
(Currency: Thousands of TL - Turkish Lira)

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

**III. Explanations regarding the chairman and the members of board of directors, audit committee, general manager and assistants and shares of the 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 Arıboğan	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.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2015**  
(Currency: Thousands of TL - Turkish Lira)

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

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

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

None.



# DENİZBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

### AS OF 31 DECEMBER 2015

(Currency: Thousands of TL - Turkish Lira)

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

## SECTION TWO

### UNCONSOLIDATED FINANCIAL STATEMENTS

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

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

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

ASSETS	Footnotes	CURRENT PERIOD (31/12/2015)			RESTATE PRIOR PERIOD (31/12/2014)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.a)	1.195.116	9.564.027	10.759.143	839.620	8.561.060	9.400.680
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.b)	893.753	222.827	1.116.580	286.645	776.340	1.062.985
2.1 Financial Assets Held For Trading		893.753	222.827	1.116.580	286.645	776.340	1.062.985
2.1.1 Public Sector Debt Securities		14.144	8.481	22.625	102.912	5.616	108.528
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Positive Value of Trading Purpose Derivatives		879.090	213.782	1.092.872	183.303	770.724	954.027
2.1.4 Other Securities		519	564	1.083	430	-	430
2.2 Financial Assets Designated at Fair Value		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Securities		-	-	-	-	-	-
III. BANKS	(5.1.c)	21.592	2.198.964	2.220.556	428.120	1.317.564	1.745.684
IV. DUE FROM MONEY MARKETS		1.200.353	-	1.200.353	970.298	-	970.298
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Reverse Repurchase Agreements		1.200.353	-	1.200.353	970.298	-	970.298
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(5.1.d)	7.201.943	1.322.536	8.524.479	6.432.852	257.405	6.690.257
5.1 Share Certificates		3.929	108.955	112.884	3.929	-	3.929
5.2 Public Sector Debt Securities		7.198.014	1.213.581	8.411.595	6.428.923	197.623	6.626.546
5.3 Other Securities		-	-	-	-	59.782	59.782
VI. LOANS AND RECEIVABLES	(5.1.e)	42.535.661	8.813.163	51.348.824	35.571.051	7.524.872	43.095.923
6.1 Loans and Receivables		41.806.994	8.813.163	50.620.157	35.053.823	7.524.872	42.578.695
6.1.1 Loans Utilized to the Bank's Risk Group		82.606	7.879	90.485	48	6.283	6.331
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		41.724.388	8.805.284	50.529.672	35.053.775	7.518.589	42.572.364
6.2 Loans under Follow-Up		2.682.048	-	2.682.048	1.688.703	-	1.688.703
6.3 Specific Provisions (-)		1.953.381	-	1.953.381	1.171.475	-	1.171.475
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENT HELD TO MATURITY (Net)	(5.1.f)	2.875.209	366.569	3.241.778	2.726.604	296.103	3.022.707
8.1 Public Sector Debt Securities		2.875.209	366.569	3.241.778	2.726.604	292.553	3.019.157
8.2 Other Securities		-	-	-	-	3.550	3.550
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.g)	8.654	-	8.654	8.654	-	8.654
9.1 Associates accounted for Under Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		8.654	-	8.654	8.654	-	8.654
9.2.1 Financial Associates		15	-	15	15	-	15
9.2.2 Non-Financial Associates		8.639	-	8.639	8.639	-	8.639
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.h)	703.280	3.236.451	3.939.731	759.322	2.251.986	3.011.308
10.1 Unconsolidated Financial Subsidiaries		697.631	3.236.451	3.934.082	753.673	2.251.986	3.005.659
10.2 Unconsolidated Non-Financial Subsidiaries		5.649	-	5.649	5.649	-	5.649
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(5.1.i)	2.800	-	2.800	2.800	-	2.800
11.1 Joint Ventures accounted for Under Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		2.800	-	2.800	2.800	-	2.800
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		2.800	-	2.800	2.800	-	2.800
XII. LEASE RECEIVABLES (Net)	(5.1.j)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING PURPOSE DERIVATIVES	(5.1.k)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.l)	401.022	6	401.028	407.598	6	407.604
XV. INTANGIBLE ASSETS (Net)	(5.1.m)	171.178	-	171.178	146.312	-	146.312
15.1 Goodwill		869	-	869	869	-	869
15.2 Others		170.309	-	170.309	145.443	-	145.443
XVI. INVESTMENT PROPERTIES (Net)	(5.1.n)	-	-	-	-	-	-
XVII. TAX ASSETS	(5.1.o)	85.376	-	85.376	95.455	-	95.455
17.1 Current Tax Assets		-	-	-	-	-	-
17.2 Deferred Tax Assets		85.376	-	85.376	95.455	-	95.455
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.1.p)	-	-	-	-	-	-
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.q)	905.801	294.386	1.200.187	772.127	497.823	1.269.950
<b>TOTAL ASSETS</b>		<b>58.201.738</b>	<b>26.018.929</b>	<b>84.220.667</b>	<b>49.447.458</b>	<b>21.483.159</b>	<b>70.930.617</b>

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

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

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

LIABILITIES AND EQUITY	Footnotes	CURRENT PERIOD (31/12/2015)			RESTATED PRIOR PERIOD (31/12/2014)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.11.a)	26.095.476	20.492.101	46.587.577	24.942.556	18.158.116	43.100.672
1.1 Deposits of the Bank's Risk Group		227.627	771.369	998.996	744.475	917.400	1.661.875
1.2 Others		25.867.849	19.720.732	45.588.581	24.198.081	17.240.716	41.438.797
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(5.11.b)	331.910	245.317	577.227	98.910	590.355	689.265
<b>III. FUNDS BORROWED</b>	(5.11.c)	195.122	10.503.948	10.699.070	783.418	6.724.954	7.508.372
<b>IV. DUE TO MONEY MARKETS</b>		7.184.158	-	7.184.158	2.698.848	-	2.698.848
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	-	2.698.848
<b>V. SECURITIES ISSUED (Net)</b>	(5.11.d)	1.259.198	-	1.259.198	1.621.898	-	1.621.898
5.1 Bills		609.746	-	609.746	858.382	-	858.382
5.2 Asset Backed Securities		556.311	-	556.311	568.084	-	568.084
5.3 Bonds		93.141	-	93.141	195.432	-	195.432
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrowers Funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. SUNDRY CREDITORS</b>		1.139.066	503.695	1.642.761	964.475	385.390	1.349.865
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(5.11.e)	973.956	799.509	1.773.465	870.997	685.603	1.556.600
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.11.f)	26.301	933	27.234	18.457	439	18.896
10.1 Financial Lease Payables		31.455	943	32.398	23.075	449	23.524
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses ( - )		5.154	10	5.164	4.618	10	4.628
<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)	1.190.643	15.761	1.206.404	1.045.811	20.148	1.065.959
12.1 General Provisions		984.209	-	984.209	820.581	-	820.581
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		93.352	-	93.352	87.427	-	87.427
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		113.082	15.761	128.843	137.803	20.148	157.951
<b>XIII. TAX LIABILITIES</b>	(5.11.i)	148.289	-	148.289	258.124	-	258.124
13.1 Current Tax Liability		148.289	-	148.289	258.124	-	258.124
13.2 Deferred Tax Liability		-	-	-	-	-	-
<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)	-	4.845.965	4.845.965	-	3.922.963	3.922.963
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.11.l)	8.227.920	41.399	8.269.319	7.161.271	(22.116)	7.139.155
16.1 Paid-In Capital		1.816.100	-	1.816.100	716.100	-	716.100
16.2 Supplementary Capital		(504.529)	41.399	(463.130)	488.743	(22.116)	466.627
16.2.1 Share Premium		39	-	39	98.411	-	98.411
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Securities Revaluation Reserve		(521.167)	41.379	(479.788)	(116.564)	(22.225)	(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		-	-	-	-	-	-
16.2.7 Bonus Shares Obtained from Associates, Subsidiaries and Joint Ventures		81	-	81	81	-	81
16.2.8 Hedging Funds (Effective Portion)		(118.144)	20	(118.124)	(9.028)	109	(8.919)
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Supplementary Capital		21.565	-	21.565	209.789	-	209.789
16.3 Profit Reserves		4.597.012	-	4.597.012	3.833.545	-	3.833.545
16.3.1 Legal Reserves		143.220	-	143.220	143.220	-	143.220
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		4.278.319	-	4.278.319	3.781.596	-	3.781.596
16.3.4 Other Profit Reserves		175.473	-	175.473	(91.271)	-	(91.271)
16.4 Profit or Loss		2.319.337	-	2.319.337	2.122.883	-	2.122.883
16.4.1 Prior Periods' Profits / Losses		1.556.692	-	1.556.692	1.134.165	-	1.134.165
16.4.2 Current Period Profit / Loss		762.645	-	762.645	988.718	-	988.718
16.5 Minority Shares	(5.11.l)	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>46.772.039</b>	<b>37.448.628</b>	<b>84.220.667</b>	<b>40.464.765</b>	<b>30.465.852</b>	<b>70.930.617</b>

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

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

*Convenience Translation of  
Unconsolidated Financial Report  
Originally Issued in Turkish,  
See Note 3.1.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>I. GUARANTEES</b>	(5.III.a)	51.023.522	87.767.568	138.791.090	46.242.462	67.447.737	113.690.199
1.1. Letters of Guarantee		8.859.591	15.415.284	24.274.875	7.666.036	12.755.558	20.421.594
1.1.1. Guarantees Subject to State Tender Law		8.837.234	11.190.945	20.028.179	7.649.530	8.582.794	16.232.324
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		8.758.213	11.085.042	19.843.255	7.570.408	8.458.870	16.029.278
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	2.276.362	2.284.049	2.020	2.516.902	2.518.922
1.3.1. Documentary Letters of Credit		7.687	1.579.788	1.587.475	2.020	2.018.419	2.020.439
1.3.2. Other Letters of Credit		-	696.574	696.574	-	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)	23.958.658	4.174.485	28.133.143	24.282.191	3.962.908	28.245.099
2.1. Irrevocable Commitments		19.804.754	4.174.485	23.979.239	20.921.913	3.962.908	24.884.821
2.1.1. Asset Purchase and Sale Commitments		304.215	2.857.731	3.161.946	376.068	2.336.155	2.712.223
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	-	7.071.136	9.565.147	-	9.565.147
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	1.316.754	1.614.689	212.772	1.161.373	1.374.145
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)	18.205.273	68.177.799	86.383.072	14.294.235	50.729.271	65.023.506
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		18.205.273	68.177.799	86.383.072	14.294.235	50.729.271	65.023.506
3.2.1. Forward Foreign Currency Purchases/Sales		1.063.645	4.550.606	5.614.251	719.400	2.765.084	3.484.484
3.2.1.1. Forward Foreign Currency Purchases		531.612	2.266.319	2.797.931	185.321	1.544.626	1.729.947
3.2.1.2. Forward Foreign Currency Sales		532.033	2.284.287	2.816.320	534.079	1.220.458	1.754.537
3.2.2. Currency and Interest Rate Swaps		13.062.843	57.339.597	70.402.440	10.072.933	43.132.318	53.205.251
3.2.2.1. Currency Swaps-Purchases		2.166.231	15.516.442	17.682.673	1.951.404	16.737.686	18.689.090
3.2.2.2. Currency Swaps-Sales		10.496.612	5.307.844	15.804.456	8.021.529	9.635.338	17.656.867
3.2.2.3. Interest Rate Swaps-Purchases		200.000	18.257.656	18.457.656	50.000	8.379.647	8.429.647
3.2.2.4. Interest Rate Swaps-Sales		200.000	18.257.655	18.457.655	50.000	8.379.647	8.429.647
3.2.3. Currency, Interest Rate and Security Options		4.078.785	4.936.906	9.015.691	2.783.042	3.298.818	6.081.860
3.2.3.1. Currency Options-Purchases		2.217.151	2.313.493	4.530.644	1.672.665	1.348.803	3.021.468
3.2.3.2. Currency Options-Sales		1.861.634	2.623.413	4.485.047	1.110.377	1.950.015	3.060.392
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>		310.629.813	73.531.339	384.161.152	232.841.985	61.562.732	294.404.717
<b>IV. ITEMS HELD IN CUSTODY</b>		58.856.434	1.731.253	60.587.687	33.573.019	1.904.398	35.477.417
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2. Securities Held in Custody		57.996.909	895.914	58.892.823	32.579.978	779.473	33.359.451
4.3. Checks Received for Collection		65.421	613.202	678.623	30.814	896.953	927.767
4.4. Commercial Notes Received for Collection		794.104	199.607	993.711	962.227	208.115	1.170.342
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		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		251.359.529	70.922.003	322.281.532	198.845.427	57.142.928	255.988.355
5.1. Securities		3.064.091	80.391	3.144.482	2.513.782	64.104	2.577.886
5.2. Guarantee Notes		172.074.747	29.774.174	201.848.921	131.549.398	22.398.245	153.947.643
5.3. Commodities		12.329.713	2.880.210	15.209.923	11.398.272	3.232.654	14.630.926
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		6.552.561	10.177.051	16.729.612	4.910.999	8.673.390	13.584.389
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		413.850	878.083	1.291.933	423.539	2.515.406	2.938.945
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>361.653.335</b>	<b>161.298.907</b>	<b>522.952.242</b>	<b>279.084.447</b>	<b>129.010.469</b>	<b>408.094.916</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015 AND 2014**  
(Currency: Thousands of TL - Turkish Lira)

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

INCOME AND EXPENSE ITEMS	Footnotes	CURRENT PERIOD	RESTATED
		(01/01-31/12/2015)	PRIOR PERIOD (01/01-31/12/2014)
<b>I. INTEREST INCOME</b>	(5.IV.a)	6.804.782	5.743.633
1.1 Interest from Loans		5.791.174	4.825.287
1.2 Interest from Reserve Deposits		24.288	756
1.3 Interest from Banks		10.701	42.944
1.4 Interest from Money Market Transactions		1.048	72.097
1.5 Interest from Securities Portfolio		923.128	754.788
1.5.1 Trading Securities		8.181	25.411
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3 Available for Sale Securities		616.852	430.775
1.5.4 Held to Maturity Securities		298.095	298.602
1.6 Interest from Financial Leases		-	-
1.7 Other Interest Income		54.443	47.761
<b>II. INTEREST EXPENSE</b>	(5.IV.b)	3.650.766	2.838.393
2.1 Interest on Deposits		2.692.377	2.132.051
2.2 Interest on Funds Borrowed		475.829	423.861
2.3 Interest on Money Market Transactions		315.665	116.947
2.4 Interest on Securities Issued		139.479	150.618
2.5 Other Interest Expense		27.416	14.916
<b>III. NET INTEREST INCOME (I - II)</b>		3.154.016	2.905.240
<b>IV. NET FEES AND COMMISSION INCOME /EXPENSE</b>	(5.IV.l)	1.040.295	948.992
4.1 Fees and Commissions Received		1.385.834	1.258.168
4.1.1 Non-Cash Loans		138.906	122.246
4.1.2 Other		1.246.928	1.135.922
4.2 Fees and Commissions Paid		345.539	309.176
4.2.1 Non-Cash Loans		782	612
4.2.2 Other		344.757	308.564
<b>V. DIVIDEND INCOME</b>	(5.IV.c)	1.567	1.465
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.IV.d)	(738.075)	(643.995)
6.1 Profit / Loss on Securities Trading		21.008	25.453
6.2 Profit / Loss on Derivative Financial Transactions		1.089.708	(392.529)
6.3 Foreign Exchange Gains / Losses		(1.848.791)	(276.919)
<b>VII. OTHER OPERATING INCOME</b>	(5.IV.e)	472.829	456.463
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		3.930.632	3.668.165
<b>IX. PROVISION FOR LOANS AND OTHER RECEIVABLES (-)</b>	(5.IV.f)	1.217.576	886.498
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.IV.g)	2.368.986	2.200.160
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		344.070	581.507
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII. INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD</b>		527.605	549.574
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	(5.IV.h)	871.675	1.131.081
<b>XVI. TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(5.IV.i)	(109.030)	(142.363)
16.1 Current Tax		-	(215.767)
16.2 Deferred Tax		(109.030)	73.404
<b>XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>	(5.IV.j)	762.645	988.718
<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)	762.645	988.718
23.1 Group's Profit / Loss		762.645	988.718
23.2 Minority Shares		-	-
Earnings / Losses per Share (Per thousand share)		0,55	0,78

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

**DENİZBANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED 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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Originally Issued in Turkish,  
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	CURRENT PERIOD (01/01-31/12/2015)	RESTATE PRIOR PERIOD (01/01-31/12/2014)
<b>STATEMENT OF INCOME AND EXPENSES UNDER SHAREHOLDERS' EQUITY</b>		
I. ADDITIONS TO SECURITIES REVALUATION RESERVE FROM AVAILABLE FOR SALE INVESTMENTS	(432.257)	267.772
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	266.744	(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)	(143.445)	-
VII. THE EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-	-
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED FOR UNDER EQUITY DUE TO TAS	1.296	18.607
IX. DEFERRED TAXES OF VALUATION DIFFERENCES	118.802	(56.373)
X. NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	(182.520)	107.396
XI. CURRENT PERIOD PROFIT/LOSS	762.645	988.718
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	738.482	974.468
<b>XII. TOTAL PROFIT AND LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>580.125</b>	<b>1.096.114</b>

Rearrangement impacts required by the implementation of "equity method" in accordance with TAS 27 "Individual Financial Statements" are stated in Note I of Section Three.



**DENİZBANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENTS OF CASH FLOW**  
**FOR THE PERIODS ENDED**  
**31 DECEMBER 2015 AND 2014**  
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	Footnotes	CURRENT PERIOD (01/01-31/12/2015)	PRIOR PERIOD (01/01-31/12/2014)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1		1.177.967	1.838.753
1.1.1		6.611.727	5.315.135
1.1.2		3.643.612	2.777.163
1.1.3		57.397	45.409
1.1.4		1.351.645	1.243.014
1.1.5		866.173	46.184
1.1.6		666.340	483.579
1.1.7		1.085.254	1.006.960
1.1.8		114.645	146.039
1.1.9	(5.VI.c)	(3.531.804)	(1.364.406)
1.2		2.821.174	(1.299.843)
1.2.1		80.786	(7.288)
1.2.2		-	-
1.2.3		58.544	(1.523.563)
1.2.4		(8.760.930)	(5.241.456)
1.2.5		92.415	(878.073)
1.2.6		(76.743)	244.999
1.2.7		3.559.781	7.188.399
1.2.8		2.942.110	(2.344.857)
1.2.9		-	-
1.2.10	(5.VI.c)	4.925.211	1.261.996
I.		3.999.141	538.910
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
II.		(2.456.497)	(3.141.769)
2.1		256.426	95.000
2.2		-	188.654
2.3		126.394	129.167
2.4		117.081	64.867
2.5		4.364.516	4.607.237
2.6		2.170.307	1.434.295
2.7		-	189
2.8		-	-
2.9	(5.VI.c)	3.451	2.008
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
III.		415.710	2.329.045
3.1		6.800.115	4.976.553
3.2		6.911.525	2.633.428
3.3		550.000	-
3.4		-	-
3.5		22.880	14.080
3.6		-	-
IV.	(5.VI.c)	491.429	56.764
V.	(5.VI.c)	2.449.783	(217.050)
VI.	(5.VI.a)	4.097.176	4.314.226
VII.	(5.VI.a)	6.546.959	4.097.176

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



**DENİZBANK ANONİM ŞİRKETİ**  
**UNCONSOLIDATED PROFIT DISTRIBUTION TABLES**  
**FOR THE PERIODS ENDED**  
**31 DECEMBER 2015 AND 2014**  
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	CURRENT PERIOD (01/01-31/12/2015)	PRIOR PERIOD <sup>(3)</sup> (01/01-31/12/2014)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME <sup>(1)</sup></b>		
1.1 CURRENT YEAR INCOME	871.675	708.554
1.2 TAXES AND DUTIES PAYABLE (-)	(109.030)	(142.363)
1.2.1 Corporate Tax (Income tax)	-	(215.767)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(109.030)	73.404
<b>A. NET INCOME FOR THE YEAR (1.1-1.2) <sup>(2)</sup></b>	<b>762.645</b>	<b>566.191</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>	<b>762.645</b>	<b>566.191</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	-	496.723
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	0,53	0,45
3.2 TO OWNERS OF ORDINARY SHARES (%)	52,66	44,72
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 (%)	-	-

<sup>(1)</sup> Dividend distribution is not decided since the General Assembly meeting of the Bank has not been held as of the date in which the financial statements are published.

<sup>(2)</sup> It is considered not to describe income amount related to deferred tax assets by Banking Regulation and Supervision Agency as cash or internal fund and therefore it is required not to include the aforementioned assets in dividend distribution of the period. The Bank has a deferred tax expense at an amount of TL109.030 as of 31 December 2015 (31 December 2014: TL 73.404 deferred tax income).

<sup>(3)</sup> It doesn't include impacts of TAS 27 standard.

**DENİZBANK ANONİM ŞİRKETİ**  
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**SECTION THREE**  
**ACCOUNTING POLICIES**

**I. Basis of presentation**

**a. Preparation of the 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**

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

Unconsolidated 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 unconsolidated 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 unconsolidated 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 except the change in accounting policy as described under "Accounting policies and valuation principles used in the preparation of the financial statements" below and they are consistent with accounting policies implemented in annual unconsolidated 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 Bank'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 Bank.

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

# DENİZBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

### AS OF 31 DECEMBER 2015

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

Communique on "TAS 27 Separate Financial Statements" standard, which is in force in order to be applied for accounting periods after 31 December 2012 via Public Oversight Accounting and Auditing Standards Authority (POA) website and published in Official Gazette dated 28 October 2011 and numbered 28098, has entered into force with "Communique on amending the Communique on TAS27 Separate Financial Statements" (Communique) published in Official Gazette dated 9 April 2015 and numbered 29321 to be applied for accounting periods after 1 January 2016.

