

# Interim Activity Report 3Q 2013

DenizBank Financial  
Services Group



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*This report presents both consolidated and unconsolidated financial figures of DenizBank.*

**DENİZBANK A.Ş.**  
**2013 3<sup>rd</sup> QUARTER- INTERIM ACTIVITY REPORT**  
**STATEMENT of RESPONSIBILITY**

The Interim Activity Report related to the period between 01.01.2013 and 30.09.2013 has been prepared regarding the “Regulation on the Preparation and Publication of Annual Report of Banks” of Banking Regulation and Supervision Agency, published in the Official Gazette dated 1 November 2006, Nr. 26333 and “Declaration on Financial Reporting at Capital Markets” of Capital Markets Board, that has been published in the Official Gazette dated 13 June 2013, Nr. 28676, and attached here-with.

Respectfully,

07 November 2013

**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

**NİHAT SEVİNÇ**

Member of Board of Directors  
and Audit Committee

**WOUTER G.M. VAN ROSTE**

Member of Board of Directors  
and Audit Committee

**DENIS BUGROV**

Member of Board of Directors  
and Audit Committee

**HERMAN GREF**

Chairman of Board of  
Directors

## SECTION I-INTRODUCTION

### ABOUT DENİZBANK

Trade name: Denizbank A.Ş.

Date of Foundation: 25 August 1997

Headquarter: İstanbul

Paid-in Capital: TL 716.100.000

# of Domestic Branches: 679

# of Foreign Branches: 22 (including subsidiaries' branches)

# of Employees: 14.166

# of Subsidiaries, Associates and Jointly Controlled Companies: 13

Independent Audit Company: Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of ERNST & YOUNG GLOBAL LIMITED)

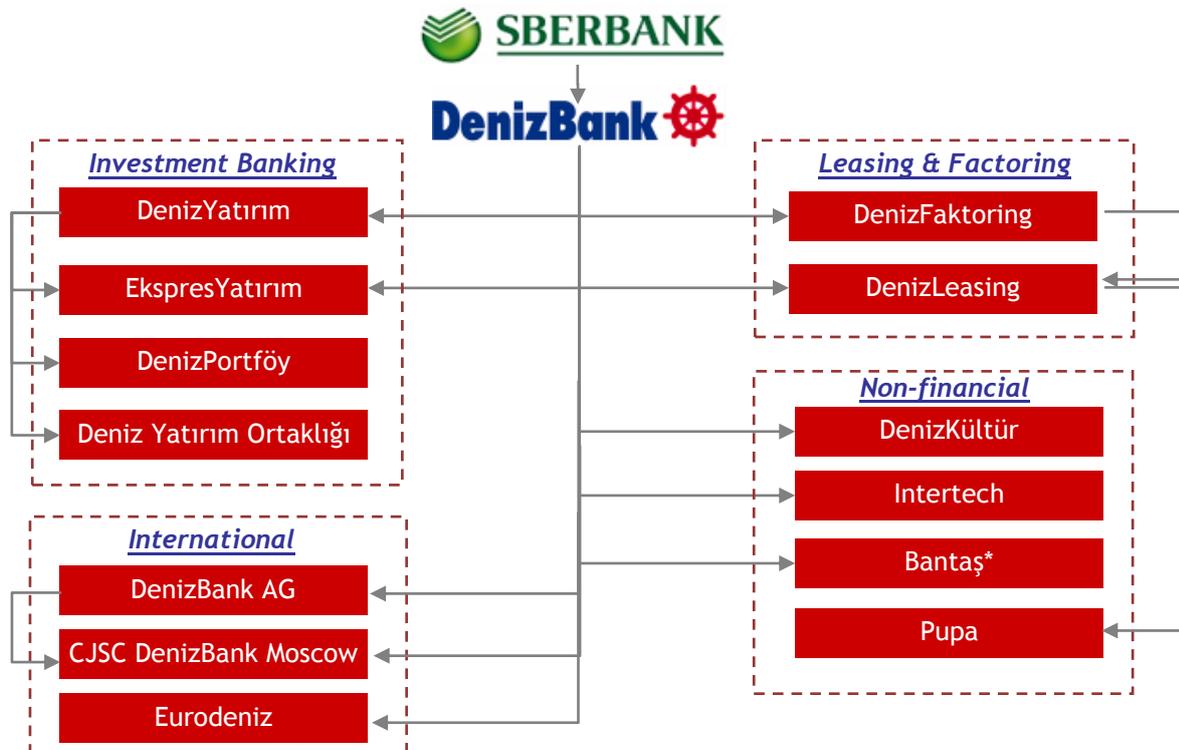
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### DENİZBANK FINANCIAL SERVICES GROUP (DFSG)



\*Owned 33% by DenizBank and the rest by two other Financial Services Group in Turkey

## **DENİZBANK in BRIEF**

DenizBank was founded in 1938 as a state-owned bank to provide funding for the developing Turkish maritime sector. Acquired by Zorlu Holding from the Privatization Administration as a banking license in early 1997, the Bank became one of the major banks in Turkey in a short period of time. In October 2006, DenizBank was acquired by Dexia, a leading financial group in Europe. Continuing its activities under Dexia umbrella for 6 years, DenizBank operates as from 28 September 2012 under the roof of Sberbank of Russia (Sberbank), the biggest and deepest-rooted bank in Russia.

