Annual Report 2020

DenizBank
FINANCIAL SERVICES GROUP

CONTENTS

THE FUTURE

Thanks to our strong ownership structure, digital investments and financial agility at DenizBank, we serve our customers uninterruptedly while weathering the challenges brought by the pandemic, and continue to evolve.

We continue to support niche sectors since day one and to preserve our market share in SME Banking, Retail Banking, and Agricultural Banking where we lead among private banks.

We follow our route, going the extra mile for Turkey's future.

SYNERGY

A Strong Partnership

Filling our sails with the wind of ENBD,
a leading Banking Group in the MENAT region,
we continue our journey as a trendsetter
in Turkish banking sector, rather than
a trend follower.

TOTAL ASSETS
264
TL BILLION

RESPONSIBILITY

Support for Producers

We preserved our leading position among private banks in agriculture with 43% market share and 1.4 million customers, considering it a national matter. We continued to stand by producers to serve in a sustainable future for our country. We started to be known as the smart advisor to over 220 thousand farmers in the field with “From Deniz to Earth” application. We offered support to agribusinesses with long-term funds secured from international markets.

IN AGRICULTURAL BANKING

43%

MARKET SHARE

CONTRIBUTION

Relief for SMEs

Participating in the third leg and as the sole lender this time, we aimed to extend NEFES Loan as well as CGF-backed loan facilities to minimize the impact of financial challenges caused by the pandemic on SMEs, the backbone of our economy. Cash and non-cash loan volume extended to all SMEs reached TL 50 Billion as of the year-end, including agriculture and livestock businesses and micro enterprises in rural areas. Thanks to investment in digital and telephone channels, we were able to respond to SMEs' needs and continue to work efficiently.

LOANS TO SMEs

50

TL BILLION

INNOVATION

An innovative Spirit

We brought “Deniz Aquarium” to life, where the passion for innovation in our DNA can transform into production. Home to a Blockchain Lab and Artificial Intelligence Application Centre, Deniz Aquarium will be the place to develop projects feeding the ecosystem and shaping the future of banking.

VALUE

Contribution to Society

We have always considered it our social responsibility to contribute to the society in a wide scope. As an institution saying “Yes to Arts” since day one, we sponsored the #stayhome with music event and National Football Teams during the pandemic. With the project we carried out with Wtech Academy, we embraced employment of competent human resource in technology.

DENİZBANK FINANCIAL SERVICES GROUP (DFSG)

DenizBank Financial Services Group (DFSG) created a "financial supermarket" providing a wide variety of financial services under a single umbrella in 2003.

BANKING SERVICES

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

LEASING, FACTORING

- DenizLeasing
- DenizFactoring

CULTURAL SERVICES

- DenizKültür

INFORMATION TECHNOLOGY SERVICES

- Intertech
- Ekspres IT and Trade

PRIVATE BANKING AND INVESTMENT ACTIVITIES

- DenizBank Private Banking
- DenizInvest Securities
- Deniz Real Estate Investment Trust
- DenizAsset Management

OTHER SERVICES

- Bantaş
- Açık Deniz Radio-TV
- Hızlıöde Electronic Money and Payment Systems

DENİZBANK'S MISSION, VISION

DenizBank's mission

is to become a bank that maximizes employee, customer and shareholder satisfaction with its 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 to be paid or set aside by the Bank from the income calculated as at the end of the accounting period, such as the general expenditures and other depreciation costs, as well as the taxes, the remainder shall be the net profit. After deducting the losses for previous year, if any, the net profit shall be distributed as follows:

1) A portion of 5% of this sum shall be set aside as general statutory reserves until it reaches 20% of the paid-in capital.

2) After reaching the limit referred to in the first paragraph:
a) A portion of the premium provided due to issue of new shares that is not spent for issue expenses, redemption reserves and charity purposes;
b) A portion remaining after subtracting the issue expenses of replacement shares from the amount paid for value of shares cancelled due to invalidation;
c) The dividends that are not paid to the shareholders shall be allocated to the general statutory reserves.

3) If the general statutory reserves do not exceed half of the capital stock or issued capital, it shall be used only for making up for losses, maintaining business activities or preventing unemployment and taking measures to mitigate results thereof.

Unless (1) the discretionary legal reserves are duly allocated and (2) the dividends due to the shareholders are distributed in cash and/or as stock according to these Articles of Association, no decision may be taken by the General Assembly to allocate any additional legal reserves, or to defer any profits to the following accounting period, or to make any payments out of net profit to the members of the Board of Directors, officers and employees of the Bank, or any foundations established by the Bank for any purposes, or any other persons.

The day and manner of the annual dividend distribution to the shareholders shall be determined by the General Assembly subject to a proposal of the Board of Directors. Whenever the shares were issued and/or acquired by the shareholders, the annual dividends for the accounting period shall be distributed among the shareholders with respect to all shares issued by the Bank. The profits allocated, distributed or otherwise paid out according hereto shall not be recalled.

DIVIDEND DISTRIBUTION PROPOSAL

As its meeting on March 4, 2021;

Taking into consideration the net profit of our Bank for the financial year 2020 balance sheet amounting to TL 1,793,225,298.42 the Board of Directors hereby took a decision to submit to the approval of the General Assembly;

- to set aside 5% of the net profit, amounting to TL 89,661,264.92, as legal reserve as per the Article 519/1 of the Turkish Commercial Code,
- to set aside the remaining TL 1,703,564,033.50 as extraordinary reserve.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

At the Board of Directors' meeting dated January 9, 2020, it was decided to submit to the General Assembly for approval the issue of increasing the TL 3,316,100,000 paid-in capital of the Bank by TL 2,380,000,000 in cash and amending the Article 6 titled "CAPITAL OF THE BANK" of the Articles of Association of the Bank and the amendment was approved in the Extraordinary General Assembly Meeting that was held on February 3, 2020, as follows:

EXISTING TEXT
CAPITAL OF THE BANK

Article 6 - The share capital of the Bank (the "Capital") is TL 3,316,100,000 and was paid in full.

This Capital is divided into 3,316,100,000 registered shares each having a value of 1 (one) Turkish Lira.

This time, 1,426,214.154 shares with an aggregate nominal value of TL 1,426,214.154 have been cancelled due to (i) the cancellation of the shares of the shareholders other than the majority shareholder of the Bank pursuant to the "Squeeze-out and Sell-Out Communique" of Capital Markets Board numbered II-27.2 and (ii) the share capital increase resulted in issuance of the new shares by way of private placement to the majority shareholder in return for the mentioned cancelled shares.

In return for the mentioned cancelled shares, a share capital increase in the amount of TL 1,426,214.154 by way of private placement to ENBD Bank P.S.J.C. has been conducted.

Following the share capital decrease which is simultaneous with and equal to the share capital increase by way of private placement, the Bank's share capital has been increased to TL 3,316,100,000 again.

NEW TEXT
CAPITAL OF THE BANK

Article 6 - The share capital of the Bank (the "Capital") is TL 5,696,100,000.

This Capital is divided into 5,696,100,000 registered shares each having a value of 1 (one) Turkish Lira.

TL 3,316,100,000 which constitutes the previous capital is fully paid.

The last capital increase of TL 2,380,000,000 was committed in cash by the majority shareholder ENBD Bank P.S.J.C. and paid before the capital increase is registered.

Besides, after the delisting of DenizBank shares within the scope of the "squeeze-out" process as per the related legislation of CMB's Squeeze-out and Sell-out Rights Communiqué (II-27.2), DenizBank is out of the scope of the Capital Markets Legislation. Within this context, the articles 3, 4, 7, 8, 10, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 29, 32, 33, 35, 36 and 37 of the Bank's Articles of Association were also amended accordingly and these amendments were approved in the same Extraordinary General Assembly Meeting regarding capital increase.

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

DenizBank Capital Increase

At the Board of Directors' meeting dated January 9, 2020, it was decided to submit to the General Assembly for approval the issue of increasing the TL 3,316,100,000 paid-in capital of the Bank by TL 2,380,000,000 in cash and amending the Article 6 titled "CAPITAL OF THE BANK" of the Articles of Association of the Bank and the amendment was approved in the Extraordinary General Assembly Meeting that was held on February 3, 2020.

Purchase of DenizLeasing Shares, Owned by DenizBank AG, by DenizBank

At the meeting of the Board of Directors dated January 16, 2020, it was decided to purchase 51% of the shares of Deniz Finansal Kiralama A.Ş., owned by DenizBank AG, by DenizBank. A total of EUR 98.5 million, corresponding to the shares subject to the sale, over the company value of EUR 193.1 million determined as a result of the valuation made, was paid by DenizBank on January 24, 2020 and the transfer of these shares to DenizBank was realized.

DenizREIT Capital Increase

With the decision of the Board of Directors dated September 9, 2020, the Company's paid-in capital of TL 50,000,000 was increased by TL 100,000,000 in cash and the capital increase process was completed with its registration on 21.10.2020.

DenizAsset Management Capital Increase

With the decision of the Board of Directors dated August 24, 2020, the Company has adopted to the registered capital system and the registered capital ceiling is TL 50,000,000. With the same decision, the issued capital of the Company, which was TL 10,000,000 was increased to TL 17,000,000, covered from previous years profits and was registered on 24.09.2020.

Hızlıöde Elektronik Para ve Ödeme Hizmetleri (Hızlıöde Electronic Money and Payment Services)

An operating permit application was made to the Banking Regulation and Supervision Agency (BRSA) on November 14, 2019 for "Hızlıöde Elektronik Para ve Ödeme Hizmetleri Anonim Şirketi," 100% subsidiary of our Bank, to be able to operate as a payment and electronic money institution. As of January 1, 2020, the Central Bank of the Republic of Turkey (CBRT) has taken full responsibility for the payment and securities settlement systems, payment services, and electronic money institutions, including the license applications for these and audits. Within the scope of the decision of the CBRT dated December 17, 2020, Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş. has been granted an operating permit to operate as an electronic money institution.

ANY EVENTS OCCURRING AFTER THE END OF THE OPERATING PERIOD THAT HAVE SPECIAL IMPORTANCE

On February 18, 2021, DenizBank secured a total of USD 435 million (USD 345,000,000 and EUR 73,582,062) funding under the Diversified Payment Rights (DPR) Securitization Programme backed by future flows, with maturities of up to 7 years, with the participation of 13 investors in total in the transaction where Credit Suisse and Emirates NBD Capital Limited acted as Joint Coordinators, and which received USD 150 million and USD 100 million investment from the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD), respectively. The facility is planned to be extended to the agricultural sector, women entrepreneurs, energy efficiency, renewable energy projects as well as working capital needs of businesses.

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

DenizBank's shareholding structure, and the shares held by ultimate controlling real person(s) as of December 31, 2020 are presented in the table below. DenizBank's shareholding structure does not contain any cross-shareholdings.

Shares Held by Management

Executives from ENBD Group; Saod Obaidalla, Ahmed Al Qassim, Salah Mohammed Amin and Mohammad Albastaki own 1 share each.

DenizBank A.Ş. Shareholding Structure - 31.12.2020

Shareholders	Nominal Value (TL)	Share %
ENBD Bank P.J.S.C.	5,696,099,996	99.9999999%
Investment Corporation of Dubai		*55.7579%*
Capital Assets LLC		*5.3290%*
Free Float		*38.9131%*
Others	4	0.0000001%
TOTAL	5,696,100,000	100.00%

DENIZBANK IN BRIEF

With a broad service network reaching all parts of society in Turkey, DenizBank has 696 branches in Turkey and Bahrain, in addition to 34 branch locations of its subsidiary DenizBank AG in Austria and Germany.

730
BRANCHES

+14
THOUSAND EMPLOYEES

In 1997, DenizBank was acquired by Zorlu Holding via a banking license from the Privatization Administration. Recording three shareholder changes and performing a public offering during its short history, the Bank was acquired in October 2006 by Dexia, a leading European financial group. Subsequently, as the biggest one-time investment made by Russia in Turkey, DenizBank started to operate under Sberbank, one of the world's biggest banks, as of September 28, 2012. Most recently, the Bank's ownership was transferred to ENBD, a leading Banking Group in the MENAT region, as of July 31, 2019.

"Financial supermarket" era in banking

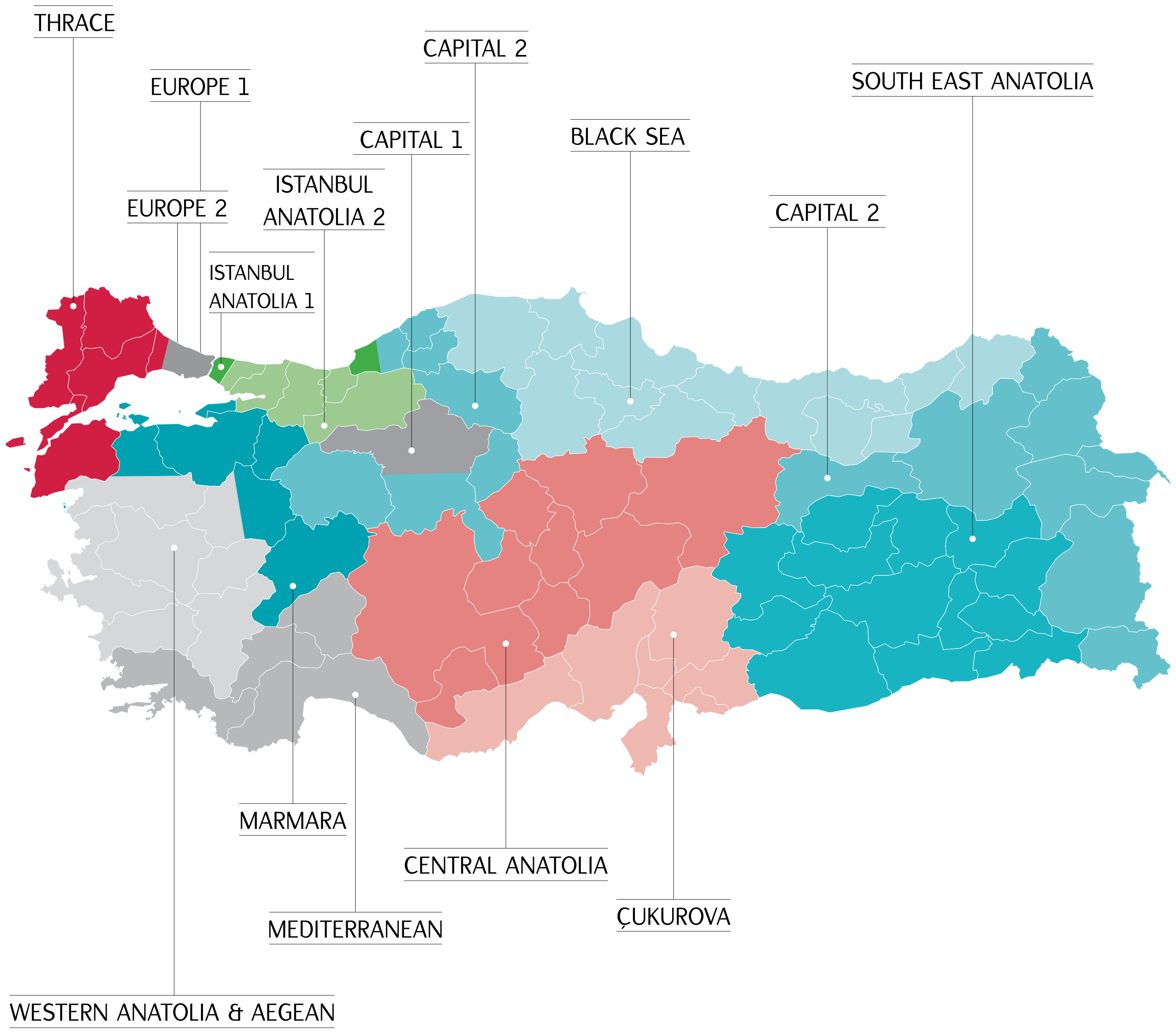
As part of corporate identity efforts, DenizBank implemented a "Back-to-Life" program that included recruitment and new branch openings with its five-year strategic plan in 1997. To this end, DenizBank acquired some of the bank branches under the control of Saving Deposit Insurance Fund and included Tarişbank to the Group at year-end 2002. During this period, DenizBank acquired banks in Austria and Russia in addition to its factoring, financial leasing, investment and portfolio management companies to complement its existing banking products and services. As a result, DenizBank Financial Services Group (DFSG) created a "financial supermarket" providing a wide variety of financial services under a single umbrella in 2003. DenizBank also took over the Retail Banking Department of Citibank as of July 1, 2013 together with its more than 600 thousand customers and nearly 1,400 employees.

Innovation, technology and "phygital" strategy

Making substantial investments in technology, R&D and innovation since its founding, DenizBank established the first Digital Banking Department in Turkey in 2012. Since that time, the Bank has implemented numerous innovations that lead the sector in facilitating and adding value to the lives of people. DenizBank appointed the first Chief Digital Officer (CDO) in the sector. The Bank was named the "Most Innovative Bank in the World" multiple times in the USA and Europe. DenizBank integrates all areas of either physical or digital contact with customers through its hybrid "phygital" strategy.

In addition, DenizBank works to ensure a bright future for its home country and society with various social responsibility efforts. The Bank provides support in strategic areas such as health, sports clubs, municipalities, shipping, tourism, energy, education, infrastructure and agriculture. DenizBank is also committed to meeting the needs of SMEs, who are at the heart of the nation's economy. The Bank continually develops innovative financing models to foster this key segment.

Besides its flagship banking institution, DenizBank Financial Services Group includes five domestic and three international financial subsidiaries, six domestic non-financial subsidiaries and a branch in Bahrain. The Group's domestic subsidiaries include DenizInvest, DenizREIT, DenizAsset Management, DenizLeasing, DenizFactoring, Intertech, DenizKültür, Ekspres IT and Trade, Hızlıöde Electronic Money and Payment Systems, Açık Deniz Radyo-TV and Bantaş. DFSG's foreign subsidiaries include EuroDeniz, DenizBank AG and DenizBank Moscow. With a broad service network reaching all parts of society in Turkey, DenizBank has 696 branches in Turkey and Bahrain, in addition to 34 branch locations of its subsidiary DenizBank AG in Austria and Germany. The Group operates in EU countries via DenizBank AG, while JSC DenizBank Moscow serves customers abroad that have trade relations with Russia.



DENIZ IS EVERYWHERE

Mediterranean
Muğla, Burdur, Isparta, Antalya

Europe 1
Istanbul

Europe 2
Istanbul

Capital 1
Ankara

Capital 2
Ankara, Zonguldak, Bartın, Karabük, Çankırı, Kırıkkale, Erzincan, Erzurum, Ardahan, Kars, Iğdır, Ağrı, Van, Hakkari, Eskişehir

Western Anatolia & Aegean
Manisa, Aydın, Uşak, Denizli, İzmir, Balıkesir, Kütahya

Cukurova
Mersin, Adana, K.Maraş, Hatay, Gaziantep, Osmaniye, Kilis

South East Anatolia
Malatya, Tunceli, Bingöl, Elazığ, Diyarbakır, Adıyaman, Şanlıurfa, Batman, Mardin, Siirt, Şırnak, Bitlis, Muş

Istanbul Anatolia 1
Istanbul

Istanbul Anatolia 2
İzmit, Sakarya, Düzce, Bolu, Zonguldak, Istanbul

Black Sea
Kastamonu, Sinop, Çorum, Samsun, Amasya, Tokat, Ordu, Giresun, Gümüşhane, Trabzon, Rize, Artvin, Bayburt

Marmara
Yalova, Balıkesir, Bursa, Kütahya, Bilecik, Afyon

Central Anatolia
Konya, Aksaray, Karaman, Kırşehir, Nevşehir, Yozgat, Sivas, Kayseri, Niğde

Thrace
Edirne, Kırklareli, Tekirdağ, Çanakkale, Istanbul

ENBD IN BRIEF

The acquisition of DenizBank represents a significant milestone for Emirates NBD with the Bank expanding its presence to 13 countries, servicing over 14 million customers.

190

USD BILLION
TOTAL ASSETS

915

BRANCHES
WORLDWIDE

Emirates NBD (DFM: Emirates NBD) is a leading Banking Group* in the MENAT region. As at December 31, 2020, total assets were AED 698 billion, (equivalent to approx. USD 190 billion). The acquisition of DenizBank represents a significant milestone for Emirates NBD with the Bank expanding its presence to 13 countries, servicing over 14 million customers. The Bank is ranked among the top 20 in the Forbes' list of the World's Best Regarded Companies, securing a leading spot among global brands.

The Bank has a significant retail banking franchise in the UAE and is a key participant in the global digital banking industry with 94% of all financial transactions and requests conducted outside of its branches. The Bank announced the creation of E20, a digital business bank for entrepreneurs and SMEs while Liv., the lifestyle digital bank for millennials continued to be the fastest growing retail proposition in the UAE. Emirates NBD was named "UAE's Best Bank" in 2020 for a fifth consecutive year by Euromoney. In addition, Emirates NBD received the "Excellence in Leadership in the Middle East" award, introduced this year in light of the COVID-19 impact, as a recognition of its efforts in responding to the COVID-19 crisis.

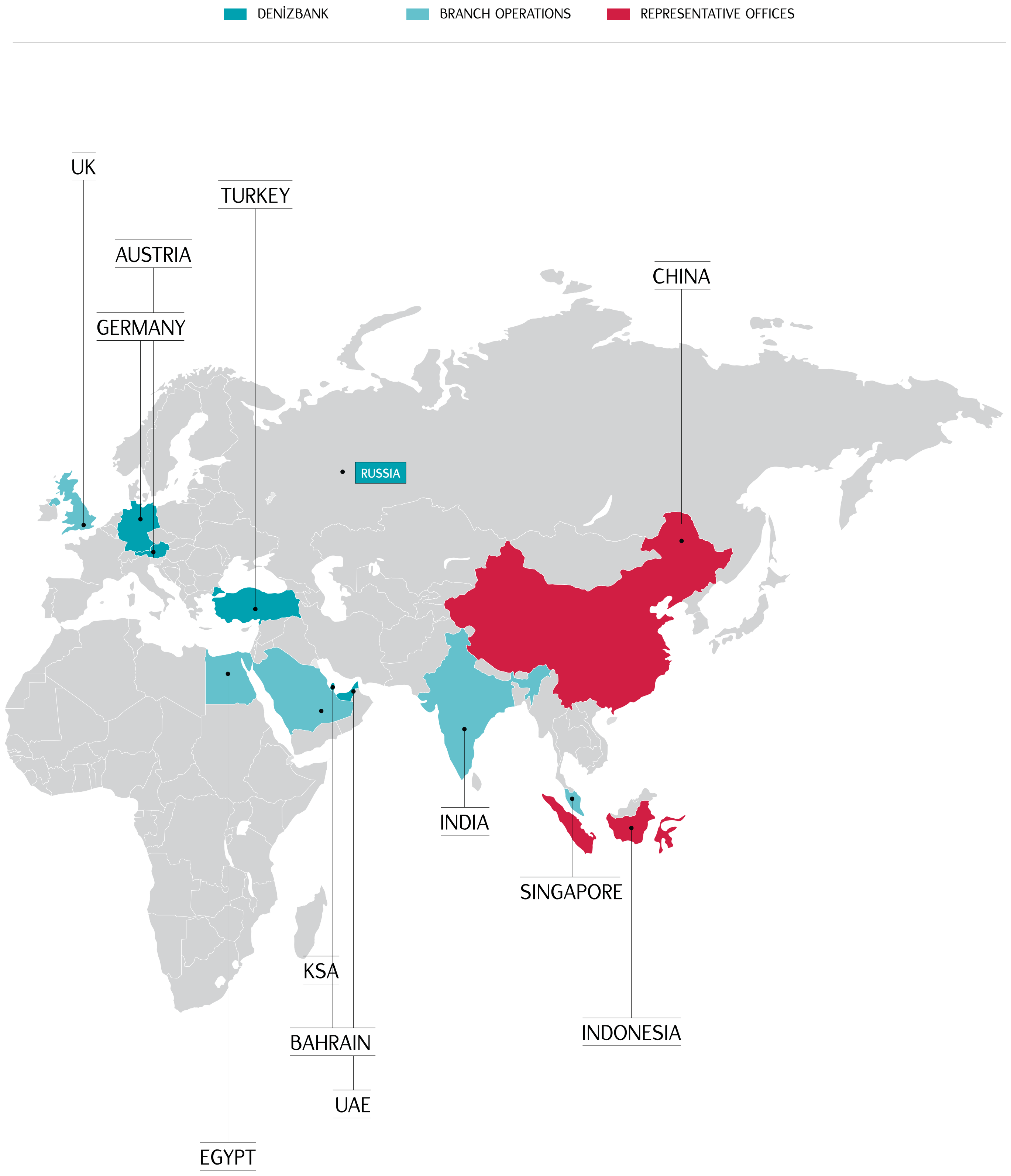
The Bank is ranked 87th in The Banker's list of the World's Top 1,000 Banks. Emirates NBD was named "Bank of the Year – UAE 2020" for the sixth year and "Bank of the Year – Middle East 2020" for the third time by The Banker. In addition, Emirates NBD has been assessed as the "Strongest Bank in the UAE" and "Fifth Strongest Bank in the Middle East" by The Asian Banker 500 Largest and Strongest Banks Rankings.

The Bank has operations in the UAE, Egypt, India, Turkey, the Kingdom of Saudi Arabia, Singapore, the United Kingdom, Austria, Germany, Russia and Bahrain and representative offices in China and Indonesia with a total of 915 branches and 4,029 ATMs/SDMs. The Bank has a large social media following, being the only bank in the Middle East ranked among the top 20 in the "Power 100 Social Media Rankings," compiled by The Financial Brand for 2019. Emirates NBD is a major player in the UAE corporate segment and has strong Islamic banking, investment banking, private banking, asset management, global markets & treasury and brokerage operations.

Emirates NBD is an active participant and supporter of the UAE's main development and community initiatives, in close alignment with the UAE government's strategies, including financial literacy and advocacy for inclusion of People with Disabilities under its #TogetherLimitless platform. The Bank is recognised for the pioneering efforts in employee volunteering and corporate social responsibility by IMPACT2030, the corporate volunteering arm of the United Nations. Emirates NBD Group is a Premier Partner and the Official Banking Partner for Expo 2020 Dubai.

**As of December 31, 2020, ENBD is one of the leading banking groups in the MENAT region according to assets, loans, deposits and branch network.*

ENBD'S PRESENCE: 13 COUNTRIES

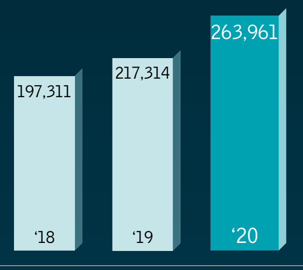


FINANCIAL HIGHLIGHTS

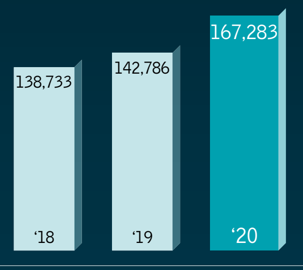
Ensuring trust with a financial performance powered by its strong capital structure, DenizBank's consolidated total assets grew by 21.5% and reached TL 263.9 billion as of 2020 year-end.

CONSOLIDATED

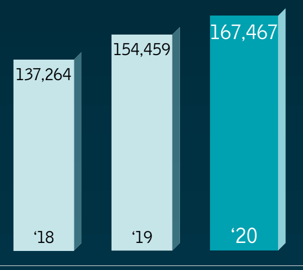
TOTAL ASSETS (TL MILLION)



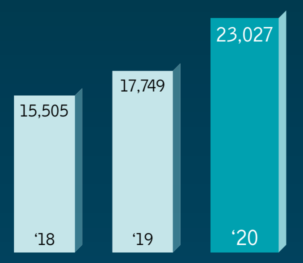
LOANS (TL MILLION)[1]



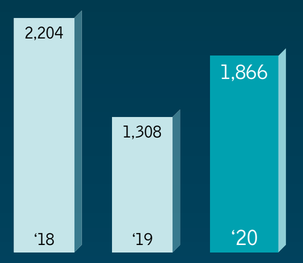
DEPOSITS (TL MILLION)[2]



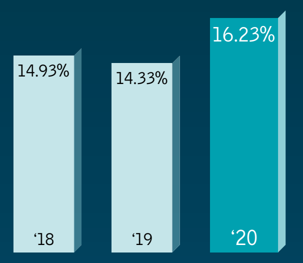
SHAREHOLDERS' EQUITY (TL MILLION)



NET PROFIT (TL MILLION)



CAPITAL ADEQUACY RATIO

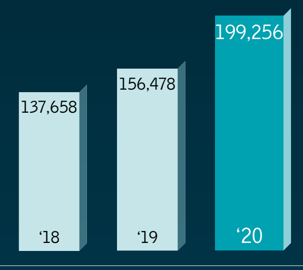


[1]Includes factoring and leasing receivables, Net.

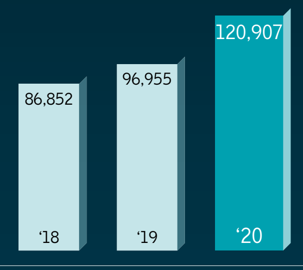
[2]Excludes bank deposits.

UNCONSOLIDATED

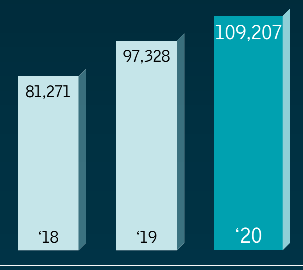
TOTAL ASSETS (TL MILLION)



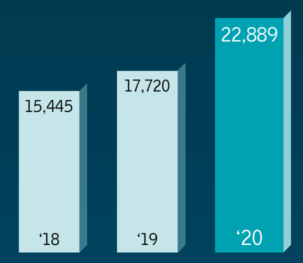
LOANS (TL MILLION)[1]



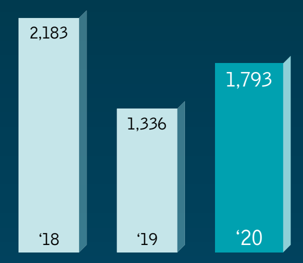
DEPOSITS (TL MILLION)[2]



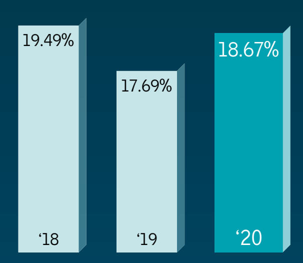
SHAREHOLDERS' EQUITY (TL MILLION)



NET PROFIT (TL MILLION)



CAPITAL ADEQUACY RATIO



[1]Net amount.

[2]Excludes bank deposits.

2020 IN BRIEF...

JANUARY-FEBRUARY-MARCH

- DenizBank's exhibition hall GaleriDeniz hosted "Fa," a showcase of oil paintings whereby Prof. Dr. Fikret Akata blended together the art of music and painting.
- DenizBank offered relief for repayments of customers who were affected by the earthquake in the Elazığ region. Repayments for all outstanding debts of the Bank's retail and SME customers in the region were postponed for three months, interest-free.
- Turkish Foundation for SMEs, Self-Employed People & Business Managers (TOSYÖV) and DenizBank continued their collaboration for a series of meetings across Turkey, which commenced in September 2016 with the objective of informing SMEs. The 24th, 25th and 26th legs of these meetings were held in Konya, Aydın and Sakarya, respectively, under the main sponsorship of DenizBank, attracting broad participation. Incentives, financial opportunities and projects that will benefit SMEs were discussed in detail during the meeting series.
- Aiming to help Turkey's youth enrich their imagination, DenizBank Children's Opera, a world-first, staged its second production "Wolfie in Opera of Wonders", after "Papagenos."
- Intertech took an initiative for female high school students to boost women's employment in the information technology sector. The event hosted 60 female students from Halil Rıfat Paşa Vocational and Technical Anatolian High School and included a meeting where participants could experience business life first-hand.
- DenizBank has long seen the development of sports in Turkey as part of its social responsibility and ranks first in terms of financial support to the sector. The Bank became the main sponsor of all men's National Football Teams by signing a three-year collaboration agreement with the Turkish Football Federation.
- Entering into a collaboration that will expand its support to sports with its innovative product fastPay, DenizBank became the title sponsor of the Istanbul Wildcats, the e-sports club with the largest squad in Turkey, Europe, Middle East and Africa.
- Supporting culture and arts since day one, DenizBank launched the "The Diary of Our Women" documentary, directed by Nebil Özgentürk, as a tribute to inspiring women who have left their mark on Turkish society since the early days of the Republic.
- DenizBank's fastPay entered into a collaboration with clothing retailer Colin's to offer contactless payments via mobile phones for in-store purchases.
- DenizBank signed an agreement with the Social Security Institution to offer pensioners the opportunity to earn up to TL 1,000 proportional to their pension payment if they promise to receive their payments from the Bank for a three-year period.
- DenizBank implemented measures swiftly to protect the health and wellbeing of its employees and customers following the outbreak of the COVID-19 pandemic in Turkey.
- In order for its customers to bridge any short-term financial distress that the COVID-19 pandemic may cause, DenizBank provided the opportunity to postpone principal, interest and installment repayments up to three months upon customer request.
- As of March 30, 2020, DenizBank launched the Check Payment Support Loan and Economic Stability Shield Loan Support programs announced by the Banks Association of Turkey for SME, corporate and commercial customers, designed to minimize the potential impact of the COVID-19 pandemic on employment, production, trade and payment systems.

APRIL-MAY-JUNE

- DenizBank announced allocation of TL 10 million to support solidarity campaigns launched to combat the global pandemic.
- DenizBank took part in the TOBB NEFES Loan facility. This effort was introduced to provide SMEs with low-interest rate loans under the Economic Stability Shield Package announced by the Presidency of the Republic of Turkey and executed in conjunction with the Ministry of Treasury and Finance.
- DenizBank secured a fresh source of funding amounting to USD 175 million (TL 1.25 billion) from the European Bank for Reconstruction and Development (EBRD) with a maturity of up to two years.
- Considering agricultural support a national matter and ranking first among private banks in agricultural banking with a market share of 43%, DenizBank launched innovative campaigns to run through May to celebrate May 14, World Farmers' Day.
- DenizBank's fastPay entered into a collaboration with grocery retailers Migros and Macrocenter to offer contactless payments via mobile phones.
- DenizBank reached an agreement for loans with 6 years of maturity with the European Fund for Southeast Europe (EFSE), amounting to EUR 20 million to be used for financing micro and small enterprises and entrepreneurs engaged in agriculture in rural areas, and from the Green for Growth Fund (GGF), amounting to EUR 25 million to be used in financing energy efficiency and renewable energy projects.
- Famous faces were hosted at the "Screenplay Talks" event as part of the Fourth DenizBank "First Screenplay First Movie" Contest, held in cooperation with DenizBank and the Turkish Foundation of Cinema and Audiovisual Culture (TURSAK).
- The Popular Music Art Foundation (POPSAV) organized an online music festival with the sponsorship of DenizBank on Eid al-Fitr for music industry employees adversely affected by the pandemic.

JULY-AUGUST-SEPTEMBER

- DenizBank Investment Services Group launched ALGOLAB, a mobile application where investors can place robotized orders for algorithmic transactions on Borsa Istanbul Stock Market and Futures and Options markets on a single platform.
- For its first project, Le Chic Bodrum, DenizREIT collaborated with Kaya Holding, which operates in a wide range of sectors, tourism in particular.
- DenizBank held the 16th edition of its annual teamwork on sailing program, which is designed improve leadership skills, consolidate synergy and boost motivation. The program took place at Kaya Palazzo Resort & Le Chic Bodrum on August 26-29 with the participation of the Bank's senior management.
- Innovative payments provider fastPay collaborated with CarrefourSA to offer contactless payments via mobile phones.
- Deniz Aquarium, the innovation hub of DenizBank, entered into a collaboration with BlockchainIst Center under Bahçeşehir University, Turkey's first university-sponsored Blockchain center.
- DenizBank restructured all payments of its customers who were impacted by the devastating fire in the Kumköy, Yalova and Ilgardere villages of Çanakkale, up to a term of 10 years.
- Wtech teamed up with corporate supporters DenizBank, UiPath and Linktera to implement the Robotic Process Automation (RPA) Developer program for young graduates of Science, Technology, Engineering and Mathematics (STEM) departments at universities.

OCTOBER-NOVEMBER-DECEMBER

- The concert series organized jointly with DenizBank & Istanbul State Symphony Orchestra (IDSO) marked their 17th anniversary.
- DenizBank's fastPay entered into a collaboration with TAB Food to offer contactless payments via mobile phones.
- As the Global Sponsor of Turkish Airlines EuroLeague starting from October 2019, DenizBank released the first commercial of its new advertising campaign in its second year of sponsorship.
- DenizBank collaborated with Gastronomy Tourism Association to support the food & beverage industry, which is experiencing a major challenge due to the global pandemic.
- DenizBank secured a syndicated loan facility totaling USD 780 million from a record number of banks with a rollover rate of 115%. The syndicated loan posted a record number of participants in the sector in 2020: a total of 42 banks from 20 countries.
- Bringing together tourism gurus from Turkey and abroad, the 10th annual International Resort Tourism Congress was held online for the first time with DenizBank as the main sponsor.
- After being included in the pilot run of the Central Bank's FAST System (Instant and Continuous Transfer of Funds) launched on December 18, DenizBank provided round-the-clock money transfer with the Easy Address feature.
- The 16th annual SME Summit was held online with the main theme "Pandemic Process and Exporting during Pandemic," with DenizBank as the main sponsor and in collaboration with TOSYÖV, KOSGEB, TOBB and TİM.
- An online graduation ceremony was held for Wtech Academy, of which DenizBank is one of the corporate supporters.
- The 23rd edition of the Captains' Meeting was conducted online with the participation of more than 1,400 Captains across the Bank.
- DenizBank's subsidiary Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş. received official authorization from the CBRT.

2020 AWARDS

DenizBank received the Gold prize in the "EMEA Mobile Search" category from MMA Smarties, which recognizes innovations in the field of marketing.

- DenizBank received the "Most Reputable Brand of the Year" award in the "Banking" category at The ONE Integrated Marketing Awards organized in cooperation with Marketing Türkiye and Akademetre.
- DenizBank was presented with 12 awards – three gold, five silver and four bronze – at the Sales and Customer Services Awards organized by Stevie Awards in recognition of its sales and customer satisfaction-oriented approaches in the banking sector In addition to these honors, the Bank won another award by garnering the most votes in the category of "Most Preferred Customer Services" in the field of Financial Services, which the Bank participated in for the first time. Also winning the Grand Stevie award, which is presented to the most recognized companies, DenizBank received 14 awards in total at the Stevie Awards.

Gold Stevie Awards: Innovation in Customer Service – Financial Services Industry; Sales Process of the Year; Relationship Management Solution

Silver Stevie Awards: Contact Center of the Year (Over 100 Seats); Business Development Achievement of the Year; Telesales Team of the Year; Best Use of Technology in Customer Service; Best Use of Customer Insight

Bronze Stevie Awards: Inbound Marketing Program of the Year; Customer Service Department of the Year (100 or More Employees); Sales Growth Achievement of the Year; Best Customer Engagement Initiative

- At the "Companies Carrying Agriculture Forward" awards held as part of the Future of the Agriculture-Forests Summit organized by Turkuvaz Media Group in collaboration with the Ministry of Agriculture and Forestry, DenizBank was recognized for its Human-Oriented Innovation in the Field Project.

- In 2020, DenizBank was presented with the Silver prize in the "Career" category at the Social Media Awards – Turkey Social Brands Data Analytics Awards held by BoomSonar and Marketing Türkiye. The Bank was recognized for the excellence of its human resources social media accounts and creative content posted on social media.
- DenizInvest received the Brokerage Leader for Private Sector Borrowing Instrument Issuance – 2019 award in the "Corporate Finance Transactions" category at the fifth annual TCMA Capital Markets Awards.
- Thanks to the innovative excellence of its "Sales Orchestration" structure, DenizBank received the Gold prize in the "EMEA Mobile Search" category from MMA Smarties, which recognizes innovations in the field of marketing.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

A key player in the development of tourism, education, infrastructure, health, SME and agriculture sectors in Turkey during the last 20 years, DenizBank marked 2020 with further remarkable achievements despite the global pandemic.

264
TL BILLION
TOTAL ASSETS

16.23%
CAPITAL ADEQUACY RATIO

Distinguished Stakeholders, Customers and Business Partners,

The year 2020 marks the first full year for DenizBank being part of ENBD's family. This union of DenizBank and ENBD creates a stronger, more diversified entity with world-leading digital credentials. The acquisition enables both banks to leverage IT agile infrastructure, an innovation-focused vision and experienced management.

The International Monetary Fund (IMF) projects global growth to contract by 4.4% in 2020 before expanding by 5.2% in 2021 with Turkey's Real GDP expected to contract 5% in 2020 and expand by 5% in 2021. Having a strong, diversified balance sheet to withstand economic uncertainty and benefit from growth opportunities has never been more important. DenizBank are proud to have supported customers in 2020 and will continue to ensure that customers can benefit from growth opportunities in 2021 and beyond.

The true value of digital banking became evident in 2020

As the COVID-19 pandemic spread in 2020, businesses went into shutdown rapidly. DenizBank offered a full, secure, uninterrupted banking service to our customers during this period of disruption thanks to our award winning digital platform. DenizBank and ENBD have a reputation for leaders in innovation & change and the investment in digital in recent years has helped ensure we can support our customers however they choose to bank.

We are always by the side of our customers

As the pandemic spread and countries went into lockdown, we immediately offered relief measures including loan-deferrals, limit-increases and loan-restructuring to help customers overcome financial challenges during this unprecedented situation. Our philosophy has always been to support customers now in order to prevent credit issues arising later and we were fully aligned with the visionary actions taken by the Turkish government to mitigate the economic impact from the pandemic. SMEs are the backbone of the Turkish economy and DenizBank continued to support this essential sector, through the NEFES Loan Facility, participating for the third time in collaboration with The Union of Chambers and Commodity Exchanges of Turkey (TOBB) and the Credit Guarantee Fund (KGF). We also initiated KGF secured "the Check Payment Support Package" and "the Wage and Operational Expenses Loan Support Package" programmes to minimize the potential effects of the challenging situation on employment, production, trade and payment systems considering SMEs, corporate and commercial customers. DenizBank were proud to donate to the National Solidarity Campaign, launched to support citizens affected by the pandemic.

We are ready for even greater achievements as part of the ENBD family

DenizBank has played a key part in the development of Turkey's tourism, education, infrastructure, shipping, health, agriculture and SMEs sectors over the last 20 years. DenizBank's strong balance sheet, state-of-the-art technology and experienced staff combine to offer customers a reliable, effective banking solution to meet their banking needs in a simple, uncomplicated manner. DenizBank continues to differentiate itself through its strong capital base and innovative platform with a philosophy that puts the customer first.

I would like to thank our shareholder, employees and customers, who have helped DenizBank grow successfully over the last 20 years and I am excited about the opportunities that lie ahead and together we will continue to grow successfully.

Best Regards,

Hesham Abdulla Al Qassim
Chairman of the Board of Directors

MESSAGE FROM THE CEO

Thanks to our ongoing digitalization efforts, we have managed to provide our services in an uninterrupted way despite the challenges caused by the global pandemic in many different areas.

167
TL BILLION DEPOSITS

Dear Valued Friends of Deniz,

2020 was an extraordinary year where the global pandemic spread rapidly and affected all the aspects of our lives. While a considerable amount of fall in spending and confidence on the part of consumers took place along with the production coming to a halt on a global scale, the growth expectations in an upward direction also reversed.

Support was provided through regulations for low interest and quantitative easing, credit guaranties, credit deferrals, tax deferrals, employer costs and social transfers secured for employees and low-income segment against the economic activity that contracted on a global scale. Spending that was equal to 20% of the average GDP in developed countries and 6% in developing countries was made on average to overcome economic troubles. In our country, this rate was between 12-14%. Both companies and households were supported mainly by credit mechanisms. The current projections include finalizing the year 2020 with a positive growth with the effect of measures that have been taken and fighting against the inflation with the statements coming from the Central Bank in 2021 becoming the top-priority target. Under these circumstances, it is expected that the tight monetary policy will continue and a slow growth will be experienced in the first half of the year; while the economic activity is expected to recover in parallel with the easing in financing conditions as of the second half, and a positive growth is expected throughout 2021.

The Turkish Banking Sector Still Reliable with a Capital Adequacy Ratio of 19%

All the banks around the world are acting as solution partners for the implementation of the fiscal policies of the countries especially by mediating through credit expansion in particular. While the TL loan increase has exceeded 40% since the beginning of the year, we anticipate that the increase in the non-performing loan ratio will be higher in 2021 compared to the current situation. On the other hand, the Turkish banking sector successfully maintained its position to manage the process in 2020, with a capital adequacy ratio of 19% and front-loaded provisions to be prudent. Concerning revenues, while the upward trend of interest rates pulled the margins down, the regulation introduced concerning the service revenues under the non-interest incomes also had a revenue-reducing effect. As a result, the priority of the Turkish banking sector in 2021 will be to fight again the increasing provisions and decreasing incomes. I believe that the Turkish economy, which has demonstrated its resilience against crises once again based on its past experiences, will survive the pandemic, which will continue to have global effects until the second half of 2021, with minimum damage with the support of the dynamic private sector and strong banking sector, as well as the fiscal policy complementary to the tight monetary policy.

MESSAGE FROM THE CEO

We have preserved our financial agility throughout the 2020 operating cycle despite the widespread effects of the global pandemic.

167
TL BILLION CASH LOAN VOLUME

2
TL BILLION FRESH FUNDING

DenizBank Still Maintains Financial Agility

Maintaining its financial agility throughout 2020 despite the overall effects of the global pandemic, our Bank increased its consolidated assets to TL 264 billion with an increase of 21%. Our consolidated net profit was realized as TL 1,866 million. Our service network of 730 branches in total positioned all over Turkey including the Bahrain branch and 34 subsidiary branches served as a key factor in reaching successful financial results even in 2020 operating cycle.

Continuing the financing support we offer to our small and medium scale enterprises which constitute the backbone of the Turkish economy and operate across the full range of niche sector, we grew the volume of loan we lent to all of our SMEs including agriculture and livestock enterprises and small ventures in rural areas to TL 50 billion as of the year-end. We also maintained our leadership with 43% market share and 1.4 million customers in the agriculture sector which we claimed from the day one in terms of self-sufficiency of our country in 2020 operating cycle as well.

We Stand by Our Customers with Our Product Competency as well as Our Financial Power...

Supporting its customers in every need of theirs since the first moment the impacts of the pandemic started to be felt in Turkey, our Bank provided a tremendous contribution to the National Solidarity Campaign.

While actively participating in the KGF-backed "Check payment Support Package" and "Salary and Operational Expenses Loan Support Package" schemes whim aim to minimize the potential impacts of the pandemic in employment, production, trade and payment system, initiated under the leadership of the Banks Association of Turkey and intended for SME, corporate and commercial customers, we also successfully continued the NEFES Loan campaign with The Union of Chambers and Commodity Exchanges of Turkey (TOBB) cooperation this year for the third time and as the only bank.

In this period when financial stability and fresh foreign funding to our country was of great importance, as the sanctions were removed with the ownership of ENBD, over USD 2 billion fresh funding was provided from abroad.

We will continue to give direction to our sector and produce for our people in the next operating cycle with our service infrastructure powered by cutting edge technology, qualified human resources and innovation competence.

USD 900 million portion of the said fresh funding consisted of the syndicated loan in one- and two-year tranches obtained for the financing of all foreign trade transactions of customers mostly including the tourism, shipping, agriculture and export industries whereas USD 500 million portion consisted of foreign trade transactions-connected funds based on bilateral agreements; USD 250 million portion consisted of long term and reasonable-cost loans obtained from supranational financial institution to be utilized in priority fields such as agriculture, SMEs and energy efficiency.

Thanks to our financing sources which we strengthened in a stable manner, the consolidated cash loan volume of our Bank reached TL 167 billion as of 2020 year-end. We are aiming for at least USD 1 billion new funding with the capital market issues and other qualified debt instruments to support the future of Turkey in 2021 as well.

We continue our journey as an innovation center, beyond a bank

As DenizBank, thanks to our digital transformation approach that we centralized for a long time now, we successfully managed the challenges of the global pandemic emerged in many areas, especially social distancing, with our ready-to-use infrastructure and rapidly transformed business model.

During this period, we established the Deniz Aquarium Blockchain Laboratory, where we focus on producing the technologies of the future, taking an important step to gather our innovation efforts under one roof and at the same time to embrace the fintechs. With the idea that the next 5-10 years of banking will be determined by the ecosystem approach, we took action to support Turkish start-ups and to produce and grow together under this roof. With this platform, we will bring the service we will offer in a wider scope to our customers with the support of the ecosystem within the framework of the understanding of competing together.

Also, in the last quarter of 2020, we facilitated 24/7 easy money transfer for our people within the scope of FAST System (Instant and Continuous Transfer of Funds), pilot scheme of which was started by the Central Bank of Republic of Turkey on 18 December, 2020. For the upcoming years, by collecting the fruits of these breakthroughs, we are getting ready to continue our activities as an "innovation center beyond a bank" which produces technology and offers this technology to the customers to ease their lives.

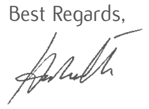
We will continue to be the pioneer of innovations in the banking sector

As DenizBank, we have designed the future banking already today and are ready to face the asymmetrical and rapidly developing risks to come forth. As underlined by Mr. Hesham Abdulla Al Qassim, our Chairman of the Board, in his message, we will continue to give direction to our sector and produce for our people in the next operating cycle with our service infrastructure powered by cutting edge technology, qualified human resources and innovation competence.

I would like to extend my gratitude to our main shareholder ENBD which has made us feel their unconditional support by both increasing our capital and extending the maturity of our subordinated loans in 2021 as well as all of our employees and customers. In the upcoming period, with the full support of ENBD, we will continue to be the pioneer of innovations that shape the future of banking in our country and in the MENAT (Middle East, North Africa and Turkey) Region by focusing on strategies that centralize innovation, data and digitalization.

I would like to celebrate each one of our Sailors for their contribution to and hard work in our Bank from the bottom of my heart and wish "again, full speed ahead."

Best Regards,



Hakan ATEŞ
CEO

BANKING SERVICES

14.5
MILLION
NUMBER OF CUSTOMERS

DenizBank Customer Segmentation

DenizBank has classified customers into six main segments to reflect its customer-oriented service approach to its operations 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 Finance 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 Banking: This segment serves firms and sole proprietorships with annual turnover of less than TL 25 million, as well as the owners and partners of businesses (from TL 25 million to TL 40 million is the common area with Commercial Banking).

Agricultural Banking: This segment covers producers with farmer certification who earn a living from agricultural activities as well as agricultural organizations with legal entity and agribusinesses.

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 8 million.

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

Branch Network/Segmentation

Aiming to become one of the major financial services providers in the region, DenizBank continues 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.

Marking a successful year in 2020 with its high service quality, the Retail Banking Group has continued to provide uninterrupted services by prioritizing the health and wellbeing of its employees and customers throughout the pandemic.

The Retail Banking Group plays a major role for DenizBank to be a bank of choice with its high service quality.

RETAIL BANKING GROUP

Retail Banking Group ensures that operations of DenizBank within the scope Retail Banking Sales Management and Marketing are conducted in coordination and synergy with other business lines of the Bank, as well as creating an efficient branch and ATM network strategy. As of July 2020, Micro segment customers with annual turnover of up to TL 1 million also started to be served under the Retail Banking Group.

Playing a major role for DenizBank to be a bank of choice and marking a successful year in 2020 with its high service quality, the Retail Banking Group has continued to provide uninterrupted services by prioritizing the health and wellbeing of its employees and customers throughout the pandemic. Fully integrated with the digital banking channel in line with remote working and health measures, the Retail Banking Group is well prepared for the dynamics in the "new normal" and the emerging future.

The pandemic era has greatly affected Turkey as well as the entire world. During these unprecedented times, the Retail Banking Group ensured that all financial needs of customers are met via MobilDeniz, Online Banking and the Call Center channels, without customers having to leave home or their workplace. For customers who wish to receive one-on-one service from branch staff, a cloud-based system was set up at employees' homes, in cooperation with a telecommunications company. In addition, all branch locations were transformed quickly in accordance with newly imposed hygiene and physical distance rules. Transparent dividers were put between employees and customers, complimentary face masks and hygiene products were provided as customers were welcomed at DenizBank branches with controlled admission.

Affluent Banking

Launched in 2010, Affluent Banking made a difference in the sector with its innovative business model by breaking grounds in many aspects with its privileged products and services. Among the privileges offered are dedicated Affluent Relationship Managers at branches, priority in banking transactions, as well as special rates on deposit/investment products and loans.

The Affluent Hotline Service Model was established to offer Affluent Banking services to customers at branches without Relationship Managers. In 2020, the hotline increased its transactional capacity by providing services to more customers in order to meet rising banking needs through non-branch channels during the pandemic. While this channel has enjoyed increased customer awareness, the hotline has also become the top-of-mind channel for all banking needs of Affluent Banking customers.

Affluent Banking values the highly trained professionals of Turkey. The daily needs of target professions – lawyers, doctors, dentists, certified public accountants, public notaries and pilots – are closely monitored. Affluent Banking diversifies its products and services by evaluating each profession in accordance with its respective cash flows and needs. Collaborating with 45 bar associations across Turkey and partnering with 75 professional chambers for certified public accountants, dentists, physicians, and notary publics, DenizBank aims to become the house bank of these target group professionals. During the pandemic, advantageous loans with a grace period of up to six months and no underwriting fee were offered to Affluent Banking customers to meet their cash needs. In line with the requirement to use E-SMM (E-Self-Employment Invoice), which entered into force in 2020 for the self-employed, a special advantageous E-SMM solution was developed for lawyers, doctors, dentists and CPAs.

BANKING SERVICES

While providing customized financial solutions for its Affluent Banking customers, DenizBank also holds social and cultural events. In addition, the Bank partners with various brands and makes discounts and benefits available to Affluent Banking customers to facilitate their lives in every aspect. To identify offers that customers will prefer the most and that will touch their lives, research studies are regularly carried out related to high-income customers. With the aim of identifying changing consumer habits due to the pandemic in 2020, DenizBank re-evaluated the expectations, lifestyle profiles and spending habits of high-income and Affluent professional groups and collaborated with new brands in sectors where customer spending increased in the pandemic environment.

Mass Banking

DenizBank Mass Banking maintained a customer-oriented approach and relied heavily on analytical thinking and applications to conduct effective marketing operations in 2020.

The pandemic spanned the majority of 2020, during which DenizBank services continued uninterruptedly thanks to products integrated with digital and non-branch channels. Customers who preferred to carry out transactions at branches were offered to be served by the Quick Transaction team. In order to reduce waiting time outside or inside branches, the Quick Transaction Call Center teams would call the customers who took a queue number from the Q-matic and carry out all banking transactions over the phone securely.

Favorable campaigns, tailored to customer needs, were offered across digital channels in particular to deepen relationships with existing customers. In line with the joint studies conducted with CRM, the right products were offered to customers from the right channels thanks to product propensity models. In order to provide customers with the most relevant offers, the communication strategy was optimized in line with evolving customer needs.

In addition to deepening relations with existing customers, the Bank developed a customer acquisition strategy, departing from the significance of acquiring new and inactive customers. This effort helped Mass Banking to acquire new customers in 2020. Deeper relationships with the recently acquired customers have been a focal point, accompanied by the simultaneous launch of various promo strategies.

To provide advantageous interest and commission rates, tradesmen and POS product packages were developed for micro customers, who started to be served in 2020. Payment facilities were provided in line with the needs of tradesmen during the pandemic. As in all other bank channels, marketing communications continued with the most relevant offers tailored to micro customers via the KobiDeniz (SME-Deniz) channel. The financial needs of micro customers who receive services through KobiDeniz were covered during the pandemic without having to leave their workplace. In 2020, DenizBank formulated marketing strategies for products offered to micro customers – such as Commercial Loan with Installments, SME Card, Bonus Business and POS – as well as new micro customer acquisition strategies.

DenizBank works to offer better lives for pensioners who have worked for many years, produced and played an important role in building our country's future.

1.2
MILLION
PENSIONER CUSTOMERS

DenizBank remained committed to supporting customers in matters related to physical and mental health in addition to providing financial solutions. To this end, the Bank sent its customers a variety of informative and educational videos prepared by dedicated professionals, covering topics such as Distance Learning and Digital Channels, Practical Work out Moves at Home, Work out Moves, Remote Working and Work-from-Home Methods and Personal Motivation. The Bank used the #evdekal (stay home) communication to transmit these specially designed videos.

Focusing on the acquisition of parents by offering financial solutions for the education sector, DenizBank maintained its position as the leading bank in school payments in 2020, according to the number of educational institutions it mediates.

Customer satisfaction in terms of their experience with the Bank has been monitored regularly via Net Promoter Score. Customer feedback from this effort has been used to identify areas to improve product and service quality, and develop action plans to address these issues.

Pensioner Banking

Closely monitoring the needs of pensioners since 2010, DenizBank has provided services to 1.2 million pensioner customers as of 2020 year-end. Ranking third among all banks according to the number of retired customers, DenizBank is also the leading bank among private banks.

At DenizBank, various banking services and advantages are offered to pensioners including discounted interest rates on general purpose, car and housing loans, special interest rates for their deposits as well as priority standing in branch and call center transactions.

Pensioner Bonus – the first ever credit card specially designed for pensioners in Turkey – allows cardholders to earn bonus points and shop free-of-charge or with discounts at merchants using their points, or receive billing discounts during seasonal promotional campaigns. In addition, Pensioner Bonus customers can benefit from assistance services for cases such as utility outage, problems requiring a locksmith, or broken glass.

Pensioners were the ones who got affected the most during the global pandemic due to their advanced age. DenizBank carried out regular communications to ensure that pensioners perform their transactions through alternative distribution channels without leaving home. The ATM withdrawal limits of pensioner customers who were not subject to curfew restrictions were increased. Pension commitments of senior citizens who received cash bonus for their promise to receive their pension for three years at the Bank were renewed automatically. With an agreement executed with the Ministry of Family, Labour and Social Services, DenizBank paid the salaries of pensioners aged 65 and over at their homes through Vefa Social Support Groups – the first private bank to do so.

Aiming to offer distinctive privileges to pensioner customers in their social lives as well as being there for their financial needs, DenizBank remains by their side, guided by the motto "Pensioners are Happy at DenizBank."

DenizBank Pensioner Banking also serves the pensioner segment on social media. It provides pensioners with access to a wide range of practical information. This includes healthy lifestyle contents, recipes, prize contests and other content prepared by specialists via Facebook - the most popular social media platform for pensioners.

DenizBank works to offer better lives for pensioners who have worked for many years, produced and played an important role in building our country's future. The Bank continues its efforts to be the bank that best understands the needs of the pensioners and serve them beyond their expectations.

BANKING SERVICES

5.3%

GENERAL PURPOSE LOAN MARKET SHARE

Retail Banking Products

Deposits and Savings Products

DenizBank Deposits and Savings Products offer an extensive array of deposit and savings options to meet various retail customer needs such as accumulating savings or facilitating cash flow. These offerings are designed considering customers' risk perception and expectations while channeling their savings towards investment.

During the year, the Bank continued its one-on-one contact with affluent and pensioner customer segments as well as new potential time deposit customers. In addition, e-deposit communications over digital channels continued throughout the year.

To facilitate deposit and savings product related processes, the Bank launched the BPR Project in 2020, allowing an ergonomic and functional design in deposit dashboards used in branches. The project will be extended in all our branches in 2021. The BPR project is designed to reduce processing time and boost transactional ease in deposit and saving products sales and after-sales processes.

Consumer Loans

DenizBank is a key player in the sector thanks to its innovative, accessible and competitive loan product offerings.

General Purpose Loans

Thanks to its many innovations and effective campaigns, DenizBank's general purpose loan portfolio maintained its market share of 5.3% in 2020, a year when public banks in particular recorded high growth in the TL 386 billion-market.

2020 has been a year whereby DenizBank developed products and processes that were designed to meet evolving customer needs and expectations, which were increasingly shaped by the fast-changing retail environment due to the pandemic and continued to provide bespoke loan limits for current customers as part of pre-approved loan offers across all channels. In addition, the Bank improved its loan related processes in line with its commitment to deliver an exemplary customer experience. In 2021, the Bank will continue to provide services in line with the needs of customers.

Parallel to its customer-oriented approach, DenizBank offered general purpose loan deferrals of up to 180 days to all customers in order to reduce the adverse effect of the pandemic that we witnessed in 2020.

Existing DenizBank customers are now able to apply for and obtain loans through the digital payment wallet fastPay, opening up a new channel in the emerging field of direct banking.

For pensioner customers, a group particularly affected by lockdown restrictions during the pandemic, DenizBank ensured that they transfer their pensions received from other banks to DenizBank without leaving their homes, besides utilizing loans through Telephone Banking.

A wide range of products is offered to micro segment customers, including commercial loans with installments, SME card, bonus business and POS. With shorter processes thanks to digital signatures, transactions have become more efficient for both DenizBank and customers. By reducing loan processing times from three hours to only 10 minutes, a tremendous time saving was achieved across the board.

DenizBank allows customers with pre-approved loan limits to use their limits instantly through alternative channels such as Telemarketing, Call Center, Mobile Sales, Açık Deniz (Online Banking), MobilDeniz, Teller Sales Officers and ATMs. This effort aims at ensuring that customers enjoy ease of access at any point of contact with DenizBank. The Shopping Loan product was also introduced through leading e-commerce sites of Turkey and dealers in retail service points in order to boost new customer acquisition.

While being the second bank to sign a protocol with the Ministry of Environment and Urbanization, DenizBank was the first lender in Turkey to extend an Urban Transformation Loan and complete the urban transformation project.

A lifeline for urgent cash needs, Rescue Overdraft Account is available to customers round-the-clock via all the Bank's alternative distribution channels. During the pandemic, Rescue Overdraft Account limits have been a breath of fresh air for customers. Customers who would like to access the overdraft account limits in installments can opt for installment payments of up to 12 months with the Overdraft Account with Installments.

Housing Loans

DenizBank aims to become "Turkey's Leading Bank in Urban Transformation Projects" with successful efforts in extending housing loans. While being the second bank to sign a protocol with the Ministry of Environment and Urbanization, DenizBank was the first lender in Turkey to extend an Urban Transformation Loan and complete the urban transformation project. As of the end of 2020, DenizBank extended TL 575 million in Urban Transformation Loans and it continued to maintain its important position in the sector.

Branch and ATM Planning

In 2020, DenizBank completed the merger of 15 branches within the scope of optimization efforts and opened three new branches. In 2020, DenizBank operated a branch network with 696 locations while the Bank's branch market share stood at 7.0%. Together with its Bahrain Branch and the 34 subsidiary branches abroad, the Bank's total number of branches is 730.

DenizBank reached 3,140 ATMs as of the end of 2020. Additionally, QNB Finansbank, TEB and DenizBank formed an ATM network sharing cooperation under the slogan "Three Banks, One ATM," which is still in effect. Under this agreement, each month, the customers of these three banks can carry out up to three financial transactions and unlimited number of non-financial transactions free of charge from the ATMs of the other two banks.

In line with its overall strategy, DenizBank developed innovative branch and ATM concepts for different customer segments, boosted with accessible banking practices to transform its branches and ATMs. Infrastructure works to support visually impaired customers to perform transactions from ATMs have been completed across the Bank's ATM network. As part of customer experience efforts, DenizBank commissioned projects for cash withdrawal and depositing with QR code. The Bank also launched an initiative to dispense banknote and change when making payments for loans, credit cards and bills via ATMs.

Daily withdrawal limits of all customers were increased due to the pandemic. The limit of three free transactions from QNB Finansbank and TEB ATMs was also removed as customers enjoyed unlimited free transactions between March 24 and August 4. Communication messaging guided Bank customers to use the QR code option for withdrawals and deposits to ensure contactless transactions.

BANKING SERVICES

DenizBank's extensive product portfolio includes all insurance and pension products and services including fire, agriculture, accident, engineering, liability, unemployment, personal accident, life insurance and pension plans.

DenizBank continues to develop value-added products to meet its customers' changing needs for protection. In 2020, the Bank introduced Farmer Protection Plan Insurance, My Farm is Safe Insurance, Get Well Soon Personal Accident Insurance, Cancer Insurance and Years of Safety Long Term Personal Accident Insurance.

Bancassurance

Insurance and Private Pension Products

Since the establishment of Bancassurance in 2004, DenizBank has provided life insurance, non-life insurance and private pension products to its customers. DenizBank's extensive product portfolio includes all insurance and pension products and services including fire, agriculture, accident, engineering, liability, unemployment, personal accident, life insurance and pension plans.

Private pension products are offered to the Bank's customers with options of automatic participation system products, individual products, corporate products, and various plan options tailored for specific customer segments. The Bank continues to have an agency agreement with MetLife for life insurance and private pension products and an agreement with AXA Sigorta for non-life insurance.

DenizBank continues to develop value-added products to meet its customers' changing needs for protection. In 2020, the Bank introduced Farmer Protection Plan Insurance, My Farm is Safe Insurance, Get Well Soon Personal Accident Insurance, Cancer Insurance and Years of Safety Long Term Personal Accident Insurance.

Farmer Protection Plan Insurance is a product introduced by DenizBank for the first time in Turkey, which protects farmers' valuables, such as wallets, credit cards, IDs and mobile phones, against the risk of robbery or snatch theft as well as offering assistance services related to tractors, which serve as their greatest helper, and providing discounts on fertilizer and pesticide purchases.

My Farm is Safe Insurance protects belongings inside their farms against risks that may occur, based on policy conditions.

Get Well Soon Personal Accident Insurance provides customers with coverage against surgery risks while paying compensation in addition to surgery costs in advance. This product protects customers' health with a free mini check-up service.

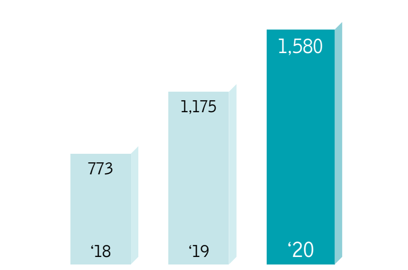
Cancer Insurance aims to cover financial costs of treatment in the event of a critical illness such as cancer.

Years of Safety Long Term Personal Accident Insurance provides protection against risks of death and permanent disability due to accident, allowing customers to utilize as long as they wish for a period of two to five years, with various coverage limit options.

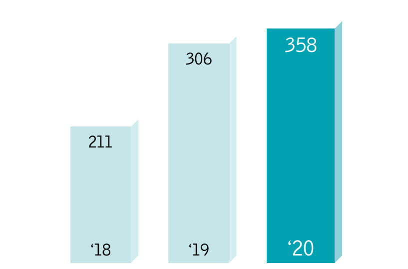
DenizBank customers can enjoy comprehensive "4x4" assistance services provided alongside these products.

DenizBank Bancassurance Performance (TL million)

Life Insurances Cooperation Premium Production



Non-Life Insurance Cooperation Premium Production (Including Leasing)



The SME Banking Group has continued to provide SME clients with new productivity enhancing solutions through its expert team at the Head Office, Regional Offices and branch locations in all provinces of Turkey.

DenizBank achieved yet another first in the sector and continued providing customers with round-the-clock service and detailed information via the CGF Support Line without the need to go to a branch.

SME BANKING AND PUBLIC FINANCE GROUP

The SME Banking and Public Finance Group ensures that DenizBank's operations under:

- SME Banking,
- Gold Banking,
- Public Finance

are carried out in coordination and synergy with the Bank's other business lines.

SME Banking

The SME Banking Group has continued to provide SME clients with new productivity-enhancing solutions through its expert team at the Head Office, Regional Offices and branch locations in all provinces of Turkey.

In 2020, when SMEs were also adversely affected by the pandemic like all sectors, DenizBank recorded a 24% increase in SME cash loans and continued to stand by SMEs side. As always, DenizBank led the way among private banks in supporting SMEs with projects shouldering the responsibility in this process.

Led by the Presidency, the Economic Stability Package was implemented to reduce the effects of the pandemic, providing critical support to SMEs. Now nearing TL 500 billion with the Government's support, the guarantee provided by Credit Guarantee Fund (CGF), which issues guarantees to SMEs that experience difficulties in accessing finance due to lack of collateral, has helped SMEs stay resilient through challenging economic times stemming from the pandemic and bolster their operations in 2020.

DenizBank maintained its role as a major lender of CGF-backed loans. The Bank has quickly dispersed the loans to SME clients, thanks to its fast and efficient decision-making processes. In terms of KGF-backed loans in 2020, DenizBank ranked fourth in total loans lent and eighth in offering the largest financing support.

During the year, DenizBank achieved yet another first in the sector and continued providing customers with round-the-clock service and detailed information via the CGF Support Line (0212 355 10 55) without the need to go to a branch.

DenizBank launched the third one of "NEFES Loan" facility in 2020 in collaboration with the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and Credit Guarantee Fund (CGF), a project in which the Bank participated as the only private bank back in 2016 and 2018. DenizBank was in this initiative for the third time, this year as the only bank, providing a breath of fresh air to SMEs during the pandemic. Under the program, DenizBank provided loans at an annual interest rate of 7.50% with liberal grace periods to SMEs that are members of chambers and exchanges under the roof of TOBB. A total of TL 3 billion in NEFES Loan facility was extended to some 50 thousand SMEs during the year. Participating in "Check Payment Support Package" and "Salary and Operational Expenses Loan Support Package" programs organized by CGF in addition to NEFES Loan facility, DenizBank provided loans to more than 3 thousand SMEs amounting to TL 1.7 billion, at an annual interest rate of 9.50% with a grace period of three months.

In addition to allocating new loans to SMEs during the COVID-19 pandemic, DenizBank also gave its support by deferring existing loans. Loans were deferred for SMEs that could not open their businesses and generate income due to pandemic restrictions. A total of TL 1.5 billion in loans to 13 thousand SME borrowers was deferred for three months.

BANKING SERVICES

By continuously improving its MobilDeniz application, the Bank has expanded the range of services offered via this key channel for SMEs.

DenizBank provides consulting services to exporter SMEs to help them create a strategic business roadmap, obtain valuable information, make investments and enter new markets.

Aiming to facilitate SME access to financing and boost the efficiency of its processes, DenizBank was able to respond quickly to the emerging needs of SMEs during this unprecedented period thanks to its digital and telephone channel investments over many years, without the need to visit a branch. With the SME service channel (KobiDeniz) launched in 2019, small and medium enterprise customers can contact their portfolio manager within 10 seconds without leaving their workplace and waiting in line at the branch and carry out all banking transactions on the phone.

By continuously improving its MobilDeniz application, the Bank has expanded the range of services offered via this key channel for SMEs. As a result of increasing the usage of innovative mobile app functionality such as Send a Check to Deniz, SMEs are now able to learn the loan eligibility status of their checks and quickly access cash without visiting a branch. The Bank also made other improvements such as faster loan allocation and utilization by digitizing lending assessment steps to boost effectiveness.

DenizBank launched the Fast Track Loan, for which customers may apply via SMS, web, AçıkDeniz Online Banking, Facebook page and ATMs. With this innovative loan, SMEs have the opportunity to choose one or more products from among SME Card, Commercial Loan with Installments, Commercial Rescue Overdraft Loan, DDS and Vehicle Recognition System for their cash needs of up to TL 100 thousand. SMEs that apply for Fast Track loans receive the result of their application within five minutes, and can easily access the products.

Tradesmen and SMEs can save up to TL 5.000 per year by selecting the best tariff suited to their needs from among a wide range of special SME tariffs for daily banking transactions that vary according to the type and frequency of transaction. Thanks to other banking bundles tailored to their particular sector's needs, they can also benefit from sector-specific advantages, favorable loan options, and tariffs for banking transactions.

Furthermore, DenizBank provides consulting services to exporter SMEs to help them create a strategic business roadmap, obtain valuable information, make investments and enter new markets. Customers can call the Foreign Trade Contact Line at 0212 348 34 44 to obtain information about many topics from payment methods used in foreign trade to international rules.

SME Banking attaches great importance to collaborations with business chambers and professional associations. As the main sponsor of Turkish Foundation for SMEs, Self-Employed People & Business Managers (TOSYÖV) for the last four years, it is planned to continue the events in 2020 as well. The SME Summits planned to be held in Istanbul and Şanlıurfa, SME Support Meetings to be organized in seven different provinces were transferred to digital environment due to the pandemic, and the 16th SME Summit was held online in December.

As a result of collaborations with firms that lead their respective sectors, the Bank provides small and medium enterprise customers with exclusive services to render their day-to-day operations easier, alleviating costs that they must assume due to their commercial operations.

Gold Banking

The gold sector not only creates added value for Turkey but also stands out as a niche sector for DenizBank. The Bank stepped up its focus on this burgeoning area and leapfrogged the competition by establishing the Gold Banking department in 2011. DenizBank aims at providing a comprehensive range of banking instruments, from loans to deposits, to fully meet the demands of the gold sector.

DenizGold Days encourage households to invest their "under-the-mattress" savings in the national economy. This scheme has turned nearly six tons of physical gold savings into deposits. The Gold Accumulating Account and Saver Account both provide savers the opportunity to grow their investments.

DenizBank Gold Banking aims to channel investors' gold assets in jewelry to clients as financial support under attractive terms, thus contributing to Turkey's economy.

Bank's market share has reached 20% thanks to innovative efforts, such as special loan assessment processes for precious metals, in addition to groundbreaking product innovations, including Equal-Installment Gold Loan, Gold Loan with Early Closure Option, Gold Support Loan to Manufacturers and Silver Loan.

Public Finance

Defining public banking as a business line, DenizBank broke new ground in Turkish banking history by targeting public finance as one of its strategic business areas. The Public Finance Department was established to service a target group comprising local administrations, their affiliates and economic enterprises, as well as state economic enterprises, their entities and subsidiaries. The Public Finance Department has provided low cost and long term financing to many projects.

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

Having always supported municipalities in financing, DenizBank Public Finance maintained its support to municipality clients during the COVID-19 pandemic period and continued to meet their financing needs. In addition, a funding agreement amounting to USD 25 million was concluded with the European Bank for Reconstruction and Development (EBRD) to finance small and medium sized municipalities in these unprecedented times, helping to minimize the impact of the pandemic on them.

Cash management systems developed exclusively for DenizBank in addition to the Bank's branch network and alternative distribution channels help maximize operational efficiency and productivity in tax collection processes. Today, the Bank provides collection services for tax, water bills, etc. for more than 120 municipalities.

BANKING SERVICES

DenizBank supports producers who have difficulties in accessing finance as well as producers and investors engaged in modern agriculture on a larger scale.

AGRICULTURAL BANKING GROUP

DenizBank conducts its operations with a view toward supporting Turkish agriculture, boosting agricultural productivity, putting "a smile on every farmer's face" and contributing to a brighter future for our nation.

With the belief that agriculture holds the key to Turkey's future, DenizBank operates in the agricultural sector in line with its social responsibility mission. DenizBank is the first private Turkish bank to organize its Head Office, region and branch network structure in order to create a true agricultural banking enterprise. Operating in the field of agricultural banking with "DenizBank: The Farmers' Bank" approach in mind, DenizBank has reached half of all farmers in Turkey until today.

Fastest and State-of-the-Art Agricultural Solutions with the Highest Quality

In line with its commitment to agriculture and land resources, DenizBank acquired Tarişbank in 2002 and launched its Agricultural Banking operations. Today, DenizBank proudly delivers fastest and state-of-the-art agricultural solutions with the highest quality to producers via a network of 369 branches located across Turkey's 81 provinces, with a field team composed largely of agricultural engineers.

DenizBank supports producers who have difficulties in accessing finance as well as producers and investors engaged in modern agriculture on a larger scale.

In 2020, DenizBank reached a total loan volume of over TL 15 billion. The Bank is the leader among private banks with a 43% market share in agricultural lending. DenizBank currently serves a total of 1.4 million agricultural banking customers.

DenizBank ranks seventh in commercial card turnover with a market share of 7.5% and first in credit cards issued with a market share of 26.2%.

Producer Card

A leader in providing financing to the agricultural sector, DenizBank works to establish a Producer-Merchant-Bank relationship, offering solutions that provide maximum benefit to all parties. DenizBank is the pioneer in the agricultural commercial card market with 600 thousand Producer Cards and innovative opportunities it provides. With the "Producer Card" designed especially for the needs of the sector, the Bank facilitates the micro producers' access to financing while offering producers cost advantage in agricultural procurement with zero interest and maturity advantage in contracted merchants.

Producer Card-holders can purchase all their agricultural inputs – such as fertilizer, animal feed, seeds, saplings and pesticides – from 16 thousand contracted merchants across the country with grace periods of up to six months.

As part of the cooperation in the field of fuel with Petrol Ofisi, Opet, Sunpet, Shell, Lukoil, Aytemiz, Moil, Alpet, Teco, Türkiye Petrolleri, Soil and Kadoil, DenizBank offers producers interest-free fuel up to five months with a Producer Card from contracted dealers. The ongoing cooperation with the fertilizer sector has enabled the advantages of the Producer Card to expand to different points.

With the Producer Card Installment Loan product, producers can obtain installment loans for their medium/long term finance needs at DenizBank branches, and through DenizBank ATMs and SMS channel on a 24/7 basis with maturity periods of up to three years, and with annual payments following harvest time. Additionally, Producer Card owners can withdraw cash advance from DenizBank branches and ATMs on a 24/7 basis to meet their short-term cash needs.