Entities have the opportunity to recognize their investments in associates, subsidiaries and joint ventures with equity method in their separate financial statements in line with the amendment while it is stated for entities preparing separate financial statements before the amendment in communique to recognize their investments in associates, subsidiaries and joint ventures in accordance with cost value or TAS 39 Financial Instruments standard.

The Bank recognized its subsidiaries, in which it has direct or indirect shares, according to equity method in accordance with the Communique having a permission to be applied earlier while preparing its non-consolidated financial tables with the 2nd quarter of 2015 in conjunction with the approval letter of Banking Regulation and Supervision Authority (BRSA) dated 20 July 2015 and realized the implementation retrospectively in the framework of TAS 8 Accounting Policies, amendments and errors in Accounting Estimates Standard.

Deniz Yatırım Menkul Kıymetler A.Ş. (Deniz Yatırım), Ekspres Menkul Değerler A.Ş. (Ekspres Menkul Değerler), Eurodeniz International Banking Unit Ltd. (Eurodeniz), Deniz Portföy Yönetimi A.Ş. (Deniz Portföy), Denizbank AG, JSC Denizbank, Deniz Finansal Kiralama A.Ş. (Deniz Leasing), Deniz Faktoring A.Ş. (Deniz Faktoring), Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. (Deniz GYO), Destek Varlık Yönetim A.Ş. (Destek Varlık Yönetim) and CR Erdberg Eins GmbH & Co KG (CR Erdberg), in which the Bank has direct or indirect shares, are associates which are recognized according to equity method in separate financial statements and included in scope of full consolidation in financial statements in accordance with the Communique.

On the other hand, Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. ("Intertech") and Deniz Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. ("Deniz Kültür"), which are associates of the Bank, and Deniz Kartlı Ödeme Sistemleri A.Ş. and Açık Deniz Radyo ve Televizyon İletişim Yayıncılık Ticaret ve Sanayi A.Ş., which are associates of Intertech, and Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. ("Bantaş"), which is jointly controlled entity of Bank, and Deniz Immobilen Service GmbH ("Deniz Immobilen"), which is an associate of Denizbank AG are not included in consolidation and are recognized with cost value according to TAS 27 since they are non-financial associates.

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The Bank adjusted related statements in accordance with the TAS 8 Accounting Policies, Turkish Accounting Standard regarding Amendments and Errors in Accounting Estimates in its financial statements and income statement as of 31 December 2013 and 2014 through making rearrangements with respect to amendments in TAS 27 Separate Financial Statements Standard. The impact of adjustment records are summarized as follows:

31 December 2014	Issued	Adjustments	Revised
<b>Total Assets</b>	<b>69.474.016</b>	<b>1.456.601</b>	<b>70.930.617</b>
Subsidiaries (Net)	1.554.707	1.456.601	3.011.308
<b>Total Liabilities</b>	<b>69.474.016</b>	<b>1.456.601</b>	<b>70.930.617</b>
Equity	5.682.554	1.456.601	7.139.155
Capital Reserves	440.247	26.380	466.627
Profit Reserves	3.945.883	(112.338)	3.833.545
Profit or Loss	580.324	1.542.559	2.122.883
- <i>Prior Period Net Profit / Loss</i>	<i>14.133</i>	<i>1.120.032</i>	<i>1.134.165</i>
- <i>Current Period Net Profit / Loss</i>	<i>566.191</i>	<i>422.527</i>	<i>988.718</i>
Dividend Income	50.112	(48.647)	1.465
Profit / Loss from Associates Subjected to Equity Method	--	549.574	549.574
Profit on Sale of Associates, Subsidiaries and Joint Ventures	78.400	(78.400)	--
<b>31 December 2013</b>	<b>Issued</b>	<b>Adjustments</b>	<b>Revised</b>
<b>Total Assets</b>	<b>59.427.001</b>	<b>1.128.036</b>	<b>60.555.037</b>
Subsidiaries (Net)	1.565.258	1.128.036	2.693.294
<b>Total Liabilities</b>	<b>59.427.001</b>	<b>1.128.036</b>	<b>60.555.037</b>
Equity	4.915.005	1.128.036	6.043.041
Capital Reserves	242.665	(14.084)	228.581
Profit Reserves	3.487.952	22.088	3.510.040
Profit or Loss	468.288	1.120.032	1.588.320

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

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

# DENİZBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

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#### 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 A.Ş.'s ("The Bank") 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.

The Bank 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 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.

##### 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

The Bank 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 Bank and the resulting exchange differences are recorded as foreign exchange gains and losses. The Bank's foreign currency exchange rates are as follows.

	<u>31 December 2015</u>	<u>31 December 2014</u>
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

Net foreign exchange loss included in the income statement amounts to TL 1.848.791 as of 31 December 2015 (1 January – 31 December 2014: TL 276.919).

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

TL 31.817 (31 December 2014: TL 21.067), consisting of conversion of Bahrain Branch's financial statements into TL in accordance with TAS 21, and TL 143.656, (31 December 2014: TL (112.338)) sourcing from recognizing Denizbank AG, JSC Denizbank and Eurodeniz, which are foreign currency associates of the Bank, with equity method, are recorded under "other reserves" account.

The Bank applies net investment accounting hedge as of 1 July 2015 in order to ensure exchange difference hedge sourcing from equity method implementation for its net investment at a total amount of Euro 854 million and US Dollar 6,5 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. A part of foreign currency deposits at same amounts is defined as hedging instrument and the part, in which the value change sourcing from foreign currency exchange rates is effective, is recognized in hedge funds under shareholder's equity.

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**III. Explanations on investments in associates, subsidiaries, joint ventures**

Associates, jointly controlled entities and non-financial associates, included in non-consolidated financial tables, are recognized according to cost value in accordance with the "TAS 27 Separate Financial Statements".

Subsidiaries, which are treated in an active market, are reflected to financial statements with their fair values through taking their recorded prices in the aforementioned market. Subsidiaries and joint controlled entities, which are not treated in an active market, are monitored over their acquisition costs and shown in financial statements with their cost values after deducting impairment charges, if available.

Financial associates are recognized in accordance with equity method in the framework of TAS 28 Communique on Investments in Subsidiaries and Joint Ventures with respect to amendment in TAS 27 Communique on Separate Financial Statements in non-consolidated financial statements. Associates, which were recognized with cost value in non-consolidated financial statements beforehand, are recognized in accordance with the equity method as of 1 January 2013 with the 2nd quarter of 2015.

Equity method is the accounting treatment which prescribes to increase or decrease the book value of share included in associate as quota per participant from change amount occurring in period in the shareholder's equity of the participated partnership and to deduct/set off dividends received from participated associate from the amended value of the associate.

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

The Bank'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.

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**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**

The Bank 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.

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**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 unconsolidated 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 unconsolidated 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.



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**IX. Explanations on offsetting financial instruments**

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

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

Government bonds and treasury bills sold to customers under repurchase agreements are classified according to purpose of being hold into portfolio on the assets side of the accompanying unconsolidated 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 unconsolidated 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 unconsolidated 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 Bank has not any security which subjected to borrowing activities.

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

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

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

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

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

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

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

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

**XIII. Explanations on tangible assets**

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

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

	Estimated Economic Life (Year)	Received before 2003 year	Received between 2003-2006 years	Received in 2007	Received between 2008-2015 years
<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 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.

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#### XIV. Explanations on investment properties

None.

#### XV. Explanations on leasing activities

The maximum period of the lease contracts is mostly 4 years. 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.

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

The Bank does not have finance lease transactions as "lessor".

#### 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 the Bank 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 Bank's attorneys, there are 7.440 lawsuits against The Bank with total risks amounting to TL 127.231, US Dollar 994.994 and Euro 1.564.799 as of 31 December 2015. There are also 12.023 follow-up cases amounting to TL 461.586 in total that are filed by The Bank and are at courts. The Bank booked a provision amounting to TL 18.120 for the continuing lawsuits (31 December 2014: TL 16.016).

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

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

The 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 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.

The Bank, 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.

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#### 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.

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", The Bank 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.

The Bank's deferred tax assets and liabilities have been offset in the unconsolidated financial statements. As a result of offsetting, deferred tax assets of TL 85.376 (31 December 2014: TL 95.455) 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 provided 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

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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 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 Bank, if required, borrows funds from domestic and foreign institutions. The 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, The Bank 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

None.

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**SECTION FOUR**  
**FINANCIAL POSITION AND RISK MANAGEMENT**

**I. Explanations related to the 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 unconsolidated capital adequacy ratio is 16,07% as of 31 December 2015 (31 December 2014: 14,09%). This ratio is above the minimum rate specified in the related regulation.

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

Unconsolidated 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 unconsolidated 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. Unconsolidated capital adequacy ratios**

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

	Risk Weighted Assets									
	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	--

**2. Prior Period: 31 December 2014**

	Risk Weighted Assets									
	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 unconsolidated capital adequacy ratio**

	The Bank	
	Current Period 31 December 2015	Prior Period 31 December 2014
Capital Requirement for Credit Risk	5.614.883	4.745.418
Capital Requirement for Market Risk	31.154	92.376
Capital Requirement for Operational Risk	430.767	360.673
Equity	12.204.766	9.153.003
Equity / (CRCR+CRMR+CROR)*12,5*100	16,07%	14,09%
Tier 1 Capital / (CRCR+CRMR+CROR)*12,5*100	10,46%	8,38%
Core capital / (CRCR+CRMR+CROR)*12,5*100	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 unconsolidated shareholders' equity**

	Current Period 31 December 2015	Prior Period <sup>(1)</sup> 31 December 2014
<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	4.421.539	3.924.816
Gains recognized in equity as per TAS	370.614	327.604
Profit	2.319.337	580.324
Current Period Profit	762.645	566.191
Prior Period Profit	1.556.692	14.133
Provisions for Possible Risks	11.000	8.000
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	81	81
<b>Core Capital Before Deductions</b>	<b>8.938.710</b>	<b>5.844.500</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 (-)	655.023	145.027
Leasehold improvements (-)	95.983	106.927
Goodwill or other intangible assets and deferred tax liability related to these items (-)	68.471	29.263
Net deferred tax asset/liability (-)	27.886	--
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>847.363</b>	<b>281.217</b>
<b>Total Common Equity</b>	<b>8.091.347</b>	<b>5.563.283</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	144.535	117.049
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 (-)	102.707	117.049
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 (-)	41.828	--
<b>Total Tier I Capital</b>	<b>7.946.812</b>	<b>5.446.234</b>



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<b>TIER II CAPITAL</b>		
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	877.326	741.472
<b>Tier II Capital Before Deductions</b>	<b>4.645.968</b>	<b>4.007.498</b>
<b>Deductions From Tier II Capital</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 (-)	345.613	289.911
<b>Total Deductions from Tier II Capital</b>	<b>345.613</b>	<b>289.911</b>
<b>Total Tier II Capital</b>	<b>4.300.355</b>	<b>3.717.587</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	657
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 (-)	7.879	6.283
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>12.204.766</b>	<b>9.153.003</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	128.624	224.113

(\*) Previous period adjustments, which are mentioned in Note I of Section Three, are not reflected.

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

	<b>The Parent Bank</b>	
	<b>Amount to be considered in equity calculation in current period</b>	<b>Total</b>
Minority shares in Common Equity Core Capital	--	--
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



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

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

Rating/Scoring Grades	Current Period	Prior Period
Above Average	48%	61%
Average	40%	26%
Below Average	9%	7%
Unrated	3%	6%

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

Rating/Scoring Grades	Current Period	Prior Period
Above Average	35%	35%
Average	33%	33%
Below Average	32%	32%

Risk classifications	Current Period (*)	Average (**)
Conditional and unconditional receivables from central governments or central banks	21.590.173	20.310.329
Conditional and unconditional receivables from regional or local governments	748.866	818.489
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	4.823.870	4.199.751
Conditional and unconditional receivables from corporates	31.545.478	31.662.786
Conditional and unconditional retail receivables	22.873.467	21.669.619
Conditional and unconditional receivables secured by mortgages	9.577.680	7.731.488
a) Receivables secured by residential mortgages	4.858.459	3.598.547
b) Receivables secured by commercial mortgages	4.719.221	4.132.941
Past due receivables	672.280	607.720
Receivables defined in high risk category by BRSA	4.556.156	4.733.970
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	6.780.106	5.923.699
<b>Total</b>	<b>103.168.648</b>	<b>97.657.972</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	17.991.273	16.077.675
Conditional and unconditional receivables from regional or local governments	848.781	869.914
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	4.075.976	3.650.246
Conditional and unconditional receivables from corporates	26.172.174	24.816.742
Conditional and unconditional retail receivables	17.863.241	15.764.852
Conditional and unconditional receivables secured by mortgages	7.217.794	7.553.090
a) Receivables secured by residential mortgages	3.472.982	3.801.597
b) Receivables secured by commercial mortgages	3.744.812	3.751.493
Past due receivables	495.075	423.455
Receivables defined in high risk category by BRSA	5.423.347	5.255.294
Securities collateralized by mortgages	--	--
Securitization positions	--	--
Short-term receivables from banks, brokerage houses and corporates	--	--
Investments similar to collective investment funds	--	--
Other receivables	4.203.553	4.397.267
<b>Total</b>	<b>84.291.215</b>	<b>78.808.536</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 Bank for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions**

The Bank 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 Bank 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.

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**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 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 Bank does not have significant credit risk as compared to other financial institutions.

**f. The Bank'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 18% and 22% of the total cash loans portfolio (31 December 2014: 17%, 22%).

**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 47% and 59% of the total non-cash loans portfolio (31 December 2014: 46%, 58%).

**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 16% and 20% of the total assets and off-balance sheet items (31 December 2014: 15%, 20%).

**g. The Bank's general loan provision for its loans**

As at 31 December 2015, The Bank's general loan provision amounts to TL 984.209 (31 December 2014: TL 820.581).

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

Current Period: 31 December 2015	Risk Classifications (%)																Total
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
Domestic	21.301.214	744.453				1.408.213	17.050.340	18.500.083	9.064.413	668.134	4.549.207						75.972.137
European Union Countries						700.819	363.304	48.967	42.316	3.131	4.246						1.162.783
OECD Countries (*)						16.474		3.833	3.229		215						23.751
Off-Shore Banking Regions						1.154	13.917	671	3.685		119						19.546
USA, Canada						161.449		2.378	1.566	58	543						165.994
Other Countries						20.250	147.092	34.757	59.602	957	1.825					19	264.502
Subsidiaries, associates and jointly controlled companies																	3.951.185
Unallocated Assets/Liabilities	288.959	4.413	1	1		2.515.511	13.970.825	4.282.778	402.869		1				571	142.822	21.608.750
<b>Total</b>	<b>21.590.173</b>	<b>748.866</b>	<b>1</b>	<b>1</b>	<b></b>	<b>4.823.870</b>	<b>31.545.478</b>	<b>22.873.467</b>	<b>9.577.680</b>	<b>672.280</b>	<b>4.556.156</b>	<b></b>	<b></b>	<b></b>	<b>571</b>	<b>6.780.106</b>	<b>103.168.648</b>

Prior Period: 31 December 2014	Risk Classifications (%)																Total
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
Domestic	17.974.434	842.413				1.274.101	14.637.924	14.119.906	6.803.063	490.150	5.411.061						64.152.383
European Union Countries						414.744	338.397	33.732	47.464	4.521	7.373						846.231
OECD Countries (*)						4.964		3.631	4.089	76	480						13.240
Off-Shore Banking Regions						61	90.127	2.046	8.210	6	180						100.630
USA, Canada						314.966	722	396	3.208	4	620						319.916
Other Countries						33.615	100.943	34.376	33.686	318	3.633					2	206.573
Subsidiaries, associates and jointly controlled companies																	1.566.162
Unallocated Assets/Liabilities	16.839	6.368	1	1		2.033.525	11.004.061	3.669.154	318.074							38.058	17.086.080
<b>Total</b>	<b>17.991.273</b>	<b>848.781</b>	<b>1</b>	<b>1</b>	<b></b>	<b>4.075.976</b>	<b>26.172.174</b>	<b>17.863.241</b>	<b>7.217.794</b>	<b>495.075</b>	<b>5.423.347</b>	<b></b>	<b></b>	<b></b>	<b></b>	<b>4.203.553</b>	<b>84.291.215</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

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

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

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

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#### i. Risk Profile by Sectors or Counterparties

Current Period: 31 December 2015

Sectors/Counterparties	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	TL	FC	Total
Agricultural	..	..	..	..	..	..	585.828	4.895.619	852.441	30.467	3.248	..	..	..	..	..	6.199.882	167.721	6.367.603
Farming and Cattle	..	..	..	..	..	..	582.946	4.890.236	848.586	30.174	3.240	..	..	..	..	..	6.190.963	164.219	6.355.182
Forestry	..	..	..	..	..	..	210	2.740	264	53	4	..	..	..	..	..	3.271	..	3.271
Fishing	..	..	..	..	..	..	2.672	2.643	3.591	240	4	..	..	..	..	..	5.648	3.502	9.150
Manufacturing	..	3	..	..	..	..	10.443.729	914.390	714.860	51.765	6.675	..	..	..	..	..	4.695.163	7.436.259	12.131.422
Mining	..	..	..	..	..	..	2.082.888	69.301	52.341	10.411	193	..	..	..	..	..	492.658	1.722.479	2.215.137
Production	..	3	..	..	..	..	6.743.520	841.912	635.645	40.245	4.593	..	..	..	..	..	3.705.950	4.559.965	8.265.915
Utilities (Electric, gas and water)	..	..	..	..	..	..	1.617.321	3.177	26.874	1.109	1.889	..	..	..	..	..	496.555	1.153.815	1.650.370
Construction	..	7.583	..	..	..	..	6.293.930	456.121	963.901	35.072	3.289	..	..	..	..	10.883	4.122.343	3.648.436	7.770.779
Services	21.590.173	2.090	..	..	..	4.823.870	9.535.210	4.511.830	2.360.543	226.145	13.464	..	..	..	4.063.270	24.308.796	22.817.799	47.126.595	
Wholesale and retail trade	..	1	..	..	..	..	4.595.546	3.440.477	1.254.010	170.368	11.227	..	..	..	..	..	7.477.627	1.994.002	9.471.629
Hotel, food and beverage services	..	..	..	..	..	..	1.123.671	169.302	510.868	10.304	285	..	..	..	..	..	1.182.769	631.661	1.814.430
Transportation and telecommunication	..	18	..	..	..	..	2.151.700	701.666	274.293	11.646	1.396	..	..	..	..	..	2.130.474	1.010.245	3.140.719
Financial institutions	21.590.173	80	..	..	..	4.823.870	284.171	35.434	68.328	4.544	10	..	..	..	4.063.270	11.925.558	18.944.322	30.869.880	
Real estate and letting services	..	1.991	..	..	..	..	94.850	77.844	27.750	2.168	439	..	..	..	..	..	202.936	2.106	205.042
Self-employment services	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Education services	..	..	..	..	..	..	653.770	33.972	125.149	1.183	53	..	..	..	..	..	768.251	45.876	814.127
Health and social services	..	..	..	..	..	..	631.502	53.135	100.145	25.932	54	..	..	..	..	..	621.181	189.587	810.768
Other	..	739.190	1	..	..	..	4.686.781	12.095.507	4.685.935	328.831	4.529.480	..	..	..	571	2.705.953	26.071.711	3.700.538	29.772.249
Total	21.590.173	748.866	1	..	..	4.823.870	31.545.478	22.873.467	9.577.680	672.280	4.556.156	..	..	..	571	6.780.106	65.397.895	37.770.753	103.168.648

(\*) 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

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

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





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

Current Period: 31 December 2015

Risk classifications	Undistributed (*)	1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Conditional and unconditional receivables from central governments or central banks	1.449.612	8.551.230	207.563	249.004	417.712	10.715.052
Conditional and unconditional receivables from regional or local governments	--	186	1.715	2.167	39.557	705.241
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	892.009	2.406.343	202.910	115.068	65.314	1.142.226
Conditional and unconditional receivables from corporates	112.929	4.628.554	2.392.646	3.029.139	6.025.788	15.356.422
Conditional and unconditional retail receivables	87	6.295.669	953.867	1.717.795	5.388.456	8.517.593
Conditional and unconditional receivables secured by mortgages	--	456.873	272.850	425.919	557.291	7.864.747
Past due receivables	663.363	2.803	31	48	12	6.023
Receivables defined in high risk category by BRSA	65.202	167.006	--	--	--	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	6.637.284	23.324	8.533	1.347	6.793	102.825
<b>Total Amount</b>	<b>9.820.486</b>	<b>22.532.420</b>	<b>4.040.115</b>	<b>5.540.626</b>	<b>12.500.923</b>	<b>48.734.078</b>

(\*) Drawing amounts are included.