In addition to DenizBank, DenizBank Financial Services Group consists of six domestic and three international financial subsidiaries, four domestic non-financial subsidiaries and a branch in Bahrain. DenizYatırım Securities, EkspresInvest Securities, DenizInvestment Trust, DenizPortfolio Management, DenizLeasing, DenizFactoring, Intertech, DenizKültür, Bantaş and Pupa are the Group's domestic companies; EuroDeniz, DenizBank AG and DenizBank Moscow are the international subsidiaries.

The primary customer segments of DenizBank Financial Services Group include retail customers, small and medium-size enterprises, exporters, public and project finance users and corporate clients. The Group has identified agriculture, energy, tourism, education, health, sports, infrastructure and maritime sectors as a priority for her activities. The Group also operates in EU countries through its Vienna-based subsidiary DenizBank AG. DenizBank Moscow serves the Group's existing customers abroad that have commercial and trade ties with Russia and meets their various financial needs.

The Group possesses a service network that reaches all segments of the society throughout Turkey. In addition to the 680 domestic DenizBank branches, including one in Bahrain, DenizBank AG has 21 branches in total. In addition, thanks to its Alternative Distribution Channels, DenizBank enables both individual and corporate customers all over the world to carry out financial transactions over the internet.

## **SBERBANK in BRIEF**

### **Group Profile**

Established in 1841, Sberbank is a universal commercial bank with diversified businesses and global presence, playing a significant role in Russia's economy as the largest commercial bank in terms of assets, deposits and loans with market shares of 28%, 45% (retail deposits), and 32% respectively, (according to Sberbank's calculations). More than 106 million individuals in Russia are clients of Sberbank, representing approximately 74% of the Russian population. Sberbank services over one million corporate clients out of 4.3 million businesses in the country.

Sberbank offers its services through the largest banking distribution network of Russia via 18,625 branches, located in all 83 sub-federal units of the country. Sberbank promotes banking via remote channels, which include the largest ATM network of Russia of over 81 thousand machines and self-service terminals, as well as Online and Mobile services.

In addition to traditional banking (loans, deposits, cards), Sberbank extended its product lines to provide high-end financial advisory services and a selection of investment solutions, including structured products, ECM, DCM, M&A and operations on global markets via Sberbank Corporate and Investment Banking (Sberbank CIB). Sberbank is actively developing 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 Turkey via DenizBank. 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, while the remaining shareholder base is represented by international and domestic investors. The Bank's ordinary and preferred shares have been publicly traded in Russia since 1996; Sberbank's American Depositary Shares were listed on the London Stock Exchange, admitted to trading on the Frankfurt Stock Exchange and over the counter in the United States.

## **MESSAGE FROM THE CHAIRMAN**

DenizBank continued its strong, stable and profitable growth (TL 874 mn 9M consolidated net profit with 111% y-o-y increase) on the momentum gained in the first half of the year: Turkish economy in the first half of 2013 grew by 3.7% y-o-y relative to the first half of 2012, mainly driven by recovery in household consumption and strengthening of investment demand.

Turkish economy, however, is facing strong headwinds. In the third quarter of 2013 Turkey encountered an acceleration of inflation that reached 7.9% y-o-y in September, exceeding expectations and the Central Bank's target of 5% y-o-y. This acceleration has been fuelled by the Turkish lira summer depreciation and hikes in transportation tariffs. The current spike in inflation may mean that the CPI is unlikely to decelerate to the Central Bank's targeted levels in 2013, with a possibility of monetary tightening ahead.

Despite economic slowdown and recent regulatory changes in the banking sector in Turkey, DenizBank demonstrates outstanding results, which is remarkable for Sberbank Group. DenizBank outperformed the sector, delivering loan portfolio growth of 35% and deposits growth of 28% in the first nine months of 2013, when the sector showed 24% and 17%, respectively. On July 1, 2013 DenizBank completed acquisition of the retail banking division of Citibank in Turkey, benefiting from expanded market share in credit cards and loans, premium customer profile, and improved cross-sell opportunities. DenizBank is gaining from enhanced cooperation between Russia and Turkey, both on the corporate and retail sides of business, proving to be an important and strategic acquisition for Sberbank Group.

**HERMAN GREF**  
**CHAIRMAN**

## **MESSAGE FROM THE PRESIDENT AND CEO**

In the first nine months of 2013 following the first year joining the Sberbank family, DenizBank's success graph that accelerated with the support of its main shareholder and the transfer of Citibank Turkey consumer business to our Bank continued to increase with the successful results both financially and operationally.