Under the agreement executed with Agricultural Credit Cooperative in 2019, which includes 1,625 sub-cooperatives and more than 1 million farmer partners, producers can purchase agricultural inputs from cooperatives with an interest-free period of up to five months.

With its expanding merchant network, DenizBank Agricultural Banking supported producers with interest free terms of up to six months in agricultural input purchases.

600

THOUSAND PRODUCER CARDS

Producers can pay for their TARSİM agricultural insurance policy – the essential insurance coverage to protect agriculture and livestock activities – with their Producer Cards and enjoy a "0" interest rate until the harvest. In addition, producers can pay the premiums on their Private Pension Insurance, Farmer Health Insurance and Farmer Personal Accident Insurance once a year, at harvest time. The Producer Card helps farmers pay their monthly bills by giving them the option of repayment at harvest. Producers can make their monthly utility bill payments within a certain limit – including electricity, water and natural gas – at harvest time once a year, at more favorable interest rates. Additionally, DenizBank gives producers the option of paying their Bağ-Kur premiums with automatic payment orders via Producer Card. As a result, producers can pay their premiums at harvest time and enjoy timely, uninterrupted access to all the rights the social security institution provides.

Producers can use the Producer Card to make equipment purchases from contracted merchants with the advantage of making payment only once a year and maturity term of up to three-years.

DenizBank attaches great importance to agricultural chambers, unions and cooperatives to protect micro-scale farming and boost productivity. Thanks to the Bank's partnerships with leading unions and cooperatives – such as Çukobirlik, Tariş and Pankobirlik, irrigation cooperatives, as well as breeding and cattle cooperatives – their members are able to purchase agricultural inputs at attractive prices. In addition, the Producer Card gives producers the opportunity to postpone the payment of their power bills related to agricultural irrigation until harvest time.

Producers can apply for the Producer Card at DenizBank branches, ATMs or with a simple SMS from their mobile phones, in an easy, fast and hassle-free manner.

Other Products and Advantages

In agricultural loans, DenizBank offers customers the option of making repayment once a year, at harvest time, in line with payment plans tailored to farmers' cash and income flows. The Bank has developed numerous products to meet the specific requirements of the sector. These specialized lending products include Animal Husbandry, Greenhousing, Orcharding, Fishery, Tractor, Equipment, Land Purchase, Repair & Modernization, Plow & Drill, Best Agricultural Practices and Project Investment loans. The Bank's innovative solutions help farmers finance their operational expenditures and all agricultural investments.

Introduced in the previous year, the Farmer Monthly Support Loan allows producers to use their loan limits on a monthly basis in order to generate income with the advantage of repaying at harvest time. Customers receive a regular income like salary and can therefore meet their monthly financing needs.

Besides "Green Drop" branches - a first in Turkey – launched in order to be closer to the producers as well as remote access channels such as tele-marketing, SMS, ATM and Digital Banking, DenizBank provides banking services through tablet visits to villages, fields and homes, when farmers are unable to reach the Bank.

The pandemic has demonstrated the critical importance of agriculture for both Turkey and humanity. With its expanding merchant network, DenizBank Agricultural Banking supported producers with interest free terms of up to six months in agricultural input purchases. By contacting business partners in key sectors – such as fertilizer, seed, pesticide and fuel – for this purpose, producers' needs were met immediately and they were able to make their payments with a six-month grace period. Thanks to this effort, payment for inputs purchased during the spring months was postponed until 2020 year-end or at harvest time with no interest.

In order to protect the health of producers living in rural areas and ensure that they face no obstacles in accessing finance during this challenging period, DenizBank expanded the variety of products and services that producers can benefit from digitally, without having to visit a branch. With this approach, the Bank continued to deliver its financial

BANKING SERVICES

Having in effect brought the branch to the village, DenizBank transferred its agricultural know-how and expertise to social media with its “From Deniz to Earth” platform.

+200

THOUSAND DOWNLOADS “FROM DENİZ TO EARTH” APPLICATION

product and service offering, and conduct its business operations, without interruption. Both new sales and repayment plan changes were able to be made without requiring customers to visit a branch location. Most processes could be finalized digitally. As a result, both producers and employees were protected by minimizing human contact, one of the most important measures in combating the pandemic. Key issues that farmers should be mindful of while operating under pandemic conditions were published on social media and other channels for informational purposes.

With the Bağkur/Social Security Institution Premium Debt Support Loan, a critical offering for the continuity of health services during the pandemic, producers were provided with the opportunity to restructure their existing debt.

Funds amounting to USD 50 million was obtained from the European Bank for Reconstruction and Development (EBRD) for agribusinesses under the COVID-19 Solidarity Package, to be extended to producers as low-cost funding to ensure the sustainability of agricultural activities during the pandemic.

Having in effect brought the branch to the village, DenizBank transferred its agricultural know-how and expertise to social media with its “From Deniz to Earth” platform. Another innovative solution of DenizBank for the agricultural sector, “From Deniz to Earth” Facebook page, designed especially for producers, now boosts over 100 thousand followers, enhancing farmers’ financial literacy and providing agricultural advisory to producers. The Facebook page provides advice to help farmers boost productivity, information on weather conditions, news on grants and other support, and price information during harvest times. The “From Deniz to Earth” smart device application, the latest addition following the launch of the “From Deniz to Earth” Instagram account, won the Best New Product and Service Award in the “Innovation” category at the 2017 EFMA – DMI Awards, a highly prestigious international recognition platform for financial markets.

All producers – whether they are customers of DenizBank or not – and anyone who is interested in agriculture or considers it a hobby can use this application for free. The application has so far been downloaded more than 200 thousand times. It uses instant notifications to make specific recommendations to producers on fertilization, disinfestation and irrigation at each phase. The crucial “Ask the Engineer” feature enables users to submit their questions 24/7 to an expert team of agricultural engineers and receive their answers either via the application or by calling the indicated numbers. Producers can instantly access information such as market and stock prices, news updates, and official announcements. Producers can instantly access information such as market and stock prices, news updates, and official announcements. The “Rent a Tractor” feature helps producers share equipment and machinery that are required to continue production. Developed in 2019, the Satellite Field Tracking menu allows users to track satellite images of their saved fields and monitor the development level of their fields online from the application. Users receive recommendations from agricultural engineers about less developed areas of the fields and boost their productivity.

Some upgrades were made to the application, especially in response to the pandemic, including the ability to track Producer Card and installment loan debt via From Deniz to Earth application. As a result, producers could track their total debts and repayment dates without having to go to a physical branch during the pandemic.

Users who faced difficulties in contacting agricultural engineers or veterinarians during the pandemic communicated their concerns and requests to agricultural engineers through the application. Since farmers are not able to visit their fields frequently, satellite field health monitoring functionality was a great convenience to all farmers in terms of production continuity in 2020.

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

Thanks to benefits provided during the year, Finance in Motion awarded a grant of EUR 50 thousand to support upgrades to the application in order to boost agricultural productivity and expand knowledge in the area.

DenizBank has created a business plan to offer both financial and non-financial services via the application in 2021. A wide array of transactions – such as loan application and utilization, Producer Card application and usage, instant payment transactions from dealers, cash advance and Producer Card installment loan – will be able to be performed through the mobile application. In 2021, DenizBank customer onboarding procedures and all digital approval mechanisms will be transferred to DenizBank mobile apps, MobilDeniz and From Deniz to Earth.

Benefits provided to users in agricultural consultancy will be diversified further with accounting ledger, improved weather services and livestock menus.

DenizBank became one of the main stakeholders of the DITAP (Digital Agriculture Market) initiative, which was designed by the Ministry of Agriculture and Forestry as a product supply chain that aims to facilitate consumer access to agricultural and animal products while decreasing production costs for producers. With the most advanced API infrastructure in Turkey, DenizBank integrated special solutions in the financing area of the system developed by the Ministry. In the project scheduled for launch in 2021, DenizBank will continue providing benefits to producers as their financial business partner.

The advantage of receiving tractor loans for New Holland and Case IH brands from TürkTraktör without having to visit a Bank branch, a DenizBank “first” in the agricultural banking business, continued in 2020.

With the Farmer Card, specially customized by DenizBank, farmer customers can withdraw money round-the-clock from ATMs and shop from merchants without having to carry cash. The Bank also intermediates in Turkish Grain Board (TMO) product payments to farmers, ranking first among all private banks in this category.

Committed to supporting the development of licensed warehousing activities, DenizBank continues to intermediate for payment of crop proceeds and extend loans in return for Electronic Crop Receipts as collateral. Thanks to the licensed warehousing system, producers do not necessarily have to sell their crops at the time of harvest. Instead, they can store their crops in licensed warehouses to sell at a more convenient time later when rates are more favorable. The system enables storage of crops in a healthy environment. In addition, price disadvantages are eliminated in favor of producers.

DenizBank offers agricultural consulting services, facilitating access to information to those who need it. To this end, the Bank extends loans to producers to assist agricultural investments and operating expenditures. Additionally, DenizBank contributes greatly to enhancing the average scale of agribusinesses in Turkey thanks to its practices facilitating the establishment of new facilities, increasing capacity of facilities already in place, modernization of facilities, and equipment purchases.

To fuel growth in the sector, DenizBank offers information and advisory services to producers and agricultural enterprises as well as entrepreneurs and industrialists with an interest in the sector. Furthermore, the Bank supports agricultural investment projects with attractive maturity and repayment terms so that investors can finance their projects in cattle breeding, animal husbandry for meat production, dairy farming, sheep and goat breeding, greenhousing, and orcharding.

The Bank also offers financing facilities under grant initiatives such as the Rural Development Investment Support Program (KKYDP) and the European Union’s Instrument for Pre-Accession Assistance in Rural Development (IPARD). DenizBank’s specialized project team helps entrepreneurs to complete applications for these various programs.

DenizBank continues to add value to the everyday lives of producers through its corporate social responsibility activities.

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

To expand the availability of agricultural publications across Turkey and ensure that farmers have direct access to quality information, DenizBank joined forces with the Ministry of Agriculture and Forestry to conduct Turkey’s most extensive training campaign. Some 500 thousand agricultural books were delivered to producers in 5 thousand villages, intermediated by agricultural engineers who served as consultants. Sponsoring the “Agriculture and People” national photography contest held by the Ministry of Food, Agriculture and Livestock, DenizBank aimed at raising agricultural awareness across the country. In addition, high-achieving children of disadvantaged farmers are granted full tuition scholarships in collaboration with Turkish Education Association (TED).

BANKING SERVICES

The core operations of the Wholesale Banking Group include bolstering relations and creating partnerships with subsidiaries and branches, creating joint working spheres as well as expanding the subsidiary and branch network in line with the DenizBank's overall strategy.

WHOLESALE BANKING GROUP

The Wholesale Banking Group ensures that DenizBank's operations under:

- Corporate and Commercial Banking Group,
- Project Finance, Financial Restructuring and Credits International Coordination Group

are carried out in coordination and synergy with the Bank's other business lines.

The core operations of the Group include bolstering relations and creating partnerships with subsidiaries and branches, creating joint working spheres as well as expanding the 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 and Commercial Banking Group

DenizBank Wholesale Banking shapes its marketing approach around maintaining high quality assets, quickly adapting to economic developments, creating synergy between other business lines and subsidiaries and employing experienced human resources that deliver best-in-class services with DenizBank's collective wisdom.

The Group has more than 100 products in key areas such as loans, deposits, securities, cash management, project finance, leasing, factoring, insurance, foreign trade, and investment banking. DenizBank Corporate and Commercial Banking Group operations contributed to investment and privatization processes through its know-how in project finance and financial strength, thus bolstering its position in the market.

The Corporate Banking Group provides the right financial solutions to meet its customers' needs through innovative project finance, cash management and foreign trade products, as well as traditional corporate banking products. This approach creates and offers value chains that integrate all business lines of DFSG and produces tailored and proactive solutions to meet any financial need.

Under its financial supermarket approach and collective wisdom strategy, the Group offers clients from diverse industries a wide range of products and services. In addition, the Group creates new business opportunities under DFSG and ensures synergy for DenizLeasing and DenizFactoring as well as the DenizInvest, SME, Agricultural and Retail Banking groups. Providing support to target sectors – including tourism, infrastructure, shipping, sports, health care, education, energy and public finance– the Corporate and Commercial Banking Group continued its support in the pandemic period in 2020 and plans to continue serving these sectors in 2021 as well.

The Corporate and Commercial Banking Group operates in a total of 23 branch locations – including three Corporate branches and 20 Commercial Central branches – with an experienced and specialized sales team.

DenizBank plays an active role in Turkey's infrastructure investments, and has specialized in airport financing.

Project Finance, Financial Restructuring and International Loans Coordination Group

The Group carries out a wide range of activities for the long-term needs of its customers. These activities include new investments (greenfield), capacity increase investments (brownfield), purchase finance, public finance PPP (Public-Private Partnership), privatization finance, working capital financing, financial restructuring and refinancing.

The Project Finance Department focuses on 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 industries as telecommunications, energy, infrastructure (e.g. ports, airports and motorways), Public-Private Partnerships (PPP), healthcare and education – all of which form the backbone of economic and social development – as well as long-term transactions with multiple banks in the form of "club-loans."

By year-end 2020, Turkey's total installed power generation capacity has reached above 93 thousand MW. Over the last 15 years, DenizBank has intermediated in commissioning 6,500 MW in installed capacity. In addition to electricity distribution, natural gas distribution and wholesale projects, DenizBank continued to support the financing of the energy sector with its electricity distribution, natural gas distribution and wholesale projects.

By providing long-term financing to hundreds of projects in the last 15 years, DenizBank plays an active role in Turkey's infrastructure investments, and has specialized in airport financing. DenizBank has provided EUR 634 million to Istanbul Airport project, EUR 154 million to TAV Bodrum Airport, and varying amounts to Izmir Adnan Menderes Airport, Istanbul Atatürk Airport, Antalya Airport and Gazipaşa Airport - totaling EUR 900 million in the sector. In addition, DenizBank was the private bank to extend the highest credit line to the Istanbul Airport project while acting as the sole lender to TAV Bodrum Airport and Ankara High Speed Train Station projects, proving its leadership in infrastructure financing.

Looking at 2020, 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, infrastructure, transportation, mining, healthcare and education.

BANKING SERVICES

DenizBank continued to expand its extensive credit card product portfolio appealing to different segments and preferences in 2020.

As of the end of 2020, the Bank has a 7.0% market share in terms of the total number of credit cards and a 6.1% market share in terms of turnover.

PAYMENT SYSTEMS AND NON-BRANCH CHANNELS GROUP

The Payment Systems and the Non-Branch Channels Group ensures that DenizBank's operations under:

- Debit and Credit Cards Management,
- Merchant Relations,
- Call Center,
- Telemarketing-Collection and Customer Reacquisition,
- Mobile Sales Team

are carried out in coordination and synergy with the Bank's other business lines.

Debit and Credit Cards Management

DenizBank continued to expand its extensive credit card product portfolio appealing to different segments and preferences in 2020.

As of the end of 2020, the market share of the Bank is 7.0% in terms of total number of credit cards. Reaching TL 64 billion as of the end of 2020, the turnover market share was reported as 6.1%.

DenizBank aims to provide credit card products and services that feature solutions that can be part of the lifecycle and support its customers in their daily needs and it also aims to act in line with this goal in the future.

In 2020, DenizBank took major steps to meet the changing needs of its customers, especially due to the pandemic that fundamentally altered our lives. The Bank made its digital experience easy and accessible, while launching new services and products to further increase customer satisfaction.

DenizBank is committed to reaching the right customer at the right time with the right product. To this end, the Bank implemented successful projects to improve its payment solutions, developed new products as well as product-related processes, and made life easier for its customers.

DenizBank offers a variety of card options to its customers, including classic, gold and platinum cards, fan cards and credit cards with no annual fee.

In 2020, the Bank boosted the share of digital channels in new customer acquisition and card transactions. Additionally, customer satisfaction increased with instant card services offered at branch locations.

DenizBank prioritizes all kinds of support to tradesmen and SMEs with its innovative service offering. The Bank strives to offer significant advantages to commercial customers with DenizBank Bonus Business Credit Card. Bonus Business Card is a commercial credit card that tradesmen and SMEs can use both to pay for personal spending and to easily track expenditures made by their employees on behalf of the company. The card also offers the opportunity of purchase with installments at all Bonus merchants.

In 2020, DenizKartım mobile application was renewed with a simpler design, easy-to-use interface and a colorful world to deliver a more effective customer experience.

DenizBank's merchant strategy focuses on acquiring new active POS customers and deepening relations with existing merchants.

13
MILLION
CALLS RECEIVED

With the DenizKartım mobile app, customers can view all campaign details, participate in them and track their status in the campaign, win prizes with the application game "Captain's Duty" while exploring DenizKartım, have an advantageous and safe experience enabled by the shopping menu, whereby delivery information from contracted companies is automatically entered into the system, and reach all up-to-date information on their cards. In addition, payments can be made with features such as NFC and QR with contactless phones, which have become even more important in this period.

Contracted Merchant Relations

DenizBank's merchant strategy focuses on acquiring new active POS customers and deepening relations with existing merchants. By entering into installment Bonus POS agreements in particular, the Bank aims at expanding its customer portfolio, turnover and market share in a profitable manner. Following the CBRT Communiqué that went into effect in March which determines the maximum commission rates to be applied to commercial customers, DenizBank adopted the strategy to apply commissions to the portfolio and generate installment turnover to boost profitability.

As of March 2020, SMEDeniz teams have also started selling the POS product along with the branches and Mobile Sales teams.

Another major development in 2020 was the simplification of the dashboards used for updating merchant applications and merchant commissions. Now, more user-friendly screens are available to all sales channels.

DenizBank's Merchant Department aims to boost portfolio efficiency by focusing on activating inactive customers and customer promotion policy while effectively using analytical portfolio management.

Call Center

The Call Center provides customers with top quality, non-stop services on a 24/7 basis. All processes and the individual performance system are designed to maximize customers' experience in communication with customers.

Embracing a proactive service approach, DenizBank operates the Interactive Voice Response System, which is customized with smart methods and designed to provide quick and easy services. The IVR helps the Bank estimate customer needs and call reasons while offering appropriate proposals/solutions. DENIZ, the virtual assistant, communicates with customers through natural dialogues and concludes 54% of the calls without the needing to be put through to the customer representative.

In line with the Call Center's revenue-oriented business culture focusing 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. Studies on incoming call projections and shift organizations and efficient performance monitoring allowed the Center to reach its numerical and quality targets; and in 2020, 13 million calls were received.

The Call Center dashboards used to serve inbound customers is capable of presenting the best offer and next best offer to callers. These offers are determined according to the needs of the customer through analytical CRM models. The call blending infrastructure allows the Call Center to maximize productivity and enables staff to make sales to customers via outbound calls. In 2020, the Call Center's top priorities included upgrading systems

BANKING SERVICES

With its Telemarketing and Collection teams, DenizBank was among the banks to adapt to the work-from-home model most quickly.

DenizBank demonstrated a data-driven, customer-oriented and proactive approach to meet the banking needs of customers who were subject to curfew restrictions due to the pandemic.

and technology, boosting productivity in sales automation, expanding the customer service representative staff, and more deeply integrating sales activities with the business culture.

Early days into the pandemic that took hold globally, DenizBank Call Center recorded a 50% increase in incoming calls. Representatives started working from home to safeguard the health of their own as well as their families during this period. In 2021, DenizBank's main strategies are providing fast and high-quality service to customers, improving customer experience and increasing the sales activities for all lines of business.

Telemarketing-Collection and Customer Reacquisition

The channel, whereby all kinds of sales and collection processes that fit the Distance Contracts regulation and that start and end on telephone can be managed, has three main functions, namely:

- Cross sell, activation and penetration via outbound calls,
- Customer retention and reacquisition through incoming and outbound calls,
- Collection through incoming and outbound calls.

Having superior efficiency as its strategic priority, the channel's greatest strengths include effective capacity management and use of advanced technology.

The COVID-19 pandemic that took hold globally has drastically altered everyday life and rendered call centers more important, especially in the lockdown period. Rapid changes were introduced in Telemarketing and Collection teams to adapt to the pandemic process. DenizBank's priority has been to protect the health of its employees while preventing disruptions in the channel during such unprecedented times.

Thanks to its advanced infrastructure and vast experience, DenizBank quickly adapted to work- from-home principles announced for bank call centers, which was not previously implemented in the sector due to legislative restrictions. Following the transition to the work-from-home model, processes related to occupational safety, information security and KVKK (Law on Protection of Personal Data) were reviewed. Employees were informed with regular trainings on these key topics.

With its Telemarketing and Collection teams, DenizBank was among the banks to adapt to the work-from-home model most quickly. After the announcement of the government's Economic Support Package in late March, the many debt deferral and restructuring requests from customers were fulfilled by the Call Center teams in a short time.

Adapting to the pandemic process, DenizBank created workflows in a dedicated channel for customers over 65 years of age. The Bank demonstrated a data-driven, customer-oriented and proactive approach to meet the banking needs of customers who were subject to curfew restrictions due to the pandemic. By determining customers who would visit physical branches on the same dates to perform the same transaction, the Bank's Telemarketing teams called these customers when their transaction dates approached to meet their needs over the phone.

Serving various business lines of DenizBank, the Mobile Sales Team focuses on sales of Payment Systems, Retail, SME, Agricultural Banking, Digital Banking and DenizFactoring products.

DenizBank Call Center continued to work on new service models and workflows to keep up with the digital transformation accelerated due to the pandemic.

DenizBank Call Center continued to work on new service models and workflows to keep up with the digital transformation accelerated due to the pandemic. The award-winning channel will contribute further to the strategic and profitability targets of the Bank with innovative initiatives in its field.

SME Telesales (KobiDeniz) Channel

SME Telesales was established to serve Micro segment customers from one central channel. All types of banking services that do not require cash transactions and wet signature are provided on the phone through this channel. Current customers receive direct services from the channel when they call their branches or the Call Center during business hours.

The Channel provides services with its team of portfolio managers, specialized in customer penetration, activation and promotion. The channel has grown in importance during the pandemic by providing uninterrupted services to customers. The award-winning channel will further contribute to DenizBank in the future with its advanced technology infrastructure and experienced workforce.

Mobile Sales Team

Serving various business lines of the Bank, the Mobile Sales Team focuses on sales of Payment Systems, Retail, SME, Agricultural Banking, Digital Banking and DenizFactoring products.

With the primary objective to bring new customers to DenizBank while selling the products of all business lines, the team makes sales in the field with high efficiency by using the technological infrastructure at the same time.

The team visits people who have not yet met DenizBank at their workplaces, and responds to their needs with a wide range of products in the fastest way possible. In addition to acquiring new customers, the team contributes to customer activation and profitability by offering new products to current customers encountered in the field.

Sales representatives use the Mobile Sales application installed on their tablet devices, allowing them to sell Credit Cards, SME Cards, Bonus Business, Producer Cards, Factoring, Overdraft Accounts, SME Card Commercial Loan with Installments, Consumer Loans, Automatic Utility Bill Payment, Supplementary Cards as well as Credit Card insurance products. As of the second half of 2020, POS and consumer loans were included in the Mobile Sales team product portfolio thanks to improvements introduced. In 2021, DenizBank aims to add new products to tablet apps and ensure that each staff member in contact with a customer can operate like a Mobile Branch.

BANKING SERVICES

Treasury Marketing and Pricing primarily deals with the pricing and marketing of Treasury products to customers via branches and alternative distribution channels and with managing the exposures resulting from transactions.

TREASURY AND FINANCIAL INSTITUTIONS GROUP

The Treasury and Financial Institutions Group ensures that DenizBank's operations under:

- Treasury,
- Financial Institutions,
- Economic Research, Strategy and Program Management-Office

are carried out in coordination and synergy with the Bank's other business lines.

Treasury

There are four groups operating under the Treasury Department:

1- Treasury Marketing and Pricing primarily deals with the pricing and marketing of Treasury products to customers via branches and alternative distribution channels and with managing the exposures resulting from transactions. The Group is comprised of three units:

The FX and Interest Transactions Department is mainly responsible for supporting the branches in FX and precious metal transactions. The Department aims at training the staff at branch locations on Treasury transactions and boosting the competitiveness of branches via pricing. In addition to the services offered to the branches, the FX and Interest Transactions Department is responsible for daily monitoring and managing the FX/precious metal positions of the Bank as a result of customer transactions and performing transactions on the OTC and organized markets; responding to loan pricing from the relevant business lines in line with the spreads set based on the decisions by the Assets and Liabilities Committee; responding to requests for quotations for IRS and XCCY swap transactions; and making customer visits in coordination with the branches and Treasury Sales Units. The Department bases its activities on the principle of attaining sustainable profit rather than short-term gain.

The Securities Department responds to requests for quotations on securities (Treasury Bond, Government Bond, Eurobond, Private Sector Bonds/Bills and Repo) placed by External Financial Institutions, Treasury Sales Department, Private Banking and other branches. The Department executes trading transactions on the OTC and BIST markets in order to manage the positions occurring within this framework.

The Derivative Transactions Department provides the fastest and most competitive response to requests for quotations on FX, commodity and interest options submitted via the Treasury Sales and Private Banking Center. The Department is responsible for managing the options portfolio in the aftermath of FX option transactions by customers within the limits assigned to each customer concerned. Furthermore, the Derivative Transactions Department performs the required option, spot, futures and swap transactions on the OTC and organized markets to manage the risks of the options portfolio.

Treasury Sales coordinates between the branches and the Treasury Group, establishes direct contact with the customer base via the branch channel, while providing active sales and pricing service for capital market products.

2- Fixed-Income Securities and Money Markets:

The Fixed-Income Securities – FIS Department is responsible for managing DenizBank's Bank Bill/Bond Portfolio within the guidelines and goals set by the Assets and Liabilities Committee in addition to supporting the Assets and Liabilities Committee in hedging interest rate risk on the Bank's balance sheet. The FIS Department fully exercises its rights and fulfills its obligations under the Market Maker System of the Ministry of Treasury and Finance and manages relations with the relevant institutions.

The Money Markets Department monitors the entire cash flow of the Bank in foreign currency and TL, and meets the needs for short-term funding and cash surplus placement. Turkish Lira Money Markets is responsible for performing the optimum transactions (in consideration of the cost and maturity structure) within the limits available in line with the Bank's needs on the CBRT Interbank Money Market, Interbank Money Market (OTC Market), Interbank Swap Market, Takasbank Money Market and the markets to be potentially structured; on BIST Repo/Reverse Repo Market within the limits available and in return for securities; and optimally managing (in consideration of the cost and maturity structure) the Bank's surplus funds on the aforementioned markets under the same conditions. FX Money Markets is responsible for the entire cash flow of the Bank in foreign currency (FX).

3- Treasury Sales coordinates between the branches and the Treasury Group, establishes direct contact with the customer base via the branch channel, while providing active sales and pricing service for capital market products. The Treasury Department's core strategy is to boost the transaction volume of financial products. Treasury Sales offers its customers treasury products to manage their balance sheets and mitigate possible financial risks.

The Department also plays a role in determining the sales strategies and targets of treasury products (foreign exchange, options, and securities). Treasury Sales develops new and sophisticated treasury products and offers these for sale, while ensuring that the branches market these products in line with overall targets. The Department strives to establish long term, sustainable relationships with customers as well as branch personnel.

The Department visits potential customers in person in order to expand the customer base and boost transaction volume.

The Treasury Sales Department's other duties include informing customers about all treasury products, keeping track of customer exposures, in addition to providing clients with fast, high quality services.

Playing an active role in the issuance of DFSG bonds and bills, the Treasury Sales Department plays a key role in the realization of the Group's issuances that reached TL 13.9 billion nominal volume in 2020, as well as ensuring coordination among departments and the management of corporate investor relations.

4- The Subsidiaries Treasury Department is responsible for liquidity management and optimal funding in line with the resolutions and instructions by the management of subsidiaries.

BANKING SERVICES

With an approach of carrying out different works and delivering solution-oriented services, DenizBank uses international funds to provide customers operating in various countries with the opportunity to trade in 153 different currencies.

8.7
USD BILLION
EXPORT VOLUME

Financial Institutions

Correspondent Relations and Foreign Trade Finance Department: DenizBank has continued to expand and diversify its funding portfolio thanks to its strong and extensive network of more than 820 correspondents in 107 countries and has become one of the important and active banks of the sector this year as well.

DenizBank recorded an export volume of USD 8.7 billion and import volume of USD 6.1 billion as of the end of 2020. Providing alternative financing solutions with its wide product range, DenizBank posted a total foreign trade volume of USD 14.8 billion. The Bank increased its market share in import letters of credit from 8% to 10% while boosting its market share in export letters of credit from 6% to 9% on a year-on-year basis.

DenizBank continues to expand its network of correspondent banks in new markets for exporters. This approach supports customers that seek protection against country risk in new markets and want to boost their exports.

Through its own resources or through TCMB, Eximbank and financing institutions in other countries, DenizBank has provided financing support to its customers and has become a solution partner for the external guarantee needs of customers who carry out activities in various regions in the world.

SME-friendly DenizBank has continued to stand beside SMEs by providing appropriate financing solutions via product and service packages customized for SMEs that have a very important share in foreign trade of Turkey. DenizBank has maintained its support for SMEs by providing them with product offerings tailored specifically to their commercial cycles this year as well. In addition, the Bank continued to support foreign trade with its SME Foreign Trade Hotline, set up exclusively for SMEs.

With an approach of carrying out different works and delivering solution-oriented services, DenizBank uses international funds to provide customers operating in various countries with the opportunity to trade in 153 different currencies.

In addition, DenizBank has added new collaborations with various correspondent banks from America to Asia, Europe to the Middle East to its existing collaborations. The Bank continues to be a major solution partner for companies' long term financing thanks to agreements with Chinese Export and Credit Corporations in particular.

Secured in December 2019 with record-high demand totaling USD 1.1 billion in one and two –year terms, DenizBank renewed the one-year tranche of its syndicated loan at a rollover rate of 115% on December 4, 2020. The transaction reached about USD 780 million, consisting of two tranches: EUR 444.5 million and USD 242.5 million. The syndicated loan posted a record number of participants in the sector in 2020 - 42 banks in total from 20 countries.

In 2020, DenizBank's Correspondent Relations and Foreign Trade Finance Department plan to expand their foreign trade solutions portfolio, while providing critical support to customers. DenizBank aims to meet customers' foreign trade financing and investment needs via country loans as well as domestically and internationally sourced funds. The Bank also offers insurance services aimed at risk management with its specialized staff and customer-oriented approach.

The Financial Institutions Credit Analysis Department serves its customers, primarily exporters, with limits allocated to 400 banks in 70 countries.

3
USD BILLION SIZE
EMTN PROGRAM

Discontinuing physical customer visits due to the COVID-19 pandemic, the Department seamlessly supported requests from the field digitally without losing contact with its customers and representatives.

The Financial Institutions Credit Analysis Department: The Department serves its customers, primarily exporters, with limits allocated to 400 banks in 70 countries. It conducts credit analyses of correspondent banks whose risk will be assumed by the Bank in line with customer needs and the credit policy of DenizBank and coordinates credit underwriting process.

The Structured Finance Department is primarily responsible for maintaining relationships with foreign banks and other financial institutions to meet the medium and long term borrowing needs of DenizBank Financial Services Group. The Department also manages the financing process, monitors and structures transactions, and ensures coordination with the Bank's other business lines.

DenizBank has continued to extend loans for the agricultural sector, SMEs and the public sector clients secured from the European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), European Fund for Southeast Europe S.A. SICAV-SIF (EFSE), and Agence Française de Développement (AFD).

DenizBank secured various funds from international markets through bilateral loans throughout the year. The Bank obtained a loan amounting to EUR 20 million (approximately TL 154 million) with a maturity of six years from the European Fund for Southeast Europe for the funding of micro and small enterprises; entrepreneurs engaged in agriculture and animal husbandry; agribusinesses and SMEs operating in rural areas.

In 2020, DenizBank executed an agreement for a loan amounting to EUR 25 million (approximately TL 192 million) with a maturity of six years from the Green for Growth Fund to be used for energy efficiency and renewable energy projects.

DenizBank signed an agreement for a loan of USD 75 million (approximately TL 536 million) with a maturity of two years from EBRD. This resource will be used to support small and medium sized agribusinesses and fund small and medium sized municipalities.

An agreement for USD 20 million (approximately TL 160 million) loan with maturity of six years under the World Bank facility was concluded with Turkish Industrial Development Bank (TSKB), targeting SMEs that support women's employment and SMEs operating in less developed sub-regions affected by the flow of immigrants under temporary protection.

On May 5, 2020, DenizBank launched the EMTN (Euro Medium Term Notes) program with USD 3 billion size. The Bank was ready to make issuance in different currencies and maturities under the program.

In 2021, DenizBank plans further cooperation with international investment and development banks to secure similar loans and boost its market share in this area while supporting the real economy with low-cost and long-term funds.

BANKING SERVICES

Efforts are ongoing to expand the fastPay ecosystem further and introduce more users to fastPay's rapid payment experience and its world of advantages.

In 2020, DenizBank continued its technology investments for the fastPay app, Turkey's biggest mobile wallet. Aiming to introduce fastPay technology to more users, the Bank initiated new collaborations and added many new features to the application.

DIGITAL TRANSFORMATION, CRM AND CHANGE MANAGEMENT GROUP

The Digital Transformation, CRM and Change Management Group ensures that DenizBank's operations under:

- Digital Generation Banking,
- Change Management,
- Project Management,
- Business Analytics and CRM

are carried out in coordination and synergy with the Bank's other business lines.

Digital Generation Banking
Carried out separately under different units as Digital Payment Systems Integration, Sales and Marketing, Hızlı Öde A.Ş., Phygital Strategy and Fintech Business Modeling Sales, Digital Marketing, Digital Channels, Open Banking as well as Innovation and Entrepreneurship Strategies and Ecosystem Collaborations under Deniz Aquarium.

Digital Payment Systems, Fintech Banking and Quality Management
The Digital Payment Systems, Fintech Banking and Quality Management Department's main areas of activity include fastPay mobile wallet application and collaborations in payment systems and channel management for Digital Generation Banking Group channels.

In 2020, DenizBank continued its technology investments for the fastPay app, Turkey's biggest mobile wallet. Aiming to introduce fastPay technology to more users, the Bank initiated new collaborations and added many new features to the application.

Thanks to the collaborations with Migros, CarrefourSA and A101, Turkey's largest retail chains; a wallet-free, contactless and hygienic payment has become possible with fastPay at the cash registers of stores. fastPay users can make payments easily by scanning the QR code created by the application. In 2020, Tab Food companies Burger King, Popeyes, Sbarro and Usta Dönerci, some of the largest fast food chains in Turkey, were also added to the fastPay ecosystem, expanding the digital experience.

Efforts are ongoing to expand the fastPay ecosystem further and introduce more users to fastPay's rapid payment experience and its world of advantages.

As major collaborations are made to achieve user interface, efforts for experience development are underway to provide fastPay with a whole new user experience. The revamp is designed to improve communications with users and make their lives easier. In 2020, fastPay user experience (UX) was completely redesigned by a project team that included field, marketing, software development teams as well as an expert design agency as part of the "new fastPay" initiative. Alternative designs were presented to users with UX tests and finalized based on user feedback.

In 2020, fastPay started to offer the fastLoan product in a groundbreaking development for the sector. With fastLoan, fastPay users are able to access exclusive loans without the need to visit a physical location in a fast, contactless and hygienic way.

Digital Quality Management was established to provide users with a better digital experience while offering simultaneous solutions to address the issues they experience.

DenizBank Online Banking serves customers with advanced functionality before and after login. Innovations are continuously introduced especially to acquire new customers and to enrich customer experience on frequently used screens.

In November 2019, Hızlıöde Elektronik Para Ödeme A.Ş. was established and a license application was submitted to BRSA. By end-2020, CBRT granted an electronic money license to Hızlıöde Elektronik Para Ödeme A.Ş. Planning to commence business operations in 2021, Hızlıöde's vision is to become Turkey's largest electronic money company. Hızlıöde aims to play a central role in expanding fastPay's fields of activity while boosting its opportunities of cooperation.

Digital Quality Management was established to provide users with a better digital experience while offering simultaneous solutions to address the issues they experience. DQM offers solutions by instantly monitoring customer comments and complaints from digital channels such as fastPay, MobilDeniz and Online Banking. Efforts are underway to improve and renew the products in line with user feedback. In addition, Digital Quality Management shapes its strategies parallel to user experience processes. Regular trainings are provided to various stakeholder teams.

Online Banking
DenizBank Online Banking serves customers with advanced functionality before and after login. Innovations are continuously introduced especially to acquire new customers and to enrich customer experience on frequently used screens.

- Pursuant to the Electronic Banking regulation, transactions performed via Online Banking are able to be withdrawn or canceled.
- In addition to documents such as credit card statements and account statements, featured as electronic messages, digital access was granted for a number of documents sent by mail.
- Login with QR code and mobile notification (Push) were introduced to Online Banking as an alternative to SMS login.
- Limits on FX transactions, which were increasingly used by customers during the pandemic, were increased to TL 1.2 million.
- During this period when self-service customer needs were shaped by opportunities brought about by the pandemic, many new projects were developed, including digital customer acquisition and digital confirmation transactions.
- For the sole proprietorship segment, projects are underway to enable these customers to use their personal and company accounts and cards under a single user record and session.
- A series of upgrades are in process to enable password changes for corporate customers without visiting a branch, as a result of a comprehensive needs analysis conducted for corporate customers this year.
- SWIFT transactions performed in Online Banking are more restricted compared to those carried out at physical branch locations. In 2021, SWIFT priority projects include rearranging the transaction dashboards and making it more compliant with legal and regulatory requirements, taking into account the transactions that cannot be conducted or that are restricted. The Bank aims for Online Banking to be used more intensively in performing SWIFT transactions.

In 2021, DenizBank plans to boost Online Banking's mobile compatibility and develop more API services as part of its customer experience efforts.

BANKING SERVICES

The Digital Marketing team aims at performing an end-to-end and complete measurement of marketing operations on digital media and of the digital customer journey.

94%

THE RATE OF DIGITAL TRANSACTIONS IN THE BANK

Digital Sales and Marketing Management

The Digital Marketing team is responsible for the sales and marketing of the Bank's products and services across all digital channels as well as monitoring and analyzing data regularly. The team supports efforts to grow the Bank's products – time deposits, loans, credit cards, cash advances, cash advances with installments, installments for cash, insurance, etc. – as well as Online Banking and mobile applications. The Digital Marketing team also works to differentiate and popularize these products to give DenizBank a competitive edge. In this process, the team focuses on customer satisfaction, increasing the Bank's profitability, and lowering the costs.

The Digital Marketing team aims at performing an end-to-end and complete measurement of marketing operations on digital media and of the digital customer journey. The goal is to optimize the marketing budget and operations. The team is responsible for integrating the required analytics and measurement tools into all banking products and practices as well as the process of launching them.

In 2020, visits to branch locations were curtailed due to anti-pandemic restrictions. As a result, services provided through digital channels gained importance. During this period, the Digital Marketing team prioritized introducing digital products and services to a wider customer base. Another focus area for the team was penetration and promotional activities for the Bank's digital customers. In the focus of efficiency, marketing automation from cost-free channel to cost-effective channel was implemented, earning and sales costs were optimized, and sales penetration from digital channel was increased.

With the activities carried out in 2020, a 22% increase was achieved in the number of digital active Mobile Banking customers. An increase of 88% was achieved in the new credit card customers acquired through digital channels and general purpose loans were extended by 120%. In accordance with digitalization targets, efforts are ongoing to expand the share of the digital across DenizBank's entire product and transaction range and accelerate new customer acquisition via digital channels.

Under Digital Sales, campaigns, targeting and awareness-raising efforts continued in terms of the penetration of digital products at all physical branches. Parallel to the Bank's main strategies, digital transformation efforts continued throughout the year in DenizBank branches and the rate of digital transactions in the bank has reached 94% as a result of these efforts.

Mobile Banking

2020 was a busy year for DenizBank Mobile Banking. Amendments to the Electronic Banking Regulation by BRSA and the sharp decrease in the use of branches during the pandemic paved the way for the intense development of Mobile Banking – the Bank's most used digital channel. New products and functionality were introduced in line with DenizBank's growth strategy. These efforts aimed to boost profitability and provide transactional ease by commissioning functions that will improve customer experience, taking into account customer needs. Mobile Banking was also committed to minimizing fraud incidents by taking extra security measures in light of increased use of the channel in 2020.

In order to reduce physical contact due to anti-COVID-19 measures, DenizBank focused on QR transactions in its Mobile Banking application.

Improvements were made in order to comply with amendments to the Electronic Banking Regulation by BRSA. In 2020, Mobile Banking's upgrades included the following, developed as per the legislation:

- Listing of relevant documents in the Statements menu according to statement type and period;
- Cancellation of transactions with the cancel transaction feature;
- Confirmation of agreements and forms that are not confirmed at physical branches or in other channels and the viewing function of approved contracts and forms from the My Documents menu;
- Modification of Customer Contact Information preferences;
- Displaying of e-mails sent by DenizBank according to date filters;
- A Security Question option selected from a set of ready-made questions presented to the customer or created by the customer individually rather than using mother's maiden name identification as an identity verification method;
- QR login function or Push notifications to validated devices via Secure Device Pairing as part of secure access to Online Banking via MobilDeniz.

To boost the Bank's profitability, My Payments Are Safe product sales, usage of Producer Card Commercial Loan with Installments, TEFAS Funds trading via MobilDeniz, and additional installments for credit card payments are available on the Mobile Banking platform. Money Transfer with QR or Siri were introduced on the mobile channel in order to further improve customer experience. In response to customer demand, the Bank enabled Traffic Ticket and International Departures Fee payments as well as OGS/HGS Applications on Mobile Banking. The Request Money feature was developed as a unique function to give a competitive edge to DenizBank.

MSISDN upgrades were made to prevent fraud incidents that may occur while logging into MobilDeniz. MSISDN is a system that determines whether the SIM card inside the device of the user logging into MobilDeniz matches the mobile phone details registered at DenizBank. After this system was commissioned, fraud losses at the Bank decreased by 50%.

The Turkish Central Bank's FAST (Instant and Continuous Transfer of Funds) project, scheduled for completion in 2021, is designed to provide round-the-clock money transfer between banks. DenizBank is also included in the banks in the Central Bank's pilot scheme. Under the project, all developments were finalized in accordance with the plan in 2020 and the project was completed in order to be put into use as scheduled in 2021.

In order to reduce physical contact due to anti-COVID-19 measures, DenizBank focused on QR transactions in its Mobile Banking application. Expanding its QR transaction set gradually, the mobile app features QR Money Withdrawal from joint ATMs, QR Cash Transfer and QR Cash Deposit functionality. Mobile Banking also prioritizes digitalization of transactions that can only be performed at the branches. The Bank plans to develop further projects to migrate such transactions to the mobile channel in 2021.

BANKING SERVICES

In 2020, the Bank developed new collection methods in cooperation with a wide range of institutions and municipalities.

+10

MILLION MONTHLY VISITORS TO DENIZBANK.COM

DenizBank aims to continue expanding the Mobile Banking application in 2021. One of the most important efforts planned for the coming year is the Digital Customer Acquisition project. Under this effort, the Bank targets acquiring potential customers via MobilDeniz application, without the need to go to a branch. To improve customer experience and increase the functionality of the application, efforts are ongoing for the UX Modification initiative and the Chatbot function upgrade to provide fast support when customers need it. DenizBank also plans to enable commercial customers to view and manage their other bank accounts via Mobile Banking.

Web Platforms Management

The Web Platforms Management conducted initiatives to identify services to be offered on the DenizBank corporate website, mobil.denizbank.com and other digital platforms. The Department also formulated the strategies; implemented the projects; added the functionality for marketing and sales of banking products and services through interactive communication channels in accordance with marketing strategies; supported efforts to launch the planned projects; and provided post-launch reporting.

In 2020, the number of monthly visitors to denizbank.com exceeded 10 million. The website has become a more effective tool thanks to a reorganization of the business flows, and the personalization of the page according to each users' behavior patterns while on the site.

DenizBank aims to renew its corporate website with the latest technology in line with changing technological requirements, developments, user experience and marketing/sales targets. The Bank commenced the renewal effort in 2019 with completion scheduled for January 2021.

Financial Strategies and Fintech Business Modeling Sales

DenizBank is a channel where bill payments to institutions and municipalities can be made. In 2020, the Bank developed new collection methods in cooperation with a wide range of institutions and municipalities. These efforts aimed to ensure that subscribers can make their bill payments without delay and to enable digital and contactless bill collections during the pandemic. Systems integration with two new payment providers and nine new institutions was completed in 2020.

Under the Law on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions (2013), DenizBank executed an agreement with bill payment institutions that hold a bill collection license, expanding its service channels with an effective audit and control infrastructure. DenizBank has become one of the leading banks in this field with its corporate identity and the importance it attaches to customer satisfaction. By entering into agreements with Turkey's leading billing and payment institutions, DenizBank boosted its high value-added service provision, profitability, customer satisfaction and business volume. In addition, the Bank offered exclusive IT solutions to forge strategic partnerships. As a result of these efforts, DenizBank has provided collection services to almost 90 municipalities.

As a banking institution with innovation embedded in its corporate DNA, DenizBank has pioneered the sector in innovation and technology for many years with its international achievements.

DenizBank started to steer the Turkish banking industry as the leading service provider with this API platform. In addition to active Bank customers, DenizBank works with 100 account integrators and payment and electronic money institutions.

API Banking

The API platform offered by DenizBank to its customers serves as Turkey's largest Open Banking platform with almost 400 API methods. The Open Banking concept has grown in importance and spread across the world, especially with PSD2 launched in Europe. After the Law on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions No. 6493 went into effect in Turkey, DenizBank established API Banking internally in order to open up its banking services to the outside.

Open Banking grants third party access to customer data, money transfers and loan transactions at the request of the customer. As a result, various financial technology companies are able to provide innovative products by reaching both the Bank's customers and non-banking customers.

DenizBank started to steer the Turkish banking sector as the leading service provider with this API platform. In addition to active Bank customers, DenizBank works with 100 account integrators and payment and electronic money institutions.

Deniz Aquarium

Innovation, Entrepreneurship and Ecosystem Management

As a banking institution with innovation embedded in its corporate DNA, DenizBank has pioneered the sector in innovation and technology for many years with its international achievements. The Bank established the Digital Banking Unit in 2012 and the Innovation Committee in 2015 to manage its internal innovation processes. Their shared vision is to make DenizBank a leading institution in innovation, not only in the financial sector but across all sectors in Turkey and worldwide.

In line with this vision, Deniz Aquarium Entrepreneurship and Innovation Office, which was launched virtually in the previous year, was also physically established in 2020 and the studies were more systematized.

Deniz Aquarium supports the Bank's entrepreneurial employees in addition to external enterprises that prefer to grow with DenizBank. Blockchain related efforts are conducted in a special laboratory established under Deniz Aquarium. Various projects were planned in order to foster entrepreneurial activity in the burgeoning field of new media.

To support these diverse activities, DenizBank plans to establish a fund, Deniz Ventures. This fund is scheduled to soon receive approval from the Capital Markets Board. A team was formed to monitor all developments and to discover early stage initiatives in the ecosystem. The team is committed to bringing the latest technology and business models to the Bank by assessing initiatives not only for investment purposes, but also for making collaborations. In addition, this special team manages start-up interactions effectively. Preparations for a crowd funding module is also ongoing to provide funding for projects. A system has been established to support an internal or external initiative in all aspects, from the concept stage to commissioning, growth and expansion abroad.

BANKING SERVICES

Deniz Aquarium aims to create value for DenizBank as well as collaborating institutions and to bring the future of the industry to a better point.

DenizBank's 2021 target is to expand its activities on innovation and entrepreneurship in a way that provides added value to the Bank as well as to the ecosystem.

Deniz Aquarium plans to bring together many people from diverse disciplines having a wide range of experience under the theme of innovation. Financial innovations and fintechs are expected to predominate at Deniz Aquarium, which is open to any idea that can create value for the sector or the country. Artificial intelligence and robotic applications, in use more frequently today, as well as Blockchain technologies are priority focus areas at Deniz Aquarium. By following trends that may affect the Bank's business lines and create added value in Turkey, developments in agriculture, health, retail, tourism and gaming are being monitored closely. Collaborations are made with both working groups within the Bank and entrepreneurs, start-ups, academics and consultants from outside the Bank in these strategic focus areas.

Deniz Aquarium aims to create value for DenizBank as well as collaborating institutions and to bring the future of the industry to a better point. Growing the ecosystem and supporting strong global initiatives from Turkey are key goals in all these efforts.

Programs that were originally scheduled for implementation at Deniz Aquarium in 2020 could not be completed due to the COVID-19 pandemic. As a result, these efforts went online rather than waiting for the physical opening of the facility. The Internal Entrepreneurship Idea Competition was held in April-May with the theme "Finding Solutions to Problems Created by COVID-19." Field employees from different provinces showed great interest in this competition, where more than 100 Bank employees participated with their innovative ideas. Eleven ideas evaluated by the Innovation Committee were submitted to the Executive Committee as finalists. Following the evaluations, the top three ideas passed the project design stage; further efforts are ongoing. After the competition, an Entrepreneurship Team consisting of about 30 members was established. The team started an "Entrepreneurship Training Adventure" consisting of many steps, from problem identification to generating ideas and implementation. By increasing the number of these trainings, Deniz Aquarium aims to develop graduate employees as mentors for future programs.

The Blockchain Laboratory inside Deniz Aquarium also had a busy year. Deniz Aquarium collaborated with BlockchainIST Center specifically for Blockchain Laboratory and formed a working group consisting of 20 persons to develop products and services that can be put into practice in finance. Efforts are underway for the Blockchain transformation of five different banking functions.

Activities related to innovative practices at the Bank continued the during the renewal phase of the From Deniz to Earth application. The interface of the application was refreshed by monitoring user behavior. This effort resulted in a much more user-friendly application for customers. After the renewal was complete, the application was transferred to the business line and marketing teams.

DenizBank's 2021 target is to expand its activities on innovation and entrepreneurship in a way that provides added value to the Bank as well as to the ecosystem. The Bank plans to make in-house entrepreneurship efforts more systematic by creating an innovation portal. In addition, DenizBank aims to design the implementation phase of products and services by accelerating studies in the Blockchain Laboratory. A redesign of the new media entrepreneurship program is scheduled to go online in the coming year. Various trainings, workshops and studies are planned in parallel with these efforts to boost the Bank's innovation capacity.

In recognition of its innovations in marketing in 2020, DenizBank received the gold prize in EMEA Mobile Search category in MMA Smarties awards with the results yielded by the "Sales Orchestration" structure.

To lead this industry-wide and structural transformation process and gain a competitive edge, the Change Management Group aims to offer consulting and support services to the Bank's senior management, subsidiaries and relevant staff.

Awards

Receiving the first prize in "Best Product / Service" category at EFMA Innovation Awards in 2017, "BAI 2016: The Most Innovative Bank of the Year" award in 2016, "Global Innovator" award from EFMA in 2015 and "BAI The Most Innovative Bank of the Year" award in 2014, DenizBank managed to be the only financial institution to be crowned with the title "Most Innovative Bank" for 4 consecutive years. Thanks to the innovative product management and marketing approach it adopted in designing products, the Bank received prestigious awards such as PSM and MMA in 2019.

In recognition of its innovations in marketing in 2020, DenizBank received the gold prize in EMEA Mobile Search category in MMA Smarties awards with the results yielded by the "Sales Orchestration" structure. Thanks to this structure, DenizBank designed a holistic journey from a free channel to a paid channel, hence decreasing performance marketing costs while maintaining sales numbers.

Change Management

Turkey's banking sector is undergoing a major change and transformation process, both quantitatively and qualitatively. To make a difference in competition in this period of rapid digital transformation, it is a must to closely monitor and follow technological developments, adapt quickly to changes, review IT strategies parallel with agile strategies, ensure the appropriate use of resources, and establish an IT infrastructure and business model that support cyclical developments. This period saw the need for change and transformation in risk, operation and customer perspectives.

To lead this industry-wide and structural transformation process and gain a competitive edge, the Change Management Group aims to offer consulting and support services to the Bank's senior management, subsidiaries and relevant staff. This effort will help them develop new strategies in line with legislative and regulatory changes, efficient risk management, cost effectiveness, efficient performance management models, inter-channel integration and advanced customer analytics. Due diligence based on retrospective analyses supports resource optimization and balance sheet management from a perspective of maximum rate of return/minimum cost.

DenizBank's Change and Transformation Management strategy can be summarized as follows:

- Increasing company value,
- Ensuring qualified personnel,
- Effecting structural changes,
- Developing savings methods,
- Implementing process improvement and changes,
- Embracing cultural change and customer focus.

In order to maintain effective cost and resource management, increase productivity and ensure sustainable growth; internal consultancy services are provided to all subsidiaries and groups within DFSG by making presentations to the Board of Directors alongside recommendations.

BANKING SERVICES

In an increasingly competitive operating environment, changes in the business model are suggested to ensure an organizational structure that maximizes customer satisfaction parallel to customer needs.

The Project Management Department makes a significant contribution to the fast and high-quality completion of the projects of DFSG business units which aims at realizing customer experience strategies that make difference.

Subsidiaries – such as DenizFactoring, DenizLeasing and DenizBank AG – are analyzed in detail in terms of operational, organizational and business model aspects. Support is given to make more efficient use of inefficient or idle functions and staff positions as identified following cooperation and exchanges with the management of the relevant companies. In addition to works on modernizing and improving the effectiveness of the branch network, an active role is played to boost synergy and collaboration among IT and the relevant groups. The aim is to optimize and increase the efficiency of competitively-advantageous structures such as NBC (Non-Branch Channels) and digital channels.

In an increasingly competitive operating environment, changes in the business model are suggested to ensure an organizational structure that maximizes customer satisfaction parallel to customer needs with the perspective of "the best customer is our own customer." Internal processes are reviewed from that perspective.

Project Management

The Project Management Department makes a significant contribution to the fast and high-quality completion of the projects of DFSG business units, which aims at realizing customer experience strategies that make a difference in today's conditions where competition is most fierce in the financial sector.

In cooperation with DFSG business units, the Project Management Department ensures an appropriate selection of strategic projects that comply with DFSG's business strategies and monitors them before the Executive Committee. This includes bringing into action the resulting strategic and tactical requests in a fast and quality manner in addition to developing, managing, and improving, if necessary, the relevant processes.

In terms of effectively realizing the requests of DFSG business units effectively, the Project Management Department is charged with designing and managing the processes required for synergistic work among DenizBank PMO, Intertech PMO and DFSG Business Units Projects Managers. Potential priority conflicts in IT Product Teams in regard to the strategically and tactically prioritized requests of the business units are resolved.

Requests submitted by DFSG business units are analyzed for any points that could be helpful for different business units. The resulting solution is made available to multiple business units. The required follow-up and coordination work is conducted to launch the DFSG strategic and tactical projects requested by the business Units Projects Managers. The required management and coordination work is undertaken in order for DenizBank PMO, DFSG Business Units Project Management and Intertech Project Management Office to work within an agile structure in line with DFSG's strategic objectives.

Business Analytics and CRM

Already a highly dynamic sector, Turkey's banking sector is marked by ever-increasing competition as firms from other sectors – such as telecommunications, retail, internet and fintech – enter the field. Tightening legal regulations and changes in economic conditions force banks to rapidly update their multiple functions. It is critically important to develop 360-degree knowledge of customers and manage them as efficiently as possible in such a dynamic environment.

The "Kutup Yıldızı (Pole Star)" project of 2018 gathered on a single platform the entire set of customer data from the Bank and non-Bank sources – ranging from the Interbank Card Center and Corporate Credit Bureau, to Central Bank Risk Concentration Data and derivatives

To offer the right products to the right retail customers, DenizBank renewed its product propensity models and integrated the data with all customer channels.

Simply getting to know customers in a highly competitive market is not sufficient to gain a competitive edge. Effectively managing customers is as important as knowing customers.

notifications from TBB (Banks Association of Turkey). This effort provided both branches and Head Office with 360-degree knowledge on customers including risks, profitability, product needs and share of wallet. Also, data from such sources have been fed into the Bank's various systems, including MDS, POS application and early warning for supporting decisions. Financial networks of customers were drawn up from money transfers between customers (EFT, remittance, checks, notes and bills, salary, etc.) or from customer relations with alternative data sources (DDS, KRM). This effort took the opportunity for 360-degree analysis from a customer level to a network level. Network analyses are actively used not only for customer acquisition and penetration but also for risk management. Efforts to identify specifically those that would be put in a difficult position by firms suffering from financial bottlenecks within their own networks are ongoing.

Simply getting to know customers in a highly competitive market is not sufficient to gain a competitive edge. Effectively managing customers is as important as knowing customers. To that end, the Bank developed dedicated strategy presentations for business lines and shared findings on how different customer segments could be managed more efficiently. Various actions were taken on conducting price sensitivity analyses, lowering operating costs, managing unproductive customers on alternative channels, among others. Additional work on branch optimization as well as ATM/Cash optimization aims to reduce the Bank's overall costs without negatively impacting customer satisfaction.

To offer the right products to the right retail customers, DenizBank renewed its product propensity models and integrated the data with all customer channels. In line with sales targets for branch portfolio managers and tellers, the Bank categorized branches according to their past performance and potential. This effort has aimed at optimizing sales, target realization rates and optimize the distributed premium.

Following the increasing importance of digitalization to remain competitive, the Bank engaged in various efforts to direct customers to digital channels. Special support was provided to ensure an innovative campaign design for the fastPay product. In addition, dedicated CRM presentations were prepared for various firms to engage in brand collaboration. The objective was to use the power of CRM to build business partnerships and enrich existing ones.

For corporate customers, the Bank targeted capturing a share of cash flow in return for the loan extended under the "Denizyıldızı (Star Fish)" concept and engaged in efforts to expand the deposit base of the Bank.

DenizBank launched the Datascientist program to ensure that a data-based perspective extends across the Bank's corporate culture. The Business Analytics and CRM Department played an active role in various stages of the program – from participant selection to training design.

BANKING SERVICES

New applications of DenizBank are tested through customer experience approach, the findings of these tests are shared with relevant business lines and projects on subjects where actions must be taken are prioritized.

Campaign Management
The Department aims at providing services with an accurate campaign setup to the right segment in line with the corporate identity and reaching customers through the most suitable channel. Works were carried out for providing privileges offered in campaigns and establishing campaign strategies. A total of 5,134 campaigns were designed in 2020 and made available to customers.

In these campaigns, net promoter scores (NPS) were calculated in order to measure the customer experience at the highest level. The Internet Banking and branch service measurement was also made and reported.

a) Improvement and Measurement of Customer Experience
- By continuously reviewing customer complaints, analyses are carried out to decrease complaints. Efforts are made to improve the processes as well as the business lines.
- As part of NPS, net promoter scores are measured in branch, ATM, Online Banking and Call Center channels.

b) SMS Budget and Operator Management
- The SMS budget demands of the business lines are received at the end of the year and communicated to the Cost Management Department.
- It is ensured that the business lines are informed about new applications and services of the operators.

c) Customer Contact Preferences (MIDB) and Notification Infrastructure Management
- It is ensured that notifications regarding transactions are arranged in accordance with the needs of customers. Projects are opened and monitored where necessary in coordination with business lines.
- In line with new customer needs, efforts are made to enrich the variety of transactions and to include new transactions to the existing set.

d) Digital Channel Studies
- New applications of the Bank are tested through customer experience approach, the findings of these tests are shared with relevant business lines and projects on subjects where actions must be taken are prioritized.
- Opinions are given regarding the scope of digital channel projects, project statuses are monitored and their tests are performed.

e) Visual Management
- Requests for visuals (mailing, ADC marketing visuals, video) of the business lines under DFSG are communicated via a form.
- Prepared visual designs are shared in .jpg format with the relevant business line, the approval is received and the revision process must be completed before the visual can be encoded as HTML.

The Cash Management Group considers customers as a business partner while developing the products that support its customers' collection and payment processes.

5.4%
MARKET SHARE IN CASHIER'S CHECKS

Cash Management
The Cash Management Group uses the power of technology and processed data to provide the customers with the products allowing fast and easy transaction in collection and payment processes. The Group aims at accessing the right customer with the right product at the right time. The aim is to alleviate the operational burden assumed by both the customer and the Bank and minimize the time cost. Placing great importance on building multifaceted, long term relations with the client base, the Cash Management Group considers customers as a business partner while developing the products that support its customers' collection and payment processes.

With Cash Management segmentation, DenizBank embraced a customer-focused approach in 2020. The Cash Management Group focused on expanding the client base subscribing to the Bank's integrated collection and payment products. In addition, the Department continued to offer solutions and integrations that facilitate clients' daily payment, collection and cash flow transactions. The Cash Management Group always highlights customer needs across all business processes and is committed to providing quickly deployed, high quality products tailored for customers to fully meet their needs rather than one-size-fits-all products. The Group's goal is to provide customers with the most appropriate solution. Thus, in 2020, integrated solutions were created with API Banking and Cash Management products began to be offered through the API channel during the year.

DenizBank recorded an increase in e-signature applications as a result of higher demand for electronic products that allow customers to carry out transactions without going to a physical branch. The Cash Management Group took immediate action and provided effective solutions to meet the changing needs of customers during the pandemic.

In 2021, the Cash Management Group plans to maintain its customer-centric approach to accurately analyze customer needs and offer the right product at the right time as its core strategy.

Electronic Collection Services
In electronic collection services, the Bank made new collaborations in the Direct Debit System (DDS) and corporate collection projects in 2020. As of the end of 2020, TL 6.3 billion collection was made with DDS and Card Collection System Projects, which are the main products of Cash Management.

Electronic Payment Services
During 2020, the Bank intermediated approximately 6.8 million payment transactions through the Bulk Payment System, and reported electronic payment transactions amounting to TL 301 billion, growing annually by 31% in transaction volume.

DenizBank captured 5.4% market share in cashier's checks in 2020.

BANKING SERVICES

The Branch and Central Operations Group performs a variety of roles for the Bank and its subsidiaries within the frame of legal compliance.

In 2020, the Branch and Central Operations Group took measures to ensure that business operations continue without interruption at branch locations that need to be closed due to the pandemic.

INFORMATION TECHNOLOGIES AND SUPPORT OPERATIONS GROUP

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

Branch and Central Operations Group

DenizBank's Branch and Central Operations Group is organized as follows:

- Fund Management and Investment Banking Operations
- Card Payment Systems
- Core Banking, Credits, Foreign Trade and Branch Operations
- Operation Project, Process Management and Organization

These various units operate in coordination and synergy with the Bank's other business lines.

Due to the COVID-19 pandemic, all Branch and Central Operations staff started working remotely as of 16 March 2020, except for 55 employees who should be physically present at the office, amounting to about 12% of the Group's workforce. Business continuity was achieved with no interruptions in terms of performance or processes during this period.

In 2020, the Branch and Central Operations Group took measures to ensure that business operations continue without interruption at branch locations that need to be closed due to the pandemic. Backups were performed and a suitable environment was prepared for branch personnel to work remotely.

The Branch and Central Operations Group performs a variety of roles for the Bank and its subsidiaries within the frame of legal compliance, including:

- Performing operations of DenizBank branches as well as DenizLeasing and DenizFactoring subsidiaries regarding after-sales production;
- Conducting monitoring, analyzing, improvement and productivity activities for the entire operational process;
- Realizing the fund management, custody and investment banking operations of the Bank's headquarters;
- Meeting customer instructions at the center and initiating the process;
- Executing functions regarding customer satisfaction and internal customer satisfaction;
- Monitoring risk points of branch operations, taking action and providing training where needed;
- Carrying out efforts align with legal and regulatory amendments, providing systems and reporting;
- Performing reporting and reconciliation functions for the Bank's tax payments and institution payments;
- Managing authorization of Bank users;
- Supporting the branches on implementation.

DenizBank rearranged the operations of the branches that were temporarily closed due to the pandemic in a way that would not interrupt the service.

94%

CAPACITY UTILIZATION RATE

Core Banking, Credits, Foreign Trade and Branch Operations

DenizBank is committed to ensuring that branch and customer transactions are performed efficiently, accurately, fully and on time. In line with this core objective, the Bank focuses on:

- Operational quality,
- Direct notification,
- Customer satisfaction,
- Self-evaluation/manager evaluation,
- Receiving errors and returns from the system.

Errors were shared on a monthly basis by each relevant department. System and process development and training needs to address these errors were determined and appropriate actions were taken accordingly. Individual errors and returns are included in individuals' KPIs.

In 2020, DenizBank reported a capacity utilization rate of 94%, which is a key indicator of business efficiency.

As of the last week of March, DenizBank made the necessary preparations (e.g. authorization, security definitions, determining and supplying hardware needs) to enable production teams to work from home due to the pandemic and 91% of employees started working from home with the remaining 9% working alternately in turn. Thanks to fast adaptation, flexible and integrated systems as well as the possibility of working in a paperless environment, the Bank successfully achieved customer service continuity. In the results of an internal customer satisfaction survey, the Bank recorded an increase in employee satisfaction with respect to production departments.

DenizBank rearranged the operations of the branches that were temporarily closed due to the pandemic in a way that would not interrupt the service. Additionally, rules and principles for serving customers subject to lockdown were established and put into force.

Pursuant to the legal requirement to convert foreign currency payments received from export sales to TL as a result of amendments to export legislation, the Bank formed a separate team under the Foreign Trade Department. This dedicated team carries out the export purchasing procedures of Bank customers.

As part of the NEFES 2020 loan facility project initiated by the SME business line in cooperation with CGF, DenizBank trained a Central Operations credits team on this new agreement. During the loan campaign, active application/utilization procedures were carried out together with branches. All application file checks were made by the Internal Control and Audit team following the campaign.

In 2020, DenizBank Moscow was included in the scope of loan document examination and consultancy services, which has included DenizBank AG and Bahrain since 2018.

DenizLeasing customer calling procedures started to be carried out at Central Operations.

With changes made to the method of sending the originals of customs declaration and letters of guarantee to Head Office, the Bank reduced the number of staff working at headquarters and courier use during the pandemic.

Following special staff training, DenizBank combined cash and non-cash loan processing pools to boost productivity.

By reducing the steps in the loan agreement process, the Bank shortened service time and increased efficiency.

The bill deduplication project initiated by the Banks Association of Turkey was commissioned following completion of the planning and testing phases.

BANKING SERVICES

With the organizational restructuring of the regional office for commercial branches, the Bank appointed a new operations department head responsible for commercial and corporate branch operations.

The Bank prepared project demand/scope documents regarding legislative changes during the year. Intertech and related units provided support during the development and testing stages.

DenizBank continued the center-supported reconciliation operations related to reconciliation of branch assets that commenced in 2019. To better manage operational risk, the Bank issued a training guide on each reconciliation subject and developed training videos for staff members. Values and assets were reconciled in all branches with guidance from DenizBank headquarters.

With the organizational restructuring of the regional office for commercial branches, the Bank appointed a new operations department head responsible for commercial and corporate branch operations.

Previously serving only corporate branch customers, the Corporate Coordination Department has shifted to a model where it will serve the Bank's most profitable company clients, regardless of branch or customer segment. The Department's name was changed to the Special Companies Operation Department. The Department's system and dashboards were developed by Intertech in line with this new service model.

The Bank merged the Branch Support and Operations Coordination; the combined unit now operates as "Operations Coordination and Branch Support."

Manual processes in e-signature transactions, initiation of automatic flow with Rota+ integration and signature verification are now performed systematically.

The Mortgage E-Release (DENIZ-28382 – Electronic Release Project Additional Regulation) project started to be implemented in all DenizBank branches as of September 14, 2020.

With the start of the Mortgage E-Release project:

- 60 to 150 transactions on average were automatically completed by the system each day;
- Transactions are ensured to be performed simultaneously with TKGM (General Directorate of Land Registry and Cadastre);
- Operational workload and time loss were reduced by eliminating the executive management wet signature process;
- Problems such as failure of TKGM to release mortgages, transaction rejection, document loss, and the like were resolved;
- The previous 15-day process – including request for mortgage release, signing of the release letter, delivery of letter to the branch and land registry office – can be completed within the same day after implementation of the project.

With the awareness 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 transactions offered to customers.

Card payment systems, very well-developed in Turkey, certainly affect customers' choice of bank with the ease of use and the comfort they bring to their lives. As such, card payments form a critical service, giving banks competitive edge among peers.

Under the E-Mortgage (DENIZ-21320 – E-Mortgage System Integration) project, the Bank completed all internal tests. Real environment testing is ongoing in conjunction with the General Directorate of Land Registry and Cadastre. The project is expected to be completed by end-December.

The advantages of the Mortgage E-Mortgage will include the following:

- By conducting the real person mortgage process via the system:
  - There will be no need for a lawyer to visit the land registry office;
  - Attorney fees for mortgage will not be paid;
  - Whether the real estate is eligible for collateral will be learned by the branch without going to the title deed registry during system entry;
  - Customers will deliver the documents without having to wait at the land registry office to make an appointment for mortgage, hence reducing operational workload as well as loss of time.
  - Currently a transaction takes 2 to 3 days on average. Following project transition, transactions will be completed within the same day.
- After mortgage transactions in the Commercial segment (agricultural, SME, commercial, corporate) are enabled on this platform, approximately 1,500-2,000 mortgages can be established by the customer without paying an attorney fee and experiencing time loss.

The DENIZ-29776 – Electronic Notification Regulation (UETS) Second Phase project moved to production on 10 December 2020. The benefits of the project for DenizBank include:

- The annual invoice amount paid to Sistem Kurye to provide physical postal service will be reduced by 90%, yielding savings of about TL 2,250,000/year.
- Some 3,000 documents will not be printed on a daily basis and will not be scanned into the system.
  - Since printing costs are included in the Sistem Kurye invoice, the Bank will not receive any direct benefits, but paper consumption will be reduced in general.
  - About 2.5 hours of scanning work will be saved per person on a daily basis.
- Physical letters will no longer be sent to the Ministry of Justice as the requirement from the official authority will be fulfilled electronically.
- The project can be shared with other banks using Intertech software.

Card Payment Systems

Card payment systems, very well-developed in Turkey, certainly affect customers' choice of bank with the ease of use and the comfort they bring to their lives. As such, card payments form a critical service, giving banks competitive edge among peers.

With the awareness 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 transactions offered to customers.

With all sectors struggling due to the pandemic in 2020, Card Payment Systems set an example by providing contactless, hygienic and fast service on a 24/7 basis.

BANKING SERVICES

DenizBank conducts ongoing campaigns related to customer account statements. The Bank obtained a success rate of 96.9% in statement notifications via SMS and e-mail, resulting in significant cost savings.

Committed to providing customers with the best experience while striving to achieve operational excellence, DenizBank continued to be the fastest and most accurate in the sector in terms of credit and debit card distribution. The Bank recorded a card distribution rate of 91% despite operational challenges due to pandemic conditions. All customers over the age of 60 had their cards delivered to their home.

DenizBank closely monitors technological developments and offers customers the most innovative products on the market. By providing Contactless Chip Debit cards instead of those with a magnetic stripe, the Bank ensured hygienic use as well as transaction security.

DenizBank conducts ongoing campaigns related to customer account statements. The Bank obtained a success rate of 96.9% in statement notifications via SMS and e-mail, resulting in significant cost savings. With the enactment of the Electronic Banking Communiqué, the Bank recommended that customers view their account statements through digital channels.

The EUR statement option was offered to customers, in addition to TL and USD statement options.

Certain manual reconciliation and reporting processes were automated via robotic processes to boost operational efficiency.

In 2020, many sectors of the economy, including merchants, were closed for a limited time or indefinitely during the pandemic. Despite this unprecedented environment, DenizBank recorded 196 thousand POS devices with a 72% activeness rate. Thanks to the POS Support Service, where customers receive 24/7 support, DenizBank achieved the service quality level required to become their preferred bank.

To increase the service quality of field companies that provide installation, failure response, retrieval, change, and other services to the DenizBank Merchant network across Turkey, the Bank changed service providers with a new tender. New contracts with more effective clauses were drafted to be concluded with service companies parallel to this effort.

In order to meet the increasing demand for accepting contactless transactions due to the pandemic and to provide better customer service with the emerging technology devices on the market, DenizBank purchased 34 thousand new contactless POS devices. In addition, a third alternative POS vendor company was included among the Bank's business partners.

PRD (Payment Recording Device) applications, which support both the newly introduced and developed PRD models, are increasing by the day in the new generation payment recording device sector. The Bank has gained competitive advantage as a result of broadening its range of options.

To offer merchants easy access to banking applications, the DenizPOS mobile application will be integrated into the MobilDeniz application.

1,600

RENEWED ATMS

Projects developed for current POS models were integrated and upgraded with PRD terminals in 2020. With the introduction of the contactless feature in PRD models that are used intensively in the market, Bank customers were given the option of performing contactless transactions, which became an inevitable service during the pandemic.

DenizBank is ready to finalize efforts to transition to the BKM TechPOS application, which is used in the PRD POS channel.

To offer merchants easy access to banking applications, the DenizPOS mobile application will be integrated into the MobilDeniz application. As a result, DenizBank merchants will be able to perform statement and POS related applications and requests with ease.

As a channel that is entirely driven by CRM infrastructure, DenizBank ATMs are used to suggest products and services to customers and support sales. Recycle support, where money deposited in ATMs is used in withdrawals, allows ATMs to operate for longer periods without being refilled, resulting in cost efficiency. In 2020, DenizBank boosted the number of ATMs with recycle support from 38% to 77% of the total network. During the year, the Bank launched innovative features at its ATMs, including card-free cash withdrawal, mpney withdrawal and deposit with QR Code, exchange of banknote and coins.

DenizBank launched the TTS application on its ATMs for use by visually impaired persons.

Recycle ATM devices replaced E-teller devices inside branches to provide ease of use to customers, hence enhancing customer satisfaction.

In 2020, the Bank renewed 1,600 ATMs including in-branch ATMs. This effort boosted both customer satisfaction and ATM performance.

About 500 branch ATMs that had to be temporarily closed due to the pandemic were taken under off-site ATM status in order to maintain ATM services without any interruptions. In line with the systems integration between DenizBank and the ATM company that holds the majority of the ATM market (77%), ATM breakdown management started to be conducted online.

During the year, DenizBank added new ATM brands and models to its ATM portfolio.

The Bank's Chargeback project and the Visa-MC International Clearing Accounting Automation project have minimized operations-related time and labor loss and reduced operational failure risk. Reports have started to be archived in a digital format.

BANKING SERVICES

In 2020, Fund Management and Investment Banking Operations implemented improvements to comply with applicable legal and regulatory requirements, boost operational efficiency and minimize operational risk.

In line with rising demand for digital banking products due to the pandemic in 2020, chargeback numbers have also increased as a result of higher usage of the payment card products. For domestic and international disputes, the bulletins of Brands were followed. Actions were taken in accordance with current rules.

The Chargeback team provided support while working from home throughout the pandemic. This approach reduced the risk of contagion and prevented the interruption of operations.

DenizBank increased customer satisfaction thanks to various projects implemented in 2020. These included accepting disputes from branches for pending transactions, providing automatic SMS notification to customers throughout the end-to-end process and initiating dispute processes for current term transactions through the Call Center.

In 2021, DenizBank plans to focus on migrating to BKM HIS (Expenditure Objection System), accepting disputes for pending transactions via Online Banking and the Call Center and automating manual operations.

The Bank performed an in-depth analysis of its actions in response to payment system fraud, a fast-growing problem worldwide. Proactive and reactive measures were taken and adopted according to customer profiles. As a result, DenizBank customers, who transact across all channels via the Bank's systems, were provided with Turkey's most secure payments services. The Bank merged loan and credit card applications under Fraud Risk Management and established a more secure systems infrastructure.

Fund Management and Investment Banking Operations

In 2020, Fund Management and Investment Banking Operations implemented the following improvements to comply with applicable legal and regulatory requirements, boost operational efficiency and minimize operational risk:

Fund Management Operations

With CBRT's FAST (Instant and Continuous Transfer of Funds) system, customers will be able to make bank transfers 24/7. The payment system which was put into service as a pilot scheme starting on December 18, 2020 and gradually put into use, started to be used in our Bank.

The Easy Addressing system, which facilitates payments by using personal data such as phone number, ID number or e-mail, is also made available to customers in conjunction with the FAST system.

In 2020, the Bank made improvements related to regulatory reporting procedures requested by official bodies.

- Incoming/outgoing EFT and Money Transfer transactions of TL 10 million and above;
- Incoming/outgoing payments via SWIFT; and
- All spot and derivative transactions are systematically reported at hourly intervals.

Furthermore,

- TL derivative transactions made with non-residents are systematically reported to MKK (Central Securities Depository of Turkey) at t-0.

By introducing online tracking of compliance of services procured from cash service companies with a service level agreement (SLA) through the banking system, DenizBank's service quality increased.

Fund Custody Services ensured that asset purchases and sales, portfolio structure and transactions comply with applicable law, fund bylaws and the prospectus.

Cash Operations and Reconciliation

Cash Operations and Reconciliation is responsible for cash supply and optimization for ATMs and branches, CIT, CP (Cash in Transit, Cash Process) works as well as online ATM reconciliation and reporting. The Department initiated a pre-payment application within limits according to customer declaration. This effort will ensure customer satisfaction in case of problems experienced in deposit/withdrawal transactions via ATMs.

DenizBank prioritizes provision of adequate money and good service in customer cash withdrawals from ATMs. To further improve customer satisfaction, the Bank conducts ongoing renewal of its ATMs.

By introducing online tracking of compliance of services procured from cash service companies – such as cash transport, processing, ATM services – with a service level agreement (SLA) through the banking system, DenizBank's service quality increased. With regular tracking and strict management, the Bank recorded major savings in cash related costs.