Prior Period: 31 December 2014

Risk classifications	Undistributed (*)	1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Conditional and unconditional receivables from central governments or central banks	1.162.722	7.202.632	239.699	653.924	755.888	7.976.408
Conditional and unconditional receivables from regional or local governments	--	1.266	1.731	10.891	24.319	810.574
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	675.846	1.911.208	60.193	169.548	349.175	910.006
Conditional and unconditional receivables from corporates	4.772	3.573.811	2.261.414	2.178.568	4.238.438	13.915.171
Conditional and unconditional retail receivables	1.557	5.141.332	829.816	1.494.804	4.655.602	5.740.130
Conditional and unconditional receivables secured by mortgages	61	437.957	210.763	243.636	479.347	5.846.030
Past due receivables	488.952	1.829	--	--	--	4.294
Receivables defined in high risk category by BRSA	28.427	236.243	--	--	--	5.158.677
Securities collateralized by mortgages	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--
Short-term receivables from banks, brokerage houses and corporates	--	--	--	--	--	--
Investments similar to collective investment funds	--	--	--	--	--	--
Other receivables	4.165.494	306	7.041	2.365	1.275	27.072
<b>Total Amount</b>	<b>6.527.831</b>	<b>18.506.584</b>	<b>3.610.657</b>	<b>4.753.736</b>	<b>10.504.044</b>	<b>40.388.363</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			
	Fitch	Moody's	S&P	Receivables from Banks and Brokerage Houses			Corporate Receivables
				Receivables from Central Governments or Central Banks*	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-				
4	BB+	Ba1	BB+	100%	50%	100%	100%
	BB	Ba2	BB				
	BB-	Ba3	BB-				
5	B+	B1	B+	100%	50%	100%	150%
	B	B2	B				
	B-	B3	B-				
6	CCC	Caa1	CCC+	150%	150%	150%	150%
		Caa2	CCC				
		Caa3	CCC-				
	CC	Ca	CC				
	C	C	C				
D	C	D					

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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 with Remaining Maturities Less Than 3 Months	Receivables from Banks and Brokerage Houses with Remaining Maturities More Than 3 Months	Corporate Receivables
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-				
4	BB+	Ba1	BB+	100%	50%	100%	100%
	BB	Ba2	BB				
	BB-	Ba3	BB-				
5	B+	B1	B+	100%	50%	100%	150%
	B	B2	B				
	B-	B3	B-				
6	CCC	Caa1	CCC+	150%	150%	150%	150%
		Caa2	CCC				
		Caa3	CCC-				
	CC	Ca	CC				
	C	C	C				
D	C	D					

#### l. 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	21.230.309	--	3.017.252	3.637.106	26.960.726	43.711.321	1.829.605	2.765.162	17.167	1.379.912
Exposures after Credit Risk Mitigation	21.230.309	--	3.017.252	12.189.646	21.334.224	39.257.118	1.808.492	2.737.163	17.167	1.379.912

Prior Period: 31 December 2014

Risk Weight	0%	10%	20%	50%	75%	100%	150%	200%	250%	Equity Deductions
Exposures before Credit Risk Mitigation	18.806.793	--	2.048.241	2.052.186	20.752.570	35.071.231	1.459.981	3.961.984	138.227	698.995
Exposures after Credit Risk Mitigation	18.806.793	--	2.048.241	8.568.931	16.561.858	31.832.457	1.443.521	3.929.456	138.227	698.995

#### 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.

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Important Sectors / Counterparties	Loans		Value Adjustments <sup>(*)</sup>	Provisions <sup>(**)</sup>
	Impaired	Past Due		
<b>Agricultural</b>	<b>202.461</b>	<b>509.323</b>	<b>15.135</b>	<b>146.677</b>
Farming and Cattle	201.990	507.985	15.084	146.460
Forestry	90	75	1	53
Fishing	381	1.263	50	164
<b>Manufacturing</b>	<b>148.105</b>	<b>455.772</b>	<b>18.616</b>	<b>97.851</b>
Mining	43.359	14.462	352	29.468
Production	99.957	353.321	14.288	66.588
Utilities (Electric, gas and water)	4.789	87.989	3.976	1.795
<b>Construction</b>	<b>142.906</b>	<b>93.612</b>	<b>2.393</b>	<b>106.098</b>
<b>Services</b>	<b>580.161</b>	<b>981.245</b>	<b>33.547</b>	<b>364.666</b>
Wholesale and retail trade	396.187	317.426	8.643	234.601
Hotel, food and beverage services	16.559	120.440	4.320	6.453
Transportation and telecommunication	52.892	410.418	15.708	42.076
Financial institutions	14.977	6.859	141	10.508
Real estate and letting services	3.369	4.491	108	1.882
Self-employment services	--	--	--	--
Education services	2.595	24.632	677	1.487
Health and social services	93.582	96.979	3.950	67.659
<b>Other</b>	<b>1.608.415</b>	<b>1.784.826</b>	<b>100.444</b>	<b>1.238.089</b>
<b>Total</b>	<b>2.682.048</b>	<b>3.824.778</b>	<b>170.135</b>	<b>1.953.381</b>

<sup>(\*)</sup> Representing the general provision of past due loans.

<sup>(\*\*)</sup> Representing specific provision amounts.

Prior Period: 31 December 2014

Important Sectors / Counterparties	Loans		Value Adjustments <sup>(*)</sup>	Provisions <sup>(**)</sup>
	Impaired	Past Due		
<b>Agricultural</b>	<b>169.098</b>	<b>159.103</b>	<b>5.016</b>	<b>128.475</b>
Farming and Cattle	169.033	158.442	5.001	128.417
Forestry	35	68	1	29
Fishing	30	593	14	29
<b>Manufacturing</b>	<b>96.694</b>	<b>381.251</b>	<b>16.486</b>	<b>64.657</b>
Mining	34.761	16.971	635	29.352
Production	57.945	291.013	12.271	34.307
Utilities (Electric, gas and water)	3.988	73.267	3.580	998
<b>Construction</b>	<b>128.264</b>	<b>55.375</b>	<b>1.678</b>	<b>94.400</b>
<b>Services</b>	<b>333.997</b>	<b>594.484</b>	<b>23.447</b>	<b>225.879</b>
Wholesale and retail trade	175.780	157.769	4.285	109.392
Hotel, food and beverage services	5.217	69.372	2.923	2.979
Transportation and telecommunication	43.653	326.548	14.552	35.432
Financial institutions	7.469	9.655	434	2.983
Real estate and letting services	1.192	3.910	94	870
Self-employment services	--	--	--	--
Education services	1.965	22.717	1.046	443
Health and social services	98.721	4.513	113	73.780
<b>Other</b>	<b>960.650</b>	<b>1.887.212</b>	<b>104.114</b>	<b>658.064</b>
<b>Total</b>	<b>1.688.703</b>	<b>3.077.425</b>	<b>150.741</b>	<b>1.171.475</b>

<sup>(\*)</sup> Representing the general provision of past due loans.

<sup>(\*\*)</sup> Representing specific provision amounts.

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#### Movements in valuation adjustments and provisions

Current Period: 31 December 2015	Opening balance	Charge for the period	Releases of provisions	Other adjustments <sup>(*)</sup>	Ending balance
Specific Provisions	1.171.475	958.000	(173.249)	(2.845)	1.953.381
General Provisions	820.581	163.628	--	--	984.209

<sup>(\*)</sup> Representing sales from the past due loans portfolio.

Prior Period: 31 December 2014	Opening balance	Charge for the period	Releases of provisions	Other adjustments <sup>(*)</sup>	Ending balance
Specific Provisions	998.370	664.294	(133.465)	(357.724)	1.171.475
General Provisions	707.836	112.745	--	--	820.581

<sup>(\*)</sup> Representing sales from the past due loans portfolio.

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

Current Period: 31 December 2015	Commercial Loans <sup>(*)</sup>	Consumer Loans	Credit Cards	Total
Standard Loans	31.466.780	11.195.715	4.132.884	46.795.379
Closely Monitored Loans	2.528.745	1.093.319	202.714	3.824.778
Non-performing Loans	1.261.272	889.383	531.393	2.682.048
Specific Provision (-)	859.994	662.996	430.391	1.953.381
<b>Total</b>	<b>34.396.803</b>	<b>12.515.421</b>	<b>4.436.600</b>	<b>51.348.824</b>

Prior Period: 31 December 2014	Commercial Loans <sup>(*)</sup>	Consumer Loans	Credit Cards	Total
Standard Loans	25.405.208	10.259.631	3.836.431	39.501.270
Closely Monitored Loans	1.731.019	1.140.627	205.779	3.077.425
Non-performing Loans	837.830	508.416	342.457	1.688.703
Specific Provision (-)	593.815	343.473	234.187	1.171.475
<b>Total</b>	<b>27.380.242</b>	<b>11.565.201</b>	<b>4.150.480</b>	<b>43.095.923</b>

<sup>(\*)</sup> Commercial loans include commercial, corporate and SME loans.

The loans of The Bank amounting to TL 33.204.407 (31 December 2014: TL 26.384.596) are collateralized by cash, mortgage, cheques and notes obtained from customers.

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

Whether the bank 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 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 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	1.349
(II) Capital Obligation against Specific Risk - Standard Method	137
(III) Capital Obligation against Specific Risk of Securitization Positions- Standard Method	--
(IV) Capital Obligation against Currency Risk - Standard Method	27.617
(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	1.127
(VIII) Capital Obligation against Counterparty Credit Risk - Standard Method	560
(IX) Capital Obligation against Market Risk at the Banks calculating Risk Measuring Models	--
(X) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI+VII)	31.154
(XI) Value-At-Market-Risk (12,5 x IX) or (12,5 x X)	389.425

#### b. Average market risk

	Current Period: 31 December 2015			Prior Period: 31 December 2014		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	3.617	19.703	1.486	23.805	38.130	15.008
Share Certificate Risk	--	--	--	151	469	--
Currency Risk	61.817	133.176	7.180	48.999	63.053	38.982
Commodity Risk	541	832	338	326	565	240
Clearing Risk	--	--	--	--	--	--
Option Risk	1.018	6.322	36	118	358	27
Counterparty Credit Risk	3.425	31.059	560	35.354	55.879	24.544
<b>Total Value-At-Risk</b>	<b>880.230</b>	<b>1.878.325</b>	<b>150.088</b>	<b>1.359.425</b>	<b>1.666.650</b>	<b>1.127.800</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.

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

**Current Period: 31 December 2015**

	Amount
Interest-Rate Contracts	268.562
Foreign-Exchange-Rate Contracts	1.306.579
Commodity Contracts	2
Equity-Shares Related Contracts	--
Other	--
Gross Positive Fair Values	1.575.143
Netting Benefits	--
Net Current Exposure Amount	1.575.143
Collaterals Received	--
Net Derivative Position	1.575.143

**Prior Period: 31 December 2014**

	Amount
Interest-Rate Contracts	145.618
Foreign-Exchange-Rate Contracts	1.243.563
Commodity Contracts	169
Equity-Shares Related Contracts	--
Other	--
Gross Positive Fair Values	1.389.350
Netting Benefits	--
Net Current Exposure Amount	1.389.350
Collaterals Received	--
Net Derivative Position	1.389.350

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

The Bank 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 the Bank 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 5.384.583 and TL 430.767, respectively.

	31.12.2012	31.12.2013	31.12.2014	Total / No. of Years of Positive GI	Rate (%)	Total
Gross Income (GI)	2.476.874	2.889.648	3.248.811	2.871.778	15	430.767
Value at Operational Risk (Total*12,5)						5.384.583



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**V. Explanations related to the foreign currency exchange rate risk**

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

Foreign currency exchange and parity risks are taken by the Bank 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 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**

The Bank applies net investment accounting hedge as of 1 July 2015 in order to ensure exchange difference hedge sourcing from equity method implementation for its net investment at a total amount of Euro 854 million and US Dollar 6,5 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. A part of foreign currency deposits at same amounts is defined as hedging instrument and the part, in which the value change sourcing from foreign currency exchange rates is effective, is recognized in hedge funds under shareholder's equity.

**c. Foreign exchange risk management strategy**

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

**d. The 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 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>(4)</sup>	Total
<b>Assets</b>				
Cash and Balances with the Central Bank of the Republic of Turkey	1.855.796	5.955.748	1.752.483	9.564.027
Due from Banks and Other Financial Institutions	705.203	1.410.457	83.304	2.198.964
Financial Assets at Fair Value Through Profit or Loss <sup>(1)</sup>	91.488	68.480	1	159.969
Interbank Money Market Placements	--	--	--	--
Investment Securities Available-for-Sale	309.671	1.012.865	--	1.322.536
Loans (a2)	2.904.420	8.296.479	485.054	11.685.953
Investments in Subsidiaries and Associates	3.148.650	87.801	--	3.236.451
Investment Securities Held-to-Maturity	--	366.569	--	366.569
Hedging Purpose Financial Derivatives	--	--	--	--
Tangible Assets	--	6	--	6
Intangible Assets	--	--	--	--
Other Assets <sup>(3)</sup>	151.880	85.150	49.646	286.676
<b>Total Assets</b>	<b>9.167.108</b>	<b>17.283.555</b>	<b>2.370.488</b>	<b>28.821.151</b>
<b>Liabilities</b>				
Bank Deposits	195.671	375.583	503.482	1.074.736
Foreign Currency Deposits	6.776.219	12.043.539	597.607	19.417.365
Interbank Money Markets	--	--	--	--
Funds Borrowed from Other Financial Institutions	5.150.001	10.198.333	1.579	15.349.913
Marketable Securities Issued	--	--	--	--
Miscellaneous Payables	438.234	64.476	985	503.695
Hedging Purpose Financial Derivatives	--	--	--	--
Other Liabilities <sup>(5)</sup>	306.030	633.700	2.280	942.010
<b>Total Liabilities</b>	<b>12.866.155</b>	<b>23.315.631</b>	<b>1.105.933</b>	<b>37.287.719</b>
<b>Net "On Balance Sheet Position"</b>	<b>(3.699.047)</b>	<b>(6.032.076)</b>	<b>1.264.555</b>	<b>(8.466.568)</b>
<b>Net "Off-Balance Sheet Position" <sup>(6)</sup></b>	<b>4.017.120</b>	<b>6.229.812</b>	<b>(1.257.962)</b>	<b>8.988.970</b>
Financial Derivatives (Assets)	14.719.000	24.457.815	835.435	40.012.250
Financial Derivatives (Liabilities)	(10.701.880)	(18.228.003)	(2.093.397)	(31.023.280)
<b>Net Position</b>	<b>318.073</b>	<b>197.736</b>	<b>6.593</b>	<b>522.402</b>
Non-Cash Loans	4.765.432	10.435.291	214.561	15.415.284
<b>(*) Prior Period</b>				
Total Assets	7.239.686	14.353.349	2.009.290	23.602.325
Total Liabilities	9.602.259	19.029.174	1.351.277	29.982.710
<b>Net "On Balance Sheet Position"</b>	<b>(2.362.573)</b>	<b>(4.675.825)</b>	<b>658.013</b>	<b>(6.380.385)</b>
<b>Net "Off-Balance Sheet Position"</b>	<b>2.875.523</b>	<b>4.594.836</b>	<b>(646.280)</b>	<b>6.824.079</b>
Financial Derivatives (Assets)	8.257.287	20.662.852	1.024.615	29.944.754
Financial Derivatives (Liabilities)	(5.381.764)	(16.068.016)	(1.670.895)	(23.120.675)
<b>Net Position</b>	<b>512.950</b>	<b>(80.989)</b>	<b>11.733</b>	<b>443.694</b>
Non-Cash Loans	3.512.998	9.098.661	143.899	12.755.558

(\*) Prior period balances are rearranged retrospectively as a result of equity method implementation.

<sup>(1)</sup>:Foreign currency differences of derivative assets amounting to TL 62.858 are excluded.

<sup>(2)</sup>:Foreign currency indexed loans amounting to TL 2.872.790 are included.

<sup>(3)</sup>:Prepaid expenses amounting to TL 7.710 are excluded.

<sup>(4)</sup>:There are gold amounts in total assets amounting to TL 2.179.066 and in total liabilities amounting to TL 831.715

<sup>(5)</sup>:Not including the exchange rate difference of TL 119.510 pertaining to derivative financial loans and the FX equity of TL 41.399.

<sup>(6)</sup>: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 <sup>(*)</sup>	Period Profit Loss	Equity <sup>(*)</sup>
US Dollar	11.051	4.493	13.046	10.770
Euro	22.623	22.433	(51.310)	(51.107)
<b>Total (Net)</b>	<b>33.674</b>	<b>26.926</b>	<b>(38.264)</b>	<b>(40.337)</b>

<sup>(\*)</sup> Equity impact also includes the income statement impact occurring if TL loses in value at an amount of 10% against other currencies.

**VI. Explanations related to the 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 Bank'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 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.

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash and Balances with the Central Bank of the Republic of Turkey	3.360.162	--	--	--	--	7.398.981	10.759.143
Due from Banks and Other Fin. Inst.	1.298.618	207.290	--	--	--	714.648	2.220.556
Financial Assets at Fair Value Through Profit or Loss	48.994	239.947	161.650	549.871	115.599	519	1.116.580
Interbank Money Market Placements	1.200.353	--	--	--	--	--	1.200.353
Investment Securities Av.-for-Sale	215.728	877.520	1.735.851	2.678.795	2.903.701	112.884	8.524.479
Loans	10.119.356	4.222.891	7.938.850	20.258.656	8.080.404	728.667	51.348.824
Investment Securities Held-to-Mat.	1.506.874	225.380	307.994	453.552	747.978	--	3.241.778
Other Assets (*)	--	--	--	--	--	5.808.954	5.808.954
<b>Total Assets</b>	<b>17.750.085</b>	<b>5.773.028</b>	<b>10.144.345</b>	<b>23.940.874</b>	<b>11.847.682</b>	<b>14.764.653</b>	<b>84.220.667</b>
<b>Liabilities</b>							
Bank Deposits	710.713	523.358	145.986	--	--	90.540	1.470.597
Other Deposits	26.079.808	8.516.931	2.142.628	11.564	--	8.366.049	45.116.980
Interbank Money Market Placements	7.184.158	--	--	--	--	--	7.184.158
Miscellaneous Payables	--	--	--	--	--	1.642.761	1.642.761
Marketable Securities Issued	241.632	337.501	249.792	430.273	--	--	1.259.198
Funds Borrowed from Other Fin. Inst.	2.099.659	4.892.557	4.715.487	165.864	3.671.468	--	15.545.035
Other Liabilities (**)	61.277	82.006	32.247	333.605	95.326	11.397.477	12.001.938
<b>Total Liabilities</b>	<b>36.377.247</b>	<b>14.352.353</b>	<b>7.286.140</b>	<b>941.306</b>	<b>3.766.794</b>	<b>21.496.827</b>	<b>84.220.667</b>
On Balance Sheet Long Position	--	--	2.858.205	22.999.568	8.080.888	--	33.938.661
On Balance Sheet Short Position	(18.627.162)	(8.579.325)	--	--	--	(6.732.174)	(33.938.661)
Off-Balance Sheet Long Position	2.161.735	7.312.989	6.862.938	3.587.715	2.778.546	--	22.703.923
Off-Balance Sheet Short Position	(797.619)	(8.445.792)	(3.821.445)	(6.666.571)	(2.120.986)	--	(21.852.413)
<b>Total Interest Sensitivity Gap</b>	<b>(17.263.046)</b>	<b>(9.712.128)</b>	<b>5.899.698</b>	<b>19.920.712</b>	<b>8.738.448</b>	<b>(6.732.174)</b>	<b>851.510</b>

(\*) Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investments in Associates, Tax Assets, Investments in Subsidiaries, Joint Ventures, Assets to be sold and other assets with balances of TL 401.028, TL 171.178, TL 8.654, TL 85.376, TL 3.939.731, TL 2.800, TL 81.860 and TL 1.118.327 respectively.

(\*\*) Other liabilities/non-interest bearings include; Shareholders' Equity, Other Foreign Liabilities, Provisions, Tax Liabilities with balances of TL 8.269.319, TL 1.773.465, TL 1.206.404, and TL 148.289 respectively.

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(*) Prior Period	Up to1 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	--	--	--	--	9.056.138	9.400.680
Due from Banks and Other Fin. Inst.	1.134.496	202.620	58.711	--	--	349.857	1.745.684
Financial Assets at Fair Value Through Profit or Loss	241.007	74.326	293.429	386.419	67.374	430	1.062.985
Interbank Money Market Placements	970.298	--	--	--	--	--	970.298
Investment Securities Av.-for-Sale	114.367	814.444	2.440.772	1.203.619	2.113.126	3.929	6.690.257
Loans	9.027.632	3.917.411	5.754.609	16.300.814	7.578.229	517.228	43.095.923
Investment Securities Held-to-Mat.	1.406.318	209.684	286.826	408.684	711.195	--	3.022.707
Other Assets (**)	--	--	--	--	--	4.942.083	4.942.083
<b>Total Assets</b>	<b>13.238.660</b>	<b>5.218.485</b>	<b>8.834.347</b>	<b>18.299.536</b>	<b>10.469.924</b>	<b>14.869.665</b>	<b>70.930.617</b>
<b>Liabilities</b>							
Bank Deposits	969.884	458.460	17.178	--	--	102.940	1.548.462
Other Deposits	23.931.228	8.768.859	1.485.050	2.826	--	7.364.247	41.552.210
Interbank Money Market Placements	2.698.848	--	--	--	--	--	2.698.848
Miscellaneous Payables	--	--	--	--	--	1.349.865	1.349.865
Marketable Securities Issued	79.573	636.898	337.343	568.084	--	--	1.621.898
Funds Borrowed from Other Fin. Inst.	1.180.716	2.552.167	2.738.677	1.103.999	3.855.776	--	11.431.335
Other Liabilities (***)	271.605	411.300	405.842	146.330	68.536	9.424.386	10.727.999
<b>Total Liabilities</b>	<b>29.131.854</b>	<b>12.827.684</b>	<b>4.984.090</b>	<b>1.821.239</b>	<b>3.924.312</b>	<b>18.241.438</b>	<b>70.930.617</b>
On Balance Sheet Long Position	--	--	3.850.257	16.478.297	6.545.612	--	26.874.166
On Balance Sheet Short Position	(15.893.194)	(7.609.199)	--	--	--	(3.371.773)	(26.874.166)
Off-Balance Sheet Long Position	2.056.734	3.646.685	1.098.249	4.759.658	993.026	--	12.554.352
Off-Balance Sheet Short Position	(962.205)	(4.614.187)	(1.474.205)	(3.827.091)	(993.026)	--	(11.870.714)
<b>Total Interest Sensitivity Gap</b>	<b>(14.798.665)</b>	<b>(8.576.701)</b>	<b>3.474.301</b>	<b>17.410.864</b>	<b>6.545.612</b>	<b>(3.371.773)</b>	<b>683.638</b>

(\*) Prior period balances are rearranged retrospectively as a result of equity method implementation.

(\*\*) Other assets/non-interest bearings include; Tangible Assets, Intangible Assets, Investments in Associates, Tax Assets, Investments in Subsidiaries, Joint Ventures, Assets to be sold and other assets with balances of TL 407.604, TL 146.312, TL 8.654, TL 95.455, TL 3.011.308, TL 2.800, TL 95.107 and TL 1.174.843 respectively.