DenizBank managed to increase her assets, loans and customer deposits both on consolidated and unconsolidated basis by outperforming the sector in the first nine months of 2013. Our consolidated and unconsolidated assets increased by 40% and 38% year on year basis & 30% and 26% on on a year-to-date basis and reached TL 73 billion 276 million and TL 55 billion 720 million, respectively.

DenizBank's consolidated and unconsolidated customer deposits, the main source of funding, reached TL 44 billion 849 million and TL 31 billion 655 million, recording 33% and

32% yearly & 28% and 23% year-to-date increases, respectively, almost doubling the sector. Expanding customer base with 23% increase parallel to the branch network consisting of 701 branches in 81 provinces of Turkey together with its foreign subsidiaries branches and 32 branches joining from Citibank Turkey consumer business transfer to our Bank have been one of the most important factors in the increase of DenizBank deposits.

Enabling the real sector to access longer terms of funds by means of turning long term resources into loans, DenizBank contributed to turn long term resources into loans with its bond/bill issuances with bonds amounting to TL 1.286 million and bills amounting to TL 162 million, TL 1.448 million in total in 2013. Besides, DenizBank as the third bank in the sector, issued Asset Backed Securities (ABS) to EIB, IFC and EBRD at the amount of TL 413 million and 3-5 years maturity as first tranche and to DEG (German Investment and Development Corporation) under the guarantee of EIF (European Investment Fund) at the amount of TL 90 million as second tranche enabling the real sector to access longer terms of funds. While SME loans of DenizBank constituted the collateral of the issuance, the resource obtained will be used in order to finance SMEs and agricultural loans. DenizBank also provided loans for the customers' long term and low cost financing of goods and services exported from Japan and for the SME's operating for energy efficiency and renewable energy investments within the loan agreements signed with Japan Bank for International Cooperation (JBIC) in 2013.

In the first nine months of 2013, DenizBank continued to transfer its funds to all sectors of the economy with its wide range of product portfolio and reached its consolidated loans to TL 52 billion 362 million increasing by 43% y-o-y and 35% y-t-d. Unconsolidated loan volume was realized as TL 37 billion 230 million, growing by 42% y-o-y and 32% y-t-d. Commercial, corporate, retail and SME loans became the main contributors of the increase in loans. DenizBank recorded a 83% annual growth in credit cards loans reaching TL 3,6 billion, while it showed a performance in line with the sector growth in consumer loans with a 28% increase.

DenizBank SME Banking offers "Yazarkasa Mobil POS - Cashier POS", the first machine complies with the communiqué changed in June 2012, for SME's use with the cooperation of MT Bilişim. "Yazarkasa Mobil POS" with its merchants exceed 50.000 will provide SMEs to work more efficiently by realizing all banks' transactions with a single terminal.

In line with the objective of customer satisfaction in the core of its activities, DenizBank has realized a strategic collaboration with MoneyGram, a leading global money transfer company in September. Within the scope of this agreement whereby the Bank becomes the biggest agent of MoneyGram in Turkey, DenizBank offers fast, secure and easy money transfer service to and from Turkey to its almost 7 million customers as well as non-customers through a leading global money transfer company.

DenizBank also continued its support to the agricultural sector, another one of its priority sectors and also as part of its social responsibility mission by growing its support for producers, agricultural businesses and investors interested in the sector in the context of applications for grant programs delivered by Agriculture and Rural Development Support Institution within the framework of the Rural Development component of the Instrument for Pre-accession Assistance - (IPARD). Application package, technical project and/or business plans can now be prepared via DenizBank. DenizBank kept its first place among private banks by allocating TL 3,0 billion agricultural loans as a result of the innovations offered to producers.

Our consolidated and unconsolidated shareholders' equity increased by 14% and 5% compared to the same period of 2012, reaching TL 5 billion 986 million and TL 4 billion 925 million, respectively. In the first nine months of 2013, by the help of two subordinated loans amounting to a total of USD 600 million with 10 years maturity and fixed interest rate

obtained from Sberbank in June and September, DenizBank recorded 12,75% and 13,49% capital adequacy ratios on consolidated and unconsolidated basis, respectively, both of which are relatively higher than the international standards.

DenizBank reported its consolidated net profit TL 874 million more than doubling y-o-y in the first nine months of 2013 while recording TL 419 million unconsolidated net profit.

Differentiating itself with innovative products and services, DenizBank has won new awards in the international arena in 2013.