Private Banking Operations, International Payments and FX Checks Operations

During the pandemic, all Private Banking Operations, International Payments and FX Checks Operations personnel started to work from home. One employee from Private Banking Operations works once every two weeks, and one employee from International Payments and FX Checks Operations works alternately once every three weeks at Headquarters to process printed documents and negotiable instruments.

- Public authority pre-notification and value date transaction arrangements were made for real person international transfers. Daily reports requested in this context started to be submitted automatically as of July 2020.
- Operational efficiency was achieved in Multi-currency Deposit account opening transactions, by reusing the annex numbers of the accounts.
- Work moved forward on the project to automate e-signature transactions, which are manually completed by postal mail, by migrating them to Rota+ flow.
- To reduce branch and Central Operations workload, the Bank upgraded the flow of foreign currency transfer transactions initiated via Internet Banking and file transfer.

Custody Services, Fund Services and Operations

Fund Services Operations continued valuing assets in the fund portfolio in line with legal requirements, setting fund pricing, establishing funds, conducting independent audits, and preparing and announcing Public Disclosure Platform (PDP) and financial reports in a timely manner.

Fund Custody Services managed a range of processes, such as clearing and operations of all capital market transactions made within custody services for the funds served, independent audit, internal control, risk management and inspection processes for custody services. The Department also ensured that asset purchases and sales, portfolio structure and transactions comply with applicable law, fund bylaws and the prospectus.

BANKING SERVICES

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

Maximizing information exchange among all DenizBank employees, DenizPortal intranet consolidates all internal information and serves all employees across the organization.

DenizBank Investment Banking Operations carried out a wide range of transactions, including trading in money market and short term mutual funds via branches and alternative distribution channels on a 24/7 basis.

Offering custody services to individual and corporate customers of portfolio management firms, Portfolio Custody Services continued to compile accounting and tax records related to transactions carried out and report them to official institutions and related departments. The Department also ensured that necessary updates are made on the custody system in accordance with customer needs and as prescribed by capital markets and tax law.

- By executing agreements with new portfolio management firms, Fund Services Operations and Custody Services have expanded their customer base.
- Necessary preparations were completed for the Venture Capital Investment Fund valuation.
- Required updates were made for the amendments to the fund valuation and fund custody module in accordance with the CMB Communiqué.
- Due to anti-COVID-19 measures, one staff member works at headquarters once every three weeks for fund establishment purposes and negotiable instrument transactions.

In 2020:

- The number of active funds provided with Operation and Custody services increased from 41 to 69, registering 68% growth.
- The number of customers provided with Personal Custody services rose from 388 to 454, indicating 17% growth.

Investment Banking Operations
To maintain DenizBank's competitive edge in the securities market, in addition to its standard services, the Bank's exclusive securities projects are developed and automated in the securities system.

Investment Banking Operations Department
DenizBank Investment Banking Operations carried out a wide range of transactions, including trading in money market and short term mutual funds via branches and alternative distribution channels on a 24/7 basis; conducting public offerings of capital-protected funds, termination of these funds according to prescribed criteria, and repayment on maturity date; public offerings of hedge funds, termination of these funds according to prescribed criteria, and repayment on maturity date; issuing DenizBank asset-backed securities, related Central Securities Depository of Turkey (MKK) transactions and customer transactions; issuing DenizBank bonds, related Central Securities Depository of Turkey transactions, distribution, trade, repayment of principal and coupons; issuance and trading transactions for electronic crop receipts (ELÜS).

In 2020, DenizBank automated transactions such as buying and selling hedge funds subject to TEFAS from Online Banking, buying/selling TEFAS Funds via Mobile Banking and performing MKK registry transactions for customers who will perform ELÜS transactions. The Bank ensured that the purchase/sale documents used by ELÜS customers for returns from TMO can be received by the branches through the system.

To help DenizBank achieve its strategic goals, Operation Project, Process Management and Organization Department focused on improving processes and developing competitive, efficient and productive business methods.

The system upgrades were planned to enable the purchase/sale of mutual funds which have different operating rules and ELÜS cancellations via Online Banking in 2021.

Since the start of 2013, DenizBank has enjoyed market-maker status in the government debt securities (DİBS) market with the approval of the Undersecretariat of Treasury. The Bank's transactions on the stock exchange and OTC market have expanded in terms of number and volume. Due to its market-maker status, the Bank also participates in Open Market Operations tenders and direct trading tenders. An automatic tender notification platform was established to communicate with the Central Bank of Turkey regarding weekly government debt securities tenders.

Operation Project, Process Management and Organization
To help DenizBank achieve its strategic goals, the department focused on improving processes and developing competitive, efficient and productive business methods. The aim is to carry the Bank forward to achieve Operational Excellence. Accordingly, its main targets are as follows:

- Conducting project management of the operation,
- Achieving simplicity and productivity in operational processes,
- Maximizing automation,
- Conducting permanent staff plans in order to determine the required workforce of the Bank,
- Carrying out resource utilization rate studies for Central Operations Teams,
- Managing customer complaints sent to the Bank through various channels and to ensure timely response.

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

In order to implement operational projects, the Bank conducts training, notification and coordination related activities. These efforts are designed to spread and reinforce those innovations that will render DenizBank more competitive and customer-oriented. To this end, the necessary methodology for extending and systematically implementing these training programs is outlined and documented.

Maximizing information exchange among all DenizBank employees, DenizPortal intranet consolidates all internal information and serves all employees across the organization.

As part of its enterprise resource planning initiatives, DenizBank continues to conduct calculation and modeling efforts for permanent staff and capacity utilization rate in the Branch Operations and Portfolio Management, and Central Operations Departments. In order to be the basis for the calculations of both permanent staff and capacity utilization rate, the measurement of the standard times of transaction have continued.

Management of cancellation and authorization changes of password/authorization definitions of all programs used by the Bank and its subsidiaries are performed regularly.

BANKING SERVICES

DenizBank's Customer Satisfaction Department examines every piece of customer feedback received across all channels and products.

DenizBank's highly secure archiving structure ensures that customer documents are protected and maintained under the best conditions possible.

DenizBank embraces a customer-oriented approach while focusing on efficient management principles. To these ends, the Bank ensures that employees with respective level of competence conduct the right work within the employee pool system. The pool system is implemented in line with the competency of each employee and the priority of the work.

Healthy information flow and reconciliation structures established with government authorities and private institutions take the customer experience to the highest level. In addition, this approach eliminates the Bank and counterparty institution risks.

The Bank's highly secure archiving structure ensures that customer documents are protected and maintained under the best conditions possible.

DenizBank's Customer Satisfaction Department examines every piece of customer feedback received across all channels and products. The Department works to increase positive feedback and prevent negative feedback by analyzing root causes. The Bank conducts efforts to become the "Voice of the Customer" inside the organization by adhering to the standards of ISO: 10002-2014 Customer Satisfaction Quality certification. To effectively manage the increase in customer notifications reaching the Department during the pandemic and to provide customers with much faster feedback response, the Customer Satisfaction staff was expanded and strengthened.

- To manage rising customer demands and complaints and to respond quickly to complaints received from official authorities due to shortened response times, the Bank made changes within the team and facilitated temporary support from other operation teams.
- To comply with legislative changes in 2020, the Bank coordinated and monitored the Operation Group's projects. The first phase of regulations under the Information Systems and Electronic Banking Regulation, which is of major importance, was implemented successfully as of July 1, 2020. Modifications related to the second phase were finalized in December.
- Due to the rapid transition to working from home, alternating working at branch locations and the closure of some branches in line with anti-COVID-19 measures, DenizBank reconfigured its remote working method by taking quick action on authority management. This effort ensured that operations can be managed remotely without interruption.

FOREIGN SUBSIDIARIES

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

DenizBank AG (Austria)

Headquartered in Vienna, Austria, DenizBank AG operates a network of 34 branches – 19 locations in Austria and 15 in Germany – as of year-end 2020.

DenizBank AG operates with an extensive range of deposit and loan products in Retail and Commercial Banking. The Bank serves corporate, commercial, SME and retail customers by focusing on products such as investment loans and project and foreign trade finance based on market needs and identified opportunities.

Most of DenizBank AG's retail customers consist of Austrian and German citizens. In addition to the attractive deposit and current account products it offers, DenizBank AG had improved its product range by making an agreement with the world leader Allianz Group for sales of insurance services and products. In addition to the Santander customer loans brokered in Austria, business partnerships with Wüstenrot in terms of property savings and MoneyGram in global money transfer transactions are ongoing. In addition, remittance services are offered to Turkish citizens living abroad. The 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. This synergistic relationship has ensured a positive customer experience that reflects well on both companies, and thereby expands their respective customer bases.

DenizBank AG aims to continue its efforts to offer general purpose loan products in the Austrian and German retail banking market in the upcoming period while expanding the scope of products and services offered through branches and digital channels. In this context, negotiations are ongoing with a number of fintech and third-party service providers and new business model opportunities are assessed.

As of the end of 2020, DenizBank AG's total assets reached EUR 8.5 billion, while its equity increased to EUR 1.6 billion. Having provide consistent services for more than 20 years, DenizBank AG continues to be the leading Turkish bank operating abroad in terms of total assets with the support of its expert staff and main shareholder.

In 2020, DenizBank AG implemented a series of measures to protect its employees and customers during the COVID-19 pandemic period; and adjusted the working conditions of the branches following the necessary health measures. Customers were provided with uninterrupted and secure access to banking services thanks to the technological infrastructure that allows Call Center and Head Office staff to work remotely.

Adopted with the "banking of the future" approach, the digitization strategy yielded positive results in the pandemic period when the gains of efforts focused on technology and innovation became more evident. Customer acquisition through digital channels was increased by highlighting the advantages of Online Banking and the DenizMobile application with communication campaigns on the changing needs of customers.

In 2021, DenizBank AG will continue to add value to the lives of its customers with new products and services by continuing its efforts on the development and effective use of digital channels.

JSC DenizBank Moscow (Russian Federation)

JSC DenizBank Moscow was established in 2003 with the acquisition of İktisat Bank Moscow. As DFSG's Russia and CIS hub, DenizBank Moscow's vision is to provide a comprehensive range of financial services, especially to Turkish-Russian and international business platforms within the EU-Turkey-Russia triangle.

Economic and collaboration opportunities 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 entrepreneurs, JSC DenizBank Moscow can identify the needs of these businesses accurately and bring all financial services offered by DFSG to its customers, responding quickly to requests through DenizBank's financial power.

JSC DenizBank Moscow customers can perform their foreign trade transactions in Russian rubles. Customers can also perform many other banking transactions, including money transfers, account openings, external guarantees, foreign exchange transactions, Russian ruble purchasing, in addition to forwards and arbitrage. The Bank continued to provide uninterrupted service to its customers thanks to its system infrastructure developed during the COVID-19 pandemic period and its competent human resource.

The subsidiary, whose total assets reached USD 329 million and shareholders' equity of USD 93 million as of the end of 2020, maintains its leadership in the Turkish niche market in terms of assets and loans.

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. As an off-shore bank licensed to undertake all banking operations, EuroDeniz IBU Limited offers various deposit and loan products to corporate and commercial customer segments. As of year-end 2020, EuroDeniz IBU recorded total assets of USD 124 million and shareholders' equity of USD 7 million.

INFORMATION TECHNOLOGY (IT) SERVICES

Intertech provides innovative and effective solutions and superior quality services for 54 institutions in 11 countries apart from DFSG.

In 2020, DenizBank successfully responded to rising customer demand, frequent revisions to financial regulations due to the pandemic and a fast-changing market.

INTERTECH

Established to provide much needed IT services to the financial sector, Intertech operates under the under the roof of DenizBank Financial Services Group (DFSG) since 2002.

Reporting to the DenizBank COO, Intertech provides innovative and effective solutions and superior quality services for 54 institutions in 11 countries apart from DFSG.

Intertech has developed four core banking packages used in many domestic and foreign banks, and has capitalized on its experience and expertise to further upgrade its product range. Intertech, a strategic solution partner of Microsoft, has built its inter-Vision integrated banking platform on latest Microsoft-based technologies such as .NET and Microsoft SQL Server. In the last three years, it has been working on open source applications and cloud based SaaS and PaaS services.

In 2020, DenizBank successfully responded to rising customer demand, frequent revisions to financial regulations due to the pandemic and a fast-changing market. Meanwhile, Intertech rapidly implemented technologies (e.g. virtualized desktop for all employees) that enable employees to work healthily, happily, efficiently and effectively. Intertech also commissioned the hybrid working from home model. The company has made maximum effort to take the highest precautions and measures in all areas (i.e. transportation, seating, ventilation, food, etc.) while working in its office space.

Intertech had continued to move forward in the strategic priority areas listed below within the framework of its vision of "being the regional leader in financial technology products and services" and its mission of "passion to provide indispensable experiences" by increasing its revenue by 20% and the number of employees by 8% in 2020:

- Transformation: It transforms the way of doing business (Agile, DevSecOps, Business Analysis, Software Quality) and its technology (Microservices, APIs/Open Banking, Cloud).
- Customer: The necessary mechanisms to ensure customer satisfaction were implemented by assigning dedicated customer representatives, conducting project and team-based NPS studies, market and value-oriented pricing, developing product roadmaps blended with pandemic and BRSA compliance.
- Productivity: It increased its software development productivity by over 50%.
- Quality: It doubled its software code quality and achieved its zero downtime (all key banking systems) target.

In 2020, Intertech executed critical projects for DFSG as well as external customers:

- In line with the vision and action plan of Turkey's state-owned banks, the first phase of the "Joint ATM for State-Owned Banks" project was completed with great success. This is one of the most important initiatives of the Turkish banking sector in terms of achieving efficiency and effectiveness while reducing costs. The final phase of the project is ongoing and is scheduled for completion by end-2020. Intertech plans to have its multi-ATM solution used by seven banks for at least 17 thousand ATMs without changing the customer experience.
- One of Turkey's leading investment banks consolidated its trust in Intertech and decided to move forward with the new version of the Inter-Vision core banking platform. In September, the main banking platform of the Turkey operation of Azerbaijan's largest private bank was successfully upgraded to the latest version. The upgrade was completed fully through remote access during the pandemic period.
- The Inter-API platform was successfully implemented to make a European bank PSD2 compliant.
- A leading Turkish factoring company replaced the international solution it uses with the Intertech Scoring and Decision (Risk) Engine and the project was completed successfully in 2020.
- Egypt has become Intertech's 11th reference country. Intertech's Omni-Channel Management solution and Online Banking started to be used at one of Egypt's leading banks. The client bank manages a network of 53 branches and 167 ATMs across Egypt.
- The fastest growing Turkish fintech company operating in payment solutions chose Intertech's card management platform to offer a new prepaid card service to its customers.
- The Inter-Cloud solution was made available to customers during the year. The first external customer will start receiving this service in early 2021.
- Intertech's solution for FAST (Instant and Continuous Transfer of Funds) was implemented in a short time for both DFSG and external customers.
- DWH transformation was performed using AlwaysOn technology. Instant data can be displayed as part of AlwaysOn in over 90 PowerBI and over 30 InterInsight reports used by DenizBank.

The Inter-API Open Banking Portal and Ecosystem – a world class offering in open banking and a first in Turkey – continued to grow rapidly in 2020. DenizBank's mobile applications, payments, account activities and many other business models are integrated with innovative fintech solutions on the platform. To date, the platform was deployed at four banks in Turkey and two banks abroad. Twenty-four fintechs are included in the ecosystem as privileged business partners. The platform operates under CBRT supervision and provides services at Berlin Platform and PSD2 standards, while awaiting a domestic regulation similar to PSD2 in open banking. The innovative platform is compliant with all technical, security and business model standards and is made available to customers. In 2020, the new modular structure, functionality and documentation of the portal was developed further with the number of APIs increased to over 300. This significant upgrade bolstered the platform's Turkish market leadership position. In recognition of its excellence, Intertech was deemed worthy of the "Turkey's Best Open Banking Platform" Gold award at PSM Magazine's annual awards with the participation of fintechs and banks.

During this volatile period when life changed completely due to the pandemic, banking and trade shifted rapidly towards digital environments. In the future, ecosystems that provide digital solutions to financial institutions and customers are expected to thrive; meanwhile, the rise of fintechs is projected to continue. After legislative approval and active use of the platform by banks, the Inter-API ecosystem and marketplace where digital solutions are offered will be an important source of revenue for the Intertech and its customers.

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 customer process management at the center, thus allowing DenizBank to execute its activities in line with customer 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.

INFORMATION TECHNOLOGY (IT) SERVICES

Intertech implements processes based on the globally recognized ITIL and COBIT standards to continuously improve and maintain the high quality of IT services provided to DFSG.

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

- *Customer Relations Management (CRM) for a Customer-Oriented Approach:* Provides its customers with a standard and high quality service and products that best suit their tendencies and financial status.
- *Business Process Management for Operational Efficiency (BPM):* The platform was provided to design, automate, implement and optimize work processes as customer-oriented business processes, achieve low training costs and inject agile model across all levels of the organization.
- *Financial Solutions for Agile Model:* Intertech's fields of expertise are not limited to core banking operations, but also include financial topics that appeal to all institutions. As such, solutions in core banking as well as factoring and leasing solutions are used at the respective companies of DFSG.
- *Business Intelligence Solutions for Effective Decision Support:* This platform has strengthened the management of financial data warehouse and created an integrated decision support system.
- *Alternative Distribution Channels Management for Banking, Anytime and Anywhere:* The platform has provided uninterrupted financial services 24/7 through all distribution channels and has developed IT solutions and infrastructure in line with business growth.

Intertech has designed a continuous, robust and flexible IT development infrastructure for DFSG. The company has also established the Disaster Recovery Center in Ankara, outside operational areas, assuring that continuous services will be provided 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 uninterrupted continuation of banking services. It is planned to move the Disaster Recovery Center to another location in Ankara at the beginning of 2021.

Intertech implements processes based on the globally recognized ITIL and COBIT standards to continuously improve and maintain the high quality of IT services provided to DFSG, and to keep its services in line with defined Service Level Agreements (SLAs). Additionally, the company has obtained ISO 27001 Information Security Management System, ISO 20000 Service Management System and ISO 22301 Business Continuity Management System certifications. Intertech receives the ISAE 3402 report by going through independent audit on an annual basis.

Intertech believes that service quality can be guaranteed only with a quality life cycle. To this end, Intertech continuously improves and sustains its service quality by using DevOps and Agile processes, methodologies and tools incorporating the quality life cycle into all processes within its projects. The company embraces the total quality management approach. In 2020, Intertech continued various efforts under its transformation programs:

- Three product garages made significant progress as part of an Agile transformation.
- Under the business analysis excellence program, Intertech boosted the competencies of analysts with world-class business analysis trainings; current analysis techniques were added to the software development methodology and generalized.
- For the migration to microservices infrastructure, the core banking applications on the Inter-Vision platform switched to NuGet; as a result, these infrastructures were rendered suitable for transformation.
- Intertech recorded significant progress in achieving world standards in code quality.
- By performing studies of all banking applications as part of performance and continuity efforts, Intertech modified sections where problems occur or may occur.
- Intertech accelerated migration to a container infrastructure; Google Anthos and Redhat Openshift platforms were installed and implemented as the Kubernetes platform. All environments of Intertech migrated to Microsoft Azure.
- The Online Datamart infrastructure, which is considered the new DWH, was implemented. With this effort, Intertech achieved an infrastructure where all reports can be created instantly and without need for manual response.
- DevStudio was installed to improve developer quality.

In 2021, Intertech plans to continue its transformation efforts at full speed, including:

- Microservice transformations;
- Investment in test data automation;
- Use of distributed databases under new open technologies;
- Addition of new features in ESB, React and Rota+ products.

At year-end 2019, Intertech launched its financial cloud service provider infrastructure – inter-Cloud. In 2020, the company continued to migrate DFSG's systems infrastructure to inter-Cloud and started to receive applications from external customers. The DFSG infrastructure migration is scheduled for completion in 2021. External customers are expected to begin using this infrastructure after BRSA approval is granted.

PRIVATE BANKING AND INVESTMENT OPERATIONS

In keeping with its motto "Don't invest in hearsay, consult the experts," DenizBank strives to improve its investors' financial literacy and deliver the best service to its clients.

DenizBank Investment Services Group

DenizBank Investment Services Group has gathered DenizBank Private Banking, DenizInvest, DenizPortfolio and DenizREIT under one single roof to offer a "one-stop shop" for all financial products.

Customers can access all sorts of investment instruments – including stocks, mutual funds and derivatives, organized market products, over-the-counter products– and conduct their transactions.

In keeping with its motto "Don't invest in hearsay, consult the experts," DenizBank strives to improve its investors' financial literacy and deliver the best service to its clients, while using simple, easy-to-understand language. To stand by its clients at all times and make their lives easier, the Bank aims to develop new technologies and innovative products with its specialized staff. DenizBank aims to bolster its innovative and dynamic position in the sector with the new products offered to the market.

Although most companies focus on providing specific products, the Group's main focal point is on customers and their satisfaction. The Bank's business model is designed to maximize both customer trust and profits.

DenizBank provides investment instruments to customers at every service point in line with its financial supermarket approach. The Bank has determined the service and product model best suited for each customer segment.

To make life easier for customers while adapting to the "new normal" that emerged in 2020, DenizBank made significant investments in digital transformation during the year.

DenizBank Investment Services Group aims to deliver a fast, practical and rational customer experience. The Group undertakes efforts to ensure that its customers can perform their investment and banking transactions in the easiest way possible. Customers are able to conduct their investment and banking transactions easily and quickly without leaving their homes via DenizMobil, Online Banking, DenizTrader and the Call Center.

According to data from Central Securities Depository of Turkey (MKK), the number of investors on the Borsa Istanbul Equity Market jumped to 1.9 million in 2020, growing by 56%, after being stable for many years. DenizBank Investment Services Group played a major role in the increase of investors during this period. The Group expanded its active customer base by 129% and boosted order numbers by 141%. During the pandemic, digital channel usage reached 95%, while 65% of this was over mobile.

In 2020, DenizBank Investment Services Group's opened accounts climbed to 39,092 - up 3.5 times on a year-on-year basis. Some 99% of the new accounts were opened via digital channels. In equity market commission income, the Group recorded 190% growth, while use of mobile channel rose by almost 40%.

DenizBank Investment Services Group's total revenue grew by 64% in 2020 while pre-tax profit jumped by 80% year-on-year. The Group's strong financial performance was due to its expanded investor base and the advantage of scale provided by higher digital channel use.

Expecting the use of digital channels to expand significantly, the Group introduced free instant data streaming via the DenizTrader mobile application at the onset of the pandemic. In addition, the Group's promotional and advertising activities focused on the mobile channel, using both corporate social media channels and the Google platform. Thanks to these targeted efforts, DenizTrader downloads tripled during the year, climbing to 250 thousand.

To meet increasing investor interest, respond to equity market growth and ensure infrastructure stability, DenizBank Investment Services Group focused on creating the necessary technology infrastructure. The Group aimed to separate all order transmission systems from the main stockbroker's software and migrate to Borsa Istanbul's co-location environment. With this approach, the Group plans to enhance the stability of infrastructure and provide investors with the fastest order transmission service in line with advanced technology capabilities.

During the year, the Group started to update the DenizTrader mobile application and its corporate websites with the latest in advanced technology. The mobile app upgrade is aimed at providing access to all investment products and supporting services from a single point. The Group plans to complete these technology upgrade efforts and launch the updated platforms to all investors in the first half of 2021. All customers will also be provided with a new experience in digital investment advisory with the revamp of Algolab in 2021.

DenizBank Private Banking

DenizBank Private Banking serves clients with net worth of over TL 1 million.

DenizBank Private Banking had 14.1 thousand active clients by the end of 2020, and offers a wide range of customized services and solutions. With five in Istanbul and 12 outside Istanbul, DenizBank has the widest Private Banking network with a total of 17 private banking service points. Service points are located in Istanbul, Ankara, Izmir, Antalya, Bursa, Adana, Thrace, Kayseri, Samsun, Bodrum and Diyarbakır. Service points in Kayseri, Samsun, Bodrum and Diyarbakır gave a competitive edge since they are firsts in the sector.

The Private Banking Group closed fiscal year 2020 with total assets worth TL 51.4 billion. Operating in harmony and collaboration with the other business lines to constitute a single gateway for customers, the Group's 58 portfolio managers deliver all DenizBank Financial Services Group product and services with their many advantages and privileges.

PRIVATE BANKING AND INVESTMENT OPERATIONS

DenizInvest assumed the role of Consortium Leader in the public offering of 16 companies including real estate investment trusts and football clubs, with an amount exceeding USD 1 billion.

In line with customer preferences, DenizBank Private Banking offers a diverse range of mutual funds, including Private Sector Bonds/Bills established by DenizPortfolio, Hedge (FX) Funds, Eurobond, Lease Certificate Funds and BIST 25 Dividend funds. Special hedge funds were created for clients to manage their wealth in a more professional manner. In 2020, the Group brokered the issuance of over TL 12.7 billion in Bank and non-Bank private sector bills and bonds, enabling customers to access alternative, non-deposit products.

DenizPrivate, the credit card exclusively offered to Private Banking customers, was updated as DenizPrivate Limited Edition under the concept "An exclusive world, just for you." DenizPrivate Limited Edition combines this concept with a personalized card design.

DenizPrivate Limited Edition offers card holders the opportunity to benefit from wide-ranging discounts and privileges globally and in Turkey with Mastercard World Elite. DenizPrivate Limited Edition started to be sent in a special kit to each customer with average total assets of TL 1 million or more at the Bank.

Private banking customers are offered many advantages at contracted airports such as free parking for a total of 30 days, privileged flight transactions, free lounge access and discount shopping with Deniz Private Limited Edition Card and TAV Passport card.

10% bonus in overseas accommodation and restaurant spending, 30% bonus for Sunday breakfasts everywhere in Turkey and many advantages are among the opportunities offered by the new Deniz Private Limited Edition.

In 2020, the Private Banking Group aims to expand its asset size and service quality, while providing personalized solutions with a dedicated workforce to meet customer needs and expectations. The Group also aims to continue standing by its customers with special, exclusive events, and other non-banking services.

DenizInvest

DenizInvest operates at 29 service centers. 17 of these have "Private Investment Center" status, delivering personalized services in an expanding capital market product range. 11 service centers that have "Investment Center" status and one "Investment Transaction Center" are positioned to deliver services in organized markets products.

Continuing to break fresh ground in the sector, DenizInvest has launched an innovative scheme called "T+0," where it now immediately transfers the sums for equity sales to clients' accounts, without having to wait for two work days. As a result, clients can sell their stocks and have immediate access to the proceeds round-the-clock.

By introducing the Algolab mobile app in 2020, DenizInvest provided its clients with the opportunity to download algorithmic transactions to their mobile devices. The Algolab mobile application includes all the features and functionality of the web product. Customers will be presented with a refreshed digital investment advisory experience with the upgrade of Algolab in 2021.

Thanks to this restructuring, DenizInvest has transitioned from a product focus to a customer focus approach, initiating works for transformation into "investment banking" that provides a full range of capital markets products.

Firsts and Milestones

2006 – Brokerage services at international derivatives exchanges
2007 – Offering foreign corporate investors direct electronic access to BIST
2010 – Repurchase Guarantee and Bonus Shares incentive mechanisms under the Investor Protection and Incentive Program for the first time in Turkey,
2012 – Development of Daily Buy Order Guarantee and Financial Performance Guarantee mechanisms
2013 – Intermediation of Electronic Crop Receipts allowing electronic spot trading of agricultural products
2017 - TSPB - Most Creative Capital Market Award with Investor Protection and Incentive Applications
2018 - The Banker "Best Trading Platform Award" and "1 Share from Us" incentive for Algolab
2020 - "Brokerage Leader for Private Sector Borrowing Instrument Issuance -2019" Award in the 'Corporate Finance Transactions' category at the TSPB Capital Markets Awards.

As the leader of the sector with 13.5% market share in the number of investors and 16.5% in subscription in IPOs, DenizInvest assumed the role of Consortium Leader in the public offering of 16 companies including real estate investment trusts and football clubs, with an amount exceeding USD 1 billion.

DenizInvest also has played a leading role in the expanding market of private sector borrowing instruments, and underwritten bond issues of many companies from the financial services sector and the real economy since 2012. DenizInvest provides advisory and intermediation services for all capital markets instruments of Turkey's four major sports clubs.

DenizInvest commenced margin trading operations after receiving the relevant license from the Capital Markets Board in 2012. The firm recorded a total margin trading volume of over USD 26 billion as of 2020 year-end.

Parallel to the increasing use of technology and digital channels in the sector, DenizBank continued to invest in these areas; the Bank now boasts 14 electronic delivery channels with 93% of all orders communicated digitally. Furthermore, orders for equities and TurkDex are now placed via hardware positioned in Borsa Istanbul's co-location center, allowing significant improvements in the end-to-end order performance.

In 2020, the DenizInvest Corporate Fund Department delivered investment advisory and brokerage services in stocks and forward transactions on Borsa Istanbul for more than 100 domestic and foreign corporate client accounts.

Increasing its transaction volume by 30% year-on-year, the Department boosted its commission income by more than 50% in 2020. DenizInvest's new technology investments – especially order transmission and management systems, such as co-location, new Mage and TS – are largely responsible for these strong results.

These results, achieved by working from home with a limited number of employees under pandemic conditions, are planned to be continued more aggressively with the participation of new team members and updated technological software in the coming healthy and good days.

DenizInvest's M&A Department provides consultancy to companies in finding domestic, foreign, financial or strategic partners. Transactions exceeding USD 1 billion were conducted during the year. In addition, the Department delivered consultancy services in acquisition, sales, privatization and strategic, financial structuring and valuation across various sectors.

The Research Department is staffed by a team of four employees with an average professional experience of over 10 years. The Department is responsible for interpreting macro and micro economic data and formulating future strategies, financial projections based on financial data and notifications of listed companies. As a result, the Research Department is in charge of making company valuations and presenting them to investors. In addition, the Department assists other departments in terms of internal information flow. The Research Department's area of responsibility covers preparation of daily developments and developments throughout the day, periodic and annual evaluations in a comprehensive manner in accordance with the legal framework determined by the relevant regulatory body and communicating them to clients.

DenizPortfolio Management

In May 2003, Ege Portföy Yönetimi A.Ş. (Ege Portfolio Management) was acquired from the Savings Deposit Insurance Fund of Turkey. The Company was renamed Deniz Portföy Yönetimi A.Ş. in June 2003. DenizPortfolio manages 41 mutual funds and 22 pension investment funds, providing investors both high performance and consistent returns. Boasting a well experienced team of professionals, DenizPortfolio plays a key role in capital markets with world-class services that include mutual funds, pension funds and portfolio management.

DenizPortfolio Management aims to grow its alternative funds as a core investment strategy. The company focuses on the sales and management of funds investing in private sector bills and bonds. DenizPortfolio has come to enjoy a prominent standing in the sector with its successful performance over the recent years. DenizPortfolio figures among the top players in the market thanks to the personalized funds that it has founded, as well as its Eurobond funds. By the end of 2020, total assets under management reached TL 8 billion and the market share in mutual funds rose to 4%. Within the scope of the regulations enacted in 2018, DenizPortfolio ranked among top three in market share in foreign exchange private hedge funds, of which it was the founder.

In addition to the traditional hedge funds and private funds established in 2020, DenizAsset Management set up two hedge funds that generate returns from arbitrage and invest in banking sector stocks as well as eurobonds with a similar strategy. With the establishment of these two funds, DenizPortfolio has a total of 41 mutual funds.

To make DenizPortfolio funds accessible from all sales channels, all funds on the TEFAS platform were integrated into Mobile Banking in addition to the sales channels of the Bank during the year.

A new fund management program was launched to facilitate the fund management process. Scheduled for completion in 2021, the program is expected to positively impact fund performance and market share as demand for funds is on the rise.

The COVID-19 pandemic negatively impacted the entire world and all sectors of the economy, including Turkey and the capital markets. Immediate actions taken by DenizBank contributed significantly to the effective management of the crisis situation without any disruption to its business operations. Although frequent legislative changes caused the size of the mutual fund market to fluctuate periodically, the current volume was preserved during the year. DenizPortfolio Management aims to offer new products to the public in consideration of the investment preferences of its customers. In 2021, DenizPortfolio plans to establish new funds, including venture capital, hedge, and other fund types. The objective is to increase its total market share by growing in the mutual fund market and focusing on individual/corporate portfolio management. DenizPortfolio's vision is to rank among the top five institutions in the sector in terms of volume.

Deniz Real Estate Investment Trust

Joining DFSG at year-end 2001 as a subsidiary of DenizYatırım Menkul Kıymetler A.Ş. under the commercial name DenizYatırım Ortaklığı A.Ş., the Company was transformed into a real estate investment trust on December 20, 2013 and changed its commercial name to Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. (DenizREIT). On December 31, 2013, DenizREIT acquired Pupa Gayrimenkul Kiralama ve Yönetim Hizmetleri A.Ş. (Pupa), a DFSG company, and then merged with Pupa on June 11, 2014 to form its commercial real estate portfolio.

DenizREIT's core business consists of investing in real estate, real estate-based capital market instruments, real estate projects, real estate-based rights and capital markets instruments, so as to create and enhance a real estate portfolio.

DenizREIT's commercial real estate portfolio provides regular rental income and consists of 29,245 m^2 leasable area and 142 independent sections. Some 60% of the commercial real estate portfolio is located in Istanbul while 40% is located in Ankara in terms of leasable area.

In the REIT sector, there are 33 companies listed on the stock exchange, six of which -including DenizREIT- were established by banks. As of the end of 2020, DenizREIT's real estate portfolio stands at TL 356 million and its total assets at TL 946 million.

In addition to the existing real estate portfolio, DenizREIT develops niche real estate projects in accordance with its mission and vision. The company has two ongoing real estate development projects, one in Istanbul's Tarabya and the other in Bodrum. Le Chic Bodrum, comprises eight villas/86 residences and a 67-room boutique hotel on a 28-decare tract in Bodrum's Asarlık Region. Le Chic Tarabya, a flat-for-land project comprised of 14 blocks 156 housing units on a 12-decare tract, is located in Istanbul Tarabya. Le Chic Bodrum has an 8-decare natural sand beach extending for about 200 meters in addition to piers, restaurants, a marina and the opportunity for boat access. Le Chic Tarabya is a niche development project thanks to its social facilities, exclusively-designed landscapes and special location.

Backed by the corporate and financial resources of DFSG, DenizREIT conducts its business operations in line with its mission: "Engaging in activities to increase the value of the property featured in its real estate portfolio, generating regular lease income, consistent growth and profitability, and developing original real estate and construction projects, especially in the Istanbul region, by making a difference with business partners meticulously chosen to meet the requirements of each project and by upholding ethical principles."

LEASING AND FACTORING SERVICES

Adding another channel to reach its customers in 2020, DenizLeasing established an infrastructure where it can lend soleproprietorships up to TL 350 thousand with the system it has established at vendors.

DENİZLEASING
DENİZFACTORING

DenizLeasing

DenizLeasing provides financial and operational leasing services to Corporate, Commercial, Agricultural 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 continues to be among the leading companies 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 customer projects.

A part of DFSG's general strategy of financial supermarket approach with all its products in 2020, DenizLeasing deferred lease payments to reduce the effects of the pandemic especially in the first 6 months to give its customers a breath of fresh air and aimed to manage this difficult period without any issues. Following the recovery in demand in Q3, a transaction volume of more than USD 122 million in 328 transactions was achieved in 2020.

Not only providing funds to investors in renewable energy projects in 2020, but also giving them technical, legal and operational support, DenizLeasing plans to continue funding renewable energy projects in line with its mission to allocate funds for the right project with the right business model in 2021.

Adding another channel to reach its customers in 2020, DenizLeasing established an infrastructure where it can lend sole-proprietorships up to TL 350 thousand with the system it has established at vendors (dealers). In 2021, DenizLeasing aims to expand its customer portfolio by including legal entities in this scope and to provide fast and distinctive services to its customers.

Aiming to develop its product portfolio in 2021, DenizLeasing is working on a product infrastructure where customers can make financial leasing transactions from business cards without any additional loan procedures, and where they can make down payments from credit cards in installments.

Parallel to the growing demand in financial leasing in the final quarter of 2020, DenizLeasing reached a new transaction volume of USD 200 million by making good use of opportunities from a sector/product/channel perspective.

With the mobile application "Send a Check to Deniz," DenizFactoring allows clients to rapidly access financing over the digital channel 24/7 without having to wait for the maturity date of checks with an invoice.

DenizFleet

Being the first leasing company in Turkey to initiate operational leasing activities, DenizLeasing set up its new brand DenizFleet in 2014, as a pioneering enterprise in the sector.

DenizFleet was established under the umbrella of DenizLeasing to provide long-term car rental services. DenizFleet stands out in Turkey as the only operational leasing brand operating within a leasing company. DenizFleet offers common, fast and reliable solutions across Turkey via its professional staff and is committed to delivering unconditional customer satisfaction. To this end, the company offers the most reliable and comprehensive service package to the customers who demand a fleet rental service. As of end-2020, the number of cars in the fleet totaled 4,625.

DenizFleet aims to lease 2,000 new vehicles while maintaining the boutique service concept it offers to each customer.

Leasing Receivables and Asset Size

DenizLeasing provided services for investment financing in line with its strategy of productivity and profitability. The company strengthened its position among sector leaders in terms of assets and shareholders' equity. As of 2020 year-end, DenizLeasing recorded TL 3.1 billion in net leasing receivable of and total assets of TL 3.9 billion.

DenizFactoring

Primarily providing customers with guarantee, collection and financing services, DenizFactoring is a pioneer in the sector with a wide product and service range, including Digital Factoring, Collection Management System, Supplier Finance Application, Public Sector Factoring and Export Factoring.

In August 2001, it became a member of the world's most prominent international factoring organization, Factors Chain International (FCI).

In October 2004, DenizFactoring became a Full Member of FCI, after confirmation of its transaction volume and service quality.

In 2013, the company became a member of the Association of Financial Institutions (Association of Financial Leasing, Factoring and Financing Companies).

DenizFactoring delivers its products and services to customers via a highly qualified, strong team at the Head Office and via the DFSG network, in a rapid and accessible fashion. DenizBank branch employees support DenizFactoring within applicable legal and regulatory requirements.

Despite the negative consequences of the global pandemic in 2020, DenizFactoring managed to expand its customer base as a result of its growth strategy in commercial, SME and agricultural banking segments. Following the recovery of the recession in the first half of the year, domestic sales increased above expectations.

DenizFactoring's factoring receivables reached TL 2.7 billion as of year-end 2020 with a year-on-year increase of 72%. According to November 2020 data, a successful performance was achieved in terms of Cost/Income ratio with 21% compared to the sector average of 40%. DenizFactoring has a 6% market share in factoring receivables, and domestic factoring transactions account for 84% and international transactions account for 16% of its total transaction volume.

With the mobile application "Send a Check to Deniz," DenizFactoring allows clients to rapidly access financing over the digital channel 24/7 without having to wait for the maturity date of checks with an invoice. With more than 30 thousand applications received in 2020, this digital product became even more important during the pandemic period. Factoring application service has been provided to more than 100 thousand customers in a completely digital environment since the launch of this product. Following the customer needs closely in the digitalized finance world, DenizFactoring aims to achieve the firsts in the sector with innovative applications where customers can perform factoring transactions comfortably and securely.

CULTURAL SERVICES

Aiming to raise the bankers of today and tomorrow, DenizBank has organized various educational programs in conjunction with Turkey's leading universities.

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 various 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,
- Performing 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.

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
Hesham Abdulla Al Qassim	Chairman of the Board of Directors, Credit Committee Reserve Member, Remuneration Committee Member	Non-executive	Master's Degree	25	Chairman of the Board of Directors, Credit Committee Reserve Member, Remuneration Committee Member	ENBD Bank P.J.S.C.- Vice Chairman and Managing Director, Dubai Real Estate Corporation- Vice Chairman and CEO, wasl Asset Management Group- Vice Chairman and CEO, Emirates Islamic Bank P.J.S.C.- Chairman, Emirates NBD Egypt SAE-Chairman, Emirates Institute for Banking and Financial Studies (EIBFS)- Chairman, Dubai Sports Corporation- Chairman, Dubai Autism Centre-Vice Chairman, National General Insurance P.J.S.C.-Board Member, Amlak Finance P.J.S.C.- Board Member, Emirates Telecommunication Group Company P.J.S.C. (Etisalat) - Board Member, International Humanitarian City- Board Member, Dubai International Financial Centre (DIFC) Authority- Board Member, DIFC Investments L.L.C.- Board Member, The National Human Resources Development Committee of the Banking and Financial Sector - Board Member, Pak Telecom Mobile Ltd (PTML - Ufone) Pakistan- Board Member, Pakistan Telecommunication Company Limited (PTCL) Pakistan- Board Member	-
Mohamed Hadi Ahmed Al Hussaini	Vice Chairman, Credit Committee Reserve Member, Remuneration Committee Member	Non-executive	Master's Degree	22	Vice Chairman, Credit Committee Reserve Member, Remuneration Committee Member	ENBD Bank P.J.S.C.-Board Member, H&H Investment and Development- Managing Director, Dubai Refreshments Company-Board Member, Dubai Real Estate Corporation- Board Member, Emirates Islamic Bank- Board Member, Emaar Malls-Chairman, ENBD Egypt- Board Member, Maroc Telecom- Board Member, Mobily- Board Member, Dubai Sports Corporation- Board Member, Emirates Integrated Telecommunication Company (du)-Chairman, Emirates Investment Authority- Board Member	-
Hakan Ateş	Member of the Board of Directors, President and CEO, Credit Committee Member	Executive	Bachelor's Degree	39	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, Full Member of Board of Turkish Tourism Investors Association	-
Nihat Sevinç	Vice Chairman of the Board of Directors, Audit Committee Member	Independent Member	Bachelor's Degree	33	Vice Chairman of the Board of Directors, Member of the Board of Directors, Audit and Risk Committee Member	-	-
Shayne Keith Nelson	Member of the Board of Directors, Corporate Governance and Nomination Committee Member	Non-executive	Bachelor's Degree (not completed)	36	Member of the Board of Directors, Corporate Governance and Nomination Committee Member	ENBD Bank P.J.S.C.- Group CEO, Emirates Islamic P.J.S.C.- Director, ENBD Capital Ltd.- Director, ENBD Capital PSC- Director, Tanfeeth LLC- Director, Marsh Insurance Brokers LLC- Board Member	-
Jonathan Edward Morris	Member of the Board of Directors, Audit and Risk Committee Member, Credit Committee Reserve Member	Non-Executive	Bachelor's Degree	35	Member of the Board of Directors, Audit and Risk Committee Member, Credit Committee Reserve Member	Senior Executive Vice President, Responsible for Turkey, ENBD Bank P.J.S.C.	-
Deniz Ülke Arıboğan	Member of the Board of Directors, Corporate Governance and Nomination Committee Member	Independent Member	Ph.D.	33	Member of the Board of Directors, Corporate Governance and Nomination Committee Member	Senior Fellow at University of Oxford Centre for the Resolution of Intractable Conflict (CRIC), The Dean of Üsküdar University	-
Derya Kumru	Member of the Board of Directors, Credit Committee Member	Executive	Ph.D.	34	Member of the Board of Directors, Credit Committee Member	-	-
Tanju Kaya	Member of the Board of Directors	Executive	Bachelor's Degree	34	Member of the Board of Directors, Corporate Governance and Nomination Committee Member, Chairman of DFSG Investment Companies Executive Board, Administrative Services and Investment Group - EVP	-	-

BOARD OF DIRECTORS

HESHAM ABDULLA AL QASSIM
CHAIRMAN OF THE BOARD OF DIRECTORS

Hesham Abdulla Al Qassim is the Vice Chairman and Managing Director of Emirates NBD Bank P.J.S.C., the Chairman of Emirates Islamic Bank P.J.S.C., one of the leading Islamic banks in the region, Emirates NBD Egypt and DenizBank A.Ş. Turkey; all are subsidiaries of Emirates NBD P.J.S.C., He is also the Vice Chairman and Chief Executive Officer of wasl Asset Management Group and is responsible for leading the organization's transformation into a world-class asset management company.

Mr. Al Qassim has more than 20 years' experience in the banking sector. He is also the Chairman of the Emirates Institute for Banking and Financial Studies (EIBFS) and Dubai Sports Corporation and the Vice Chairman of Dubai Autism Centre. His other board memberships include Dubai International Financial Centre (DIFC) Authority, Emirates Telecommunications Corporation (Etisalat), DIFC Investments LLC., The National Human Resources Development Committee of the Banking and Financial Sector, National General Insurance Co., Amlak Finance P.J.S.C., Pak Telecom Mobile Ltd Pakistan, Pakistan Telecommunication Company Limited as well as the International Humanitarian City.

His professional and vocational qualifications include a Bachelor's Degree in Banking and Finance and a Master's Degree in International Business Management and in Executive Leadership Development.

MOHAMED HADI AHMED AL HUSSAINI
VICE CHAIRMAN OF THE BOARD OF DIRECTORS

Mohamed Hadi Ahmed Al Hussaini is a director in the following UAE public joint-stock companies: Emirates NBD Bank P.J.S.C., Emirates Islamic Bank P.J.S.C., Dubai Refreshments Company and Chairs Emirates Integrated Telecommunications Company (du), and Emaar Malls Group. Mohamed Al Hussaini has widespread professional experience across the banking & finance, real estate, investment, telecommunications and retail sectors. He is a UAE National, coming from a prominent family of businessmen primarily engaged in trading sector businesses. Mohamed Al Hussaini has a Master's Degree in International Business from Webster University in Geneva, Switzerland.

HAKAN ATEŞ
MEMBER OF THE BOARD OF DIRECTORS, PRESIDENT AND CEO

Hakan Ateş was born in 1959 and 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 an Internal Auditor at İşbank. After serving at various Interbank units from 1986 to 1993, he worked as a Branch Manager at the Elmadağ, Şişli, Bakırköy, İzmir and Central branches. He established Interbank's Cash Management System and was promoted in 1993 to Executive Vice President in charge of Central Operations. Mr. Ateş was Executive Vice President in charge of Financial Affairs and Operations at Bank Ekspres between the years of 1994 and 1996 and led the bank's restructuring initiative under the consultation of Bank of America. He established Garanti Bank Moscow in Russia and served as CEO for one year starting from June 1996. Today, Mr. Ateş is President & CEO at DenizBank, where he started in June 1997 as the Founder President. During his management tenure, DenizBank issued shares to the public in October 2004 in an offering that was 5.5 times oversubscribed. Mr. Ateş also oversaw the sales transaction of Zorlu Holding-owned DenizBank shares to Dexia S.A. in May 2006 for USD 3.25 billion, 4.7 times its book value – a record in Turkey. He also orchestrated the sale of 99.85% of DenizBank shares owned by Dexia Group to Sberbank six years later in June 2012 for USD 3.6 billion, 1.33 times its book value. Most recently, Mr. Ateş supervised the sale of 99.85% of DenizBank shares owned by Sberbank to Emirates NBD for TL 15.48 billion, with a 1.0 multiplier despite challenging market conditions. In addition, the transfer of Deniz Emeklilik for EUR 256 million at 10 times its book value with a 15-year sales agreement in 2011 and the takeover of the retail banking division of Citi Turkey with about 1,500 employees in 2013 took place under the management of Mr. Ateş. He serves as Chairman of the Board of Directors at DenizBank subsidiaries Deniz Yatırım Menkul Kıymetler A.Ş., Intertech A.Ş., DenizBank Moscow and DenizBank AG Vienna. Hakan Ateş also became a Member of the Board of Directors at Emirates NBD Egypt in September 2020. He was presented with the prestigious "Those Who Add Value to Turkey" award by Bahçeşehir University in 2015. Mr. Ateş has two children and is fluent in English.

NİHAT SEVİNÇ
VICE CHAIRMAN OF THE BOARD OF DIRECTORS

Nihat Sevinç was born in 1952 and graduated from Istanbul University, Faculty of Literature, English Language and Literature. Starting his professional career at Interbank in 1986, he held various positions in the Branches, Central Operations and Capital Market departments until 1994. Mr. Sevinç served as Department Head of the Branch Operations, Internal Control and Legislation departments at the headquarters of Bank Ekspress until 1996. He was Deputy General Manager at GarantiBank Moscow between 1996 and 1997. Mr. Sevinç 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. Nihat Sevinç has been an Independent Board Member at DenizBank A.Ş. since December 2012. As of March 2018, he was appointed Vice Chairman of the Board of Directors serving until March 2021.

SHAYNE KEITH NELSON
MEMBER OF THE BOARD OF DIRECTORS

Shayne Nelson has an extensive banking career with experience in various roles. Prior to joining Emirates NBD, he served in Singapore as the Chief Executive Officer of Standard Chartered Private Bank. He was also the Chairman of Standard Chartered Saadiq Islamic Advisory Board and a Board member of Standard Chartered Bank (China) Ltd. Shayne's previous high profile positions in the banking arena include Regional CEO of Standard Chartered Bank Middle East and North Africa, Chairman of Standard Chartered (Pakistan) Limited, and Chairman of the Banking Advisory Council to the Board of the Dubai International Financial Centre. He also held the position of Chief Executive Officer and Managing Director of Standard Chartered Bank, Malaysia Berhad. Shayne's solid experience, across various functions and geographies, is a testament to his diverse background within banking. Earlier in his career, his positions included Standard Chartered Chief Risk Officer for Wholesale Banking, Regional Head of Corporate and Institutional Banking Audit in the Asia Pacific Region and India, as well as Regional Head of Credit in Hong Kong, China and North-East Asia. He was also the Head of Corporate and Institutional Banking for Westpac Banking Corporation in Western Australia. Shayne is a member of the Board of Directors for Emirates NBD Capital Limited, Emirates NBD Capital P.S.C., DenizBank A.Ş. (Turkey), International Monetary Conference and a Founding Member of the Higher Colleges of Technology Industry Advisory Council. A Graduate Member of the Australian Institute of Company Directors, Shayne is also an Associate Fellow of the Australian Institute of Managers. Shayne is married to Mariana and has two children. In his leisure time, he enjoys playing golf and spending time with his family. He is also a passionate fisherman, for which he holds a world record.

BOARD OF DIRECTORS

JONATHAN EDWARD MORRIS
MEMBER OF THE BOARD OF DIRECTORS

Jonathan Edward Morris was born in 1963 and graduated from Loughborough University in 1985 with a BSc (Hons) degree in Banking & Finance. Subsequently, he joined HSBC and attended the bank's graduate training program. During his 14 years at HSBC, he undertook a variety of roles in Retail Banking and Corporate Banking, primarily in London and New York. In 2000, Mr. Morris moved to Standard Chartered Bank initially to head the bank's Corporate & Institutional business for the UK before becoming Regional Head for Corporate & Institutional Banking – Europe in 2001. Mr. Morris moved to Dubai in 2003 to undertake a similar role as Head of Corporate and Institutional Banking covering UAE and Oman. In 2005, he became Regional Head for Corporate and Institutional Banking – Africa. In 2008, Mr. Morris relocated to Bahrain as CEO for Standard Chartered before returning to UAE, which was Standard Chartered's fifth largest market globally, as CEO in 2011. Mr. Morris joined Emirates NBD Bank in 2014 as Senior Executive Vice President and Group Head of Wholesale Banking. He has served as Senior Executive Vice President, Responsible for Turkey since August 2019.

DENİZ ÜLKE ARIBOĞAN
MEMBER OF THE BOARD OF DIRECTORS

Deniz Ülke Arıboğan was born in 1965 and 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 obtained her M.A. and Ph.D. from the Institute of Social Sciences, Istanbul University in International Relations. In 1995, Ms. Arıboğan attended the International Security School at University of St. Andrews in Scotland. Her academic career, which started at Istanbul University, continued at Istanbul Bilgi University and Bahçeşehir University. From 2007 to 2010, she served as Rector of Bahçeşehir University. Between 2010 and 2014, Professor Deniz Ülke Arıboğan was a Member of the Board of Trustees at Istanbul Bilgi University. She worked as a faculty member at Istanbul University, Faculty of Political Sciences from March 2014 until October 2018 and served as Chairman of the Advisory Committee at Istanbul Bilgi University from February 2015 to October 2018. A Senior Fellow at the University of Oxford Harris Manchester College CRIC (Centre for the Resolution of Intractable Conflict) since December 2015, she was appointed Dean of Üsküdar University as of October 2018. Deniz Ülke Arıboğan has served as an Independent Board Member at DenizBank A.Ş. since December 2012. In March 2018, she was again appointed Independent Board Member at DenizBank serving until March 2021.

DERYA KUMRU
MEMBER OF THE BOARD OF DIRECTORS

Derya Kumru was born in 1964 and graduated from Ankara University, Faculty of Political Sciences. He went on to obtain an M.A. and Ph.D. in Economics from Istanbul University, Institute of Social Sciences. Between 1987 and 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 Banking Marketing Group and General Manager at DenizLeasing and DenizFactoring, he was appointed General Manager of DenizBank Moscow in 2004. From 2009 to 2011, Derya Kumru served as Executive Vice President in charge of Corporate and Commercial Banking, Public and Project Finance, Cash Management, Insurance, Financial Institutions and Foreign Subsidiaries at DenizBank A.Ş. From 2011 until 2012, he was 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.

TANJU KAYA
MEMBER OF THE BOARD OF DIRECTORS

Tanju Kaya was born in 1964 and graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1985. Starting his banking career at Pamukbank in 1986, he went on to hold various positions at TEB, Marmara Bank and Alternatif Bank. Mr. Kaya worked as Branch Manager at Bank Ekspres from 1994 to 1997. Joining DenizBank A.Ş. in 1997 as Ankara Branch Manager, he then worked as Central Anatolia Regional Manager in 2002 and 2003. Tanju Kaya went on to serve as Executive Vice President in charge of the Administrative Services Group from 2003 to 2016 at DenizBank. Since June 2016, he has served as Executive Vice President in charge of the Administrative Services and Investment Group at DenizBank A.Ş. and Chairman of the Executive Board of DFSG Investment Group. From June 2020, Mr. Kaya has continued his duty as the Board Member in charge of his present functions.

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 Economics and Administrative Sciences, Department of Business Administration. 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 Founder and CEO.

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. and Ph.D. in Economics degree from Istanbul University. He began his banking career in 1987 and joined DenizBank in 1999.

TANJU KAYA
Member of the Board of Directors
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.

ALİ MURAT DİZDAR
Legal Affairs Group, Chief Legal Advisor, Executive Vice President
Mr. Dizdar was born in 1960 and graduated from Istanbul University, Faculty of Law; he holds an MA in Private Law from the same institution. He began his career in 1982 and joined DenizBank in 2002.

AYŞENUR HIÇKIRAN
Payment Systems and Non-Branch Channel Group, Executive Vice President
Ms. Hıçkıran 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 2013.

BORA BÖCÜGÖZ
Treasury and Financial Institutions 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 in 1989. He started his banking career in 1989 and joined DenizBank in 2002.

DİLEK DUMAN
Information Technologies and Support Operations Group, Executive Vice President (COO)
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.

RUSLAN ABİL
Financial Affairs Group, Executive Vice President (CFO)
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.

BURAK KOÇAK
Agricultural 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.

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 Economics and Administrative Sciences, Department of Public Administration. He began his professional career in 1991 and joined DenizBank in 2010.

CEMİL CEM ÖNENÇ
Private Banking and Investment 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, an MA and a Ph.D. in Banking from Marmara University. He began his professional career in 1997 at DenizBank.

EDİP KÜRŞAD BAŞER
Credit Policies and Retail, SME, Agricultural Banking Credits Allocation Group, 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.

HAYRİ CANSEVER
Secretary General and Foreign Subsidiaries Group, Executive Vice President
Mr. Cansever was born in 1974 and graduated from Istanbul Technical University, Department of Mechanical Engineering; he also holds an MBA in Banking and Finance from Yeditepe University. He began his banking career in 1998 at DenizBank Financial Services Group.

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 1993 and joined DenizBank Financial Services Group in 2007.

MEHMET AYDOĞDU
Corporate and Commercial Banking Group, Executive Vice President
Mr. Aydoğdu was born in 1968 and graduated from Dokuz Eylül University, Faculty of Economics and Administrative Sciences, Department of Economics. He began his banking career in 1996 and joined DenizBank Financial Services Group in 2002.

EXECUTIVE BOARD MEMBERS

EXECUTIVE BOARD

MURAT KULAKSIZ
SME Banking Group, Executive Vice President
Mr. Kulaksız was born in 1972 and graduated from Çukurova University, Faculty of Economics and Administrative Sciences, Department of Business Administration. He began his banking career in 1998 and joined DenizBank in 2003.

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.

OĞUZHAN ÖZARK
Retail Banking Group, Executive Vice President
Mr. Özark was born in 1976 and graduated from Istanbul Technical University, Department of Mathematical Engineering. He began his banking career in 1997 and joined DenizBank in 2004.

RAMAZAN IŞIK
Internal Audit Group, Head of Internal Audit
Mr. Işık was born in 1977 and graduated from Middle East Technical University, Department of Economics. He also completed his MBA degree in Yeditepe University. He began his banking and internal audit career in 1999 and joined DenizBank in 2013.

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.

SİNAN YILMAZ
Risk Management Group, Head of Risk Management, Executive Vice President
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.

UMUT ÖZDOĞAN
Digital Transformation, CRM and Change Management Group, Executive Vice President
Mr. Özdoğan was born in 1976 and graduated from Marmara University, Business Administration in English; he also holds an MBA from Yeditepe University. He began his banking career in 1999 at DenizBank.

VERDA BERİL YÜZER OĞUZ
Financial Institutions Group, Executive Vice President
Ms. Oğuz was born in 1975 and graduated from Marmara University, Department of International Relations. She began her banking career in 1997 and joined DenizBank in 2010.

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.

WOUTER VAN ROSTE
DenizBank AG, General Manager
Mr. Van Roste was born in 1965 and graduated from Limburg University (Belgium), Marketing Department. He began his banking career in 1989 and joined DenizBank Financial Services Group in 2007.

FATİH ARABACIOĞLU
DenizAsset Management, General Manager
Mr. Arabacıoğlu was born in 1966 and graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration; he also holds an M.Sc from Edinburgh Heriot-Watt University in Banking and Finance. He began his professional career in 1988 and joined DenizBank Financial Services Group in 1999.

HÜSEYİN MELİH AKOSMAN
DenizInvest Securities, General Manager and Board Member
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 Loyola University, Faculty of Economics and Administrative Sciences. He began his professional career in 1991 and joined DenizBank Financial Services Group in 2004.

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 and has a CMB Residential Real Estate Appraisal License. He began his banking career in 1988 and joined DenizBank in 1997.

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.

ÖMER UYAR
Intertech, General Manager
Mr. Uyar was born in 1977 and graduated from Istanbul Technical University, Department of Control and Computer Engineering. He began his professional career in 1996 and joined DenizBank Financial Services Group in 2000.

EXECUTIVE MANAGEMENT

Title	Name Surname	Duty	Education	Professional Experience (Years)
CEO	Hakan Ateş	CEO	Bachelor's Degree	39
Executive Vice Presidents	Ali Murat Dizdar	Chief Legal Advisor	Master's Degree	37
	Ayşenur Hıçkıran	Payment Systems and Non-Branch Channel Group – EVP	Bachelor's Degree	26
	Bora Böcügöz	Treasury and Financial Institutions Group – EVP	Bachelor's Degree	32
	Dilek Duman	Information Technology and Support Operations Group – EVP, COO	Bachelor's Degree	31
	Ruslan Abil	Financial Affairs Group – EVP, CFO	Bachelor's Degree	23
	Burak Koçak	Agricultural Group – EVP	Bachelor's Degree	25
	Cemil Cem Önenç	Private Banking and Investment Group – EVP	Ph.D.	23
	Edip Kürşad Başer	Credit Policies and Retail-SME, Agricultural Banking Credits Allocation Group – EVP	Bachelor's Degree	29
	İbrahim Şen	Credit Following and Risk Monitoring Group – EVP	Bachelor's Degree	28
	Mehmet Aydoğdu	Corporate and Commercial Banking Group – EVP	Bachelor's Degree	25
	Murat Kulaksız	SME Banking and Public Financing Group – EVP	Bachelor's Degree	23
	Mustafa Özel	Branch and Central Operations Group – EVP	Bachelor's Degree	32
	Oğuzhan Özark	Retail Banking Group – EVP	Bachelor's Degree	22
	Selim Efe Teoman	Corporate and Commercial Credits Group – EVP	Bachelor's Degree	26
	Umut Özdoğan	Digital Transformation, CRM and Change Management Group – EVP	Master's Degree	21
	Verda Beril Yüzer Oğuz	Financial Institutions Group – EVP	Bachelor's Degree	23
	Yavuz Elkin	Human Resources and Deniz Academy Group – EVP	Bachelor's Degree	27
Secretary General	Hayri Cansever	Secretariat General and Sberbank Coordination Group – EVP	Master's Degree	22
Internal Systems	Ramazan Işık	Head of Internal Audit	Master's Degree	21
	Cem Demirağ	Head of Internal Control Unit and Compliance	Bachelor's Degree	32
	Sinan Yılmaz	Head of Risk Management	Bachelor's Degree	22

COMMITTEES

Committee	Name Surname	Title	Education	Professional Experience (Years)
Audit and Risk Committee	Nihat Sevinç	Member	Bachelor's Degree	33
	Jonathan Edward Morris	Member	Bachelor's Degree	35
Corporate Governance and Nomination Committee	Deniz Ülke Arıboğan	Chairman	Ph.D.	33
	Shayne Keith Nelson	Member	Bachelor's Degree	36
	Tanju Kaya	Member	Bachelor's Degree	34
	Yeliz Koraşlı Özdemir	Member	Master's Degree	20
Remuneration Committee	Hesham Abdulla Al Qassim	Member	Master's Degree	25
	Mohamed Hadi Ahmed Al Hussaini	Member	Master's Degree	22
Credit Committee	Hakan Ateş	Member	Bachelor's Degree	39
	Derya Kumru	Member	Ph.D.	34
	Jonathan Edward Morris	Associate Member	Bachelor's Degree	35
	Hesham Abdulla Al Qassim	Associate Member	Master's Degree	25
	Mohamed Hadi Ahmed Al Hussaini	Associate Member	Master's Degree	22

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

Other Committees*
Management Board
Executive Committee
Assets and Liabilities Committee
Executive Credit Risk Committee
Disciplinary Committee
Compliance Committee
Operational and Information Risk Committee
Rating Committee

** Details appear in the Corporate Governance Principles Compliance Report – Item 5.3.*

SUMMARY REPORT OF THE BOARD OF DIRECTORS TO THE GENERAL ASSEMBLY

Dear Shareholders,

DenizBank maintained prudent growth in assets, loans and deposits in 2020, when the impact of the global pandemic reverberated across the domestic and world economy. As a result, the Bank achieved successful financial and operational results in a highly challenging environment.

In 2020, DenizBank recorded consolidated net profit of TL 1,866 million and unconsolidated net profit of TL 1,793 million. The Bank's net interest income increased by 31% on a consolidated basis and went up by 41% on an unconsolidated basis. In the reporting year, DenizBank's net fees and commissions income decreased by 18% on a consolidated basis and fell by 24% on an unconsolidated basis, similar to the sector in general due to regulations introduced. The Bank's consolidated and unconsolidated total operating income went up by 23% and 26%, respectively.

As the fifth largest bank in Turkey in terms of consolidated assets, DenizBank marked prudential growth in assets, loans, deposits and equity in 2020, channeling all its resources to the real sector in order to contribute to the development of Turkish economy.

As of year-end 2020, DenizBank reported consolidated assets of TL 263,961 million and unconsolidated assets of TL 199,256 million, marked by 21% and 27% increase, respectively, on a year-on-year basis. DenizBank's consolidated shareholders' equity, including subordinated loans, grew by 17% to reach TL 28,945 million. Meanwhile, the Bank's consolidated capital adequacy ratio stood at 16.23%. Unconsolidated shareholders' equity, including subordinated loans, rose to TL 28,806 million, with an unconsolidated capital adequacy ratio of 18.67%.

As part of its social responsibility approach, DenizBank participated in the Check Payment Support Loan and Salary and Operational Expenses Loan Support Package programs in 2020. These programs were specially designed for SME, corporate and commercial customers to minimize the potential impact of the COVID-19 pandemic on employment, production, trade and payment systems. DenizBank continued its strong support to SMEs, which play a critical role in the development journey of Turkey's economy. For the third year in a row, the Bank was there for SMEs with NEFES Loan, this time as the sole lender in the facility. As the sector leader in agricultural banking, DenizBank provides all types of support to over 1.4 million customers in the sector so they can produce more efficiently under favorable conditions and access the financial resources they need.

During the year, DenizBank extended new financing facilities to a wide cross-section of the economy. In addition to the agricultural sector, the Bank provided funding to tourism, energy, construction, infrastructure, healthcare, municipalities, sports clubs and education sectors. In 2020, DenizBank expanded its consolidated loan portfolio by 17% year-on-year, reaching TL 167,283 million.

On an unconsolidated basis, DenizBank's loan volume jumped by 25% to TL 120,907 million. The Bank realized a 111% loan to deposit ratio on an unconsolidated basis during the reporting period. DenizBank closed fiscal year 2020 with 730 branches and over 14 thousand employees. The Bank's total customer base expanded by 5% to around 14.5 million. Accordingly, the Bank's consolidated customer deposits went up by 8% to TL 167,467 million. On an unconsolidated basis, customer deposits grew by 12% to reach TL 109,207 million.

Secured in December 2019 with record-high subscription totaling USD 1.1 billion, DenizBank renewed the one-year tranche of its syndicated loan at a rollover rate of 115% in December 2020. The transaction reached about USD 780 million, consisting of two tranches of EUR 444.5 million and USD 242.5 million, and brought a significant fresh source of funding to the Turkish economy.

As a recognition of these positive financial results, DenizBank rewarded DFSG personnel with performance-based premium payment of averaging 2.79 times their monthly salary.

With its mission to enrich Turkish culture and arts, and as an institution saying "Yes to Arts" since day one, DenizBank assumed the main sponsorship of the #stayhome Stay with Music event and the National Football Teams in sports during the global pandemic. Via a joint initiative carried out with Wtech Academy, DenizBank embraced employment of competent human resource in technology.

DenizBank has taken a major step to gather its various innovation efforts under a single roof while supporting emerging fintechs at the same time and established the Deniz Aquarium Blockchain Laboratory, which focuses on producing the technologies of the future. Believing that banking will determine the ecosystem approach for the next decade, the Blockchain Lab was founded to support Turkish start-ups while innovating and growing together.

In its first full year as part of the ENBD family, DenizBank marked 2020 with new accomplishments on its innovation-driven journey. Throughout the year, the Bank had massive support from ENBD, especially with respect to capital injection. Going forward, DenizBank will continue its strategic focus on innovation and digitization, and bolster its position as a leading innovator shaping banking with full support from ENBD.

We would like to take this opportunity to extend our gratitude to our customers, shareholders, business partners and employees for their unwavering support throughout 2020 as well as our esteemed shareholders and stakeholders for gracing our General Assembly with their presence.

Board of Directors

DONATIONS MADE IN 2020

INSTITUTION NAME	AMOUNT (TL)
MİLLİ DAYANIŞMA	9,589,953
REPUBLIC OF TURKEY MINISTRY OF EDUCATION	3,900,000
BOĞAZİÇİ ÜNİVERSİTESİ VAKFI	20,000
TÜRK EĞİTİM DERNEĞİ	11,000
OTHER	101,798
TOTAL	13,622,751

RELATED PARTY TRANSACTIONS

Our Bank carries out various banking transactions with its risk group (related parties) and these transactions are carried out for commercial purposes and at market prices. The shares of the transactions carried out with the risk group within the Bank's financials is as follows:

% - Consolidated	31.12.2019	31.12.2020
Share in cash loans and other receivables	0.31%	0.36%
Share in deposits and borrowings	4.61%	7.25%
Share in non-cash loans	0.11%	0.12%

% - Unconsolidated	31.12.2019	31.12.2020
Share in cash loans and other receivables	1.1%	1.9%
Share in deposits and borrowings	8.0%	11.2%
Share in non-cash loans	0.4%	0.4%

Detailed information is available in Notes to the Independently Audited Financial Statements Section Five - Article VII.

HUMAN RESOURCES

At the beginning of 2020, Human Resources and Deniz Academy teams received trainings on agile project management with the aim of improving both candidate and employee experience.

Aiming to raise the bankers of today and tomorrow, DenizBank has organized various educational programs in conjunction with Turkey's leading universities.

DenizBank Human Resources is committed to providing a positive experience in every aspect to candidates and employees alike with an agile management approach. During the year, Human Resources stepped up its digitalization efforts and other relevant projects following the change and transformation in business life brought about by the pandemic.

At the beginning of 2020, Human Resources and Deniz Academy teams received trainings on agile project management with the aim of improving both candidate and employee experience. As part of these efforts, Human Resources project teams were formed and high priority issues were addressed. With developments during the pandemic, Human Resources aimed to transfer all its processes to digital platforms. All stakeholders were included in these efforts; agile teams were formed and priority projects were implemented accordingly.

For employees seeking to specialize in data science, DenizBank launched the third edition of the Data Science Program this year. Deniz Academy administers the innovative program —the first of its kind in the sector. Employees who completed the comprehensive training program earn the title of Data Scientist.

Aiming to raise the bankers of today and tomorrow, DenizBank has organized various educational programs in conjunction with Turkey's leading universities. These programs include "Yenibirlider (A New Leader)" (in collaboration with Boğaziçi University); Bahçeşehir University Corporate MBA; and Sabancı University Executive MBA. Cyber security programs are also held to further employee development in this key area.

In 2020, DenizBank jointly launched the Financial Technologies Postgraduate Program with Bahçeşehir University and the Business Analytics Postgraduate Program with Sabancı University. The programs are conducted online due to COVID-19 restrictions.

DenizBank's Reverse Mentoring Program is designed to create synergy with knowledge exchange by bringing together generations Y and Z and managers from previous generations. In 2020, the program produced its third crop of graduates. Application and selection of participants for the next edition of the program was completed during the year.

The Assessment Center Program, which is designed to evaluate managerial candidates, was transferred to an online platform in 2020. The Vice President Leadership Development Journey, a program for vice presidents who participate in the process as manager candidates, was redesigned during the year. Casebot, an AI-based online assessment process, was introduced as the first step to the journey.

During the pandemic, DenizBank started publishing an HR bulletin, "Deniz Agenda." The publication includes interviews with employees, playlists, useful information and content on art, health and nutrition. Videos and desktop images were prepared to remind employees of the feeling of unity and solidarity during a challenging time.

Talent Acquisition

In 2020, DenizBank ramped up its talent acquisition activities across many different platforms due to the increasing need for certain competencies and skills in the fast-changing world. The Bank implemented many new initiatives during the year in order to become a bank of choice among job candidates and employees.

DenizBank participated in many online and offline university events with the aim of attracting young talent to the Bank. At these events, the Bank presented a wide range of content, such as interview simulation and CV preparation, to university students.

The popular Overseas Internship Program, in its third year, was moved to an online platform along with all other internship programs. Three different digital internship programs were prepared and administered in conjunction with Deniz Academy. Over a thousand students had the opportunity to do internship with DenizBank. Some graduates of the Pearls of Deniz Plus Program, which is designed for senior-year students, were recruited in line with the staffing needs of the Bank.

With the goal of being the bank of choice, DenizBank actively uses its social media accounts – on LinkedIn, Facebook (DenizBank Human Resources), Deniz'de Kariyer Instagram (@denizdekariyer) and Twitter (@denizbankik) – to continuously increase its follower base.

At Social Media Awards Turkey, jointly organized by Marketing Turkey & BoomSonar and Deloitte, DenizBank Human Resources won the Silver Award in the "Career" category. The award was based on data collected between March 1, 2019 and March 1, 2020 as part of the Social Media Brand Index.

During the year, DenizBank reviewed its recruitment procedures with the agile project management methodology. Innovations were made to existing processes by focusing on digitalization opportunities. In 2020, about 10 thousand people participated in DenizBank's online exams. While half of the Bank's job interviews were conducted online in the previous year, all 3,340 interviews were carried out on online platforms this year due to the pandemic. In 2020, 1,381 people in total were recruited by the Bank. As the banking institution raising new generations of bankers for the sector DenizBank selected fresh graduates for 52% of its total recruitment for the year.

Career Opportunities

Operating a total of 730 branch locations with 14,040 employees in Turkey and overseas in 2020, DFSG prioritizes its own internal human resources for career opportunities, providing equal opportunities to employees. The Group aims to raise the highly competent managers of today and tomorrow.

All employees are guided on their career paths to facilitate their performance, skills and personal development. These employee career services focus on the next-generation leadership approach, generation gaps and background diversity. DenizBank is committed to providing a work environment where employees can realize their full potential.

Employees participating in the twice-yearly promotion process are subject to competency assessment tools in accordance with their job titles. To improve the competencies of employees in light of relevant assessment tools, DenizBank Human Resources designed and implemented a title-based competency development journey in conjunction with Deniz Academy.

In 2020, a total of 1,494 DenizBank personnel received a promotion. Some 86% of manager appointments during the year were made from among current staff members.

All employees are provided with equal horizontal and vertical professional opportunities in line with their career maps. In 2020, 1,849 employees were transferred and changed their job positions.

FORA Team Leadership is an activity where Non-Branch Channels Group (Mobile Sales, Call Center, Telemarketing-Collection) employees participate on their journey to be assigned as Team Leaders. In 2020, 18 DenizBank employees completed their journeys and were assigned as a Team Leader.

PRUVA is another key activity carried out for Non-Branch Channels Group employees. This one-month training and evaluation program is for employees who will be transferred to branch sales staff. PRUVA is designed to prepare employees for their new duties by making use of the knowledge, know-how and experience of the journey guidelines determined within the branch. In 2020, 20 DenizBank employees were appointed to their new roles after successfully completing the PRUVA program.

During the year, DenizBank conducted special interviews to inform employees on various key topics, especially during the pandemic. These interviews also served as an opportunity to receive feedback from employees and managers on their needs. Interviews with 6,160 employees were held over online platforms. Necessary actions were taken to address issues raised at these meetings.

"Career Chat" events were held to help guide employees of the Non-Branch Channels Group on their career journeys, become better acquainted with themselves and set their career goals.

TRAINING

DenizBank assigns mentors to employees promoted to Branch Manager following their successful completion of the Vice President Development Program.

In 2020, Deniz Academy reached all Bank employees by providing a total of 669 thousand hours and an average of 7.9 days of training per person.

Deniz Academy

Deniz Academy analyzes the training needs of all employees within DenizBank Financial Services Group (DFSG) and designs personal learning journeys with a curation approach based on data obtained from these analyses. Deniz Academy realizes these journeys in line with the End-to-End and Lifelong Learning principle.

In 2020, Deniz Academy reached all Bank employees by providing a total of 669 thousand hours and an average of 7.9 days of training per person. Some 83% of these trainings were delivered via digital channels.

Until March 2020, Deniz Academy designed learning journeys in line with the strategic goals of each business line at DenizBank: Retail, Private, SME, Agriculture, Commercial and Corporate Banking. Following the global COVID-19 outbreak in March 2020, Deniz Academy focused on how to transform the training process to benefit employees.

As soon as work-from-home started following the pandemic, Deniz Academy moved all its core development programs to online platforms. Instructors updated training processes and flows in line with these new platforms; efforts to complete the adaptation process is ongoing. Post-training promotion exams are also held on the online platform.

A Self-Service Training Catalog was prepared and made available to all Bank employees in the April-June and November-December periods. With this catalog, employees received trainings in 65 different subject categories, such as banking-finance, economics, physical & psychological health, family & children, and personal development.

In 2020, Human Resources organized the Development Center application to identify strengths and any improvable areas of Vice Presidents, thus The Vice President Development Program, as a follow-up process, was also administered during the year. The program consisted of three modules over six days. Two separate sub-programs were designed for Head Office and branch employees. Trainings as well as follow-up presentations were conducted online. Some 145 vice presidents participated in the Vice President Development Program in 2020.

DenizBank assigns mentors to employees promoted to Branch Manager following their successful completion of the Vice President Development Program. During the year, mentors used distance learning tools with their mentees due to the pandemic. DenizBank had some 120 internal mentors in 2020. Mentors and mentees continue to meet on the digital platform.

The Manager Orientation Program was administered at DenizBank headquarters and Regional Offices prior to the COVID-19 outbreak. In 2020, the program was redesigned in accordance with the online environment and is currently held live via the Bank's distance learning platform.

The 13-day New Captains Club (YKK) program aims to improve banking knowledge and managerial skills of branch managers recently promoted from within the institution. During the year, YKK moved to the online platform. In 2020, 72 DenizBank branch managers completed the YKK training program over a one month period.

Established in 2018, the Data Science School produced its second class of graduates in 2020. The third year of specialized instruction continued with 28 data scientist trainees. Since its founding, the Data Science School has continuously developed and customized its training program. In 2020, the curriculum was further improved and redesigned in light of the pandemic.

In accordance with the conditions of the period, sixty-five hours of online training per person was provided through an online training platform dedicated to data science training. In addition, a total of 165 hours of technical trainings, leadership trainings and personal development trainings were delivered online. Experienced data scientists were assigned as mentors for the ones that were recruited in 2020. Each month, seminars and meetings are organized for data scientists to convene and share information.