(\*\*\*) Other liabilities/non-interest bearings include; Shareholders' Equity, Other Foreign Liabilities, Provisions, Tax Liabilities with balances of TL 7.139.155, TL 961.148, TL 1.065.959, and TL 258.124 respectively.

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

Current Period: 31 December 2015	EUR %	USD %	JPY %	TL %
<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	1,50	0,34	--	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	2,92	4,17	--	8,56
Loans	5,05	5,35	5,29	15,34
Investment Securities Held-to-Maturity	--	4,04	--	9,35
<b>Liabilities</b>				
Bank Deposits	1,00	2,09	--	11,28
Other Deposits	1,67	1,98	0,17	11,92
Interbank Money Market Placements	--	--	--	8,83
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	10,24
Funds Borrowed from Other Financial Institutions	1,48	2,10	--	6,66
<b>Prior Period: 31 December 2014</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	0,05	0,22	--	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	4,17	4,61	--	9,21
Loans	5,42	5,29	5,26	14,11
Investment Securities Held-to-Maturity	--	5,09	--	10,78
<b>Liabilities</b>				
Bank Deposits	0,13	0,32	--	10,73
Other Deposits	2,24	2,24	0,10	10,09
Interbank Money Market Placements	--	--	--	8,25
Miscellaneous Payables	--	--	--	--
Marketable Securities Issued	--	--	--	9,19
Funds Borrowed from Other Financial Institutions	0,96	1,80	--	7,61

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

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

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Current Period: 31 December 2015		Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency		(+/- basis points)		- Losses/Equity
1	TL	(+) 500 bps	(2.185.416)	(17,90%)
2	TL	(-) 400 bps	2.156.274	17,67%
3	Euro	(+) 200 bps	79.948	0,66%
4	Euro	(-) 200 bps	(74.098)	(0,61%)
5	US Dollar	(+) 200 bps	23.151	0,19%
6	US Dollar	(-) 200 bps	(18.178)	(0,15%)
Total (of positive shocks)			(2.082.317)	(17,05%)
Total (of negative shocks)			2.063.998	16,91%

Prior Period: 31 December 2014		Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency		(+/- basis points)		- Losses/Equity
1	TL	(+) 500 bps	(1.822.945)	(19,92%)
2	TL	(-) 400 bps	1.840.580	20,11%
3	Euro	(+) 200 bps	27.684	0,30%
4	Euro	(-) 200 bps	(475)	(0,01%)
5	US Dollar	(+) 200 bps	119.192	1,30%
6	US Dollar	(-) 200 bps	(140.578)	(1,54%)
Total (of positive shocks)			(1.676.069)	(18,32%)
Total (of negative shocks)			1.699.527	18,56%

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

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

The Bank 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).



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#### VIII. Explanations related to the 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 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 Bank. Main funding source of the 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 Bank's liabilities consist of TL, US Dollar, Euro and gold. The main foreign currency funding source of the 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 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 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 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 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 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 Bank's Liquidity Coverage rate published in Official Gazette dated 21 March 2014 and numbered 28948 are as follows. Unconsolidated foreign currency rate calculated for the last three months is at the lowest level in the week of 2 October 243,21 and at the highest level in the week of 27 November 298,18 while the liquidity coverage rate is at the lowest level in the week of 9 October 83,74 and at the highest level in the week of 25 December 93,56.

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**a. Liquidity coverage ratio**

Current Period	Total unweighted value <sup>(*)</sup>		Total weighted value <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 Total High Quality Liquid Assets			13.535.453	8.825.981
<b>CASH OUTFLOWS</b>				
2 Retail deposits and deposits from small business customers, of which	28.092.537	10.943.681	2.600.765	1.051.147
3 Stable deposits	4.169.762	864.419	208.488	43.221
4 Less stable deposits	23.922.775	10.079.262	2.392.277	1.007.926
5 Unsecured wholesale funding, of which	18.221.392	9.478.063	9.238.816	4.908.944
6 Operational deposits	4.693.613	2.485.587	1.173.403	621.397
7 Non-operational deposits	11.032.394	5.997.364	5.570.028	3.292.435
8 Unsecured debt	2.495.385	995.112	2.495.385	995.112
9 Secured wholesale funding			--	--
10 Additional requirements of which	45.829.926	20.305.611	5.270.617	5.802.722
11 Outflows related to derivative exposures and other collateral requirements	924.915	3.531.166	924.915	3.531.166
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	44.905.011	16.774.445	4.345.702	2.271.556
14 Other contractual funding obligations	6.269.234	956.931	1.754.126	956.931
15 Other contingent funding obligations	--	--	--	--
16 TOTAL CASH OUTFLOWS			18.864.324	12.719.744
<b>CASH INFLOWS</b>				
17 Secured lending	--	--	--	--
18 Inflows from fully performing exposures	4.981.852	1.547.825	3.294.987	1.447.204
19 Other cash inflows	266.248	10.801.819	205.298	10.769.863
20 TOTAL CASH INFLOWS	5.248.100	12.349.644	3.500.285	12.217.067
			Total adjusted value	
21 TOTAL HQLA			13.535.453	8.825.981
22 TOTAL NET CASH OUTFLOWS			15.364.039	3.179.936
23 LIQUIDITY COVERAGE RATIO (%)			88,2	275,1

<sup>(\*)</sup> Average of unconsolidated liquidity coverage rate which is calculated by means of monthly simple arithmetic average for the last three months, average of unconsolidated 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			15.102.581	6.808.373
<b>CASH OUTFLOWS</b>				
2 Retail deposits and deposits from small business customers, of which	22.017.871	7.348.049	2.045.901	700.157
3 Stable deposits	3.117.726	692.946	155.886	34.647
4 Less stable deposits	18.900.145	6.655.103	1.890.015	665.510
5 Unsecured wholesale funding, of which	17.863.219	10.757.874	9.372.914	5.816.059
6 Operational deposits	2.390.628	1.145.112	597.657	286.278
7 Non-operational deposits	12.776.496	8.176.526	6.081.734	4.096.118
8 Unsecured debt	2.696.095	1.436.236	2.693.523	1.433.663
9 Secured wholesale funding			--	--
10 Additional requirements of which	40.829.383	15.363.530	4.302.478	4.086.192
11 Outflows related to derivative exposures and other collateral requirements	582.082	2.440.558	582.082	2.440.558
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	40.247.301	12.922.972	3.720.396	1.645.634
14 Other contractual funding obligations	4.151.154	893.855	1.591.608	893.855
15 Other contingent funding obligations	--	--	--	--
16 TOTAL CASH OUTFLOWS			17.312.901	11.496.263
<b>CASH INFLOWS</b>				
17 Secured lending	526.725	--	--	--
18 Inflows from fully performing exposures	4.995.876	1.419.707	3.489.342	1.337.323
19 Other cash inflows	233.774	7.925.996	233.774	7.925.996
20 TOTAL CASH INFLOWS	5.756.375	9.345.703	3.723.116	9.263.319
			Total adjusted value	
21 TOTAL HQLA			15.102.581	6.808.373
22 TOTAL NET CASH OUTFLOWS			13.589.785	2.874.066
23 LIQUIDITY COVERAGE RATIO (%)			111,7	216,9

(\*) Average of unconsolidated liquidity coverage rate which is calculated by means of monthly simple arithmetic average for the last three months, average of unconsolidated 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 weekly and monitored daily in the 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	2.801.799	7.957.344	--	--	--	--	--	10.759.143
Due from Banks and Other Fin.Inst.	714.648	1.298.618	207.290	--	--	--	--	2.220.556
Financial Assets at Fair Value Through Profit or Loss	519	48.513	239.832	161.165	550.048	116.503	--	1.116.580
Interbank Money Market Placements	--	1.200.353	--	--	--	--	--	1.200.353
Investment Securities Av.-for-Sale	112.884	107.510	207.564	666.714	3.659.073	3.770.734	--	8.524.479
Loans	--	8.663.589	2.604.535	10.941.684	20.327.321	8.083.028	728.667	51.348.824
Investment Securities Held-to-Maturity	--	--	--	--	602.224	2.639.554	--	3.241.778
Other Assets	998.399	--	--	--	--	--	4.810.555	5.808.954
<b>Total Assets</b>	<b>4.628.249</b>	<b>19.275.927</b>	<b>3.259.221</b>	<b>11.769.563</b>	<b>25.138.666</b>	<b>14.609.819</b>	<b>5.539.222</b>	<b>84.220.667</b>
<b>Liabilities</b>								
Bank Deposits	90.540	710.713	523.358	145.986	--	--	--	1.470.597
Other Deposits	8.366.049	26.036.202	8.510.258	2.163.039	41.432	--	--	45.116.980
Funds Borrowed from Other Fin.Inst. and Subordinated Loans	--	878.119	1.568.746	5.268.863	3.153.606	4.675.701	--	15.545.035
Interbank Money Market Placements	--	7.184.158	--	--	--	--	--	7.184.158
Marketable Securities Issued	--	161.576	406.138	261.212	430.272	--	--	1.259.198
Miscellaneous Payables	1.642.761	--	--	--	--	--	--	1.642.761
Other Liabilities	1.112.337	210.202	368.129	414.483	325.737	95.326	9.475.724	12.001.938
<b>Total Liabilities</b>	<b>11.211.687</b>	<b>35.180.970</b>	<b>11.376.629</b>	<b>8.253.583</b>	<b>3.951.047</b>	<b>4.771.027</b>	<b>9.475.724</b>	<b>84.220.667</b>
<b>Net Liquidity Gap</b>	<b>(6.583.438)</b>	<b>(15.905.043)</b>	<b>(8.117.408)</b>	<b>3.515.980</b>	<b>21.187.619</b>	<b>9.838.792</b>	<b>(3.936.502)</b>	<b>--</b>
<b>Net "Off-Balance Sheet Position"</b>	<b>--</b>	<b>(21.526)</b>	<b>214.147</b>	<b>114.958</b>	<b>247.157</b>	<b>--</b>	<b>--</b>	<b>554.736</b>
Financial Derivatives (assets)	--	16.908.323	6.120.479	4.173.890	11.200.916	5.065.296	--	43.468.904
Financial Derivatives (liabilities)	--	(16.929.849)	(5.906.332)	(4.058.932)	(10.953.759)	(5.065.296)	--	(42.914.168)
Non-Cash Loans	--	1.480.880	1.781.377	7.239.495	3.673.178	10.099.945	--	24.274.875
<b>(<sup>1</sup>) Prior Period</b>								
<b>Total Assets</b>	<b>3.739.161</b>	<b>17.317.763</b>	<b>2.994.252</b>	<b>10.068.406</b>	<b>18.565.242</b>	<b>13.813.558</b>	<b>4.432.235</b>	<b>70.930.617</b>
<b>Total Liabilities</b>	<b>9.778.199</b>	<b>28.863.640</b>	<b>10.986.056</b>	<b>5.111.439</b>	<b>3.821.303</b>	<b>4.164.867</b>	<b>8.205.113</b>	<b>70.930.617</b>
<b>Net Liquidity Gap</b>	<b>(6.039.038)</b>	<b>(11.545.877)</b>	<b>(7.991.804)</b>	<b>4.956.967</b>	<b>14.743.939</b>	<b>9.648.691</b>	<b>(3.772.878)</b>	<b>--</b>
<b>Net "Off-Balance Sheet Position"</b>	<b>--</b>	<b>21.540</b>	<b>(178.672)</b>	<b>134.843</b>	<b>292.887</b>	<b>372</b>	<b>--</b>	<b>270.970</b>
Financial Derivatives (assets)	--	13.509.220	4.379.680	3.366.823	9.763.681	1.627.834	--	32.647.238
Financial Derivatives (liabilities)	--	(13.487.680)	(4.558.352)	(3.231.980)	(9.470.794)	(1.627.462)	--	(32.376.268)
Non-Cash Loans	--	1.550.222	1.387.251	3.925.193	5.359.691	8.199.238	--	20.421.595

(<sup>1</sup>) Prior period balances are rearranged retrospectively as a result of equity method implementation.

(\*\*) 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**

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	35.282.610	9.124.548	2.361.594	53.350	--	46.822.102
Funds borrowed	922.463	1.931.900	5.941.980	3.818.769	4.277.736	16.892.848
Interbank Money Markets	7.184.158	--	--	--	--	7.184.158
Securities issued	165.201	427.058	302.088	388.662	--	1.283.009
<b>Total</b>	<b>43.554.432</b>	<b>11.483.506</b>	<b>8.605.662</b>	<b>4.260.781</b>	<b>4.277.736</b>	<b>72.182.117</b>
<b>Prior Period: 31 December 2014</b>						
<b>Liabilities</b>						
Deposit	35.006.095	9.334.096	1.613.436	49.138	--	46.002.765
Funds borrowed	1.011.082	993.117	3.154.532	3.395.664	5.915.189	14.469.584
Interbank Money Markets	2.698.848	--	--	--	--	2.698.848
Securities issued	101.744	478.709	490.526	737.460	--	1.808.439
<b>Total</b>	<b>38.817.769</b>	<b>10.805.922</b>	<b>5.258.494</b>	<b>4.182.262</b>	<b>5.915.189</b>	<b>64.979.636</b>

**IX. Securitization exposures**

None.

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**X. Credit risk mitigation techniques**

The 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

Risk classification	Amount <sup>(*)</sup>	Financial Guarantees	Other/Physical Guarantees	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	21.392.857	--	--	--
Conditional and unconditional receivables from regional or local governments	754.733	--	--	--
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	3.731.779	866	--	--
Conditional and unconditional receivables from corporates	46.078.158	1.373.006	--	--
Conditional and unconditional retail receivables	37.117.209	333.795	--	--
Conditional and unconditional receivables secured by mortgages	9.818.271	--	8.552.546	--
a) Receivables secured by residential mortgages	4.941.189	--	4.746.554	--
b) Receivables secured by commercial mortgages	4.877.082	--	3.805.992	--
Past due receivables	2.512.763	146	--	--
Receivables defined in high risk category by BRSA	4.669.055	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	6.881.047	--	--	--
<b>Total</b>	<b>132.955.876</b>	<b>1.756.827</b>	<b>8.552.546</b>	<b>--</b>

<sup>(\*)</sup> 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 <sup>(*)</sup></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	17.879.143	--	--	--
Conditional and unconditional receivables from regional or local governments	865.172	--	--	--
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	4.176.775	8	--	--
Conditional and unconditional receivables from corporates	41.817.215	852.381	--	--
Conditional and unconditional retail receivables	30.651.397	204.964	--	--
Conditional and unconditional receivables secured by mortgages	7.420.035	--	6.516.769	--
a) Receivables secured by residential mortgages	3.527.703	--	3.412.084	--
b) Receivables secured by commercial mortgages	3.892.332	--	3.104.685	--
Past due receivables	1.595.046	1.074	--	--
Receivables defined in high risk category by BRSA	5.494.858	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	4.244.851	--	--	--
<b>Total</b>	<b>114.144.495</b>	<b>1.106.364</b>	<b>6.516.769</b>	<b>--</b>

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

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#### XI. Explanations related to leverage ratio

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

Leverage ratio of Bank is 5,98% as of 31 December 2015 (31 December 2014: 4,91%). 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:

	Current Period (*)	Prior Period (*)
On-balance sheet exposures		
1 On-balance sheet items (exclude derivatives and SFTs; include collateral)	82.275.249	67.784.730
2 (Assets deducted in determining Basel III Tier 1 capital)	323.833	251.172
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines)	81.951.416	67.533.558
Derivative exposures		
4 Replacement cost	1.224.904	1.092.874
5 Add-on amount	469.283	482.272
6 Total derivative exposures (sum of 4 and 5 lines)	1.694.187	1.575.146
Securities financing transaction exposures		
7 Gross SFT assets (with no recognition of accounting netting)	34.832	113.505
8 Agent transaction exposures		
9 Total securities financing transaction exposures (sum of 7 and 8 lines)	34.832	113.505
Other off-balance sheet exposures		
10 Off-balance sheet exposures with gross nominal amount	49.364.523	43.915.878
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)	49.364.020	41.239.995
Capital and total exposures		
13 Tier 1 capital	7.961.500	5.424.999
14 Total exposures (sum of 3,6,9 and 12 lines)	133.044.455	110.462.204
Leverage ratio		
15 Leverage ratio	5,98	4,91

(\*) 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 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 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 Bank applies credit risk mitigation techniques for various risk factors for the purposes of compliance with the 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.

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**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>66.535.990</b>	<b>55.524.869</b>	<b>65.713.250</b>	<b>55.644.929</b>
Interbank money market placements	1.200.353	970.298	1.200.353	970.298
Due from banks	2.220.556	1.745.684	2.219.847	1.745.662
Investment securities available-for-sale	8.524.479	6.690.257	8.524.479	6.690.257
Investment securities held-to-maturity	3.241.778	3.022.707	3.250.150	3.302.512
Loans and Other Receivables	51.348.824	43.095.923	50.518.421	42.936.200
<b>Financial Liabilities</b>	<b>72.218.729</b>	<b>60.202.618</b>	<b>71.953.440</b>	<b>60.208.997</b>
Bank deposits	1.470.597	1.548.463	1.469.603	1.548.244
Other deposits	45.116.980	41.552.209	45.119.167	41.556.661
Interbank money market borrowings	7.184.158	2.698.848	7.184.158	2.698.848
Funds borrowed from other financial institutions	10.699.070	7.508.372	10.621.849	7.565.678
Subordinated Loans	4.845.965	3.922.963	4.675.890	3.888.346
Securities Issued	1.259.198	1.621.898	1.240.012	1.601.355
Miscellaneous Payables	1.642.761	1.349.865	1.642.761	1.349.865



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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 the Bank'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	23.708	1.092.872	--	1.116.580
Public Sector Debt Securities	22.625	--	--	22.625
Trading Purpose Derivatives	--	1.092.872	--	1.092.872
Other Securities	1.083	--	--	1.083
Financial Assets Available for Sale <sup>(*)</sup>	8.411.595	--	108.955	8.520.550
Public Sector Debt Securities	8.411.595	--	--	8.411.595
Other Securities	--	--	108.955	108.955
Hedging Purpose Derivatives	--	--	--	--
<b>Total Assets</b>	<b>8.435.303</b>	<b>1.092.872</b>	<b>108.955</b>	<b>9.637.130</b>
Derivative Financial Liabilities Held for Trading	--	577.227	--	577.227
Hedging Purpose Derivatives	--	--	--	--
<b>Total Liabilities</b>	<b>--</b>	<b>577.227</b>	<b>--</b>	<b>577.227</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	108.958	954.027	--	1.062.985
Public Sector Debt Securities	108.528	--	--	108.528
Trading Purpose Derivatives	--	954.027	--	954.027
Other Securities	430	--	--	430
Financial Assets Available for Sale <sup>(*)</sup>	6.626.546	59.782	--	6.686.328
Public Sector Debt Securities	6.626.546	--	--	6.626.546
Other Securities	--	59.782	--	59.782
Hedging Purpose Derivatives	--	--	--	--
<b>Total Assets</b>	<b>6.735.504</b>	<b>1.013.809</b>	<b>--</b>	<b>7.749.313</b>
Derivative Financial Liabilities Held for Trading	--	689.265	--	689.265
Hedging Purpose Derivatives	--	--	--	--
<b>Total Liabilities</b>	<b>--</b>	<b>689.265</b>	<b>--</b>	<b>689.265</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

<sup>(\*)</sup> Share certificates amounting TL 3.929 (31 December 2014: TL 3.929), 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.

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**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**

The Bank 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**

The Bank applies net investment accounting hedge as of 1 July 2015 in order to ensure exchange difference hedge sourcing from equity method implementation for its net investment at a total amount of Euro 854 million and US Dollar 6,5 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. A part of foreign currency deposits at same amounts is defined as hedging instrument and the part, in which the value change sourcing from foreign currency exchange rates is effective, is recognized in hedge funds under shareholder's equity. Total net investment hedging funds recognized under equity after deferred tax is amounting to TL (114.756) as of 31 December 2015.

**b. Cash Flow Hedge**

The 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 after deferred tax is amounting to TL (3.368) (31 December 2014: TL 8.919).

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#### XVI. Explanations related to the segment reporting

The Bank 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.