- At the conference, which was held for the 14th time this year in USA with the theme “business culture” and candidates were assessed according to formation of loyal, creative, customer oriented, open-to-development business culture and the tangible contributions of that culture to business achievements, DenizBank Call Center received the “Greatest Job Creating a Culture that Inspires World-Class Excellence Award” at the 2013 Call Center Week Awards With the business culture it has created and the contribution of this culture to its success.
- Awarded by The Banker as the winner in three different categories which are “Retail Banking Technology Project of the Year”, “Innovation in Mobile Banking” and “Innovation in Use of Social Media”, DenizBank has thus carried its sector pioneer position in the digital world onto the international platform through an important publication guiding the world of finance such as The Banker. Among its applications developed to make customers’ life easier and respond to the requirements of the era with fast and high quality service, Denizbank won the silver medal at Stevie Awards with **MobilDeniz** in the “Utilities and Services” category and the Grand Prize in Banking Technology Awards 2013 with **fastPay** in “Best Payments System Initiative” category.
- With its “**Pro-Active Contact Center**” concept providing to increase customer satisfaction and loyalty, DenizBank was honored with the “Best Customer Service Innovation of the Year” from International Customer Management Institute (ICMI) on the organization held yearly to award successful customer services performances.
- With its applications implemented to guide its employees in all fields of training and development, DenizBank was honored with the Best Award from ASTD (American Society for Training and Development), the world’s largest professional association dedicated to the training and development field awarding companies with successful results for training and development of their employees. DenizBank also won Silver Award in “Best Learning Team” category and Bronze Awards both in “Best Leadership Development Program” category with **New Captains’ Club Program** and “Most Successful Training Results” category with **Sales Program for Tellers** in within the scope of Excellence Awards of Brandon Hall.

During its journey that started as a bank with no customers, building, branches and even employees 16 years before, efficient and profitable growth model in an organic and inorganic manner has always been DenizBank’s main strategy. As from the second half of 2013, DenizBank will continue to write new success stories with diligent efforts of its Sailors exceeding 14.000 with participation of 1.400 new Sailors who have been raised with Citi école and the strong wind of Sberbank family.

**HAKAN ATEŞ**  
**THE PRESIDENT AND CEO**

## CHANGES IN SHAREHOLDING STRUCTURE AND PAID-IN CAPITAL

As of 30 September 2013, DenizBank's shareholding structure is presented in the table below. DenizBank's shareholding structure does not contain any cross-shareholdings.

Shareholders	Number of Shares	Nominal Value (TL)	% of Shares
Sberbank of Russia	715.044.303,335	715.044.303	99,85%
Other	33,981	34	0,00%
Publicly Traded	1.055.662,684	1.055.663	0,15%
<b>Total</b>	<b>716.100.000,000</b>	<b>716.100.000</b>	<b>100,00%</b>

## SHARES HELD BY THE MANAGEMENT

DenizBank's President and CEO Hakan Ateş has 11,327 shares, corresponding to 0,000002% of the capital.

## CHANGES IN DFSG COMPANIES

DenizBank AG, headquartered in Austria, opened five new branches in St. Pölten, Dortmund, Wels, Berlin, Munich, Mannheim ve Schottentor and reached 21 branches in 2013.

DenizBank purchased the share that Deniz Finansal Kiralama A.Ş. owns at our Bank's subsidiary DenizBank AG for EUR 58.748.593 which corresponds to the share amount of 7.8227% of the company value determined as a result of the appraisal made and paid the purchase price in cash on 24 September 2013.

## AMENDMENTS TO ARTICLES OF ASSOCIATION

There is no amendment to Articles of Association between 01.01.2013 and 30.09.2013.

## TYPE AND AMOUNT OF THE ISSUED CAPITAL MARKET INSTRUMENTS

Funding	Amount	Maturity	Issue Date	Maturity Date
Bond	TL 65.225.000	105 days	30 January 2013	15 Mayıs 2013
Bond	TL 46.625.000	168 days	30 January 2013	17 July 2013
Bill	TL 88.150.000	1.120 days	30 January 2013	24 February 2016
Bill	TL 3.660.000	380 days	25 February 2013	12 March 2014
Bond	TL 230.000.000	180 days	20 March 2013	16 September 2013
Bill	TL 23.000.000	390 days	20 March 2013	14 April 2014
Bill	TL 22.000.000	544 days	20 March 2013	15 September 2014
Bond	TL 384.614.704	175 days	10 April 2013	2 October 2013
Bill	TL 25.385.296	1.099 days	10 April 2013	13 April 2016
Bond	TL 200.000.000	124 days	13 May 2013	16 September 2013
Bond	TL 162.850.000	98 days	2 October 2013	8 January 2014
Bond	TL 196.540.000	173 days	2 October 2013	24 March 2014
<b>TOTAL-Bill-Bond</b>	<b>TL 1.448.050.000</b>			

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Section I - Introduction

Asset Backed Securities	TL 413.040.000	3-5 years	6 June 2013	26 May 2016 / 26 May 2018
Asset Backed Securities	TL 90.000.000	4 years	2 August 2013	26 Mayıs 2017
<b>TOTAL- Asset Backed Securities</b>	<b>TL 503.040.000</b>			
<b>TOTAL- Securities</b>	<b>TL 1.951.090.000</b>			

## DONATIONS

List of donations made by DenizBank in 2013 are as follows:

INSTITUTION NAME	Amount (TL)
TÜRK EĞİTİM DERNEĞİ	62.000
TÜRKİYE FİLARMONİ DERNEĞİ	35.248
LÖSEMİLİ ÇOCUKLAR VAKFI (LÖSEV)	24.989
ANKARA ÇOKSESİLİ MÜZİK DERNEĞİ	15.000
TÜRKİYE OMURİLİK FELÇLİLERİ DERNEĞİ	10.000
TÜRK EĞİTİM VAKFI	9.295
TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI	8.202
DENİZTEMİZ DERNEĞİ	6.488
İSTANBUL TEKNİK ÜNİVERSİTESİ VAKFI	5.000
OTHER	15.402
<b>TOTAL</b>	<b>191.624</b>

## AMENDMENTS TO RATING NOTES

The amendments to Ratings of DenizBank assigned by Fitch Ratings and Moody's between 01.01.2013-30.09.2013 are below.