Internship programs organized to discover the talents of today and tomorrow started in March and ended in November this year through an online platform due to the pandemic. Meetings were held with around 1,400 students including four groups of Overseas, one group of Pearls of Deniz, and one group of Pearls of Deniz Plus. At these meetings, competency-based trainings were provided in addition to banking trainings. By defining learning journeys via digital learning platforms, a total of about 300 competency-based training videos were assigned to the student interns.

Some 80% of Deniz Academy trainings are delivered by internal trainers called Guides of Deniz. In addition to the digital guide transformation trainings, Trainer Training sessions were held to raise new digital guides during the pandemic.

A two-day event, "Digital Guides of Deniz Day," was organized in June with all event activities posted live on YouTube. Following this event, the Deniz Academy YouTube channel officially started broadcasting on September 4, 2020.

The channel broadcasts live videos with expert guests and shares three videos a week under the categories of Professional, Young and Life. In this concept, 45 contents were produced in collaboration with Deniz TV. Deniz Academy's YouTube channel reached 11 thousand subscribers as of December 2020. The channel aims to add social value and raise social awareness by reaching out not only to the Bank's ecosystem, but also to a wider audience in Turkey and abroad.

Deniz Academy sees rapidly transforming new recruits into "Sailors," training of managers and spreading of corporate culture as a mission guiding the corporate culture. Thanks to the digitalization journey it started in the previous years and its inclusive approach, Deniz Academy is prepared for changes in strategy in all the Bank's business lines with its advanced distance learning tools and digital learning systems.

SUPPORT SERVICES

SUPPORT SERVICES PROVIDERS	BUSINESS LINE
MTM HOLOGRAFİ GÜVENLİKLİ BASIM VE BİLİŞİM TEKNOLOJİLERİ SAN. VE TİC. A.Ş.	OPERATIONAL SERVICES
IRON MOUNTAIN ARŞİVLEME HİZMETLERİ A.Ş.	ARCHIVE SERVICES
ACTIVE BİLGİSAYAR HİZ. VE TİC. LTD. ŞTİ.	INFORMATION SYSTEMS
KURYE-NET MOTORLU KURYECİLİK VE DAĞITIM HİZMETLERİ A.Ş.	OPERATIONAL SERVICES
E-KART ELEKTRONİK KART SİSTEMLERİ SAN. VE TİC. A.Ş.	OPERATIONAL SERVICES
PLASTİK KART AKILLI KART İLETİŞİM SİS. SAN. VE TİC. A.Ş.	OPERATIONAL SERVICES
AUSTRIA CARD TURKEY KART OPERASYONLARI A.Ş.	OPERATIONAL SERVICES
INTERTECH BİLGİ İŞLEM VE PAZARLAMA TİCARET A.Ş.	INFORMATION SYSTEMS
ZETA HALKLA İLİŞKİLER DANIŞMANLIK	OPERATIONAL SERVICES
ETİSAN PROJE BİLGİ VE YAZILIM TEKNOLOJİLERİ SAN. TİC. A.Ş.	OPERATIONAL SERVICES
COLLECTÜRK ALACAK YÖNETİMİ VE DANIŞMANLIK A.Ş.	CALL CENTER / COLLECTION MANAGEMENT
COLLECTÜRK ALACAK YÖNETİMİ VE DANIŞMANLIK A.Ş.	CALL CENTER / COLLECTION MANAGEMENT / MARKETING
BANTAŞ NAKİT VE KIYMETLİ MAL TAŞIMA VE GÜVENLİK HİZMETLERİ A.Ş.	SECURITY
İSTANBUL ALTIN RAFİNERİSİ A.Ş.	OPERATIONAL SERVICES
GLOBAL BİLGİ PAZARLAMA DANIŞMA VE ÇAĞRI SERVİSİ HİZMETLERİ A.Ş.	CALL CENTER / COLLECTION MANAGEMENT / MARKETING
BBS DANIŞMANLIK GAYRİMENKUL VE EĞİTİM A.Ş.	OPERATIONAL SERVICES
FU GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES
TAGAR TAPU GARANTİ HİZMETLERİ A.Ş.	OPERATIONAL SERVICES
AVİ GAYRİMENKUL YATIRIM DEĞERLEME VE DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES
İPOTEKA GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES
SİSTEM KURYE HİZMETLERİ TAŞIMACILIK TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.	CALL CENTER / MARKETING
CANKURT İŞ SAĞLIĞI VE GÜVENLİĞİ HİZMETLERİ ORTAK SAĞLIK VE GÜVENLİK TİCARET LTD. ŞTİ.	OPERATIONAL SERVICES
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİC. A.Ş.	INFORMATION SYSTEMS
VERİFONE ELEKTRONİK VE DANIŞMANLIK LTD. ŞTİ.	INFORMATION SYSTEMS
BİLİN YAZILIM VE BİLİŞİM DANIŞMANLIĞII A.Ş.	INFORMATION SYSTEMS
SUPERONLINE İLETİŞİM HİZMETLERİ A.Ş.	INFORMATION SYSTEMS
INGENİCO ÖDEME SİS. ÇÖZÜMLERİ A.Ş.	INFORMATION SYSTEMS / OPERATIONAL SERVICES
KARBİL YAZILIM VE BİLİŞİM TEKN. TİC. A.Ş.	INFORMATION SYSTEMS / OPERATIONAL SERVICES
MT BİLGİ TEKNOLOJİLERİ VE DIŞ TİC. A.Ş.	INFORMATION SYSTEMS / OPERATIONAL SERVICES
HUGİN YAZILIM TEKNOLOJİLERİ A.Ş.	INFORMATION SYSTEMS / OPERATIONAL SERVICES
R2 ELEKTRİK ELEKTRONİK VE BİLGİSAYAR TEKNOLOJİLERİ GIDA VE İHTİYAÇ MADDELERİ SAN. VE TİC. A.Ş.	INFORMATION SYSTEMS / OPERATIONAL SERVICES
OĞUZKAAN EĞİTİM HİZMETLERİ VE TİC. A.Ş.	OPERATIONAL SERVICES
VİZYON KOLEJİ YAY. EĞT. HİZ. A.Ş. (MERKEZ - ESENYURT KAMPÜSÜ)	OPERATIONAL SERVICES
CPP SİGORTA ARACILIK HİZMETLERİ A.Ş.	CALL CENTER / MARKETING
BRİNK'S GÜVENLİK HİZMETLERİ A.Ş.	SECURITY
ENİS ALAGÖZ EĞİTİM HİZMETLERİ VE TİC. A.Ş. (SULTAN MURAT)	OPERATIONAL SERVICES
SAFEPOINT GÜVENLİK SİSTEMLERİ ANONİM ŞİRKETİ (KEKOVA)	SECURITY
İNFİNA YAZILIM A.Ş.	INFORMATION SYSTEMS
OKYANUS EĞİTİM KURUMLARI A.Ş.	OPERATIONAL SERVICES
HOBİM DIGITAL ELEKTRONİK HİZMETLERİ A.Ş.	OPERATIONAL SERVICES
İSTİNYE OKULLARI EĞİTİM HİZMETLERİ A.Ş.	OPERATIONAL SERVICES
ÖZEL AKADEMİ ANAOKULU İŞLETMECİLİĞİ LTD. ŞTİ.	OPERATIONAL SERVICES
EKOL GRUP KORUMA GÜVENLİK EĞİTİM HİZMETLERİ LTD. ŞTİ.	SECURITY
DGPAYS BİLİŞİM HİZMETLERİ ANONİM ŞİRKETİ	OPERATIONAL SERVICES
ÖZEL ADAPAZARI FİNAL DERGİSİ DERSANESİ EĞİTİM VE YAYINCILIK LTD. ŞTİ.	OPERATIONAL SERVICES
ÖZEL EKSEN EĞİTİM HİZMETLERİ KIRTASİYE TAŞIMACILIK TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
BİLGİFEN EĞİTİM ÖĞRETİM YAYINCILIK HİZMETLERİ TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
İSTANBUL VADİ EĞİTİM ÖĞRETİM YAYINCILIK HİZMETLERİ TİC. VE LTD. ŞTİ.	OPERATIOSINANAL SERVICES
İZZET SAKİN EĞİTİM YAYINCILIK HİZMETLERİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SERVICES
LOOMİS GÜVENLİK HİZMETLERİ A.Ş.	SECURITY
MEK MODERN EĞİTİM KURUMLARI ANONİM ŞİRKETİ (AYDINOĞULLARI)	OPERATIONAL SERVICES
FEN EĞİTİM KURUMLARI A.Ş.	OPERATIONAL SERVICES
ANLI DAYANIKLI TÜKETİM MALLARI TİCARET LTD. ŞTİ. (VESTEL)	OPERATIONAL SERVICES
ÖZEL MUTLU EĞİTİM KURUMLARI TİC. LTD. ŞTİ. (TUZLA UĞUR OKULLARI)	OPERATIONAL SERVICES
KARŞIYAKA UĞUR OKULLARI EĞT. HİZM. İNŞ. GIDA TUR. SAN. VE TİC. A.Ş.	OPERATIONAL SERVICES
KESAN BAHÇEŞEHIR EĞİTİM KURUMLARI TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
ÖZEL İLGİ UĞUR EĞİTİM HİZMETLERİ LİMİTED ŞİRKETİ	OPERATIONAL SERVICES
ÖZEL ÖZİLGİ UĞUR EĞİTİM HİZMETLERİ LİMİTED ŞİRKETİ	OPERATIONAL SERVICES
UĞUR AKADEMİ ÖZEL EĞT. HİZM. SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
REISSWOLF DOKÜMAN YÖNETİMİ HİZMETLERİ ANONİM ŞİRKETİ	ARCHIVE SERVICES
HASAŞ İNŞAAT EĞİTİM SAĞ. GID. (MEFKURE KOLEJİ)	OPERATIONAL SERVICES
ULUDAĞ KOLEJİ	OPERATIONAL SERVICES
METİS BİLGİSAYAR SİSTEMLERİ SANAYİ VE TİCARET A.Ş. (TELEPERFORMANCE)	CALL CENTER / MARKETING
KVK TEKNİK SERVİS HİZ. TİC. A.Ş.	OPERATIONAL SERVICES
KVK KURUMSAL SATIŞ VE PAZARLAMA A.Ş.	OPERATIONAL SERVICES
TELEKURYE DAĞITIM VE KURYE HİZMETLERİ A.Ş.	OPERATIONAL SERVICES
İNCEOĞLU DAY. TÜK. MAL. (VESTEL&REGAL)	OPERATIONAL SERVICES
VERİ BİLGİ MERKEZİ BİLİŞİM HİZMETLERİ LİMİTED ŞİRKETİ (VBM)	INFORMATION SYSTEMS
ÜÇGEN OTOMASYON ELEKTRİK ELEKTR. BİLİŞİM SAN. VE TİC. LTD.	INFORMATION SYSTEMS
FLORYA ÖZEL EĞİTİM ÖĞRETİM	OPERATIONAL SERVICES
SYK EĞİTİM HİZMETLERİ VE TİC. A.Ş.	OPERATIONAL SERVICES
ALTUN DAY. TÜK. MAD. İNŞ. PET. LTD. ŞTİ.	OPERATIONAL SERVICES
ÖZSOY DAYANIKLI TÜK. MAL. SAN. TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
MEDIAMARKT	OPERATIONAL SERVICES
SİSTAŞ SAYISAL İLETİŞİM SAN. VE TİC. A.Ş.	CALL CENTER / INFORMATION SYSTEMS
4A1B EĞİTİM HİZMETLERİ (KOCAELİ SINAV OKULLARI)	OPERATIONAL SERVICES
BİZNET BİLİŞİM SİSTEMLERİ VE DANIŞMANLIK SANAYİ TİCARET A.Ş.	INFORMATION SYSTEMS
D FAST DAĞITIM HİZMETLERİ VE LOJİSTİK ANONİM ŞİRKETİ (HEPSİEXPRESS)	OPERATIONAL SERVICES
TULPAR ÖZEL EĞİTİM ÖĞRETİM VE DANIŞMANLIK HİZ. TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
MOR ÖZEL EĞİTİM ÖĞRETİM HİZMETLERİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SERVICES
UĞURLU SERVİS NAK. ÖZEL EĞT. DAN. TUR. VE TEM. HİZM. TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
OKUMUŞ ÖZEL EĞİTİM HİZMETLERİ LTD.ŞTİ.	OPERATIONAL SERVICES
UĞURLU GELECEK ÖZEL EĞİTİM HİZ. LTD.	OPERATIONAL SERVICES
ÇAĞDAŞ NESİLLER ÖZEL EĞİTİM HİZ.	OPERATIONAL SERVICES
CİHANGİR EĞİTİM İŞLETMELERİ VE TEKSTİL SAN. TİC. A.Ş.	OPERATIONAL SERVICES
ZORLUTEKS TEKSTİL TİCARET VE SANAYİ A.Ş	OPERATIONAL SERVICES
ER OTOMOTİV EĞİTİM ÖĞRETİM AKARY. İNŞ. YAT. TİC. VE SAN. A.Ş (TED SİVAS KOLEJİ)	OPERATIONAL SERVICES
BİLGİÇAĞIM ÖZEL EĞİTİM HİZMETLERİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SERVICES
ÇAĞRI ÖZEL EĞİTİM HİZ. VE İLT. TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
BERTA EĞİTİM HİZMETLERİ TİCARET LTD. ŞTİ.	OPERATIONAL SERVICES
RIDVAN DEMİRTAŞ PROFİLİO BAYİSİ	OPERATIONAL SERVICES
SEVİNÇ EKEN	OPERATIONAL SERVICES
EKİNOKS EĞİTİM GRUBU	OPERATIONAL SERVICES
SİMAY EĞİTİM KURUMLARI	OPERATIONAL SERVICES
ŞEHİR SINAV EĞİTİM KURUMLARI	OPERATIONAL SERVICES
ÖZEL KAF EĞİTİM KURUMLARI (MECİDİYEKÖY SINAV OKULLARI)	OPERATIONAL SERVICES
GÜNEŞLİ SINAV EĞİTİM HİZMETLERİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SERVICES
HAS ÖZEL EĞİTİM GIDA TURİZM YAYINCILIK SANAYİ TİCARET LTD. ŞTİ.	OPERATIONAL SERVICES
HAS YAYINCILIK EĞİTİM SANAYİ TİCARET LTD.ŞTİ.	OPERATIONAL SERVICES
BÜLSAN TİCARET ÖMER MEHMET BÜLBÜL, EMIR ZEKİ BÜLBÜL	OPERATIONAL SERVICES
KÜLTEPE EĞİTİM VE DANIŞMANLIK HİZMETLERİ LİMİTED ŞİRKETİ	OPERATIONAL SERVICES
TEM AVRUPA ÖZEL EĞİTİM VE ÖĞRETİM HİZMETLERİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SERVICES
VESLABS BİLİŞİM TEKNOLOJİLERİ TİC. A.Ş.	INFORMATION SYSTEMS
PİTON BİLGİSAYAR TEKNOLOJİLERİ EĞİTİM VE DANIŞMANLIK LTD. ŞTİ	INFORMATION SYSTEMS
NÖRD İNTERAKTİF MEDYA HİZMETLERİ LTD. ŞTİ	INFORMATION SYSTEMS
32BIT BİLGİSAYAR HİZMETLERİ SAN. VE TİC. LTD. ŞTİ.	INFORMATION SYSTEMS
UZALDILAR DAYANIKLI TÜK.MALLARI TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
GAMA TELEKOM. LTD. ŞTİ.	OPERATIONAL SERVICES
MNG KARGO YURTİÇİ VE YURTDIŞI TAŞIMACILIK A.Ş.	OPERATIONAL SERVICES
115 TRACTOR DEALERS	OPERATIONAL SERVICES

DENIZBANK CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Prior to its IPO, DenizBank voluntarily published the “Corporate Governance Report” in line with international principles and sectorial practices which was firstly approved at the Board of Directors Meeting dated September 16, 2004. DenizBank considers Corporate Governance Principles as a dynamic concept that requires permanent amelioration 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 depends on the corporate governance provisions outlined in the Banking Legislation, Turkish Commercial Law and other related regulations 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. The Bank takes care to ensure the full compliance with the national and international principles.

The follow-up and developing of principle-related applications are conducted by the Corporate Governance and Nomination Committee, which consists of non-executive Board Members. The Committee is responsible for following up the Bank’s alignment with Corporate Governance Principles.

In accordance with the transparency principle of the Corporate Governance Principles, DenizBank has created an effective and periodically updated website to provide information to the public in a timely, accurate, complete, understandable, impartial, easily accessible and equally informative way to in order to help the relevant people and institutions to make decisions. The Bank’s website address is “www.denizbank.com”. The Bank’s website is actively used to make it easier for shareholders, depositors, investors and other stakeholders to obtain information.

DenizBank updates the annual report, website and other information channels to comply with the related principles and shares them with all the stakeholders. All stakeholders are able to access to comprehensive information through these channels and keep themselves informed about the latest developments and activities.

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 segregated.

The Internal Audit Department, Internal Control Unit 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 and Risk Committee. These activities are conducted pursuant to internationally accepted audit standards, domestic laws, rules and regulations, as well as the needs of the Bank and the Group.

Internal Control Unit and Compliance Department

Reporting directly to the Board of Directors and Audit and Risk Committee, the Internal Control Unit and Compliance Department is in charge of making sure that the Group's activities are conducted efficiently and productively in compliance with national laws and in-house regulations as well as reducing operational and other risks; and ensuring the reliability and integrity of accounting, financial reporting and IT systems.

Internal control and compliance efforts consist of control and reporting related activities performed independently at specified intervals by internal control and compliance staff at the Head Office and branches. The aim is to assess the compliance, adequacy and efficiency of the Bank's operations.

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

The Internal Control Unit and Compliance Department operates with two SVPs who report to the Head of Internal Control Unit and Compliance, and 86 staff members across nine units as of end-2020, pursuant to national laws, rules, regulations, communiqués, as well as in-house bylaws. During the pandemic period, controls were carried out and necessary actions were taken within the scope of the changing legal regulations. Once every three months, the Audit and Risk Committee are informed about the activities, agenda and composition of the Internal Control Unit and Compliance Department.

Internal Control Activities

The Financial and Regulatory Reporting Control Department conducts the analysis of activities that have an impact on the Bank's balance sheet and profits/losses, in a breakdown of loans, deposits, accounting, transaction and customer. The control of legal reports sent to BRSA, CBRT and the Savings Deposit Insurance Fund of Turkey are made in terms of compliance to formulation and regulation.

The Branches Internal Control Department produces 6-monthly control plans and carries out control efforts across the branch network. Via both branch visits and from the center, the Branches Internal Control Department checks the compliance of transactions with applicable laws, procedures and in-house regulations. The Department also detects any deficiencies in the internal control function, shares its findings with the relevant branches and business lines, and follows up future developments.

The Corporate Compliance Department organizes the processes of reporting and coordination inside the Internal Control Unit and Compliance Department. In addition, the Department performs administrative and organizational duties, manages the Bank's support services processes and assists the Consumer Relations Coordination Officer.

With the branch and private banking center controls carried out by the Central Controls Department, DenizBank conducts daily, weekly, monthly, quarterly and semi-annual personnel, customer and private banking controls to identify possible fraud risks. Controls are carried out by examining the query scenario results prepared by the department. Deficiencies detected as a result of the controls are shared with relevant branches. Findings with suspicion of abuse are shared with the Internal Audit-Investigations and Interrogations Department.

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

Evaluating the effectiveness, adequacy and compatibility of internal controls regarding information systems and banking processes, the Control Assessment and IT Control Department prepares risk control matrices, conducts management statement tests, and follows the action plans in relation to the findings. The Control Assessment and IT Control Department conducts 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 compatibility between IT security policies, standards and guides in line with the COBIT framework.

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

Compliance Activities

In 2020, 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.

Pursuant to Law No. 5549 on the Prevention of Laundering Proceeds of Crime and Law No. 6415 and related regulations on the Prevention of Financing of Terrorism, the Anti-Money Laundering Department's duties include formulating and updating the Bank's policies and procedures; evaluating the Bank's risks and taking the necessary measures; providing continuous information to the senior management; monitoring and controlling risk-bearing customer transactions; giving opinion on or approval for transactions concerning risk-bearing customers, sectors and countries; controlling correspondent banks; identifying and monitoring suspicious transactions; reporting suspicious transactions to the public authorities; and organizing e-learning and Deniz TV seminars among Bank personnel on the Prevention of Laundering Proceeds of Crime and Financing of Terrorism. Control points are established to adapt to changes in legislation, and to identify any new money laundering methods. Measures and upgrades are designed to monitor, control and mitigate risks.

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 actively informs and trains Bank personnel. In 2020, the Internal Audit Department staff administered 169 hours of training to 1,240 employees. As of the end of 2020, Internal Audit Department operates with 82 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 international subsidiaries in accordance with applicable laws, rules and regulations. In addition, the Department monitors its findings in line with an action plan, and analyzes relevant processes.

60 such audits were performed in 2020.

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 2020, 320 branches and two regional offices were audited in accordance with the audit plan.

3- Investigations and Interrogations

The Department conducts investigations and interrogations in accordance with Internal Audit Department regulations, prospectuses, the Bank's internal rules and legal requirements; prepares reports; and follows up the cases. Additionally, the Department provides training for employees in the early detection and prevention of fraud. In 2020, 531 Bank employees received 109 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, rules and regulations. 24 such audits were performed in 2020.

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 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 Risk Management Group and are approved by the Board of Directors. The Group is also responsible for coordinating efforts in line with the risk appetite statement.

Depending on the type and necessity of the process involved, the Risk Management Group submits reports to the Audit and Risk Committee, Assets and Liabilities Committee, Credit Committee and Risk Committee. The Group also works in collaboration with the Internal Control Unit and Compliance Department, and the Internal Audit Department regarding both policies and practices.

- The Risk Management Group periodically reports significant risk analyses to the Audit and Risk Committee and the Assets and Liabilities Committee to provide guidance in setting and monitoring risk limits and developing risk management strategies.

- Credit risk management is performed through a holistic approach that incorporates modeling, validation, analysis, evaluation and monitoring processes. Credit risk-related processes are managed with the participation of the Corporate and Commercial Loans Group, Credit Policies, and Retail, SME, Agricultural Loans Underwriting Group, CRM and Change Management Group Credit Follow-Up and Risk Monitoring Group, Risk Management, Credit Committee, and Executive Credit Risk Committee.

INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE AND RISK MANAGEMENT SYSTEMS

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 Unit and Compliance Department, and the Internal Audit Department. Assessments are made in the Audit and Risk 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 across the organization, the Bank also develops systems that comply with Basel Committee on Banking Supervision and Risk regulations, and other guiding international risk management principles.

Risk management operations are conducted in line with the principles set forth in the following risk policies:

- Credit Risk Policy
- Concentration Risk Policy
- Model Risk Policy
- Liquidity Risk Policy
- Interest Rate Risk Policy
- Market Risk Policy
- Exchange Rate Risk Policy
- Operational Risk Policy
- Reputation Risk Policy
- Country Risk Policy
- Compliance Risk Policy
- Tax Risk Policy

In its Risk Appetite Statement, DenizBank specifies its risk limit setting, monitoring and reporting processes. The Risk Appetite Statement includes limits determined according to risk types, the actions to be taken in case each risk limit is exceeded, and explanations on decision-making departments and individuals. The document is normally reviewed at least once a year and comes into force upon the approval of the Board of Directors. Actual values regarding the metrics included in the Risk Appetite Statement are monitored at various intervals and reported monthly depending on the relevant 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 VaR calculation is periodically evaluated by retrospective tests and model validation.

Credit Risk

In accordance with the regulations of BRSA, the Risk Management Group calculates the regulatory credit risk weighted assets within the scope of Pillar I. With regard to Pillar II, the Bank calculates the annual general stress test in accordance with its plans and scenarios. Meanwhile, the annual Internal Capital Assessment Process Report is prepared in coordination with the Bank management and other departments. The Group participates in studies such as development of credit risk models in conformity with methods based on internal rating, creating data infrastructures related to the models and integration of risk models. The validation, control and reporting processes of the internal credit rating models are carried out.

Liquidity Risk

Liquidity adequacy is monitored within the limits defined by the Board of Directors to ensure that the Bank has sufficient liquidity and reserves under any conditions. The adequacy of existing means of liquidity and reserve are tested against worst-case scenarios. 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 measures to be taken and procedures to be followed under stress conditions in order to preserve liquidity have been put in writing. Scenario assumptions and measures in relation to liquidity stress testing are reviewed at least once a year. The analyses are repeated monthly based on the scenarios adopted.

Operational Risk

Operational risk events taking place at the Bank and its subsidiaries, their causes, effects are recorded, including recoveries made and measures to prevent their re-occurrence. Events that are frequent or significant are discussed by the Internal Control Unit, the Internal Audit Department and the relevant departments. Corrective/preventive measures are put into practice. Potential operational risks are defined via Risk and Control Self-Assessment studies. The adequacy of current measures is reviewed during this study. New measures are implemented when deemed necessary.

Interest Rate Risk

DenizBank monitors structural interest rate risk exposure due to the Bank's balance sheet structure by using internationally recognized models. The Bank also controls assumed risks through the limits defined by the Board of Directors. The impact of the maturity mismatch of the Bank on the net present value and revenues is measured with interest sensitivity analyses and the results are reported to be used in decision-making processes.

ASSESSMENTS OF THE AUDIT COMMITTEE

Reporting to the Board of Directors, the Bank's Audit and Risk Committee functions in accordance with Banking Law No. 5411 and the regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks. The Audit and Risk Committee meets periodically on behalf of the Board of Directors and sets the Bank's audit policies.

The Audit and Risk Committee is responsible for:

- making sure that the internal audit, internal control and risk management systems of the Bank are efficient and sufficient, and that these systems and the accounting and reporting systems run within the framework of the Law and relevant regulations, and that the produced data remains integral,
- Carrying out preliminary assessment for the Board of Directors to choose independent audit firms as well as rating, valuation and support service providers,
- Regularly monitoring the activities of the aforementioned firms and service providers selected and contracted by the Board of Directors,
- Ensuring coordination, and making sure the internal audit activities of the partnerships subject to consolidation are carried out in a consolidated manner,
- Making sure the audit and control process is created in order to provide the necessary assurance regarding the adequacy and accuracy of Internal Capital Adequacy Assessment Process,
- Making sure the activities of the Bank are carried out in a complete and reliable manner and in compliance with the relevant Law and regulations as well as the internal procedures.

The Audit and Risk Committee receives end-of-period reports from the control units (i.e. internal audit, internal control and compliance, risk management) in order to evaluate the adequacy of the methods for identifying, controlling and monitoring risks that the Bank is exposed to. The Committee reports 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 2020 and the activities it conducted as part of its responsibilities, the Audit and Risk Committee took the following actions:

The Audit Committee audited the Bank's financial statements and notes for 2019 year-end, and the first, second and third quarters of 2020 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 2019 and submitted it to the Board of Directors for approval. The Committee also assessed and approved the quarterly reports which include important issues, findings and legislative amendments related to the period of the quarters and were received from the Internal Audit, Internal Control and Compliance, and Risk Management units. In addition, the Committee inspected the performance and objectivity of the independent external auditors and monitored their work at all stages.

The Audit and Risk 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 2020 activities of the groups that report to the Audit and Risk Committee were as follows.

Internal Audit Department

Reporting directly to the Board of Directors, the Internal Audit Department ensures 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. The Department also 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 2020, 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 staff of 82 employees, 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 2020 Annual Audit Plan as scheduled. In addition to such pre-planned audit activities, in 2020 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 Unit and Compliance Department

Reporting directly to the Audit and Risk Committee, the Internal Control Unit and Compliance Department carried out its 2020 activities with a staff of 86 employees.

The Internal Control Unit and Compliance Department 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 Department shared the findings of these controls with the relevant business lines and managers, and monitored the actions taken. Online training seminars (including examinations) were held for all employees of the Bank and its subsidiaries on the prevention of money laundering and the financing of terrorism, ethical principles, fight against corruption, prevention of conflicts of interest, reinforcement of the compliance culture and IT security.

ASSESSMENTS OF THE AUDIT COMMITTEE

Using 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 regulations, and took measures necessary for compliance. In line with relevant BRSA regulations, the Department monitored, updated and tested processes related to the Management Declaration.

Work on the reviews of projects by the Bank and its affiliates as project stakeholder was carried out during the year. Opinions and approvals were provided on scope documents related to the new products and processes.

Risk Management Group
The Risk Management Group is responsible for identifying and measuring risks; creating and implementing risk policies and procedures; analyzing, monitoring, reporting, investigating, confirming and auditing risks; and coordinating efforts under the risk appetite statement, in line with the principles approved by the Board of Directors.

The Risk Management Group had 22 employees as of December 31, 2020. The Risk Management Group's Market and Interest Rate Risk Department measures market risk, interest risk and liquidity risk, continually reviews the analyses and methods utilized, oversees compliance with risk tolerance as defined by the Board of Directors, and reports to the relevant units, Assets and Liabilities Committee and the Audit and Risk 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 legally prescribed limits and regulations, advanced practices, and the Bank's own requirements. Risk limits determined by the Board of Directors for the risk types in question are reviewed annually.

Credit Risk Control and Risk Models Validation Department coordinates the compliance of the Bank with the legal regulations regarding credit risk and the processes related to internal capital assessment and stress tests in line with the strategic plan of the Bank. The Department is involved in processes regarding the design and development of credit risk models and is responsible for the control of processes related to the assignment of credit risk ratings of corporate, commercial and OBI segment customers. The Validation Unit under the department is responsible for the model validation processes in order to keep under control the model risk that may arise from the design, development and implementation of risk measurement models.

The operational risk incidents are regularly recorded by the Operational Risk Management Department and periodical reports are submitted to the managers of the relevant business lines. Business continuity plans are regularly updated, tested and preventive measures are taken as needed.

INFORMATION SECURITY AND INFORMATION TECHNOLOGIES RISK MANAGEMENT GROUP

The Information Security and Information Technologies Risk Management Group is responsible for coordinating, communicating and monitoring DenizBank's information security processes as well as the Bank's risk management activities related to information technologies. The Group carries out its governance activities with the "business enabler" approach to ensure that the Bank's business processes and operations are conducted effectively.

The Group is comprised of the Information Security Program and Risk Management, Data Governance and Fraud Management teams. The Information Security and Information Technologies Risk Management Group is managed by the CISO and reports to DenizBank Board of Directors.

The Group ensures that DenizBank's operations under:

- Information Security Program and Risk Management,
- Data Governance, and
- Fraud Management

are carried out in coordination and synergy with the Bank's other business lines.

The Bank keeps close watch on customer behavior and IT security structures that evolve as technology advances, and upgrades its relevant processes. DenizBank manages risks arising from digitalization in the most effective way. The Bank is committed to instilling confidence in our future in the digital world, which has become an indispensable part of our corporate and individual lives.

Today, security processes are made much more dynamic and the new feature publishing cycle is now significantly shorter. Efforts aimed at raising the awareness of users and customers against cyber-attacks have been increased.

Internal users and customers are increasingly exposed to cyber security risks with the widespread use of digital devices. These rising threats heighten the risks associated with digital media. Risk detection and prevention activities of the Bank's security units are further enhanced with additional security-related investments. By incorporating new security technologies in its network, DenizBank can receive actionable information early on to address global threats.

The Bank has designed and developed behavior-based security technologies to boost its protection against zero-day attacks. Security risks are minimized by isolating Internet and e-mail access from the surrounding environment. Potential horizontal attacks were prevented by activating micro segmentation on end-user devices.

In 2020, DenizBank conducted coordination and governance of information systems and information security compliance efforts within the scope of the shareholder and subsidiaries. Findings follow-up and action processes were included in a holistic framework for all information security related processes. Coordination of these processes and their compliance with international standards (NIST) were overseen by the CISO.

In line with the standards regarding the security of card details under the card payment infrastructure, the Bank created Information Security Awareness Program and its subprocesses.

By performing the central coordination of findings and actions for leak tests and the vulnerability management process, the Bank ensured that findings are rapidly finalized and the number of findings were significantly reduced.

Remote working during the pandemic highlighted the importance of cyber security. The Group conducted studies on protecting data of both Bank personnel and customers and developing measures against cyber threats. These areas in particular were prioritized in coordination with the Bank's IT Security teams.

As part of IT services and processes, DenizBank conducted studies to evaluate operational risk processes in addition to reputational, legal, financial, business continuity, and employee risks. Based on the findings, the Bank formulated an action plan. Risks are monitored and reported with the defined key risk indicator (KRI)s periodically. As a result of the recent audit, IT Risk Management maturity has increased by one notch and was documented as 4 (estimated).

Security enhancement standards were created to identify potential information security risks within the remote working technology infrastructure. Remote Access Information Security Trainings were assigned to all personnel.

Detection mechanisms and restrictive measures against potential data leakage risks were applied to meeting, co-working and messaging platforms, which are used extensively during remote working. Data security/confidentiality letters of undertaking were created for remote working personnel.

Smarter practices are used against fraud incidents by accelerating digitalization processes.

Special arrangements were made for the pandemic and remote working conditions of the Bank's workflows and operational procedures taking regulatory requirements into consideration.

INFORMATION SECURITY AND INFORMATION TECHNOLOGIES RISK MANAGEMENT GROUP

In 2021, the following activities are planned:

- Establishing a security approach fully compliant with NIST standards, especially in IT security and technology management processes, and developing technology applications accordingly;
- Achieving a level of security maturity where DenizBank can operate completely over the Internet as part of security technology efforts;
- Embracing the practice where third-party risks are monitored, managed and measured in a centralized structure in outsourcing processes;
- Automating monitoring mechanisms that inform executive management and committees on information security processes, transferring these mechanisms to BI reporting infrastructures and ensuring that metrics can be monitored through automation;
- Implementing encouraging and informational automation and training efforts to raise awareness of information security;
- Finalizing the investment to prevent fraudulent activities that may occur on digital channels through malware;
- Commissioning of the project to perform identity verification at branches using NFC.

Information Security Program and Risk Management

The Information Security Program and Risk Management Department is responsible for ensuring that information security governance is conducted via a centralized structure within DFSG. The Department also maintains coordination for information security risks as well as communication between other business lines. The Information Security Program and Risk Management Department provides consultancy to the Bank's business lines on information security and related issues and ensures monitoring and coordination of internal information security risks as well as audit and risk findings. In addition, the Department carries out activities as rule setter and consultant as part of information security strategic activities and awareness efforts.

The Information Security Program and Risk Management Department is responsible for other activities, including coordination and moderation of information security stakeholders within DFSG as well as the committees where information security and IT risk issues are addressed. The Department submits the most accurate information to executive management.

In 2020, the Department focused on coordinating compliance within the scope of the Regulation on Banks' Information Systems and Electronic Banking Services.

Information security conditions were determined for outsourcing processes while legal bases were established against potential information risks. Minimization of potential outsourcing risks and risk pre-measurement and monitoring procedures were brought into compliance with the regulation on information security approach.

Efforts to centralize monitoring in the follow-up and coordination of internal and external findings, which are of great importance in terms of the Bank's risks, were carried out for compliance with international standards. All development areas assigned directly or indirectly to CISO can be monitored at a single point. Significant improvements were achieved in terms of taking quick action.

Long-term practices were conducted to achieve alignment in committee and group operation regarding groups and subsidiaries in terms of compliance with the new regulation. DenizBank aimed to create an information security approach where common standards are embraced across the organization.

Data Governance Department

As part of coordinating efforts related to compliance with the Law on Protection of Personal Data, relevant regulations and new regulations to be issued, the Data Governance Department is responsible for setting out the procedures and processes in line with personal data protection policies. The Department conducts the planning, coordination and management of actions that the organization should take as data controller. The Data Governance Department also evaluates internal projects in terms of personal data and data security, and monitors and coordinates personal data storage, deletion and anonymization processes.

In 2020, DenizBank performed a comprehensive review of its business, product and service processes to ensure that personal data of customers is protected as prescribed by applicable laws, rules and regulations. The Bank also carried out efforts related to complying with legal and regulatory requirements.

Fraud Management Department

During the year, the Fraud Management Department focused on boosting customer satisfaction to a higher level. Business operations were made more secure by working closely with business lines responsible for Marketing and Product Management. The Department assumed control over various operational processes that need to be addressed with a risk-oriented approach in order to centralize efforts to mitigate external risks.

With the new customer and device validation methods implemented in digital channels, customers can perform transactions more securely. Improvements were recorded in combating fraud compared to the previous year.

Thanks to collaborations made with mobile operators, digital data started to be used more widely in evaluating credit and card applications. This effort also served to reduce operational costs.

INDEPENDENT AUDITOR REPORT ON THE ANNUAL REPORT

Deloitte.

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(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)
INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the General Assembly of Denizbank A.Ş.

1) Opinion

As we have audited the full set consolidated and unconsolidated financial statements of Denizbank A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") for the period between 01/01/2020–31/12/2020, we have also audited the annual report for the same period.

In our opinion, the consolidated and unconsolidated financial information provided in the Management's annual report and the Management's discussions on the Bank's and Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Bank in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor's Opinion for the Full Set Consolidated and Unconsolidated Financial Statements

We have presented unqualified opinion for the Bank's full set consolidated and unconsolidated financial statements for the period between 01/01/2020–31/12/2020 in our Auditor's Report dated 18 February 2021.

4) Management's Responsibility for the Annual Report

The Bank Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the regulation on "Preparing and Publishing the Annual Report by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333 ("the Communiqué"):

a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
b) Preparing the annual report with the all respects of the Bank's flow of operations for that year and the Bank's financial performance accurately, completely, directly and fairly. In this report, the financial position is assessed in accordance with the financial statements. The Bank's development and risks that the Bank may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
c) The annual report also includes the matters stated below:
- The significant events occurred in the Bank's activities subsequent to the financial year ends,
- The Bank's research and development activities,
- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Banking Regulation and Supervision Agency and the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Yaman Polat.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Yaman Polat
Partner

İstanbul, 4 March 2021

FIVE-YEAR SUMMARY FINANCIAL HIGHLIGHTS

Summary Consolidated Financial Highlights (TL million)

Balance Sheet	2020	2019	2018	2017	2016
Securities(1)	28,317	21,454	14,667	12,464	12,760
Net Loans(2)	167,283	142,786	138,733	114,829	95,023
Cash and Cash Equivalents, Net	53,505	43,634	34,755	28,412	23,414
Total Assets	263,961	217,314	197,311	160,423	135,554
Customer Deposits(3)	167,467	154,459	137,264	107,429	90,621
Time	115,918	118,622	107,075	84,539	71,734
Demand	51,550	35,837	30,188	22,890	18,887
Borrowings(4)	25,986	15,187	16,362	14,680	11,259
Securities Issued(4)	3,169	4,215	3,988	3,673	3,491
Sub-ordinated Loans	5,917	7,037	6,274	5,262	5,484
Shareholders' Equity	23,027	17,749	15,505	12,853	10,590
Paid-In Capital	5,696	3,316	3,316	3,316	3,316
Non-Cash Loans	42,825	34,473	33,678	28,371	28,782

Income Statements	2020	2019	2018	2017	2016
Interest Income	18,712	20,042	17,877	12,824	10,087
Interest Expense	-7,739	-11,648	-10,842	-6,543	-4,985
Net Interest Income After Provisions	3,337	2,156	4,136	4,337	3,299
Non-Interest Income	4,939	5,069	3,172	1,885	1,865
Non-Interest Expense	-5,913	-5,509	-4,609	-3,730	-3,339
Tax Expense	-497	-407	-495	-590	-425
Net Income	1,866	1,308	2,204	1,902	1,401

Other Highlights	2020	2019	2018	2017	2016
Number of Branches(5)	730	751	754	740	737
Number of Employees	14,040	14,343	13,822	14,136	14,832
Number of ATMs	3,140	3,029	2,917	3,055	2,660
Number of POS Terminals	196,001	132,860	126,063	171,117	200,756
Number of Credit Cards	5,255,685	4,865,643	4,431,557	3,999,068	3,572,969

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.

(1) It is the sum of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost. 2018 figure has been made compatible with 2019 figure.
(2) Includes factoring and leasing receivables. 2018 figure has been made compatible with 2019 figure.
(3) Excludes bank deposits
(4) Securities issued by Special Purpose Entity DFS Funding Corp. are reported under Securities Issued.
(5) Includes subsidiaries' branches

Summary Unconsolidated Financial Highlights (TL million)

Balance Sheet	2020	2019	2018	2017	2016
Securities(1)	21,268	17,812	14,201	11,999	11,561
Net Loans (2)	120,907	96,955	86,852	76,105	61,820
Cash and Cash Equivalents, Net	26,822	21,326	18,084	21,623	20,729
Total Assets	199,256	156,478	137,658	121,048	103,159
Customer Deposits(3)	109,207	97,328	81,271	69,163	59,525
Time	77,664	77,061	66,237	56,661	47,716
Demand	31,544	20,268	15,034	12,502	11,809
Borrowings	23,377	14,367	15,213	13,884	10,751
Securities Issued	2,725	2,461	1,792	1,465	1,153
Sub-ordinated Loans	5,917	7,037	6,274	5,262	5,484
Shareholders' Equity	22,889	17,720	15,445	12,813	10,562
Paid-In Capital	5,696	3,316	3,316	3,316	3,316
Non-Cash Loans	42,729	34,156	32,296	27,778	28,522

Income Statements	2020	2019	2018	2017	2016
Interest Income	15,840	16,868	14,657	10,592	8,338
Interest Expense	-6,755	-10,415	-9,659	-5,733	-4,285
Net Interest Income after Provisions	2,404	845	2,181	2,972	2,308
Non-Interest Income	4,280	4,732	2,754	1,646	1,640
Non-Interest Expense	-5,183	-4,888	-4,084	-3,343	-3,000
Profit from Investments Accounted Under Equity Method	591	789	1,440	952	699
Tax Expense	-298	-141	-109	-347	-238
Net Income	1,793	1,336	2,183	1,880	1,409

Other Highlights	2020	2019	2018	2017	2016
Number of Branches	696	708	711	697	694
Number of Employees	11,932	12,279	11,786	12,257	12,938
Number of ATMs	3,140	3,029	2,917	3,055	2,660
Number of POS Terminals	196,001	132,860	126,063	171,117	200,756
Number of Credit Cards	5,255,685	4,865,643	4,431,557	3,999,068	3,572,969

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 November 1, 2006 which is published in the Official Gazette No.26333, Turkish Accounting Standards and Turkish Financial Reporting Standards.

(1) It is the sum of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost. 2018 figure has been made compatible with 2019 figure.
(2) 2018 figure has been made compatible with 2019 figure.
(3) Excludes bank deposits

ASSESSMENT OF FINANCIAL POSITION

Shareholders' Equity and Capital Adequacy (TL million)	Consolidated		
	2020	2019	2018
Capital Adequacy Ratio (%)	16.23	14.33	14.93
Shareholders' Equity	23,027	17,749	15,505
Return on Average Equity (%)	8.87	7.86	15.43
Non-performing Loans/Total Cash Loans Ratio (%)	7.02	7.54	4.56

Shareholders' Equity and Capital Adequacy (TL million)	Unconsolidated		
	2020	2019	2018
Capital Adequacy Ratio (%)	18.67	17.69	19.49
Shareholders' Equity	22,889	17,720	15,445
Return on Average Equity (%)	8.55	8.05	15.29
Non-performing Loans/Total Cash Loans Ratio (%)	8.86	10.45	6.38

CAPITAL MARKET INSTRUMENTS ISSUED BY DFSG

DenizBank

ISIN	Type	Amount-TL	Maturity	Issue Date	Maturity Date
TRFDZBK32049	Bill	96,000,000.00	84	3.01.2020	27.03.2020
TRFDZBK32056	Bill	510,000,000.00	70	17.01.2020	27.03.2020
TRFDZBK42055	Bill	160,000,000.00	66	11.02.2020	17.04.2020
TRFDZBK42063	Bill	255,000,000.00	63	14.02.2020	17.04.2020
TRFDZBK42014	TLREF Indexed Floating Rate Note	270,000,000.00	112	3.01.2020	24.04.2020
TRFDZBK42022	Bill	338,000,000.00	91	24.01.2020	24.04.2020
TRFDZBK42030	Bill	175,000,000.00	84	31.01.2020	24.04.2020
TRFDZBK42048	Bill	50,000,000.00	74	10.02.2020	24.04.2020
TRFDZBK52013	Bill	84,000,000.00	91	21.02.2020	22.05.2020
TRFDZBK52021	Bill	58,000,000.00	84	28.02.2020	22.05.2020
TRFDZBK52039	Bill	40,000,000.00	79	4.03.2020	22.05.2020
TRFDZBK52054	Bill	60,000,000.00	72	11.03.2020	22.05.2020
TRFDZBK52062	Bill	200,000,000.00	63	27.03.2020	29.05.2020
TRFDZBK52070	Bill	25,000,000.00	56	3.04.2020	29.05.2020
TRFDZBK62020	Bill	690,000,000.00	54	24.04.2020	17.06.2020
TRFDZBK62012	Bill	440,000,000.00	91	27.03.2020	26.06.2020
TRFDZBK62038	Bill	64,000,000.00	57	30.04.2020	26.06.2020
TRFDZBK72029	Bill	95,000,000.00	91	3.04.2020	3.07.2020
TRFDZBK72037	Bill	460,000,000.00	77	17.04.2020	3.07.2020
TRFDZBK72052	Bill	64,000,000.00	58	6.05.2020	3.07.2020
TRFDZBK72060	Bill	70,000,000.00	56	8.05.2020	3.07.2020
TRFDZBK72078	Bill	35,000,000.00	52	12.05.2020	3.07.2020
TRFDZBK72086	Bill	25,000,000.00	63	15.05.2020	17.07.2020
TRFDZBK72094	Bill	191,000,000.00	56	22.05.2020	17.07.2020
TRFDZBK72045	Bill	336,000,000.00	85	30.04.2020	24.07.2020
TRFDZBK720A8	Bill	24,000,000.00	56	29.05.2020	24.07.2020
TRFDZBK82010	TLREF Indexed Floating Rate Note	105,000,000.00	182	12.02.2020	12.08.2020
TRFDZBK82028	TLREF Indexed Floating Rate Note	120,000,000.00	177	17.02.2020	12.08.2020
TRFDZBK82085	Bill	45,000,000.00	92	12.05.2020	12.08.2020
TRFDZBK82093	Bill	15,000,000.00	89	15.05.2020	12.08.2020
TRFDZBK82036	Bill	61,000,000.00	175	21.02.2020	14.08.2020
TRFDZBK82044	Bill	15,000,000.00	168	28.02.2020	14.08.2020
TRFDZBK82051	Bill	50,000,000.00	163	4.03.2020	14.08.2020
TRFDZBK82069	Bill	31,000,000.00	162	5.03.2020	14.08.2020
TRFDZBK82077	Bill	24,000,000.00	156	11.03.2020	14.08.2020
TRFDZBK92019	TLREF Indexed Floating Rate Note	216,000,000.00	177	11.03.2020	4.09.2020
TRFDZBK92027	Bill	65,000,000.00	175	3.04.2020	25.09.2020
TRFDZBK92035	Bill	80,000,000.00	161	17.04.2020	25.09.2020
TRFDZBK92043	Bill	605,000,000.00	154	24.04.2020	25.09.2020
TRFDZBKE2048	Bill	80,000,000.00	61	14.08.2020	14.10.2020
TRFDZBKE2014	Bill	324,000,000.00	147	22.05.2020	16.10.2020
TRFDZBKE2022	Bill	101,000,000.00	140	29.05.2020	16.10.2020
TRFDZBKE2030	Bill	93,500,000.00	104	16.07.2020	28.10.2020
TRFDZBKK2024	Bill	8,000,000.00	101	28.07.2020	6.11.2020
TRFDZBKK2040	Bill	10,000,000.00	84	14.08.2020	6.11.2020
TRFDZBKK2073	Fixed Rate Coupon Bill	17,000,000.00	70	28.08.2020	6.11.2020
TRFDZBKK2032	Bill	10,000,000.00	91	12.08.2020	11.11.2020
TRFDZBKK2081	Fixed Rate Coupon Bill	100,000,000.00	70	2.09.2020	11.11.2020
TRFDZBKK2099	Fixed Rate Coupon Bill	195,000,000.00	68	4.09.2020	11.11.2020
TRFDZBKK2057	TLREF Indexed Floating Rate Note	65,000,000.00	91	21.08.2020	20.11.2020
TRFDZBKK2065	TLREF Indexed Floating Rate Note	110,000,000.00	86	26.08.2020	20.11.2020
TRFDZBKA2018	Bill	105,000,000.00	184	3.06.2020	4.12.2020
TRFDZBKA2091	Bill	51,000,000.00	70	25.09.2020	4.12.2020
TRFDZBKA2026	Bill	25,000,000.00	203	5.06.2020	25.12.2020
TRFDZBKA2034	Bill	50,000,000.00	198	10.06.2020	25.12.2020
TRFDZBKA2042	Fixed Rate Coupon Bill	102,000,000.00	195	16.06.2020	28.12.2020
TRFDZBKA20B8	Bill	10,000,000.00	73	16.10.2020	28.12.2020
TRFDZBKA2083	Bill	11,600,000.00	110	11.09.2020	30.12.2020
TRFDZBKA20A0	Bill	7,000,000.00	96	25.09.2020	30.12.2020
TRFDZBK22115	Bill	71,500,000.00	211	16.07.2020	12.02.2021
TRFDZBK22149	Bill	250,000,000.00	183	17.08.2020	16.02.2021
TRFDZBK22131	Bill	85,000,000.00	182	18.08.2020	16.02.2021
TRFDZBK32148	Bill	10,000,000.00	210	7.08.2020	5.03.2021
TRFDZBK32155	TLREF Indexed Floating Rate Note	300,000,000.00	105	20.11.2020	5.03.2021
TRFDZBK32114	Fixed Rate Coupon Bill	110,000,000.00	268	17.06.2020	12.03.2021
TRFDZBK32171	TLREF Indexed Floating Rate Note	100,000,000.00	105	27.11.2020	12.03.2021
TRFDZBK32122	Fixed Rate Coupon Bill	51,000,000.00	240	22.07.2020	19.03.2021
TRFDZBK32130	Fixed Rate Coupon Bill	76,000,000.00	238	24.07.2020	19.03.2021
TRFDZBK32189	TLREF Indexed Floating Rate Note	150,000,000.00	105	4.12.2020	19.03.2021
TRFDZBK62111	Bill	400,000,000.00	364	11.06.2020	10.06.2021
TRSDZBK72121	Fixed Rate Coupon Bill	75,000,000.00	386	23.06.2020	14.07.2021
TRSDZBK72139	Fixed Rate Coupon Bond	100,000,000.00	383	26.06.2020	14.07.2021
TRSDZBK72147	Fixed Rate Coupon Bond	45,000,000.00	378	1.07.2020	14.07.2021
TRSDZBKK2110	Fixed Rate Coupon Bond	35,000,000.00	478	22.07.2020	12.11.2021
TRSDZBK12218	Bond	440,000,000.00	567	3.07.2020	21.01.2022
TRSDZBK12226	Bond	285,000,000.00	562	8.07.2020	21.01.2022
TRSDZBK22217	Bond	5,000,000.00	595	10.07.2020	25.02.2022
TRSDZBK52214	Bond	42,000,000.00	668	28.07.2020	27.05.2022
TOTAL TL-Bill		10,352,600,000.00			

CAPITAL MARKET INSTRUMENTS ISSUED BY DFSG

DenizLeasing

ISIN	Type	Amount-TL	Maturity	Issue Date	Maturity Date
TRFDNFK42011	Bill	400,000,000.00	91	10.01.2020	10.04.2020
TRFDNFK42029	Bill	85,000,000.00	90	31.01.2020	30.04.2020
TRFDNFK62019	Bill	160,000,000.00	77	20.03.2020	5.06.2020
TRFDNFK62027	Bill	42,000,000.00	51	15.04.2020	5.06.2020
TRFDNFK72018	Bill	250,500,000.00	98	10.04.2020	17.07.2020
TRFDNFK92016	Bill	85,000,000.00	161	10.04.2020	18.09.2020
TRFDNFK92024	Bill	78,000,000.00	156	15.04.2020	18.09.2020
TRFDNFKE2022	Bill	135,000,000.00	84	17.07.2020	9.10.2020
TRFDNFKE2014	Bill	110,000,000.00	110	10.07.2020	28.10.2020
TRFDNFKK2016	Bill	20,300,000.00	86	19.08.2020	13.11.2020
TRFDNFKA2026	Bill	177,000,000.00	84	18.09.2020	11.12.2020
TRFDNFK12121	Bill	100,000,000.00	77	30.10.2020	15.01.2021
TRFDNFK12139	Bill	57,000,000.00	77	6.11.2020	22.01.2021
TRFDNFK32111	TLREF Indexed Floating Rate Note	50,000,000.00	105	2.12.2020	17.03.2021
TRFDNFK32111	TLREF Indexed Floating Rate Note	60,000,000.00	105	11.12.2020	26.03.2021
TOTAL TL-Bill		1,809,800,000.00			

DenizFactoring

ISIN	Type	Amount-TL	Maturity	Issue Date	Maturity Date
TRFDZFK62013	Bill	145,000,000.00	91	20.03.2020	19.06.2020
TRFDZFK72020	Bill	22,000,000.00	93	8.04.2020	10.07.2020
TRFDZFK72038	Bill	100,000,000.00	70	20.05.2020	29.07.2020
TRFDZFKE2010	Bill	60,000,000.00	177	8.04.2020	2.10.2020
TRFDZFKE2028	Bill	130,000,000.00	109	6.07.2020	23.10.2020
TRFDZFKK2012	Bill	28,000,000.00	107	29.07.2020	13.11.2020
TRFDZFKK2012	Bill	18,400,000.00	86	19.08.2020	13.11.2020
TRFDZFKA2014	Bill	79,000,000.00	68	2.10.2020	9.12.2020
TRFDZFK12117	Bill	27,000,000.00	98	23.10.2020	29.01.2021
TRFDZFK12125	Bill	25,000,000.00	77	13.11.2020	29.01.2021
TRFDZFK32115	TLREF Indexed Floating Rate Note	55,000,000.00	84	9.12.2020	3.03.2021
TOTAL TL-Bill		689,400,000.00			

DenizREIT

ISIN	Type	Amount-TL	Maturity	Issue Date	Maturity Date
TRFDZYO52017	Bill	145,000,000.00	91	7.02.2020	8.05.2020
TRFDZYO62016	Bill	132,000,000.00	91	13.03.2020	12.06.2020
TRFDZYO82014	Bill	43,000,000.00	168	13.03.2020	28.08.2020
TRFDZYO92013	Bill	260,000,000.00	96	19.06.2020	23.09.2020
TRFDZYOA2017	Bill	96,000,000.00	84	23.09.2020	16.12.2020
TRFDZYO32126	TLREF Indexed Floating Rate Note	67,000,000.00	84	16.12.2020	10.03.2021
TRFDZYO32118	TLREF Indexed Floating Rate Note	41,850,000.00	364	23.03.2020	22.03.2021
TOTAL TL-Bill		784,850,000.00			

DenizInvest

ISIN	Type	Amount-TL	Maturity	Issue Date	Maturity Date
TRFDNZY32011	Bill	50,000,000.00	63	22.01.2020	25.03.2020
TRFDNZY92015	Bill	150,000,000.00	70	8.07.2020	16.09.2020
TRFDNZYA2018	Bill	50,000,000.00	170	1.07.2020	18.12.2020
TOTAL TL-Bill		250,000,000.00			

DENIZBANK RATINGS BY INTERNATIONAL RATING AGENCIES

Moody's*	
Outlook	Negative
Long Term Foreign Currency Deposits	B3
Short Term Foreign Currency Deposits	Not Prime
Long Term Local Currency Deposits	B3
Short Term Local Currency Deposits	Not Prime
Baseline Credit Assessment (BCA)	caa1

** As of 10.12.2020*

Fitch Ratings**	
Outlook	Negative
Long Term Foreign Currency	B+
Short Term Foreign Currency	B
Long Term Local Currency	BB-
Short Term Local Currency	B
Viability	b+
Support	4
National	AA(tur)(Stable)

*** As of 01.09.2020*

(Convenience Translation of the Independent Auditor's Report Originally Prepared and Issued in Turkish See Note 3.I.c)

DENİZBANK ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S REPORT, UNCONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED 31 DECEMBER 2020

DRT Bağımsız Denetim ve
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Mersis No :0291001097600016
Ticari Sicil No: 304099

Convenience Translation of the Auditor's Report Originally Issued in Turkish (See Note I in Section Three)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Denizbank AŞ.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the unconsolidated financial statements of Denizbank AŞ (the "Bank"), which comprise the unconsolidated balance sheet as at 31 December 2020, and the unconsolidated statement of income, unconsolidated statement of income and expense items accounted for under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and, notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Opinion

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matters	How the matter was addressed in the audit
Impairment of loans in accordance with TFRS 9	As part of our audit work, the following procedures were performed:

Impairment of loans is a key area of judgment for the management. The Bank has the total loans amounting to TL 135.018.497 thousands, which comprise 68% of the Bank's total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 14.111.444 as at 31 December 2020.

As of 1 January 2018, the Bank has started to recognize provisions for impairment in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750

In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies has been changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

The Bank exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans.

In addition, the impairment of loans and receivables includes important estimates and assumptions about the effects of the COVID 19 pandemic.

A significant part of the Bank's corporate loan portfolio has been assessed individually. This situation requires significant judgments in the calculation of the expected loan loss provision.

Not fullfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.

Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.d.

We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.

We have assessed and analysed the relevant contract terms to assess management's accounting policy and classification of the instrument for selected samples.

We have performed loan review procedures on selected samples of loans and receivables by taking into account the effects of COVID 19 pandemic with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.

We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the renewed assumptions are appropriately reflected with the COVID 19 effect, whether the assumptions appropriately reflect current market information and collections, and whether the asumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.

We have tested historical loss data to validate the completeness and accuracy of key parameters.

We have tested whether the model is applied to appropriate groupings of assets which share credit risk characteristics.

We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.

Based on our discussions with the Bank Management, we evaluated whether the key assumptions and other judgements, including COVID 19 impact, those are the basis for the impairment estimations are reasonable.

We assessed whether the expected credit losses determined based on individual assessment per Bank's policy are reasonable by means of supporting data including COVID 19 impact and evaluated appropriateness within the framework of our discussions with management.

Our specialists are involved in all procedures ragarding assumptions of collective model and individual assessment.

We have reviewed disclosures presented in the unconsolidated financial statements within the framework of TFRS 9 with respect to loans and receivables and related impairment provisions.

Deloitte.

Key Audit Matters	How the matter was addressed in the audit
Information Technologies Audit	

The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.

Procedures within the context of our information technology audit work:

- We identified and tested the Banks' controls over information systems with risk based approach as part of our audit procedures.
- Information generation comprise layers of information systems that are important for unconsolidated financial statements (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas:
  - Access Security
  - Change Management
  - Data Center and Network Operations
- We selected high-risk areas as log management for database and change management control activities, to prevent and detect whether accesses to financial data had been identified on a timely manner.
- We tested accesses management and log management controls underlying all applications that have direct or indirect impacts on financial data generation.
- Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.
- We also tested the completeness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.
- Also, we understood and tested the controls over database, network, application and operating system layers of applications.

4) Other Matter

The unconsolidated financial statements of the Bank for the year ended 31 December 2019 was audited by another auditor who expressed an unqualified opinion on 20 February 2020.

5) Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Regulations, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Deloitte.

6) Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Responsibilities Arising From Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January - 31 December 2020 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Yaman Polat.

Additional Paragraph for English Translation

The effect of the differences between the accounting principles summarized in Section 3 and the 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 and reflected in the accompanying unconsolidated financial statements. The accounting principles used in the preparation of the accompanying unconsolidated financial statements differ materially from IFRS. Accordingly, the accompanying unconsolidated financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Yaman Polat, SMMM
Partner

İstanbul, 18 February 2021

DENİZBANK A.Ş.
UNCONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2020

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

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

Website of the Bank
www.denizbank.com

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

The 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:

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 2021

HAKAN ELVERDİ	RUSLAN ABİL	HAKAN ATEŞ	HESHAM ABDULLA QASSIM ALQASSIM
Senior Vice President Financial Reporting And Accounting	Executive Vice President Financial Affairs	Member of Board of Directors and President and Chief Executive Officer	Chairman of Board of Directors
JONATHAN EDWARD MORRIS	NİHAT SEVİNÇ		
Member of Board of Directors and Audit Committee	Member of Board of Directors and Audit Committee		

Contact information for questions on this financial report:
Name/Title: İmge İhtiyar / Department Head, International Reporting and Consolidation Department
Tel No: 0 212 348 5997
Fax No: 0 212 336 6186

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

SECTION ONE
GENERAL INFORMATION

I. History of the Bank including its incorporation date, initial status, amendments to legal status

Denizbank A.Ş. ("the Bank") 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 the receipt of its official authorisation. Bank's shares have been quoted on Borsa Istanbul ("BIST") on 1 October 2004.

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, and Dexia Participation Belgique SA's partnership share has reached 99,85% with subsequent acquisitions following the share transfer.

On 27 December 2012, 99,85% of the Bank's shares were transferred from Dexia Group to Sberbank of Russia ("Sberbank") with a total purchase price of TL 6,90 billion (Euro 2,98 billion).

On 22 May 2018, Emirates NBD Bank PJSC (Emirates NBD) and Sberbank of Russia (Sberbank) signed a definite contract regarding the sales of 99,85% share of the Bank held by Sberbank and with the "Renewed Contract" signed on 2 April 2019, the parties have reached an agreement to the amount of TL 15,48 billion within the rearranged framework regarding the total amount of the relevant shares based on the consolidated equity of the Bank amounting to TL 15,51 billion. Upon obtaining the approvals of the regulatory authorities of Turkey, Russia, United Arab Emirates and the other countries where the Bank operates, the share transfer was completed on 31 July 2019.

As of 31 July 2019, as a result of ENBD's acquisition of 99,85% of DenizBank's shares, obligations arose for ENBD to make mandatory tender offer (MTO) for the Bank as per the provisions of the Capital Markets Board's (CMB) Communiqué on Takeover Bids (II-26.1); and sell-out right; the Bank's shareholders other than ENBD got the right to sell their shares to ENBD as per the provisions of the CMB's Communiqué on Squeeze Out and Selling Rights (II-27.2).

Within the scope of the Communiqué on Squeeze Out and Selling Rights, the rights to sell were used by other shareholders within the three-month sell-out right-ending period between 1 August 2019 and 31 October 2019. Upon completion of the three-month sell-out right-ending period on 31 October 2019, ENBD applied to the Bank on 3 November 2019, requesting the exclusion of other shareholders, who did not use their right to sell. In this context, in the process of ENBD's exercising its right to squeeze out and removing it from the BIST; regarding the amendment of Article 6 of the Bank's articles of association and the capital decrease by canceling 1.426.214,154 public shares of other shareholders who do not use the Bank's right to sell, and making capital allocation to the ENBD simultaneously with the shares issued against these shares. Necessary regulatory approvals were obtained and were approved at the Extraordinary General Assembly Meeting held on 12 December 2019. The "Issuance Document" approved by the CMB with the decisions of the mentioned General Assembly Meeting was registered in the trade registry on 13 December 2019.

Within the scope of Central Registry Agency application, the shares of the shareholders other than the controlling shareholder were canceled, the newly issued shares were transferred to the controlling shareholder account and TL 21,2, which is the price determined in accordance with the CMB regulations, was paid to the shareholders on 13 December 2019. At the end of this transaction, the share of ENBD in the Bank has reached to 100%. Following the completion of the process, the Bank's shares were removed from the stock market as of 16 December 2019.

At the Board of Directors' meeting dated 9 January 2020, it has been decided to be submitted to the approval of the General Assembly for the increase of the full TL 3.316.100.000 paid-in capital of the Bank by full TL 2.380.000.000 in cash, and amending the Article 6 titled "Capital of the Bank" of the Articles of Association of the Bank. The amendment was approved in the Extraordinary General Assembly Meeting held on 3 February 2020. The total capital increase amounting to full 2.380.000.000 was paid in cash by ENBD before the registration of the capital increase.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

II. Capital structure of the Bank, shareholders holding directly or indirectly, individually or collectively, the management and supervision of the Bank changes in these matters during the year, if any and the explanation regarding the Group that the Bank is involved

Current Period (*) Name of the Shareholder	Amount (Full TL)	Share (%)
Emirates NBD Bank PJSC	5.696.099.996	100,00
Other	4	--
Total	5.696.100.000	100,00

Prior Period (*) Name of the Shareholder	Amount (Full TL)	Share (%)
Emirates NBD Bank PJSC	3.316.099.996	100,00
Other	4	--
Total	3.316.100.000	100,00

(*) Explanation is given in Section One, note I.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

III. Explanations regarding the chairman and the members of board of directors, members of audit committee, general manager and executive vice presidents, if any, their shareholdings and areas of responsibility in the Bank

Name	Title	Shares owned (%)
Chairman of the Board of Directors		
Hesham Abdulla Qassim Alqassim	Chairman	--
Board of Directors [1] [2]		
Mohamed Hadi Ahmed Abdulla Alhussaini	Deputy Chairman	--
Nihat Sevinç	Deputy Chairman	--
Hakan Ateş	Member and CEO	--
Deniz Ülke Arıboğan	Member	--
Derya Kumru	Member	--
Shayne Keith Nelson	Member	--
Jonathan Edward Morris	Member	--
Tanju Kaya [1]	Member	--
Audit Committee [2]		
Nihat Sevinç	Member	--
Jonathan Edward Morris	Member	--
Executive Vice Presidents		
Bora Böcügöz	Treasury and Financial Institutions	--
Ruslan Abil	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Mustafa Özel	Branch and Central Operations	--
İbrahim Şen	Credit Follow-up and Risk Monitoring	--
Mehmet Aydoğdu	Corporate and Commercial Banking	--
Cem Demirağ	Head of Internal Control Unit and Compliance	--
Ali Murat Dizdar	Chief Legal Advisor	--
Ayşenur Hıçkıran	Payment Systems and Non-Branch Channels	--
Selim Efe Teoman	Corporate and Commercial Credits	--
Ramazan Işık	Head of Internal Audit	--
Murat Kulaksız	SME Banking and Public Financing	--
Necip Yavuz Elkin	Human Resources and Deniz Academy	--
Burak Koçak	Agricultural Banking	--
Oğuzhan Özark	Retail Banking	--
Cemil Cem Önenç	Private Banking and Investment Group	--
Sinan Yılmaz	Head of Risk Management Group	--
Edip Kürşad Başer	Credit Policy and Retail, SME, Agricultural Banking Credits Allocation	--
Verda Beril Yüzer Oğuz	Financial Institutions	--
Hayri Cansever	Secretariat General and Foreign Subsidiaries	--
Umut Özdoğan	Digital Transformation, CRM and Process Management	--

[1] Timur Kozinstev, previously acting as member of Board of Director of the Bank, has resigned as of 14 February 2020. Tanju Kaya, who has been the Executive Vice President responsible for the Administrative Services and Investment Group, is appointed to the vacant membership of the Board of Directors as of 1 April 2020.

[2] Wouter G.M. Van Roste is appointed as the General Manager of Denizbank AG, one of the subsidiaries of the Bank, has resigned from his membership of the Board of Directors and membership of the Audit and Risk Committee positions.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

IV. Explanations regarding the persons and institutions that have qualified shares in the Bank

Commercial Title	Share Amounts	Share Percentages	Paid-in Capital	Unpaid Capital
Emirates NBD Bank PJSC	5.696.100	100%	5.696.100	--

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

As of 31 December 2020 the capital structure of ENBD is as follows:

Shareholders	Share Percentages
Investment Corporation of Dubai	55,76 %
Capital Assets LLC	5,33 %
Publicly traded	38,91 %
Total	**100,00 %**

V. Type of services of the Bank and summary information including the areas of activity

The Bank is a private sector deposit bank which provides banking services to its customers through 695 domestic brances and 1 foreign branch as of 31 December 2020.

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,
- Participating, undertaking the management and performing control activities in domestic and foreign entities and banks, financial institutions and all kinds of investment partnerships by obtaining the permission of the Banking Regulation and Supervision Agency in accordance with the Banking Law, by purchasing its shares or share certificates,
- Conducting all kinds of insurance agency transactions in domestic and abroad and signing insurance agency agreements with insurance companies for this purpose.

Apart from the above-mentioned activities, in case different activities deemed advantageous and necessary for the Bank 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 Bank will be able to implement activities after the relevant decision is made by General Assembly.