Current Period(01.01.2015-31.12.2015)	Wholesale Banking		Retail Banking		Treasury and Investment Banking	Total
	Corporate Banking	Commercial& Public Finance	SME& Agriculture Banking	Retail Banking		
Net interest income	337.975	427.428	1.152.217	689.619	546.777	3.154.016
Net fee and commission income	80.247	117.550	386.811	493.122	(37.435)	1.040.295
Other income/expense, net	94.704	75.658	137.898	208.337	(780.276)	(263.679)
<b>Total segment income</b>	<b>512.926</b>	<b>620.636</b>	<b>1.676.926</b>	<b>1.391.078</b>	<b>(270.934)</b>	<b>3.930.632</b>
Other operating expenses	(129.485)	(277.584)	(886.078)	(977.712)	(98.127)	(2.368.986)
Provision for loan losses and other receivables	(29.402)	(111.161)	(406.352)	(608.722)	(61.939)	(1.217.576)
Tax charge						(109.030)
Profit / Loss from Associates Subjected to Equity Method						527.605
<b>Net profit from continuing operations</b>	<b>354.039</b>	<b>231.891</b>	<b>384.496</b>	<b>(195.356)</b>	<b>(431.000)</b>	<b>762.645</b>
Net profit from discontinued operations	--	--	--	--	--	--
<b>Net profit</b>	<b>354.039</b>	<b>231.891</b>	<b>384.496</b>	<b>(195.356)</b>	<b>(431.000)</b>	<b>762.645</b>
<b>Current Period (31.12.2015)</b>						
Segment assets	6.970.701	9.998.745	18.444.230	15.935.149	27.062.888	78.411.713
Subsidiaries and associates						3.951.185
Undistributed assets						1.857.769
<b>Total assets</b>						<b>84.220.667</b>
Segment liabilities	8.389.602	7.886.678	9.541.447	20.503.754	26.065.352	72.386.833
Undistributed liabilities						3.564.515
Shareholders' equity						8.269.319
<b>Total liabilities</b>						<b>84.220.667</b>

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(*) Prior Period (01.01.2014-31.12.2014)	Wholesale Banking		Retail Banking		Treasury and Investment Banking	Total
	Corporate Banking	Commercial & Public Finance	SME & Agriculture Banking	Retail Banking		
Net interest income	332.861	419.250	924.081	677.520	551.528	2.905.240
Net fee and commission income	67.864	96.196	353.866	450.107	(19.041)	948.992
Other income/expense, net	56.961	84.557	74.726	182.615	(584.926)	(186.067)
<b>Total segment income</b>	<b>457.686</b>	<b>600.003</b>	<b>1.352.673</b>	<b>1.310.242</b>	<b>(52.439)</b>	<b>3.668.165</b>
Other operating expenses	(149.157)	(280.183)	(772.369)	(953.224)	(45.227)	(2.200.160)
Provision for loan losses and other receivables	(83.618)	(81.989)	(243.880)	(461.411)	(15.600)	(886.498)
Tax charge						(142.363)
Profit / Loss from Associates Subjected to Equity Method						549.574
<b>Net profit from continuing operations</b>	<b>224.911</b>	<b>237.831</b>	<b>336.424</b>	<b>(104.393)</b>	<b>(113.266)</b>	<b>988.718</b>
Net profit from discontinued operations	--	--	--	--	--	--
<b>Net profit</b>	<b>224.911</b>	<b>237.831</b>	<b>336.424</b>	<b>(104.393)</b>	<b>(113.266)</b>	<b>988.718</b>
<b>Prior Period (31.12.2014)</b>						
Segment assets	5.811.540	9.508.008	12.992.761	14.783.616	22.892.609	65.988.534
Subsidiaries and associates						3.022.762
Undistributed assets						1.919.321
<b>Total assets</b>						<b>70.930.617</b>
Segment liabilities	7.964.114	9.308.296	8.098.351	17.245.830	18.010.282	60.626.873
Undistributed liabilities						3.164.589
Shareholders' equity						7.139.155
<b>Total liabilities</b>						<b>70.930.617</b>

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

(\*) Prior period balances are rearranged retrospectively as a result of equity method implementation.

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**SECTION FIVE**  
**DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and disclosures related to 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	732.446	619.716	604.967	590.158
Central Bank of the Republic of Turkey	462.670	8.944.286	234.653	7.970.881
Other <sup>(*)</sup>	--	25	--	21
<b>Total</b>	<b>1.195.116</b>	<b>9.564.027</b>	<b>839.620</b>	<b>8.561.060</b>

<sup>(\*)</sup> Includes TL 25 of cheques purchased (31 December 2014: TL 21).

**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	997.242	234.653	928.526
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	--	7.947.044	--	7.042.355
<b>Total</b>	<b>462.670</b>	<b>8.944.286</b>	<b>234.653</b>	<b>7.970.881</b>

**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 of TL 24.288 derived from the required reserves maintained by the 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**

None (31 December 2014: None).

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

None (31 December 2014: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	4.615	11.830	1.221	22.097
Swap Transactions	874.302	179.173	181.859	727.257
Futures Transactions	--	--	--	--
Options	173	22.779	223	21.370
Other	--	--	--	--
<b>Total</b>	<b>879.090</b>	<b>213.782</b>	<b>183.303</b>	<b>770.724</b>

**c. Information on Banks**

**1. Information on Banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	8.602	1.296.248	411.793	729.699
Foreign	12.990	902.716	16.327	587.865
Foreign head offices and branches	--	--	--	--
<b>Total</b>	<b>21.592</b>	<b>2.198.964</b>	<b>428.120</b>	<b>1.317.564</b>

**2. Foreign banks**

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	522.714	65.924	--	6.981
USA, Canada	147.664	225.358	12.180	12.180
OECD Countries <sup>(*)</sup>	15.857	3.912	--	--
Off shore zones	177	--	--	--
Other	217.114	289.837	--	--
<b>Total</b>	<b>903.526</b>	<b>585.031</b>	<b>12.180</b>	<b>19.161</b>

<sup>(\*)</sup> 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 unquoted stock exchange, debt securities representing government bonds, Eurobonds and foreign currency government bonds issued by the Turkish Treasury.

**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 386.714).

**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	44.341
Other	--	--	--	--
<b>Total</b>	<b>857.701</b>	<b>832.684</b>	<b>342.373</b>	<b>44.341</b>

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**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	--	--	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>4.811.887</b>	<b>--</b>	<b>1.866.138</b>	<b>--</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Debt instruments</b>		8.840.892		6.746.089
Quoted on Stock Exchange		8.840.892		6.746.089
Unquoted on Stock Exchange		--		--
<b>Share certificates</b>		112.884		3.929
Quoted on Stock Exchange		--		--
Unquoted on Stock Exchange		112.884		3.929
<b>Impairment provision (-)</b>		429.297		59.761
<b>Total</b>		<b>8.524.479</b>		<b>6.690.257</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>				3.025
Corporate Shareholders				3.025
Individual Shareholders				--
<b>Indirect Loans Granted to Shareholders</b>		19.970		56.077
<b>Loans Granted to Employees</b>	63.001	115	56.618	95
<b>Total</b>	<b>63.001</b>	<b>20.085</b>	<b>56.618</b>	<b>59.197</b>

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

	Performing Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	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>Cash Loans</b>						
Non-specialized Loans	41.925.719	571.788	--	3.373.280	1.398.849	--
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	331.344	--	--	4.795	--	--
Consumer Loans	11.195.715	105.342	--	1.093.319	317.900	--
Credit Cards	4.132.884	706	--	202.714	1.682	--
Other	24.376.025	388.158	--	1.835.957	863.836	--
Specialization Loans	4.869.660	4.947	--	451.498	149.951	--
Other Receivables	--	--	--	--	--	--
<b>Total</b>	<b>46.795.379</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		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>				
Non-Specialized Loans	16.358.889	12.082	818.956	76.041
Specialized Loans	15.057.530	11.439	714.357	53.857
Other Receivables	1.301.359	643	104.599	22.184
	--	--	--	--
<b>Medium and Long-Term Loans and Other Receivables</b>				
Non-Specialized Loans	30.436.490	564.653	3.005.822	1.472.759
Specialized Loans	26.868.189	560.349	2.658.923	1.344.992
Other Receivables	3.568.301	4.304	346.899	127.767
	--	--	--	--
<b>Total</b>	<b>46.795.379</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>--</b>	<b>1.952</b>	<b>1.952</b>
Real estate Loans	--	1.770	1.770
Vehicle Loans	--	--	--
General Purpose Loans	--	182	182
Other	--	--	--
<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>--</b>	<b>--</b>	<b>--</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
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) <sup>(*)</sup></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>4.770.294</b>	<b>11.605.229</b>	<b>16.375.523</b>

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

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**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	802.481	929.774
Private	49.817.676	41.648.921
<b>Total</b>	<b>50.620.157</b>	<b>42.578.695</b>

**7. Domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	49.890.022	41.905.635
Foreign Loans	730.135	673.060
<b>Total</b>	<b>50.620.157</b>	<b>42.578.695</b>

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

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	32.438	6.283
Indirect loans granted to subsidiaries and associates	--	--
<b>Total</b>	<b>32.438</b>	<b>6.283</b>

**9. Specific provisions for loans**

	Current Period	Prior Period
<b>Specific Provisions</b>		
Loans and Receivables with Limited Collectability	62.112	93.420
Loans and Receivables with Doubtful Collectability	245.582	219.820
Uncollectible Loans and Receivables	1.645.687	858.235
<b>Total</b>	<b>1.953.381</b>	<b>1.171.475</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 Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V 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 Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	<b>278.247</b>	<b>441.694</b>	<b>968.762</b>
Additions (+)	1.406.587	115.714	140.233
Transfers from Other Categories of Non-Performing Loans (+)	--	1.150.953	1.000.585
Transfers from Other Categories of Non-Performing Loans (-)	1.150.953	1.000.585	--
Collections (-)	197.665	163.347	305.328
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>336.216</b>	<b>544.429</b>	<b>1.801.403</b>
Specific Provisions (-)	62.112	245.582	1.645.687
<b>Net Balance on Balance Sheet</b>	<b>274.104</b>	<b>298.847</b>	<b>155.716</b>

While the 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**

None (31 December 2014: None).

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
<b>Current Period (Net): 31 December 2015</b>	<b>274.104</b>	<b>298.847</b>	<b>155.716</b>
Loans Granted to Real Persons and Legal Entities (Gross)	336.216	544.429	1.801.403
Specific provisions (-)	62.112	245.582	1.645.687
Loans Granted to Real Persons and Legal Entities (Net)	274.104	298.847	155.716
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
<b>Prior Period (Net): 31 December 2014</b>	<b>184.827</b>	<b>221.874</b>	<b>110.527</b>
Loans Granted to Real Persons and Legal Entities (Gross)	278.247	441.694	968.762
Specific provisions (-)	93.420	219.820	858.235
Loans Granted to Real Persons and Legal Entities (Net)	184.827	221.874	110.527
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific provisions (-)	--	--	--
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 on condition that receivable of the Bank 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).

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

	Current Period	Prior Period
Government Bonds	3.241.778	3.019.157
Treasury Bills	--	--
Other Government Debt Securities	--	--
<b>Total</b>	<b>3.241.778</b>	<b>3.019.157</b>

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

	Current Period	Prior Period
Debt Securities	3.247.249	3.025.847
Quoted on Stock Exchange	3.247.249	3.022.297
Unquoted on Stock Exchange	--	3.550
Impairment (-)	5.471	3.140
<b>Total</b>	<b>3.241.778</b>	<b>3.022.707</b>

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

	Current Period	Prior Period
Balance at the beginning of the period	3.022.707	2.432.780
Foreign exchange differences (*)	227.993	185.240
Purchases (**)	--	409.837
Disposals/Redemptions	(3.451)	(2.010)
Impairment losses (-)	5.471	3.140
<b>Total</b>	<b>3.241.778</b>	<b>3.022.707</b>

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

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

The Bank transferred a portion of its securities from "investment securities available-for-sale" portfolio, as of reclassification date with a new cost is amounting to TL 2.645.113 and US Dollar 136.323, to the "investment securities held-to-maturity" portfolio due to change in the intention of holding dating 23 July, 24 July, 26 December 2013 and 24 January 2014. The negative valuation differences amounting to TL 232.397 followed under equity until the date of classification will be amortized with effective interest method and recycled to profit/loss until the maturities of these securities. As of the balance sheet date, the remaining negative valuation difference under equity is TL 192.722 (31 December 2014: TL 212.295).

#### g. Investments in associates

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	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.

(\*\*) Finansal tablo bilgileri 31 Aralık 2014 tarihinde sona eren hesap dönemine aittir.

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**h. Investments in subsidiaries**

**1. Information on capital adequacies of major subsidiaries**

Amounts at below prepared within the scope of regulation depended by Denizbank AG and they are obtained from financial datas of 31 December 2015.

	Denizbank AG
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 subsidiaries**

Title	Address (City/Country)	The Parent Bank's share percentage (%)	Other shareholders' share percentage (%) (****)
1-İntertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. <sup>(*)</sup>	Istanbul/Turkey	100	--
2-Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. <sup>(*)</sup>	Istanbul/Turkey	100	--
3-Denizbank AG	Vienna/Austria	100	--
4-Eurodeniz International Banking Unit Ltd.	Nicosia / Cyprus	100	--
5-Deniz Yatırım Menkul Kıymetler A.Ş.	Istanbul/Turkey	100	--
6-Ekspres Menkul Değerler A.Ş. <sup>(****)</sup>	Istanbul/Turkey	71	29
7-JSC Denizbank Moskova	Moscow / Russia	49	51
8-Deniz Portföy Yönetimi A.Ş.	Istanbul/Turkey	--	100
9-Deniz Finansal Kiralama A.Ş.	Istanbul/Turkey	49	51
10-Deniz Faktoring A.Ş.	Istanbul/Turkey	100	--
11-Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. <sup>(**)</sup>	Istanbul/Turkey	--	91
12-Destek Varlık Yönetim A.Ş. <sup>(**)</sup>	Istanbul/Turkey	--	100
13-CR Erdberg Eins GmbH & Co KG. <sup>(**)</sup>	Vienna/Austria	--	100

<sup>(\*)</sup> It is not included in TAS 27 equity method implementation mentioned in Note I of Section Three.

<sup>(\*\*)</sup> They are included in TAS 27 "equity method" mentioned in Note I of Section Three although which are not the Bank's direct subsidiaries.

<sup>(\*\*\*\*)</sup> 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.

<sup>(\*\*\*\*)</sup> Presenting risk group of Bank's share percentage.

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	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	29.594.784	3.154.695	27.375	1.253.134	98.745	459.473	394.973	--	--
4	375.163	19.677	71	59.092	--	691	1.778	--	--
5	157.945	138.963	2.827	4.419	91	(12.342)	6.974	--	--
6	15.135	13.880	2.354	883	158	1.071	(66)	--	--
7	796.621	139.063	2.303	56.429	14.004	28.893	26.326	--	--
8	9.825	8.607	18	836	19	2.319	717	--	--
9	2.583.220	554.713	61.014	194.239	--	71.469	58.119	--	--
10	793.546	174.730	2.386	160.886	--	(36.638)	104.894	--	--
11	188.961	184.806	303	754	--	10.285	13.078	--	--
12	78.519	11.015	28	13.557	--	1.438	81	--	--
13	66.252	59.193	54.995	11	--	1.827	430	--	--

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

#### Movement of subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	3.011.308	2.693.294
Movements during the Period	928.423	318.014
Purchases (**)	256.426	95.000
Bonus Shares Received	--	4.703
Dividends from Current Year Profit (***)	471.774	422.527
Sales	--	110.254
Revaluation Increase, Effect of Inflation and F/X Difference (*)	200.223	(93.962)
Allowance for impairment	--	--
Balance at the End of the Period	3.939.731	3.011.308
Capital Commitments	--	--
Share Percentage at the end of Period (%)	--	--

(\*) It consists of other reserves amounting to TL 255.509 as of 31 December 2015 (31 December 2014: TL 114.284) and valuation differences of securities amounting to TL 55.286 as of 31 December 2015 (31 December 2014: TL 20.322) as a consequence of equity method implementation in accordance with TAS 27 mentioned in Note I of Section Three.

(\*\*) On 4 September 2015, the Bank has increased Denizbank AG's capital by Euro 80 million.

(\*\*\*) Dividend income amounting to TL 55.836 as of 31 December 2015 (31 December 2014: TL 48.647) and profit on sale of associates amounting to --TL as of 31 December 2015 (31 December 2014: TL 78.400) as a consequence of equity method implementation in accordance with TAS 27 mentioned in Note I of Section Three.

#### 2 (i). Sectorial information on the subsidiaries and the related carrying amounts

	Current Period	(*) Prior Period
Banks	3.236.453	2.251.986
Insurance Companies	--	--
Factoring Companies	174.730	267.198
Leasing Companies	271.816	236.788
Finance Companies	--	--
Other Subsidiaries	256.732	255.336
Total	3.939.731	3.011.308

(\*) Prior period balances are rearranged retrospectively as a result of equity method implementation.

2 (ii). Quoted subsidiaries: None.

2 (iii). Subsidiaries disposed during the current period: None.

2 (iv). Subsidiaries acquired during the current period: None.

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**i. 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.

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

None (31 December 2014: None).

**k. Explanation on hedging purpose derivatives**

None (31 December 2014: None).

**l. Information on tangible assets**

Current Period End: 31 December 2015	Fixed assets		Other tangible		Total
	Land and buildings	under finance lease	Vehicles	fixed assets	
Net book value at the beginning of the period	60.426	205.527	1.585	708.876	976.414
Additions	265	25.912	13	100.234	126.424
Disposals	15.474	12.112	122	52.309	80.017
Net FX difference from foreign subsidiaries	--	--	10	31	41
Net book value at the end of the period	45.217	219.327	1.486	756.832	1.022.862
Accumulated depreciation at the beginning of the period (-)	13.738	156.487	953	397.632	568.810
Disposals	4.193	13.712	99	34.928	52.932
Net FX difference from foreign subsidiaries	--	--	10	30	40
Depreciation	870	17.827	220	86.999	105.916
Current period accumulated depreciation (-)	10.415	160.602	1.084	449.733	621.834
Closing net book value	34.802	58.725	402	307.099	401.028

The 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

Current Period End: 31 December 2015	Other	Goodwill	Total
Net book value at the beginning of the period	386.109	869	386.978
Additions	102.659	--	102.659
Net FX difference from foreign subsidiaries	599	--	599
Net book value at the end of the period	489.367	869	490.236
Accumulated depreciation at the beginning of the period (-)	240.666	--	240.666
Net FX difference from foreign subsidiaries	595	--	595
Depreciation	77.797	--	77.797
Current period accumulated depreciation (-)	319.058	--	319.058
Closing net book value	170.309	869	171.178

Prior Period End: 31 December 2014			Total
Net book value at the beginning of the period	331.073	869	331.942
Additions	54.834	--	54.834
Net FX difference from foreign subsidiaries	202	--	202
Net book value at the end of the period	386.109	869	386.978
Accumulated depreciation at the beginning of the period (-)	175.737	--	175.737
Net FX difference from foreign subsidiaries	202	--	202
Depreciation	64.727	--	64.727
Prior period accumulated depreciation (-)	240.666	--	240.666
Closing net book value	145.443	869	146.312

#### n. Explanation on investment property

None (31 December 2014: None).

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**o. Information on deferred tax asset**

Deferred tax asset is calculated on the basis of related regulation and these balances are the net of deductible and taxable temporary differences calculated as of the balance sheet date.

The following table presents the deferred tax bases:

	Current Period	Prior Period
Financial Loss <sup>(*)</sup>	69.714	--
Unearned Income	43.260	41.649
Provision for Employee Benefits	18.670	17.485
Miscellaneous Provisions	5.638	9.157
Other	4.143	--
Valuation Differences of Financial Assets	--	46.328
<b>Deferred Tax Assets</b>	<b>141.425</b>	<b>114.619</b>
Valuation Differences of Derivatives	(42.846)	(3.848)
Valuation Differences of Tangible Assets	(10.477)	(8.447)
Valuation Differences of Financial Assets	(2.726)	--
Other	--	(6.869)
<b>Deferred Tax Liabilities</b>	<b>(56.049)</b>	<b>(19.164)</b>
<b>Net Deferred Tax Assets</b>	<b>85.376</b>	<b>95.455</b>

<sup>(\*)</sup> 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 (31 December 2014: None).

**q. Information on other assets**

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

The Bank's total prepaid expenses are TL 263.450 (31 December 2014: TL 231.422).

**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 liabilities**

**a. Information on deposits**

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

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

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	1.603.758	--	1.539.693	12.588.853	250.974	126.499	198.688	34.631	16.343.096
Foreign Currency Deposits <sup>(*)</sup>	3.975.007	--	2.693.442	9.496.538	1.121.513	858.764	932.895	1.477	19.079.636
Residents in Turkey	3.632.126	--	2.645.771	9.012.894	1.055.969	670.674	657.700	1.290	17.676.424
Residents Abroad	342.881	--	47.671	483.644	65.544	188.090	275.195	187	1.403.212
Public Sector Deposits	416.169	--	46.680	48.266	1.899	13	411	--	513.438
Commercial Deposits	2.167.352	--	1.678.913	3.353.789	116.203	110.219	30.272	--	7.456.748
Other Ins. Deposits	81.973	--	92.902	1.028.700	169.986	910	11.862	--	1.386.333
Precious Metal Deposits	121.790	--	24.210	136.557	11.513	31.379	9.578	2.702	337.729
Bank Deposits	90.540	--	607.903	617.404	6.939	147.811	--	--	1.470.597
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	892	--	104.601	35.637	--	1.466	--	--	142.596
Foreign Banks	76.987	--	503.302	581.767	6.939	146.345	--	--	1.315.340
Special Finan. Inst.	12.661	--	--	--	--	--	--	--	12.661
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>8.456.589</b>	<b>--</b>	<b>6.683.743</b>	<b>27.270.107</b>	<b>1.679.027</b>	<b>1.275.595</b>	<b>1.183.706</b>	<b>38.810</b>	<b>46.587.577</b>

<sup>(\*)</sup> Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 9.846.585 and Commercial Deposit customers at the amount of TL 9.233.051.

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

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	1.321.820	--	1.367.040	11.575.267	355.226	165.096	254.336	30.204	15.068.989
Foreign Currency Deposits <sup>(*)</sup>	3.626.986	--	1.920.876	8.883.152	874.687	766.576	449.265	935	16.522.477
Residents in Turkey	3.372.403	--	1.878.140	8.357.164	818.729	495.550	309.895	831	15.232.712
Residents Abroad	254.583	--	42.736	525.988	55.958	271.026	139.370	104	1.289.765
Public Sector Deposits	350.421	--	7.785	32.675	1.850	793	438	--	393.962
Commercial Deposits	1.806.076	--	1.860.112	3.199.851	355.064	121.228	57.377	--	7.399.708
Other Ins. Deposits	73.014	--	57.724	1.217.294	261.226	89.571	237	--	1.699.066
Precious Metal Deposits	185.931	--	29.273	211.517	10.786	18.163	10.453	1.885	468.008
Bank Deposits	102.939	--	925.979	494.698	465	11.516	12.865	--	1.548.462
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	1.405	--	174.055	8.050	--	11.516	12.865	--	207.891
Foreign Banks	53.734	--	751.924	486.648	465	--	--	--	1.292.771
Special Finan. Inst.	47.800	--	--	--	--	--	--	--	47.800
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>7.467.187</b>	<b>--</b>	<b>6.168.789</b>	<b>25.614.454</b>	<b>1.859.304</b>	<b>1.172.943</b>	<b>784.971</b>	<b>33.024</b>	<b>43.100.672</b>

<sup>(\*)</sup> Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 6.367.815 and Commercial Deposit customers at the amount of TL 10.154.662.