On 20 May 2013, Moody's upgraded DenizBank's long term foreign currency deposit rating from 'Ba2' to 'Baa3', short term foreign currency deposit rating from 'Not-Prime' to 'Prime-3' and affirmed short term foreign currency deposit rating as 'Prime-3' and all ratings' outlook as 'Stable' due to country ceiling upgrade.

Fitch Ratings has affirmed all DenizBank ratings on 18 April 2013. Ratings are as follows:

### Moody's

Long Term Foreign Currency Deposits	<b>Baa3</b> / Stable
Short Term Foreign Currency Deposits	<b>Prime-3</b> / Stable
Long Term Local Currency Deposits	<b>Baa3</b> / Stable
Short Term Local Currency Deposits	<b>Prime-3</b> / Stable
Bank Financial Strength Rating (BCA)	<b>D+(ba1)</b> / Stable

### FitchRatings

Long Term Foreign Currency	<b>BBB-</b> / Stable
Short Term Foreign Currency	<b>F3</b>
Long Term Local Currency	<b>BBB-</b> / Stable
Short Term Local Currency	<b>F3</b>
Viability	<b>bbb-</b>
Support	<b>2</b>
National	<b>AAA (tur)</b> / Stable

## SECTION II - MANAGEMENT and CORPORATE GOVERNANCE

### BOARD of DIRECTORS

Title	Name	Position	Beginning-End Date of Tenure
<b>Chairman of the Board of Directors:</b>	Herman Gref	Chairman-Non-executive	September 2012- March 2014
<b>Board Members:</b>	Deniz Ülke Arboğan	Vice Chairman-Independent	Dec 2012- Dec 2015
	Hakan Ateş	Member-Executive	June 1997- Dec 2015
	Derya Kumru	Member-Executive	Dec 2012- Dec 2015
	Nihat Sevinç	Member-Independent	Dec 2012- Dec 2015
	Wouter G.M. Van Roste	Member-Non-Executive	June 2009- Dec 2015
	Denis Bugrov	Member-Non-executive	Sept 2012- Dec 2015
	Vadim Kulik	Member-Non-executive	Sept 2012- Dec 2015
	Alexander Vedyakhin	Member-Executive	Nov 2012 - Dec 2015
	Igor Kondrashov	Member-Non-executive	Dec 2012 - Dec 2015
	Andrey Donskikh	Member-Non-executive	Dec 2012 - Dec 2015
	Alexander Morozov	Member-Non-executive	Dec 2012 - Dec 2015
	Sergey Gorkov	Member-Non-executive	Sept 2012- Dec 2015
	Timur Kozintsev	Member-Non-executive	July 2013- Dec 2015

### EXECUTIVE MANAGEMENT

Title	Name	Position	Experience
<b>President &amp; CEO:</b>	Hakan Ateş	President & CEO	32 years
<b>Executive Vice Presidents:</b>	Mustafa Aydın	Retail, SME and Agricultural Banking Loan Allocation-EVP	26 years
	Mehmet Aydoğdu	Commercial Banking and Public Finance-EVP	16 years
	Bora Böcügöz	Treasury, Financial Institutions, Private Banking-EVP	24 years
	Suavi Demircioğlu	Financial Affairs-EVP	23 years
	Dilek Duman	Information Technology and Support Operations-EVP-Chief Operations Officer	24 years
	Murat Çelik	Digital Generation Banking-EVP	21 years
	Gökhan Ertürk	Retail Banking-EVP	20 years
	Tanju Kaya	Administrative Services-EVP	27 years
	Hayri Cansever	Corporate Banking-EVP	15 years
	Mustafa Özel	Branch and Central Operations-EVP	25 years
	Saruhan Özel	Economic Research, Strategy and Project Management-EVP	17 years
	Gökhan Sun	SME and Agricultural Banking-EVP	21 years
	İbrahim Şen	Credit Following and Risk Monitoring-EVP	20 years
	Selim Efe Teoman	Corporate and Commercial Credits-EVP	19 years

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**Section II - Management and Corporate Governance**

	Ayşenur Hıçkırın	Payment Systems and Non Branch Channels-EVP	17 years
	Cem Demirağ**	Head of Internal Control Center and Compliance	22 years
	Ali Murat Dizdar	Chief Legal Advisor	22 years
	Kürşad Taçalan*	Secretary General, Head of General Accounting	21 years
<b>Head of Internal Audit:</b>	Ramazan Işık	Head of the Board of Internal Audit	14 years

\*Started his duty as of 2 October 2013.