VI. Existing or potential, actual and legal barriers to immediate transfer of capital or repayment of debts between the Bank and its subsidiaries

None.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

I. Unconsolidated Statement of Financial Position (Balance Sheet)
II. Unconsolidated Statement of Off-Balance Sheet Items
III. Unconsolidated Statement of Profit or Loss
IV. Unconsolidated Statement of Profit or Loss and Other Comprehensive Income
V. Unconsolidated Statement of Changes in Shareholders' Equity
VI. Unconsolidated Statement of Cash Flows
VII. Unconsolidated Profit Distribution Table

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

	ASSETS	Note	Audited CURRENT PERIOD (31/12/2020)			Audited PRIOR PERIOD (31/12/2019)		
			TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		11.849.445	31.678.181	43.527.626	11.569.921	22.663.741	34.233.662
1.1	**Cash and Cash Equivalents**		4.597.347	22.224.882	26.822.229	4.453.603	16.872.090	21.325.693
1.1.1	Cash and Balances with Central Bank	(5.I.a)	2.252.630	20.337.667	22.590.297	1.530.563	15.176.907	16.707.470
1.1.2	Banks	(5.I.a)	506.117	1.887.215	2.393.332	1.902.789	1.695.183	3.597.972
1.1.3	Due From Money Markets		1.838.716	-	1.838.716	1.020.321	-	1.020.321
1.1.4	Expected Credit Loss (-)		116	-	116	70	-	70
1.2	**Financial Assets at Fair Value Through Profit or Loss**	(5.I.b)	55.175	735.685	790.860	2.196	485.622	487.818
1.2.1	Government Debt Securities		14.539	63.953	78.492	1.649	3.050	4.699
1.2.2	Equity Instruments		-	219.080	219.080	-	153.472	153.472
1.2.3	Other Financial Assets		40.636	452.652	493.288	547	329.100	329.647
1.3	**Financial Assets at Fair Value Through Other Comprehensive Income**	(5.I.c)	6.156.688	7.058.091	13.214.779	6.147.636	4.585.646	10.733.282
1.3.1	Government Debt Securities		6.156.222	6.695.407	12.851.629	6.069.466	4.368.825	10.438.291
1.3.2	Equity Instruments		466	-	466	78.170	-	78.170
1.3.3	Other Financial Assets		-	362.684	362.684	-	216.821	216.821
1.4	**Derivative Financial Assets**		1.040.235	1.659.523	2.699.758	966.486	720.383	1.686.869
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss	(5.I.b)	1.040.235	1.659.523	2.699.758	966.486	720.383	1.686.869
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(5.I.j)	-	-	-	-	-	-
II.	**OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)**		87.198.723	40.969.691	128.168.414	68.905.450	34.640.139	103.545.589
2.1	**Loans**	(5.I.d)	92.499.646	42.518.851	135.018.497	72.540.303	33.260.324	105.800.627
2.2	**Lease Receivables**	(5.I.i)	-	-	-	-	-	-
2.3	**Factoring Receivables**		-	-	-	-	-	-
2.4	**Financial Assets Measured at Amortised Cost**	(5.I.e)	4.109.356	3.152.687	7.262.043	4.037.660	2.553.542	6.591.202
2.4.1	Government Debt Securities		4.109.356	3.152.687	7.262.043	4.037.660	2.553.542	6.591.202
2.4.2	Other Financial Assets		-	-	-	-	-	-
2.5	**Expected Credit Loss (-)**		9.410.279	4.701.847	14.112.126	7.672.513	1.173.727	8.846.240
III.	**NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)**	(5.I.o)	-	-	-	-	-	-
3.1	Held for Sale		-	-	-	-	-	-
3.2	Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**		2.692.212	16.108.882	18.801.094	1.997.473	11.298.506	13.295.979
4.1	**Investments in Associates (Net)**	(5.I.f)	12.102	-	12.102	12.102	-	12.102
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		12.102	-	12.102	12.102	-	12.102
4.2	**Subsidiaries (Net)**	(5.I.g)	2.677.310	16.108.882	18.786.192	1.982.571	11.298.506	13.281.077
4.2.1	Unconsolidated Financial Subsidiaries		1.858.688	16.108.882	17.967.570	1.238.673	11.298.506	12.537.179
4.2.2	Unconsolidated Non-Financial Subsidiaries		818.622	-	818.622	743.898	-	743.898
4.3	**Joint Ventures (Net)**	(5.I.h)	2.800	-	2.800	2.800	-	2.800
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		2.800	-	2.800	2.800	-	2.800
V.	**PROPERTY AND EQUIPMENT (Net)**	(5.I.k)	1.051.130	165	1.051.295	993.744	266	994.010
VI.	**INTANGIBLE ASSETS (Net)**	(5.I.l)	346.815	-	346.815	284.468	-	284.468
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		346.815	-	346.815	284.468	-	284.468
VII.	**INVESTMENT PROPERTIES (Net)**	(5.I.m)	-	-	-	-	-	-
VIII.	**CURRENT TAX ASSET**		296.166	-	296.166	204.524	-	204.524
IX.	**DEFERRED TAX ASSET**	(5.I.n)	1.349.707	-	1.349.707	944.376	-	944.376
X.	**OTHER ASSETS (Net)**	(5.I.p)	3.786.277	1.928.342	5.714.619	1.739.574	1.235.846	2.975.420
	TOTAL ASSETS		108.570.475	90.685.261	199.255.736	86.639.530	69.838.498	156.478.028

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

	LIABILITIES	Note	Audited CURRENT PERIOD (31/12/2020)			Audited PRIOR PERIOD (31/12/2019)		
			TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	(5.II.a)	50.006.943	73.359.272	123.366.215	51.877.216	48.421.704	100.298.920
II.	**FUNDS BORROWED**	(5.II.c)	434.148	22.942.361	23.376.509	322.346	14.044.833	14.367.179
III.	**DUE TO MONEY MARKETS**		1.173.512	3.305.635	4.479.147	79.496	345.656	425.152
IV.	**SECURITIES ISSUED (Net)**	(5.II.d)	2.273.039	451.604	2.724.643	2.460.981	-	2.460.981
4.1	Bills		1.523.711	451.604	1.975.315	2.460.981	-	2.460.981
4.2	Assets Backed Securities		-	-	-	-	-	-
4.3	Bonds		749.328	-	749.328	-	-	-
V.	**FUNDS**		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**		283.384	1.867.142	2.150.526	188.867	673.129	861.996
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.II.b)	283.384	1.867.142	2.150.526	188.867	673.129	861.996
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.II.g)	-	-	-	-	-	-
VIII.	**FACTORING LIABILITIES**		-	-	-	-	-	-
IX.	**LEASE LIABILITIES**	(5.II.f)	618.305	2.915	621.220	511.464	3.844	515.308
X.	**PROVISIONS**	(5.II.h)	2.016.427	206.982	2.223.409	1.689.920	97.036	1.786.956
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		516.109	-	516.109	322.514	-	322.514
10.3	Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4	Other Provisions		1.500.318	206.982	1.707.300	1.367.406	97.036	1.464.442
XI.	**CURRENT TAX LIABILITY**	(5.II.i)	252.567	-	252.567	307.039	-	307.039
XII.	**DEFERRED TAX LIABILITIES**	(5.II.i)	-	-	-	-	-	-
XIII.	**NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**	(5.II.j)	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**		-	5.917.420	5.917.420	-	7.037.253	7.037.253
14.1	Loans	(5.II.k)	-	5.917.420	5.917.420	-	7.037.253	7.037.253
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	**OTHER LIABILITIES**	(5.II.e)	5.145.877	6.109.451	11.255.328	3.965.649	6.731.747	10.697.396
XVI.	**SHAREHOLDERS' EQUITY**	(5.II.l)	22.607.184	281.568	22.888.752	17.707.723	12.125	17.719.848
16.1	Paid-in Capital		5.696.100	-	5.696.100	3.316.100	-	3.316.100
16.2	Capital Reserves		77.068	-	77.068	77.068	-	77.068
16.2.1	Share Premium		15	-	15	15	-	15
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		77.053	-	77.053	77.053	-	77.053
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		416.092	-	416.092	733.398	-	733.398
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		2.100.673	281.568	2.382.241	1.057.131	12.125	1.069.256
16.5	Profit Reserves		11.278.754	-	11.278.754	9.942.641	-	9.942.641
16.5.1	Legal Reserves		521.738	-	521.738	454.932	-	454.932
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		10.757.016	-	10.757.016	9.487.709	-	9.487.709
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Income or (Loss)		3.038.497	-	3.038.497	2.581.385	-	2.581.385
16.6.1	Prior Periods' Income or (Loss)		1.245.272	-	1.245.272	1.245.272	-	1.245.272
16.6.2	Current Period Income or (Loss)		1.793.225	-	1.793.225	1.336.113	-	1.336.113
16.7	Minority Shares		-	-	-	-	-	-
	TOTAL LIABILITIES		84.811.386	114.444.350	199.255.736	79.110.701	77.367.327	156.478.028

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

		Note	Audited CURRENT PERIOD (31/12/2020)			Audited PRIOR PERIOD (31/12/2019)		
			TL	FC	Total	TL	FC	Total
A. COMMITMENTS AND CONTINGENCIES (I+II+III)			**106.642.949**	**177.641.492**	**284.284.441**	**76.718.312**	**131.284.648**	**208.002.960**
I.	**GUARANTEES AND WARRANTIES**	(5.III.a)	**12.860.576**	**29.868.791**	**42.729.367**	**10.685.392**	**23.470.167**	**34.155.559**
1.1.	Letters of Guarantee		12.566.878	19.307.776	31.874.654	10.663.838	15.520.265	26.184.103
1.1.1.	Guarantees Subject to Public Procurement Law		-	-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations		79.021	124.588	203.609	79.021	105.025	184.046
1.1.3.	Other Letters of Guarantee		12.487.857	19.183.188	31.671.045	10.584.817	15.415.240	26.000.057
1.2.	Bank Loans		15.250	94.990	110.240	8.000	91.876	99.876
1.2.1.	Import Acceptances		15.250	94.990	110.240	8.000	91.876	99.876
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		13.006	4.831.683	4.844.689	13.546	4.031.742	4.045.288
1.3.1.	Documentary Letters of Credit		-	3.570.421	3.570.421	5.730	3.079.293	3.085.023
1.3.2.	Other Letters of Credit		13.006	1.261.262	1.274.268	7.816	952.449	960.265
1.4.	Guaranteed Refinancing		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees		265.442	5.634.342	5.899.784	8	3.826.284	3.826.292
1.9.	Other Sureties		-	-	-	-	-	-
II.	**COMMITMENTS**	(5.III.a)	**53.867.533**	**10.314.327**	**64.181.860**	**42.440.606**	**10.606.960**	**53.047.566**
2.1.	Irrevocable Commitments		53.328.017	10.314.327	63.642.344	40.552.985	10.606.960	51.159.945
2.1.1.	Forward Asset Purchase Commitments		841.692	4.987.988	5.829.680	1.667.373	4.303.969	5.971.342
2.1.2.	Forward Deposit Purchase and Sale Commitments		-	-	-	-	346.429	346.429
2.1.3.	Capital Commitments to Subsidiaries and Associates		4.000	-	4.000	4.000	-	4.000
2.1.4.	Loan Granting Commitments		17.234.415	-	17.234.415	13.726.695	-	13.726.695
2.1.5.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6.	Payment Commitments for Reserve Deposits		-	-	-	-	-	-
2.1.7.	Payment Commitments for Cheques		2.226.674	-	2.226.674	1.973.081	-	1.973.081
2.1.8.	Tax and Fund Liabilities from Export Commitments		2.023	-	2.023	1.837	-	1.837
2.1.9.	Commitments for Credit Card Expenditure Limits		32.617.301	-	32.617.301	22.664.957	-	22.664.957
2.1.10.	Commitments for Credit Cards and Banking Services Promotions		11.556	-	11.556	6.915	-	6.915
2.1.11.	Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12.	Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13.	Other Irrevocable Commitments		390.356	5.326.339	5.716.695	508.127	5.956.562	6.464.689
2.2.	Revocable Commitments		539.516	-	539.516	1.887.621	-	1.887.621
2.2.1.	Revocable Loan Granting Commitments		538.957	-	538.957	1.887.062	-	1.887.062
2.2.2.	Other Revocable Commitments		559	-	559	559	-	559
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	(5.III.b)	**39.914.840**	**137.458.374**	**177.373.214**	**23.592.314**	**97.207.521**	**120.799.835**
3.1.	Derivative Financial Instruments Held for Risk Management		-	-	-	-	-	-
3.1.1.	Fair Value Risk Hedging Transactions		-	-	-	-	-	-
3.1.2.	Cash Flow Risk Hedging Transactions		-	-	-	-	-	-
3.1.3.	Net Foreign İnvestment Risk Hedging Transactions		-	-	-	-	-	-
3.2.	Transactions for Trading		39.914.840	137.458.374	177.373.214	23.592.314	97.207.521	120.799.835
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		2.693.627	17.354.000	20.047.627	1.255.779	4.154.693	5.410.472
3.2.1.1.	Forward Foreign Currency Transactions-Buy		1.829.976	8.414.678	10.244.654	576.828	2.118.997	2.695.825
3.2.1.2.	Forward Foreign Currency Transactions-Sell		863.651	8.939.322	9.802.973	678.951	2.035.696	2.714.647
3.2.2.	Currency and Interest Rate Swaps		34.012.623	106.589.487	140.602.110	18.618.922	79.745.667	98.364.589
3.2.2.1.	Currency Swap-Buy		279.519	44.574.432	44.853.951	4.412.464	32.008.058	36.420.522
3.2.2.2.	Currency Swap-Sell		24.083.104	26.669.500	50.752.604	8.866.458	24.587.758	33.454.216
3.2.2.3.	Interest Rate Swap-Buy		4.825.000	17.672.778	22.497.778	2.670.000	11.574.926	14.244.926
3.2.2.4.	Interest Rate Swap-Sell		4.825.000	17.672.777	22.497.777	2.670.000	11.574.925	14.244.925
3.2.3.	Currency, Interest Rate and Marketable Securities Options		2.380.869	6.398.258	8.779.127	3.654.667	7.245.775	10.900.442
3.2.3.1.	Currency Call Options		1.055.976	2.678.255	3.734.231	1.620.919	3.759.328	5.380.247
3.2.3.2.	Currency Put Options		1.024.893	2.775.845	3.800.738	2.033.748	3.371.361	5.405.109
3.2.3.3.	Interest Rate Call Options		-	472.079	472.079	-	57.543	57.543
3.2.3.4.	Interest Rate Put Options		300.000	472.079	772.079	-	57.543	57.543
3.2.3.5.	Marketable Securities Call Options		-	-	-	-	-	-
3.2.3.6.	Marketable Securities Put Options		-	-	-	-	-	-
3.2.4.	Currency Futures		827.721	763.167	1.590.888	62.946	56.418	119.364
3.2.4.1.	Currency Futures-Buy		-	763.167	763.167	62.946	-	62.946
3.2.4.2.	Currency Futures-Sell		827.721	-	827.721	-	56.418	56.418
3.2.5.	Interest Rate Buy/Sell Futures		-	-	-	-	-	-
3.2.5.1.	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2.	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6.	Other		-	6.353.462	6.353.462	-	6.004.968	6.004.968
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)			**638.290.491**	**275.298.400**	**913.588.891**	**583.806.369**	**201.436.164**	**785.242.533**
IV.	**CUSTODIES**		**29.193.410**	**15.113.581**	**44.306.991**	**70.740.745**	**10.090.258**	**80.831.003**
4.1.	Assets Under Management		-	-	-	-	-	-
4.2.	Custody Marketable Securities		28.334.566	12.412.991	40.747.557	69.683.795	8.494.938	78.178.733
4.3.	Cheques in Collection Process		62.224	1.424.934	1.487.158	20.780	1.303.540	1.324.320
4.4.	Commercial Notes in Collection Process		796.620	112.437	909.057	1.036.170	101.300	1.137.470
4.5.	Other Assets in Collection Process		-	-	-	-	-	-
4.6.	Underwritten Securities		-	-	-	-	-	-
4.7.	Other Custodies		-	1.163.219	1.163.219	-	190.480	190.480
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGED ASSETS**		**607.947.181**	**259.046.744**	**866.993.925**	**512.125.986**	**190.391.048**	**702.517.034**
5.1.	Marketable Securities		3.928.766	21.880	3.950.646	2.656.257	19.306	2.675.563
5.2.	Collateral Notes		413.307.798	108.475.879	521.783.677	336.799.053	73.984.724	410.783.777
5.3.	Commodity		19.430.706	13.496.225	32.926.931	15.967.774	10.139.026	26.106.800
5.4.	Warranty		-	-	-	-	-	-
5.5.	Land and Buildings		103.075.634	85.250.728	188.326.362	99.100.001	66.712.578	165.812.579
5.6.	Other Pledged Assets		68.204.277	51.802.032	120.006.309	57.602.901	39.535.414	97.138.315
5.7.	Pledges		-	-	-	-	-	-
VI.	**ACCEPTED BILL GUARANTEES AND SURETIES**		**1.149.900**	**1.138.075**	**2.287.975**	**939.638**	**954.858**	**1.894.496**
	TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		**744.933.440**	**452.939.892**	**1.197.873.332**	**660.524.681**	**332.720.812**	**993.245.493**

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

INCOME AND EXPENSES		Note	Audited CURRENT PERIOD (01/01-31/12/2020)	Audited PRIOR PERIOD (01/01-31/12/2019)
I.	**INTEREST INCOME**	(5.IV.a)	**15.840.279**	**16.868.322**
1.1	Interest on Loans		13.656.421	14.641.520
1.2	Interest on Reserve Requirements		29.693	145.307
1.3	Interest on Banks		178.016	208.440
1.4	Interest on Money Market Transactions		134.254	79.547
1.5	Interest on Marketable Securities Portfolio		1.626.935	1.524.018
1.5.1	Fair Value Through Profit or Loss		16.349	15.266
1.5.2	Fair Value Through Other Comprehensive Income		968.825	988.512
1.5.3	Measured at Amortized Cost		641.761	520.240
1.6	Financial Lease Interest Income		-	-
1.7	Other Interest Income		214.960	269.490
II.	**INTEREST EXPENSE (-)**	(5.IV.b)	**6.755.453**	**10.415.043**
2.1	Interest on Deposits		4.652.171	8.255.300
2.2	Interest on Funds Borrowed		1.359.902	1.289.985
2.3	Interest Expense on Money Market Transactions		214.788	101.207
2.4	Interest on Securities Issued		317.337	603.212
2.5	Interest on Leases		129.483	140.300
2.6	Other Interest Expenses		81.772	25.039
III.	**NET INTEREST INCOME (I - II)**		**9.084.826**	**6.453.279**
IV.	**NET FEES AND COMMISSIONS INCOME**		**2.739.282**	**3.595.876**
4.1	Fees and Commissions Received		3.550.494	4.838.230
4.1.1	Non-Cash Loans		460.908	432.230
4.1.2	Other	(5.IV.l)	3.089.586	4.406.000
4.2	Fees and Commissions paid (-)		811.212	1.242.354
4.2.1	Non-Cash Loans		2.120	1.538
4.2.2	Other	(5.IV.l)	809.092	1.240.816
V	**DIVIDEND INCOME**	(5.IV.c)	**1.782**	**4.585**
VI.	**TRADING INCOME / LOSS (Net)**	(5.IV.d)	**569.182**	**(304.052)**
6.1	Trading Gains / (Losses) on Securities		137.964	74.662
6.2	Gains / (Losses) on Derivate Financial Transactions		(321.459)	75.666
6.3	Foreign Exchange Gains / (Losses)		752.677	(454.380)
VII.	**OTHER OPERATING INCOME**	(5.IV.e)	**158.209**	**192.926**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII)**		**12.553.281**	**9.942.614**
IX.	**EXPECTED CREDIT LOSS (-)**	(5.IV.f)	**6.294.948**	**5.449.503**
X.	**OTHER PROVISION EXPENSES (-)**	(5.IV.f)	**386.105**	**158.752**
XI.	**PERSONNEL EXPENSE (-)**	(5.IV.g)	**1.815.650**	**1.610.208**
XII.	**OTHER OPERATING EXPENSES (-)**	(5.IV.g)	**2.556.418**	**2.035.591**
XIII.	**NET OPERATING INCOME /LOSS (VIII-IX-X-XI-XII)**		**1.500.160**	**688.560**
XIV.	**INCOME AFTER MERGER**		**-**	**-**
XV.	**INCOME /(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD**		**590.862**	**788.801**
XVI.	**INCOME / (LOSS) ON NET MONETARY POSITION**		**-**	**-**
XVII.	**PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)**	(5.IV.h)	**2.091.022**	**1.477.361**
XVIII.	**TAX PROVISIONS FOR CONTINUED OPERATIONS (±)**	(5.IV.i)	**(297.797)**	**(141.248)**
18.1	Current Tax Provision		(20.237)	(86.017)
18.2	Deferred Tax Income Effect (+)		(3.380.785)	(2.278.971)
18.3	Deferred Tax Expense Effect (-)		3.103.225	2.223.740
XIX.	**CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)**	(5.IV.j)	**1.793.225**	**1.336.113**
XX.	**INCOME FROM DISCONTUNIUED OPERATIONS**		**-**	**-**
20.1	Income from Non-Current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	**EXPENSES FOR DISCONTINUED OPERATIONS (-)**		**-**	**-**
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXII.	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)**		**-**	**-**
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		**-**	**-**
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XXII±XXIII)**		**-**	**-**
XXV.	**NET PROFIT/(LOSS) (XIX+XXIV)**	(5.IV.k)	**1.793.225**	**1.336.113**
	Profit / (Loss) Per Share (full TRY)		0,31	0,40

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020

(Currency: Thousands of TL - Turkish Lira)

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

		Audited CURRENT PERIOD (01/01-31/12/2020)	Audited PRIOR PERIOD (01/01-31/12/2019)
I.	**CURRENT PERIOD INCOME/LOSS**	**1.793.225**	**1.336.113**
II.	**OTHER COMPREHENSIVE INCOME**	**995.679**	**939.085**
2.1	**Not Reclassified Through Profit or Loss**	**(317.306)**	**(88.549)**
2.1.1	Property and Equipment Revaluation Increase/Decrease	32.195	11.262
2.1.2	Intangible Assets Revaluation Increase/Decrease	--	--
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(52.034)	(56.604)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(298.621)	(53.079)
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	1.154	9.872
2.2	**Reclassified Through Profit or Loss**	**1.312.985**	**1.027.634**
2.2.1	Foreign Currency Translation Differences	4.360.343	1.050.193
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	362.826	924.582
2.2.3	Cash Flow Hedge Income/Loss	(7.390)	7.926
2.2.4	Foreign Net Investment Hedge Income/Loss	(4.033.675)	(957.293)
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Loss	--	--
2.2.6	Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss	630.881	2.226
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**2.788.904**	**2.275.198**

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020

(Currency: Thousands of TL - Turkish Lira)

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

							Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss				Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss							
	Audited CHANGES IN SHAREHOLDERS' EQUITY ITEMS		Paid in Capital	Share Premiums	Share Cancellation Profits	Other capital reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other(Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit reserves (*)	Prior Period Profit or (Loss)	Current Period Profit or (Loss) Audited (1 January - 31 December 2019)	Total Equity Expect Minority Shares	Minority Shares	Total Equity
	PRIOR PERIOD 01/01-31/12/2019																	
I.	Prior Period End Balance		3.316.100	15	--	77.053	69.796	(45.559)	797.710	3.705.028	(805.242)	(2.858.164)	7.760.118	1.245.272	2.182.523	15.444.650	--	15.444.650
II.	Corrections and Accounting Policy Changes Made According to TAS 8	(5.V.c)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.1	Effects of Corrections		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.2	Effects of the Changes in Accounting Policies		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
III.	Adjusted Beginning Balance (I+II)		3.316.100	15	--	77.053	69.796	(45.559)	797.710	3.705.028	(805.242)	(2.858.164)	7.760.118	1.245.272	2.182.523	15.444.650	--	15.444.650
IV.	Total Comprehensive Income	(5.V.e)	--	--	--	--	8.541	(44.011)	(53.079)	1.050.193	717.947	(740.506)	--	--	1.336.113	2.275.198	--	2.275.198
V.	Capital Increase by Cash	(5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VI.	Capital Increase by Internal Sources	(5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VII.	Paid in Capital Inflation Adjustment Difference		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VIII.	Convertible Bonds to Share		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
IX.	Subordinated Debt Instruments		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
X.	Increase / Decrease by Other Changes		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
XI.	Profit Distribution	(5.V.d)	--	--	--	--	--	--	--	--	--	--	2.182.523	--	(2.182.523)	--	--	--
11.1	Dividends Paid		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11.2	Transfers to Reserves	(5.V.f)	--	--	--	--	--	--	--	--	--	--	2.182.523	--	(2.182.523)	--	--	--
11.3	Other		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
	Period End Balance (III+IV+.....+X+XI)		3.316.100	15	--	77.053	78.337	(89.570)	744.631	4.755.221	(87.295)	(3.598.670)	9.942.641	1.245.272	1.336.113	17.719.848	--	17.719.848
	CURRENT PERIOD 01/01-31/12/2020																	
I.	Prior Period End Balance		3.316.100	15	--	77.053	78.337	(89.570)	744.631	4.755.221	(87.295)	(3.598.670)	9.942.641	1.245.272	1.336.113	17.719.848	--	17.719.848
II.	Corrections and Accounting Policy Changes Made According to TAS 8	(5.V.c)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.1	Effects of Corrections		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.2	Effects of the Changes in Accounting Policies		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
III.	Adjusted Beginning Balance (I+II)		3.316.100	15	--	77.053	78.337	(89.570)	744.631	4.755.221	(87.295)	(3.598.670)	9.942.641	1.245.272	1.336.113	17.719.848	--	17.719.848
IV.	Total Comprehensive Income	(5.V.e)	--	--	--	--	25.225	(43.845)	(298.686)	4.360.343	277.173	(3.324.531)	--	--	1.793.225	2.788.904	--	2.788.904
V.	Capital Increase by Cash	(5.V.a)	2.380.000	--	--	--	--	--	--	--	--	--	--	--	--	2.380.000	--	2.380.000
VI.	Capital Increase by Internal Sources	(5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VII.	Paid in Capital Inflation Adjustment Difference		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VIII.	Convertible Bonds to Share		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
IX.	Subordinated Debt Instruments		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
X.	Increase / Decrease by Other Changes		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
XI.	Profit Distribution	(5.V.d)	--	--	--	--	--	--	--	--	--	--	1.336.113	--	(1.336.113)	--	--	--
11.1	Dividends Paid		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11.2	Transfers to Reserves	(5.V.f)	--	--	--	--	--	--	--	--	--	--	1.336.113	--	(1.336.113)	--	--	--
11.3	Other		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
	Period End Balance (III+IV+.....+X+XI)		5.696.100	15	--	77.053	103.562	(133.415)	445.945	9.115.564	189.878	(6.923.201)	11.278.754	1.245.272	1.793.225	22.888.752	--	22.888.752

(*) Includes the amounts recognised due to the associates and subsidiaries within the scope of TAS 27.

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

		Footnote	Audited CURRENT PERIOD (01/01-31/12/2020)	Audited PRIOR PERIOD (01/01-31/12/2019)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	**Operating profit before changes in operating assets and liabilities (+)**		**961.099**	**1.193.215**
1.1.1	Interest received (+)		14.692.448	15.352.085
1.1.2	Interest paid (-)		6.599.107	10.587.183
1.1.3	Dividends received (+)		1.782	4.585
1.1.4	Fees and commissions received (+)		3.529.278	4.838.230
1.1.5	Other income (+)		87.076	181.275
1.1.6	Collections from previously written off loans and other receivables (+)		3.692.693	1.625.986
1.1.7	Cash payments to personnel and service suppliers (-)		1.663.783	1.537.533
1.1.8	Taxes paid (-)		254.173	508.644
1.1.9	Other (+/-)	(5.VI.c)	(12.525.115)	(8.175.586)
1.2	**Changes in operating assets and liabilities subject to banking operations**		**(3.589.024)**	**(503.230)**
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		(252.373)	5.539
1.2.2	Net (increase) decrease in due from banks (+/-)		24.266	(530)
1.2.3	Net (increase) decrease in loans		(25.054.379)	(11.729.111)
1.2.4	Net (increase) decrease in other assets (+/-)		(4.428.628)	(609.816)
1.2.5	Net increase (decrease) in bank deposits (+/-)		11.188.675	119.875
1.2.6	Net increase (decrease) in other deposits (+/-)		11.956.937	16.379.434
1.2.7	Net increase (decrease) in financial liabilities at fair value through profit or loss (+/-)		-	-
1.2.8	Net increase (decrease) in funds borrowed (+/-)		(1.677.343)	(4.098.743)
1.2.9	Net increase (decrease) in matured payables (+/-)		-	-
1.2.10	Net increase (decrease) in other liabilities (+/-)	(5.VI.c)	4.653.821	(569.878)
I.	**Net cash provided from banking operations(+/-)**		**(2.627.925)**	**689.985**
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	**Net cash provided from / used in investing activities(+/-)**		**(3.075.128)**	**(2.314.210)**
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures (-)		645.888	6.000
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures (+)		-	-
2.3	Cash paid for the purchase of tangible and intangible asset (-)		1.586.089	504.971
2.4	Cash obtained from the sale of tangible and intangible asset (+)		346.913	137.674
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		7.052.381	4.613.981
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		5.673.131	2.673.068
2.7	Cash paid for the purchase of financial assets at amortised cost (-)		-	-
2.8	Cash obtained from sale of financial assets at amortised cost (+)		-	-
2.9	Other (+/-)		189.186	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	**Net cash flows from financing activities (+/-)**		**6.971.880**	**2.912.553**
3.1	Cash obtained from funds borrowed and securities issued (+)		28.457.497	23.336.408
3.2	Cash outflow from funds borrowed and securities issued (-)		21.224.497	20.159.260
3.3	Equity instruments issued (+)		-	-
3.4	Dividends paid (-)		-	-
3.5	Payments for lease liabilities (-)		261.120	264.595
3.6	Other (+/-)		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents(+/-)**	(5.VI.c)	**2.051.882**	**878.440**
V.	**Net increase in cash and cash equivalents**	(5.VI.c)	**3.320.709**	**2.166.768**
VI.	**Cash and cash equivalents at the beginning of the period (+)**	(5.VI.a)	**13.347.799**	**11.181.031**
VII.	**Cash and Cash Equivalents at the End of the Period**	(5.VI.a)	**16.668.508**	**13.347.799**

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED PROFIT DISTRIBUTION TABLE FOR THE PERIOD ENDED 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

		Audited CURRENT PERIOD (3) (01/01-31/12/2020)	Audited PRIOR PERIOD (3) (01/01-31/12/2019)
I.	DISTRIBUTION OF CURRENT YEAR INCOME (1)		
1.1	CURRENT YEAR INCOME	2.091.022	1.477.361
1.2	TAXES AND DUTIES PAYABLE (-)	(297.797)	(141.248)
1.2.1	Corporate Tax (Income Tax)	(20.237)	(86.017)
1.2.2	Income witholding tax	-	-
1.2.3	Other taxes and duties (2)	(277.560)	(55.231)
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**1.793.225**	**1.336.113**
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	66.806
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**1.793.225**	**1.269.307**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owner of ordinary shares	-	-
1.6.2	To owner of preferred shares	-	-
1.6.3	To owner of preferred shares (preem private rights)	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit or loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owner of ordinary shares	-	-
1.9.2	To owner of preferred shares	-	-
1.9.3	To owner of preferred shares (preem private rights)	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit or loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	GENERAL RESERVES	-	1.269.307
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owner of ordinary shares	-	-
2.3.2	To owner of preferred shares	-	-
2.3.3	To owner of preferred shares (preem private rights)	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit or loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES	0,003	0,004
3.2	TO OWNERS OF ORDINARY SHARES (%)	0,31	0,40
3.3	TO OWNERS OF PRIVILAGED SHARES	-	-
3.4	TO OWNERS OF PRIVILAGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILAGED SHARES	-	-
4.4	TO OWNERS OF PRIVILAGED SHARES (%)	-	-

(1) Profit distribution has not been decided yet since the General Assembly meeting of the Bank has not been held as of the date on which the financial statements are published; only the amount of distributable profit is specified in the profit distribution table.
(2) It is considered that the amount of income related to deferred tax assets by the BRSA can not be qualified as cash or internal resources and therefore should not be subject to the distribution of the profit for the period. The Bank has a deferred tax expense amounting to TL 277.560 as of 31 December 2020 (31 December 2019: TL 55.231 deferred tax expense).
(3) It includes effects of TAS 27 standard.

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

SECTION THREE
ACCOUNTING POLICIES

I. Explanations on the presentation principles

a. Preparation of the unconsolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks

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 Agency (''BRSA'') within the framework of the provisions of the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks 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'') (hereinafter collectively referred to as ''BRSA Accounting and Financial Reporting Legislation''). The form and contents of the unconsolidated financial statements which have been prepared and which will be disclosed to public have been prepared in accordance with the ''Communiqué on the Financial Statements and Related Explanations and Footnotes to be Announced to Public by the Banks'' and ''Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks'' as well as the communiqués that introduce amendments and additions to these. Bank keeps its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Code of Commerce and Turkish Tax legislation.

Unconsolidated financial statements have been prepared based on historical cost principle, except for the financial assets and liabilities measured at their fair values.

The amounts in the unconsolidated financial statements and explanations and footnotes relating to these statements have been expressed in Thousands of Turkish Lira unless otherwise stated.

In the preparation of unconsolidated financial statements according to TAS, the management of the Bank should make assumptions and estimations regarding the assets and liabilities in the balance sheet and the contingent issues as of the balance sheet date. These assumptions and estimations include the fair value calculations and impairment of financial assets and are reviewed regularly, necessary corrections are made and the effects of these corrections are reflected in the statement of profit or loss. The assumptions and estimations used are explained in the related footnotes.

b. Accounting policies and changes in the presentation of financial statements

Accounting policies and valuation principles used in the preparation of the unconsolidated financial statements are determined in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by BRSA, and in cases where a specific regulation is not made, TAS/TFRS (hereinafter collectively referred to as "BRSA Accounting and Financial Reporting Legislation") put into effect by POA shall be valid.

c. Additional paragraph for convenience translation:

The differences between the standards set out by BRSA Accounting and Financial Reporting Legislation and the 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.

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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

Bank's external sources of funds are comprised of deposits with various maturity periods, and external borrowings. Funds provided are generally fixed rate and are interested in high yield financial assets. The majority of the funds are allocated to high yield, fixed or floating interest instruments, such as Turkish Lira and foreign currency Government debt securities and eurobonds in order to diversify the assets and support liquidity as well as being allocated to loans with a selective approach. The liquidity structure that ensures 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 assets at market conditions and adopts a high yield policy in long-term assets.

Bank carries risks within pre-determined risk limits in short-term currency, interest and price movements in money and capital markets and due to changes in 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 monitored, taking the maturity structure into consideration. The asset-liability balance is monitored on a daily basis in accordance with the maturity structure and foreign currency type. The risks associated with short-term positions are hedged through derivatives such as forwards, swaps and options.

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 recognises the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates" and the foreign exchange gains and losses arising from transactions that are completed as of the end of the period are converted to TL by using historical foreign currency exchange rates. As at the end of the reporting dates, balances of the foreign currency denominated assets and liabilities are converted 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 used in valuations as of the period ends are as follows:

	31 December 2020	31 December 2019
US Dollar	TL 7,4194	TL 5,9400
Euro	TL 9,1164	TL 6,6621

Foreign exchange gains and losses included in the net profit and loss

As of 31 December 2020, net foreign exchange loss included in the statement of profit or loss amounts to TL 752.677 (1 January - 31 December 2019: TL 454.380 net foreign exchange loss).

Total amount of valuation fund arising from foreign currency exchange rate differences

The foreign exchange differences of TL 9.967 (31 December 2019: TL 64.452), arising from the translation of the financial statements of Bahrain branch of the Bank to Turkish Lira in accordance with TAS 21, and TL 9.105.597 (31 December 2019: TL 4.690.769), arising from the accounting of the Bank's foreign currency subsidiaries Denizbank AG, JSC Denizbank and Eurodeniz with equity method, has been recorded under "Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss".

The Bank applies net investment hedge accounting as of 1 July 2015 in order to hedge exchange difference sourcing from equity method implementation for its net investment at a total amount of Euro 1.639 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the exchange rate of these financial liabilities is recognised in hedge funds account under equity.

III. Explanations on investments in associates, subsidiaries and joint ventures

Financial subsidiaries are recognised in accordance with equity method in the framework of TAS 28 Communique on Investments in Associates and Joint Ventures with respect to amendment in TAS 27 Communique on Separate Financial Statements in unconsolidated financial statements.

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Equity method is the accounting treatment which prescribes to increase or decrease the book value of share included in subsidiary 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.

Accordance with the TAS 27, in the unconsolidated financial statements, associates, jointly controlled entities and non-financial subsidiaries are recognised at cost, after deducting the provision for impairment, if any. However, in accordance with the "TFRS 9 Financial Instruments" standard (TFRS 9), which is effective as at 1 January 2018, the Bank has started to recognise "Intertech", its unconsolidated and non-financial subsidiary, at fair value.

IV. Explanations on forward and option contracts and derivative instruments

Bank's derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and foreign currency forward contracts.

In accordance with TFRS 9, forward foreign currency purchase/sale contracts, swaps, options and futures are classified as "Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss". Derivative transactions are recorded with their fair values at contract date. Also, the notional amounts of liabilities and assets arising from the derivative transactions are recorded in off-balance sheet items at their contractual amounts.

Derivative transactions are valued at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss" items of the unconsolidated balance sheet depending on the positive or negative fair value amounts. Gains and losses arising from the change in the fair value are recognised in the statement of profit or loss. Fair value of derivatives are calculated either by marking the fair values in the market or by using the discounted cash flow model.

V. Explanations on interest income and expenses

Interest income and expenses are recognised by applying the effective interest method. Bank accrues interest based on expected cash flows for its non-performing loans.

VI. Explanations on fee and commission income and expenses

Fee and commission income and expenses are recognised on an accrual basis or via effective interest method and in accordance with TFRS 15 "Revenue from Customer Contracts Standard" and with their nature, other than the fee and commission incomes in respect of certain banking transactions which are recognized as income as they are collected. Incomes gained through contracts or through services related to transactions such as the purchase or sale of assets for a third real or legal person are recognised as income at the time of collection.

VII. Explanations on financial assets

Bank classifies and recognises its financial assets as "Financial Assets at Fair Value through Profit / Loss", "Financial Assets at Fair Value through Other Comprehensive Income" or "Financial Assets measured at amortised cost". These financial assets are recognised or derecognised in accordance with the "Recognition and Derecognition from Financial Statements" under the third section of TFRS 9 regarding the classification and measurement of financial instruments, published in the Official Gazette dated 19 January 2017 and numbered 29953 by POA. Financial assets are measured at their fair values at initial recognition in the financial statements. In the initial measurement of financial assets other than "Financial Assets at Fair Value through Profit / Loss", transaction costs are added to the fair value or deducted from the fair value.

Bank includes a financial asset in the statement of financial position only when it becomes a party to the contractual terms of the financial instrument. During the initial recognition of a financial asset the business model determined by the Bank management and the nature of the contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank management is changed, all affected financial assets are reclassified and reclassification is applied prospectively. In such cases, no adjustments are made to the gain, loss or interest previously recognised in the financial statements.

a. Financial assets at fair value through profit or loss

"Financial assets at fair value through profit or loss" are financial assets other than those are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets the fair value through profit or loss are initially recognised at fair value and remeasured at their fair value after initial recognition. All gain and loss arising from these valuations are reflected in the statement of profit or loss.

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b. Financial assets at fair value through other comprehensive income

In addition to Financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows those are solely payments of principal and interest at certain dates are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognised by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "Unrealised gains and losses" arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Other Accumulated Comprehensive Income or Expense to be Reclassified through Profit or Loss" under shareholders' equity. When these securities are collected or disposed, the accumulated fair value differences reflected in the equity are reflected to the statement of profit or loss.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition, the entity may make an irrevocable decision to present subsequent changes in the fair value of the investment in an equity instrument that is not held for trading purposes under the other comprehensive income. If this decision is made, dividends received from such investment are recognised under profit or loss in the financial statements. If the investment in equity instrument is disposed of, profit or loss will be recognized under other comprehensive income.

c. Financial assets measured at amortised cost

When the financial assets are held under business model aimed to collect contractual cash flows and contractual terms of the financial assets include solely payments of principal and interest in certain dates, the financial asset is classified as financial assets measured at amortised cost.

Financial assets measured at amortised cost are initially recognised at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognised at amortised cost by using "effective interest rate (internal rate of return) method" following their recognition. Interest income obtained from financial assets measured at amortised cost is accounted in the statement of profit or loss.

Bank's portfolio of financial assets at fair value through other comprehensive income and the financial assets measured at amortised cost includes CPI indexed government bonds with a maturity of 5 - 10 years and which the real coupon rates of 6 months are fixed throughout the maturity. As stated by the undersecretariat of Treasury in CPI indexed investor guide, the reference indexes used in the calculation of the actual coupon payment amounts of these securities are formed according to the CPI indexes of two months prior to the coupon payment date.

VIII. Explanations on expected credit loss

As of 1 January 2018, the Bank allocates provision for expected credit loss on financial assets measured at amortised cost and measured at fair value through other comprehensive income, also loan commitments and non-cash loans that are not carried at fair value through profit or loss in accordance with TFRS 9 'Financial Instruments' standard requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750.

The provision for expected credit loss is weighted according to the probabilities determined by taking into consideration possible results and reflects the time value of money as an unbiased amount, past events, current conditions and forecasts of future economic conditions as reasonable and supportable information that can be obtained without incurring excessive cost or effort at the reporting date.

According to TFRS 9, it is evaluated whether there is a significant increase in credit risk at each reporting date after the initial recognition of each financial instrument for which impairment is required to be evaluated.

The provision for expected credit loss calculation is performed to estimate the loss that the financial instrument will incur in the case of default.

Financial instruments are allocated to one of the following stages due to the deterioration in loan quality at initial recognition:

Stage 1: Financial instruments for which a 12-month provision for expected credit loss is calculated and no significant increase in credit risk is detected;

Stage 2: Financial instruments with a significant increase in credit risk and the provision for expected credit loss calculated for lifetime;

Stage 3: Impaired, non-performing (defaulted) loans.

Significant increase in credit risk

Qualitative and quantitative evaluations are made in determining the significant increase in credit risk.

Qualitative evaluation:

If any of the following conditions are met as a result of qualitative evaluation, the relevant financial asset is classified as Stage 2 (significant increase in credit risk).

As of the reporting date,

- Lifetime expected credit losses are applied on an account basis for customers whose delay reaches 30 days. The Bank does not enforce this estimate only when it has positive, reasonable and supportable information about the customer repayment.
- In case a loan is restructured, it is monitored in Stage 2 during the monitoring period specified in the relevant regulations starting from the date of structuring. At the end of the monitoring period, if there is no significant deterioration in the loan, the transaction can be moved back to Stage 1.
- Existence of indemnified non-cash loans are considered as a significant risk increase.

Quantitative evaluation:

The significant increase in credit risk is quantitatively based on comparing the probability of default calculated at the opening of the loan with the probability of default on the same reporting date.

The COVID-19 pandemic, which has had a significant impact on most of 2020, has led to disruptions in operations in many countries, creating uncertainties both in regional and global economic conditions. As a result of the spread of COVID-19 worldwide, various measures have been taken to minimize the economic effects on individuals and businesses in our country as well as in the world.

Due to the disruptions in economic and commercial activities resulting from the COVID-19 outbreak, the BRSA has taken the following decisions, effective from 17 March 2020 onwards, the implementation period of the decisions taken has been extended from 31 December 2020 to 30 June 2021 with the regulation numbered 9312 dated 8 December 2020.

- The 90-day delay period envisaged for the classification of non-performing loans is 180 days until 30 June 2021 for the loans monitored in the first and second stages,
- The 30-day delay period envisaged for the classification of loans in the second stage is 90 days for the loans monitored in the first stage until 30 June 2021.
- In the calculation of the expected loan loss provision within the scope of TFRS 9, the banks continue to allocate the reserves to be set aside, as per their risk models, for the loans that continue to be classified in the second stage despite the 90-day delay and the first stage despite the 30-day delay.

As of the reporting period ended on 31 December 2020, the effects of COVID-19 on financial results and asset quality have been evaluated and reflected to the calculation of the expected loan loss provisions in the light of the information and developments with maximum effort. In this process, the Bank reviewed the cash flow expectations and scenario weights for its commercial and corporate loans, that evaluated individually, and reflected the related effects to the expected credit loss with the best estimation approach. At the same time, as the legal change predicts, the 180-day rule, which is the upper limit of the number of delay days set for Stage 2, has been applied; however, an expected loan loss provision close to Stage 3 levels is recognized for loans in the 90 to 180 day delay range. Taking into account the conditions of COVID-19, forward-looking macroeconomic expectations were also updated for the entire loan portfolio.

Due to COVID-19, the Bank has granted the right to postpone the principal, interest and installment payments for its individual and corporate customers if they request, and the postponement within this scope has been applied and the postponement opportunity will continue until the end of the year.

The financial instruments in Stage 1 are financial instruments that has been recognised for the first time in the financial statements or do not have a significant increase in the credit risk after the initial recognition in the financial statements. For these instruments, credit risk impairment provision is calculated as the provision for expected credit loss for 12-month default risk from the reporting date.

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After the initial recognition, if a significant increase is observed in the credit risk and result of the provision for credit risk impairment for the financial instruments mentioned in Stage 2 is calculated as the provision for expected credit loss over the default risk through the remaining life from the reporting date.

Financial instruments in Stage 3 are assumed to be defaulted and therefore impaired. For such financial instruments, provision is calculated based on the expected lifetime credit loss.

Loans belonging to customers included in the scope of the “Financial Restructuring Framework Agreement” are classified regardless of the past due days criterion.

The provision for expected credit loss is calculated either as collectively or individually.

Financial instruments bearing common credit risk characteristics are grouped for provision for expected credit loss calculated collectively.

In the Bank, grouping of credit risks according to common characteristics was made according to their ‘risk segments’. The standards for the classification of credit risks by risk segments have been prepared in accordance with the Basel II recommendations for the assessment of capital adequacy based on credit risk in the context of the standard internal rating-based approach (“IRB”). The purpose of classifying credit risks according to risk segments is to determine the approach for analyzing and evaluating credit risk for the relevant risk segment.

The credit risk classification is as follows:

- Segment classification for non-retail loans are made based on all risks of the counterparty and the loan products requested by the counterparty, at the counterparty level and it is ensured that a counterparty is classified in a single risk segment;
- Segment classification for retail loans is based on both product level and counterparty characteristics. This means that counterparty’s credit risks can be classified into different risk segments.

The main groupings on the basis of risk segment for the calculation of provision for expected credit loss are as follows:

- Corporate / Commercial loans
- Medium entreprises (ME) loans
- Small entreprises (SE) loans
- Agricultural loans
- Consumer loans
- Mortgage loans
- Vehicle loans
- Overdraft
- Credit cards
- Loans granted to local governments
- Project financing loans
- Central administrations
- Banks

The provision for expected credit loss assessed collectively are calculated by using the components such as exposure at default (EAD), probability of default (PD), loss given default (LGD) and effective interest rate of the loan.

Exposure at default

The amount of default is the expected economic receivable amount at the time of default.

In order to calculate the provision for expected credit loss, the EAD value of each loan is calculated by discounting the expected principal and interest payments from the future dates to the reporting date using the effective interest rate. The loan conversion rate is also applied to the EAD value.

Probability of default

Probability of default indicates the probability of default of the borrower within a certain period of time.

There are two types of PD values calculated in accordance with TFRS 9 requirements:

- 12-month PD: Estimation of the probability of default within 12 months after the reporting date of the financial instrument.

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- Lifetime default probability: Estimation of the probability of default over the remaining life of the financial instrument.

The credit ratings, which are the outputs of the internal rating systems used by the Bank in the loan allocation processes are used to classify customers in the calculation of provision for expected credit loss.

Internal rating systems used for non-retail customers are mainly divided into Corporate/Commercial, ME, SE and Agriculture model groups. Internal ratings in the Corporate/Commercial and ME model groups take into account the qualitative evaluation elements along with the quantitative characteristics of the customer such as indebtedness, liquidity and size. Internal ratings in the SE and Agriculture model groups reflect behavioural information, such as the trend of the customer's total limit utilisation rate within the banking sector, overdraft product life at the Bank, or the recent frequency of delays in loan payments.

Internal rating systems for individual customers also differ at the level of Consumer, Mortgage, Vehicle Loans, Overdraft and Credit Card product groups. In order to generate these scores, behavioural data such as customer's trend in limit utilisation rate in the Bank and sector, frequency of current delays, cross-product ownership and payment routine of other products are used.

In the first step, the outputs of internal rating systems for PD calculations in accordance with TFRS 9 are grouped on the basis of risk segments according to common characteristics of credit risks. Retrospective historical default data of these groups have been prepared. In order to generate reasonable and valid accumulated default rates, a bucket generation analysis has been performed for the default data obtained form the model.

PD curves have been generated by regression method using the suitable statistical distribution from the data obtained for the buckets generated. The resulting PD values have been converted into 'point-in-time' PD values in accordance with TFRS 9 since they represent PD values 'throughout the life cycle'. In the last step, prospective macroeconomic expectations have been reflected in the PD.

For credit risk groups those do not have sufficient historical default data, external default statistics or minimum PD rates in Basel documentation are used.

Internal validation of the process described above was carried out at the end of 2020.

Loss given default

Loss given default define the economic loss to be incurred by the debtor in case of default, proportionally.

For the purpose of calculating the provision for expected credit loss, two types of LGD rate are calculated: LGD ratio for the unsecured credit risk and LGD ratio for the secured credit risk.

LGD ratio for unsecured credit risk is calculated by using the Bank's collection data in the previous periods and is grouped on the basis of risk segments according to the common characteristics of credit risks.

The following TFRS 9 requirements have been taken into consideration for the LGD ratio calculation for unsecured credit risk:

- Long-term LGD is used (excluding regression effect is excluded)
- Conservative approach is excluded, if any
- Indirect costs are excluded, if any
- The figures obtained are discounted by the effective interest rate

The LGD ratio for secured loan risk is calculated by considering the collateral structure for each loan. To calculate this ratio, the consideration rates and liquidation periods for each type of collateral and effective interest rates of the loan to which the collateral belongs are used are determined by the Bank for each type of collateral. Historical data have been used to determine the relevant consideration rates and liquidation periods; if these data are not available, the best estimates are used.

For unsecured credit risk groups that do not have sufficient historical collection data, the standard rate in Basel documentation is used.

Internal validation of the process described above was carried out at the end of 2020.

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Effective interest rate

The effective interest rate is the discount rate that equals the future expected cash payments and collections those are expected to occur over the expected life of the financial asset or liability to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

In addition to the provision for expected credit loss collectively calculated, a provision for expected credit loss based on the individual evaluation of the financial instruments exceeding a certain risk or within the scope determined by the Bank management are calculated. The calculation has been performed using at least two scenarios for each financial instrument in accordance with the discounted cash flow method in accordance with the "Guidelines on the Calculation of Provision for Expected Credit Loss under TFRS 9" announced by BRSA to banks on 26 February 2018 and the internal policies. The final provision for expected credit loss of the financial instrument is calculated by weighing the provision for expected credit loss calculated for the related scenarios with the probability of occurrence of these scenarios.

Low credit risk

In accordance with TFRS 9, the financial instrument's credit risk is considered to be low given the fact that the default risk of the financial instrument is low, the borrower has a strong structure to meet the contractual cash flow obligations in the short term, and the negative changes in the economic conditions and operating conditions in the longer term reduce the borrower's ability to fulfil the contractual cash flow obligations, but this is not considered to be happening in a large context.

It has not been concluded that financial instruments have a low credit risk only if the risk of loss of the financial instruments is considered low because of the value of the collateral and if the credit risk of the related financial instrument is not considered low without this collateral.

Furthermore, it is not considered that the financial instruments have low credit risk just because the establishment has less risk than other financial instruments or the credit risk of the region in which it operates.

In the case of low risk determination of any financial instrument and also assuming that the loan risk does not increase significantly after the first recognition in the financial statements, the relevant financial instrument is evaluated in Stage 1.

Financial instruments considered as having low credit risk under TFRS 9 are as below:

- Receivables from CBRT.
- Risks where the counterparty is the Republic of Turkey's Treasury
- Loans granted to subsidiaries of the main shareholder
- Transactions with banks with AAA rating

Participation of senior management in TFRS 9 processes

Within the scope of the internal systems, risk management, corporate governance and regulations on the classification of loans and reliable loan risk applications issued in accordance with Banking Law No. 5411 and pursuant to the Article 20 of the "Regulation on Procedures and Principles Regarding Classification of Loans and Provisions to be Reserved" published in the Official Gazette dated 22 June 2016 and No. 29750, 'TFRS 9 Management Committee' has been established in accordance with the "Guidelines on the the Calculation of Provision for Expected Credit Loss under TFRS 9" ('Good Practice Guide') prepared by BRSA.

In accordance with TFRS 9, the Committee is responsible for the control of the classification and measurement of financial instruments, the approval of business models, and the control of an adequate calculation of the provision for expected credit loss. Committee is also responsible for controlling the establishment and maintenance of the Bank's current policies and processes in accordance with TFRS 9 and related good practice guidelines.

The Committee is responsible for ensuring that the provision for expected credit loss are based on reliable and robust methods, that these methods are documented, developed, timely updated and are properly accounted.

The members of the Committee are Executive Board Member responsible for Loans, Assistant General Manager responsible for Financial Affairs, Assistant General Managers responsible for the duties of the Board Member responsible for loans and Assistant General Manager responsible for Risk.

IX. Explanations on offsetting financial instruments

Financial assets and liabilities are presented on a net basis on the balance sheet when the Bank has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

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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 under "Financial Assets at Fair Value through Profit or Loss", "Financial Assets at Fair Value through Other Comprehensive Income" and "Financial Assets Measured at Amortised Cost" according to the purpose of retaining the asset in the accompanying balance sheet and are subjected to valuation as per the valuation principles of the relevant portfolio. Funds obtained from repurchase agreements are presented in the liabilities of the balance sheet in "Receivables from money market" line. The accrual amounts corresponding to the period is calculated for the part of the difference between the sales and repurchase prices determined by the relevant repo agreements.. Accrued interest expenses calculated for funds obtained from repurchase agreements are presented in "Due to money markets" account in liability part of the balance sheet.

Securities purchased with resale commitments are presented under "Due from money markets" 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 no securities which are subject to borrowing activities.

XI. Explanations on non-current assets held for sale and from discontinued operations and liabilities related to these assets

Non-current asset held-for-sale consist of tangible assets acquired with respect to non-performing loans, and are recognised in the financial statements in accordance with "TFRS 5 Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations".

A discontinued operation is a part of a bank that is either disposed of or classified as held for sale. It refers to a separate main line of business or geographical region of activities. It is part of the sale of a separate main line of business or geographical area of activities under a coordinated plan alone or a subsidiary acquired exclusively with a view to resale.

As 31 December 2020 and 31 December 2019, the Bank does not have non-current assets held for sale and discontinued operations.

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 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 at fair values of tangible assets (credit card brand value, 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 amortised, instead it is annually tested for impairment or more frequently when changes in circumstances indicate impairment according to "Turkish Accounting Standard 36 (TAS 36) - Impairment of Assets".

b. Other intangible assets

Intangible assets are initially recognised in accordance with TAS 38 "Intangible Fixed Assets" at the cost value including acquisition costs and other direct expenses necessary to make the asset usable. Intangible assets are valuated at amounts remaining after deducting accumulated depreciation and any accumulated impairment losses from the cost value in the period following their recognition.

Intangible fixed assets consist of software programs, license rights, data/telephone lines and the customer portfolio values of credit cards and individual loans.

Intangible fixed assets acquired before 1 January 2003 and after 31 December 2006 are amortised according to straight-line method, whereas those received between these dates are amortised according to declining balance method. The useful life of the assets is determined by assessing the expected useful life of the asset, technical, technological or other types of obsolescence and maintenance costs necessary to obtain the expected economic benefit from the asset.

Maintenance costs related to the computer software currently in use are expensed in the period in which they occur.

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XIII. Explanations on tangible assets

Bank has passed to revaluation model from cost model in the framework of TAS 16 "Tangible Fixed Assets" in valuation of properties in use as of 31 December 2016, while it tracks all of its remaining tangible fixed assets by cost model in accordance with TAS 16. Positive differences between property value in expertise reports prepared by licensed valuation firms and net carrying amount of the related property are recorded under equity accounts while negative differences are posted to the statement of profit or loss.

	Estimated Economic Life (Year)	Depreciation Rate
Movables		
- Office machinery	4 Years	10 % - 50 %
- Furniture and fixtures	5 Years	10 % - 50 %
- Motor vehicles	5 Years	20 % - 50 %
- Other equipment	10 Years	2,50 % - 50 %
Real estate	50 Years	2 % - 3,03 %

Maintenance and repair costs incurred for a tangible asset are recognised as expense. The capital expenditures which expand the capacity of the tangible asset or increase the future benefit of the asset are capitalized on the cost of the tangible asset.

There are no pledges, mortgages and other measures or commitments given for the purchase of tangible fixed assets.

XIV. Explanations on investment property

None.

XV. Explanations on leasing transactions

The term of financial leasing contracts is mostly 4 years. Fixed assets acquired through financial leasing are classified as tangible assets and depreciated in line with the related fixed assets group. The obligations arising from the lease contracts are presented under "Financial Lease Liabilities" under liabilities. Interest expenses and foreign exchange differences related to leasing activities are reflected to the statement of profit or loss.

With the "TFRS 16 Leases" standard effective from 1 January 2019, the difference between operating leases and financial leases has been eliminated and the leasing transactions have been presented under "Liabilities from Leasing Operations". Impacts and adoption of transition to TFRS 16 is disclosed in Section Three, note XXVI.

On 5 June 2020, Public Oversight Accounting and Auditing Standards Authority ("POA") has changed to TFRS 16 "Leases" standard by publishing Privileges Granted in Lease Payments - "Amendments to TFRS 16 Leases" concerning Covid-19. With this change, tenants are exempted from whether there has been a change in the rental priviliges in lease payments due to Covid19.This change did not have a significant impact on the financial status or performance of the Bank.

XVI. Explanations on provisions and contingent liabilities

Specific and general provisions for loans and other receivables as well as the provisions and contingent liabilities other than the provisions for possible risks are recognised in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" standard; provisions are recognised immediately when they arise as a result of past events and Bank estimates the amount of the liability and reflects this amount in the financial statements. It is considered "Contingent" in cases where the amount of the obligation cannot be estimated. For contingent liabilities; if the probability of the realisation of the condition is higher than the probability of non-realisation and can be measured reliably, a provision is recognised; and where they are not able to be measured reliably or there is no probability of realisation of the condition or less than the probability of non-realisation, such liabilities are disclosed in the footnotes.

XVII. Explanations on obligations for employee benefits

The Bank recognises employee benefits in accordance with TAS 19 "Employee Benefits" standard.

The Bank in accordance with existing legislation in Turkey, is liable to pay retirement and notice payments to each employee whose employment is terminated due to reasons other than resignation or misconduct. Except to this extents, the Bank is liable to pay 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 pursuant to Article 14 of the Labour Law.

In accordance with TAS 19, Bank recognises provision by estimating the present value of the probable future obligation of severance pay. Actuarial gains and losses arising after 1 January 2013 are accounted for under equity in accordance with revised TAS 19.

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

XVIII. Explanations on tax applications

a. Current tax

With the provisional article added to the Corporate Tax Law numbered 5520 by the Clause 91 of law no.7061, it is determined that the tax rate will be applied as 22% for the corporate earnings of the taxation periods of 2018, 2019 and 2020 (accounting periods starting in the related year for the institutions designated as special accounting period). As of 2021, the corporate tax rate will be applied as 20% again.

With Tax Procedure Law Circular/115, the deadlines for some tax returns to be submitted as of 1 April 2019 have been extended until a new determination is made. With the said circular, the corporation tax declaration can be declared from the first day of the fourth month to the evening of the last day following the month in which the relevant accounting period is closed.

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

In accordance with the Corporate Tax Law, carry forward tax losses shown on the declaration can be deducted from the corporate tax base for up to five years. The tax authorities can inspect tax returns and the related accounting records for a retrospective 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 related to transactions recognised directly in equity are also recognised in equity.

b. Deferred tax

The Bank calculates and recognises deferred tax in accordance with TAS 12 "Income Taxes" for the temporary differences between the accounting policies and valuation principles applied and the tax basis determined in accordance with the tax legislation.

Deferred tax assets and liabilities of the Bank have been netted in the unconsolidated balance sheet. As a result of netting, as of 31 December 2020 deferred tax assets of TL 349.707 (31 December 2019: TL 944.376) have been recognised in the accompanying financial statements.

The deferred tax liability is calculated for all taxable temporary differences whereas deferred tax assets arising from deductible temporary differences are calculated provided that it is highly likely to benefit from these differences in the future by generating taxable profit.

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

The rate of 20% has been used in deferred tax calculations (31 December 2019: 20% -22%).

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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, "General Communiqué No. 3 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 7 December 2017 and numbered 30263 and the Communiqué on the Amendment of the "General Communiqué on Disguised Profit Distribution through Transfer Pricing" no. 1, which became effective after being published in the Official Gazette dated 01 September 2020 and numbered 31231, 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.

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. The organizational structure of corporate taxpayers, who are affiliated to the multinational business group and whose asset size in the balance sheet and net sales amount in the income statement are both TL 500 million and above, which are attached to the corporate tax declaration for the previous accounting period, the definition of the business activities, the intangible rights they have, it is obligatory to prepare the general report containing the financial transactions of the group and the financial and tax status of the group for the previous year until the end of the current year and submit it to the Administration or those authorized to conduct tax inspections, if requested. According to the consolidated financial statements of the previous accounting period from the reported accounting period, total consolidated group income of EUR 750 million and over multinational enterprises resident group in Turkey ultimate parent company or proxy business, the reported accounting period's income until the end of twelfth month, before tax it prepares a country-based report including profit / loss, accrued and paid corporate tax, capital, previous year profits, number of employees and tangible assets other than cash and cash equivalents, and submits it to the Administration electronically.

XIX. Additional explanations on borrowings

Borrowings are initially recognised at cost representing their fair value and remeasured at amortised 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 recognised 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 also borrows funds in the forms of syndication loans and securitization loans from foreign institutions.

XX. Explanations on issuance of share certificates

In 2020 and 2019, the Bank does not have issuance of share certificates.

XXI. Explanations on bill of guarantee and acceptances

Bill of guarantee and acceptances are followed-up as off-balance sheet liabilities as possible debts and commitments. Cash transactions regarding guarantee and acceptances are realised simultaneously with the customer payments.

As of the balance sheet date, there are no bill of guarantee and acceptances shown as liability against assets.

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XXII. Explanations on government incentives

As of the balance sheet date, Bank does not have any government incentives used.

XXIII. Explanations on segment reporting

Segment reporting is presented in Section Four, note XII.

XXIV. Explanations on other matters

None.

XXV. Classifications

In order to comply with the presentation of the financial statements as of 31 December 2020, reclassifications have been made on statement of profit or loss and and statement of cash flows as of 31 December 2019.

XXVI. Explanations on TFRS 16 Leases standard

At the beginning of a contract, the Bank assesses whether the contract has a lease qualification or include a lease transaction. In the event that the contract is transferred for a certain period of time to the right to control the use of the asset defined for a price, this contract is of a rental nature or includes a lease transaction. The Bank reflects the existence of a right of use and a lease obligation to the financial statements at the date the lease is commenced.

Right-of-use asset

The right-of-use asset is initially recognised by cost method and includes:

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all rental incentives received from all lease payments made at or before the date of the rental,
- All initial direct costs incurred by the Bank

When applying the cost method, the right of use is measured:

- After deducting accumulated depreciation and accumulated impairment losses, and
- From the adjusted cost according to the remeasurement of the rent obligation.

Group applies the depreciation provisions of TAS 16 Tangible Fixed Assets when depreciating the right of use assets.

Lease obligation

At the effective date of the lease, the Bank measures the leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the implied interest rate at the lease if this rate can be easily determined. The Bank uses the Bank's incremental borrowing interest rate if this rate cannot be easily determined.

Lease payments included in the measurement of the lease liability at the date of the lease's actual start date shall be made for the right of use during the lease term of the underlying asset and consists of the payments which have not been paid at the date of the rental. After the effective date of the lease, the Bank measures the lease obligation as follows:

- Increases the book value to reflect the interest in the lease obligation,
- Decreases the book value to reflect the lease payments made and
- Remeasures the book value to reflect revaluations and reconstructions, or to reflect rental payments that are fixed at the revised basis.

The interest on the lease liability for each period of the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liability.

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SECTION FOUR
INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the unconsolidated shareholders' equity

Capital and capital adequacy ratio are calculated in accordance with the "Regulation on Equities of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The current period equity of the Bank amounts to TL 30.330.271 (31 December 2019: TL 24.019.049) while its capital adequacy standard ratio is 18,67% as of 31 December 2020 (31 December 2019: 17,69%).

As a result of the fluctuations in the financial markets arising from COVID-19 pandemic, The BRSA issued a press release on 23 March 2020, announcing measures, which will remain in effect until 31 December 2020. With the regulation numbered 9312 dated 8 December 2020, the announced measures were extended until 30 June 2021. Accordingly, banks may use the foreign exchange buying rates valid for 31 December 2019 when calculating the amounts valued in accordance with Turkish Accounting Standards and the bank's relevant specific reserve amounts of monetary and non-monetary assets under the "Regulation on Assessment and Evaluation of the Capital Adequacy of Banks". Additionally, when calculating their capital adequacy ratio under the "Regulation on Equities of Banks", banks may disregard negative net valuation differences of securities in "Fair Value Through Other Comprehensive Income" portfolio, in determination of their equities, for securities held by the bank as of 23 March 2020.

a. Components of equity items

	Current Period 31 December 2020	Prior Period 31 December 2019
COMMON EQUITY TIER I CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.696.100	3.316.100
Share issue premiums	15	15
Reserves	11.278.754	9.942.641
Gains recognised in equity as per TAS (1)	3.652.878	2.473.097
Profit	3.038.497	2.581.385
Current Period Profit	1.793.225	1.336.113
Prior Period Profit	1.245.272	1.245.272
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	778	778
Common Equity Tier I Capital Before Deductions	**23.667.022**	**18.314.016**
Deductions from Common Equity Tier I Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	--	--
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	361.206	177.898
Improvement costs for operating leasing	53.967	71.307
Goodwill (net of related tax liability)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	346.815	284.468
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	--	--
Differences are not recognised at the fair value of assets and liabilities subject to hedge of cash flow risk	--	--
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	--	--
Gains arising from securitization transactions	--	--
Unrealised gains and losses due to changes in own credit risk on fair valued liabilities	--	--
Defined-benefit pension fund net assets	--	--
Direct and indirect investments of the Bank in its own Common Equity	--	--
Shares obtained contrary to the 4th clause of the 56th Article of the Law	--	--
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 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 Common Equity of the Bank	--	--
Portion of mortgage servicing rights exceeding 10% of the Common Equity	--	--
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	--	--
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 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	--	--
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 due to insufficient Additional Tier I Capital or Tier II Capital	--	--
Total Deductions From Common Equity Tier I Capital	**761.988**	**533.673**
Total Common Equity Tier I Capital	**22.905.034**	**17.780.343**

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ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	--	--
Debt instruments and premiums approved by BRSA	--	--
Debt instruments and premiums approved by BRSA (Temporary Article 4)	--	--
Additional Tier I Capital before Deductions	**--**	**--**
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	--	--
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7. -	--	--
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital -	--	--
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital -	--	--
Other items to be defined by the BRSA	--	--
Transition from the Core Capital to Continue to deduce Components	--	--
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	--	--
Total Deductions From Additional Tier I Capital	**--**	**--**
Total Additional Tier I Capital	**--**	**--**
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	**22.905.034**	**17.780.343**
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.870.996	4.889.713
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	--
Provisions (Article 8 of the Regulation on the Equity of Banks)	1.816.485	1.554.785
Tier II Capital Before Deduction	**7.687.481**	**6.444.498**
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	242.614	194.238
Investments of Bank to Banks that invest on Bank's Tier II and components of equity issued by financial institutions with the conditions declared in Article 8.	--	--
Portion of the total of net long positions of investments made in Additional Tier I Capital item 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	--	--
Portion of the total of net long positions of investments made in Additional Tier I Capital item 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 (-)	--	--
Total Deductions from Tier II Capital	**242.614**	**194.238**
Total Tier II Capital	**7.444.867**	**6.250.260**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**30.349.901**	**24.030.603**
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	--	--
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	--	--
Other items to be defined by the BRSA	19.630	11.554
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
The Sum of net long positions of investments in the Additional Tier I capital and Tier II capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
TOTAL CAPITAL		
Total Capital ((The sum of Tier I Capital and Tier II Capital)	30.330.271	24.019.049
Total risk weighted amounts	162.458.536	135.814.656
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	14,10	13,09
Tier I Capital Adequacy Ratio (%)	14,10	13,09
Capital Adequacy Ratio (%)	18,67	17,69

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BUFFERS		
Total additional Common Equity Tier I Capital requirement ratio	2,878	2,826
Bank specific total common equity tier I capital ratio (%)	2,500	2,500
Capital conservation buffer requirement (%)	0,378	0,326
Systemic significant bank buffer ratio (%)	--	--
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	2,119	1,802
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	--	--
Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	--	--
Amount arising from mortgage-servicing rights	--	--
Amount arising from deferred tax assets based on temporary differences	--	--
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before one hundred twenty five in ten thousand limitation)	6.693.432	3.941.547
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.816.485	1.554.785
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	--	--
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	--	--
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	**--**	**--**
Upper limit for Additional Tier I Capital subjected to temporary Article 4	--	--
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	--	--
Upper limit for Additional Tier II Capital subjected to temporary Article 4 (2)	--	--
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	--	--

(1) As of May 2018, the difference between the provision for expected credit loss calculated in accordance with TFRS 9 and the total provision amount calculated before the application of TFRS 9 has been recorded in "Prior Years' Profit and Loss" account. Therefore, in accordance with Provisional Article 5 of the "Regulation on Equity of Banks", this amount has started to be shown net in the calculation of equity by adding 40% of the portion after deduction of the tax amount resulting from the difference (31 December 2019: 60%).

(2) There are no loans included in Tier II capital related to "Temporary Article 4".

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

Issuer	ENBD PJSC	ENBD PJSC	ENBD PJSC	ENBD PJSC
Unique identifier (eg CUSIP, ISIN)	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Governing law(s) of the instrument	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 1 November 2006.
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	Not Deducted	Not Deducted	Not Deducted	Not Deducted
Eligible at solo/group/group&solo	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	1048	1113	2226	1484
Par value of instrument (Currency in mil)	1048	1113	2226	1484
Accounting classification	3470102	3470102	3470102	3470102
Original date of issuance	30/09/2014	30/04/2014	31/01/2014	30/09/2013
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	15 years	15 years	15 years	15 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.
Subsequent call dates, if applicable	None.	None.	None.	None.
Coupons/Dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	First five year 6,2%, after ırs +5,64	First five year 7,93%, after ırs +6,12	7,50%	7,49%
Existence of a dividend stopper	None.	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	--	--	--	--
Existence of step up or other incentive to redeem	None.	None.	None.	None.
Noncumulative or cumulative	--	--	--	--
Convertible or non-convertible				
If convertible, conversion trigger (s)	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.
If convertible, fully or partially	Convertible fully.	Convertible fully.	Convertible fully.	Convertible fully.
If convertible, conversion rate	--	--	--	--
If convertible, mandatory or optional conversion	--	--	--	--
If convertible, specify instrument type convertible into	--	--	--	--
If convertible, specify issuer of instrument it converts into	--	--	--	--
Write-down feature				
If write-down, write-down trigger(s)	None.	None.	None.	None.
If write-down, full or partial	--	--	--	--
If write-down, permanent or temporary	--	--	--	--
If temporary write-down, description of write-up mechanism	--	--	--	--
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	--	--	--	--

Following the transfer of the shares of the Bank on 31 July 2019, subordinated loans used by the Bank from Sberbank have been transferred to ENBD.

On 23 June 2020, the maturity of subordinated loans used by the Bank from ENBD was extended for 5 years.

c. Main differences between "Equity" amount mentioned in the prior tables' equity statements and "Equity" amount in balance sheet arise from first and second stage loss provisions. The portion of main amount to credit risk of first and second stage loss provisions up to 1,25% considered as supplementary capital in the calculation of "Equity" amount included in equity statement as result of deductions mentioned in scope of Regulation on Equity of Banks. Additionally, Losses reflected to equity are determined through excluding losses sourcing from cash flow hedge reflected in equity in accordance with TAS which are subjects of discount from Core Capital. On the other hand, leasehold improvement costs monitored under Plant, Property and Equipment in balance sheet, intangible assets and deferred tax liabilities related to intangible assets, net carrying value of properties acquired in return for receivables and kept for over three years and certain other accounts determined by the Board are taken into consideration in the calculation as assets deducted from capital.

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d. Explanations on provisional article 5 of the regulation on the equity of banks

EQUITY ITEMS	T-2	T-3	T-4
Core Capital	22.905.034	22.905.034	22.905.034
Transition Process Unapplied Core Capital	*22.643.005*	*22.774.019*	*22.905.034*
Tier I Capital	22.905.034	22.905.034	22.905.034
Transition Process Unapplied Main Capital	*22.643.005*	*22.774.019*	*22.905.034*
Equity	30.330.271	30.330.271	30.330.271
Transition Process Unapplied Equity	*30.068.242*	*30.199.256*	*30.330.271*
TOTAL RISK WEIGHTED AMOUNTS			
Total Risk Weighted Amounts	162.458.536	162.458.536	162.458.536
CAPITAL ADEQUACY RATIO			
Core Capital Adequacy Ratio (%)	14,10	14,10	14,10
Transition Process Unapplied Core Capital Adequacy Ratio (%)	*13,94*	*14,02*	*14,10*
Main Capital Adequacy Ratio (%)	14,10	14,10	14,10
Transition Period Unapplied Main Capital Adequacy Ratio (%)	*13,94*	*14,02*	*14,10*
Capital Adequacy Ratio (%)	18,67	18,67	18,67
Transition Process Unapplied Capital Adequacy Ratio (%)	*18,51*	*18,59*	*18,67*
LEVERAGE RATIO			
Total Leverage Ratio Risk Exposure	305.797.470	305.797.470	305.797.470
Leverage Ratio	7,41	7,41	7,41
Transition Process Unapplied Leverage Ratio	*7,33*	*7,37*	*7,41*

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 and losses likely to incur due to the counterparties of the Bank not meeting in full or in part their commitments arising from the contracts.

Credit risk limits of the customers are allocated 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 monthly 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 Bank 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 and deposits, bills of exchange and sureties of the persons and companies.

Explanations related to the definitions of the loans, which have been overdue and impaired, value adjustments and provisions

Explanation is given in Section Four, note VIII-c-4-i.

Methods and approaches to valuation adjustments and provisions

Explanation is given in Section Three, note VIII.

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

	Risk classifications	Current Period (*)	Average (**)
1	Receivables from central governments and Central Banks	40.550.434	37.051.689
2	Receivables from regional or local governments	3.968.611	3.203.929
3	Receivables from administrative bodies and non-commercial enterprises	--	--
4	Receivables from multilateral development banks	--	--
5	Receivables from international organizations	--	--
6	Receivables from banks and brokerage houses	10.249.397	9.347.155
7	Receivables from corporate portfolio	63.644.364	58.419.294
8	Receivables from retail portfolio	62.567.261	57.654.771
9	Receivables secured by residential mortgages	3.191.410	3.278.929
10	Receivables secured by commercial mortgages	14.984.482	13.777.319
11	Past due receivables	3.817.466	4.158.419
12	Receivables defined in high risk category by BRSA	--	--
13	Securities collateralized by mortgages	--	--
14	Short-term receivables from banks, brokerage houses and corporate portfolio	--	--
15	Investments similar to collective investment funds	1.181	3.264
16	Other receivables	6.852.654	6.490.982
17	Equity investments	18.801.560	17.049.434
18	Total	228.628.820	210.435.185

(*) Includes the risks included in the total banking book before the credit risk reduction and after the credit conversion rate.
(**) Arithmetical average of the quarterly reported amounts.

	Risk classifications	Prior Period (*)	Average (**)
1	Receivables from central governments and Central Banks	32.968.496	31.346.796
2	Receivables from regional or local governments	2.777.321	1.750.865
3	Receivables from administrative bodies and non-commercial enterprises	--	--
4	Receivables from multilateral development banks	--	--
5	Receivables from international organizations	--	--
6	Receivables from banks and brokerage houses	8.467.497	8.404.832
7	Receivables from corporate portfolio	52.656.966	51.253.475
8	Receivables from retail portfolio	48.109.742	47.729.210
9	Receivables secured by residential mortgages	3.480.632	3.759.188
10	Receivables secured by commercial mortgages	12.114.225	11.507.564
11	Past due receivables	5.616.549	3.781.502
12	Receivables defined in high risk category by BRSA	--	--
13	Securities collateralized by mortgages	--	--
14	Short-term receivables from banks, brokerage houses and corporate portfolio	--	--
15	Investments similar to collective investment funds	6.365	2.764
16	Other receivables	5.081.915	5.579.315
17	Equity investments	13.374.148	11.763.754
18	Total	184.653.856	176.879.265

(*) Includes the risks included in the total banking book before the credit risk reduction and after the credit conversion rate.
(**) Arithmetical average of the quarterly reported amounts.

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 realised 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.

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

e. Evaluation of the significance of country specific risk considering the economic conditions 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 significant credit risk concentration when evaluated together with the financial activities of other financial institutions as an active participant in the international banking 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. Bank's

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

The receivables of Bank from the top 100 and 200 cash loan customers constitute 31% and 37% of the total cash loans portfolio (31 December 2019: 29%, 35%).

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

The receivables of Bank from the top 100 and 200 non-cash loan customers constitute 51% and 62% of the total non-cash loans portfolio (31 December 2019: 51%, 62%).

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

The share of the cash and non-cash receivables of Bank from top 100 and 200 loan customers constitute 20% and 26% of the total balance sheet and off-balance sheet assets (31 December 2019: 20%, 25%).

g. Expected credit loss for credit risk undertaken by Bank

As at 31 December 2020, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by Bank amounts to TL 6.693.432.

As at 31 December 2019, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by Bank amounts to TL 3.941.547.

h. Information on loans and provisions for expected loss

Current Period - 31 December 2020	Balance	Provision
Loans	135.465.909	14.111.444
Stage 1	96.586.136	966.707
Stage 2	26.468.138	5.205.339
Stage 3	11.964.223	7.939.398
Financial Assets	50.337.133	798
Other	5.722.221	7.602
Non-cash Loans	101.077.547	885.854
Stage 1 and 2	100.069.597	512.986
Stage 3	1.007.950	372.868
Total	292.155.398	15.005.698

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i. Information on provisions for expected loss for loans

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the period (1 January 2020)	876.527	2.378.120	5.590.757	8.845.404
Transfers	96.557	(561.818)	465.261	--
Stage 1	224.597	(223.532)	(1.065)	--
Stage 2	(121.486)	189.518	(68.032)	--
Stage 3	(6.554)	(527.804)	534.358	--
Loans addition in the period	238.804	164.687	127.715	531.206
Disposals from loans in the period	(49.533)	(122.834)	(263.108)	(435.475)
Provisions changes during the period (*)	(195.648)	3.347.184	3.287.944	6.439.480
Loans written off (**)	--	--	(1.854.976)	(1.854.976)
Loans sold	--	--	--	--
FX Differences	--	--	585.805	585.805
Balance at the end of the period (31 December 2020)	**966.707**	**5.205.339**	**7.939.398**	**14.111.444**

(*) Related amounts include the changes in the provision for expected credit loss for the period of the loans remaining at the same stage during the year and the provisions for expected credit loss created by the transfers between the stages within the year.

(**) In accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the Bank, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, as of 31 December 2020, the Bank written-off its loans amounting to TL 1.854.976 from the records.

j. Information on loan movements (*)

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the period (1 January 2020)	73.090.386	21.655.563	11.054.678	105.800.627
Transfers	(4.006.544)	1.618.347	2.388.197	--
Stage 1	2.977.324	(2.975.055)	(2.269)	--
Stage 2	(6.746.195)	6.846.743	(100.548)	--
Stage 3	(237.673)	(2.253.341)	2.491.014	--
Loans addition in the period	40.423.468	6.293.765	486.013	47.203.246
Disposals from loans in the period	(12.921.174)	(3.099.537)	(1.016.621)	(17.037.332)
Loans written off (**)	--	--	(1.854.976)	(1.854.976)
Loans sold	--	--	--	--
FX Differences	--	--	906.932	906.932
Balance at the end of the period (31 December 2020)	**96.586.136**	**26.468.138**	**11.964.223**	**135.018.497**

(*) The balances of loans at fair value through profit or loss are not included.

(**) As of 31 December 2020, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the Bank, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, loans amounting to TL 1.854.976 were written-off from the records. The effect of this accounting treatment on the non-performing loans ratio of the Bank is 124 basis points.