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**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	--	--
<b>Total</b>	<b>105.366</b>	<b>137.617</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	3.424	29.821	1.802	25.247
Swap Transactions	328.486	193.753	97.108	529.868
Futures Transactions	--	--	--	--
Options	--	21.743	--	35.240
Other	--	--	--	--
<b>Total</b>	<b>331.910</b>	<b>245.317</b>	<b>98.910</b>	<b>590.355</b>

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**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	195.122	243.205	186.808	138.924
Foreign Bank, Institutions and Funds	--	10.260.743	596.610	6.586.030
<b>Total</b>	<b>195.122</b>	<b>10.503.948</b>	<b>783.418</b>	<b>6.724.954</b>

**2. Maturity information of funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	195.122	5.411.001	179.975	3.430.217
Medium and Long-Term	--	5.092.947	603.443	3.294.737
<b>Total</b>	<b>195.122</b>	<b>10.503.948</b>	<b>783.418</b>	<b>6.724.954</b>

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

As at 31 December 2015, the Bank's liabilities comprise; 55% deposits, 28% loans received, debts to money markets, issued securities and subordinated loans (31 December 2014: 61%, 22%, respectively).

**d. Information on securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	93.141	--	195.432	--
Bills	609.746	--	858.382	--
Asset Backed Security	556.311	--	568.084	--
<b>Total</b>	<b>1.259.198</b>	<b>--</b>	<b>1.621.898</b>	<b>--</b>

Nominal value of TL 188.439 (31 December 2014: TL 105.321) of the securities issued were repurchased by the Bank and offset in the financial statements.

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

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

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**f. Information on lease payables (net)**

Maturity of the leasing agreements are usually 4 years. Interest rate and the Bank's cash flow are the criteria, taken into consideration, on the lease contracts. There are no judgements which, exposed to significant liabilities to the Bank, on the lease contracts.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	11.608	8.803	6.388	4.418
Between 1-4 years	20.790	18.431	17.136	14.478
Over 4 years	--	--	--	--
<b>Total</b>	<b>32.398</b>	<b>27.234</b>	<b>23.524</b>	<b>18.896</b>

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

None (31 December 2014: None).

**2. Obligations under finance leases**

None (31 December 2014: None).

**3. Explanations on operational leases**

The Bank 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**

None (31 December 2014: None).

**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	732.433	602.076
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>984.209</b>	<b>820.581</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.

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### 3. Liabilities on provision for employee benefits

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

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

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

As of 31 December 2015, TL 64.150 of provision for employment termination benefits (31 December 2014: TL 59.697) and TL 29.202 of unused vacation accruals (31 December 2014: TL 27.730) were reflected to the financial statements..

Movement of retirement pays liability during the period:

	Current Period	Prior Period
Balance at the Beginning of the Period	59.697	51.415
Changes in the period	15.967	12.901
Actuarial loss/gain	(1.781)	1.535
Paid in the period	(9.733)	(6.154)
<b>Balance at the End of the Period</b>	<b>64.150</b>	<b>59.697</b>

### 4. Information on other provisions

4 (i). As of 31 December 2015, the free reserves allocated to potential risks amount to TL 11.000 (31 December 2014: TL 34.832), 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 18.120 (31 December 2014: TL 16.016) consists of provisions for lawsuits pending against Bank and TL 33.725 (31 December 2014: TL 85) 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, there is no corporate tax provision of the Bank (31 December 2014: 215.767 corporate tax provision has been offset with advance taxes amounting to 83.376.).

As of 31 December 2015, the Bank's total tax and premium liabilities is TL 148.289 (31 December 2014: TL 258.124).

1 (ii). Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	--	132.391
Taxation on securities	45.575	34.465
Capital gains taxes on property	1.779	1.966
Banking Insurance Transaction Tax (BITT)	41.422	33.821
Taxes on foreign exchange transactions	--	--
Value added taxes payable	1.756	2.180
Other	41.048	37.645
<b>Total</b>	<b>131.580</b>	<b>242.468</b>

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1 (iii). Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	7.161	6.753
Social security premiums- employer share	8.054	7.491
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	--	--
Pension fund membership fees and provisions- employer share	--	--
Unemployment insurance- employee share	498	471
Unemployment insurance- employer share	996	941
Other	--	--
<b>Total</b>	<b>16.709</b>	<b>15.656</b>

2. Information on deferred tax liabilities

The Bank has no deferred tax liability calculated on the basis of related regulation. Information on deferred taxes is disclosed in Note "o" of "explanations and disclosures related to assets".

j. Information on payables related to assets held for sale

None (31 December 2014: None).

k. Information on subordinated loans

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

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



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**I. Information on shareholders' equity**

**1. Paid-in capital**

	Current Period	Prior Period
Common Stock	1.816.100	716.100
Preferred Stock	--	--

Paid-in capital of the 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 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.

Capital Increase Date	Capital Increase Amount	Cash	Income Reserves Subject to Capital Increase	Capital Reserves Subject to Capital Increase
14 October 2015	1.100.000	550.000	--	550.000

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

Securities Increment Value Fund	Tangible and Intangible Fixed Assets Appraisal Surplus	Affiliates Associates and Jointly Controlled Entities (Joint Ventures) Bonus Share/ Scrip Issue	Other
--	--	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 Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering uncertainty indicators**

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

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

The Bank does not have any preferred stocks.

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

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

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> 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**

	Current Period		<sup>(*)</sup> Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and JVs	--	--	--	--
Valuation Difference and FX Difference	(521.167)	41.379	(116.564)	(22.225)
<b>Total</b>	<b>(521.167)</b>	<b>41.379</b>	<b>(116.564)</b>	<b>(22.225)</b>

<sup>(\*)</sup> Prior period financial statements are rearranged retrospectively as a result of equity method implementation.

**10. Information on hedging funds**

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

**11. Information on minority shares**

None (31 December 2014: None).

**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 ).

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

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

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

All of the Bank'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 24.274.875, TL 10.209.119 and TL 1.920.552, respectively (31 December 2014: TL 20.421.594, 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, The Bank has letters of guarantee amounting to TL 20.028.179, bills of exchange and acceptances amounting to TL 194.319, and guarantees and sureties on letters of credit amounting to TL 2.284.049 and other guarantees and sureties amounting to TL 1.768.328.

As of 31 December 2014, The Bank has letters of guarantee amounting to TL 16.232.324, bills of exchange and acceptances amounting to TL 114.939, and guarantees and sureties on letters of credit amounting to TL 2.518.922 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	903.725	850.648
Final Letters of Guarantee	13.535.613	11.474.475
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>20.028.179</b>	<b>16.232.324</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	4.232.981	2.895.782
With Original Maturity of 1 Year or Less	4.232.247	2.888.497
With Original Maturity of More Than 1 Year	734	7.285
Other Non-Cash Loans	20.041.894	17.525.812
<b>Total</b>	<b>24.274.875</b>	<b>20.421.594</b>

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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>1,48</b>	<b>145.619</b>	<b>1,90</b>	<b>459.140</b>	<b>3,60</b>
Farming and Cattle	124.382	1,40	228.819	1,48	144.208	1,88	456.580	3,58
Forestry	893	0,02	--	--	1.256	0,02	2.560	0,02
Fishing	286	--	--	--	155	--	--	--
<b>Manufacturing</b>	<b>2.021.443</b>	<b>22,82</b>	<b>5.267.961</b>	<b>34,17</b>	<b>1.504.582</b>	<b>19,63</b>	<b>4.322.899</b>	<b>33,89</b>
Mining	229.451	2,59	126.342	0,82	180.863	2,36	120.593	0,95
Production	1.462.574	16,51	4.558.775	29,57	1.188.305	15,50	3.388.812	26,57
Electric, gas and water	329.418	3,72	582.844	3,78	135.414	1,77	813.494	6,37
<b>Construction</b>	<b>2.502.194</b>	<b>28,24</b>	<b>5.082.112</b>	<b>32,97</b>	<b>2.342.467</b>	<b>30,56</b>	<b>3.759.460</b>	<b>29,47</b>
<b>Services</b>	<b>3.140.789</b>	<b>35,45</b>	<b>3.207.427</b>	<b>20,81</b>	<b>2.734.034</b>	<b>35,66</b>	<b>2.895.621</b>	<b>22,70</b>
Wholesale and retail trade	1.929.549	21,78	1.994.358	12,94	1.597.689	20,84	1.764.162	13,83
Hotel, food and beverage services	223.470	2,52	238.031	1,54	201.522	2,63	333.022	2,61
Transportation and telecommunication	473.289	5,34	547.087	3,55	506.375	6,61	447.438	3,51
Financial institutions	216.654	2,45	353.902	2,30	176.105	2,30	300.352	2,35
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	2,59	58.195	0,38	197.104	2,56	34.113	0,27
<b>Other</b>	<b>1.069.604</b>	<b>12,07</b>	<b>1.628.965</b>	<b>10,57</b>	<b>939.334</b>	<b>12,25</b>	<b>1.318.438</b>	<b>10,34</b>
<b>Total</b>	<b>8.859.591</b>	<b>100,00</b>	<b>15.415.284</b>	<b>100,00</b>	<b>7.666.036</b>	<b>100,00</b>	<b>12.755.558</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	8.739.328	11.067.295	97.906	123.650
Bank acceptances	12.074	181.619	--	626
Letters of credit	7.687	2.276.362	--	--
Endorsements	--	--	--	--
Underwriting commitments	--	--	--	--
Factoring commitments	--	--	--	--
Other commitments and contingencies	2.596	1.765.732	--	--
<b>Non-cash Loans</b>	<b>8.761.685</b>	<b>15.291.008</b>	<b>97.906</b>	<b>124.276</b>

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
<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>						
Foreign currency related derivative transactions(I)	32.487.482	5.063.386	5.101.644	5.464.559	--	48.117.071
Forward FC Call transactions	1.326.285	557.706	888.006	25.934	--	2.797.931
Forward FC Put transactions	1.325.174	559.422	904.922	26.802	--	2.816.320
Swap FC Call transactions	13.261.329	1.033.679	557.741	2.829.924	--	17.682.673
Swap FC Put transactions	11.943.422	863.189	415.946	2.581.899	--	15.804.456
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>	--	6.963.425	3.131.178	16.690.116	10.130.592	36.915.311
Swap Interest Call transactions	--	3.481.713	1.565.589	8.345.058	5.065.296	18.457.656
Swap Interest Put transactions	--	3.481.712	1.565.589	8.345.058	5.065.296	18.457.655
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>	1.350.690	--	--	--	--	1.350.690
<b>B. Total types of trading transactions (I+II+III)</b>	33.838.172	12.026.811	8.232.822	22.154.675	10.130.592	86.383.072
<b>Total Derivative Transactions (A+B)</b>	33.838.172	12.026.811	8.232.822	22.154.675	10.130.592	86.383.072
<b>Prior Period</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>						
Foreign currency related derivative transactions(I)	26.231.726	8.590.678	6.313.080	4.434.752	342.065	45.912.301
Forward FC Call transactions	1.040.564	274.109	406.439	8.835	--	1.729.947
Forward FC Put transactions	1.046.043	277.740	420.840	9.914	--	1.754.537
Swap FC Call transactions	11.289.100	3.510.473	1.387.822	2.330.476	171.219	18.689.090
Swap FC Put transactions	10.496.197	3.668.814	1.235.483	2.085.527	170.846	17.656.867
Options FC Call transactions	1.170.347	421.421	1.429.700	--	--	3.021.468
Options FC Put transactions	1.189.475	438.121	1.432.796	--	--	3.060.392
Futures FC Call transactions	--	--	--	--	--	--
Futures FC Put transactions	--	--	--	--	--	--
<b>Total of interest derivative transactions (II)</b>	--	347.354	285.723	13.312.986	2.913.231	16.859.294
Swap Interest Call transactions	--	173.677	142.862	6.656.493	1.456.615	8.429.647
Swap Interest Put transactions	--	173.677	142.861	6.656.493	1.456.616	8.429.647
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>	765.174	--	--	1.486.737	--	2.251.911
<b>B. Total types of trading transactions (I+II+III)</b>	26.996.900	8.938.032	6.598.803	19.234.475	3.255.296	65.023.506
<b>Total Derivative Transactions (A+B)</b>	26.996.900	8.938.032	6.598.803	19.234.475	3.255.296	65.023.506

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**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 Bank on account of the fact that legal encashment fee related to collections made externally through making payments to Bank or lawyers by related debtors regarding their non-performing credits in 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 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 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 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 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 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 Bank has not calculated Resource Utilization Support Fund over file cost collected from customers who use individual credits. There is no provision made in financial statements since the implementation of the Bank is in line with legislation taking into consideration that file costs should be included in non-interest revenues rather than interest revenue in Uniform Chart of Account published by Banking Regulation and Supervision Agency. The Bank has appealed to the court for the stay of execution.

The 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 the Bank made a provision amounting to TL 18.120 (31 December 2014: TL 16.016) 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 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	2.079.048	70.429	1.783.888	61.672
Medium and Long Term Loans	3.120.805	478.463	2.495.872	434.806
Loans Under Follow-Up	42.429	--	49.049	--
Premiums Received from Resource Utilization Support Fund	--	--	--	--
<b>Total</b>	<b>5.242.282</b>	<b>548.892</b>	<b>4.328.809</b>	<b>496.478</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	5.240	895	39.205	835
Foreign Banks	864	3.552	1.621	1.283
Foreign Head Offices and Branches	--	--	--	--
<b>Total</b>	<b>6.104</b>	<b>4.597</b>	<b>40.826</b>	<b>2.118</b>

The interest income from required reserves that maintain in CBRT of the 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	7.801	380	24.514	897
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
Investment Securities Available-for-Sale	570.637	46.215	423.261	7.514
Investment Securities Held-to-Maturity	277.678	20.417	282.277	16.325
<b>Total</b>	<b>856.116</b>	<b>67.012</b>	<b>730.052</b>	<b>24.736</b>

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	10.479	9.582

**b. Interest expense**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>28.095</b>	<b>447.734</b>	<b>73.870</b>	<b>349.991</b>
Central Bank of the Republic of Turkey	49	--	40	--
Domestic Banks	14.110	3.731	9.053	4.229
Foreign Banks	13.936	444.003	64.777	345.762
Foreign Head Offices and Branches	--	--	--	--
<b>Other Institutions</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>28.095</b>	<b>447.734</b>	<b>73.870</b>	<b>349.991</b>

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

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

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	27.086	17.697

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

	Current Period	Prior Period
Interest Paid to Securities Issued	139.479	150.618

**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	25.004	--	--	--	--	--	25.036
Saving Deposits	44	186.471	1.284.642	22.143	11.371	20.328	2.102	1.527.101
Public Sector Deposits	--	4.613	4.129	479	35	40	--	9.296
Commercial Deposits	1	271.232	357.888	12.124	9.937	1.856	--	653.038
Other Deposits	--	10.430	120.762	6.538	1.958	974	--	140.662
"7 Days Notice" Deposits	--	--	--	--	--	--	--	--
<b>Total</b>	<b>77</b>	<b>497.750</b>	<b>1.767.421</b>	<b>41.284</b>	<b>23.301</b>	<b>23.198</b>	<b>2.102</b>	<b>2.355.133</b>
<b>FC</b>								
Foreign Currency Deposits	8	46.615	214.280	17.569	17.686	16.515	30	312.703
Bank Deposits	221	9.355	--	--	--	--	--	9.576
"7 Days Notice" Deposits	--	--	--	--	--	--	--	--
Precious Metal Deposits	2	9.325	4.804	165	407	227	35	14.965
<b>Total</b>	<b>231</b>	<b>65.295</b>	<b>219.084</b>	<b>17.734</b>	<b>18.093</b>	<b>16.742</b>	<b>65</b>	<b>337.244</b>
<b>Grand Total</b>	<b>308</b>	<b>563.045</b>	<b>1.986.505</b>	<b>59.018</b>	<b>41.394</b>	<b>39.940</b>	<b>2.167</b>	<b>2.692.377</b>

**c. Dividend income**

	Current Period	Prior Period
Trading Securities	--	52
Financial Assets at Fair Value Through Profit or Loss	--	--
Investment Securities Available-for-Sale	--	--
Other	1.567	1.413
<b>Total</b>	<b>1.567</b>	<b>1.465</b>

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

	Current Period	Prior Period
<b>Income</b>	<b>256.727.428</b>	<b>143.838.435</b>
Capital Market Transactions	43.692	94.030
Derivative Financial Instruments	6.619.983	4.338.487
Foreign Exchange Gains	250.063.753	139.405.918
<b>Loss (-)</b>	<b>257.465.503</b>	<b>144.482.430</b>
Capital Market Transactions	22.684	68.577
Derivative Financial Instruments	5.530.275	4.731.016
Foreign Exchange Losses	251.912.544	139.682.837
<b>Net Trading Income / Loss</b>	<b>(738.075)</b>	<b>(643.995)</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).



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**e. Information on other operating income**

	Current Period	Prior Period
Reversal of prior periods' provisions	277.428	278.164
Sale revenue for Real estate properties	38.748	28.472
Communication income	12.423	13.265
Cheque book fees	4.150	4.991
Other <sup>(*)</sup>	140.080	131.571
<b>Total</b>	<b>472.829</b>	<b>456.463</b>

<sup>(\*)</sup> 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**

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	958.000	727.352
<i>Loans and Receivables in Group III</i>	<i>65.389</i>	<i>94.398</i>
<i>Loans and Receivables in Group IV</i>	<i>254.078</i>	<i>224.292</i>
<i>Loans and Receivables in Group V</i>	<i>638.533</i>	<i>408.662</i>
Non-performing Commissions and Other Receivables	--	--
General Loan Loss Provisions	163.628	112.745
Free Provision for Probable Risks	3.000	466
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	64.517	30.867
<b>Total</b>	<b>1.217.576</b>	<b>886.498</b>

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

	Current Period	Prior Period
Personnel Expenses	1.097.381	1.009.579
Reserve for Employee Termination Benefits	6.234	6.748
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	105.916	101.283
Impairment Losses on Intangible Assets	--	--
Amortization Charges of Intangible Assets	77.797	64.727
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	1.629	1.704
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	784.637	763.452
<i>Operational Leases Expenses</i>	<i>239.095</i>	<i>207.055</i>
<i>Repair and Maintenance Expenses</i>	<i>48.475</i>	<i>43.735</i>
<i>Advertisement Expenses</i>	<i>66.445</i>	<i>79.977</i>
<i>Other Expenses <sup>(*)</sup></i>	<i>430.622</i>	<i>432.685</i>
Losses on Sale of Assets	7.818	21.432
Other	287.574	231.235
<b>Total</b>	<b>2.368.986</b>	<b>2.200.160</b>

<sup>(\*)</sup> Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationery, heating and lighting, transportation, credit card service fee, entertainment and representation and others amounting to TL 72.873, TL 55.891, TL 18.033, TL 23.061, TL 21.031, TL 95.597, TL 7.620 and TL 136.516, respectively (1 January – 31 December 2014: 81.277, TL 48.428, TL 21.634, TL 20.568, TL 21.956, TL 89.811, TL 7.670 and TL 141.391, respectively)..

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

As 1 January-31 December 2015, The Bank has a profit before tax from continuing operations amounting to TL 871.675 (1 January-31 December 2014: TL 1.131.081).

**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 there are not the current period taxation charge on continuing operations (1 January-31 December 2014: TL 215.767) while deferred tax charge is TL 109.030 (1 January-31 December 2014: TL 73.404 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**

Deferred tax benefit/charge arising from temporary differences	Current Period	Prior Period
Arising from Origination of Deductible Temporary Differences (+)	87.149	167.645
Arising from Reversal of Deductible Temporary Differences (-)	(233.663)	(109.226)
Arising from Origination of Taxable Temporary Differences (-)	(1.697)	(7.336)
Arising from Reversal of Taxable Temporary Differences (+)	39.181	22.321
<b>Total</b>	<b>(109.030)</b>	<b>73.404</b>

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

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	(216.228)	150.375
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	37.485	14.985
Arising from Origination (+)/ Reversal (-) of Tax Losses	69.714	(91.956)
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
<b>Total</b>	<b>(109.030)</b>	<b>73.404</b>

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

The Bank has a net profit is amounting to TL 762.645 (31 December 2014: TL 988.718).

**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 Bank'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 the Bank with respect to the financial statement's effects on profit/loss explained in Note I-e-10-10 (ii) of Section Five.**

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

**4. The Bank recognized its associates, in which it has direct or indirect shares, according to equity method in accordance with TAS 27 "Separate Financial Statements", having a permission to be applied earlier, while preparing its non-consolidated financial tables dated 31 December 2015.**

# DENİZBANK ANONİM ŞİRKETİ

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5. The Bank applies net investment accounting hedge as of 1 July 2015 in order to ensure exchange difference hedge sourcing from equity method implementation for its net investment at a total amount of Euro 854 million and US Dollar 6,5 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. A part of foreign currency deposits at same amounts is defined as hedging instrument and the part, in which the value change sourcing from foreign currency exchange rates is effective, is recognized in hedge funds under shareholder's equity.

**I. 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	508.952	448.122
Contracted merchant / POS commissions	231.790	209.921
Insurance services	112.990	94.976
Filing fees	102.268	107.098
Account management fees	82.480	94.565
Remittance commissions	30.311	24.679
Intermediary services	26.178	21.372
Expertise fees	14.604	13.402
Other	137.355	121.787
<b>Total</b>	<b>1.246.928</b>	<b>1.135.922</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	74.084	75.997
<b>Total</b>	<b>344.757</b>	<b>308.564</b>

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

**a. Information on capital increase**

At the date of 14 October 2015, the 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. Adjustments made in accordance with TAS 8**

Communique on "TAS 27 Separate Financial Statements" standard, which is in force in order to be applied for accounting periods after 31 December 2012 via Public Oversight Accounting and Auditing Standards Authority (POA) website and published in Official Gazette dated 28 October 2011 and numbered 28098, has entered into force through making amendments to be applied for accounting periods after 1 January 2016 with "Communique on amending the Communique on TAS27 Separate Financial Statements" (Communique) published in Official Gazette dated 9 April 2015 and numbered 29321.