\*\*Appointed as "Customer Relations Coordinaton Officer" pursuant to Banking Regulation and Supervision Agency's resolution numbered 5491 and dated August 22, 2013 and in accordance with Banking Law article no.93.

## COMMITTEES

### Committees Reporting to the Board of Directors

- Audit Committee
- Corporate Governance and Nomination Committee

Title	Name	Position	Begin Date of Tenure
<b>Audit Committee Members:</b>	Nihat Sevinç	Member	January 2013
	Wouter Van Roste	Member	November 2012
	Denis Bugrov	Member	September 2012
<b>Corporate Governance and Nomination Committee Members:</b>	Deniz Ülke Arıboğan	Member	January 2013
	Timur Kozintsev	Member	July 2013
	Tanju Kaya	Member	September 2004
<b>Remuneration Committee Members:</b>	Sergey Gorkov	Member	September 2012
	Nihat Sevinç	Member	January 2013

### Executive Committees

• Assets and Liabilities Com.	• Disciplinary Committee	• Promotions Committee
• Credit Committee	• Purchasing Committee	• Executive Committee
• Risk Committee	• Communications Com.	• Management Board
• Support Services Com.	• Recommendation Com.	

### Within the Context of Corporate Governance;

36 Board decisions, 1 Audit Committee decisions and 4 Corporate Governance and Nomination Committee decisions were adopted between 1 July 2013 and 30 September 2013.

## SECTION III- FINANCIAL INFORMATION

### SUMMARY FINANCIAL HIGHLIGHTS

Summary Consolidated Financial Highlights (TL millions)				
	30.09.2013	31.12.2012	30.09.2012	31.12.2011
Securities <sup>(1)</sup>	7.894	8.656	7.517	5.544
Net Loans <sup>(2)</sup>	52.362	38.801	36.500	30.947
Subsidiaries <sup>(3)</sup>	82	18	17	16
Net Fixed Assets	512	456	418	416
Total Assets	73.276	56.495	52.436	44.756
Customer Deposits <sup>(4)</sup>	44.849	34.985	33.615	26.499
Time	35.185	27.950	27.916	22.357
Demand	9.664	7.034	5.699	4.142
Borrowings	9.577	7.003	6.427	7.610
Sub-ordinated Loans	2.251	888	894	939
Shareholders' Equity	5.986	5.665	5.240	4.641
Paid-in Capital	716	716	716	716
Non-cash Loans	16.838	12.381	11.874	10.111
Interest Income	4.019	4.806	3.541	3.536
Interest Expense	-1.715	-2.337	-1.774	-1.655
Net Interest Income after Provisions	1.486	1.742	1.286	1.428
Non-interest Income	1.225	952	544	989
Non-interest Expense	-1.597	-1.739	-1.263	-1.500
Net Profit/Loss From Discontinued Operations	0	0	0	343
Net Income	874	720	414	1.061
	30.09.2013	31.12.2012	30.09.2012	31.12.2011
Number of Branches <sup>(5)</sup>	701	624	614	600
Number of Employees	14.166	11.618	11.382	10.826
Number of ATMs	3.667	3.180	2.883	2.370
Number of POS Terminals	170.459	122.567	123.338	110.324
Number of Credit Cards	2.759.708	2.191.590	2.117.515	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 Preserving 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> It is the sum of financial assets at fair value through profit or loss (excluding trading purpose derivatives), investment securities available for sale and investment securities held to maturity.

<sup>(2)</sup> Includes factoring and leasing receivables.

<sup>(3)</sup> Total of investments in associates, investments in subsidiaries and entities under common control (joint venture)

<sup>(4)</sup> Excludes bank deposits

<sup>(5)</sup> Includes subsidiaries' branches

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Section III - Financial Information

Summary Unconsolidated Financial Highlights (TL millions)				
	30.09.2013	31.12.2012	30.09.2012	31.12.2011
Securities <sup>(1)</sup>	6.624	7.392	6.374	5.193
Net Loans	37.209	28.191	26.206	22.422
Subsidiaries <sup>(2)</sup>	1.359	1.004	1.003	719
Net Fixed Assets	495	443	407	406
Total Assets	55.720	44.198	40.457	35.983
Customer Deposits <sup>(3)</sup>	31.655	25.807	23.992	18.896
Time	24.978	20.816	20.218	15.795
Demand	6.677	4.991	3.774	3.101
Borrowings	8.028	5.398	5.403	6.520
Sub-ordinated Loans	2.251	888	894	939
Shareholders' Equity	4.925	5.030	4.691	3.951
Paid-in Capital	716	716	716	716
Non-cash Loans	16.639	12.106	11.201	9.745
Interest Income	3.347	4.095	3.028	3.071
Interest Expense	-1.406	-1.953	-1.493	-1.390
Net Interest Income after Provisions	1.149	1.476	1.102	1.251
Non-interest Income	914	1.131	769	771
Non-interest Expense	-1.482	-1.614	-1.171	-1.385
Net Profit/Loss From Discontinued Operations	0	0	0	388
Net Income	419	813	585	874
	30.09.2013	31.12.2012	30.09.2012	31.12.2011
Number of Branches	680	610	600	588
Number of Employees	12.684	10.280	10.080	9.772
Number of ATMs	3.667	3.180	2.883	2.370
Number of POS Terminals	170.459	122.567	123.338	110.324
Number of Credit Cards	2.759.708	2.191.590	2.117.515	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 Preserving 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> It is the sum of financial assets at fair value through profit or loss (excluding trading purpose derivatives), investment securities available for sale and investment securities held to maturity.