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k. Profile of significant exposures in major regions

Current Period	Risk Classifications (*)(***) 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	40.264.561	3.949.191	--	--	--	1.408.186	37.312.658	59.078.502	2.821.821	13.184.296	3.485.153	--	--	--	--	6.852.654	466	168.357.488
European Union Countries	--	--	--	--	--	3.130.536	838.014	54.140	18.430	6.174	31.916	--	--	--	--	--	--	4.079.210
OECD Countries (**)	--	--	--	--	--	126.397	--	2.453	1.101	--	--	--	--	--	--	--	--	129.951
Off-Shore Banking Regions	--	--	--	--	--	302	919.683	3.661	5.121	364.443	2	--	--	--	--	--	--	1.293.212
USA, Canada	92.138	--	--	--	--	1.268.335	70.183	1.265	1.938	252	--	--	--	--	--	--	--	1.434.111
Ohter Countries	--	--	--	--	--	57.239	696.781	29.438	31.750	6.810	46.600	--	--	--	--	--	--	868.618
Subsidiares,Associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	18.801.094	18.801.094
UnallocatedAssets/Liabilities	193.735	19.420	--	--	--	4.258.402	23.807.045	3.397.802	311.249	1.422.507	253.795	--	--	--	1.181	--	--	33.665.136
Total	**40.550.434**	**3.968.611**	**--**	**--**	**--**	**10.249.397**	**63.644.364**	**62.567.261**	**3.191.410**	**14.984.482**	**3.817.466**	**--**	**--**	**--**	**1.181**	**6.852.654**	**18.801.560**	**228.628.820**

Prior Period	Risk Classifications (*)(***) 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	32.878.671	2.767.713	--	--	--	2.552.880	29.515.068	44.799.474	3.203.803	10.428.488	5.458.912	--	--	--	--	4.930.321	78.169	136.613.499
European Union Countries	--	--	--	--	--	987.603	2.332.392	58.682	21.822	6.989	1.371	--	--	--	--	2.105	--	3.410.964
OECD Countries (**)	--	--	--	--	--	43.190	--	3.323	1.452	--	61	--	--	--	--	--	--	48.026
Off-Shore Banking Regions	--	--	--	--	--	369	724.080	3.069	1.222	203.113	--	--	--	--	--	149.218	--	1.081.071
USA, Canada	--	--	--	--	--	1.176.029	--	1.433	2.795	106	1	--	--	--	--	--	--	1.180.364
Ohter Countries	--	--	--	--	--	99.837	667.234	31.726	33.388	6.021	2.563	--	--	--	--	271	--	841.040
Subsidiares,Associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	13.295.979	13.295.979
UnallocatedAssets/Liabilities	89.825	9.608	--	--	--	3.607.589	19.418.192	3.212.035	216.150	1.469.508	153.641	--	--	--	6.365	--	--	28.182.913
Total	**32.968.496**	**2.777.321**	**--**	**--**	**--**	**8.467.497**	**52.656.966**	**48.109.742**	**3.480.632**	**12.114.225**	**5.616.549**	**--**	**--**	**--**	**6.365**	**5.081.915**	**13.374.148**	**184.653.856**

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

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

(**) OECD countries except for EU countries, USA and Canada
(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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I. Risk Profile by Sectors or Counterparties

	Risk Classifications (*)(**)																			
Current Period: 31 December 2020	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	**585**	--	--	--	--	--	**831.633**	**12.607.869**	**215.772**	**1.953.472**	**252.844**	--	--	--	--	**3**	--	**15.599.430**	**262.748**	**15.862.178**
Farming and Cattle	585	--	--	--	--	--	824.212	12.591.850	213.496	1.952.755	250.510	--	--	--	--	3	--	15.573.475	259.936	15.833.411
Forestry	--	--	--	--	--	--	--	3.388	1.662	549	18	--	--	--	--	--	--	5.045	572	5.617
Fishing	--	--	--	--	--	--	7.421	12.631	614	168	2.316	--	--	--	--	--	--	20.910	2.240	23.150
Manufacturing	--	--	--	--	--	--	**19.068.557**	**2.327.945**	**295.479**	**1.871.422**	**644.889**	--	--	--	--	**15**	--	**6.840.593**	**17.367.714**	**24.208.307**
Mining	--	--	--	--	--	--	922.574	175.898	15.355	55.145	22.564	--	--	--	--	--	--	376.268	815.268	1.191.536
Production	--	--	--	--	--	--	13.818.298	2.127.408	273.017	1.500.729	505.815	--	--	--	--	15	--	5.843.492	12.381.790	18.225.282
Electric, Gas, Water	--	--	--	--	--	--	4.327.685	24.639	7.107	315.548	116.510	--	--	--	--	--	--	620.833	4.170.656	4.791.489
Construction	--	**1.955.548**	--	--	--	--	**11.439.319**	**1.442.255**	**287.482**	**1.005.116**	**525.257**	--	--	--	--	**17**	**2.800**	**7.504.083**	**9.153.711**	**16.657.794**
Services	**28**	**31.865**	--	--	--	**3.416.217**	**22.033.884**	**8.417.612**	**801.828**	**8.714.463**	**1.593.796**	--	--	--	**182**	**59**	**18.450.366**	**40.031.985**	**23.428.315**	**63.460.300**
Wholesale and Retail Trade	28	6.240	--	--	--	--	7.640.260	6.576.787	539.223	1.815.301	457.432	--	--	--	--	54	--	10.645.594	6.389.731	17.035.325
Hotel and Restaurant Services	--	--	--	--	--	--	5.809.422	291.793	104.779	5.650.004	945.323	--	--	--	--	--	--	2.211.415	10.589.906	12.801.321
Transportation and telecommunication	--	--	--	--	--	--	4.292.833	1.039.205	108.361	432.933	156.431	--	--	--	--	1	--	2.791.858	3.237.906	6.029.764
Financial institution	--	--	--	--	--	3.416.217	2.058.388	111.713	7.517	23.497	1.373	--	--	--	182	1	18.444.366	21.939.034	2.124.220	24.063.254
Real estate and letting services	--	15.486	--	--	--	--	195.405	89.823	7.492	33.136	4.406	--	--	--	--	2	6.000	221.958	129.792	351.750
Self-employement services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	--	7.586	--	--	--	--	517.092	174.019	19.138	477.217	25.208	--	--	--	--	1	--	1.208.336	11.925	1.220.261
Health and social services	--	2.553	--	--	--	--	1.520.484	134.272	15.318	282.375	3.623	--	--	--	--	--	--	1.013.790	944.835	1.958.625
Other	**40.549.821**	**1.981.198**	--	--	--	**6.833.180**	**10.270.971**	**37.771.580**	**1.590.849**	**1.440.009**	**800.680**	--	--	--	**999**	**6.852.560**	**348.394**	**68.250.378**	**40.189.863**	**108.440.241**
Total	**40.550.434**	**3.968.611**	--	--	--	**10.249.397**	**63.644.364**	**62.567.261**	**3.191.410**	**14.984.482**	**3.817.466**	--	--	--	**1.181**	**6.852.654**	**18.801.560**	**138.226.469**	**90.402.351**	**228.628.820**

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

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

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

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	Risk Classifications (*)(**)																			
Prior Period: 31 December 2019	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	--	--	--	--	--	--	**602.032**	**11.550.059**	**166.918**	**1.600.124**	**349.463**	--	--	--	--	**4**	--	**14.083.582**	**185.018**	**14.268.600**
Farming and Cattle	--	--	--	--	--	--	599.830	11.539.963	165.684	1.599.684	345.972	--	--	--	--	4	--	14.069.969	181.168	14.251.137
Forestry	--	--	--	--	--	--	--	4.465	549	284	102	--	--	--	--	--	--	4.575	825	5.400
Fishing	--	--	--	--	--	--	2.202	5.631	685	156	3.389	--	--	--	--	--	--	9.038	3.025	12.063
Manufacturing	--	--	--	--	--	--	**15.016.318**	**2.071.373**	**272.962**	**2.434.693**	**830.986**	--	--	--	--	**8**	--	**5.081.529**	**15.544.811**	**20.626.340**
Mining	--	--	--	--	--	--	736.719	126.625	12.973	92.851	74.377	--	--	--	--	--	--	364.758	678.787	1.043.545
Production	--	--	--	--	--	--	10.186.279	1.918.992	254.795	2.315.410	697.351	--	--	--	--	8	--	3.895.060	11.477.775	15.372.835
Electric, Gas, Water	--	--	--	--	--	--	4.093.320	25.756	5.194	26.432	59.258	--	--	--	--	--	--	821.711	3.388.249	4.209.960
Construction	--	**980.975**	--	--	--	**2**	**9.993.380**	**1.155.820**	**326.477**	**891.996**	**587.652**	--	--	--	--	**12**	**2.800**	**5.371.266**	**8.567.848**	**13.939.114**
Services	**29**	**28.845**	--	--	--	**3.634.493**	**16.918.159**	**6.396.867**	**733.294**	**5.708.146**	**2.579.261**	--	--	--	**5.173**	**317**	**12.974.149**	**30.691.597**	**18.287.136**	**48.978.733**
Wholesale and Retail Trade	--	9.238	--	--	--	--	6.469.881	5.018.336	475.765	1.569.334	719.535	--	--	--	--	317	--	8.433.986	5.828.420	14.262.406
Hotel and Restaurant Services	--	--	--	--	--	--	4.499.881	243.438	110.726	3.182.528	1.651.748	--	--	--	--	--	--	1.964.104	7.724.217	9.688.321
Transportation and telecommunication	--	--	--	--	--	--	2.991.605	813.390	97.116	356.344	97.390	--	--	--	--	--	--	2.011.396	2.344.449	4.355.845
Financial institution	29	--	--	--	--	3.634.493	915.262	58.354	7.002	12.136	5.984	--	--	--	5.173	--	12.968.149	16.304.826	1.301.756	17.606.582
Real estate and letting services	--	8.526	--	--	--	--	230.016	53.906	12.554	51.300	8.008	--	--	--	--	--	6.000	196.769	173.541	370.310
Self-employement services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	--	9.711	--	--	--	--	530.148	97.632	17.898	324.101	47.292	--	--	--	--	--	--	994.886	31.896	1.026.782
Health and social services	--	1.370	--	--	--	--	1.281.366	111.811	12.233	212.403	49.304	--	--	--	--	--	--	785.630	882.857	1.668.487
Other	**32.968.467**	**1.767.501**	--	--	--	**4.833.002**	**10.127.077**	**26.935.623**	**1.980.981**	**1.479.266**	**1.269.187**	--	--	--	**1.192**	**5.081.574**	**397.199**	**53.650.129**	**33.190.940**	**86.841.069**
Total	**32.968.496**	**2.777.321**	--	--	--	**8.467.497**	**52.656.966**	**48.109.742**	**3.480.632**	**12.114.225**	**5.616.549**	--	--	--	**6.365**	**5.081.915**	**13.374.148**	**108.878.103**	**75.775.753**	**184.653.856**

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

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5: Receivables from international organizations
6: Receivables from banks and brokerage houses
7: Receivables from corporate portfolio
8: Receivables from retail portfolio
9: Receivables secured by residential mortgages
10: Receivables secured by commercial mortgages
11: Past due receivables
12: Receivables defined in high risk category by BRSA
13: Securities collateralized by mortgages
14: Short-term receivables from banks, brokerage houses and corporate portfolio
15: Investments similar to collective investment funds
16: Other receivables
17: Equity investments

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

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

Current Period

	Risk classifications	Undistributed (*)	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
1	Receivables from central governments and Central Banks	10.306.745	10.615.962	110.013	2.455	9.974	19.505.285
2	Receivables from regional or local governments	--	1.753	8.116	2.867	978.627	2.977.248
3	Receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	--
4	Receivables from multilateral development banks	--	--	--	--	--	--
5	Receivables from international organizations	--	--	--	--	--	--
6	Receivables from banks and brokerage houses	2.911.865	2.438.923	247.534	1.056.851	1.023.375	2.570.849
7	Receivables from corporate portfolio	--	6.607.074	4.650.160	5.524.757	8.190.146	38.672.227
8	Receivables from retail portfolio	--	15.045.838	1.972.866	2.978.795	12.784.939	29.784.823
9	Receivables secured by residential mortgages	14	149.172	159.794	230.870	464.511	2.187.049
10	Receivables secured by commercial mortgages	1	825.344	509.164	668.889	1.537.084	11.444.000
11	Past due receivables	3.817.466	--	--	--	--	--
12	Receivables defined in high risk category by BRSA	--	--	--	--	--	--
13	Securities collateralized by mortgages	--	--	--	--	--	--
14	Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--	--	--
15	Investments similar to collective investment funds	--	1.169	12	--	--	--
16	Other receivables	6.829.886	22.768	--	--	--	--
17	Equity investments	18.801.560	--	--	--	--	--
18	**Total**	**42.667.537**	**35.708.003**	**7.657.659**	**10.465.484**	**24.988.656**	**107.141.481**

(*) Amounts without maturities are included.

Prior Period

	Risk classifications	Undistributed (*)	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
1	Receivables from central governments and Central Banks	6.829.732	9.092.682	--	--	--	17.046.082
2	Receivables from regional or local governments	--	548	1.069	4.342	87.907	2.683.455
3	Receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	--
4	Receivables from multilateral development banks	--	--	--	--	--	--
5	Receivables from international organizations	--	--	--	--	--	--
6	Receivables from banks and brokerage houses	1.983.267	3.755.005	265.855	632.350	204.364	1.626.656
7	Receivables from corporate portfolio	281	5.877.122	3.837.379	3.139.443	5.654.180	34.148.561
8	Receivables from retail portfolio	1.112	11.092.610	1.911.184	2.784.913	8.651.561	23.668.362
9	Receivables secured by residential mortgages	--	131.844	135.761	190.716	309.894	2.712.417
10	Receivables secured by commercial mortgages	--	792.294	585.776	456.592	1.427.168	8.852.395
11	Past due receivables	5.616.549	--	--	--	--	--
12	Receivables defined in high risk category by BRSA	--	--	--	--	--	--
13	Securities collateralized by mortgages	--	--	--	--	--	--
14	Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--	--	--
15	Investments similar to collective investment funds	--	144	5.718	--	503	--
16	Other receivables	5.016.222	65.693	--	--	--	--
17	Equity investments	13.374.148	--	--	--	--	--
18	**Total**	**32.821.311**	**30.807.942**	**6.742.742**	**7.208.356**	**16.335.577**	**90.737.928**

(*) Amounts without maturities are included.

n. Information on risk class

Ratings issued by Fitch, international credit rating agency, are being used in determining risk weights for the regulatory calculation of capital adequacy.

The scope of asset classes that the credit ratings are considered are receivables from central governments or central bank, receivables from banks and brokerage houses as being limited with those residing abroad and corporate receivables from residing abroad.

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Current Period

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

Prior Period

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

o. Exposures by risk weights

Current Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Equity Deduction
Exposures before Credit Risk Mitigation	42.103.520	--	6.366.527	--	9.035.816	67.522.468	103.050.957	549.532	--	--	--	1.024.232
Exposures after Credit Risk Mitigation	50.783.823	--	6.366.460	3.040.923	20.795.520	56.923.127	88.426.298	90.347	--	--	--	1.024.232

Prior Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Equity Deduction
Exposures before Credit Risk Mitigation	27.742.539	--	5.474.771	--	5.696.399	53.198.107	90.176.474	2.365.566	--	--	--	739.465
Exposures after Credit Risk Mitigation	34.988.169	--	5.474.771	3.234.916	14.746.780	44.022.360	77.331.142	2.360.321	--	--	--	739.465

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p. Information by major sectors and type of counterparties (*)

Current Period

Important Sectors/Counterparties	Loans (**) Impaired (TFRS 9) Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	Provisions Provision for Expected Credit Loss (TFRS 9) (***)
Agricultural	4.253.668	1.778.983	1.590.535
Farming and Cattle	4.236.909	1.778.110	1.577.054
Forestry	16.414	227	12.808
Fishing	345	646	673
Manufacturing	4.809.643	2.760.528	2.636.481
Mining	688.301	84.457	88.281
Production	2.060.710	1.459.964	1.428.712
Electric, Gas, Water	2.060.632	1.216.107	1.119.488
Construction	1.833.099	1.226.717	1.660.657
Services	8.340.436	5.541.597	5.627.673
Wholesale and Retail Trade	2.885.887	1.171.169	1.530.478
Hotel and Restaurant Services	3.122.923	2.343.897	1.920.182
Transportation & telecommunication	725.244	438.235	510.030
Financial institutions	15.293	5.824	6.155
Real estate and letting services	505.022	1.363.454	1.328.549
Self-employement services	125.633	125.728	135.104
Education services	161.039	33.614	65.621
Health and social services	799.395	59.676	131.554
Other	7.231.292	656.398	1.629.391
Total	26.468.138	11.964.223	13.144.737

(*) The balances of loans at fair value through profit or loss are not included.
(**) Cash loans are given.
(***) Includes the second and third stage provisions.

Prior Period

Important Sectors/Counterparties	Loans (**) Impaired (TFRS 9) Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	Provisions Provision for Expected Credit Loss (TFRS 9) (***)
Agricultural	4.234.727	1.601.324	746.773
Farming and Cattle	4.197.029	1.596.585	738.255
Forestry	28.594	1.684	7.367
Fishing	9.104	3.055	1.151
Manufacturing	2.886.779	1.991.575	1.504.499
Mining	510.017	151.245	111.638
Production	2.116.741	1.022.277	911.068
Electric, Gas, Water	260.021	818.053	481.793
Construction	2.129.437	1.151.034	836.267
Services	6.907.610	5.158.476	3.602.486
Wholesale and Retail Trade	2.257.701	1.768.021	1.074.728
Hotel and Restaurant Services	1.849.023	1.784.853	1.089.218
Transportation & telecommunication	1.074.056	215.377	368.353
Financial institutions	28.156	86.304	34.558
Real estate and letting services	518.942	1.095.047	715.225
Self-employement services	216.669	94.766	100.442
Education services	341.468	51.136	46.624
Health and social services	621.595	62.972	173.338
Other	5.497.010	1.152.269	1.278.852
Total	21.655.563	11.054.678	7.968.877

(*) The balances of loans at fair value through profit or loss are not included.
(**) Cash loans are given.
(***) Includes the second and third stage provisions.

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q. Information on movements in valuation adjustments and provisions

Current Period: 31 December 2020	Opening Balance 1 January 2020	Charge for the period	Other Adjustments (*)	Closing Balance
Default (Third Stage / Specific Provision)	5.590.757	3.400.036	(1.051.395)	7.939.398
12 Months Provision for Expected Credit Loss (First Stage)	876.527	87.408	2.772	966.707
Significant Increase in Credit Risk (Second Stage)	2.378.120	2.824.593	2.626	5.205.339

(*) Includes sales made from non-performing loans, write-off and foreign exchange differences.

Prior Period: 31 December 2019	Opening Balance 1 January 2019	Charge for the period	Other Adjustments (*)	Closing Balance
Default (Third Stage / Specific Provision)	3.578.774	3.890.508	(1.878.525)	5.590.757
12 Months Provision for Expected Credit Loss (First Stage)	758.141	117.019	1.367	876.527
Significant Increase in Credit Risk (Second Stage)	1.500.502	859.021	18.597	2.378.120

(*) Includes sales made from non-performing loans, write-off and foreign exchange differences.

r. Information on cyclical capital buffer calculation:

Current Period

Country of ultimate risk	Private sector credit exposure in banking book	Risk weighted equivalent trading book	Total
Turkey	128.825.109	229.140	129.054.249
Austria	15.725.826	--	15.725.826
Cyprus	1.091.295	--	1.091.295
Malta	806.076	--	806.076
Other	7.309.708	--	7.309.708

Prior Period

Country of ultimate risk	Private sector credit exposure in banking book	Risk weighted equivalent trading book	Total
Turkey	95.785.074	670.548	96.455.622
Austria	10.949.465	--	10.949.465
England	1.624.093	--	1.624.093
United Arab Emirates	1.252.165	--	1.252.165
Other	2.928.657	--	2.928.657

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III. Explanations related to the foreign currency exchange rate risk

a. Foreign exchange rate risk the Bank is exposed to, related impact estimations, and the limits set by the Board of Directors of the Bank for positions which are monitored daily

Foreign currency risk arises from the Bank's net foreign exchange position arising from foreign currency in balance sheet and off-balance sheet assets and liabilities. Against foreign currency risk, the Bank performs foreign currency transactions, as well as foreign currency transactions. Foreign currency indexed transactions are also accepted in foreign currency in the management of exchange rate risk.

The management and follow-up of currency risk has been handled through separate processes for trading and banking accounts. In the management of the position arising from trading accounts, risk-based value-at-risk limit, position limits, option sensitivity limits and stop loss limits are defined and monitored daily. The limit system was formed in two levels by the Board of Directors and the Asset-Liability Committee.

The ultimate responsibility for the management of currency risk arising from banking accounts lies in the Asset-Liability Committee (“ALCO”). Positions are constantly monitored and transactions are carried out in line with the strategy determined by ALCO. In addition to the legal limits, the limits determined by the Board of Directors on the basis of total and foreign currency are taken into account in managing the exchange rate risk.

b. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives

In accordance with TFRS 9, Bank applies net investment hedge accounting to avoid foreign currency exchange rate risk arising from translation of its foreign investments in its unconsolidated financial statements.

Information relating to investment hedge to avoid foreign currency exchange rate risk arising from retranslation of its foreign investments are explained in Section Four, note VIII-a.

c. Foreign currency risk management policy

The procedures and principles regarding the management of currency risk have been written down in the Currency Risk Policy. The limit system, which is the most important element of the Bank's risk management policy, is reviewed once a year and approved by the Board of Directors, considering the general economic situation and developments in the markets.

d. The Bank’s current foreign exchange buying rates announced to the public as of the financial statement date and for the last five working days before that date

US Dollar purchase rate at the balance sheet date	TL 7,4194
Euro purchase rate at the balance sheet date	TL 9,1164

Date	US Dollar	Euro
25 December 2020	7,5517	9,2037
28 December 2020	7,4738	9,1370
29 December 2020	7,4063	9,0697
30 December 2020	7,3405	9,0079
31 December 2020	7,4194	9,1164

e. The simple arithmetic average of the Bank’s current foreign exchange buying rate for the last thirty days from the date of the financial statements

The arithmetical average US Dollar and Euro purchase rates for December 2020 are TL 7,7138 and TL 9,3887 respectively.

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f. Information on currency risk

Current Period	EURO	USD	Other FC (5)	Total
Assets				
Cash Equivalents and Central Bank	7.057.461	9.788.832	3.491.374	**20.337.667**
Banks	148.193	1.464.090	274.932	**1.887.215**
Financial Assets at Fair Value through Profit or Loss (Net) (1)	545.615	1.038.452	1	**1.584.068**
Due from Money Markets	--	--	--	**--**
Financial Assets at Fair Value through Other Comprehensive Income(4)	1.549.284	5.522.603	--	**7.071.887**
Loans (2)	25.185.658	13.744.432	1.256.566	**40.186.656**
Investments in Associates, Subsidiaries and Joint Ventures	15.720.203	388.679	--	**16.108.882**
Financial Assets Measured at Amortised Cost	--	3.152.687	--	**3.152.687**
Hedging Derivative Financial Assets	--	--	--	**--**
Tangible Fixed Assets	--	141	24	**165**
Intangible Fixed Assets	--	--	--	**--**
Other Assets (3)	370.921	1.220.659	273.594	**1.865.174**
Total Assets	**50.577.335**	**36.320.575**	**5.296.491**	**92.194.401**
Liabilities				
Bank Deposits	5.144.184	5.426.659	1.193.004	**11.763.847**
Foreign Currency Deposits	16.870.147	33.072.149	11.653.129	**61.595.425**
Due to Money Markets	--	3.305.635	--	**3.305.635**
Funds Borrowed	10.990.543	16.690.519	1.178.719	**28.859.781**
Securities Issued	--	37.348	414.256	**451.604**
Miscellaneous Payables	--	--	--	**--**
Hedging Derivative Financial Liabilities	--	--	--	**--**
Other Liabilities (6)	3.855.384	3.115.653	1.799	**6.972.836**
Total Liabilities	**36.860.258**	**61.647.963**	**14.440.907**	**112.949.128**
Net on Balance Sheet Position	**13.717.077**	**(25.327.388)**	**(9.144.416)**	**(20.754.727)**
Net off-Balance Sheet Position (7)	**(12.202.490)**	**26.205.516**	**9.020.887**	**23.023.913**
Financial Derivative Assets	8.019.105	43.711.266	12.754.400	**64.484.771**
Financial Derivative Liabilities	(20.221.595)	(17.505.750)	(3.733.513)	**(41.460.858)**
Net Positions	**1.514.587**	**878.128**	**(123.529)**	**2.269.186**
Non Cash Loans	14.390.049	14.203.409	1.275.333	**29.868.791**
Prior Period				
Total Assets	39.196.807	27.016.954	4.708.144	**70.921.905**
Total Liabilities	23.227.228	50.340.338	3.496.167	**77.063.733**
Net on Balance Sheet Position	**15.969.579**	**(23.323.384)**	**1.211.977**	**(6.141.828)**
Net off-Balance Sheet Position	**(16.038.756)**	**23.374.669**	**(1.242.411)**	**6.093.502**
Financial Derivative Assets	13.317.894	38.108.486	2.376.116	**53.802.496**
Financial Derivative Liabilities	(29.356.650)	(14.733.817)	(3.618.527)	**(47.708.994)**
Net Positions	**(69.177)**	**51.285**	**(30.434)**	**(48.326)**
Non Cash Loans	10.661.989	11.570.957	1.237.221	**23.470.167**

(1) : Foreign currency differences of derivative financial assets amounting to TL 811.140 are excluded.
(2) : Foreign currency indexed loans amounting to TL 856.907 are included. Stage 1 and Stage 2 loan provisions amounting to TL (1.512.745) are not included.
(3) : Prepaid expenses amounting to TL 63.224 and stage 1 and stage 2 provisions amounting to TL (56) are not included.
(4) : Negative valuation differences of securities acquired prior to 23 March 2020 amounting to TL 13.796 are not included.
(5) : There are gold balances amounting to TL 5.017.775 under total assets and TL 8.566.342 in total liabilities.
(6) : FX equity amounting to TL 281.568, foreign exchange rate differences related to derivative financial liabilities amounting to TL 1.213.654 are not included.
(7) : Net amount of receivables and liabilities from financial derivatives is shown on the table. Spot foreign exchange buy/sale transactions that are reported under the “Asset Purchase Commitments” are included in “Net Off-Balance Sheet Position”.

g. Information on currency risk exposured

In the event TL loses 10% in value against the currencies below, the increase and decrease in equities and statement of profit or loss (excluding tax effect) as of 31 December 2020 and 2019 are shown in the table below. This analysis has been prepared under the assumption that all other variables, especially interest rates, to be constant.

	Current Period		Prior Period	
	Period Profit/Loss	Equity	Period Profit/Loss	Equity
USD	(22.721)	4.828	(4.314)	(5.940)
Euro	118.573	119.181	20.662	23.500
Total (Net)	**95.852**	**124.009**	**16.348**	**17.560**

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IV. Explanations related to the interest rate risk

Interest rate risk arises from mismatch between the repricing dates of the assets, liabilities and off-balance sheet items (for floating-rate products) or maturities (for fixed-rate products). Although this mismatch is a structural situation in the banking system, it may affect the bank's interest income and expense and the economic value of the balance sheet if there are unexpected changes in interest rates.

The ultimate responsibility for managing the interest rate risk is in the Asset and Liability Committee (ALCO). However, the Treasury and Asset Liability and Capital Management units are responsible for identifying the most appropriate strategies for interest rate risk management and recommending them to decision makers. There are limits approved by the Board of Directors for the control of interest rate risk.

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items (In terms of time remaining for repricing):

End of The Current Period	Up to 1 Month	1 - 3 Month	3 - 12 Month	1 - 5 Year	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	982.481	--	--	--	--	21.607.816	**22.590.297**
Banks[1]	530.838	--	--	--	--	1.862.378	**2.393.216**
Financial Assets at Fair Value through Profit or Loss	40.800	20.745	442.437	27.557	28.346	2.930.733	**3.490.618**
Due from Money Markets	1.838.716	--	--	--	--	--	**1.838.716**
Financial Assets at Fair Value through Other Comprehensive Income	1.981.632	1.260.399	3.087.437	4.147.431	2.737.414	466	**13.214.779**
Loans[4]	34.940.611	7.291.149	24.003.811	42.827.592	7.819.065	4.024.825	**120.907.053**
Financial Assets Measured at Amortised Cost[2]	2.725.105	452.644	299.725	3.783.887	--	--	**7.261.361**
Other Assets [3]	--	--	--	430.401	--	27.129.295	**27.559.696**
Total Assets	**43.040.183**	**9.024.937**	**27.833.410**	**51.216.868**	**10.584.825**	**57.555.513**	**199.255.736**
Liabilities							
Bank Deposits	8.479.621	5.010.675	370.438	--	--	298.067	**14.158.801**
Other Deposits	56.698.635	17.036.218	3.727.814	200.975	--	31.543.772	**109.207.414**
Due to Money Markets	2.173.491	199.160	2.106.496	--	--	--	**4.479.147**
Miscellaneous Payables	--	--	--	--	--	--	**--**
Securities Issued	--	530.503	907.132	644.701	642.307	--	**2.724.643**
Funds Borrowed	3.454.737	13.383.211	5.229.050	1.309.364	5.917.567	--	**29.293.929**
Other Liabilities [5]	571.262	204.789	4.403.183	1.433.674	--	32.778.894	**39.391.802**
Total Liabilities	**71.377.746**	**36.364.556**	**16.744.113**	**3.588.714**	**6.559.874**	**64.620.733**	**199.255.736**
Balance Sheet Long Position	--	--	11.089.297	47.628.154	4.024.951	--	**62.742.402**
Balance Sheet Short Position	(28.337.563)	(27.339.619)	--	--	--	(7.065.220)	**(62.742.402)**
Off-balance Sheet Long Position	2.281.734	1.501.276	--	184.221	--	--	**3.967.231**
Off-balance Sheet Short Position	--	--	(1.059.330)	--	(2.845.955)	--	**(3.905.285)**
Total Position	**(26.055.829)**	**(25.838.343)**	**10.029.967**	**47.812.375**	**1.178.996**	**(7.065.220)**	**61.946**

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (116).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (682).

(3) Other assets / non-interest bearing column includes; tangible assets, intangible assets, investments in associates, deferred tax asset, assets to be disposed, the provisions for expected credit loss of other assets, current tax asset and other assets with balances of TL 620.894, TL 346.815, TL 18.801.094, TL 1.349.707, TL 1.520.654, TL (7.602), TL 296.166 and TL 4.201.567, respectively.

(4) Stage 3 loans are presented netted in "non-interest bearing" column.

(5) Other liabilities / non-interest bearing column includes; shareholders' equity, other liabilities, provisions, tax liabilities and derivative financial liabilities amounting to TL 22.888.752, TL 5.263.640, TL 2.223.409, TL 252.567 and TL 2.150.526, respectively.

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End of The Current Period	Up to 1 Month	1 - 3 Month	3 - 12 Month	1 - 5 Year	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	--	--	--	--	--	16.707.470	**16.707.470**
Banks [1]	2.132.966	--	--	--	--	1.464.936	**3.597.902**
Financial Assets at Fair Value through Profit or Loss (Net)	388	267	329.806	4.962	2.918	1.836.346	**2.174.687**
Due from Money Markets	1.020.321	--	--	--	--	--	**1.020.321**
Financial Assets at Fair Value through Other Comprehensive Income	556.487	2.353.671	2.122.170	4.661.643	961.141	78.170	**10.733.282**
Loans [4]	29.151.015	6.475.640	12.154.699	37.136.889	6.573.059	5.463.921	**96.955.223**
Financial Assets Measured at Amortised Cost [2]	2.501.689	392.506	503.134	1.724.146	1.468.891	--	**6.590.366**
Other Assets [3]	--	--	--	470.470	--	18.228.307	**18.698.777**
Total Assets	**35.362.866**	**9.222.084**	**15.109.809**	**43.998.110**	**9.006.009**	**43.779.150**	**156.478.028**
Liabilities							
Bank Deposits	1.815.712	813.118	219.951	--	--	121.746	**2.970.527**
Other Deposits	62.394.259	10.687.381	3.955.646	23.556	--	20.267.551	**97.328.393**
Due to Money Markets	425.152	--	--	--	--	--	**425.152**
Miscellaneous Payables	--	--	--	--	--	--	**--**
Securities Issued	2.161.569	299.412	--	--	--	--	**2.460.981**
Funds Borrowed	2.696.534	4.937.388	5.677.890	8.089.771	2.849	--	**21.404.432**
Other Liabilities [5]	--	244.734	4.291.370	510.942	--	26.841.497	**31.888.543**
Total Liabilities	**69.493.226**	**16.982.033**	**14.144.857**	**8.624.269**	**2.849**	**47.230.794**	**156.478.028**
Balance Sheet Long Position	--	--	964.952	35.373.841	9.003.160	--	**45.341.953**
Balance Sheet Short Position	(34.130.360)	(7.759.949)	--	--	--	(3.451.644)	**(45.341.953)**
Off-balance Sheet Long Position	2.091.992	257.832	--	625.179	--	--	**2.975.003**
Off-balance Sheet Short Position	--	--	(1.271.273)	--	(416.963)	--	**(1.688.236)**
Total Position	**(32.038.368)**	**(7.502.117)**	**(306.321)**	**35.999.020**	**8.586.197**	**(3.451.644)**	**1.286.767**

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (70).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (836).

(3) Other assets / non-interest bearing column includes; tangible assets, intangible assets, investments in associates, deferred tax asset, investments in subsidiaries, joint ventures, assets to be disposed, current tax asset, the provisions for expected credit loss of other assets and other assets with balances of TL 994.010, TL 284.468, TL 12.102, TL 944.376, TL 13.281.077, TL 2.800, TL 477.673, TL 204.524, TL (3.155) and TL 2.030.432, respectively.

(4) Stage 3 loans are presented netted in "non-interest bearing" column.

(5) Other liabilities / non-interest bearing column includes; shareholders' equity, other liabilities, provisions, tax liabilities and derivative financial liabilities amounting to TL 17.719.848, TL 6.165.658, TL 1.786.956, TL 307.039 and TL 861.996, respectively.

b. Average interest rates applied to monetary financial instruments

Current Period - 31 December 2020	EURO %	USD %	Yen %	TL %
Assets				
Cash Equivalents and Central Bank	--	--	--	9,94
Banks	--	--	--	8,45
Financial Assets at Fair Value through Profit or Loss	2,15	6,04	--	12,20
Due from Money Markets	--	--	--	17,89
Financial Assets at Fair Value through Other Comprehensive Income	2,82	6,14	--	11,70
Loans	5,00	5,74	5,77	15,09
Financial Assets Measured at Amortised Cost	--	4,84	--	13,22
Liabilities				
Bank Deposits	0,69	2,01	--	5,14
Other Deposits	1,14	1,90	0,01	15,24
Due to Money Markets	--	2,66	--	16,90
Miscellaneous Payables	--	--	--	--
Securities Issued	--	1,94	--	11,25
Funds Borrowed	2,08	2,42	--	10,50

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Prior Period - 31 December 2019	EURO %	USD %	Yen %	TL %
Assets				
Cash Equivalents and Central Bank	--	--	--	--
Banks	--	1,40	--	11,35
Financial Assets at Fair Value through Profit or Loss	2,57	8,18	--	15,13
Due from Money Markets	--	--	--	11,58
Financial Assets at Fair Value through Other Comprehensive Income	2,79	4,72	--	13,29
Loans	4,94	7,01	5,49	19,63
Financial Assets Measured at Amortised Cost	--	5,06	--	12,90
Liabilities				
Bank Deposits	1,37	2,59	--	11,34
Other Deposits	0,34	2,02	--	11,12
Due to Money Markets	--	3,18	--	10,67
Miscellaneous Payables	--	--	--	--
Securities Issued	--	--	--	14,00
Funds Borrowed	1,35	4,26	--	12,08

c. Interest rate risk arising from banking accounts

The interest rate risk arising from banking accounts is managed according to the principles stated in the "Interest Rate Risk Management Policy".

Sensitivity limits are determined by the Bank for possible negative developments in the market. Among the metrics; the sensitivity of the net present value of the balance sheet to certain interest rate shocks, the sensitivity of the net interest income, Financial Assets at Fair Value Difference to Other Comprehensive Income has impact and interest rate gap analysis on the CAR. These criteria are not only monitored in weekly ALCOs, but are also submitted to the senior management and the Board of Directors due to the limits set forth in the risk appetite declaration.

Interest rate risk calculation and reporting arising from banking accounts according to the "Regulation on Measurement and Assessment of the Interest Rate Risk from Banking Accounts" published in the Official Gazette no. 28034 dated 23 August 2011. The related ratio is prepared monthly as the other interest rate metrics that the Bank follows. In addition, it is provided with close monitoring by weekly estimation studies and submitted to ALCO.

Cross currency swaps or interest swaps are used for the purpose of hedging up to 10 years of maturity in order to avoid the negative effects of interest risk.

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 2020.

	Current Period: 31 December 2020 Type of Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity -Losses/Equity
1	TL	(+) 500 bps	(2.083.461)	(6,88%)
2	TL	(-) 400 bps	1.840.759	6,08%
3	Euro	(+) 200 bps	12.450	0,04%
4	Euro	(-) 200 bps	14.155	0,05%
5	US Dollar	(+) 200 bps	(25.079)	(0,08%)
6	US Dollar	(-) 200 bps	62.576	0,21%
	Total (of positive shocks)		**(2.096.090)**	**(6,92%)**
	Total (of negative shocks)		**1.917.490**	**6,34%**

	Prior Period: 31 December 2019 Type of Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity -Losses/Equity
1	TL	(+) 500 bps	(2.266.192)	(9,43%)
2	TL	(-) 400 bps	2.043.031	8,51%
3	Euro	(+) 200 bps	(372.049)	(1,55%)
4	Euro	(-) 200 bps	435.657	1,81%
5	US Dollar	(+) 200 bps	14.235	0,06%
6	US Dollar	(-) 200 bps	5.770	0,02%
	Total (of positive shocks)		**(2.624.006)**	**(10,92%)**
	Total (of negative shocks)		**2.484.458**	**10,34%**

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V. Position risk of equity shares arising from banking accounts

a. Comparison of book value, fair value and market value of equity shares

Bank does not have associates and subsidiaries traded at BIST markets and shown in the unconsolidated financial statements at fair value as of 31 December 2020 and 2019.

b. Information on realised gains/losses, revaluation surpluses and unrealised gains/losses on equity shares and their amounts included in the Tier I and Tier II capitals

None.

VI. 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.

Information on liquidity risk management, including the Bank's risk capacity, responsibilities and structure of liquidity risk management, liquidity risk reporting in the Bank, liquidity risk strategy, policy and practices, communication with the board of directors and business lines

The procedures and principles regarding the liquidity risk management within the Bank are determined by the ''Liquidity Risk Management Policy'' approved by the Board of Directors. This policy includes the main duties and principles of liquidity risk management within the Bank, including related methods, procedures, controls and reporting framework. Within the Liquidity Risk Management Policy, ''Liquidity Emergency Action Plan'' has been established and measures that can be taken against unexpected liquidity shortages have been included.

''Risk Appetite Statement'' approved by the Board of Directors is reviewed annually in order to manage the risks in accordance with the Bank's strategy and financial strength. Risk Appetite Statement includes limits for liquidity risk as well as other risk limits. Risk appetite limits are reported to the senior management on a monthly basis within the scope of risk management activities. In the risk appetite statement (RAS), limits are set on criteria such as credit/deposit ratio and LCR regarding liquidity risk. Other indicators followed by these metrics are; liquidity buffer, large deposits, core deposits.

The short-term liquidity management of the Bank is the responsibility of the Treasury Group. The Treasury Group reports to the ALCO on a weekly basis regarding the liquidity structure. ALCO possesses the ultimate responsibility for structural liquidity and funding management. ALCO plays an active role in monitoring and decision-making processes as well as establishing systems related to liquidity and funding management. Monitoring the current liquidity status and legal and internal liquidity indicators, taking decisions regarding liquidity management by taking into consideration the Bank's strategy and risk appetite framework are under the authority and responsibility of ALCO. Financial Institutions Group, Financial Affairs Group and Risk Management Group contribute to the liquidity management process of the Bank in accordance with the ALCO decisions and also provide the necessary support to the ALCO with the information, analysis and recommendations needed in the decision-making process.

Information on the degree of centralization of liquidity management and funding strategy and the functioning of the Bank and the functioning between Bank and its subsidiaries

Liquidity risk management is performed on unconsolidated and consolidated basis. In this context, although the liquidity monitoring and management of the affiliate is carried out by the related affiliate, they are closely monitored by the Bank. Limits are allocated by the Bank in order to meet the liquidity needs of affiliates in the event of emergencies.

Information on the Bank's funding strategy, including policies on the diversity of funding sources and durations

Liquidity risk management arising from funding forms the basis of the Bank's liquidity management activities. The source of deposits is the Bank's main funding source due to the more stable funding and diversification effect compared to the loans provided by the Banks and other sources. In addition, securities issuance and credit utilisation activities are carried out to extend the maturity of funding.

On the other hand, the securities portfolio of the Bank carried for liquidity risk management arising from the market is structured in a way to consist of securities issued by Republic of Turkey Treasury in order to reduce liquidity risk sourcing from market to minimum level since they allow repurchase transactions carried out under CBRT/BIST. The criteria and principles regarding the securities investments to be included in this portfolio have been written and approved by the relevant committee.

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Information on liquidity management in terms of currencies which constitute at least five percent of the total liabilities of the Bank

Majority of the Bank's liabilities consist of Turkish Lira, US Dollar, Euro and gold. The main foreign currency funding source of the Bank consists of deposits and loans obtained from credit institutions. The foreign currency liquidity risk of the Bank is low due to the fact that the foreign currency sources of the Bank are higher level and longer term than FX loans. For this reason, Turkish Lira is generated through swap transactions by using the current foreign currency liquidity. In other words, foreign currency liabilities are used in the funding of Turkish Lira assets.

Information on liquidity risk mitigation techniques used

In order to mitigate the liquidity risk, a liquidity buffer is created and closely monitored to meet possible fund outflows. Securities required for repurchase used to manage short-term risks are kept at a certain level within the balance sheet. On the other hand, diversification of funding sources and extension of the maturity structure are aimed to reduce the structural liquidity risk. The strategy of wide spread deposit base is another important element.

Explanations related to using the stress test

In order to measure the liquidity level under stress conditions, scenario analyses are performed in which special conditions that are not experienced and likely to be experienced and which are important in terms of liquidity are included. Within the scope of the scenario analyses, the measures that can be taken are also evaluated and a sufficient level of liquidity is targeted to meet all liabilities even under stress conditions. Assumptions regarding liquidity stress tests are reviewed on an annual basis at minimum. Within the scenarios determined, the Risk Management Department regularly performs stress tests and monitors the liquidity situation, calculates the time the Bank can survive, compares the limits with the determined results and presents them to the relevant committees.

General information on the liquidity emergency and contingency plan

In order to be prepared for the liquidity crises that may be experienced and to be able to manage them in a healthy and planned way, the ‘‘Liquidity Unexpected Situation Plan Regulation’’ was prepared to guide the processes. In this document, early warning indicators, action plans, duties and responsibilities of the units within the Bank are used to determine the unexpected liquidity situation.

a. Liquidity coverage ratio

Liquidity coverage ratios calculated in accordance with the Regulation on Calculation of Liquidity Coverage Ratio of Banks published in the Official Gazette dated 21 March 2014 and numbered 28948 are as follows. The lowest weekly unconsolidated foreign currency ratio for the last three months was 316,94 in November, the highest 448,29 in December, and the total lowest liquidity coverage ratio has been calculated as 104,86 in November and 133,60 in September as the highest.

The liquidity coverage ratio calculation table is reported to the BRSA on a weekly basis and monitored on a daily basis within the Bank.

High quality liquid assets included in the ratio calculation consist of cash assets, reserves held in CBRT and free securities. Cash outflows consist of deposits, bank borrowings, non-cash loans, derivatives and other payables with no maturity date. However, some bank borrowings are presented as cash outflows regardless of their maturities due to the provision of conditional early payment. In addition, cash outflows include additional collateral requirements that may arise from changes in the fair value of derivative transactions. Cash inflows consist of loans with maturities less than 30 days with definite due dates and receivables from banks and derivative products.

LCR is considered as an important liquidity management measure for the Bank. The Bank carried out the LCR management by increasing by 10% parts and managed to reach 80% for foreign currency in 2020 and as 100% in total within the framework of minimum limits. In the Risk Appetite Statement, internal limits above the legal minimum limits have been determined for LCR and the related ratio is reported and monitored at ALCO, senior management and the Board of Directors level.

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Current Period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 Total High Quality Liquid Assets			34.272.159	23.163.144
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which	88.485.246	46.631.911	7.960.987	4.663.191
3 Stable deposits	17.750.757	--	887.538	--
4 Less stable deposits	70.734.489	46.631.911	7.073.449	4.663.191
5 Unsecured wholesale funding, of which	34.738.931	22.545.109	19.699.387	12.580.965
6 Operational deposits	8.828.546	6.657.470	2.207.136	1.664.368
7 Non-operational deposits	17.225.158	10.690.998	8.811.359	5.721.214
8 Unsecured debt	8.685.227	5.196.641	8.680.892	5.195.383
9 Secured wholesale funding			--	--
10 Other cash outflows	3.279.054	4.621.650	1.676.785	3.305.930
11 Outflows related to derivative exposures and other collateral requirements	608.605	2.428.783	608.605	2.428.783
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	2.670.449	2.192.867	1.068.180	877.147
14 Other contractual funding obligations	274.939	274.379	274.407	274.379
15 Other contingent funding obligations	98.575.293	36.222.394	7.493.311	3.586.674
16 TOTAL CASH OUTFLOWS			37.104.877	24.411.139
CASH INFLOWS				
17 Secured lending	2.503.717	--	--	--
18 Unsecured lending	10.727.794	4.209.988	7.844.513	3.397.688
19 Other cash inflows	485.075	17.177.138	485.074	17.177.138
20 TOTAL CASH INFLOWS	13.716.586	21.387.126	8.329.587	20.574.826
			Total Adjusted Value	
21 TOTAL HQLA			34.272.159	23.163.144
22 TOTAL NET CASH OUTFLOWS			28.775.289	6.144.768
23 LIQUIDITY COVERAGE RATIO (%)			120,0	380,8

(*) Simple arithmetic average values of the the last three months by taking the weekly simple arithmetic average.

Prior Period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 Total High Quality Liquid Assets			33.302.261	20.016.440
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which	70.159.048	30.088.077	6.267.251	3.008.808
3 Stable deposits	14.973.076	--	748.654	--
4 Less stable deposits	55.185.972	30.088.077	5.518.597	3.008.808
5 Unsecured wholesale funding, of which	30.552.305	17.476.191	17.176.881	8.768.191
6 Operational deposits	6.489.094	4.371.115	1.622.274	1.092.779
7 Non-operational deposits	18.608.439	11.207.256	10.104.245	5.779.795
8 Unsecured debt	5.454.772	1.897.820	5.450.362	1.895.617
9 Secured wholesale funding			141.545	141.215
10 Other cash outflows	2.366.254	3.026.035	1.329.231	2.273.679
11 Outflows related to derivative exposures and other collateral requirements	637.882	1.772.108	637.882	1.772.108
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	1.728.372	1.253.927	691.349	501.571
14 Other contractual funding obligations	305.142	304.582	304.610	304.582
15 Other contingent funding obligations	75.351.335	22.518.813	5.596.443	2.201.630
16 TOTAL CASH OUTFLOWS			30.815.961	16.698.105
CASH INFLOWS				
17 Secured lending	1.628.159	--	--	--
18 Unsecured lending	9.982.706	4.059.553	7.276.751	3.145.432
19 Other cash inflows	225.692	5.739.498	225.691	5.739.498
20 TOTAL CASH INFLOWS	11.836.557	9.799.051	7.502.442	8.884.930
			Total adjusted value	
21 TOTAL HQLA			33.302.261	20.016.440
22 TOTAL NET CASH OUTFLOWS			23.313.518	7.815.895
23 LIQUIDITY COVERAGE RATIO (%)			143,3	262,6

(*) Simple arithmetic average values of the the last three months by taking the weekly simple arithmetic average.

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

End of The Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Assets								
Cash Equivalents and Central Bank	10.509.996	12.080.301	--	--	--	--	--	**22.590.297**
Banks (1)	1.862.411	530.805	--	--	--	--	--	**2.393.216**
Financial Assets at Fair Value through Profit or Loss (Net)	219.080	503.861	459.009	962.250	562.197	784.221	--	**3.490.618**
Due from Money Markets	--	1.838.716	--	--	--	--	--	**1.838.716**
Financial Assets at Fair Value through Other Comprehensive Income	466	1.200.629	467.657	1.718.729	5.980.158	3.847.140	--	**13.214.779**
Loans	--	19.168.488	4.534.385	25.435.513	51.832.443	15.911.399	4.024.825	**120.907.053**
Financial Assets Measured at Amortised Cost (2)	--	2.181.461	261.277	711.468	4.107.155	--	--	**7.261.361**
Other Assets	5.293.303	--	--	--	430.401	--	21.835.992	**27.559.696**
Total Assets	**17.885.256**	**37.504.261**	**5.722.328**	**28.827.960**	**62.912.354**	**20.542.760**	**25.860.817**	**199.255.736**
Liabilities								
Bank Deposits	298.098	8.478.087	5.012.178	370.438	--	--	--	**14.158.801**
Other Deposits	31.543.824	56.662.662	17.022.913	3.760.302	217.589	124	--	**109.207.414**
Fund Borrowed	--	681.044	5.165.753	15.150.206	1.894.250	6.402.676	--	**29.293.929**
Due to Money Markets	--	2.173.491	199.160	2.106.496	--	--	--	**4.479.147**
Securities Issued	--	--	1.437.635	644.701	642.307	--	--	**2.724.643**
Miscellaneous Payables	--	--	--	--	--	--	--	**--**
Other Liabilities	5.148.669	1.522.925	646.612	4.627.355	1.580.407	638.701	25.227.133	**39.391.802**
Total Liabilities	**36.990.591**	**69.518.209**	**29.484.251**	**26.659.498**	**4.334.553**	**7.041.501**	**25.227.133**	**199.255.736**
Net Liquidity Excess/ (Gap)	**(19.105.335)**	**(32.013.948)**	**(23.761.923)**	**2.168.462**	**58.577.801**	**13.501.259**	**633.684**	**--**
Net Off-balance sheet Position	**--**	**(625.085)**	**(165.025)**	**161.592**	**158.994**	**--**	**--**	**(469.524)**
Financial Derivative Assets	--	42.043.057	14.608.669	9.251.339	5.932.196	16.616.584	--	**88.451.845**
Financial Derivative Liabilities	--	(42.668.142)	(14.773.694)	(9.089.747)	(5.773.202)	(16.616.584)	--	**(88.921.369)**
Non Cash Loans	--	3.556.157	4.288.948	11.389.022	22.226.920	1.268.320	--	**42.729.367**
End of The Prior Period								
Total Assets	11.848.855	28.341.326	6.201.421	17.721.142	51.779.914	19.640.833	20.944.537	**156.478.028**
Total Liabilities	26.550.632	68.038.190	15.146.389	16.567.658	10.314.551	352.412	19.508.196	**156.478.028**
Net Liquidity Excess/ (Gap)	**(14.701.777)**	**(39.696.864)**	**(8.944.968)**	**1.153.484**	**41.465.363**	**19.288.421**	**1.436.341**	**--**
Net Off-balance sheet Position	**--**	**(178.270)**	**(39.560)**	**315.732**	**398.355**	**--**	**--**	**496.257**
Financial Derivative Assets	--	30.150.623	7.647.872	7.822.522	5.369.328	9.657.701	--	**60.648.046**
Financial Derivative Liabilities	--	(30.328.893)	(7.687.432)	(7.506.790)	(4.970.973)	(9.657.701)	--	**(60.151.789)**
Non Cash Loans	--	3.367.367	3.699.241	8.403.406	17.845.550	839.995	--	**34.155.559**

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (116).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (682).

(*) 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 fixed assets, investments in associates, joint ventures and subsidiaries, stationary supplies, non- performing loans (net) and prepaid expenses are included in this column.

c. Representation of financial liabilities according to their remaining maturities in accordance with their contracts

The undiscounted maturity breakdown of the maturity values of the Bank's non-derivative financial liabilities that are subject to a contract are presented in the table below. The interest to be paid on the relevant assets and liabilities have been included to the relevant maturity buckets.

End of The Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities							
Deposits	31.841.922	65.226.795	22.214.882	4.218.665	232.395	115	**123.734.774**
Funds borrowed (*)	--	722.644	5.217.373	15.432.017	3.632.174	7.801.498	**32.805.706**
Interbank money markets	--	2.173.491	200.577	2.106.577	--	--	**4.480.645**
Securities issued	--	--	1.558.185	698.761	696.166	--	**2.953.112**
Total	**31.842.922**	**68.122.930**	**29.191.017**	**22.456.020**	**4.560.735**	**7.801.613**	**163.974.237**

(*) It includes subordinated loans.

End of The Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities							
Deposits	20.389.329	64.327.341	11.773.264	4.152.501	36.033	105	**100.678.573**
Funds borrowed (*)	--	1.529.753	2.406.307	8.259.314	11.205.861	2.849	**23.404.084**
Interbank money markets	--	425.152	--	--	--	--	**425.152**
Securities issued	--	1.495.500	975.000	--	--	--	**2.470.500**
Total	**20.389.329**	**67.777.746**	**15.154.571**	**12.411.815**	**11.241.894**	**2.954**	**126.978.309**

(*) It includes subordinated loans.

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VII. Explanations related to leverage ratio

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

As of 31 December 2020, the leverage ratio of the Bank is calculated as 7,41% (31 December 2019: 7,55%). This rate is above the minimum rate. The main reason for the difference between the current period and the prior period leverage ratio is the increase in the balance sheet assets.

Leverage ratio public disclosure template:

		Current Period (*)	Prior Period (*)
	On-balance sheet exposures		
1	On-balance sheet items (exclude derivatives and SFTs; include collateral)	194.662.245	151.111.455
2	(Assets deducted in determining Basel III Tier I capital)	(543.584)	(347.267)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	194.118.661	150.764.188
	Derivative exposures		
4	Replacement cost	3.500.250	1.778.239
5	Add-on amount	1.155.815	817.141
6	Total derivative exposures (sum of lines 4 and 5)	4.656.065	2.595.380
	Securities or commodity collateral financing transaction exposures		
7	Gross SFT assets (with no recognition of accounting netting)	1.878.280	99.826
8	Agent transaction exposures		
9	Total securities financing transaction exposures (sum of lines 7 and 8)	1.878.280	99.826
	Other off-balance sheet exposures		
10	Off-balance sheet exposures with gross nominal amount	105.144.967	80.669.269
11	(Adjustment amount off-balance sheet exposures with credit conversion factor)	(503)	(503)
12	Total off-balance sheet exposures (sum of lines 10 and 11)	105.144.464	80.668.766
	Capital and total exposures		
13	Tier I Capital	22.663.225	17.679.538
14	Total exposures (sum of lines 3,6,9 and 12)	305.797.470	234.128.160
	Leverage ratio		
15	Leverage ratio	7,41	7,55

(*) Quarterly average amounts.

VIII. Explanations related to risk management

The footnotes and explanations prepared in accordance with the "Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks" published in the Official Gazette dated 23 October 2015 and number ed 29511 and entered into force as of 31 March 2016 are given in this section. Since standard approach is used in the capital adequacy calculation of the Bank, the tables to be prepared within the scope of Internal Rating Based Approach (IR) are not presented as of 31 December 2020.

Risk management explanations are prepared in accordance with the internal control process adopted by the Board of Directors.

a. Risk management approach and risk weighted assets

1. Explanations related to the risk management approach

Risks exposed as a result of the Bank's business model are determined on a consolidated basis through the Bank's risk identification and important evaluation process. Risk mitigation factors and monitoring activities are implemented for the important risks determined. In the Risk Appetite Statement of the Bank, limits are determined for the risks that are deemed important and the declaration is approved by the Board of Directors. Developments regarding the risk limits determined in the Risk Appetite Statement are monitored on a monthly basis and the actions foreseen in the risk appetite statement are applied in the event these limits are exceeded.

Denizbank Risk Management Group Department is an internal systems unit that operates under the Board of Directors and that are assigned to carry out risk management activities. Reports directly to the Board of Directors. Risk Management Group is responsible for the identification and measurement of risks, establishment and implementation of risk policies and implementation procedures, analysis and monitoring as well as reporting of risks within the framework of the principles determined by the Senior Management of the Bank and the Risk Management Group and approved by the Board of Directors.

In the Bank, the delegation levels generated by the customers are determined pursuant to the risk categories determined according to the limit and loan rating components within the bank.

The rating process carried out by the Credit Allocation unit is audited regularly by the Credit Risk Control, within the direction of the rule sets determined and the results are submitted to the Rating Committee.

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Main components and scope of the risk measurement systems

The Bank has a comprehensive risk definition process, including its subsidiaries. Process aims to define the important risks specific to the bank from a broad list, including those exposed by the banking naturally. In the determination stage of the importance level of the risks, the opinions and evaluations of the persons who are expert in this subject are taken. Evaluation results are updated every year and linked to the report and form the basis for the bank's internal capital assessment processes.

The purpose of the activities carried out within the scope of the measurement of the risks involves the preparation of internal and legal reports and the measuring the financial risks to which banks and subsidiaries are exposed in order to establish a relationship between the risks carried and estimated profitability and evaluating the validity of the parameters and assumptions subject to risk measurement.

Bank determines what kind of reports will be prepared as consolidated and as solo and to whom these reports will be communicated. Ensures that an active internal audit system to be established which will prevent taking risks above the targeted risk level and limits set by the regulatory authority. When the control and reporting of the risks are made, the risk levels that are approved by the Board of Directors are taken into consideration for each risk type.

Risk Management Group ensures the coordination of the internal capital adequacy evaluation process (ICAAP) and the measurement of the risks undertaken by the bank. Within the scope of the ICAAP report, which is a result of the ICAAP process and within the framework of the 3 year strategic plan, the annual stress test report, which presents the effects of the scenarios in which macroeconomic variables are taken into consideration on the bank’s capital and liquidity, is reported to the BRSA. Bank monitors the capital adequacy level internally on a monthly basis.

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

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

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

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

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

Model Risk Management and Validation Committee: It is the committee that the Risk model validation results, prepared within the frame of annual plan, are presented to and approved.

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

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

Additionally, taking into consideration the stress conditions of the Bank, an emergency plan regarding capital adequacy has been created in order to fulfil its strategic goals.

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2. Overview of risk weighted amounts

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	141.595.972	122.260.883	11.327.678
2	*Standardized approach (SA)*	141.595.972	122.260.883	11.327.678
3	*Internal rating-based (IRB) approach*	--	--	--
4	Counterparty credit risk	3.721.739	2.115.515	297.739
5	*Standardized approach for counterparty credit risk (SA-CCR)*	3.721.739	2.115.515	297.739
6	*Internal model method (IMM)*	--	--	--
7	Basic risk weight approach to internal models equity position in the banking account	--	--	--
8	Investments made in collective investment companies - look-through approach	--	--	--
9	Investments made in collective investment companies - mandate-based approach	1.111	6.365	89
10	Investments made in collective investment companies - %1250 weighted risk approach	--	--	--
11	Settlement risk	--	--	--
12	Securitization positions in banking accounts	--	--	--
13	*IRB ratings-based approach (RBA)*	--	--	--
14	*IRB Supervisory Formula Approach (SFA)*	--	--	--
15	*SA/simplified supervisory formula approach (SSFA)*	--	--	--
16	Market risk	3.178.625	612.500	254.290
17	*Standardized approach (SA)*	3.178.625	612.500	254.290
18	*Internal model approaches (IMM)*	--	--	--
19	Operational Risk	13.961.089	10.819.393	1.116.887
20	*Basic Indicator Approach*	13.961.089	10.819.393	1.116.887
21	*Standard Approach*	--	--	--
22	*Advanced measurement approach*	--	--	--
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--	--
24	Floor adjustment	--	--	--
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	162.458.536	135.814.656	12.996.683

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b. Connections between the financial statements and risk amounts

1. The valued amounts and matching in accordance with TAS in the financial statements

	a	c	d	e	f	g
		Carrying values of items under scope of TAS				
Current Period	Revaluation amount in accordance with TAS	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances at central bank	22.590.297	22.590.297	--	--	--	--
Banks	2.393.216	2.393.332	--	--	--	--
Due from money markets	1.838.716	--	1.838.716	--	--	--
Financial assets at fair value through profit or loss	790.860	--	--	--	78.492	--
Financial assets at fair value through other comprehensive income	13.214.779	13.214.779	--	--	--	--
Financial assets measured at amortised cost	7.261.361	7.262.043	--	--	--	--
Derivative financial assets	2.699.758	--	2.699.758	--	--	--
Loans (net)	120.907.053	127.079.099	--	--	--	262.244
Non-current assets or disposal groups “held for sale” and from discontinued operations (net)	--	--	--	--	--	--
Investments in associates, subsidiaries and joint ventures	18.801.094	18.801.094	--	--	--	--
Tangible assets (net)	1.051.295	1.051.295	--	--	--	53.967
Intangible assets (net)	346.815	346.815	--	--	--	346.815
Investment properties (net)	--	--	--	--	--	--
Current Tax Assets	296.166	296.166	--	--	--	--
Deferred Tax Assets	1.349.707	1.349.707	--	--	--	--
Other assets	5.714.619	5.714.619	--	--	--	--
Total assets	**199.255.736**	**200.099.246**	**4.538.474**	**--**	**78.492**	**663.026**
Liabilities						
Deposits	123.366.215	--	--	--	--	123.366.215
Loans	23.376.509	--	--	--	--	23.376.509
Debt to money markets	4.479.147	--	4.479.147	--	--	4.479.147
Debt securities in issue	2.724.643	--	--	--	--	2.724.643
Funds	--	--	--	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--
Derivative financial liabilities	2.150.526	--	--	--	--	2.150.526
Factoring debts	--	--	--	--	--	--
Debts from leasing transactions	621.220	--	--	--	--	621.220
Provisions	2.223.409	--	--	--	--	2.223.409
Current tax liabilities	252.567	--	--	--	--	252.567
Deferred tax liabilities	--	--	--	--	--	--
Non-current liabilities or disposal groups “held for sale” and from discontinued operations (net)	--	--	--	--	--	--
Subordinated debts	5.917.420	--	--	--	--	5.917.420
Other liabilities	11.255.328	--	--	--	--	11.255.328
Equity	22.888.752	--	--	--	--	22.888.752
Total liabilities	**199.255.736**	**--**	**4.479.147**	**--**	**--**	**199.255.736**

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	a	c	d	e	f	g
		Carrying values of items under scope of TAS				
Prior Period	Revaluation amount in accordance with TAS	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances at central bank	16.707.470	16.707.470	--	--	--	--
Banks	3.597.902	3.597.950	--	--	--	--
Due from money markets	1.020.321	--	1.020.321	--	--	--
Financial assets at fair value through profit or loss	487.818	--	--	--	4.699	--
Financial assets at fair value through other comprehensive income	10.733.282	10.733.282	--	--	--	--
Financial assets measured at amortised cost	6.590.366	6.591.202	--	--	--	--
Derivative financial assets	1.686.869	--	1.686.869	--	--	--
Loans (net)	96.955.223	96.954.339	--	--	--	205.792
Non-current assets or disposal groups “held for sale” and from discontinued operations (net)	--	--	--	--	--	--
Investments in associates, subsidiaries and joint ventures	13.295.979	13.295.979	--	--	--	--
Tangible assets (net)	994.010	994.010	--	--	--	71.307
Intangible assets (net)	284.468	284.468	--	--	--	284.468
Investment properties (net)	--	--	--	--	--	--
Current Tax Assets	204.524	204.524	--	--	--	--
Deferred Tax Assets	944.376	944.376	--	--	--	--
Other assets	2.975.420	2.975.420	--	--	--	--
Total assets	**156.478.028**	**153.283.020**	**2.707.190**	**--**	**4.699**	**561.567**
Liabilities						
Deposits	100.298.920	--	--	--	--	100.298.920
Loans	14.367.179	--	--	--	--	14.367.179
Debt to money markets	425.152	--	425.152	--	--	425.152
Debt securities in issue	2.460.981	--	--	--	--	2.460.981
Funds	--	--	--	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--
Derivative financial liabilities	861.996	--	--	--	--	861.996
Factoring debts	--	--	--	--	--	--
Debts from leasing transactions	515.308	--	--	--	--	515.308
Provisions	1.786.956	--	--	--	--	1.786.956
Current tax liabilities	307.039	--	--	--	--	307.039
Deferred tax liabilities	--	--	--	--	--	--
Non-current liabilities or disposal groups “held for sale” and from discontinued operations (net)	--	--	--	--	--	--
Subordinated debts	7.037.253	--	--	--	--	7.037.253
Other liabilities	10.697.396	--	--	--	--	10.697.396
Equity	17.719.848	--	--	--	--	17.719.848
Total liabilities	**156.478.028**	**--**	**425.152**	**--**	**--**	**156.478.028**

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

		a	b	c	d	e
	Current Period	Total	Items subject to credit risk framework	Items subject to securitization framework	Items subject to counterparty credit risk framework	Items subject to market risk framework (*)
1	**Asset carrying value amount under scope of TAS**	**204.716.212**	**200.099.246**	**--**	**4.538.474**	**78.492**
2	Liabilities carrying value amount under scope of TAS		--	--	4.479.147	--
3	**Total net amount**	**204.716.212**	**200.099.246**	**--**	**59.327**	**78.492**
4	Off-balance sheet amounts (**)	101.081.547	30.177.387	--	--	--
5	Differences in valuations		--	--	--	--
6	Differences due to different netting rules (other than those already included in row 2)		--	--	--	--
7	Differences due to consideration of provisions		--	--	--	--
8	Differences due to prudential filters		--	--	--	3.100.133
9	Differences resulted from considering of the financial guarantees		(2.202.324)	--	--	--
10	**Risk exposures**	**305.797.759**	**228.074.309**	**--**	**59.327**	**3.178.625**

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

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

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	Prior Period	a Total	b Items subject to credit risk framework	c Items subject to securitization framework	d Items subject to counterparty credit risk framework	e Items subject to market risk framework (*)
1	**Asset carrying value amount under scope of TAS**	**155.994.909**	**153.283.020**	**--**	**2.707.190**	**4.699**
2	Liabilities carrying value amount under scope of TAS		--	--	425.152	--
3	**Total net amount**	155.994.909	153.283.020	--	2.282.038	4.699
4	Off-balance sheet amounts (**)	81.231.783	25.804.556	--	--	--
5	Differences in valuations		--	--	--	--
6	Differences due to different netting rules (other than those already included in row 2)		--	--	--	--
7	Differences due to consideration of provisions		--	--	--	--
8	Differences due to prudential filters		--	--	--	607.801
9	Differences resulted from considering of the financial guarantees		(2.495.398)	--	--	--
10	**Risk exposures**	**237.226.692**	**176.592.178**	**--**	**2.282.038**	**612.500**

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

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

3. Explanations on differences between amounts determined in accordance with TAS and risk exposures

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

In the derivative transactions subject to counterparty credit risk, it is calculated with the addition of the potential risk amounts to the renewal costs according to transaction type and term; and in repo and reverse repo transactions, it is calculated by netting the volatility adjusted amount made to the subject security with the cash amount subject to the transaction.

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

Pursuant to the prudent valuation principles and procedures under Annex-3 to the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks, the explanations on the systems and controls used to ensure the prudence and reliability of the Bank's valuation estimates:

The market prices in the valuation of the financial instruments recognised with the fair value are valued taking into account the indicative values announced by official institutions or data such as interest and volatility observed in the market. Bank does not carry out transactions in the markets without depth. As the discounted cash flow models are used in the valuation of over-the-counter derivative instruments in general, the valuation models that are suitable with the nature of the transactions and that are generally accepted are used for derivative transactions that include optionality.

Within the scope of the independent price determination process, the activities below are carried out for the purpose of ensuring the valuation methods and the accuracy of the data used:

- The entry of the prices of bills, bonds, stocks and the derivative products traded in organised markets and the data to be used for the valuation of the derivative products that are traded over-the-counter transactions are made independently of the executive units.
- The models to be used in the valuation of derivative products as well as the interest and volatility data are determined independently of the executive units.
- Second level controls are made periodically for market data and valuation results used in valuations.
- Valuation process validation is carried out for the models and data entries used in product valuations.
- Differences between counterparty valuations and bank valuations are regularly monitored.

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c. Credit risk

1. General information about credit risk

How the bank's business model transformed into components in the credit risk profile

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

Loan allocation is made within the limits determined on the basis of each debtor and the group of debtors. In the credit allocation process, a lot of financial and non-financial criteria are taken into consideration within the framework of the internal rating process of the Bank. Customer segments and sectors are included in these criterias. The sectoral distribution of loans are monitored closely. According to the bank's credit policy, the rating of the companies are assessing together considering loan limits and collateralization process and the monitoring of the credit risk exposed is carried out.

In this regard, the loan portfolio of the Bank shows a diversified profile in terms of customer segments and sectors.

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

In the monitoring of the credit risks, the risk limits defined to all counterparties are monitored based on product, customer and risk groups and the risk is not allowed to exceed the limits defined. When the loan limits are determined, the payment ability of the counterparty, the characteristics of the sector, the potential impacts of geographical and economic conditions etc. factors are taken into account. When deemed appropriate, the necessary risk mitigation techniques are utilized to minimize the Bank's possible losses. During the credit research, the documents which the relevant legislation requires are taken into consideration. For limits that are extended as multi-use, the creditworthiness of the counterparty is checked regularly and the limits are revised according to the changes in the creditworthiness of the counterparty. Credit allocation authorities are determined pursuant to the customer classes and are changed where deemed necessary.

Structure and organization of credit risk management and control function

Credit allocation and management are carried out within the scope of the segregation of duties by different units; therefore it is ensured that the loan is evaluated objectively throughout its lifespan. In order for the accurate and objective measurement of the customer credit risk in the allocation and monitoring groups, risk models are being used. The Early Warning Systems defined in the system are used to monitor the risks of credit customers and the signals received from these systems are continuously monitored by the monitoring groups; in the event pre-determined triggers are determined, pre-determined action plans are put into practice along with the allocation groups.

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

Before the newly developed credit risk models are implemented, they are subjected to a validation process and are used in the risk management processes after the approval of the Bank's Model Risk Management and Validation Committee. The validation process of the applicable credit risk models are repeated at least once a year and the results are presented to Model Risk Management and Validation Committee.

Credit Risk Control, in order to ensure the compliance of the Bank's credit risk processes to Basel regulations, operates the functioning of internal rating systems, the development of credit ratings, the documentation on the changes in credit ratings, and the analysis of compliance with internal restrictions and regularly submits the results to the Rating Committee, Compliance of the Credit Risk Control activities to the internal bank regulations and guidelines is audited regularly by the bank's internal audit units and the matters that must be improved are determined and monitored.

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

Risk appetite statement is approved and reviewed by the Bank's Board of Directors once a year. With the risk appetite statement, the Bank combines its current risk management instruments, processes, principles and policies with a consistent approach and ensures that risk taking activities are managed within the limits agreed. Therefore, the consistency of the risk applications throughout the Bank is improved.

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2. Credit quality of assets

Current Period	a	b	c	d
	Gross carrying values of (according to TAS)			
	Defaulted	Non-defaulted	Specific provisions	Net values (a+b-c)
1 Loans	11.964.223	123.054.274	14.111.444	120.907.053
2 Borrowing instruments	--	20.476.356	682	20.475.674
3 Off-balance sheet receivables (*)	1.007.950	99.534.081	885.855	99.656.176
4 Total	12.972.173	243.064.711	14.997.981	241.038.903

(*) It doesn't include revocable commitments and asset purchase - sales commitments.

Prior Period	A	b	c	d
	Gross carrying values of (according to TAS)			
	Defaulted	Non-defaulted	Specific provisions	Net values (a+b-c)
1 Loans	11.054.678	94.745.949	8.845.404	96.955.223
2 Borrowing instruments	--	17.246.312	836	17.245.476
3 Off-balance sheet receivables (*)	642.180	78.701.984	932.625	78.411.539
4 Total	11.696.858	190.694.245	9.778.865	192.612.238

(*) It doesn't include revocable commitments and asset purchase - sales commitments.

3. Changes in stock of impaired loans and debt securities

	Current Period a (*)	Prior Period a (*)
1 Impaired loans and debt securities at end of the previous reporting period	11.054.678	5.909.053
2 Loans and debt securities that have impaired since the last reporting period	6.457.214	8.759.067
3 Receivables that returned to non-impaired status	16.052	91.729
4 Amounts written off (**)	1.854.976	1.896.025
5 Other changes	(3.676.641)	(1.625.688)
6 Impaired loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)	11.964.223	11.054.678

(*) It doesn't include off-balance sheet receivables.
(**) It indicates sales made from non-performing loans portfolio and written off transactions.

4. Additional explanations related to the credit quality of assets

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

The Bank considers loans that have overdue principal and interest payments and they are classified as second group according to the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days(*) or the debtor of which are deemed unworthy by the Bank are considered as "impaired loans."

(*) In accordance with the decision of the Banking Regulation and Supervision Board dated 17 March 2020 and numbered 8948 and the decision numbered 8950 dated 19 March 2020, the delay periods required to pass the loans to the follow-up accounts were extended to 180 days and the implementation was extended until 30 June 2021 with decision numbered 9312 dated 8 December 2020 notified by the BRSA.

(ii) The part of overdue receivables (over 90 days) which are not considered as "provisioned" and the reasons for the implementation

Loans that have overdue principal and interest payments for more than 90 days(*) are transferred to "Nonperforming loans" accounts and the Bank calculates "specific provisions" for such loans in compliance with the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made".

(*) In accordance with the decision of the Banking Regulation and Supervision Board dated 17 March 2020 and numbered 8948 and the decision numbered 8950 dated 19 March 2020, the delay periods required to pass the loans to the follow-up accounts were extended to 180 days and the implementation was extended until 30 June 2021 with decision numbered 9312 dated 8 December 2020 notified by the BRSA.

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

The methods used in the calculation of the provision amount are presented in Section Three, note VIII.

(iv) Definitions of restructured receivables

The Bank is able to restructure both first and second group loans and other receivables, as well as non-performing loans and receivables The restructuring in first and second group loans and other receivables include the restructuring to facilitate the repayment for the customer and the changes in the agreement conditions made with the request of the customer, independent of the credit risk of the customer. The restructuring made in non-performing loans and receivables refer to linking the loan to a new payment plan to provide the collection of the receivable.

(v) Breakdown of receivables by geographical area

Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables			
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Specific provisions	Write-Off (*)
1 Domestic	11.754.863	119.495.040	--	20.378.906	1.007.950	92.873.974	7.829.972	1.854.976
2 EU Countries	44.378	1.229.940	--	--	--	1.457.967	10.360	--
3 OECD Countries	--	3.792	--	--	--	1.283.021	--	--
4 Off Shore Zones	5	1.406.500	--	--	--	6.332	3	--
5 USA, Canada	--	77.839	--	97.450	--	280.709	--	--
6 Other Countries	164.977	841.163	--	--	--	3.632.078	99.063	--
7 Total	11.964.223	123.054.274	--	20.476.356	1.007.950	99.534.081	7.939.398	1.854.976

(*) It includes sales made from non-performing loans portfolio and amounts of write-off.

Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables			
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Specific provisions	Write-Off (*)
1 Domestic	11.001.992	90.447.075	--	17.246.312	642.180	72.344.005	5.542.066	1.896.025
2 EU Countries	47.579	2.603.872	--	--	--	381.522	46.209	--
3 OECD Countries	210	4.775	--	--	--	911.846	150	--
4 Off Shore Zones	2	931.484	--	--	--	3.612	2	--
5 USA, Canada	7	4.334	--	--	--	2.290	6	--
6 Other Countries	4.888	754.409	--	--	--	5.058.709	2.324	--
7 Total	11.054.678	94.745.949	--	17.246.312	642.180	78.701.984	5.590.757	1.896.025

(*) It includes sales made from non-performing loans portfolio and amounts of write-off.

(vi) Breakdown of receivables by sectors

Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables			
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Specific provisions	Write-Off (*)
Agricultural	**1.778.983**	**16.205.108**	**--**	**--**	**5.290**	**4.556.606**	**1.017.918**	**99.082**
Farming and Cattle	1.778.110	16.153.474	--	--	5.150	4.530.124	1.017.141	98.710
Forestry	227	42.090	--	--	6	5.852	148	66
Fishing	646	9.544	--	--	134	20.630	629	306
Manufacturing	**2.760.528**	**18.325.987**	**--**	**--**	**165.622**	**15.416.232**	**1.911.081**	**58.582**
Mining	84.457	1.625.733	--	--	3.602	541.741	81.702	8.268
Production	1.459.964	10.829.702	--	--	152.978	13.817.136	988.755	50.281
Electric, Gas, Water	1.216.107	5.870.552	--	--	9.042	1.057.355	840.624	33
Construction	**1.226.717**	**9.624.465**	**--**	**--**	**467.551**	**10.874.014**	**838.164**	**58.843**
Services	**5.541.597**	**42.141.552**	**--**	**113.967**	**291.789**	**25.298.708**	**3.767.831**	**625.874**
Wholesale and Retail Trade	1.171.169	14.134.305	--	--	69.301	18.473.959	769.495	374.282
Hotel and Restaurant Services	2.343.897	9.814.927	--	--	214.189	1.939.211	1.316.546	11.985
Transportation and telecommunication	438.235	5.375.119	--	--	5.777	2.872.118	316.440	91.697
Financial institution	5.824	2.541.364	--	113.967	144	1.376.668	4.479	6.714
Real estate and letting services	1.363.454	1.938.232	--	--	727	125.186	1.181.749	6.636
Self-employement services	125.728	1.102.438	--	--	--	--	113.033	--
Education services	33.614	1.160.410	--	--	1.053	145.806	20.260	131.958
Health and social services	59.676	6.074.757	--	--	598	365.760	45.829	2.602
Other	**656.398**	**36.757.162**	**--**	**20.362.389**	**77.698**	**43.388.521**	**404.404**	**1.012.595**
Total	**11.964.223**	**123.054.274**	**--**	**20.476.356**	**1.007.950**	**99.534.081**	**7.939.398**	**1.854.976**

(*) It includes sales made from non-performing loans portfolio and amounts of write-off.

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Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables			
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Specific Provisions	Write-Off (*)
Agricultural	**617.403**	**13.619.373**	**--**	**--**	**3.870**	**3.750.944**	**268.718**	**82.481**
Farming and Cattle	612.517	13.610.198	--	--	3.668	3.733.074	267.285	79.371
Forestry	209	3.799	--	--	31	5.474	113	187
Fishing	4.677	5.376	--	--	171	12.396	1.320	2.923
Manufacturing	**1.650.408**	**10.569.693**	**--**	**--**	**131.206**	**12.735.342**	**851.847**	**96.846**
Mining	208.561	714.974	--	--	6.521	467.550	135.900	21.217
Production	1.352.254	6.465.602	--	--	123.954	11.245.957	685.347	72.258
Electric, Gas, Water	89.593	3.389.117	--	--	731	1.021.835	30.600	3.371
Construction	**1.079.068**	**8.040.421**	**--**	**--**	**331.374**	**9.509.940**	**578.595**	**64.975**
Services	**4.937.387**	**23.400.661**	**--**	**72.206**	**125.503**	**20.620.903**	**2.383.103**	**625.484**
Wholesale and Retail Trade	1.473.717	8.999.568	--	--	86.557	15.925.867	770.088	516.714
Hotel and Restaurant Services	3.015.572	6.862.955	--	--	28.209	1.658.014	1.370.732	15.647
Transportation and telecommunication	258.003	3.640.445	--	--	6.897	1.680.301	161.963	70.028
Financial institution	23.158	1.242.622	--	72.206	205	865.329	17.221	2.812
Real estate and letting services	19.041	336.276	--	--	990	93.947	11.265	8.116
Self-employement services	--	--	--	--	--	--	--	--
Education services	81.907	947.444	--	--	1.840	103.094	34.990	2.803
Health and social services	65.989	1.371.351	--	--	805	294.351	16.844	9.364
Other	**2.770.412**	**39.115.801**	**--**	**17.174.106**	**50.227**	**32.084.855**	**1.508.494**	**1.026.239**
Total	**11.054.678**	**94.745.949**	**--**	**17.246.312**	**642.180**	**78.701.984**	**5.590.757**	**1.896.025**

(*) It includes sales made from non-performing loans portfolio and amounts of write-off.

(vii) Breakdown of receivables by remaining maturity

Current Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
Non-defaulted receivables	--	73.316.348	9.733.800	12.438.645	29.157.273	118.418.645	243.064.711
1 Loans	--	18.813.465	4.810.869	7.891.659	18.607.852	72.930.429	123.054.274
2 Borrowings instruments	--	--	--	--	--	20.476.356	20.476.356
3 Off-balance sheet receivables	--	54.502.883	4.922.931	4.546.986	10.549.421	25.011.860	99.534.081
Defaulted receivables	12.972.173	--	--	--	--	--	12.972.173
1 Loans	11.964.223	--	--	--	--	--	11.964.223
2 Borrowings instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	1.007.950	--	--	--	--	--	1.007.950
Specific Provision	**7.939.398**	**--**	**--**	**--**	**--**	**--**	**7.939.398**
Total	**5.032.775**	**73.316.347**	**9.733.800**	**12.438.645**	**29.157.273**	**118.418.645**	**248.097.485**

Prior Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
Non-defaulted receivables	--	55.330.484	10.093.786	9.558.171	21.259.126	94.452.678	190.694.245
1 Loans	--	13.477.469	4.408.931	4.961.147	12.120.285	59.778.117	94.745.949
2 Borrowings instruments	--	177.824	1.195.592	413.903	944.653	14.514.340	17.246.312
3 Off-balance sheet receivables	--	41.675.191	4.489.263	4.183.121	8.194.188	20.160.221	78.701.984
Defaulted receivables	11.696.858	--	--	--	--	--	11.696.858
1 Loans	11.054.678	--	--	--	--	--	11.054.678
2 Borrowings instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	642.180	--	--	--	--	--	642.180
Specific Provision	**5.590.758**	**--**	**--**	**--**	**--**	**--**	**5.590.758**
Total	**6.106.100**	**55.330.484**	**10.093.786**	**9.558.171**	**21.259.126**	**94.452.678**	**196.800.345**

(viii) Ageing analysis of overdue receivables

Current Period	1-30 days	31-60 days	61-90 days	Over 90 days	Total
Loans	4.581.859	1.303.454	1.153.202	1.764.750	8.803.265
Borrowing instruments	--	--	--	--	--
Off-balance sheet receivables	--	--	--	--	--

Prior Period	1-30 days	31-60 days	61-90 days	Total
Loans	4.636.938	1.796.470	2.136.563	8.569.971
Borrowing instruments	--	--	--	--
Off-balance sheet receivables	--	--	--	--

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(ix) Breakdown of restructured receivables according to their provisioning status

	Current Period	Prior Period
Restructured from loans under close monitoring	11.714.721	9.025.998
Restructured from non-performing loans	883.745	1.053.414

5. Credit risk mitigation techniques

Financial collaterals are valued with their up to date values as of the reporting date and involved in the credit risk mitigation process. While allocating the collateral amount to the credit extended, taking into consideration the possible losses of value that may occur in the collateral value with a prudent approach, risk mitigation effects are calculated based on collateral values and credit risk mitigation is made according to comprehensive financial collateral method. Legal validity of the real estate mortgages are ensured with the timely and duly registration of the pledge; and the changes in the market conditions that possess importance are monitored.