The Bank adjusted its comparative financial statements of 31 December 2013 and 2014 through making rearrangements with respect to amendments in TAS 27 Separate Financial Statements Standard.

**d. Effects of changes in Subsidiary Equity on Bank's Equity**

Financial associates are recognized according to equity method in the framework of TAS 28 Communique on Investments in Subsidiaries and Associates with respect to TAS 27 Separate Financial Statements Communique in non-consolidated financial statements. Associates, which were recognized with cost value in the non-consolidated financial statement previously along with the 2nd quarter of 2015, are recognized according to equity method as of 1 January 2013.

Equity method is the recognition treatment which prescribes to increase or decrease the book value of share included in associate from the change amount occurring in the period in the equity of participated partnership as the share falling to participant and deduction of dividends and associate amounts from the value which is changed in the aforementioned manner.

In this scope, the parts falling to Bank's share from equity of participated associates, gain or loss and other comprehensive income are recognized under equity of the Bank, income statement of the Bank and other comprehensive income statement of the Bank respectively.

**e. 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.

**f. Information on increase/decrease amounts resulting from merger**

None.

**g. 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.

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**h. Hedging transactions**

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

**i. 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-l-3 of Section Five.

**j. Information on to foreign exchange difference**

TL 31.817 (31 December 2014: TL 21.067), consisting of conversion of Bahrain Branch's financial statements into TL in accordance with TAS 21, and TL 143.656, (31 December 2014: TL (112.338)) sourcing from recognizing Denizbank AG, JSC Denizbank and Eurodeniz, which are foreign currency associates of the Bank, with equity method, are recorded under "other reserves" account.

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

**k. Amounts transferred to legal reserves**

The 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).

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

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

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

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

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

	Current Period	Prior Period
	01.01.2015	01.01.2014
<b>Cash</b>	1.545.002	1.358.933
Cash in Vault, foreign currencies and other	1.195.145	1.227.214
Banks demand deposit	349.857	131.719
<b>Cash and Cash Equivalents</b>	2.552.174	2.955.293
Interbank money market placements	970.298	1.290.000
Banks time deposit	1.336.367	1.665.177
Securities	245.509	116
<b>Total Cash and Cash Equivalents</b>	4.097.176	4.314.226

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

	Current Period	Prior Period
	31.12.2015	31.12.2014
<b>Cash</b>	2.066.403	1.545.002
Cash in Vault, foreign currencies and other	1.352.186	1.195.145
Banks demand deposit	714.217	349.857
<b>Cash and Cash Equivalents</b>	4.480.556	2.552.174
Interbank money market placements	1.200.353	970.298
Banks time deposit	2.965.460	1.336.367
Securities	314.743	245.509
<b>Total Cash and Cash Equivalents</b>	6.546.959	4.097.176

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

The Bank made a total provision for required reserves on CB of Turkey in amount of TL 9.406.456 (31 December 2014: TL 8.205.441). Additionally, there is TL 12.180 (31 December 2014: TL 19.161) 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 (3.531.804) (31 December 2014: TL (1.364.406)) 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 4.097.176 (31 December 2014: TL 4.314.226) to TL 6.546.959 in 2015 (31 December 2014: TL 4.097.176).

“Other liabilities” item included in “change in assets and liabilities arising from banking activities”, amounting to TL 4.925.211 (31 December 2014: TL 1.261.996) comprise changes in payables to money market, 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 491.429 as of 31 December 2015 (31 December 2014: TL 56.764).

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#### VII. Explanations and disclosures related to the Bank's risk group

##### 1. Information on loans and other receivables to the Bank's risk group

###### 1 (i). Current Period

The Bank's Risk Group <sup>(*)</sup>	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	275.941	124.564	18.175	59.102	94	25
Balance at the End of the Period	250.214	252.052	2.299	19.970	58.047	701
<b>Interest and Commission Income Received</b>	43.982	800	308	81	3.678	1

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

###### 1 (ii). Prior Period

The Bank's Risk Group <sup>(*)</sup>	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	374.121	139.079	920	11.287	47	9
Balance at the End of the Period	275.941	124.564	18.175	59.102	94	25
<b>Interest and Commission Income Received</b>	22.920	589	288	37	1.430	2

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

##### 2. Information on deposits held by and funds borrowed from the Bank's risk group

The Bank's Risk Group <sup>(*)</sup>	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	631.467	165.120	3.878.370	2.597.278	16.245	23.304
Balance at the End of the Period	466.304	631.467	6.257.056	3.878.370	8.962	16.245
<b>Interest and Commission Expenses</b>	32.999	20.313	266.165	223.368	4.890	1.715

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

<sup>(\*\*)</sup> 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 the Bank's risk group**

The Bank's Risk Group <sup>(*)</sup>	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions for Trading Purposes:</b>						
Balance at the Beginning of the Period	9.104.630	10.256.697	54.565	292.678	5.654	4.735
Balance at the End of the Period	14.029.161	9.104.630	--	54.565	6.368	5.654
Total Income/(Loss)	(87.891)	5.040.508	(12.712)	(2.307)	(156)	(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)	--	--	--	--	--	--

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

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

The Bank makes payment amounting to TL 63.462 (31 December 2014: TL 42.297) to its Executives as of 31 December 2015.

**5. Information on transactions with the Bank's risk group**

As of 31 December 2015, cash loans and other receivables of the risk group represent 0,58% of the Bank's total cash loans and bank deposits granted, the deposits and borrowings represent 10,83% of the Bank's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,76% of the total balance.

The Bank has finance lease contracts with Deniz Leasing. As of 31 December 2015, The Bank's contractual finance lease payables are TL 27.234 (31 December 2014: TL 18.896). Also, the Bank gives brokerage services through its branches for Deniz Yatırım. On 11 June 2015, The Bank, sold an its real estate properties to Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. at amounting to TL 25.000.



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

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

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

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

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

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**SECTION SIX**  
**OTHER DISCLOSURES AND FOOTNOTES**

**I. Other explanations related to the Bank's operations**

**a. Explanations related to the Bank'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 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 Bank's Board of Directors dated 30 June 2015, it was decided to open the 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 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 Bank dated on 2 December 2015, it is decided to amend the Articles of Incorporation of the 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 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<sup>(\*)</sup>

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<sup>(\*\*)</sup>

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 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 Bank to make all the applications and sign necessary documents in the Board of Directors meeting of the 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 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

The Bank's unconsolidated financial statements and footnotes have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Ernst&Young Global Limited) and the independent auditors' 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 the Bank's operations, deemed as necessary, which have not been explained in the sections above.



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**



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(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 communique "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**

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

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

Website of the Bank  
www.denizbank.com

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

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

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



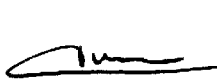
**HAKAN ATEŞ**  
Member of Board of Directors  
and President and Chief  
Executive Officer



**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:

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

Tel No : 0 212 348 5997

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# DENİZBANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### AS OF 31 DECEMBER 2015

(Currency: Thousands of TL - Turkish Lira)

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

## SECTION ONE

### GENERAL INFORMATION

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

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

Name of the Shareholder	Amount (Full TL)	Share (%)
Sberbank of Russia	1.813.422.610	99,85
Publicly traded	2.677.304	0,15
Others shareholders	86	-
<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

Name of the Shareholder	Amount (Full TL)	Share (%)
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>

# DENİZBANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### AS OF 31 DECEMBER 2015

(Currency: Thousands of TL - Turkish Lira)

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

Name	Title	Shares owned (%)
<b>President of the Board of Directors</b>		
Herman Gref	Chairman	--
<b>Board of Directors</b>		
Deniz Ülke Arıboğan	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.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2015**  
(Currency: Thousands of TL - Turkish Lira)

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

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(BALANCE SHEETS)**  
**AS OF 31 DECEMBER 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
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.a)	1.195.331	9.628.021	10.823.352	839.751	8.618.421	9.458.172
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.b)	899.970	273.469	1.173.439	286.442	602.301	888.743
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		-	-	-	-	-	-
III. BANKS	(5.1.c)	23.566	6.199.134	6.222.700	429.142	4.212.920	4.642.062
IV. DUE FROM MONEY MARKETS		1.213.997	-	1.213.997	980.123	-	980.123
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
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(5.1.d)	7.310.139	2.663.050	9.973.189	6.443.558	1.965.623	8.409.181
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
VI. LOANS AND RECEIVABLES	(5.1.e)	42.972.068	31.715.329	74.687.397	36.076.789	24.760.847	60.837.636
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
VII. FACTORING RECEIVABLES		712.017	35.285	747.302	1.708.896	66.117	1.775.013
VIII. INVESTMENT HELD TO MATURITY (Net)	(5.1.f)	2.875.209	500.960	3.376.169	2.726.604	415.596	3.142.200
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
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.g)	10.147	-	10.147	10.147	-	10.147
9.1 Associates accounted for Under Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		10.147	-	10.147	10.147	-	10.147
9.2.1 Financial Associates		1.508	-	1.508	1.508	-	1.508
9.2.2 Non-Financial Associates		8.639	-	8.639	8.639	-	8.639
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.h)	5.649	111	5.760	5.649	98	5.747
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		5.649	111	5.760	5.649	98	5.747
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(5.1.i)	2.800	-	2.800	2.800	-	2.800
11.1 Joint Ventures accounted for Under Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		2.800	-	2.800	2.800	-	2.800
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		2.800	-	2.800	2.800	-	2.800
XII. LEASE RECEIVABLES (Net)	(5.1.j)	704.878	1.565.486	2.270.364	687.665	1.264.080	1.951.745
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
XIII. HEDGING PURPOSE DERIVATIVES	(5.1.k)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.l)	466.203	81.419	547.622	434.980	72.678	507.658
XV. INTANGIBLE ASSETS (Net)	(5.1.m)	174.927	3.330	178.257	149.992	3.983	153.975
15.1 Goodwill		869	-	869	869	-	869
15.2 Others		174.058	3.330	177.388	149.123	3.983	153.106
XVI. INVESTMENT PROPERTIES (Net)	(5.1.n)	157.381	-	157.381	128.137	-	128.137
XVII. TAX ASSETS	(5.1.o)	145.057	21.293	166.350	132.796	3.350	136.146
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
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.1.p)	-	-	-	-	-	-
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.q)	974.381	355.802	1.330.183	821.095	552.434	1.373.529
<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.ii.a)	26.161.926	46.497.329	72.659.255	25.300.476	38.818.594	64.119.070
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.ii.b)	311.050	327.591	638.641	88.654	743.305	831.959
<b>III. FUNDS BORROWED</b>	(5.ii.c)	1.853.923	9.403.343	11.257.266	1.902.190	5.986.841	7.889.031
<b>IV. DUE TO MONEY MARKETS</b>		7.184.158	-	7.184.158	2.698.848	52.358	2.751.206
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.ii.d)	1.604.898	1.481.142	3.086.040	1.934.739	1.458.613	3.393.352
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>		1.185.867	586.352	1.772.219	990.957	441.842	1.432.799
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(5.ii.e)	978.653	776.012	1.754.665	876.467	642.859	1.519.326
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.ii.f)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses ( - )		-	-	-	-	-	-
<b>XI. HEDGING PURPOSE DERIVATIVES</b>	(5.ii.g)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.ii.h)	1.201.923	22.578	1.224.501	1.052.545	27.887	1.080.432
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.ii.i)	158.159	11.343	169.502	270.673	31.019	301.692
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. LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(5.ii.j)	-	-	-	-	-	-
14.1 Held For Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(5.ii.k)	-	4.845.965	4.845.965	-	3.922.963	3.922.963
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.ii.l)	6.054.349	2.239.848	8.294.197	5.934.643	1.226.541	7.161.184
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.ii.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.ii.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 3.1.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>I. GUARANTEES</b>	(5.III.a)	49,052,544	83,696,209	132,748,753	44,302,457	67,360,939	111,663,396
1.1. Letters of Guarantee		8,808,946	15,635,469	24,444,415	7,621,663	12,830,451	20,452,114
1.1.1. Guarantees Subject to State Tender Law		8,786,589	11,300,829	20,087,418	7,605,157	8,682,426	16,287,583
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)	23,949,814	2,881,260	26,831,074	24,276,613	3,263,744	27,540,357
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)	16,293,784	65,179,480	81,473,264	12,404,181	51,266,744	63,670,925
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>		321,419,943	73,730,659	395,150,602	243,397,177	61,842,442	305,239,619
<b>IV. ITEMS HELD IN CUSTODY</b>		59,570,147	1,930,573	61,500,720	36,797,814	2,184,108	38,981,922
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>		261,435,946	70,922,003	332,357,949	206,175,824	57,142,928	263,318,752
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>		413,850	878,083	1,291,933	423,539	2,515,406	2,938,945
<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 (01/01-31/12/2015)	PRIOR PERIOD (01/01-31/12/2014)
<b>I. INTEREST INCOME</b>	(5.IV.a)	8.395.410	7.079.870
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)	4.310.995	3.453.224
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>		4.084.415	3.626.646
<b>IV. NET FEES AND COMMISSION INCOME /EXPENSE</b>	(5.IV.l)	1.083.839	988.689
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)	1.685	1.728
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.IV.d)	(632.518)	(615.388)
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)	613.690	586.535
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		5.151.111	4.588.210
<b>IX. PROVISION FOR LOANS AND OTHER RECEIVABLES (-)</b>	(5.IV.f)	1.361.485	951.840
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.IV.g)	2.646.715	2.421.689
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		1.142.911	1.214.681
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII. INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD</b>		-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>	(5.IV.h)	1.142.911	1.214.681
<b>XVI. TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(5.IV.i)	(283.616)	(276.137)
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)	859.295	938.544
<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)	859.295	938.544
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 STATEMENT 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
XII. TOTAL PROFIT AND LOSS ACCOUNTED FOR THE PERIOD (X±XI)	582.974	1.077.939

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



**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIODS ENDED 31 DECEMBER 2015 AND 2014**  
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	Footnotes	CURRENT PERIOD (01/01-31/12/2015)	PRIOR PERIOD (01/01-31/12/2014)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1 Operating Profit before Changes in Operating Assets and Liabilities (+)		543.317	1.723.977
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)
1.2 Changes in Operating Assets and Liabilities		1.992.315	560.110
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
I. Net Cash (Used in)/Provided from Banking Operations (+/-)		2.535.632	2.284.087
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		-	-
II. Net Cash Provided from / (Used in) Investing Activities (+/-)		(1.541.714)	(3.661.794)
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>		-	-
III. Net Cash Provided from / (Used in) Financing Activities (+/-)		662.711	2.409.784
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 (+/-)		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)	(5.VI.c)	718.903	(43.890)
V. Net Increase / (Decrease) in Cash and Cash Equivalents	(5.VI.c)	2.375.532	988.187
VI. Cash and Cash Equivalents at the Beginning of Period (+)	(5.VI.a)	7.571.561	6.583.374
VII. Cash and Cash Equivalents at the End of Period	(5.VI.a)	9.947.093	7.571.561

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)

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	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.

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**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.



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

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

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

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

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

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

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

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

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

**b. Transactions denominated in foreign currencies**

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

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

	31 December 2015	31 December 2014
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).

# DENİZBANK ANONİM ŞİRKETİ

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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 ("IFRS 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.

# DENİZBANK ANONİM ŞİRKETİ

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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.

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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.

# DENİZBANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(Currency: Thousands of TL - Turkish Lira)

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Specific and general allowances are made in accordance with the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published in the Official Gazette numbered 26333 dated 1 November 2006, and which was amended with the communiqué published in the Official Gazette numbered 27513 dated 6 March 2010.

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

#### VIII. Explanations on impairment of financial assets

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

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

#### IX. Explanations on offsetting financial instruments

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

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

Government bonds and treasury bills sold to customers under repurchase agreements are classified according to purpose of being hold into portfolio on the assets side of the accompanying consolidated balance sheet within "Financial Assets Held for Trading", "Investment Securities Available for Sale" and "Investment Securities Held to Maturity" and are valuating according to valuation principles of relating portfolio. Funds obtained from repurchase agreements are presented on the liability side of the consolidated balance sheet within the account of "Funds Provided under Repurchase Agreements". The accrual amounts corresponding to the period is calculated over the sell and repurchase price difference determined in repurchase agreements. Accrued interest expenses calculated for funds obtained from repurchase agreements are presented in "Reverse Repurchase Agreements" account in liability part of the consolidated balance sheet.

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

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**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 “IFRS 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.

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**XIII. Explanations on tangible assets**

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

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

	Estimated Economic Life (Year)	Received before 2003 year	Received between 2003-2006 years	Received in 2007	Received between 2008-2015 years
<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>	<b>50 YEARS</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2% - 2,94%</b>

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.

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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.



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#### 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.

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**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.

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**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 rediscovered under "Borrowings" account on the prior periods is classified as "Securities Issued" account in the current period.

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**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									
Credit Risk Base	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
	--	--	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									
Credit Risk Base	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
	--	--	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%
Credit Risk Base	--	--	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%
Credit Risk Base	--	--	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**

	Consolidated		The Parent Bank	
	Current Period 31 December 2015	Prior Period 31 December 2014	Current Period 31 December 2015	Prior Period 31 December 2014
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**

	Current Period 31 December 2015	Prior Period 31 December 2014
<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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<b>TIER II CAPITAL</b>		
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>		
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**

	Consolidated		The Parent Bank	
	Amount to be considered in equity calculation in current period	Total	Amount to be considered in equity calculation in current period	Total
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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**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:

Rating/Scoring Grades	Current Period	Prior Period
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:

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

Risk classifications	Current Period (*)	Average (**)
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.

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**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

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

Prior Period: 31 December 2014	Risk Classifications <sup>(*)</sup>																Total
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
Domestic	18.393.750	865.896	--	--	--	2.243.728	33.724.472	14.633.457	7.035.554	5.38.578	5.411.061	--	--	--	--	2.902.483	85.748.979
European Union Countries	1.347.664	34.094	--	--	--	2.229.765	675.838	37.787	52.489	4.521	7.373	--	--	--	--	138.234	4.527.765
OECD Countries <sup>(*)</sup>	--	--	--	--	--	116.367	--	3.631	4.089	76	480	--	--	--	--	--	124.643
Off-Shore Banking Regions	--	--	--	--	--	61	343.728	2.046	12.579	6	180	--	--	--	--	--	358.600
USA, Canada	--	--	--	--	--	399.444	55.328	396	3.208	4	620	--	--	--	--	--	459.000
Other Countries	--	--	--	--	--	96.137	1.124.554	40.677	43.913	318	3.633	--	--	--	--	26.335	1.335.567
Subsidiaries, associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	18.596	18.596
Unallocated Assets/Liabilities	16.839	6.368	1	--	--	1.371.781	11.099.378	3.683.477	318.073	--	(313)	--	--	--	--	5.175	16.500.779
<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>

<sup>(\*)</sup> 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

<sup>(\*)</sup> OECD countries except for EU countries, USA and Canada

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

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

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#### i. Risk Profile by Sectors or Counterparties

Current period: 31 December 2015

Sectors/Counterparties	Risk Classifications (%)																	Total	
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	TL		FC
Agricultural	--	--	--	--	--	719.842	4.946.734	852.441	34.716	3.248	--	--	--	--	--	--	6.257.748	299.233	6.556.981
Farming and Cattle	--	--	--	--	--	656.022	4.940.366	848.586	34.167	3.240	--	--	--	--	--	--	6.247.234	235.147	6.482.381
Forestry	--	--	--	--	--	60.886	3.386	264	309	4	--	--	--	--	--	--	4.357	60.492	64.849
Fishing	--	--	--	--	--	2.934	2.982	3.591	240	4	--	--	--	--	--	--	6.157	3.594	9.751
Manufacturing	--	3	--	--	--	16.134.608	1.055.394	742.812	74.709	6.702	--	--	--	--	--	--	5.124.773	12.889.455	18.014.228
Mining	--	3	--	--	--	2.897.834	81.889	52.341	16.371	193	--	--	--	--	--	--	536.946	2.511.685	3.048.631
Production	--	--	--	--	--	10.059.162	968.670	651.339	57.229	4.620	--	--	--	--	--	--	4.088.486	7.652.534	11.741.020
Utilities (Electric, gas and water)	--	--	--	--	--	3.177.612	4.835	39.132	1.109	1.889	--	--	--	--	--	--	499.341	2.725.236	3.224.577
Construction	--	26.472	--	--	--	9.674.836	552.486	1.057.921	56.527	3.289	--	--	--	--	--	10.883	4.349.445	7.032.969	11.382.414
Services	25.084.933	2.090	--	--	5.874.282	22.040.918	4.682.827	2.653.705	324.498	13.464	--	--	--	--	--	34.383	24.598.596	36.112.504	60.711.100
Wholesale and retail trade	--	1	--	--	--	6.898.190	3.547.066	1.355.043	213.351	11.227	--	--	--	--	--	--	7.767.787	4.257.091	12.024.878
Hotel, food and beverage services	--	--	--	--	--	6.895.040	183.185	640.818	10.951	285	--	--	--	--	--	--	1.212.380	6.517.899	7.730.279
Transportation and telecommunication	--	18	--	--	--	4.235.516	736.089	315.693	14.965	1.396	--	--	--	--	--	16	2.250.727	3.050.966	5.301.693
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	32.149.436
Real estate and letting services	--	1.991	--	--	--	216.891	80.486	36.904	38.861	439	--	--	--	--	--	--	204.345	171.227	375.572
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	--	--	--	--	--	915.397	37.083	125.149	1.638	53	--	--	--	--	--	--	858.787	220.533	1.079.320
Health and social services	--	--	--	--	--	1.850.158	61.538	106.810	31.362	54	--	--	--	--	--	--	727.138	1.322.784	2.049.922
Other	--	777.536	1	--	--	8.482.043	12.299.824	4.734.403	411.028	4.529.480	--	--	--	--	571	3.320.968	26.924.433	7.631.421	34.555.854
Total	25.084.933	806.101	1	--	5.874.282	57.052.247	23.537.265	10.041.282	901.478	4.556.183	--	--	--	--	571	3.366.234	67.254.995	63.965.582	131.220.577

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

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F: Conditional and unconditional receivables from banks and brokerage houses

G: Conditional and unconditional receivables from corporates

H: Conditional and unconditional retail receivables

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

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





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

Current Period: 31 December 2015

Risk classifications	Undistributed <sup>(*)</sup>	1 month	1-3 months	3-6 months	6-12 months	Over 1 year
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>

<sup>(\*)</sup> Drawing amounts are included.