<sup>(2)</sup> Total of investments in associates, investments in subsidiaries and entities under common control (joint venture)

<sup>(3)</sup> Excludes bank deposits

## ASSESSMENT of FINANCIAL POSITION and RISK MANAGEMENT

DenizBank continues its activities profitably, without compromising asset quality and strengthens its shareholder's equity. The share of the Bank's fixed asset investments in the shareholder's equity is at low levels. DenizBank put its free capital to interest earning assets as part of its core banking activities. DenizBank has a capital adequacy ratio significantly higher than the regulatory requirements thanks to strong and effective risk management.

### Shareholders' Equity and Capital Adequacy (TL millions)

	Consolidated			
	30.09.2013	31.12.2012	30.09.2012	31.12.2011
Capital Adequacy Ratio (%) <sup>(1)</sup>	12,75	13,09	13,37	14,72
Shareholders' Equity	5.986	5.665	5.240	4.641
Return on Average Equity (%)	20,0	14,0	11,2	25,6
Free Capital <sup>(2)</sup>	4.530	4.258	3.903	3.754
Free Capital Ratio (%) <sup>(3)</sup>	6,18	7,54	7,44	8,39

	Unconsolidated			
	30.09.2013	31.12.2012	30.09.2012	31.12.2011
Capital Adequacy Ratio (%) <sup>(1)</sup>	13,49	14,62	15,24	15,65
Shareholders' Equity	4.925	5.030	4.691	3.951
Return on Average Equity (%)	11,2	18,1	18,1	24,6
Free Capital <sup>(2)</sup>	2.373	2.810	2.477	2.463
Free Capital Ratio (%) <sup>(3)</sup>	4,26	6,36	6,12	6,84

(1) 31.12.2011 Capital Adequacy Ratios are calculated according to Basel I, the others are based on Basel II.

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

(3) 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

### Asset Quality

	Consolidated			
	30.09.2013	31.12.2012	30.09.2012	31.12.2011
Non-performing Loans/ Total Cash Loans Ratio (%)	3,2	3,5	3,6	2,8
Non-performing Loans Provision Ratio (%)	114,2	101,2	92,4	115,8

	Unconsolidated			
	30.09.2013	31.12.2012	30.09.2012	31.12.2011
Non-performing Loans/ Total Cash Loans Ratio (%)	3,8	4,1	4,2	3,2
Non-performing Loans Provision Ratio (%)	121,2	107,4	95,9	126,7

## RISK MANAGEMENT POLICIES

One of the major pillars of DenizBank's main strategies is to adhere to Risk Management principles. Risk Management policies consist of identification, measurement and management processes. In this respect, DenizBank conducts its banking activities by strictly adhering to risk management policies that aim to analyze risks and manage them by way of acceptable limits. Risk Management Policies were devised based on market risk, credit risk, liquidity risk, operational risk and structural interest risk categories. DenizBank has adopted it as an integral principle in all of her operations to develop systems that comply with Basel II and other guiding international risk management principles.

### *Market Risk*

DenizBank measures market risk using internationally-accepted Value at Risk (VAR) method. VAR quantifies the loss of value that the portfolio of the Bank and her financial subsidiaries might suffer at a given time and confidence interval as a result of the price fluctuations in risk factors. VAR analyses are supported with scenario analysis and stress tests. This method allows 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. DenizBank has formulated market risk policies, established market risk limits and portfolio structure with regards to Sberbank's Group approach.

### *Structural Interest Rate Risk*

The Risk Management Group monitors the structural interest rate risk that the Bank is exposed to due to her balance sheet structure by using advanced models and controls assumed risks through defined limits. Interest sensitivity analyses are conducted to measure the impact of the Bank's maturity mismatch on net present value and income.

### *Liquidity Risk*

Risk Management Group monitors the Bank's liquidity position that she carries as a result of her activities within defined limits. Limits are set to ensure continuity of the Bank operations by using the existing reserve facilities even under the worst-case scenarios that are created by taking into consideration the negative developments that may arise as a result of a change in market conditions or customer behavior.