Bank makes the credit risk mitigation according to the comprehensive financial collateral method pursuant to the "Communiqué on the Credit Risk Mitigation Techniques". The currency rate nonconformities between the receivable and the collateral is taken into account based on the standard deduction rates specified in the annex of the communiqué, while the maturity nonconformity between the receivable and the collateral are taken into account based on the method specified under Article 40. In the credit risk mitigation, cash, financial debt securities, real estate mortgages and Credit Guarantee Fund sureties with Treasury support are used.

Credit policies establish an operational link between the Bank's activities and risk capacity and includes the main areas of activity in line with the target portfolio structure, risk targets for expected and unexpected losses in line with risk capacity, and limits on risk concentration. It must be ensured that limits are in compliance with the restrictions determined by the relevant legislation and regulatory and supervisory authorities. In the management of the concentration risk, the Bank uses a holistic approach in which all risk concentrations are determined, monitored and evaluated. Therefore, the concentrations in the market, sector, country and the area of activity must be taken into account as well as the loans extended to persons and companies. The Bank shows utmost care so that credit and market risk do not concentrate in a specific counterparty or risk category in accordance with its policies and internal procedures.

6. Credit risk mitigation techniques - overview

		a	b	c	d	e	f	g
	Current Period	Exposures unsecured: revaluation amount according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	85.790.032	25.988.058	17.006.601	9.128.963	7.716.197	--	--
2	Borrowing instruments	20.475.674	--	--	--	--	--	--
3	**Total**	**106.265.706**	**25.988.058**	**17.006.601**	**9.128.963**	**7.716.197**	**--**	**--**
4	Of which defaulted (*)	9.083.865	3.888.308	1.929.902	1.535.829	858.275	--	--

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

		a	b	c	d	e	f	g
	Prior Period	Exposures unsecured: revaluation amount according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	64.788.910	24.950.015	15.200.024	7.216.298	5.768.749	--	--
2	Borrowing instruments	17.245.476	--	--	--	--	--	--
3	**Total**	**82.034.386**	**24.950.015**	**15.200.024**	**7.216.298**	**5.768.749**	**--**	**--**
4	Of which defaulted (*)	8.566.223	3.130.635	1.301.710	--	--	--	--

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

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7. Explanations on rating notes used while calculating credit risk with standard approach

In determination of the risk weights to be applied in the capital adequacy calculation, the ratings given by Fitch rating agency are used. The scope in which the rating notes are taken into consideration is the receivables from central governments or central banks, and in order to be valid for those resident abroad, the receivables from banks and intermediary institutions and corporate receivables. In the event there is no rating regarding the receivable while determining the risk weight, the rating of the issuer must be taken into consideration.

The matching of risk ratings with risk weights according to credit quality level and risk classes are shown in the table below.

8. Standardised approach - Credit risk exposured and credit risk mitigation (CRM) methods

	Current Period	a	b	c	d	e	f
		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
	Risk classifications	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	40.356.698	226.706	48.072.895	1.157.842	--	0,00%
2	Exposures to regional governments or local authorities	3.949.191	39.181	3.942.949	19.334	1.981.142	50,00%
3	Exposures to public sector entities	--	--	--	--	--	0,00%
4	Exposures to multilateral development banks	--	--	--	--	--	0,00%
5	Exposures to international organisations	--	--	--	--	--	0,00%
6	Exposures to institutions	5.990.995	4.664.778	5.990.995	4.254.886	3.598.283	35,12%
7	Exposures to corporates	39.837.318	38.906.946	36.458.948	22.508.480	58.967.428	100,00%
8	Retail exposures	59.169.460	54.493.026	54.310.145	3.087.525	43.166.915	75,21%
9	Exposures secured by residential property	2.880.161	555.012	2.744.138	296.785	1.064.323	35,00%
10	Exposures secured by commercial real estate	13.561.975	1.986.173	13.561.975	1.422.507	9.030.747	60,27%
11	Past-due loans	3.565.627	539.547	2.698.567	243.202	2.096.681	71,27%
12	Higher-risk categories by the Agency Board	--	--	--	--	--	0,00%
13	Exposures in the form of covered bonds	--	--	--	--	--	0,00%
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	0,00%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	1.181	--	1.111	1.111	100,00%
16	Other assets	6.864.741	--	6.864.741	--	5.293.434	77,11%
17	Investments in equities	18.789.473	--	18.789.473	--	18.789.474	100,00%
18	**Total**	**194.965.639**	**101.412.550**	**193.434.826**	**32.991.672**	**143.989.538**	**63,59%**

	Prior Period	a	b	c	d	e	f
		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
	Risk classifications	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	32.878.671	328.419	38.647.420	1.566.706	6.938.947	17,25%
2	Exposures to regional governments or local authorities	2.767.713	19.419	2.767.228	8.672	1.387.950	50,00%
3	Exposures to public sector entities	--	--	--	--	--	0,00%
4	Exposures to multilateral development banks	--	--	--	--	--	0,00%
5	Exposures to international organisations	--	--	--	--	--	0,00%
6	Exposures to institutions	4.859.908	4.040.041	4.859.907	3.605.679	3.314.990	39,16%
7	Exposures to corporates	33.238.773	35.275.378	29.893.333	18.004.420	47.897.753	100,00%
8	Retail exposures	44.897.705	41.020.524	41.620.622	2.834.523	33.449.573	75,24%
9	Exposures secured by residential property	3.264.483	405.811	3.048.726	186.190	1.132.220	35,00%
10	Exposures secured by commercial real estate	10.644.718	2.102.270	9.829.445	1.223.297	6.494.074	58,76%
11	Past-due loans	5.463.921	368.386	5.449.340	150.523	6.182.151	110,40%
12	Higher-risk categories by the Agency Board	--	--	--	--	--	0,00%
13	Exposures in the form of covered bonds	--	--	--	--	--	0,00%
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	0,00%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	6.365	--	6.365	6.365	100,00%
16	Other assets	5.081.915	--	5.081.915	--	3.310.787	65,15%
17	Investments in equities	13.374.148	--	13.374.148	--	13.374.148	100,00%
18	**Total**	**156.471.955**	**83.566.613**	**154.572.084**	**27.586.375**	**123.488.958**	**67,79%**

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

	Current Period	a	b	c	k	d	l	e	f	g	h	ı	j
	Risk Classifications/Risk Weight	0%	10%	20%	35% Secured with property mortgage	50% Secured with property mortgage	50%	75%	100%	150%	200%	Others	Total risk exposure (after CCF and CRM)
1	Exposures to central governments or central banks	49.230.737	--	--	--	--	--	--	--	--	--	--	49.230.737
2	Exposures to regional governments or local authorities	--	--	--	--	--	3.962.283	--	--	--	--	--	3.962.283
3	Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to institutions	--	--	6.343.719	--	--	3.145.245	--	756.917	--	--	--	10.245.881
7	Exposures to corporates	--	--	--	--	--	--	--	58.967.428	--	--	--	58.967.428
8	Retail exposures	--	--	--	--	--	--	56.923.016	474.654	--	--	--	57.397.670
9	Exposures secured by residential property	--	--	--	3.040.923	--	--	--	--	--	--	--	3.040.923
10	Exposures secured by commercial real estate	--	--	--	--	11.907.469	--	--	3.077.013	--	--	--	14.984.482
11	Past-due loans	--	--	--	--	--	1.780.523	--	1.070.899	90.347	--	--	2.941.769
12	Higher-risk categories by the Agency Board	--	--	--	--	--	--	--	--	--	--	--	--
13	Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--	--
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	--	1.111	--	--	--	1.111
16	Investments in equities	--	--	--	--	--	--	--	18.789.473	--	--	--	18.789.473
17	Other assets	1.553.086	--	22.741	--	--	--	111	5.288.803	--	--	--	6.864.741
18	**Total**	**50.783.823**	**--**	**6.366.460**	**3.040.923**	**11.907.469**	**8.888.051**	**56.923.127**	**88.426.298**	**90.347**	**--**	**--**	**226.426.498**

	Prior Period	a	b	c	k	d	l	e	f	g	h	ı	j
	Risk Classifications/Risk Weight	0%	10%	20%	35% Secured with property mortgage	50% Secured with property mortgage	50%	75%	100%	150%	200%	Others	Total risk exposure (after CCF and CRM)
1	Exposures to central governments or central banks	33.275.179	--	--	--	--	--	--	6.938.947	--	--	--	40.214.126
2	Exposures to regional governments or local authorities	--	--	--	--	--	2.775.900	--	--	--	--	--	2.775.900
3	Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to institutions	--	--	5.402.121	--	--	1.657.798	--	1.405.667	--	--	--	8.465.586
7	Exposures to corporates	--	--	--	--	--	--	--	47.897.753	--	--	--	47.897.753
8	Retail exposures	--	--	--	--	--	--	44.022.286	432.859	--	--	--	44.455.145
9	Exposures secured by residential property	--	--	--	3.234.916	--	--	--	--	--	--	--	3.234.916
10	Exposures secured by commercial real estate	--	--	--	--	9.117.336	--	--	1.935.406	--	--	--	11.052.742
11	Past-due loans	--	--	--	--	--	1.195.746	--	2.043.796	2.360.321	--	--	5.599.863
12	Higher-risk categories by the Agency Board	--	--	--	--	--	--	--	--	--	--	--	--
13	Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--	--
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	--	6.365	--	--	--	6.365
16	Investments in equities	--	--	--	--	--	--	--	13.374.148	--	--	--	13.374.148
17	Other assets	1.712.990	--	72.650	--	--	--	74	3.296.201	--	--	--	5.081.915
18	**Total**	**34.988.169**	**--**	**5.474.771**	**3.234.916**	**9.117.336**	**5.629.444**	**44.022.360**	**77.331.142**	**2.360.321**	**--**	**--**	**182.158.459**

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d. Counterparty credit risk

1. Explanations related to counterparty credit risk (CCR)

Policies regarding counterparty risk management are determined by the Board of Directors in accordance with the Turkish Banking Legislation, regulations of the Banking Regulation and Supervision Authority and the Board of Directors in a way to comply with international standards.

Counterparty credit risk includes derivative financial products and repo transactions. Counterparties have been separated to segments as; financial institutions, corporate-commercial customers, SME-Micro-Golden-Agriculture customers and individual customers. For the determination of the products and services to be presented to the customers, a “Compliance Test” is applied according to the product information, financial status and the transaction frequency of the customer. For customers that are classified as professional, there is no need to make a Compliance Test.

Before the transactions to be made with counterparties, the creditworthiness of the counterparty is analysed and are re-evaluated with regular intervals. Limits are determined separately for counterparties as separate and as a group for those under the same risk group. Limits are approved in the relevant credit committees according to the segments of the counterparties. Revision of the limits are made at least once a year. Where necessary, the approved limits are suspended with the approval of the Credit Committee/Credit Allocation Department.

Risk monitoring of the transactions with the scope of CCR are made according to the type, maturity and currency of the transaction, by monitoring the potential risk calculated by multiplying the changing rates by the nominal amount of the transaction and the current risk calculated through the daily valuation method. In transactions made with financial institutions, the risk mitigation methods under international agreements such as ISDA, CSA, GMRA and EMA signed with the counterparty are used. For other counterparties, collateral adequacy ratios are monitored daily within the scope of the Bank's existing credit policies and procedures and the risk mitigation is carried out through additional collateral and margin completion where necessary. The margins to be used in the collateral agreements are reviewed regularly. Margins are determined according to the volatility and liquidity of the collateral received. The risks of the transactions that are subjected to bilateral settlement agreements and that are settles are tracked together. In the event of a decrease in the credit rating note of the bank, the bank's obligation to provide additional collateral must be tracked.

Bank takes into consideration the reverse trend risk in the evaluation of the credit evaluation of counterparties. Counter-trend risk occurs in two ways as general counter-trend risk and specific counter-trend risk.

General counter-trend risk refers to the risk arising when there is a positive correlation between the default possibilities of counterparties and the general market risk factors.

Specific counter-trend risk refers to the risk arising when there is positive correlation between the amount of risk and the possibility of default by the other party due to the nature of the transaction performed. In circumstances where the default possibility of the counterparty is high, and it is expected that the risk amount will be increased, specific counter-trend risk will be in question.

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2. Analysis of counterparty credit risk exposured by measurement approaches

		a	b	c	d	e	f
	Current Period	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default)	Exposure at default post CRM	RWA
1	Standardised Approach (for derivatives) (*)	2.699.759	1.004.901		-	3.662.090	2.051.906
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			--	--	--	--
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					1.699.771	340.549
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					--	--
6	Total						2.392.455

(*) Counterparty credit risk for derivatives is calculated by the fair value method.

		a	b	c	d	e	f
	Prior Period	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default)	Exposure at default post CRM	RWA
1	Standardised Approach (for derivatives) (*)	1.649.298	860.784		-	2.459.745	1.195.452
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			--	--	--	--
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					131.292	26.258
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					--	--
6	Total						1.221.710

(*) Counterparty credit risk for derivatives is calculated by the fair value method.

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3. Capital requirement for credit valuation adjustment (CVA)

	Current Period	a Exposure at default post-CRM	b RWA
	Total portfolios subject to the Advanced CVA capital charge		
1	Value at Risk (VaR) component (including the 3×multiplier)	--	--
2	Stressed VaR component (including the 3×multiplier)	--	--
3	All portfolios subject to the Standardised CVA capital charge	3.662.090	1.329.284
4	**Total subject to the CVA capital charge**	**3.662.090**	**1.329.284**

	Prior Period	a Exposure at default post-CRM	b RWA
	Total portfolios subject to the Advanced CVA capital charge		
1	Value at Risk (VaR) component (including the 3×multiplier)	--	--
2	Stressed VaR component (including the 3×multiplier)	--	--
3	All portfolios subject to the Standardised CVA capital charge	2.459.745	893.805
4	**Total subject to the CVA capital charge**	**2.459.745**	**893.805**

4. Standard approach - Counterparty credit risk by risk classes and risk weights

Current Period	a	b	c	d	e	f	g	h	i
Risk Weigths / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Claims from central governments and central banks	170.026	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	2.834.679	1.052.558	--	--	--	--	1.093.215
Corporates	--	--	--	--	--	1.282.054	--	--	1.282.054
Retail portfolios	--	--	--	--	21.433	--	--	--	16.075
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	1.111	--	--	1.111
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
Total	**170.026**	**--**	**2.834.679**	**1.052.558**	**21.433**	**1.283.165**	**--**	**--**	**2.392.455**

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.
(**)Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

Prior Period	a	b	c	d	e	f	g	h	i
Risk Weigths / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Claims from central governments and central banks	--	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	1.021.894	1.102.397	--	--	--	--	755.577
Corporates	--	--	--	--	--	457.925	--	--	457.925
Retail portfolios	--	--	--	--	2.457	--	--	--	1.843
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	6.365	--	--	6.365
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
Total	**--**	**--**	**1.021.894**	**1.102.397**	**2.457**	**464.290**	**--**	**--**	**1.221.710**

(*)Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.
(**)Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

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5. Collaterals used for counterparty credit risk

Current Period	a	b	c	d	e	f
	Guarantees of Derivative		Financial Instrument		Guarantees of Other Transactions	
	Received Guarantees		Given Guarantees		Received	Given
	Appropriated	Unappropriated	Appropriated	Unappropriated	Guarantees	Guarantees
Cash-Domestic Currency	14.814	--	--	--	1.343.940	1.840.928
Cash-Foreign Currency	27.757	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	1.838.716	1.567.847
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
Total	**42.571**	**--**	**--**	**--**	**3.182.656**	**3.408.775**

Prior Period	a	b	c	d	e	f
	Guarantees of Derivative		Financial Instrument		Guarantees of Other Transactions	
	Received Guarantees		Given Guarantees		Received	Given
	Appropriated	Unappropriated	Appropriated	Unappropriated	Guarantees	Guarantees
Cash-Domestic Currency	11.949	--	--	--	1.020.545	153.520
Cash-Foreign Currency	38.388	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	--	--
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
Total	**50.337**	**--**	**--**	**--**	**1.020.545**	**153.520**

6. Credit derivatives

None.

7. Exposures to central counterparty (CCP)

None.

e. Securitization

1. Explanations on securitization positions

None.

2. Securitization positions in banking accounts

None.

3. Securitization positions in trading accounts

None.

4. Securitization positions in banking positions and capital requirements related to those - in which the Bank is the founder or the sponsor

None.

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

None.

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f. Market Risk

1. Explanations on market risk

Market risk refers to the risk arising from positions arising from trading transactions executed in financial markets and market movements that affect the value of these positions. Within the framework of financial risk management, in order to protect from market risk, market risk management activities were determined within the scope of "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process" and "Regulation on Measurement and Evaluation of Capital Adequacy of the Bank".

Risk policies and risk limits regarding the management of market risk have been approved by the Board of Directors. Strategies for trading activities in financial markets are created and implemented within this framework.

In the management of market risk, the principle of triple defense line is applied. While there is a first level responsibility for the management of the market risk regarding the position carried by the relevant Treasury units, the monitoring and control activities at the second level are carried out independently by the Risk Management and at the third level by the Inspection Board.

In order to measure and monitor market risk, risk measurement is done daily using the internal model. In this context, in addition to the value at risk calculations made using the parametric method, various risk indicators such as interest sensitivity and option sensitivities are followed, and risk calculations are supported by scenario analysis. Market risk measurement results and all monitored risk indicators are shared daily with relevant units and senior managers.

A limit structure consisting of various risk indicators has been established in order to control market risk. These limits include the risk limits set for the monitored risk indicators, as well as various position limits and stop loss limits. The upper level limits are determined by the Board of Directors. In addition, there are various limits set by the lower level Asset-Liability Committee. The risk indicators and limit uses are reported to the Audit Committee and the Asset-Liability Committee by the Risk Management unit.

In the calculation of capital adequacy, the measurement of market risk is made using the standard method. The standard method is a method whose calculation criteria are clearly determined by the BRSA and is calculated monthly. The calculation results are given in the table below. Positions subject to market risk measurements are determined by taking into account the definition of "Trading Accounts" in legal regulations.

2. Standardised approach

		Current Period RWA	Prior Period RWA
	Outright products		
1	Interest rate risk (general and specific)	166.188	121.588
2	Equity risk (general and specific)	--	--
3	Foreign exchange risk	1.208.849	238.661
4	Commodity risk	1.497.238	175.013
	Options		
5	Simplified approach	--	--
6	Delta-plus method	306.350	77.238
7	Scenario approach	--	--
8	Securitization	--	--
9	Total	3.178.625	612.500

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

	Current Period: 31 December 2020		
	Average	Highest	Lowest
Interest Rate Risk	10.870	17.515	5.608
Stock Risk	--	--	--
Currency Risk	218.967	348.842	80.848
Commodity Risk	63.777	124.760	13.190
Settlement Risk	--	--	--
Option Risk	4.811	24.508	235
Counterparty Risk	--	--	--
Total Risk Exposure Value	3.730.313	6.020.650	1.424.188

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	Prior Period: 31 December 2019		
	Average	Highest	Lowest
Interest Rate Risk	7.749	10.838	4.497
Stock Risk	--	--	--
Currency Risk	45.831	85.645	14.509
Commodity Risk	7.485	14.001	4.700
Settlement Risk	--	--	--
Option Risk	1.908	6.179	317
Counterparty Risk	--	--	--
Total Risk Exposure Value	787.155	1.298.975	383.613

g. Operational risk

1. Explanations on operational risk calculation

Principal amount subject to operational risk is calculated through using year-end gross income of 2019, 2018 and 2017 of Bank belonging to last 3 years via "Basic Indicators Approach" dated in accordance with "Communique on Measurement and Evaluation of Bank's Capital Adequacy" published on Official Gazette dated 23 October 2015 numbered 29511.

2. Basic indicators approach

	31.12.2017	31.12.2018	31.12.2019	Total/Positive GI year number	Ratio(%)	Total
Gross Income	5.644.424	6.818.731	9.874.587	7.445.914	15	1.116.887
Amount Subject to Operational Risk						13.961.089

IX. Explanations related to presentation of financial assets and liabilities at their fair value

a. Fair value calculations of financial assets and liabilities

The fair value of investments held to maturity 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 estimated fair value of demand deposits represents the amount to be paid upon request. The fair value of overnight deposits and the variable rate placements represent the book value. The estimated fair value of the fixed interest deposits is calculated by finding the discounted cash flows using market interest rates applied to similar loans and other debts.

The fair value of the loans are calculated by the discounted cash flows using current market interest rates.

Estimated fair value of banks, funds obtained from other financial institutions, securities issued and deposits is calculated by finding the 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.

	Book Value	Fair Value
	Current Period	Current Period
Financial Assets	**159.727.367**	**157.287.418**
Interbank Money Market Placements	1.838.716	1.838.716
Banks	2.393.332	2.393.201
Financial Assets at Fair Value Through Other Comprehensive Income	13.214.779	13.214.779
Financial Assets Measured at Amortised Cost	7.262.043	7.331.200
Loans	135.018.497	132.509.522
Financial Liabilities	**159.863.934**	**160.250.580**
Bank Deposits	14.158.801	14.156.757
Other Deposits	109.207.414	109.348.981
Interbank Money Market Borrowings	4.479.147	4.479.147
Funds Borrowed From Other Financial Institutions	23.376.509	23.481.850
Subordinated Loans	5.917.420	5.827.889
Securities Issued	2.724.643	2.955.956

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	Book Value Prior Period	Fair Value Prior Period
Financial Assets	**127.743.404**	**132.711.213**
Interbank Money Market Placements	1.020.321	1.020.321
Banks	3.597.972	3.597.963
Financial Assets at Fair Value Through Other Comprehensive Income	10.733.282	10.733.282
Financial Assets Measured at Amortised Cost	6.591.202	6.547.464
Loans	105.800.627	110.812.183
Financial Liabilities	**124.589.485**	**124.536.078**
Bank Deposits	2.970.527	2.971.448
Other Deposits	97.328.393	97.306.549
Interbank Money Market Borrowings	425.152	425.152
Funds Borrowed From Other Financial Institutions	14.367.179	14.433.920
Subordinated Loans	7.037.253	6.944.878
Securities Issued	2.460.981	2.454.131

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 Bank's financial statements are given below:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	343.448	--	--	343.448
Public Sector Debt Securities	78.492	--	--	78.492
Share Certificated	219.080	--	--	219.080
Trading Purpose Derivatives	45.876	--	--	45.876
Other Securities	--	2.699.758		2.699.758
Financial Assets at Fair Value Through Other Comprehensive Income	13.214.779	--	--	13.214.779
Public Sector Debt Securities	12.851.629	--	--	12.851.629
Other Securities	363.150	--	--	363.150
Loans at Fair Value Through Profit or Loss	--	--	447.412	447.412
Total Assets	**13.558.227**	**2.699.758**	**447.412**	**16.705.397**
Derivative Financial Liabilities Held for Trading	--	2.150.526	--	2.150.526
Total Liabilities	**--**	**2.150.526**	**--**	**2.150.526**

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	158.718	--	--	158.718
Public Sector Debt Securities	4.699	--	--	4.699
Share Certificated	153.472	--	--	153.472
Trading Purpose Derivatives	547	--	--	547
Other Securities	--	1.686.869		1.686.869
Financial Assets at Fair Value Through Other Comprehensive Income	10.733.282	--	--	10.733.282
Public Sector Debt Securities	10.438.291	--	--	10.438.291
Other Securities	294.991	--	--	294.991
Loans at Fair Value Through Profit or Loss	--	--	329.100	329.100
Total Assets	**10.892.000**	**1.686.869**	**329.100**	**12.907.969**
Derivative Financial Liabilities Held for Trading	--	861.996	--	861.996
Total Liabilities	**--**	**861.996**	**--**	**861.996**

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: Inputs not based on observable market data regarding assets or liabilities

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Movement table at level 3

	Current period
Balance at the beginning of the period	**329.100**
Purchases	--
Amortisation/sales	--
Valuation differences	118.312
Transfers	--
Balance at the end of the period	**447.412**

X. Explanations related to transactions carried out on behalf and account of other parties and fiduciary transactions

a. Whether the Bank performs purchase, sales, custody, management and consultancy services on behalf and account of others, or not

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

b. Whether there are transactions with other financial institutions within the scope of fiduciary transaction contracts and whether there are financial services provided directly within this scope; whether such services are likely to significantly affect the Bank's financial status

There are no fiduciary transaction contracts.

XI. Explanations related to hedging transactions

a. Net investment risk

The Bank applies net investment hedge accounting as of 1 July 2015 in order to hedge exchange difference sourcing from equity method implementation for its net investment at a total amount of Euro 1.639 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the exchange rate of these financial liabilities is recognised in hedge funds account under equity.

Total abroad net investment hedging funds after tax recognised under equity is amounting to TL (6.894.062) as of 31 December 2020 (31 December 2019: TL (3.575.443)).

b. Cash flow risk

The cash flow hedge valuation difference in the Bank's equity is based on the future Euro lease receivables of Deniz Finansal Kiralama A.Ş., a subsidiary where TAS 27 equity method is applied, subject to currency contract within the scope of currency risk management, and future operating lease receivables whose fair values are followed in Euros Cash flow hedge accounting began to be applied as of 1 April 2018 by matching estimated future sales of used cars with Euro loans.

In the cash flow hedge accounting initiated by Deniz Finansal Kiralama A.Ş.; receivables from current operating leases and their fair values as a hedged item have determined the estimated future used vehicle sales and the loans received in Euro has been determined as hedging instrument.

Profit/ (loss) after tax TL (29.139) which is accounted under shareholders' equity as cash flow hedge accounting as of 31 December 2020 (31 December 2019: TL (23.227)).

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XII. Explanations related to the segment reporting

Bank operates in four main areas; wholesale banking, SME and agricultural banking, retail banking, and treasury.

Wholesale banking provides financial solutions and banking services to large-scale national and international corporate and commercial customers. Short and long term business loans, investment loans, non-cash loans, foreign exchange purchase-sales, foreign trade financing, project financing, structured financing, corporate finance, deposits and cash management services are provided in order to meet the needs of customers for investment, working capital and projects.

Within the scope of retail banking, loan products (consumer, mortgage, vehicle, workplace, tractor, agricultural equipment and investment loans), credit cards with different features, producer cards, investment products (mutual funds, stocks, treasury bills/government bonds, repurchase), deposit products (demand, term, protected), insurance products, SME and 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, chequebooks and rental safes.

Treasury covers the Bank's short, medium and long-term price strategies and maturity nonconformities, as well as spot and forward TL and foreign exchange trading, treasury bills, bonds and other domestic and international securities trading and derivative products. Bank also performs activities to provide medium and long-term funding, diversification of funding sources and establishment of an international investor base in this field.

Information on business segments has been prepared in accordance with the data provided from the Bank's Management Reporting System and the previous period information has been revised on the same basis.

Information on business segments are presented in the following tables:

Current Period (01/01/2020-31/12/2020)	Wholesale Banking	SME & Agricultural Banking	Retail Banking	Treasury & Other	Total
Net interest income	1.259.668	1.873.435	1.953.817	3.997.906	**9.084.826**
Net fees and commission income	437.124	1.359.271	978.171	(35.284)	**2.739.282**
Other income/loss, net	2.757	5.968	(30.770)	751.218	**729.173**
Total segment income	**1.699.549**	**3.238.674**	**2.901.218**	**4.713.840**	**12.553.281**
Other operational expenses (*)	(535.931)	(1.513.275)	(2.010.868)	(311.994)	**(4.372.068)**
Provisions for expected credit loss and other provisions	(3.741.256)	(2.258.452)	(294.553)	(386.792)	**(6.681.053)**
Taxation					**(297.797)**
Profit / Loss from Partnerships under Equity Method					**590.862**
Net profit from continuing operations	**(2.577.638)**	**(533.053)**	**595.797**	**4.015.054**	**1.793.225**
Net profit from discontinued operations	--	--	--	--	**--**
Net profit for the period	**(2.577.638)**	**(533.053)**	**595.797**	**4.015.054**	**1.793.225**
Current Period (31/12/2020)					
Segment assets	47.045.730	43.750.599	29.864.061	51.035.650	**171.696.040**
Subsidiaries and associates					**18.801.094**
Undistributed assets					**8.758.602**
Total assets					**199.255.736**
Segment liabilities	19.696.940	29.665.528	62.219.738	53.276.883	**164.859.089**
Undistributed liabilities					**11.507.895**
Equity					**22.888.752**
Total liabilities and shareholders' equity					**199.255.736**

(*) It also includes personnel expenses.

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Prior Period (01/01/2019-31/12/2019)	Wholesale Banking	SME & Agricultural Banking	Retail Banking	Treasury & Other	Total
Net interest income	843.258	1.994.378	1.458.451	2.157.192	**6.453.279**
Net fees and commission income	507.548	1.818.019	1.336.377	(66.068)	**3.595.876**
Other income/loss, net	56.576	40.282	41.676	(245.075)	**(106.541)**
Total segment income	**1.407.382**	**3.852.679**	**2.836.504**	**1.846.049**	**9.942.614**
Other operational expenses (*)	(500.285)	(1.369.038)	(1.672.918)	(103.558)	**(3.645.799)**
Provisions for expected credit loss and other provisions	(3.182.589)	(1.581.625)	(699.118)	(144.923)	**(5.608.255)**
Taxation					**(141.248)**
Profit / Loss from Partnerships under Equity Method					**788.801**
Net profit from continuing operations	**(2.275.492)**	**902.016**	**464.468**	**1.597.568**	**1.336.113**
Net profit from discontinued operations	--	--	--	--	**--**
Net profit for the period	**(2.275.492)**	**902.016**	**464.468**	**1.597.568**	**1.336.113**
Prior Period (31/12/2019)					
Segment assets	36.451.364	38.896.744	21.423.033	41.008.110	**137.779.251**
Subsidiaries and associates					**13.295.979**
Undistributed assets					**5.402.798**
Total assets					**156.478.028**
Segment liabilities	23.462.779	24.330.542	51.243.856	28.716.568	**127.753.745**
Undistributed liabilities					**11.004.435**
Equity					**17.719.848**
Total liabilities and shareholders' equity					**156.478.028**

(*) It also includes personnel expenses.

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SECTION FIVE
DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to assets

a. Cash and cash equivalents

1. Information on cash balances and balances with the Central Bank of the Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	591.691	814.685	767.272	838.120
Central Bank of the Republic of Turkey	1.660.939	19.522.982	763.291	14.338.787
Other	--	--	--	--
Total	2.252.630	20.337.667	1.530.563	15.176.907

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1.636.328	7.467.294	762.933	5.023.345
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	24.611	12.055.688	358	9.315.442
Total	1.660.939	19.522.982	763.291	14.338.787

3. Explanations on reserve requirements

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Turkey ("CBRT"), the Bank keeps reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué.

As of 31 December 2020, all banks operating in Turkey should provide a reserve in a range of 1% to 6% (31 December 2019: between 1% and 7%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 5% to 22% (31 December 2019: between 5% and 21%) in US Dollars or standard gold for their liabilities in foreign currencies.

According to the principles of communiqué No. 2019/19 dated 9 December 2019, the CBRT pays interest to banks that provide credit growth for Turkish Lira reserve requirements. The interest income received from reserve requirements of the Bank with the CBRT is amounting to TL 29.693 (1 January - 31 December 2019: TL 145.307). The related interest income recognised under "Interest on Reserve Requirements".

4. Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	505.685	13.706	1.902.690	4.447
Foreign	432	1.873.509	99	1.690.736
Foreign head offices and branches	--	--	--	--
Total	506.117	1.887.215	1.902.789	1.695.183

5. Information on foreign banks

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	460.133	391.013	--	--
USA, Canada	1.341.724	1.176.029	--	--
OECD Countries(*)	17.864	23.588	--	--
Off shore zones	320	369	--	--
Other	53.900	99.836	--	--
Total	1.873.941	1.690.835	--	--

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

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b. Information on financial assets at fair value through profit or loss

1. Information on financial assets at fair value through profit or loss given as collateral or blocked

None.

2. Financial assets at fair value through profit or loss subject to repurchase agreements

None.

3. Other financial assets

Within the context of the existing loan agreements, all creditors including the Bank have reached an agreement on restructuring the loans granted to a company operating in telecommunication sector and shares owned by the company, representing 55% of its issued share capital corresponding to shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors on 21 December 2018. As a result of the transfer of this liability, the risk balance amounting to TL 237.211 has been derecognised from the balance sheet and the Bank's credit receivable carried at fair value under other financial assets amounted to TL 447.412 (31 December 2019: TL 329.100).

4. Positive differences related to derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	90.016	207.694	9.723	19.236
Swap Transactions	947.871	1.405.362	956.430	660.064
Futures Transactions	--	--	--	--
Options	2.348	46.467	333	41.083
Other	--	--	--	--
Total	1.040.235	1.659.523	966.486	720.383

c. Information on financial assets at fair value through other comprehensive income

1. Major types of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income consist of share certificates, Government Debt Securities, Eurobonds and foreign currency bonds issued by the Turkish Treasury.

2. Characteristics and book value of financial assets at fair value through other comprehensive income pledged as collateral

Financial assets at fair value through other comprehensive income which are given as collateral consist of securities issued to various financial institutions, primarily the Central Bank of the Republic of Turkey and Istanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank), for interbank money market, foreign exchange market and other transactions. These financial assets include government bonds and Eurobonds, and their total book value amounts to TL 2.287.509 (31 December 2019: TL 2.595.610).

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3. Information on financial assets at fair value through other comprehensive income given as collateral/blocked

Given as collateral or blocked	Current Period		Prior Period	
Financial assets at fair value through other comprehensive income	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bills, Bonds and Similar Securities	1.413.426	874.083	231.875	2.363.735
Other	--	--	--	--
Total	1.413.426	874.083	231.875	2.363.735

4. Financial assets at fair value through other comprehensive income subject to repurchase agreements

Subject to repurchase agreements	Current Period		Prior Period	
Financial assets at fair value through other comprehensive income	TL	FC	TL	FC
Government Bonds	49.224	2.699.928	78.017	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bank Bills and Bank Guaranteed Bills	--	--	--	223.647
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
Total	49.224	2.699.928	78.017	223.647

5. Information on financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income	Current Period	Prior Period
Debt Securities	**13.214.313**	**10.655.112**
Quoted on Stock Exchange (*)	13.214.313	10.655.112
Unquoted on Stock Exchange	--	--
Share Certificates	**466**	**78.170**
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange (**)	466	78.170
Impairment Provisions (-)	**--**	**--**
Total	13.214.779	10.733.282

(*) It includes bank and corporate bills.
(**) Details are explained in Section Five, note I.b.3.

d. Explanations on loans

1. Information on the balance of any kind of loan or advance granted to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	**--**	**4.963**	**--**	**4.963**
Corporate Shareholders	--	4.963	--	4.963
Individual Shareholders	--	--	--	--
Indirect Loans Granted to Shareholders	**--**	**--**	**--**	**--**
Loans Granted to Employees	**77.795**	**216**	**73.133**	**216**
Total	77.795	5.179	73.133	5.179

2. Information on standard loans and loans under close monitoring and loans under restructuring

Cash loans (*) (**)	Standard Loans	Loans Under Close Monitoring		
			Restructured Loans	
		Not included in restructured loans	Changes in conditions of contract	Refinancing
Non-specialized loans	**86.213.997**	**13.277.524**	**5.899.363**	**3.250.946**
Corporate loans	2.346.279	1.806.536	2.324.043	548.032
Export loans	3.009.961	620.719	--	132.693
Import loans	--	--	--	--
Commercial loans	2.463.248	--	--	--
Consumer loans	19.699.614	1.954.942	667.954	242.044
Credit cards	11.367.706	629.501	305.210	69.617
Others	47.327.189	8.265.826	2.602.156	2.258.560
Specialized loans	**10.372.139**	**1.475.893**	**419.134**	**2.145.278**
Other receivables	**--**	**--**	**--**	**--**
Total	96.586.136	14.753.417	6.318.497	5.396.224

(*) It includes loans measured at amortised cost.
(**) The balances of loans at fair value through profit or loss are not included.

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	Current Period		Prior Period	
Stage 1 and Stage 2 Provisions for Expected Credit Loss	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12-Month provision for expected credit loss	966.707	--	876.527	--
Significant increase in credit risk	--	5.205.339	--	2.378.120
Total	966.707	5.205.339	876.527	2.378.120

3. Distribution of cash loans according to maturity structure

		Loans Under Close Monitoring	
	Standard Loans	Not Restructured	Restructured
Short-Term Loans	29.977.469	2.806.961	523.170
Medium and Long-Term Loans	66.608.667	11.946.456	11.191.551
Total	96.586.136	14.753.417	11.714.721

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

	Short Term	Medium or Long Term	Total
Consumer Loans-TL	**753.010**	**20.099.462**	**20.852.472**
Real estate Loans	3.217	2.002.371	**2.005.588**
Vehicle Loans	426	60.991	**61.417**
General Purpose Loans	749.367	18.036.100	**18.785.467**
Other	--	--	**--**
Consumer Loans-Indexed to FC	**--**	**9.405**	**9.405**
Real estate Loans	--	8.831	**8.831**
Vehicle Loans	--	--	**--**
General Purpose Loans	--	574	**574**
Other	--	--	**--**
Consumer Loans-FC	**--**	**2.099**	**2.099**
Real estate Loans	--	1.934	**1.934**
Vehicle Loans	--	--	**--**
General Purpose Loans	--	165	**165**
Other	--	--	**--**
Individual Credit Cards-TL	**8.702.769**	**691.969**	**9.394.738**
Installment	4.111.715	691.969	**4.803.684**
Non installment	4.591.054	--	**4.591.054**
Individual Credit Cards-FC	**183**	**--**	**183**
Installment	--	--	**--**
Non installment	183	--	**183**
Loans Given to Employees-TL	**5.491**	**38.513**	**44.004**
Real estate Loans	--	805	**805**
Vehicle Loans	--	--	**--**
General Purpose Loans	5.491	37.708	**43.199**
Other	--	--	**--**
Loans Given to Employees - Indexed to FC	**--**	**--**	**--**
Real estate Loans	--	--	**--**
Vehicle Loans	--	--	**--**
General Purpose Loans	--	--	**--**
Other	--	--	**--**
Loans Given to Employees - FC	**--**	**--**	**--**
Real estate Loans	--	--	**--**
Vehicle Loans	--	--	**--**
General Purpose Loans	--	--	**--**
Other	--	--	**--**
Personnel Credit Cards - TL	**31.394**	**351**	**31.745**
Installment	12.409	351	**12.760**
Non installment	18.985	--	**18.985**
Personnel Credit Cards - FC	**3**	**--**	**3**
Installment	--	--	**--**
Non installment	3	--	**3**
Overdraft Loans-TL (Real Persons) (*)	**1.656.574**	**--**	**1.656.574**
Overdraft Loans-FC (Real Persons)	**--**	**--**	**--**
Total	11.149.424	20.841.799	31.991.223

(*) The overdraft account used by the personnel of the Bank amounts to TL 2.043.

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5. Information on commercial installment loans and corporate credit cards

	Short Term	Medium or Long Term	Total
Installment Commercial Loans - TL	**2.081.141**	**16.141.556**	**18.222.697**
Real estate Loans	--	72.257	**72.257**
Vehicle Loans	5.559	207.959	**213.518**
General Purpose Loans	2.075.582	15.861.340	**17.936.922**
Other	--	--	**--**
Installment Commercial Loans - Indexed to FC	**--**	**575.372**	**575.372**
Real estate Loans	--	2.044	**2.044**
Vehicle Loans	--	8.056	**8.056**
General Purpose Loans	--	565.272	**565.272**
Other	--	--	**--**
Installment Commercial Loans - FC	**72.802**	**4.239.629**	**4.312.431**
Real estate Loans	--	--	**--**
Vehicle Loans	--	--	**--**
General Purpose Loans	72.802	4.239.629	**4.312.431**
Other	--	--	**--**
Corporate Credit Cards - TL	**2.813.405**	**131.934**	**2.945.339**
Installment	1.029.094	131.934	**1.161.028**
Non installment	1.784.311	--	**1.784.311**
Corporate Credit Cards - FC	**26**	**--**	**26**
Installment	--	--	**--**
Non installment	26	--	**26**
Overdraft Loans-TL (Legal Entities)	**1.559.117**	**--**	**1.559.117**
Overdraft Loans-FC (Legal Entities)	**--**	**--**	**--**
Total	**6.526.491**	**21.088.491**	**27.614.982**

6. Distribution of loans according to user

	Current Period	Prior Period
Public	4.950.487	3.472.697
Private	118.103.787	91.273.252
Total	**123.054.274**	**94.745.949**

7. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	119.410.714	90.447.075
Foreign Loans	3.643.560	4.298.874
Total	**123.054.274**	**94.745.949**

8. Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.532.102	689.611
Indirect loans granted to subsidiaries and associates	--	--
Total	**1.532.102**	**689.611**

9. Specific provisions for loans or provisions for stage 3 loans

Provisions related to loans or credit impaired lossess (stage 3)	Current Period	Prior Period
Loans with Limited Collectability	625.977	1.850.417
Loans with Doubtful Collectability	2.002.821	1.089.097
Uncollectible Loans	5.310.600	2.651.243
Total	**7.939.398**	**5.590.757**

10. Information on non-performing loans (Net)

(i) Information on non-performing loans and restructured loans by the Bank

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period	**5.363**	**40.254**	**838.128**
(Gross amounts before the provisions)			
Restructured loans	5.363	40.254	838.128
Prior Period	**79.694**	**577.336**	**396.384**
(Gross amounts before the provisions)			
Restructured loans	79.694	577.336	396.384

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(ii) Information on movement of total non-performing loans

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Balances at Beginning of Period	**4.715.216**	**2.334.775**	**4.004.687**
Additions (+)	3.084.009	1.982.808	1.390.397
Transfers from Other Categories of Non-Performing Loans (+)	--	6.266.993	5.835.149
Transfers from Other Categories of Non-Performing Loans (-)	6.266.993	5.835.149	--
Collections (-)	462.594	1.841.639	1.388.460
Write-offs (-)(*)	--	--	1.854.976
Sales (-)	--	--	--
Corporate and Commercial Loans	--	--	--
Retail Loans	--	--	--
Credit Cards	--	--	--
Other	--	--	--
Balances at End of the Period	**1.069.638**	**2.907.788**	**7.986.797**
Specific Provisions (-)	625.977	2.002.821	5.310.600
Net Balance on Balance Sheet	**443.661**	**904.967**	**2.676.197**

(*) In accordance with the Amendments to the Regulation published in the Official Gazette dated 27 November 2019 and numbered 30961 by the BRSA, the Bank recovers the loans that are classified under the Fifth Group - Loans of Loss and are set aside due to the default of the debtor. Since the first reporting period following their classification in the fifth group, the part which does not have reasonable expectations can be deducted from the records within the scope of TFRS 9. In this context, as of 31 December 2020, the Bank deducted its loans amounting to TL 1.854.976 from the records. In accordance with the amendments made in the relevant Provisions Regulation within the period, the effect of the credits deducted from the record on the Bank's NPL ratio is 124 basis points.

(iii) Information on non-performing loans utilised in foreign currencies

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period: 31 December 2020			
Balance as of the Period End	737.712	1.799.102	2.174.617
Provisions (-)	405.160	1.449.901	1.334.041
Net Balance on Balance Sheet	**332.552**	**349.201**	**840.576**
Prior Period: 31 December 2019			
Balance as of the Period End	2.474.768	--	--
Provisions (-)	1.173.727	--	--
Net Balance on Balance Sheet	**1.301.041**	**--**	**--**

(iv) Information on gross and net amounts of non-performing loans according to beneficiary group

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period (Net): 31 December 2020	**443.661**	**904.967**	**2.676.197**
Loans Granted to Real Persons and Legal Entities (Gross)	1.069.638	2.907.788	7.986.797
Provisions (-)	625.977	2.002.821	5.310.600
Loans Granted to Real Persons and Legal Entities (Net)	443.661	904.967	2.676.197
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan (Net)	--	--	--
Priod Period (Net): 31 December 2019	**2.864.799**	**1.245.678**	**1.353.444**
Loans Granted to Real Persons and Legal Entities (Gross)	4.715.216	2.334.775	4.004.687
Provisions (-)	1.850.417	1.089.097	2.651.243
Loans Granted to Real Persons and Legal Entities (Net)	2.864.799	1.245.678	1.353.444
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan (Net)	--	--	--

(v) Information on interest accruals, rediscount and valuation differences for non-performing loans and their provisions

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net)	**36.585**	**90.096**	**478.004**
Interest accruals and rediscount and valuation differences	89.683	240.770	1.401.378
Amount of provision (-)	53.098	150.674	923.374
Prior Period (Net)	**298.302**	**219.017**	**330.552**
Interest accruals and rediscount and valuation differences	491.131	376.475	698.782
Amount of provision (-)	192.829	157.458	368.230

11. Outline of liquidation policy for uncollectible loans and other receivables

For uncollectible loans, first of all the Bank and the company try to reach an agreement; where these methods to not work and no results can be obtained from follow-up, all the procedures to be performed within the framework of legal legislation are carried out. These transactions last until the companies sign a pledge deficit document or a certificate of insolvency.

12. Explanations on write-off policy

The general policy of the Bank is to write-off the receivables that are documented as not possible to be collected during the legal follow-up process.

Write-off policy:

In accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, the Bank, in line with TFRS 9, may write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor, starting from the following reporting date that the loan is classified in group 5.

Write-off is only an accounting practice in accordance with the related change in the regulation and it does not result in giving up the right on the receivable.

The Bank uses the following indicators as to the absence of reasonable expectations regarding the collection of loans:

- For receivables subject to collective assessment,
  - ✓ Maximum attempts were made by the Bank regarding collection during the legal follow-up and remained inconclusive
  - ✓ Recovery horizon is reached
  - ✓ 100% provisioning is realised
- Certain data for those who will be subject to individual assessment that their collection ability has been completely lost as a result of customer analysis and interviews

Although the Bank has applied write-off, its policies for the loans that it follows are in line with the loans it actively pursues in terms of legal collection of borrowers, subjecting loans to the sale of non-performing loans and withdrawal decisions.

e. Information on financial assets measured at amortised cost

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

(i) Information on securities subject to repurchase agreement

Financial assets measured at amortised cost subject to repurchase agreement amounts to TL 3.141.847 (31 December 2019: TL 224.841).

(ii) Information on securities subject to given as collateral or blocked

Collateralized financial assets measured at amortised cost are government bonds, book value of which amounts to TL 1.774.043 (31 December 2019: TL 1.393.213).

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2. Information on government debt securities measured at amortised cost

Government debt securities measured at amortised cost	Current Period	Prior Period
Government Bonds	7.262.043	6.591.202
Treasury Bills	--	--
Other Government Debt Securities	--	--
Total	7.262.043	6.591.202

3. Information on financial assets measured at amortised cost

Financial assets measured at amortised cost	Current Period	Prior Period
Debt Securities	**7.262.043**	**6.591.202**
Quoted on Stock Exchange	7.262.043	6.591.202
Unquoted on Stock Exchange	--	--
Impairment provisions (-)	**--**	**--**
Total	7.262.043	6.591.202

4. The movements of financial assets measured at amortised cost during the period

	Current Period	Prior Period
Balance at the beginning of the period	**6.591.202**	**6.075.170**
Foreign exchange differences in monetary assets (*)	860.027	516.032
Purchases during the year	--	--
Disposals by sale and redemption	(189.186)	--
Impairment provisions (-)	**--**	**--**
Total	7.262.043	6.591.202

(*) Rediscounts of financial assets measured at amortised cost are included in "foreign exchange differences in monetary assets".

Bank transferred its securities from "financial assets at fair value through other comprehensive income" portfolio, with a new cost amounting to TL 2.826.026 and USD 320.674 as of reclassification date, to the "financial assets measured at amortised cost" portfolio due to change in the intention of holding on 23 July 2013, 24 July 2013, 26 December 2013, 24 January 2014 and 1 November 2016.

f. Information on investments in associates

Title	Address (City/Country)	Share percentage of the Bank (%)	Risk Group Share Percentage of the Bank (%)
1-Kredi Kayıt Bürosu A.Ş. (1)	İstanbul/Turkey	9	--
2-Kredi Garanti Fonu A.Ş. (2)	Ankara/Turkey	2	--
3-Ege Tarım Ürünleri Lisanslı Dep. A.Ş. (2)	İzmir/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	411.660	265.464	213.605	3.531	--	48.549	26.579	--
2	586.812	463.692	23.597	57.601	--	55.708	64.893	--
3	15.257	14.163	8.133	549	--	2.461	1.729	--

(1) Information on the financial statements is presented as of the period ended 30 September 2020.

(2) Information on the financial statements is presented as of the period ended 31 December 2019.

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g. Information on investments in subsidiaries

1. Information on shareholders' equity of major subsidiaries

The amounts below are obtained from the financial data of 31 December 2020 prepared in accordance with the legislation to which Denizbank AG is subject to.

	Denizbank AG
Paid-in capital	2.113.464
Share premium	3.105.283
Reserves	9.443.469
Deductions from capital	10.849
Total Common Equity	**14.651.367**
Total additional Tier I capital	--
Deductions from capital	43.394
Total Core Capital	**14.607.973**
Total supplementary capital	222.878
Capital	**14.830.851**
Deductions from capital	--
SHAREHOLDERS' EQUITY	14.830.851

2. Information on subsidiaries

Title	Address (City/Country)	Share percentage of the Bank (%)	Share percentage of other shareholders (%)(3)
1 İntertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. (1)	Istanbul/Turkey	100	--
2 Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. (1)	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 Bilgi İşlem ve Ticaret A.Ş. (1)	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. (4)	Istanbul/Turkey	100	--
10 Deniz Faktoring A.Ş.	Istanbul/Turkey	100	--
11 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. (2)	Istanbul/Turkey	--	76
12 CR Erdberg Eins GmbH & Co KG (2)	Vienna/Austria	--	100
13-Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş	Istanbul/Turkey	100	--

(1) It is not included in TAS 27 equity method implementation.
(2) They are included in TAS 27 "equity method" although they are not the Bank's direct subsidiaries.
(3) Represents risk group share percentage of the Bank.
(4) At the meeting of the Board of Directors dated 16 January 2020, it was decided for Denizbank to purchase 51% of the shares of Deniz Finansal Kiralama A.Ş., owned by Denizbank AG. EUR 98,5 million, corresponding to the shares subject to the sale, over the company value of EUR 193,1 million determined as a result of the valuation made, was paid by the Bank on 24 January 2020 and the transfer of these shares to the Bank was realised.

	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	546.722	382.058	349.177	364	--	93.630	83.456	--	--
2	975	969	25	--	--	(117)	(87)	--	--
3	77.490.679	15.451.057	166.524	2.292.527	111.183	268.342	651.883	--	--
4	922.060	53.885	42	5.329	--	864	213	--	--
5	1.101.858	830.938	19.875	51.147	--	240.559	110.782	--	--
6	22.250	12.797	13.062	68	--	(6.050)	1.642	--	--
7	2.441.163	686.308	14.076	113.920	19.320	62.141	55.622	--	--
8	39.907	33.836	3.359	972	30	14.215	9.845	--	--
9	3.234.585	632.233	452.153	255.624	2.529	(4.437)	(49.671)	--	--
10	2.649.070	403.507	12.739	231.070	3.000	21.867	2.465	--	--
11	946.335	374.287	6.553	617	--	9.355	12.003	--	--
12	298.007	258.882	231.557	4	--	1.112	726	--	--
13	5.600	5.211	14	591	--	(427)	(46)	--	--

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(i) Movement of subsidiaries during the period

	Current Period	Prior Period
Balance at the Beginning of the Period	**13.281.077**	**11.390.518**
Movements During the Period	**5.505.115**	**1.890.559**
Purchases (****)	645.888	6.000
Bonus Shares Received	--	--
Dividends from Current Year Profit (*)	590.862	788.801
Sales	--	--
Revaluation Increase, Effect of Inflation and F/X Difference (**)(***)	4.268.365	1.095.758
Provision for Impairment	--	--
Balance at the End of the Period	**18.786.192**	**13.281.077**
Capital Commitments	--	--
Share Percentage at the end of Period (%)	--	--

(*) It is the amount added to the unconsolidated financial statements as a result of the application of equity method in accordance with TAS 27 mentioned in Section Three, note I. As of 31 December 2020, there is not dividend income.

(**) It consists of other reserves amounting to TL 4.041.482 as of 31 December 2020 (31 December 2019: TL 1.054.819), valuation differences of securities amounting to TL 136.572 (31 December 2019: TL 80.757), cash flow hedge transactions TL (5.910) (31 December 2019: TL 6.183), real estate revaluation TL 22.677 (31 December 2019: TL 8.098) and actuarial gain/(loss) TL (1.179) (31 December 2019: TL (1.020)) as a consequence of equity method implementation in accordance with TAS 27 mentioned in Section Three, note I.

(***) It includes the fair value of Intertech amounting to TL 74.723 (31 December 2019: TL 53.079) in accordance with TFRS 9.

(****) At the meeting of the Board of Directors dated 16 January 2020, it was decided for Denizbank to purchase 51% of the shares of Deniz Finansal Kiralama A.Ş., owned by Denizbank AG. EUR 98,5 million, corresponding to the shares subject to the sale, over the company value of EUR 193,1 million determined as a result of the valuation made, was paid by the Bank on 24 January 2020 and the transfer of these shares to the Bank was realized.

The title, purpose, field of activity and capital of "Deniz Kartlı Ödeme Sistemleri Anonim Şirketi" (the Company) which is a 100% subsidiary of the Bank has been changed with the approval of the amendment of the related articles described in the Articles of Association held on General Assembly dated on 1 November 2019 and by registering the General Assembly resolutions on 12 November 2019. The new title of the company has become "Hızlıöde Elektronik Para ve Ödeme Hizmetleri Anonim Şirketi" and its capital has been increased from TL 300 to TL 10.000. TL 6.000 of which is paid in cash, TL 4.000 of which is as capital commitment. An operating permit application was made to the Banking Regulation and Supervision Agency on 14 November 2019 in order for the company to operate as a payment and electronic money institution and official authorisation was granted on 24 December 2020.

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

	Current Period	Prior Period
Banks	16.108.882	11.257.800
Insurance Companies	--	--
Factoring Companies	403.507	381.803
Leasing Companies	632.233	314.923
Finance Companies	--	--
Other Subsidiaries	1.641.570	1.326.551
Total	**18.786.192**	**13.281.077**

(iii) Quoted subsidiaries: None.

(iv) Subsidiaries disposed during the current period: None.

(v) Subsidiaries acquired during the current period: None.

h. Information on jointly controlled partnerships (joint ventures)

Title	Share percentage of the Bank (%)	Share percentage of the Group (%)	Current Assets	Non-Current Assets	Non-Current Liabilities	Income	Expenses
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33	33	113.710	47.576	25.018	215.676	(193.028)

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i. Information on receivables from leasing transactions

None.

j. Explanation on derivative financial instruments for hedging purpose

None.

k. Explanation on investment properties

None.

l. Information on tangible assets

	Real Estate	Tangible Fixed Assets Retained With Financial Leasing	Vehicles	Right-to-Use Assets	Other Tangible Fixed Assets	Total
Prior Period						
Cost	68.520	151.422	1.201	643.543	1.223.163	2.087.849
Accumulated Depreciation	--	(144.028)	(1.199)	(172.828)	(775.784)	(1.093.839)
Net Book Value	**68.520**	**7.394**	**2**	**470.715**	**447.379**	**994.010**
Current Period						
Net Book Value at the Beginning of the Period	68.520	7.394	2	470.715	447.379	994.010
Changes In the Period (Net)	5.531	118.886	155	141.508	103.198	369.278
Depreciation Cost	(1.052)	(3.601)	(37)	(181.844)	(125.507)	(312.041)
Provision For Decrease In Value	--	--	--	--	--	--
FX Differences (Net)	--	--	7	45	(4)	48
Cost At the End of the Period	72.999	248.807	1.381	774.347	1.276.250	2.373.784
Accumulated Depreciation At the End of the Period	--	(126.128)	(1.254)	(343.923)	(851.184)	(1.322.489)
Net Book Value At The End Of The Period	**72.999**	**122.679**	**127**	**430.424**	**425.066**	**1.051.295**

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". The positive difference between the property values in the expertise reports prepared by the licensed appraisal companies and the net book value of the related properties is followed in the equity accounts and the negative differences are followed in the statement of profit or loss.

Revaluation difference amounting to TL 41.042 (31 December 2019: TL 37.491) is recognised under equity as a result of revaluation process, and impairment provision made in previous period for related properties amounting to TL 3.082 is cancelled.

m. Information on intangible assets

	Other	Goodwill	Total
Prior Period			
Cost	1.021.761	--	1.021.761
Accumulated Depreciation	(737.293)	--	(737.293)
Net Book Value	**284.468**	**--**	**284.468**
Current Period			
Net Book Value at the Beginning of the Period	284.468	--	284.468
Differences During the Period (Net)	221.696	--	221.696
Depreciation Cost	(159.349)	--	(159.349)
Provision For Decrease In Value	--	--	--
FX Differences (Net)	--	--	--
Cost At the End of the Period	1.244.956	--	1.244.956
Accumulated Depreciation At the End of the Period	(898.141)	--	(898.141)
Net Book Value At The End Of The Period	**346.815**	**--**	**346.815**

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n. Information on deferred tax asset

Deferred tax is calculated on the basis of deductible and taxable temporary differences as of the balance sheet date and shown in the balance sheet with the net value within the scope of the related regulations.

Deferred tax expense recognised in equity resulting from the effect of TAS 27 is TL 50.856 (31 December 2019: TL (30.822)).

The following table summarizes the distribution of deferred tax in terms of sources:

	Current Period	Prior Period
Miscellaneous Provisions	1.356.022	930.241
Provision for Employee Benefits	93.772	70.953
Unearned Revenue	79.868	83.634
Other	2.099	--
Deferred Tax Assets	**1.531.761**	**1.084.828**
Valuation Differences of Derivatives	(87.754)	(77.389)
Valuation Differences of Financial Assets	(72.791)	(24.161)
Valuation Differences of Tangible Assets	(21.509)	(22.930)
Other	--	(15.972)
Deferred Tax Liabilities	**(182.054)**	**(140.452)**
Net Deferred Tax Assets	**1.349.707**	**944.376**

o. Explanation on non-current assets or disposal groups held for sale and from discontinued operations

None.

p. Information on other assets

1. Information on prepaid expense, taxes and similar items

   Bank's total prepaid expenses are TL 916.282 (31 December 2019: TL 558.971).

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

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II. Explanations and disclosures related to unconsolidated liabilities

a. Information on deposits

1. Information on maturity structure of deposits

Current period - 31 December 2020:

	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	5.104.617	--	4.632.323	25.356.238	470.831	395.560	495.239	5.290	**36.460.098**
Foreign Currency Deposits (*)	15.197.416	--	7.734.125	23.954.157	1.843.633	919.722	1.649.633	1.681	**51.300.367**
Residents in Turkey	14.031.437	--	7.511.016	21.898.165	1.693.488	667.189	1.162.777	1.681	**46.965.753**
Residents Abroad	1.165.979	--	223.109	2.055.992	150.145	252.533	486.856	--	**4.334.614**
Public Sector Deposits	332.762	--	87.706	77.422	10.622	487	2.622	--	**511.621**
Commercial Deposits	3.402.417	--	2.535.518	3.255.704	144.690	54.160	16.529	--	**9.409.018**
Other Ins. Deposits	165.190	--	213.279	482.088	78.775	26.533	265.387	--	**1.231.252**
Precious Metal Deposits	7.341.422	--	353.975	1.806.563	137.017	324.325	320.635	11.121	**10.295.058**
Bank Deposits	298.098	--	3.618.530	9.019.788	1.008.284	9.064	205.037	--	**14.158.801**
Central Bank	--	--	--	--	--	--	--	--	**--**
Domestic Banks	5.073	--	30	23.000	--	3.721	--	--	**31.824**
Foreign Banks	292.472	--	3.618.500	8.996.788	1.008.284	5.343	205.037	--	**14.126.424**
Special Finan. Inst.	553	--	--	--	--	--	--	--	**553**
Other	--	--	--	--	--	--	--	--	**--**
Total	**31.841.922**	**--**	**19.175.456**	**63.951.960**	**3.693.852**	**1.729.851**	**2.955.082**	**18.092**	**123.366.215**

(*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 32.853.097 and Commercial Deposit customers at the amount of TL 18.447.270.

Prior period - 31 December 2019:

	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	3.931.694	--	4.389.868	25.765.032	488.730	365.265	819.628	6.163	**35.766.380**
Foreign Currency Deposits (*)	10.819.517	--	8.208.750	20.648.403	2.156.802	809.943	1.539.694	1.079	**44.184.188**
Residents in Turkey	9.500.089	--	7.716.710	19.125.515	1.788.031	654.002	1.003.750	1.079	**39.789.176**
Residents Abroad	1.319.428	--	492.040	1.522.888	368.771	155.941	535.944	--	**4.395.012**
Public Sector Deposits	937.627	--	41.065	42.630	35.061	215	2.327	--	**1.058.925**
Commercial Deposits	3.523.710	--	4.122.075	5.055.288	188.057	125.523	26.311	--	**13.040.964**
Other Ins. Deposits	133.076	--	229.374	555.587	295.664	160.317	41.255	--	**1.415.273**
Precious Metal Deposits	921.927	--	60.975	613.863	41.464	94.639	121.693	8.102	**1.862.663**
Bank Deposits	121.778	--	650.179	1.327.921	551.528	101.738	217.383	--	**2.970.527**
Central Bank	--	--	--	--	--	--	--	--	**--**
Domestic Banks	2.082	--	--	9.613	--	--	--	--	**11.695**
Foreign Banks	119.236	--	650.179	1.318.308	551.528	101.738	217.383	--	**2.958.372**
Special Finan. Inst.	460	--	--	--	--	--	--	--	**460**
Other	--	--	--	--	--	--	--	--	**--**
Total	**20.389.329**	**--**	**17.702.286**	**54.008.724**	**3.757.306**	**1.657.640**	**2.768.291**	**15.344**	**100.298.920**

(*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 26.060.026 and Commercial Deposit customers at the amount of TL 18.124.162.

2. Information on deposit insurance

(i) Information on saving deposits under the guarantee of insurance and exceeding the limit of insurance

	Saving Deposit Insurance Fund		Exceeding the Insurance Coverage Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	21.224.127	22.569.366	15.182.523	13.175.045
Foreign Currency Saving Deposits	13.245.617	8.297.097	28.154.787	19.243.489
Other Deposits in the form of Saving Deposits	--	--	--	--
Foreign Branches' Deposits under Foreign Authorities' Insurance	--	--	--	--
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	--	--	--	--
Total	**34.469.744**	**30.866.463**	**43.337.310**	**32.418.534**

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(ii) Saving deposits of real persons which are not under the guarantee of insurance

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	137.627	146.033
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	87.485	32.315
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 which are established in Turkey	--	--
Total	**225.112**	**178.348**

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

b. Information on derivative financial liabilities held for trading

1. Negative differences table for derivative financial liabilities held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	18.511	179.671	2.595	44.178
Swap Transactions	237.942	1.654.405	186.269	559.897
Futures Transactions	--	--	--	--
Options	26.931	33.066	3	69.054
Other	--	--	--	--
Total	**283.384**	**1.867.142**	**188.867**	**673.129**

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 Banks and Institutions	434.148	1.239.186	322.346	974.691
Foreign Banks, Institutions and Funds	--	21.703.175	--	13.070.142
Total	**434.148**	**22.942.361**	**322.346**	**14.044.833**

2. Maturity information of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	434.148	2.843.170	322.346	4.395.863
Medium and Long-Term	--	20.099.191	--	9.648.970
Total	**434.148**	**22.942.361**	**322.346**	**14.044.833**

3. Additional explanations on the areas which the Bank's liabilities are concentrated

As of 31 December 2020, 62% of the Bank's liabilities (31 December 2019: 64%) are deposits, 18% (31 December 2019: 16%) are loans received, debts to money markets, securities issued and subordinated loans.

d. Information on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	749.328	--	--	--
Bills	1.523.711	451.604	2.460.981	--
Asset Backed Securities	--	--	--	--
Total	**2.273.039**	**451.604**	**2.460.981**	**--**

The Bank has repurchased the securities it has issued amounting to TL 255.037 and netted them in its financial statements.

e. If other liabilities line of the balance sheet exceeds 10% of the total balance sheet excluding the off balance sheet commitments, the names and amounts of the sub-accounts constituting at least 20% of the other liabilities

Other liabilities do not exceed 10% of the balance sheet total excluding the off-balance sheet commitments.

f. Information on lease liabilities (net)

With the "TFRS 16 Leases" standard effective from 1 January 2019, the difference between operating leases and financial leases has been eliminated and the leasing transactions have been presented under "Liabilities from Leasing Operations". Impacts and adoption of transition to TFRS 16 is disclosed in Section Three, note XXVI.

The term of financial leasing contracts is mostly 4 years. Interest rate and the Bank's cash flow are the criteria taken into consideration in the lease contracts. There are no provisions in lease agreements that impose significant obligations on the Bank.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	247.769	141.320	229.822	120.325
Between 1-4 years	505.188	373.624	567.043	369.790
Over 4 years	153.585	106.276	34.055	25.193
Total	**906.542**	**621.220**	**830.920**	**515.308**

g. Information on derivative financial liabilities for hedging purpose

None.

h. Explanation on provisions

1. Provision for foreign exchange differences on foreign currency indexed loans

None.

The amount of the provision for foreign exchange differences on foreign currency indexed loans are netted against loans under assets in the financial statements.

2. Liabilities of provision for employee benefits

TAS 19 requires using the actuarial valuation method for calculation of liabilities.

Accordingly, the following actuarial assumptions were used in the calculation of the total provision for employee termination benefits:

	Current Period	Prior Period
Discount rate	4,16%	4,70%
İnterest rate	12,70%	13,60%
Estimated rate of increase in salary/severance pay limit	8,20%	8,50%

As of 31 December 2020, TL 262.008 of provision for employee termination benefits (31 December 2019: TL 188.913) and TL 254.101 of unused vacation provisions and other rights (31 December 2019: TL 133.601) were reflected to the financial statements.

Movement of the provision for employee termination benefits during the period is as follows:

	Current Period	Prior Period
Balance at the Beginning of the Period	**188.913**	**115.748**
Changes in the period	54.367	45.546
Actuarial loss/gain	50.557	55.116
Paid in the period	(31.829)	(27.497)
Balance at the End of the Period	**262.008**	**188.913**

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3. Information on other provisions

Information on the items and amounts causing the excess if other provisions exceed 10% of total provisions:

Current period:

TL 512.986 of other provisions represents stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 372.868 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 174.613 is the provisions for the litigations against the Bank and TL 646.833 includes other provisions.

Prior period:

TL 682.839 of other provisions represent stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 249.786 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 75.640 is the provisions for the litigations against the Bank and TL 456.177 includes other provisions.

i. Explanations on tax liability

1. Information on current tax liability

(i) Information on tax provision

As of 31 December 2020, the corporate tax provision amounting to TL 20.237 (31 December 2019: TL 86.017) has been offset with prepaid taxes.

As of 31 December 2020, the Bank's total tax and premium liabilities is TL 252.567 (31 December 2019: TL 307.039).

(ii) Information on tax liabilities

	Current Period	Prior Period
Corporate tax payables	--	--
Taxation on securities	57.201	107.606
Taxes on real estate capital gain	2.176	2.657
Banking Insurance Transaction Tax (BITT)	92.089	106.063
Taxes on foreign exchange transactions	7.854	3.999
Value added tax payables	5.272	6.660
Other	56.379	51.668
Total	**220.971**	**278.653**

(iii) Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	13.509	12.154
Social security premiums- employer share	15.277	13.697
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	937	845
Unemployment insurance- employer share	1.873	1.690
Other	--	--
Total	**31.596**	**28.386**

2. Information on deferred tax liability

The Bank has no deferred tax liabilities remaining after it has been netted off from deferred tax assets. The detail of deferred tax is disclosed in Note "n" of explanations and disclosures related to unconsolidated assets.

j. Information on liabilities related to non-current assets held for sale and discontinued operations

None.

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k. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments subject to common equity	--	--	--	--
Subordinated Loans	--	--	--	--
Subordinated Debt Instruments	--	--	--	--
Debt Instruments subject to tier 2 equity	--	5.917.420	--	7.037.253
Subordinated Loans	--	5.917.420	--	7.037.253
Subordinated Debt Instruments	--	--	--	--
Total	--	5.917.420	--	7.037.253

Information on subordinated loans is disclosed in Section Four, note I-b.

l. Information on shareholders' equity

1. Representation of paid-in capital

	Current Period	Prior Period
Share	5.696.100	3.316.100
Preferred Share	--	--

Paid-in capital of the Bank is shown at nominal value.

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

The registered share capital system is not applied.

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

At the Board of Directors' meeting dated 9 January 2020, it has been decided to be submitted to the approval of the General Assembly for the increase of the full TL 3.316.100.000 paid-in capital of the Bank by full TL 2.380.000.000 in cash, and amending the Article 6 titled "Capital of the Bank" of the Articles of Association of the Bank. The amendment was approved in the Extraordinary General Assembly Meeting held on 3 February 2020. The total capital increase amounting to full TL 2.380.000.000 was paid in cash by ENBD before the registration of the capital increase.

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
3 February 2020	2.380.000	2.380.000	--	--

4. Information on share capital increases from revaluation funds during the current period

None.

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

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

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

Balance sheet 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 Bank's profitability with a steady increasing trend.

7. Summary information on the privileges given to stocks representing the capital

The Bank does not have any preferred stocks.

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8. Share premiums, shares and equity instruments

	Current Period	Prior Period
Number of Shares (*)	50.368.526	50.368.526
Preferred Shares	--	--
Share Premium (**)	15	15
Share Cancellation Profits	--	--
Other Equity Instruments	--	--
Total Share Issued (*)	50.369	50.369

(*) Related to the Bank's capital increase on 27 September 2004. The Bank's capital was increased from TL 202.000 to TL 290.000; and TL 50.369 of the increased TL 88.000 was received in cash through shares issued to the public on 27 September 2004.

(**) In the related period, the number of shares with nominal value of "one thousand" Turkish Lira was sold for "two thousand eight hundred seventy-five" Turkish Lira and TL 94.441 share premium was obtained. Inflation valuation difference until December 2004 amounts to TL 3.910 and is followed under the related account in accordance with the regulation. Share premium of TL 60 through obtained from the paid-in capital increase of 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.

Through the capital increase of TL 1.500.000 realised on 28 June 2016, an emission premium of TL 15 was generated.

9. Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and JVs	445.945	--	724.973	--
Valuation Difference and FX Differences	(91.690)	281.568	(99.422)	12.125
Total	354.255	281.568	625.551	12.125

10. Information on hedging funds

Explanations about hedging funds are in Section Four, note VIII.

11. Explanations on minority shares

None.

12. Explanations on revaluation differences of tangible fixed assets

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". As a result of the revaluation made, the net revaluation difference after tax amounting to TL 103.562 has been accounted for in "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" under equities (31 December 2019: TL 78.337).

13. Explanations on profit distribution

At the Ordinary General Assembly Meeting held on 26 March 2020, according to the proposal of the Bank's Board of Directors for profit distribution, TL 66.806 of the net profit for the period of 2019 amounting to TL 1.336.113 was allocated as legal reserves and the remaining TL 1.269.307 was allocated as extraordinary reserves.

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

a. Explanation on liabilities in off-balance sheet accounts

1. Type and amount of irrevocable loan commitments

Most of Bank's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2020, loan granting commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 17.234.415, TL 32.617.301 and TL 2.226.674 respectively (31 December 2019: TL 13.726.695, TL 22.664.957 and TL 1.973.081 respectively). The details of these items are followed in the off-balance sheet accounts.

2. Structure and amount of possible losses and commitments arising from off-balance sheet items

(i) Non-cash loans including guarantees, bill of guarantee and acceptances of bank and other letters of credit and commitments which can be considered as financial collateral

As of 31 December 2020, Bank has letters of guarantee amounting to TL 31.874.654, bill of guarantee and acceptances amounting to TL 110.240, and guarantees and warranties on letters of credit amounting to TL 4.844.689 and other guarantees and warranties amounting to TL 5.899.784.

As of 31 December 2019, Bank has letters of guarantee amounting to TL 26.184.103, bill of guarantee and acceptances amounting to TL 99.876, and guarantees and warranties on letters of credit amounting to TL 4.045.288 and other guarantees and warranties amounting to TL 3.826.292.