Prior Period: 31 December 2014

Risk classifications	Undistributed <sup>(*)</sup>	1 month	1-3 months	3-6 months	6-12 months	Over 1 year
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>

<sup>(\*)</sup> 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			
	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-				
3	BBB+	Baa1	BBB+	50%	20%	50%	100%
	BBB	Baa2	BBB				
	BBB-	Baa3	BBB-				
4	BB+	Ba1	BB+	100%	50%	100%	100%
	BB	Ba2	BB				
	BB-	Ba3	BB-				
5	B+	B1	B+	100%	50%	100%	150%
	B	B2	B				
	B-	B3	B-				
6		Caa1	CCC+	150%	150%	150%	150%
	CCC	Caa2	CCC				
		Caa3	CCC-				
	CC	Ca	CC				
	C	C	C				
	D	D					

Prior Period: 31 December 2014

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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-				
3	BBB+	Baa1	BBB+	50%	20%	50%	100%
	BBB	Baa2	BBB				
	BBB-	Baa3	BBB-				
4	BB+	Ba1	BB+	100%	50%	100%	100%
	BB	Ba2	BB				
	BB-	Ba3	BB-				
5	B+	B1	B+	100%	50%	100%	150%
	B	B2	B				
	B-	B3	B-				
6	CCC	Caa1	CCC+	150%	150%	150%	150%
		Caa2	CCC				
		Caa3	CCC-				
	CC	Ca	CC				
	C	C	C				
	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

#### 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.

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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.

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

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Current Period: 31 December 2015	Opening balance	Charge for the period	Releases of provisions	Other adjustments <sup>(*)</sup>	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

<sup>(\*)</sup> 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 <sup>(*)</sup>	Ending balance
Specific Provisions	1.171.611	789.944	(228.400)	(357.991)	1.375.164
General Provisions	700.374	112.754	--	--	813.128

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

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

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

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

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

<sup>(\*\*)</sup> 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.

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#### 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	--
(X) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI+VII)	21.929
(XI) Value-At-Market-Risk (12,5 x IX) or (12,5 x X)	274.113

#### 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.

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

**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.

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

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**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	9.628.021
Due from Banks and Other Financial Institutions	4.137.481	1.888.021	173.632	6.199.134
Financial Assets at Fair Value Through Profit or Loss <sup>(1)</sup>	145.035	69.031	1	214.067
Interbank Money Market Placements	--	--	--	--
Investment Securities Available-for-Sale	807.562	1.797.943	57.545	2.663.050
Loans <sup>(2)</sup>	12.864.699	21.124.737	598.683	34.588.119
Investments in Subsidiaries and Associates	111	--	--	111
Investment Securities Held-to-Maturity	134.391	366.569	--	500.960
Hedging Purpose Financial Derivatives	--	--	--	--
Tangible Assets	80.720	77	622	81.419
Intangible Assets <sup>(3)</sup>	--	--	--	--
Other Assets <sup>(4)</sup>	1.237.082	770.931	52.583	2.060.596
<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	1.183.299
Foreign Currency Deposits	28.171.313	16.477.092	665.625	45.314.030
Interbank Money Markets	--	--	--	--
Funds Borrowed from Other Financial Institutions	4.058.556	10.189.172	1.580	14.249.308
Marketable Securities Issued	1.335.237	145.905	--	1.481.142
Miscellaneous Payables	478.416	104.233	3.703	586.352
Hedging Purpose Financial Derivatives	--	--	--	--
Other Liabilities <sup>(6)</sup>	329.620	597.909	6.398	933.927
<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	37.495.044
Financial Derivatives (Liabilities)	(5.438.067)	(22.502.488)	(1.947.232)	(29.887.787)
<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	15.635.469
<b>Prior Period</b>				
Total Assets	16.792.260	26.191.953	2.256.583	45.240.796
Total Liabilities	27.263.167	22.733.274	1.473.037	51.469.478
<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	29.957.778
Financial Derivatives (Liabilities)	(3.367.243)	(18.560.890)	(1.555.706)	(23.483.839)
<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	12.830.451

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

<sup>(2)</sup> : Foreign currency indexed loans amounting to TL 2.872.790 are included.

<sup>(3)</sup> : Intangible assets amounting to TL 3.330 are excluded.

<sup>(4)</sup> : 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.

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

<sup>(6)</sup> : 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.

<sup>(7)</sup> : 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.

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

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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	10.823.352
Due from Banks and Other Fin. Inst.	2.192.594	314.307	61.352	--	--	3.654.447	6.222.700
Financial Assets at Fair Value Through Profit or Loss	73.983	265.332	190.415	532.231	110.802	676	1.173.439
Interbank Money Market Placements	1.213.997	--	--	--	--	--	1.213.997
Investment Securities Av.-for-Sale	283.639	1.567.201	2.426.953	2.678.795	2.903.701	112.900	9.973.189
Loans	11.841.376	8.408.220	13.921.559	25.494.345	14.209.224	812.673	74.687.397
Investment Securities Held-to-Mat.	1.545.220	289.208	340.211	453.552	747.978	--	3.376.169
Other Assets <sup>(*)</sup>	405.120	206.015	339.755	1.534.803	532.769	2.397.704	5.416.166
<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	1.455.153
Other Deposits	27.354.211	10.538.010	9.482.253	9.290.366	284.646	14.254.616	71.204.102
Interbank Money Market Placements	7.184.158	--	--	--	--	--	7.184.158
Miscellaneous Payables	80	1.521	7.977	1.033	--	1.761.608	1.772.219
Marketable Securities Issued	1.865.068	540.907	249.792	430.273	--	--	3.086.040
Funds Borrowed from Other Fin. Inst.	2.239.084	4.942.730	4.891.805	165.864	3.863.748	--	16.103.231
Other Liabilities <sup>(**)</sup>	99.385	98.261	41.387	307.204	95.326	11.439.943	12.081.506
<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	--	37.220.785
On Balance Sheet Short Position	(18.440.134)	(5.626.342)	--	--	--	(13.154.309)	(37.220.785)
Off-Balance Sheet Long Position	2.161.735	7.312.989	6.862.938	3.587.715	2.778.546	--	22.703.923
Off-Balance Sheet Short Position	(797.619)	(8.445.792)	(3.821.445)	(6.666.571)	(2.120.986)	--	(21.852.413)
<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>

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> 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	9.458.172
Due from Banks and Other Fin. Inst.	3.479.571	161.395	2.584	--	--	998.512	4.642.062
Financial Assets at Fair Value Through Profit or Loss	80.900	73.714	291.123	374.957	67.374	675	888.743
Interbank Money Market Placements	980.123	--	--	--	--	--	980.123
Investment Securities Av.-for-Sale	114.367	1.054.075	3.849.362	1.274.307	2.113.126	3.944	8.409.181
Loans	15.470.994	4.199.716	6.869.861	21.187.404	12.550.155	559.506	60.837.636
Investment Securities Held-to-Mat.	1.440.413	266.400	315.508	408.684	711.195	--	3.142.200
Other Assets <sup>(*)</sup>	495.269	749.479	654.028	1.453.988	374.813	2.317.320	6.044.897
<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	2.287.738
Other Deposits	25.362.055	10.320.085	6.378.245	8.195.282	206.793	11.368.872	61.831.332
Interbank Money Market Placements	2.751.206	--	--	--	--	--	2.751.206
Miscellaneous Payables	14	304	1.812	1.391	--	1.429.278	1.432.799
Marketable Securities Issued	79.574	2.331.925	403.710	578.143	--	--	3.393.352
Funds Borrowed from Other Fin. Inst.	2.269.248	1.173.681	3.110.604	1.188.515	4.069.946	--	11.811.994
Other Liabilities <sup>(**)</sup>	333.185	452.923	445.425	131.852	68.535	9.462.673	10.894.593
<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	--	27.617.094
On Balance Sheet Short Position	(9.222.631)	(9.018.962)	--	--	--	(9.375.501)	(27.617.094)
Off-Balance Sheet Long Position	2.056.734	3.646.685	1.098.249	4.759.658	993.026	--	12.554.352
Off-Balance Sheet Short Position	(962.205)	(4.614.187)	(1.474.205)	(3.827.091)	(993.026)	--	(11.870.714)
<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>

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> 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>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

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**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.

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

Prior Period: 31 December 2014		Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency		(+/- basis points)		- Losses/Equity
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%)
Total (of positive shocks)			(1.758.603)	(16,05%)
Total (of negative shocks)			1.938.885	17,70%

#### 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).

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#### 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 per 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 <sup>(*)</sup>		Total weighted value <sup>(*)</sup>	
	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>			<b>24.323.184</b>	<b>16.602.124</b>
<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>	<b>9.496.335</b>	<b>16.131.700</b>	<b>7.162.573</b>	<b>15.852.072</b>
			<b>Total adjusted value</b>	
<b>21 TOTAL HQLA</b>			<b>15.585.473</b>	<b>11.237.166</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>17.160.611</b>	<b>4.150.531</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>90,8</b>	<b>271,6</b>

<sup>(\*)</sup> 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 <sup>(*)</sup>		Total weighted value <sup>(*)</sup>	
	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	--	--	--	--
16 <b>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
20 <b>TOTAL CASH INFLOWS</b>	10.129.816	12.804.544	7.608.011	12.591.217
			Total adjusted value	
21 <b>TOTAL HQLA</b>			15.504.927	7.777.183
22 <b>TOTAL NET CASH OUTFLOWS</b>			15.041.302	3.915.253
23 <b>LIQUIDITY COVERAGE RATIO (%)</b>			103,1	200,8

<sup>(\*)</sup> 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. <sup>(*)</sup>	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

<sup>(\*)</sup> 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>
<b>Prior Period: 31 December 2014</b>						
<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.

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**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 <sup>(*)</sup></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>

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

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#### 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:

	Current Period <sup>(*)</sup>	Prior Period <sup>(*)</sup>
<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

<sup>(\*)</sup> 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.

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**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:

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

<sup>(\*)</sup> 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.



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**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:

Current Period (01.01.2015-31.12.2015)	Wholesale Banking		Retail Banking		Treasury and Investment Banking	Total
	Corporate Banking	Commercial &Public Finance	SME& Agriculture Banking	Retail Banking		
Net interest income	707.962	829.423	1.215.121	763.293	568.616	4.084.415
Net fee and commission income	90.055	109.782	391.837	532.051	(39.886)	1.083.839
Other income/expense, net	203.298	208.111	207.486	230.609	(866.647)	(17.143)
<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)	(2.646.715)
Provision for loan losses and other receivables	(36.034)	(204.227)	(450.464)	(608.821)	(61.939)	(1.361.485)
Tax charge	--	--	--	--	--	(283.616)
<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>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	110.487.909
Subsidiaries and associates						18.707
Undistributed assets						2.379.793
<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	100.895.826
Undistributed liabilities						3.696.386
Shareholders' equity						8.294.197
<b>Total liabilities</b>						<b>112.886.409</b>

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	Wholesale Banking		Retail Banking		Treasury and Investment Banking	Total
	Corporate Banking	Commercial &Public Finance	SME& Agriculture Banking	Retail Banking		
<b>Prior Period (01.01.2014-31.12.2014)</b>						
Net interest income	626.556	741.519	967.524	745.154	545.893	3.626.646
Net fee and commission income	73.171	87.999	355.336	491.223	(19.040)	988.689
Other income/expense, net	129.481	172.049	118.872	196.604	(644.131)	(27.125)
<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)	(2.421.689)
Provision for loan losses and other receivables	(80.977)	(111.945)	(281.800)	(461.518)	(15.600)	(951.840)
Tax charge						(276.137)
<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>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	92.084.875
Subsidiaries and associates						18.694
Undistributed assets						2.299.445
<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	83.988.013
Undistributed liabilities						3.253.817
Shareholders' equity						7.161.184
<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.

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**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 <sup>(*)</sup>	--	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>

<sup>(\*)</sup> 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).

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**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 <sup>(*)</sup>	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>

<sup>(\*)</sup> 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).

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**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>

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

	Performing Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Agreement conditions modified Extension of Payment Plan	Other	Loans and Other Receivables (Total)	Agreement conditions modified Extension of Payment Plan	Other
<b>Cash Loans</b>						
<b>Non-specialized Loans</b>	65.102.368	571.788	--	3.373.280	1.398.849	--
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>	4.869.660	4.947	--	451.498	149.951	--
<b>Other Receivables</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		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) <sup>(*)</sup></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>

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



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**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>	15.994	37.147	65.519
(Gross Amounts Before Specific Reserves)	--	--	--
Restructured Loans and Other Receivables	--	--	--
Rescheduled Loans and Other Receivables	15.994	37.147	65.519
<b>Prior Period</b>	14.104	27.580	28.787
(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>	339.585	501.924	1.140.328
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>	471.167	718.083	1.979.524
Specific Provisions (-)	66.986	410.993	1.800.204
<b>Net Balance on Balance Sheet</b>	404.181	307.090	179.320

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.

**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>	1.724	647	372
<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>	2.487	592	201

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#### 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).

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

	Current Period	Prior Period
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**

	Current Period	Prior Period
<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
Impairment (-)	5.471	3.140
<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**

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

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

<sup>(\*\*)</sup> 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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	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)	--

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

<sup>(\*\*)</sup> 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.

	Denizbank AG
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>

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

Title	Address (City/Country)	The Parent Bank's share percentage (%)	Other shareholders' share percentage (%)
1-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
Balance at the Beginning of the Period	2.034.054	1.881.827
Movements during the Period	273.867	152.227
Purchases <sup>(*)</sup>	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	--	--
Balance at the End of the Period	2.307.921	2.034.054
Capital Commitments	--	--
Share Percentage at the end of Period (%)	--	--

<sup>(\*)</sup> 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

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#### 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>					
Net book value at the beginning of the period	113.433	208.959	25.126	736.309	1.083.827
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
Net book value at the end of the period	104.608	224.038	66.848	789.226	1.184.720
<b>Accumulated depreciation at the beginning of the period (-)</b>					
	14.532	157.735	2.664	401.238	576.169
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
Current period accumulated depreciation (-)	12.494	164.274	7.838	452.492	637.098
Closing net book value	92.114	59.764	59.010	336.734	547.622
<b>Prior Period End: 31 December 2014</b>					
Net book value at the beginning of the period	59.767	195.614	2.120	654.434	911.935
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)
Net book value at the end of the period	113.433	208.959	25.126	736.309	1.083.827
<b>Accumulated depreciation at the beginning of the period (-)</b>					
	12.597	152.546	1.123	336.215	502.481
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
Prior period accumulated depreciation (-)	14.532	157.735	2.664	401.238	576.169
Closing net book value	98.901	51.224	22.462	335.071	507.658

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**

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

**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:

	Current Period	Prior Period
Financial Loss <sup>(*)</sup>	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>

<sup>(\*)</sup> 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:

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	1.611.963	--	1.539.654	12.627.000	252.858	128.011	199.058	34.631	16.393.175
Foreign Currency Deposits <sup>(*)</sup>	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	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>14.394.350</b>	<b>--</b>	<b>6.645.657</b>	<b>27.879.731</b>	<b>1.936.102</b>	<b>2.885.415</b>	<b>18.879.190</b>	<b>38.810</b>	<b>72.659.255</b>

<sup>(\*)</sup> 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:

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	1.325.315	--	1.367.063	11.595.196	357.150	167.250	254.348	30.204	15.096.526
Foreign Currency Deposits <sup>(*)</sup>	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	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>11.477.137</b>	<b>--</b>	<b>6.272.891</b>	<b>26.304.816</b>	<b>2.839.488</b>	<b>4.349.275</b>	<b>12.842.439</b>	<b>33.024</b>	<b>64.119.070</b>

<sup>(\*)</sup> 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.

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**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>

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**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.

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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

	Current Period	Prior Period
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
<b>Other</b>	<b>5.795</b>	<b>15.287</b>
<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

	Current Period		Prior Period	
	TL	FC	TL	FC
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.

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**I. Information on shareholders' equity**

**1. Paid-in capital**

	Current Period	Prior Period
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.

Capital Increase Date	Capital Increase Amount	Cash	Income Reserves Subject to Capital Increase	Capital Reserves Subject to Capital Increase
14 October 2015	1.100.000	550.000	--	550.000

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

Securities Increment Value Fund	Tangible and Intangible Fixed Assets Appraisal Surplus	Affiliates Associates and Jointly Controlled Entities (Joint Ventures) Bonus Share/ Scrip Issue	Other
--	--	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**

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

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> 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**

	Current Period		Prior Period	
	TL	FC	TL	FC
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**

	Current Period	Prior Period
<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 <sup>(*)</sup>	--	(32.121)
<b>Balance at the End of the Period</b>	<b>7.198</b>	<b>6.306</b>

<sup>(\*)</sup> Portion of Deniz Yatirim 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 ).

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**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>

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

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	125.561	1,42	228.819	1,46	145.619	1,91	459.140	3,58
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>	2.021.443	22,95	5.275.588	33,74	1.504.582	19,74	4.324.074	33,70
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>	2.502.194	28,41	5.172.860	33,08	2.342.467	30,73	3.877.808	30,22
<b>Services</b>	3.090.136	35,08	3.327.861	21,28	2.689.652	35,29	2.850.301	22,22
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>	1.069.612	12,14	1.630.341	10,44	939.343	12,33	1.319.128	10,28
<b>Total</b>	8.808.946	100,00	15.635.469	100,00	7.621.663	100,00	12.830.451	100,00

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**

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
<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>	36.939.324	12.194.324	9.036.060	5.461.564	--	63.631.272
Forward FC Call transactions	729.409	557.706	888.005	25.934	--	2.201.054
Forward FC 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>	--	2.586.274	3.131.178	2.510.842	8.263.008	16.491.302
Swap Interest Call transactions	--	1.293.137	1.565.589	1.255.514	4.131.504	8.245.744
Swap Interest 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>	1.350.690	--	--	--	--	1.350.690
<b>B. Total types of trading transactions (I+II+III)</b>	38.290.014	14.780.598	12.167.238	7.972.406	8.263.008	81.473.264
<b>Total Derivative Transactions (A+B)</b>	38.290.014	14.780.598	12.167.238	7.972.406	8.263.008	81.473.264

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
<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>	25.151.580	12.128.961	9.361.214	4.434.752	170.846	51.247.353
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>	--	347.354	3.879.650	2.721.156	3.223.501	10.171.661
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>	765.174	--	--	1.486.737	--	2.251.911
<b>B. Total types of trading transactions (I+II+III)</b>	25.916.754	12.476.315	13.240.864	8.642.645	3.394.347	63.670.925
<b>Total Derivative Transactions (A+B)</b>	25.916.754	12.476.315	13.240.864	8.642.645	3.394.347	63.670.925

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#### 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.



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**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**

	Current Period	Prior Period
<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).

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**e. Information on other operating income**

	Current Period	Prior Period
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 <sup>(*)</sup>	268.658	225.712
<b>Total</b>	<b>613.690</b>	<b>586.535</b>

<sup>(\*)</sup> 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**

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	1.095.770	789.944
<i>Loans and Receivables in Group III</i>	203.159	156.989
<i>Loans and Receivables in Group IV</i>	254.078	224.311
<i>Loans and Receivables in Group V</i>	638.533	408.644
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>	1.025	--
<i>Investment Securities Available-for-Sale</i>	25.033	13.499
Impairment Losses on Associates, Subsidiaries, Joint Ventures and Investment Securities Held to Maturity	2.373	1.569
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investment Securities Held-to-Maturity</i>	2.373	1.569
Other	70.426	33.913
<b>Total</b>	<b>1.361.485</b>	<b>951.840</b>

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

	Current Period	Prior Period
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>	247.643	214.777
<i>Repair and Maintenance Expenses</i>	49.296	44.823
<i>Advertisement Expenses</i>	80.008	95.193
<i>Other Expenses <sup>(*)</sup></i>	476.467	470.359
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>

<sup>(\*)</sup> 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).

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**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**

Deferred tax benefit/charge arising from temporary differences	Current Period	Prior Period
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>

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

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	(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**

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

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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

Other Fees and Commissions Received	Current Period	Prior Period
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>

Other Fees and Commissions Paid	Current Period	Prior Period
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.

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**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-l-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.

**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**

	Current Period	Prior Period
	01.01.2015	01.01.2014
<b>Cash</b>	2.245.290	1.856.475
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>	5.326.271	4.726.899
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>	7.571.561	6.583.374

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

	Current Period		Prior Period	
	31.12.2015		31.12.2014	
<b>Cash</b>	5.066.168		2.245.290	
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>	4.880.925		5.326.271	
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>	9.947.093		7.571.561	

**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 <sup>(*)</sup>	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	--

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

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1 (ii). Prior Period

DFS Group's Risk Group <sup>(*)</sup>	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	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	--

<sup>(\*)</sup> 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 <sup>(*)</sup>	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder <sup>(**)</sup>		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

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

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

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

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

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

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**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**

	Number	Number of Employees	Country of Incorporations	Total Assets	Statutory Share Capital
Domestic branch	691	12.917			
Foreign representation	--	--	--		
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.



**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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(Currency: Thousands of TL - Turkish Lira)

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

**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.

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

**Moody's <sup>(\*)</sup>**

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 <sup>(\*\*)</sup>**

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)

<sup>(\*)</sup> As of 27 February 2015

<sup>(\*\*)</sup> 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.

## CONTACT INFORMATION FOR DENİZBANK A.Ş.

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### WEB SITE

[www.denizbank.com](http://www.denizbank.com)  
Trade Register Number  
368587

### DOMESTIC BRANCHES

DenizBank has 691 branches in Turkey. Information on domestic branches is available on the DenizBank web site.

### FOREIGN BRANCHES

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