### *Basel III/Credit Risk*

The Risk Management Group carries out credit risk calculations in coordination with Financial Affairs Group in accordance with the BRSA's Basel II regulations. While legal credit risk reports have been preparing according to the standard method yet, the studies on the setting up of the necessary risk parameters are also continuing for compliance with internal credit risk assessment methods. Activities and reportings related to the quality control of the credit ratings which are the outputs of the current internal credit rating models are carried out by Risk Management Group. At the moment the Bank is running a process about integration with Credit Risk requirements of Sberbank Group.

### *Operational Risk*

All processes of operational risk in DenizBank are in line with Sberbank's Group strategy, all bank activities that carry financial or non-financial operational risk for DenizBank and its subsidiaries are being recorded, causes and impact of incidents are being analyzed and certain mitigation measures are developed. Information about operational risk incidents is systematically reported to the senior management. Potential operational risk is assessed by regular Self-assessment process. Certain regulations and policies are developed in DenizBank according to Sberbank's Group standards: Operational risk policy, Internal loss data capturing regulation, Scenario analysis and Self-assessment regulations. Business Continuity Program is coordinated to cover potentially significant operational risks.

## GENERAL OUTLOOK of THE TURKISH ECONOMY and THE BANKING SECTOR

Evaluations regarding the developments in Turkish Economy and banking sector in the first nine months of 2013 have been summarized below.

Realizing one of the highest growth rates with 9,2% among developing countries in 2010, Turkey also showed a strong growth rate of 8,8% in 2011. However, as ensuring that Current Account Deficit to GDP ratio reached to 10% because of this rapid growth, legal authorities, primarily CBT has taken several precautions to slow down the economy through loan growth. Parallel to these measures, Turkey grew only 2,2% in 2012 quite lower than its 10 year average of 5,5%. However, Current Account Deficit to GDP decreased 360 bps and reached 6,1% and inflation went back to 6,2% with 430 bps decline. Although growth rates of developing countries in the global growth trend were dramatically revised down, it is remarkable that revisions for Turkey's growth rates are moderate. On the other hand, structural measures for decreasing current account deficit and increasing savings are indicating that Turkey will grow under her potential for a while.

Parallel to the decrease of internal and external imbalances, rating agencies upgraded sovereign ratings. Fitch Ratings and Moody's upgraded Turkey's long term foreign currency ratings to investment grade of BBB- and Baa3, respectively. Budget discipline was also a supporting drive on rating upgrades. Thus 2012 ended with a very low budget deficit as 2,1% and public debt to GDP ratio has been still below 40%. Medium Term Program also indicates the fact that this budget discipline will be continued until 2016. Parallel to this view, it will be possible to decrease budget deficit to 1,1% and public debt to GDP will force to levels below 30% in 2016.

Evaluation of the banking sector according to the September 2013 data\*:

<b>-Loan volume (excluding financial sector loans)</b>	<b>TL 978 billion</b>
<b>TL Loan volume (excluding financial sector loans)</b>	<b>TL 713 billion</b>
<b>FX Loan volume (excluding financial sector loans)</b>	<b>USD 132 billion</b>
<b>-Deposit Volume (excluding interbank deposits)</b>	<b>TL 903 billion</b>
<b>TL Deposit Volume (excluding interbank deposits)</b>	<b>TL 581 billion</b>
<b>FX Deposit Volume (excluding interbank deposits)</b>	<b>USD 160 billion</b>

In the first nine months of 2013, the total loan volume of the Banking sector increased by 24% compared to the end of 2012 and by 30% compared to the same period of the previous year and reached TL 978 billion. In the third quarter of 2013, mortgage, general purpose, commercial and corporate loans became the segments with priority impact on total loan increase. Contrary to the 2012 trend, consumer loans increased by 22% compared to 2012 year-end rates and 28% year-on-year basis. On the other hand, while increasing by 21% in the nine three months, credit card loans recorded 27% annual growth. Commercial and corporate loans including SME loans grew by 25% on a year-on-year basis. The annual growth of SME loans was 42% in the first eight months. While completing the year of 2012 at level of 2,9% from its highest level of 5,8% during the crisis, the total NPL ratio declined to 2,8%, as a result of 24% rise in loan portfolio despite 20% y-t-d increase in NPL portfolio compared to the end of 2012 as at June 2013.

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Total deposits reached TL 903 billion by increasing 22% compared to the first nine months of 2012 and only 8% according to 2012-end. The sector's total equity as of August rose by 11% y-o-y and reached TL 183 billion. The net profit of the banking sector in the first eight months was realized as TL 17,9 billion recording a 18% y-o-y increase.

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

#### **FURTHER INFORMATION**

1- To view the material disclosures made in Public Disclosure Platform, click the link below:

<http://www.denizbank.com/en/investor-relations/announcements/default.aspx>

2- To download DenizBank 30.06.2013 consolidated and unconsolidated financial statements and footnotes click the link below.

<http://www.denizbank.com/en/investor-relations/financial-information/financial-figures.aspx>

3- To download 2012 Annual Report for further information about the main activities of DenizBank click the link below:

<http://www.denizbank.com/en/investor-relations/annual-reports/default.aspx>