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

	Current Period	Prior Period
Provisional Letters of Guarantee	1.137.664	779.303
Final Letters of Guarantee	18.461.605	15.586.512
Letters of Guarantee for Advances	2.771.821	2.720.209
Letters of Guarantee given to Customs Offices	203.609	184.047
Other Letters of Guarantee	9.299.955	6.914.032
Total	**31.874.654**	**26.184.103**

3. Information on non-cash loans

(i) Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Obtaining Cash Loans	15.199.550	10.500.337
With Original Maturity of 1 Year or Less	15.199.550	10.500.337
With Original Maturity of More Than 1 Year		--
Other Non-Cash Loans	27.529.817	23.655.222
Total	**42.729.367**	**34.155.559**

(ii) Information on risk concentration on sector basis within the non-cash loans account

	Current Period			
	TL	%	FC	%
Agricultural	**333.043**	**2,59**	**306.705**	**1,02**
Farming and Cattle	327.905	2,55	302.466	1,01
Forestry	410	--	649	--
Fishing	4.728	0,04	3.590	0,01
Manufacturing	**2.863.726**	**22,26**	**10.978.980**	**36,76**
Mining	120.158	0,93	317.251	1,06
Production	2.273.678	17,68	10.077.765	33,74
Electric, Gas, Water	469.890	3,65	583.964	1,96
Construction	**3.148.381**	**24,48**	**7.321.980**	**24,51**
Services	**4.668.306**	**36,32**	**7.964.824**	**26,67**
Wholesale and Retail Trade	2.714.290	21,11	4.749.392	15,90
Hotel and Restaurant Services	355.894	2,77	1.465.712	4,91
Transportation and telecommunication	763.719	5,94	1.043.031	3,49
Financial institutions	606.766	4,72	680.166	2,28
Real estate and letting services	26.791	0,21	2.066	0,01
Self-employement services	--	--	--	--
Education services	54.841	0,43	8.479	0,03
Health and social services	146.005	1,14	15.978	0,05
Other	**1.847.120**	**14,35**	**3.296.302**	**11,04**
Total	**12.860.576**	**100,00**	**29.868.791**	**100,00**

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	Prior Period			
	TL	%	FC	%
Agricultural	**207.896**	**1,94**	**195.670**	**0,83**
Farming and Cattle	204.143	1,91	193.513	0,82
Forestry	526	--	825	--
Fishing	3.227	0,03	1.332	0,01
Manufacturing	**1.918.887**	**17,96**	**9.636.967**	**41,05**
Mining	120.161	1,12	270.949	1,15
Production	1.457.215	13,64	8.691.671	37,03
Electric, Gas, Water	341.511	3,20	674.347	2,87
Construction	**2.820.480**	**26,40**	**6.390.262**	**27,23**
Services	**4.057.071**	**37,97**	**5.459.172**	**23,26**
Wholesale and Retail Trade	2.371.628	22,20	3.712.952	15,82
Hotel and Restaurant Services	397.768	3,72	1.032.295	4,40
Transportation and telecommunication	541.650	5,07	381.355	1,62
Financial institutions	508.832	4,76	308.635	1,32
Real estate and letting services	30.682	0,29	1.729	0,01
Self-employement services	--	--	--	--
Education services	48.142	0,45	7.177	0,03
Health and social services	158.369	1,48	15.029	0,06
Other	**1.681.058**	**15,73**	**1.788.096**	**7,63**
Total	**10.685.392**	**100,00**	**23.470.167**	**100,00**

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

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	11.913.583	18.640.554	653.295	667.222
Bill of Guarantee and Acceptances	15.250	94.990	--	--
Letters of Credit	13.006	4.827.672	--	4.011
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Commitments	--	--	--	--
Other Commitments and Contingencies	265.442	5.584.202	--	50.140
Total	**12.207.281**	**29.147.418**	**653.295**	**721.373**

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
Hedging Purpose Derivative Transactions						
A. Total Hedging Purpose Derivative Transactions	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Inverstment Hedge Transactions	--	--	--	--	--	--
Types of Trading Transactions	--	--	--	--	--	
Foreign Currency Related Derivative Transactions (I)	**78.540.779**	**28.340.665**	**16.087.290**	**1.811.305**	--	**124.780.039**
Forward FC Call Transactions	2.576.483	4.576.059	2.888.645	203.467	--	10.244.654
Forward FC Pull Transactions	2.288.711	4.480.132	2.853.317	180.813	--	9.802.973
Swap FC Call Transactions	31.079.109	8.461.787	4.541.603	771.452	--	44.853.951
Swap FC Pull Transactions	36.723.996	8.717.226	4.663.228	648.154	--	50.752.604
Options FC Call Transactions	2.895.752	585.602	245.458	7.419	--	3.734.231
Options FC Pull Transactions	2.976.728	568.898	255.112	--	--	3.800.738
Futures FC Call Transactions	--	465.976	297.191	--	--	763.167
Futures FC Pull Transactions	--	484.985	342.736	--	--	827.721
Total of Interest Derivative Transactions (II)	**360.000**	**820.000**	**1.938.075**	**9.888.470**	**33.233.168**	**46.239.713**
Swap Interest Call Transactions	30.000	410.000	969.038	4.892.896	16.195.844	22.497.778
Swap Interest Pull Transactions	30.000	410.000	969.037	4.892.896	16.195.844	22.497.777
Options Interest Call Transactions	--	--	--	51.339	420.740	472.079
Options Interest Pull Transactions	300.000	--	--	51.339	420.740	772.079
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
Other Types of Trading Transactions (III)	**5.810.420**	**221.699**	**315.722**	**5.621**	--	**6.353.462**
B. Total Types of Trading Transactions (I + II + III)	**84.711.199**	**29.382.364**	**18.341.087**	**11.705.396**	**33.233.168**	**177.373.214**
Total Derivatives Transactions (A+B)	**84.711.199**	**29.382.364**	**18.341.087**	**11.705.396**	**33.233.168**	**177.373.214**

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Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Hedging Purpose Derivative Transactions						
A. Total Hedging Purpose Derivative Transactions	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Inverstment Hedge Transactions	--	--	--	--	--	--
Types of Trading Transactions	--	--	--	--	--	
Foreign Currency Related Derivative Transactions (I)	57.871.390	14.473.359	11.496.076	2.349.105	--	86.189.930
Forward FC Call Transactions	912.642	1.061.942	665.553	55.688	--	2.695.825
Forward FC Pull Transactions	899.228	1.074.144	681.167	60.108	--	2.714.647
Swap FC Call Transactions	25.892.699	5.142.486	4.067.295	1.318.042	--	36.420.522
Swap FC Pull Transactions	23.606.229	5.132.497	3.800.223	915.267	--	33.454.216
Options FC Call Transactions	3.258.361	1.011.708	1.110.178	--	--	5.380.247
Options FC Pull Transactions	3.302.231	1.050.449	1.052.429	--	--	5.405.109
Futures FC Call Transactions	--	68	62.878	--	--	62.946
Futures FC Pull Transactions	--	65	56.353	--	--	56.418
Total of Interest Derivative Transactions (II)	--	600.001	2.272.470	6.417.064	19.315.402	28.604.937
Swap Interest Call Transactions	--	300.001	1.136.235	3.150.989	9.657.701	14.244.926
Swap Interest Pull Transactions	--	300.000	1.136.235	3.150.989	9.657.701	14.244.925
Options Interest Call Transactions	--	--	--	57.543	--	57.543
Options Interest Pull Transactions	--	--	--	57.543	--	57.543
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
Other Types of Trading Transactions (III)	2.608.125	261.944	1.560.766	1.574.133	--	6.004.968
B. Total Types of Trading Transactions (I + II + III)	60.479.515	15.335.304	15.329.312	10.340.302	19.315.402	120.799.835
Total Derivatives Transactions (A+B)	60.479.515	15.335.304	15.329.312	10.340.302	19.315.402	120.799.835

c. Information on credit derivatives and risk exposures on credit derivatives

None.

d. Explanations on contingent assets and liabilities

In accordance with the precautionary principle regarding the lawsuits filed against the Bank, TL 174.613 (31 December 2019: TL 75.640) provision has been set aside and these provisions are classified under "Other provisions" on the balance sheet. Except for those provisioned, other ongoing lawsuits are unlikely to result in a negative conclusion and cash outflow is not foreseen for them.

e. Explanations on services carried out on behalf and account of other persons

The Bank provides purchase, sale, custody, management and consultancy services on behalf and account of other persons.

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IV. Explanations and disclosures related to statement of profit or loss

a. Interest income

1. Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term Loans	2.658.968	488.643	3.662.624	440.507
Medium and Long Term Loans	8.691.821	1.722.710	8.553.686	1.309.984
Loans Under Follow-Up	94.279	--	674.719	--
Premiums Received from Resource Utilisation Support Fund	--	--	--	--
Total	11.445.068	2.211.353	12.891.029	1.750.491

Interest income received from loans also include fees and commissions from cash loans.

2. Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	360	--	1.019	--
Domestic Banks	161.159	152	134.358	4.005
Foreign Banks	56	16.250	1.886	65.203
Foreign Head Offices and Branches	--	39	1.556	413
Total	161.575	16.441	138.819	69.621

The interest income received from required reserves of the Bank with the CBRT is TL 29.693 (1 January - 31 December 2019: TL 145.307).

3. Information on interest income received from securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	9.779	6.570	13.970	1.296
Financial Assets at Fair Value Through Other Comprehensive Income	690.333	278.492	831.226	157.286
Financial Assets Measured at Amortised Cost	522.894	118.867	414.737	105.503
Total	1.223.006	403.929	1.259.933	264.085

As stated in the chapter III footnote numbered VII, the Bank has government securities in the financial assets at fair value through other comprehensive income and financial assets measured at amortised cost portfolios with a maturity of 5 to 10 years and having CPI indexed 6 months real coupon ratio fixed until maturity. As stated in the Undersecretariat of Treasury's securities indexed CPI Investors Guide, the reference indexes used in calculating the actual coupon payment amounts of these assets are based on the CPI of previous two months.

4. Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	39.803	106.385

b. Interest expense

1. Information on interest expense related to funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	41.386	1.318.516	42.014	1.247.971
Central Bank of the Republic of Turkey	57	139.137	4	--
Domestic Banks	35.269	29.638	42.010	68.041
Foreign Banks	6.060	1.149.741	--	1.179.930
Foreign Head Offices and Branches	--	--	--	--
Other Institutions	--	--	--	--
Total	41.386	1.318.516	42.014	1.247.971

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	21.299	118.291

3. Information on interest expense paid to securities issued

	Current Period	Prior Period
Interest Paid to Securities Issued	317.337	603.212

4. Maturity structure of the interest expense on deposits

		Time Deposit						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 Year	Cumulative Deposit	Total
TL								
Bank Deposits	16	68.398	--	--	--	--	--	**68.414**
Saving Deposits	5	487.227	2.520.759	47.028	33.978	85.672	596	**3.175.265**
Public Sector Deposits	--	5.505	6.463	2.183	42	272	--	**14.465**
Commercial Deposits	--	381.012	386.063	15.503	15.430	2.119	--	**800.127**
Other Deposits	--	13.408	59.539	20.895	8.645	10.508	--	**112.995**
7 Days Call Account	--	--	--	--	--	--	--	**--**
Total	**21**	**955.550**	**2.972.824**	**85.609**	**58.095**	**98.571**	**596**	**4.171.266**
FC								
Deposits	1	68.456	255.960	43.675	18.844	33.562	--	**420.498**
Bank Deposits	2.509	46.879	--	--	--	--	--	**49.388**
7 Days Call Account	--	--	--	--	--	--	--	**--**
Precious Metal Deposits	9	643	4.148	768	2.099	3.251	101	**11.019**
Total	**2.519**	**115.978**	**260.108**	**44.443**	**20.943**	**36.813**	**101**	**480.905**
Grand Total	**2.540**	**1.071.528**	**3.232.932**	**130.052**	**79.038**	**135.384**	**697**	**4.652.171**

c. Explanations on dividend income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	1.537	586
Financial Assets at Fair Value Through Other Comprehensive Income	--	--
Other (*)	245	3.999
Total	**1.782**	**4.585**

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

d. Explanations on trading income/loss

	Current Period	Prior Period
Income	**715.841.505**	**543.140.572**
Capital Market Transactions	315.303	161.260
Derivative Financial Instruments	9.973.732	10.851.883
Foreign Exchange Gains	705.552.470	532.127.429
Loss (-)	**715.272.323**	**543.444.624**
Capital Market Transactions	177.339	86.598
Derivative Financial Instruments	10.295.191	10.776.217
Foreign Exchange Losses	704.799.793	532.581.809
Net Trading Income / Loss	**569.182**	**(304.052)**

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments amounts to TL (777.815) (1 January - 31 December 2019: TL (311.717)).

e. Information on other operating income

Other operating income consist of fee income from customers for various banking services and income from fixed asset sales.

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f. Provisions for expected credit loss

	Current Period	Prior Period
Expected credit loss (*)	6.294.948	5.449.503
12 months provision for expected credit loss (Stage 1)	*215.876*	*186.665*
Significant increase in credit risk (Stage 2)	*2.541.374*	*1.219.868*
NPL (Stage 3)	*3.537.698*	*4.042.970*
Provisions for securities impairment	--	--
Financial assets at fair value through profit or loss	--	--
Financial assets at fair value through other comprehensive income	--	--
Associates, subsidiaries and provisions for financial assets measured at amortised cost impairment	--	--
Associates	--	--
Subsidiaries	--	--
Joint ventures	--	--
Others	386.105	158.752
Total	**6.681.053**	**5.608.255**

(*) Bank has reported the provision for expected credit loss for loans in its financial statements, by netting off the reversals and collections made from loan provisions.

g. Information on other operating expenses

	Current Period	Prior Period
Personnel Expenses (*)	1.793.112	1.593.158
Reserve for Employee Termination Benefits (*)	22.538	17.050
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	344
Depreciation Charges of Tangible Assets (**)	312.041	303.011
Impairment Losses on Intangible Assets	--	--
Goodwill for impairment loss	--	--
Amortisation Charges of Intangible Assets	159.349	123.217
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	40.522	--
Depreciation of Assets to be Disposed	20.865	6.542
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	1.325.057	1.085.261
Operational Lease Expenses (**)	*93.123*	*80.165*
Repair and Maintenance Expenses	*89.944*	*88.872*
Advertisement Expenses	*71.842*	*68.122*
Other Expenses (***)	*1.070.148*	*848.102*
Losses on Sale of Assets	8.257	3.072
Other	690.327	514.144
Total	**4.372.068**	**3.645.799**

(*) Personnel expenses and reserve for employee termination benefits are presented in "personnel expenses" in the statement of profit or loss.

(**) Includes lease expenses evaluated other than the TFRS 16 Standard.

(***) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationary, heating and lighting, credit card service fee, vehicle expense and other expenses amounting to TL 75.431, TL 189.118, TL 24.822, TL 54.496, TL 460.367, TL 22.735 and TL 243.179 respectively (1 January - 31 December 2019: TL 73.344, TL 131.465, TL 26.588, TL 47.975, TL 245.295, TL 33.120 and TL 290.315 respectively).

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

As 1 January - 31 December 2020, Bank has a profit before tax from continued operations amounting to TL 2.091.022 (1 January - 31 December 2019: TL 1.477.361).

As 1 January - 31 December 2020, a profit before tax from discontinued operations is none (1 January-31 December 2019: None).

i. Information on tax provision for continued and discontinued operations

1. Calculated current tax income or expense and deferred tax income or expense

As 1 January - 31 December 2020, the current tax charge on continued operations amounts to TL 20.237 (1 January - 31 December 2019: TL 86.017) while deferred tax charge amounts to TL 3.380.785 (1 January - 31 December 2019: TL 2.278.971 and deferred tax benefit amounts to TL 3.103.225 (1 January - 31 December 2019: TL 2.223.740).

There are no current tax expense on discontinued operations.

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

Bank has a net profit is amounting to TL 1.793.225 (31 December 2019: TL 1.336.113). Bank does not have discontinued operations.

k. Explanations on net profit and loss for the period

1. If the disclosure of the characteristic, dimension and repetition rate of the income and expense items arising from ordinary banking transactions is necessary for the understanding of the Bank's performance during the period, the characteristic and amount of these items

Bank's income from ordinary banking transactions related to the current and previous period are interest income from loans and securities and other banking service income. The main sources of expenditure are interest expenses on deposits and similar borrowing items, which are the funding sources of loans and securities.

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

3. 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” while preparing its unconsolidated financial tables dated 31 December 2020.

4. The Bank applies net investment hedge accounting as of 1 July 2015 in order to hedge exchange difference sourcing from equity method implementation for its net investment at a total amount of Euro 1.639 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the exchange rate of these financial liabilities is recognised in hedge funds account under equity.

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

DFH Group has accounted for fees and commissions, transfer commissions, account operation fees and insurance brokerage commissions received from credit cards under the "Other" line under the "Fees and Commissions Received" account. Fees and commissions given to credit cards are accounted under the “Other” line under the “Fees and Commissions Given” account.

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V. Explanations related to statement of changes in shareholders’ equity

a. Explanations on capital increase

At the Board of Directors’ meeting dated 9 January 2020, it has been decided to be submitted to the approval of the General Assembly for the increase of the full TL 3.316.100.000 paid-in capital of the Bank by full TL 2.380.000.000 in cash, and amending the Article 6 titled “Capital of the Bank” of the Articles of Association of the Bank. The amendment was approved in the Extraordinary General Assembly Meeting held on 3 February 2020. The total capital increase amounting to full TL 2.380.000.000[*] was paid in cash by ENBD before the registration of the capital increase.

[*] The Subordinated Loan of USD 400.000.000, which the Bank obtained from ENBD, was added to the capital in cash by 2.380.000.000 full TL on the capital increase date.

b. Explanations on issuance of shares

None.

c. Adjustments in accordance with TAS 8

None.

d. Explanations on profit distribution

The authorised body of the Bank regarding profit distribution is the General Assembly. As of the prepatation date of the financials, the annual ordinary General Assembly meeting has not been held yet.

e. Other comprehensive income and expenses

Unrealised profit/loss” generated by differences at fair values of financial assets at fair value through other comprehensive income is not reflected in the statement of profit or loss of the period till to realise one of the situations that collection of value that corresponds to a financial asset, the sale of the asset, the disposal or loss of the asset and accounted under shareholders' equity as “Securities Valuation Differences”. The net amount after tax for the current period is TL 277.173.

As of 1 April 2018, Deniz Leasing from subsidiaries of Bank where TAS 27 equity method is applied started to use cash flow hedge accounting within the context of currency risk. After tax profit /(loss) accounted under equity in the current period through cash flow hedge accounting is TL (5.912).

The revaluation increase of the tangible fixed assets amounting to TL 32.194 was netted off with the deferred tax effect of TL 6.969 and was accounted for in equity.

In accordance with TFRS 9, Intertech's fair value change amounting to TL 74.723 have been accounted under the equity.

Net amount TL (43.845) after tax regarding the actuarial profit/loss have been accounted under the equity.

Net after tax TL (3.318.619) amount of foreign net investment hedge funds have been accounted for under equity.

Foreign currency translation differences amounting to TL 4.360.343 have been accounted under the equity.

f. Explanations on amounts transferred to reserves

The Bank transferred profit for the previous year amounting to TL 1.269.307 (31 December 2019: TL 2.073.397) to extraordinary reserves in 2020. The amount transferred to legal reserves is TL 66.806 (31 December 2019: TL 109.126).

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VI. Explanations related to statement of cash flows

a. Information on cash and cash equivalents

The components that constitute cash and cash equivalents and the accounting policy used in determining these items:

Cash, foreign currency, cash-in-transit, and demand deposits at banks including the Central Bank are defined as "Cash"; receivables from the money market with an original maturity of less than three months, term deposits in banks, investments in securities except shares are defined as "Cash Equivalent".

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

	Current Period	Prior Period
	01.01.2020	01.01.2019
Cash	3.070.328	4.601.357
Cash in vault, foreign currencies and other	1.605.392	1.205.444
Banks demand deposits	1.464.936	3.395.913
Cash and Cash Equivalent	10.277.471	6.579.674
Interbank money market placements	1.020.000	--
Banks time deposits	7.918.682	6.162.915
Securities	1.338.789	416.759
Total Cash and Cash Equivalents	13.347.799	11.181.031

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

	Current Period	Prior Period
	31.12.2020	31.12.2019
Cash	3.268.787	3.070.328
Cash in vault, foreign currencies and other	1.406.376	1.605.392
Banks demand deposits	1.862.411	1.464.936
Cash and Cash Equivalent	13.399.721	10.277.471
Interbank money market placements	1.837.780	1.020.000
Banks time deposits	9.634.261	7.918.682
Securities	1.927.680	1.338.789
Total Cash and Cash Equivalents	16.668.508	13.347.799

b. Cash and cash equivalent assets owned by Bank but not in free use due to legal restrictions or other reasons

The Bank maintains a total reserve of TL 21.183.921, including the required reserve balances on average in the Central Bank (31 December 2019: TL 15.102.078). Additionally, there is no restricted amount in foreign banks account (31 December 2019: None).

c. "Other" items in the statement of cash flows and effect of change in foreign currency exchange rate on cash and cash equivalents

The "other" item amounting to TL (12.525.115) (31 December 2019: TL (8.175.586)) within the "operating profit before change in assets and liabilities subject of banking operation", consists of other operating expenses, fees and commissions given and capital market transaction losses. With the effect of these changes in the cash flow table, the cash and cash equivalents amounting to TL 13.347.799 at the beginning of the period (31 December 2019: TL 11.181.031) has become TL 16.668.508 at the end of the period (31 December 2019: TL 13.347.799).

The TL 4.653.821 within the "change in assets and liabilities subject of banking operation" (31 December 2019: TL (569.878)); consists of changes in the "net increase (decrease) in other debts", miscellaneous payables, tax payables, fees, premiums and other liabilities.

The effect of change in foreign currency exchange rate on cash and cash equivalents consists of the rate difference arising from the conversion of the average of the cash and cash equivalent assets in foreign currency to TL with the rates from the beginning and the end of the period; and it amounts to TL 2.051.882 as of 31 December 2020 (31 December 2019: TL 878.440).

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AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

VII. Explanations and disclosures related to Bank's risk group

a. Information on loans and other receivables of Bank's risk group

Current Period

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures Cash	Associates, Subsidiaries and Joint-Ventures Non-Cash	Bank's Direct and Indirect Shareholder Cash	Bank's Direct and Indirect Shareholder Non-Cash	Other Real Persons and Legal Entities in Risk Group Cash	Other Real Persons and Legal Entities in Risk Group Non-Cash
Loans						
Balance at the Beginning of the Period	802.159	115.378	--	4.963	329.133	--
Balance at the End of the Period	1.726.483	182.955	6.244	4.963	633.963	3.156
Interest and Commission Income	44.313	206	77	--	7.183	3

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

Prior Period

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures Cash	Associates, Subsidiaries and Joint-Ventures Non-Cash	Bank's Direct and Indirect Shareholder Cash	Bank's Direct and Indirect Shareholder Non-Cash	Other Real Persons and Legal Entities in Risk Group Cash	Other Real Persons and Legal Entities in Risk Group Non-Cash
Loans						
Balance at the Beginning of the Period	1.034.087	127.377	11.263	1.292	34	--
Balance at the End of the Period	802.159	115.378	--	4.963	329.133	--
Interest and Commission Income	135.316	768	494	1	18	--

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

b. Information on deposits and funds borrowed from Bank's risk group

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures Current Period	Associates, Subsidiaries and Joint-Ventures Prior Period	Bank's Direct and Indirect Shareholder (**) Current Period	Bank's Direct and Indirect Shareholder (**) Prior Period	Other Real Persons and Legal Entities in Risk Group Current Period	Other Real Persons and Legal Entities in Risk Group Prior Period
Balance at the Beginning of the Period	1.527.049	1.916.874	8.130.445	11.965.213	35.172	16.882
Balance at the End of the Period	1.538.854	1.527.049	15.518.492	8.130.445	31.023	35.172
Interest and Commission Expense Paid	42.319	141.700	398.897	586.580	1.878	1.983

(*) As described in the Article 49 of Banking Law no.5411.
(**) Includes the subordinated loans of US Dollar 650 million and Euro 115 million received from ENBD.

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

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures Current Period	Associates, Subsidiaries and Joint-Ventures Prior Period	Bank's Direct and Indirect Shareholder Current Period	Bank's Direct and Indirect Shareholder Prior Period	Other Real Persons and Legal Entities in Risk Group Current Period	Other Real Persons and Legal Entities in Risk Group Prior Period
Transactions for Financial Assets at Fair Value through Profit or Loss Purposes						
Balance at the Beginning of the Period	13.133.363	7.927.779	594.000	--	--	--
Balance at the End of the Period	7.120.061	13.133.363	101.455	594.000	18.129	--
Total Income/(Loss)	1.463.957	--	628	(4.214)	630	--
Transactions for Hedging Purposes:						
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/(Loss)	--	--	--	--	--	--

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

d. Information on benefits provided to top management

Bank made payment amounting to TL 83.652 (31 December 2019: TL 88.665) to its key management as of 31 December 2020.

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

e. Information on transactions with Bank's risk group

As of 31 December 2020, cash loans and other receivables of the risk group represent 1,9% of Bank's total cash loans and banks; deposits and borrowings represent 11,2% of Bank's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,4% of the total non-cash loans balance.

The Bank conducts financial and operational leasing transactions with Deniz Leasing. As of 31 December 2020, The Bank's net financial lease liabilities arising from these aggrements are TL 114.946 (31 December 2019: TL 3). Also, the Bank provides agency services for Deniz Yatırım Menkul Kıymetler A.Ş. through its branches.

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

a. Explanations 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	695	11.926			
Foreign representation	-	-	-		
Foreign branch	-	-	-	-	-
Off shore banking region branches	1	6	1-Bahreyn	15.280.240	-

b. Explanations on the subject in case the Bank opens and closes domestic and foreign branch and representative and changes the organization significantly

The Bank opened 3 new branches and closed 15 branches in 2020.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
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Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c

SECTION SIX
OTHER DISCLOSURES AND FOOTNOTES

I. Other explanations related to Bank's operations

a. Other explanations related to Bank's operations

None.

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

Moody's (*)	
Outlook	Negative
Long Term Foreign Currency Deposit	B3
Short Term Foreign Currency Deposit	Not Prime
Long Term Local Currency Deposit	B3
Short Term Local Currency Deposit	Not Prime
Bank Financial Strenght Rating (BCA)	caa1

(*) As of 10.12.2020

Fitch Ratings (**)	
Outlook	Negative
Long Term Foreign Currency	B+
Short Term Foreign Currency	B
Long Term Local Currency	BB-
Short Term Local Currency	B
Viability	b+
Support	4
National	AA (tur)(stable)

(**) As of 01.09.2020

c. Subsequent events

On 18 February 2021, DenizBank secured a total of USD 435 million (USD 345.000.000 and EUR 73.582.062) funding under the Diversified Payment Rights (DPR) Securitization Programme backed by future flows, with maturities of up to 7 years, with 9 series signed by 13 investors in total in the transaction where Credit Suisse AG and Emirates NBD Capital Limited acted as Joint Coordinators and Book runners, and which received USD 150 million and 100 million USD investment from International Finance Corporation (IFC) and European Bank for Reconstruction and Development (EBRD), respectively. The financing is planned to be used for energy efficiency and renewable energy projects, supporting women entrepreneurs, the agricultural sector as well as working capital needs of businesses.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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(Currency: Thousands of TL - Turkish Lira)

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

SECTION SEVEN
INDEPENDENT AUDITOR'S REPORT

I. Matters to be disclosed related to Independent Auditor's Report

Unconsolidated financial statements and notes of the Bank are subject to independent audit by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Deloitte Touche Tohmatsu Limited) and independent audit report dated 18 February 2021 is presented in front of the unconsolidated financial statements.

II. Explanations and notes prepared by Independent Auditor

There are no explanations or notes, deemed to be required, and no significant issues which are not mentioned in the prior sections above related to the activities of the Bank.

(Convenience Translation of the Independent Auditor's Report Originally Prepared and Issued in Turkish See Note 3.I.c)

DENİZBANK ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT, CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED 31 DECEMBER 2020

I. Independent Auditor's Report

II. Publicly Disclosed Consolidated Financial Report

Deloitte.

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Ticari Sicil No: 304099

Convenience Translation of the Auditor's Report Originally Issued in Turkish (See Note I in Section Three)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Denizbank AŞ.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Denizbank AŞ (the "Bank") and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated statement of income, consolidated statement of income and expense items accounted for under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Opinion

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matters	How the matter was addressed in the audit
Impairment of loans in accordance with TFRS 9	As part of our audit work, the following procedures were performed:
Impairment of loans is a key area of judgment for the management. The Group has the total loans, receivables from leasing transactions and factoring receivables amounting to TL 183.586.369 thousands, which comprise 70% of the Group's total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 16.303.807 as at 31 December 2020. As of 1 January 2018, the Group has started to recognize provisions for impairment in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies has been changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions. The Group exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans. In addition, the impairment of loans and receivables includes important estimates and assumptions about the effects of the COVID 19 pandemic. A significant part of the Group's corporate loan portfolio has assessed individually. This situation requires significant judgments in the calculation of the expected loan loss provision. Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.d.	We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures. We have assessed and analysed the relevant contract terms to assess management's accounting policy and classification of the instrument for selected samples. We have performed loan review procedures on selected samples of loans and receivables by taking into account the effects of COVID 19 pandemic with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation. We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the renewed assumptions are appropriately reflected with the COVID 19 effect, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates. We have tested historical loss data to validate the completeness and accuracy of key parameters. We have tested whether the model is applied to appropriate groupings of assets which share identical credit risk characteristics. We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation. Based on our discussions with the Group Management, we evaluated whether the key assumptions and other judgements, including COVID 19 impact, those are the basis for the impairment estimations are reasonable. We assessed whether the expected credit losses determined based on individual assessment per Group's policy are reasonable by means of supporting data including COVID 19 impact and evaluated appropriateness within the framework of our discussions with management. Our specialists are involved in all procedures regarding assumptions of collective model and individual assessments. We have reviewed disclosures presented in the consolidated financial statements within the framework of TFRS 9 with respect to loans and receivables and related impairment provisions.

Deloitte.

Key Audit Matters	How the matter was addressed in the audit
Information Technologies Audit	
The Group and its finance functions are dependent on the IT-infrastructure for the continuity of its operations and the demand for technology-enabled business services is rapidly growing in the Group and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Group means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.	Procedures within the context of our information technology audit work: • We identified and tested the Group's controls over information systems with risk based approach as part of our audit procedures. • Information generation comprise layers of information systems that are important for financial statements (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: • Access Security • Change Management • Data Center and Network Operations • We selected high-risk areas as log management for database and change management control activities, to prevent and detect whether accesses to financial data had been identified on a timely manner. • We tested the accesses management and log management controls underlying all applications that have direct or indirect impacts on financial data generation. • Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation. • We also tested the completeness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components. • Also, we understood and tested the controls over database, network, application and operating system layers of applications.

4) Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2019 was audited by another auditor who expressed an unqualified opinion on 20 February 2020.

5) Responsibilities of Management and Those Charged with Governance for the Financial Statements

Group Management is responsible for the preparation and fair presentation of the financial statements in accordance with the BRSA Accounting and Reporting Regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Deloitte.

6) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Responsibilities Arising From Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts for the period 1 January - 31 December 2020 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Yaman Polat.

Additional Paragraph for English Translation

The effect of the differences between the accounting principles summarized in Section 3 and 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 and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Group's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Yaman Polat, SMMM
Partner

İstanbul, 18 February 2021

DENİZBANK A.Ş.
CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2020

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

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

Website of the Bank
www.denizbank.com

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

The consolidated financial report package prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

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

Our 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	Deniz Yatırım Menkul Kıymetler A.Ş.
4	JSC Denizbank, Moscow
5	Deniz Portföy Yönetimi A.Ş.
6	Deniz Finansal Kiralama A.Ş.
7	Deniz Faktoring A.Ş.
8	Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.
9	CR Erdberg Eins GmbH & Co KG
10	Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş.
	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 2021

HAKAN ELVERDİ Senior Vice President Financial Reporting And Accounting	RUSLAN ABİL Executive Vice President Financial Affairs	HAKAN ATEŞ Member of Board of Directors and President and Chief Executive Officer	HESHAM ABDULLA QASSIM ALQASSIM Chairman of Board of Directors
JONATHAN EDWARD MORRIS 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 İntiyar / Department Head, International Reporting and Consolidation Department
Tel No: 0 212 348 5997
Fax No: 0 212 336 6186

DENİZBANK ANONİM ŞİRKETİ
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(Currency: Thousands of TL - Turkish Lira)

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

SECTION ONE
GENERAL INFORMATION

I. History of the Parent Bank including its incorporation date, initial status, amendments to legal status

Denizbank A.Ş. ("the Bank") 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 the receipt of its official authorisation. Bank's shares have been quoted on Borsa Istanbul ("BIST") on 1 October 2004.

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, and Dexia Participation Belgique SA's partnership share has reached 99,85% with subsequent acquisitions following the share transfer.

On 27 December 2012, 99,85% of the Bank's shares were transferred from Dexia Group to Sberbank of Russia ("Sberbank") with a total purchase price of TL 6,90 billion (Euro 2,98 billion).

On 22 May 2018, Emirates NBD Bank PJSC (Emirates NBD) and Sberbank of Russia (Sberbank) signed a definite contract regarding the sales of 99,85% share of the Bank held by Sberbank and with the "Renewed Contract" signed on 2 April 2019, the parties have reached an agreement to the amount of TL 15,48 billion within the rearranged framework regarding the total amount of the relevant shares based on the consolidated equity of the Bank amounting to TL 15,51 billion. Upon obtaining the approvals of the regulatory authorities of Turkey, Russia, United Arab Emirates and the other countries where the Bank operates, the share transfer was completed on 31 July 2019.

As of 31 July 2019, as a result of ENBD's acquisition of 99,85% of DenizBank's shares, obligations arose for ENBD to make mandatory tender offer (MTO) for the Bank as per the provisions of the Capital Markets Board's (CMB) Communiqué on Takeover Bids (II-26.1); and sell-out right; the Bank's shareholders other than ENBD got the right to sell their shares to ENBD as per the provisions of the CMB's Communiqué on Squeeze Out and Selling Rights (II-27.2).

Within the scope of the Communiqué on Squeeze Out and Selling Rights, the rights to sell were used by other shareholders within the three-month sell-out right-ending period between 1 August 2019 and 31 October 2019. Upon completion of the three-month sell-out right-ending period on 31 October 2019, ENBD applied to the Bank on 3 November 2019, requesting the exclusion of other shareholders, who did not use their right to sell. In this context, in the process of ENBD's exercising its right to squeeze out and removing it from the BIST; regarding the amendment of Article 6 of the Bank's articles of association and the capital decrease by canceling 1.426.214,154 public shares of other shareholders who do not use the Bank's right to sell, and making capital allocation to the ENBD simultaneously with the shares issued against these shares. Necessary regulatory approvals were obtained and were approved at the Extraordinary General Assembly Meeting held on 12 December 2019. The "Issuance Document" approved by the CMB with the decisions of the mentioned General Assembly Meeting was registered in the trade registry on 13 December 2019.

Within the scope of Central Registry Agency application, the shares of the shareholders other than the controlling shareholder were canceled, the newly issued shares were transferred to the controlling shareholder account and TL 21,2, which is the price determined in accordance with the CMB regulations, was paid to the shareholders on 13 December 2019. At the end of this transaction, the share of ENBD in the Bank has reached to 100%. Following the completion of the process, the Bank's shares were removed from the stock market as of 16 December 2019.

At the Board of Directors' meeting dated 9 January 2020, it has been decided to be submitted to the approval of the General Assembly for the increase of the full TL 3.316.100.000 paid-in capital of the Bank by full TL 2.380.000.000 in cash, and amending the Article 6 titled "Capital of the Bank" of the Articles of Association of the Bank. The amendment was approved in the Extraordinary General Assembly Meeting held on 3 February 2020. The total capital increase amounting to full TL 2.380.000.000 was paid in cash by ENBD before the registration of the capital increase.

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

II. Capital structure of the Parent Bank, shareholders holding directly or indirectly, individually or collectively, the management and supervision of the Parent Bank changes in these matters during the year, if any and the explanation regarding the Group that the Bank is involved

Current Period (*) Name of the Shareholder	Amount (Full TL)	Share (%)
Emirates NBD Bank PJSC	5.696.099.996	100,00
Other	4	--
Total	**5.696.100.000**	**100,00**

Prior Period (*) Name of the Shareholder	Amount (Full TL)	Share (%)
Emirates NBD Bank PJSC	3.316.099.996	100,00
Other	4	--
Total	**3.316.100.000**	**100,00**

(*) Explanation is given in Section One, note I.

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III. Explanations regarding the chairman and the members of board of directors, members of audit committee, general manager and executive vice presidents, if any, their shareholdings and areas of responsibility in the Parent Bank

Name	Title	Shares owned (%)
Chairman of the Board of Directors		
Hesham Abdulla Qassim Alqassim	Chairman	--
Board of Directors [1] [2]		
Mohamed Hadi Ahmed Abdulla Alhussaini	Deputy Chairman	--
Nihat Sevinç	Deputy Chairman	--
Hakan Ateş	Member and CEO	--
Deniz Ülke Arıboğan	Member	--
Derya Kumru	Member	--
Shayne Keith Nelson	Member	--
Jonathan Edward Morris	Member	--
Tanju Kaya [1]	Member	--
Audit Committee [2]		
Nihat Sevinç	Member	--
Jonathan Edward Morris	Member	--
Executive Vice Presidents		
Bora Böcügöz	Treasury and Financial Institutions	--
Ruslan Abil	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Mustafa Özel	Branch and Central Operations	--
İbrahim Şen	Credit Follow-up and Risk Monitoring	--
Mehmet Aydoğdu	Corporate and Commercial Banking	--
Cem Demirağ	Head of Internal Control Unit and Compliance	--
Ali Murat Dizdar	Chief Legal Advisor	--
Ayşenur Hıçkıran	Payment Systems and Non-Branch Channels	--
Selim Efe Teoman	Corporate and Commercial Credits	--
Ramazan Işık	Head of Internal Audit	--
Murat Kulaksız	SME Banking and Public Financing	--
Necip Yavuz Elkin	Human Resources and Deniz Academy	--
Burak Koçak	Agricultural Banking	--
Oğuzhan Özark	Retail Banking	--
Cemil Cem Önenç	Private Banking and Investment Group	--
Sinan Yılmaz	Head of Risk Management Group	--
Edip Kürşad Başer	Credit Policy and Retail, SME, Agricultural Banking Credits Allocation	--
Verda Beril Yüzer Oğuz	Financial Institutions	--
Hayri Cansever	Secretariat General and Foreign Subsidiaries	--
Umut Özdoğan	Digital Transformation, CRM and Process Management	--

[1] Timur Kozinstev, previously acting as member of Board of Director of the Parent Bank, has resigned as of 14 February 2020. Tanju Kaya, who has been the Executive Vice President responsible for the Administrative Services and Investment Group, is appointed to the vacant membership of the Board of Directors as of 1 April 2020.

[2] Wouter G.M. Van Roste is appointed as the General Manager of Denizbank AG, one of the subsidiaries of the Parent Bank, has resigned from his membership of the Audit and Risk Committee position.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

IV. Explanations regarding the persons and institutions that have qualified shares in the Parent Bank

Commercial Title	Share Amounts	Share Percentages	Paid-in Capital	Unpaid Capital
Emirates NBD Bank PJSC	5.696.100	100%	5.696.100	--

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

As of 31 December 2020 the capital structure of ENBD is as follows:

Shareholders	Share Percentages
Investment Corporation of Dubai	55,76 %
Capital Assets LLC	5,33 %
Publicly traded	38,91 %
Total	**100,00 %**

V. Type of services of the Parent Bank and summary information including the areas of activity

The Parent Bank is a private sector deposit bank which provides banking services to its customers through 695 domestic brances and 1 foreign branch as of 31 December 2020.

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,
- Participating, undertaking the management and performing control activities in domestic and foreign entities and banks, financial institutions and all kinds of investment partnerships by obtaining the permission of the Banking Regulation and Supervision Agency in accordance with the Banking Law, by purchasing its shares or share certificates,
- Conducting all kinds of insurance agency transactions in domestic and abroad and signing insurance agency agreements with insurance companies for this purpose.

Apart from the above-mentioned activities, in case different activities deemed advantageous and necessary for the Parent Bank 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 Parent Bank will be able to implement activities after the relevant decision is made by General Assembly.

VI. A short explanation on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods.

Pursuant to "Communiqué on Preparation of Consolidated Financial Statements of Banks", Banks are obliged to prepare consolidated financial statements with their associates and subsidiaries qualifying as credit institution and financial institution by applying Turkish Accounting Standards. There is no difference between the consolidated financial statements based on the related Communiqué and those prepared in accordance with Turkish Accounting Standards except the scope difference regarding non-financial associates and subsidiaries. Information in regards to consolidated subsidiaries and consolidation methods are given in Section Three, note III.

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

None.

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

I. Consolidated Statement of Financial Position (Balance Sheet)
II. Consolidated Statement of Off-Balance Sheet Items
III. Consolidated Statement of Profit or Loss
IV. Consolidated Statement of Profit or Loss and Other Comprehensive Income
V. Consolidated Statement of Changes in Shareholders' Equity
VI. Consolidated Statement of Cash Flows
VII. Consolidated Profit Distribution Table

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2020

(Currency: Thousands of TL - Turkish Lira)

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

	ASSETS	Note	Audited CURRENT PERIOD (31/12/2020) TL	FC	Total	Audited PRIOR PERIOD (31/12/2019) TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**11.896.425**	**65.825.347**	**77.721.772**	**11.849.972**	**48.127.729**	**59.977.701**
1.1	**Cash and Cash Equivalents**		**4.522.486**	**48.982.926**	**53.505.412**	**4.695.803**	**38.938.309**	**43.634.112**
1.1.1	Cash and Balances with Central Bank	(5.I.a)	2.252.708	37.777.210	40.029.918	1.530.609	34.141.244	35.671.853
1.1.2	Banks	(5.I.a)	506.687	11.208.727	11.715.414	1.903.476	4.801.906	6.705.382
1.1.3	Due From Money Markets		1.763.207	-	1.763.207	1.261.789	-	1.261.789
1.1.4	Expected Credit Loss (-)		116	3.011	3.127	71	4.841	4.912
1.2	**Financial Assets at Fair Value Through Profit or Loss**	(5.I.b)	**21.432**	**735.684**	**757.116**	**20.633**	**485.623**	**506.256**
1.2.1	Government Debt Securities		14.094	63.953	78.047	18.389	3.051	21.440
1.2.2	Equity Instruments		1.731	219.080	220.811	44	153.472	153.516
1.2.3	Other Financial Assets		5.607	452.651	458.258	2.200	329.100	331.300
1.3	**Financial Assets at Fair Value Through Other Comprehensive Income**	(5.I.c)	**6.156.688**	**14.141.546**	**20.298.234**	**6.147.636**	**8.026.934**	**14.174.570**
1.3.1	Government Debt Securities		6.156.222	13.383.870	19.540.092	6.069.466	7.242.150	13.311.616
1.3.2	Equity Instruments		466	311	777	78.170	227	78.397
1.3.3	Other Financial Assets		-	757.365	757.365	-	784.557	784.557
1.4	**Derivative Financial Assets**		**1.195.819**	**1.965.191**	**3.161.010**	**985.900**	**676.863**	**1.662.763**
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss	(5.I.b)	1.195.819	1.965.191	3.161.010	985.900	676.863	1.662.763
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(5.I.j)	-	-	-	-	-	-
II.	**OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)**		**88.002.862**	**86.541.061**	**174.543.923**	**69.796.431**	**79.761.375**	**149.557.806**
2.1	**Loans**	(5.I.d)	**91.488.281**	**86.152.949**	**177.641.230**	**72.255.743**	**76.632.862**	**148.888.605**
2.2	**Lease Receivables**	(5.I.i)	**703.664**	**2.537.161**	**3.240.825**	**513.049**	**2.197.532**	**2.710.581**
2.3	**Factoring Receivables**		**2.128.967**	**575.347**	**2.704.314**	**1.388.379**	**186.547**	**1.574.926**
2.4	**Financial Assets Measured at Amortised Cost**	(5.I.e)	**4.109.356**	**3.152.687**	**7.262.043**	**4.037.660**	**2.735.394**	**6.773.054**
2.4.1	Government Debt Securities		4.109.356	3.152.687	7.262.043	4.037.660	2.735.394	6.773.054
2.4.2	Other Financial Assets		-	-	-	-	-	-
2.5	**Expected Credit Loss (-)**		**10.427.406**	**5.877.083**	**16.304.489**	**8.398.400**	**1.990.960**	**10.389.360**
III.	**NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)**	(5.I.o)	**-**	**-**	**-**	**-**	**-**	**-**
3.1	Held for Sale		-	-	-	-	-	-
3.2	Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**		**830.694**	**319**	**831.013**	**761.971**	**233**	**762.204**
4.1	**Investments in Associates (Net)**	(5.I.f)	**13.596**	**-**	**13.596**	**13.596**	**-**	**13.596**
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		13.596	-	13.596	13.596	-	13.596
4.2	**Subsidiaries (Net)**	(5.I.g)	**814.298**	**319**	**814.617**	**745.575**	**233**	**745.808**
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		814.298	319	814.617	745.575	233	745.808
4.3	**Joint Ventures (Net)**	(5.I.h)	**2.800**	**-**	**2.800**	**2.800**	**-**	**2.800**
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		2.800	-	2.800	2.800	-	2.800
V.	**PROPERTY AND EQUIPMENT (Net)**	(5.I.k)	**1.527.636**	**353.957**	**1.881.593**	**1.364.090**	**288.076**	**1.652.166**
VI.	**INTANGIBLE ASSETS (Net)**	(5.I.l)	**365.002**	**58.407**	**423.409**	**301.199**	**38.779**	**339.978**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		365.002	58.407	423.409	301.199	38.779	339.978
VII.	**INVESTMENT PROPERTIES (Net)**	(5.I.m)	**355.990**	**-**	**355.990**	**218.680**	**-**	**218.680**
VIII.	**CURRENT TAX ASSET**		**313.744**	**-**	**313.744**	**260.787**	**57.865**	**318.652**
IX.	**DEFERRED TAX ASSET**	(5.I.n)	**1.481.954**	**6.457**	**1.488.411**	**1.037.985**	**7.360**	**1.045.345**
X.	**OTHER ASSETS (Net)**	(5.I.p)	**4.597.284**	**1.803.509**	**6.400.793**	**2.386.842**	**1.054.699**	**3.441.541**
	TOTAL ASSETS		**109.371.591**	**154.589.057**	**263.960.648**	**87.977.957**	**129.336.116**	**217.314.073**

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 31 DECEMBER 2020

(Currency: Thousands of TL - Turkish Lira)

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

	LIABILITIES	Note	Audited CURRENT PERIOD (31/12/2020) TL	FC	Total	Audited PRIOR PERIOD (31/12/2019) TL	FC	Total
I.	**DEPOSITS**	(5.II.a)	**50.016.442**	**134.702.871**	**184.719.313**	**51.860.131**	**106.349.053**	**158.209.184**
II.	**FUNDS BORROWED**	(5.II.c)	**2.399.832**	**23.585.722**	**25.985.554**	**941.524**	**14.245.904**	**15.187.428**
III.	**DUE TO MONEY MARKETS**		**1.207.341**	**3.305.635**	**4.512.976**	**113.392**	**345.656**	**459.048**
IV.	**SECURITIES ISSUED (Net)**	(5.II.d)	**2.541.688**	**626.919**	**3.168.607**	**3.935.477**	**279.296**	**4.214.773**
4.1	Bills		1.921.607	451.604	2.373.211	3.626.080	-	3.626.080
4.2	Assets Backed Securities		-	-	-	-	-	-
4.3	Bonds		620.081	175.315	795.396	309.397	279.296	588.693
V.	**FUNDS**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**		**292.714**	**1.862.130**	**2.154.844**	**188.257**	**692.618**	**880.875**
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.II.b)	292.714	1.862.130	2.154.844	188.257	692.618	880.875
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.II.g)	-	-	-	-	-	-
VIII.	**FACTORING LIABILITIES**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**LEASE LIABILITIES**	(5.II.f)	**540.733**	**70.093**	**610.826**	**547.355**	**71.247**	**618.602**
X.	**PROVISIONS**	(5.II.h)	**2.070.724**	**238.443**	**2.309.167**	**1.734.174**	**123.552**	**1.857.726**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		535.248	27.108	562.356	337.981	21.938	359.919
10.3	Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4	Other Provisions		1.535.476	211.335	1.746.811	1.396.193	101.614	1.497.807
XI.	**CURRENT TAX LIABILITY**	(5.II.i)	**285.800**	**106.782**	**392.582**	**331.211**	**3.857**	**335.068**
XII.	**DEFERRED TAX LIABILITIES**	(5.II.i)	**3.823**	**60.891**	**64.714**	**3.172**	**78.927**	**82.099**
XIII.	**NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**	(5.II.j)	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**		**-**	**5.917.421**	**5.917.421**	**-**	**7.037.253**	**7.037.253**
14.1	Loans	(5.II.k)	-	5.917.421	5.917.421	-	7.037.253	7.037.253
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	**OTHER LIABILITIES**	(5.II.e)	**5.253.104**	**5.844.105**	**11.097.209**	**4.071.344**	**6.611.761**	**10.683.105**
XVI.	**SHAREHOLDERS' EQUITY**	(5.II.l)	**9.940.534**	**13.086.901**	**23.027.435**	**8.230.177**	**9.518.735**	**17.748.912**
16.1	Paid-in Capital		5.696.100	-	5.696.100	3.316.100	-	3.316.100
16.2	Capital Reserves		67.576	-	67.576	67.576	-	67.576
16.2.1	Share Premium		15	-	15	15	-	15
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		67.561	-	67.561	67.561	-	67.561
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		364.227	69.986	434.213	679.604	47.309	726.913
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(7.675.597)	9.989.501	2.313.904	(4.166.463)	5.178.209	1.011.746
16.5	Profit Reserves		8.279.350	1.562.572	9.841.922	7.278.139	16.192	7.294.331
16.5.1	Legal Reserves		522.743	5.019	527.762	455.936	5.019	460.955
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		7.756.607	1.557.553	9.314.160	6.822.203	11.173	6.833.376
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Income or (Loss)		3.155.384	1.464.842	4.620.226	1.032.449	4.277.025	5.309.474
16.6.1	Prior Periods' Income or (Loss)		1.708.633	1.053.250	2.761.883	568.878	3.437.883	4.006.761
16.6.2	Current Period Income or (Loss)		1.446.751	411.592	1.858.343	463.571	839.142	1.302.713
16.7	Minority Shares		53.494	-	53.494	22.772	-	22.772
	TOTAL LIABILITIES		**74.552.735**	**189.407.913**	**263.960.648**	**71.956.214**	**145.357.859**	**217.314.073**

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2020

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

(Currency: Thousands of TL - Turkish Lira)

		Note	Audited CURRENT PERIOD (31/12/2020)			Audited PRIOR PERIOD (31/12/2019)		
			TL	FC	Total	TL	FC	Total
A. COMMITMENTS AND CONTINGENCIES (I+II+III)			**105.577.021**	**195.655.581**	**301.232.602**	**75.031.858**	**146.069.232**	**221.101.090**
I.	**GUARANTEES AND WARRANTIES**	(5.III.a)	**12.777.688**	**30.047.020**	**42.824.708**	**10.606.904**	**23.866.157**	**34.473.061**
1.1.	Letters of Guarantee		12.483.998	19.435.442	31.919.440	10.585.358	15.812.386	26.397.744
1.1.1.	Guarantees Subject to Public Procurement Law		-	-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations		79.021	124.588	203.609	79.021	105.025	184.046
1.1.3.	Other Letters of Guarantee		12.404.977	19.310.854	31.715.831	10.506.337	15.707.361	26.213.698
1.2.	Bank Loans		15.250	94.990	110.240	8.000	91.876	99.876
1.2.1.	Import Acceptances		15.250	94.990	110.240	8.000	91.876	99.876
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		13.006	4.882.246	4.895.252	13.546	4.135.611	4.149.157
1.3.1.	Documentary Letters of Credit		-	3.544.938	3.544.938	5.730	3.077.979	3.083.709
1.3.2.	Other Letters of Credit		13.006	1.337.308	1.350.314	7.816	1.057.632	1.065.448
1.4.	Guaranteed Refinancing		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees		265.434	5.634.342	5.899.776	-	3.826.284	3.826.284
1.9.	Other Sureties		-	-	-	-	-	-
II.	**COMMITMENTS**	(5.III.a)	**53.867.502**	**10.172.595**	**64.040.097**	**42.447.877**	**10.942.665**	**53.390.542**
2.1.	Irrevocable Commitments		53.327.986	9.992.877	63.320.863	40.560.256	10.848.227	51.408.483
2.1.1.	Forward Asset Purchase Commitments		841.692	5.378.043	6.219.735	1.674.676	5.189.236	6.863.912
2.1.2.	Forward Deposit Purchase and Sale Commitments		-	-	-	-	346.429	346.429
2.1.3.	Capital Commitments to Subsidiaries and Associates		4.000	-	4.000	4.000	-	4.000
2.1.4.	Loan Granting Commitments		17.234.415	-	17.234.415	13.726.695	-	13.726.695
2.1.5.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6.	Payment Commitments for Reserve Deposits		-	-	-	-	-	-
2.1.7.	Payment Commitments for Cheques		2.226.643	-	2.226.643	1.973.049	-	1.973.049
2.1.8.	Tax and Fund Liabilities from Export Commitments		2.023	-	2.023	1.837	-	1.837
2.1.9.	Commitments for Credit Card Expenditure Limits		32.617.301	-	32.617.301	22.664.957	-	22.664.957
2.1.10.	Commitments for Credit Cards and Banking Services Promotions		11.556	-	11.556	6.915	-	6.915
2.1.11.	Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12.	Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13.	Other Irrevocable Commitments		390.356	4.614.834	5.005.190	508.127	5.312.562	5.820.689
2.2.	Revocable Commitments		539.516	179.718	719.234	1.887.621	94.438	1.982.059
2.2.1.	Revocable Loan Granting Commitments		538.957	179.718	718.675	1.887.062	94.438	1.981.500
2.2.2.	Other Revocable Commitments		559	-	559	559	-	559
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	(5.III.b)	**38.931.831**	**155.435.966**	**194.367.797**	**21.977.077**	**111.260.410**	**133.237.487**
3.1.	Derivative Financial Instruments Held for Risk Management		-	-	-	-	-	-
3.1.1.	Fair Value Risk Hedging Transactions		-	-	-	-	-	-
3.1.2.	Cash Flow Risk Hedging Transactions		-	-	-	-	-	-
3.1.3.	Net Foreign İnvestment Risk Hedging Transactions		-	-	-	-	-	-
3.2.	Transactions for Trading		38.931.831	155.435.966	194.367.797	21.977.077	111.260.410	133.237.487
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		2.693.666	17.354.000	20.047.666	1.255.779	4.154.693	5.410.472
3.2.1.1.	Forward Foreign Currency Transactions-Buy		1.830.015	8.414.678	10.244.693	576.828	2.118.997	2.695.825
3.2.1.2.	Forward Foreign Currency Transactions-Sell		863.651	8.939.322	9.802.973	678.951	2.035.696	2.714.647
3.2.2.	Currency and Interest Rate Swaps		33.029.575	124.567.079	157.596.654	17.003.685	93.778.024	110.781.709
3.2.2.1.	Currency Swap-Buy		828.099	55.725.437	56.553.536	4.390.246	40.474.216	44.864.462
3.2.2.2.	Currency Swap-Sell		22.551.476	39.320.239	61.871.715	7.273.439	34.741.890	42.015.329
3.2.2.3.	Interest Rate Swap-Buy		4.825.000	14.760.702	19.585.702	2.670.000	9.280.959	11.950.959
3.2.2.4.	Interest Rate Swap-Sell		4.825.000	14.760.701	19.585.701	2.670.000	9.280.959	11.950.959
3.2.3.	Currency, Interest Rate and Marketable Securities Options		2.380.869	6.398.258	8.779.127	3.654.667	7.266.307	10.920.974
3.2.3.1.	Currency Call Options		1.055.976	2.678.255	3.734.231	1.620.919	3.769.594	5.390.513
3.2.3.2.	Currency Put Options		1.024.893	2.775.845	3.800.738	2.033.748	3.381.627	5.415.375
3.2.3.3.	Interest Rate Call Options		-	472.079	472.079	-	57.543	57.543
3.2.3.4.	Interest Rate Put Options		300.000	472.079	772.079	-	57.543	57.543
3.2.3.5.	Marketable Securities Call Options		-	-	-	-	-	-
3.2.3.6.	Marketable Securities Put Options		-	-	-	-	-	-
3.2.4.	Currency Futures		827.721	763.167	1.590.888	62.946	56.418	119.364
3.2.4.1.	Currency Futures-Buy		-	763.167	763.167	62.946	-	62.946
3.2.4.2.	Currency Futures-Sell		827.721	-	827.721	-	56.418	56.418
3.2.5.	Interest Rate Buy/Sell Futures		-	-	-	-	-	-
3.2.5.1.	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2.	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6.	Other		-	6.353.462	6.353.462	-	6.004.968	6.004.968
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)			**651.466.576**	**325.639.811**	**977.106.387**	**593.890.750**	**240.125.578**	**834.016.328**
IV.	**CUSTODIES**		**33.849.047**	**16.518.378**	**50.367.425**	**74.555.931**	**11.018.883**	**85.574.814**
4.1.	Assets Under Management		139.814	-	139.814	139.814	-	139.814
4.2.	Custody Marketable Securities		30.857.690	12.412.991	43.270.681	71.741.449	8.494.938	80.236.387
4.3.	Cheques in Collection Process		1.875.232	2.588.542	4.463.774	1.488.707	1.996.891	3.485.598
4.4.	Commercial Notes in Collection Process		975.063	352.162	1.327.225	1.184.713	335.302	1.520.015
4.5.	Other Assets in Collection Process		-	-	-	-	-	-
4.6.	Underwritten Securities		-	-	-	-	-	-
4.7.	Other Custodies		1.248	1.164.683	1.165.931	1.248	191.752	193.000
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGED ASSETS**		**616.467.629**	**307.983.358**	**924.450.987**	**518.395.181**	**228.151.837**	**746.547.018**
5.1.	Marketable Securities		3.991.203	75.724	4.066.927	2.718.694	62.184	2.780.878
5.2.	Collateral Notes		413.307.798	108.475.879	521.783.677	336.799.053	73.984.724	410.783.777
5.3.	Commodity		19.430.706	13.496.225	32.926.931	15.967.774	10.139.026	26.106.800
5.4.	Warranty		-	-	-	-	-	-
5.5.	Land and Buildings		104.252.159	90.110.884	194.363.043	99.845.858	71.451.449	171.297.307
5.6.	Other Pledged Assets		75.485.763	95.824.646	171.310.409	63.063.802	72.514.454	135.578.256
5.7.	Pledges		-	-	-	-	-	-
VI.	**ACCEPTED BILL GUARANTEES AND SURETIES**		**1.149.900**	**1.138.075**	**2.287.975**	**939.638**	**954.858**	**1.894.496**
	TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		**757.043.597**	**521.295.392**	**1.278.338.989**	**668.922.608**	**386.194.810**	**1.055.117.418**

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2020

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

(Currency: Thousands of TL - Turkish Lira)

INCOME AND EXPENSES		Note	Audited CURRENT PERIOD (01/01-31/12/2020)	Audited PRIOR PERIOD (01/01-31/12/2019)
I.	**INTEREST INCOME**	(5.IV.a)	**18.711.843**	**20.042.379**
1.1	Interest on Loans		16.091.531	17.454.496
1.2	Interest on Reserve Requirements		29.693	145.307
1.3	Interest on Banks		204.678	243.470
1.4	Interest on Money Market Transactions		148.228	81.945
1.5	Interest on Marketable Securities Portfolio		1.762.997	1.591.696
1.5.1	Fair Value Through Profit or Loss		21.908	15.376
1.5.2	Fair Value Through Other Comprehensive Income		1.098.681	1.053.858
1.5.3	Measured at Amortized Cost		642.408	522.462
1.6	Financial Lease Interest Income		252.599	246.778
1.7	Other Interest Income		222.117	278.687
II.	**INTEREST EXPENSE (-)**	(5.IV.b)	**7.739.184**	**11.647.636**
2.1	Interest on Deposits		5.290.433	8.934.464
2.2	Interest on Funds Borrowed		1.576.839	1.542.835
2.3	Interest Expense on Money Market Transactions		231.675	102.141
2.4	Interest on Securities Issued		417.875	892.512
2.5	Interest on Leases		140.590	150.650
2.6	Other Interest Expenses		81.772	25.034
III.	**NET INTEREST INCOME (I - II)**		**10.972.659**	**8.394.743**
IV.	**NET FEES AND COMMISSIONS INCOME**		**3.053.031**	**3.746.043**
4.1	Fees and Commissions Received		3.895.026	5.004.170
4.1.1	Non-Cash Loans		479.667	455.247
4.1.2	Other	(5.IV.l)	3.415.359	4.548.923
4.2	Fees and Commissions Paid (-)		841.995	1.258.127
4.2.1	Non-Cash Loans		7.417	9.635
4.2.2	Other	(5.IV.l)	834.578	1.248.492
V	**DIVIDEND INCOME**	(5.IV.c)	**2.537**	**4.871**
VI.	**TRADING INCOME / LOSS (Net)**	(5.IV.d)	**571.422**	**(335.785)**
6.1	Trading Gains / (Losses) on Securities		161.288	163.709
6.2	Gains / (Losses) on Derivate Financial Transactions		(787.206)	(178.916)
6.3	Foreign Exchange Gains / (Losses)		1.197.340	(320.578)
VII.	**OTHER OPERATING INCOME**	(5.IV.e)	**470.422**	**395.597**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII)**		**15.070.071**	**12.205.469**
IX.	**EXPECTED CREDIT LOSS (-)**	(5.IV.f)	**7.184.737**	**6.061.063**
X.	**OTHER PROVISION EXPENSES (-)**	(5.IV.f)	**451.414**	**178.086**
XI.	**PERSONNEL EXPENSE (-)**	(5.IV.g)	**2.176.596**	**1.895.860**
XII.	**OTHER OPERATING EXPENSES (-)**	(5.IV.g)	**2.894.546**	**2.355.043**
XIII.	**NET OPERATING INCOME /LOSS (VIII-IX-X-XI-XII)**		**2.362.778**	**1.715.417**
XIV.	**INCOME AFTER MERGER**		**-**	**-**
XV.	**INCOME /(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD**		**-**	**-**
XVI.	**INCOME / (LOSS) ON NET MONETARY POSITION**		**-**	**-**
XVII.	**PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)**	(5.IV.h)	**2.362.778**	**1.715.417**
XVIII.	**TAX PROVISIONS FOR CONTINUED OPERATIONS (±)**	(5.IV.i)	**(496.986)**	**(407.101)**
18.1	Current Tax Provision		(340.305)	(158.057)
18.2	Deferred Tax Income Effect (+)		(3.383.565)	(2.448.110)
18.3	Deferred Tax Expense Effect (-)		3.226.884	2.199.066
XIX.	**CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)**	(5.IV.j)	**1.865.792**	**1.308.316**
XX.	**INCOME FROM DISCONTUNIUED OPERATIONS**		**-**	**-**
20.1	Income from Non-Current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	**EXPENSES FOR DISCONTINUED OPERATIONS (-)**		**-**	**-**
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXII.	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)**		**-**	**-**
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		**-**	**-**
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XXII±XXIII)**		**-**	**-**
XXV.	**NET PROFIT/(LOSS) (XIX+XXIV)**	(5.IV.k)	**1.865.792**	**1.308.316**
25.1	Profit / (Loss) of Group		1.858.343	1.302.713
25.2	Profit / (Loss) of Minority Shares (-)		7.449	5.603
	Profit / (Loss) Per Share (full TRY)		0,33	0,39

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020

(Currency: Thousands of TL - Turkish Lira)

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

		Audited CURRENT PERIOD (01/01-31/12/2020)	Audited PRIOR PERIOD (01/01-31/12/2019)
I.	CURRENT PERIOD INCOME/LOSS	1.865.792	1.308.316
II.	OTHER COMPREHENSIVE INCOME	1.009.458	932.555
2.1	**Not Reclassified Through Profit or Loss**	**(292.700)**	**(88.764)**
2.1.1	Property and Equipment Revaluation Increase/Decrease	32.586	11.158
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(51.979)	(56.716)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(274.029)	(53.079)
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	722	9.873
2.2	**Reclassified Through Profit or Loss**	**1.302.158**	**1.021.319**
2.2.1	Foreign Currency Translation Differences	4.350.899	1.043.878
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	362.829	924.582
2.2.3	Cash Flow Hedge Income/Loss	(7.386)	7.926
2.2.4	Foreign Net Investment Hedge Income/Loss	(4.033.678)	(957.293)
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6	Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss	629.494	2.226
III.	TOTAL COMPREHENSIVE INCOME (I+II)	2.875.250	2.240.871

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020

(Currency: Thousands of TL - Turkish Lira)

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

							Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss								
	Audited CHANGES IN SHAREHOLDERS' EQUITY ITEMS		Paid in Capital	Share Premiums	Share Cancellation Profits	Other capital reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other(Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss) Audited (1 January - 31 December 2019)	Total Equity Expect Minority Shares	Minority Shares	Total Equity
	PRIOR PERIOD 01/01-31/12/2019																	
I.	Prior Period End Balance		3.316.100	15	--	67.561	83.193	(45.570)	778.053	4.117.584	(805.242)	(3.321.912)	5.111.808	3.989.637	2.199.647	15.490.874	14.396	15.505.270
II.	Corrections and Accounting Policy Changes Made According to TAS 8	(5.V.c)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.1	Effects of Corrections		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.2	Effects of the Changes in Accounting Policies		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
III.	Adjusted Beginning Balance (I+II)		3.316.100	15	--	67.561	83.193	(45.570)	778.053	4.117.584	(805.242)	(3.321.912)	5.111.808	3.989.637	2.199.647	15.490.874	14.396	15.505.270
IV.	Total Comprehensive Income	(5.V.e)	--	--	--	--	8.547	(44.231)	(53.079)	1.043.875	717.947	(740.506)	--	--	1.302.713	2.235.266	5.603	2.240.869
V.	Capital Increase by Cash	(5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VI.	Capital Increase by Internal Sources	(5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VII.	Paid in Capital Inflation Adjustment Difference		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VIII.	Convertible Bonds to Share		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
IX.	Subordinated Debt Instruments		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
X.	Increase / Decrease by Other Changes		--	--	--	--	--	--	--	--	--	--	--	--	--	--	2.773	2.773
XI.	Profit Distribution	(5.V.d)	--	--	--	--	--	--	--	--	--	--	2.182.523	17.124	(2.199.647)	--	--	--
11.1	Dividends Paid		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11.2	Transfers to Reserves	(5.V.f)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11.3	Other		--	--	--	--	--	--	--	--	--	--	2.182.523	17.124	(2.199.647)	--	--	--
	Period End Balance (III+IV+.....+X+XI)		3.316.100	15	--	67.561	91.740	(89.801)	724.974	5.161.459	(87.295)	(4.062.418)	7.294.331	4.006.761	1.302.713	17.726.140	22.772	17.748.912
	CURRENT PERIOD 01/01-31/12/2020																	
I.	Prior Period End Balance		3.316.100	15	--	67.561	91.740	(89.801)	724.974	5.161.459	(87.295)	(4.062.418)	7.294.331	4.006.761	1.302.713	17.726.140	22.772	17.748.912
II.	Corrections and Accounting Policy Changes Made According to TAS 8	(5.V.c)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.1	Effects of Corrections		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.2	Effects of the Changes in Accounting Policies		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
III.	Adjusted Beginning Balance (I+II)		3.316.100	15	--	67.561	91.740	(89.801)	724.974	5.161.459	(87.295)	(4.062.418)	7.294.331	4.006.761	1.302.713	17.726.140	22.772	17.748.912
IV.	Total Comprehensive Income	(5.V.e)	--	--	--	--	25.224	(43.830)	(274.094)	4.350.899	277.175	(3.325.916)	--	--	1.858.343	2.867.801	7.449	2.875.250
V.	Capital Increase by Cash	(5.V.a)	2.380.000	--	--	--	--	--	--	--	--	--	--	--	--	2.380.000	23.273	2.403.273
VI.	Capital Increase by Internal Sources	(5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VII.	Paid in Capital Inflation Adjustment Difference		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VIII.	Convertible Bonds to Share		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
IX.	Subordinated Debt Instruments		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
X.	Increase / Decrease by Other Changes		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
XI.	Profit Distribution	(5.V.d)	--	--	--	--	--	--	--	--	--	--	2.547.591	(1.244.878)	(1.302.713)	--	--	--
11.1	Dividends Paid		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11.2	Transfers to Reserves	(5.V.f)	--	--	--	--	--	--	--	--	--	--	2.547.591	(1.244.878)	(1.302.713)	--	--	--
11.3	Other		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
	Period End Balance (III+IV+.....+X+XI)		5.696.100	15	--	67.561	116.964	(133.631)	450.880	9.512.358	189.880	(7.388.334)	9.841.922	2.761.883	1.858.343	22.973.941	53.494	23.027.435

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

		Footnote	Audited CURRENT PERIOD (01/01-31/12/2020)	Audited PRIOR PERIOD (01/01-31/12/2019)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities (+)		560.617	2.110.686
1.1.1	Interest received (+)		17.648.739	18.144.309
1.1.2	Interest paid (-)		7.581.753	11.782.669
1.1.3	Dividends received (+)		2.537	4.871
1.1.4	Fees and commissions received (+)		3.895.026	5.004.170
1.1.5	Other income (+)		352.523	380.342
1.1.6	Collections from previously written off loans and other receivables (+)		3.868.685	1.748.403
1.1.7	Cash payments to personnel and service suppliers (-)		2.007.262	1.811.423
1.1.8	Taxes paid (-)		482.047	742.012
1.1.9	Other (+/-)	(5.VI.c)	(15.135.831)	(8.835.305)
1.2	Changes in operating assets and liabilities subject to banking operations		(5.081.427)	5.941.091
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		(190.203)	6.415
1.2.2	Net (increase) decrease in due from banks (+/-)		(2.369.307)	(13.716.762)
1.2.3	Net (increase) decrease in loans		(10.513.310)	(920.034)
1.2.4	Net (increase) decrease in other assets (+/-)		(4.924.271)	13.578.399
1.2.5	Net increase (decrease) in bank deposits (+/-)		12.737.876	877.823
1.2.6	Net increase (decrease) in other deposits (+/-)		(4.202.709)	11.839.295
1.2.7	Net increase (decrease) in financial liabilities at fair value through profit or loss (+/-)		-	-
1.2.8	Net increase (decrease) in funds borrowed (+/-)		(15.109)	(5.023.587)
1.2.9	Net increase (decrease) in matured payables (+/-)		-	-
1.2.10	Net increase (decrease) in other liabilities (+/-)	(5.VI.c)	4.395.606	(700.458)
I.	Net cash provided from banking operations(+/-)		(4.520.810)	8.051.777
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from / used in investing activities(+/-)		(5.014.029)	(5.351.377)
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures (-)		-	6.000
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures (+)		-	-
2.3	Cash paid for the purchase of tangible and intangible asset (-)		1.781.305	694.012
2.4	Cash obtained from the sale of tangible and intangible asset (+)		364.248	205.335
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		10.045.008	7.647.139
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		6.079.843	2.790.439
2.7	Cash paid for the purchase of financial assets at amortised cost (-)		-	-
2.8	Cash obtained from sale of financial assets at amortised cost (+)		-	-
2.9	Other (+/-)		368.193	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flows from financing activities (+/-)		5.717.270	3.050.406
3.1	Cash obtained from funds borrowed and securities issued (+)		31.779.660	28.105.051
3.2	Cash outflow from funds borrowed and securities issued (-)		25.755.488	24.767.928
3.3	Equity instruments issued (+)		-	-
3.4	Dividends paid (-)		-	-
3.5	Payments for lease liabilities (-)		306.902	286.717
3.6	Other (+/-)		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents(+/-)	(5.VI.c)	8.929.322	2.578.740
V.	Net increase in cash and cash equivalents	(5.VI.c)	5.111.753	8.329.546
VI.	Cash and cash equivalents at the beginning of the period (+)	(5.VI.a)	35.787.794	27.458.248
VII.	Cash and Cash Equivalents at the End of the Period	(5.VI.a)	40.899.547	35.787.794

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED PROFIT DISTRIBUTION TABLE FOR THE PERIOD ENDED 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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See Note 3.I.c

		Audited CURRENT PERIOD (01/01-31/12/2020)	Audited PRIOR PERIOD (01/01-31/12/2019)
I.	DISTRIBUTION OF CURRENT YEAR INCOME (*)		
1.1	CURRENT YEAR INCOME	-	-
1.2	TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1	Corporate Tax (Income Tax)	-	-
1.2.2	Income witholding tax	-	-
1.2.3	Other taxes and duties	-	-
A.	NET INCOME FOR THE YEAR (1.1-1.2)	-	-
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	-	-
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owner of ordinary shares	-	-
1.6.2	To owner of preferred shares	-	-
1.6.3	To owner of preferred shares (preem private rihgts)	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit or loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owner of ordinary shares	-	-
1.9.2	To owner of preferred shares	-	-
1.9.3	To owner of preferred shares (preem private rihgts)	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit or loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	GENERAL RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owner of ordinary shares	-	-
2.3.2	To owner of preferred shares	-	-
2.3.3	To owner of preferred shares (preem private rihgts)	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit or loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES	-	-
3.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3	TO OWNERS OF PRIVILAGED SHARES	-	-
3.4	TO OWNERS OF PRIVILAGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILAGED SHARES	-	-
4.4	TO OWNERS OF PRIVILAGED SHARES (%)	-	-

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

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

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SECTION THREE
ACCOUNTING POLICIES

I. Explanations on the presentation principles

a. Preparation of the consolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks

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 Agency (‘‘BRSA’’) within the framework of the provisions of the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks 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’’) (hereinafter collectively referred to as ‘‘BRSA Accounting and Financial Reporting Legislation’’). The form and contents of the consolidated financial statements which have been prepared and which will be disclosed to public have been prepared in accordance with the ‘‘Communiqué on the Financial Statements and Related Explanations and Footnotes to be Announced to Public by the Banks’’ and ‘‘Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks’’ as well as the communiqués that introduce amendments and additions to these. Parent Bank keeps its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Code of Commerce and Turkish Tax legislation.

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

The amounts in the consolidated financial statements and explanations and footnotes relating to these statements have been expressed in Thousands of Turkish Lira unless otherwise stated.

In the preparation of consolidated financial statements according to TAS, the management of the Parent Bank should make assumptions and estimations regarding the assets and liabilities in the balance sheet and the contingent issues as of the balance sheet date. These assumptions and estimations include the fair value calculations and impairment of financial assets and are reviewed regularly, necessary corrections are made and the effects of these corrections are reflected in the statement of profit or loss. The assumptions and estimations used are explained in the related footnotes.

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

b. Accounting policies and changes in the presentation of financial statements

Accounting policies and valuation principles used in the preparation of the consolidated financial statements are determined in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by BRSA, and in cases where a specific regulation is not made, TAS/TFRS (hereinafter collectively referred to as **“**BRSA Accounting and Financial Reporting Legislation**”**) put into effect by POA shall be valid.

c. Additional paragraph for convenience translation:

The differences between the standards set out by BRSA Accounting and Financial Reporting Legislation and 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

DFS Group’s external sources of funds are comprised of deposits with various maturity periods, and external borrowings. Funds provided are generally fixed rate and are interested in high yield financial assets. The majority of the funds are allocated to high yield, fixed or floating interest instruments, such as Turkish Lira and foreign currency Government debt securities and eurobonds in order to diversify the assets and support liquidity as well as being allocated to loans with a selective approach. The liquidity structure that ensures 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 assets at market conditions and adopts a high yield policy in long-term assets.

DFS Group carries risks within pre-determined risk limits in short-term currency, interest and price movements in money and capital markets and due to changes in 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 monitored, taking the maturity structure into consideration. The asset-liability balance is monitored on a daily basis in accordance with the maturity structure and foreign currency type. The risks associated with short-term positions are hedged through derivatives such as forwards, swaps and options.

The net foreign currency position of DFS Group in foreign enterprises is evaluated together with the Parent Bank’s net foreign currency position and all positions are evaluated within the framework of 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

The DFS Group recognises the transactions denominated in foreign currencies in accordance with TAS 21 **“**The Effects of Changes in Foreign Exchange Rates**”** and the foreign exchange gains and losses arising from transactions that are completed as of the end of the period are converted to TL by using historical foreign currency exchange rates. As at the end of the reporting dates, balances of the foreign currency denominated assets and liabilities are converted 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 used in valuations as of the period ends are as follows:

	31 December 2020	31 December 2019
US Dollar	TL 7,4194	TL 5,9400
Euro	TL 9,1164	TL 6,6621

Foreign exchange gains and losses included in the net profit and loss

As of 31 December 2020, net foreign exchange gain included in the statement of profit or loss amounts to TL 1.197.340 (1 January - 31 December 2019: TL 320.578 net foreign exchange loss).

Total amount of valuation fund arising from foreign currency exchange rate differences

Parent Bank has translated the assets and liabilities of its FC subsidiaries within the scope of consolidation from the period-end closure exchange rate and has converted the income and expense items to Turkish Lira using annual average Parent Bank rates. Translation difference profit/loss amounts arising from the conversion of statements of profit or loss of the consolidated subsidiaries to Turkish Lira and the Turkish Lira equivalent of their equities as well as the ‘‘Subsidiaries’’ amounts accounted for at the Parent Bank are accounted in the consolidated financial statements under ‘‘Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss’’.

Total of the relevant conversion differences are TL 9.502.391 as of 31 December 2020 (31 December 2019: TL 5.097.007).

The foreign exchange difference of TL 9.967 (31 December 2019: TL 64.452) arising from the translation of the financial statements of Bahrain branch of the Parent Bank to Turkish Lira in accordance with TAS 21 has been recorded under “Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss”.

In order to hedge the foreign exchange rate risk arising from the foreign currency subsidiaries of the DFS Group, a net investment hedging strategy is applied. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the change in exchange rate of these financial liabilities is recognised in hedge funds account under equity.

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III. Information regarding the consolidated subsidiaries

Consolidated financial statements have been prepared in accordance with TFRS 10, the "Turkish Accounting Standard for Consolidated Financial Statements".

Deniz Yatırım Menkul Değerler A.Ş. (Deniz Yatırım), Eurodeniz International Banking Unit Ltd. (Eurodeniz), Deniz Portföy Yönetimi A.Ş. (Deniz Portföy), Denizbank AG, JSC Denizbank, Deniz Finansal Kiralama A.Ş. (Deniz Leasing), Deniz Faktoring A.Ş. (Deniz Faktoring), Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. (Deniz GYO) CR Erdberg Eins GmbH & Co KG (CR Erdberg) and Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş. ("Hızlıöde") shares of which are owned directly or inderctly by the Parent Bank are the subsidiaries included to the full scope consolidation.

DFS Funding Corp., which is a structured entity, is also included in the scope of consolidation.

Among the subsidiaries of the Parent Bank, Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. ("Intertech") and Deniz Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. ("Deniz Kültür") and its affiliate controlled together, Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. ("Bantaş"); Intertech's subsidiary Açık Deniz Radyo ve Televizyon İletişim Yayıncılık Ticaret ve Sanayi A.Ş.; Deniz Yatırım's subsidiary Ekspres Bilgi İşlem ve Ticaret Anonim Şirketi ("Ekspres Bilgi İşlem"); Denizbank AG's subsidiary Deniz Immobilien Service GmbH ("Deniz Immobilien") have not been included to the consolidation since they are non-financial subsidiaries.

The title, purpose, field of activity and capital of "Deniz Kartlı Ödeme Sistemleri Anonim Şirketi" (the Company) which is a 100% subsidiary of the Parent Bank has been changed with the approval of the amendment of the related articles described in the Articles of Association held on General Assembly dated on 1 November 2019 and by registering the General Assembly resolutions on 12 November 2019. The new title of the company has become "Hızlıöde Elektronik Para ve Ödeme Hizmetleri Anonim Şirketi" and its capital has been increased from TL 300 to TL 10.000. An operating permit application was made to the Banking Regulation and Supervision Agency on 14 November 2019 for the company to operate as a payment and electronic money institution and the operating permit was granted on 24 December 2020.

Important changes in consolidated subsidiaries during the period

At the meeting of the Board of Directors dated 16 January 2020, it was decided for Denizbank to purchase 51% of the shares of Deniz Finansal Kiralama A.Ş., owned by Denizbank AG. EUR 98,5 million, corresponding to the shares subject to the sale, over the company value of EUR 193,1 million determined as a result of the valuation made, was paid by Denizbank on 24 January 2020 and the transfer of these shares to Denizbank was realised.

Consolidation principles of the subsidiaries

Subsidiaries are the entities whose capital or management is controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated through the full consolidation method.

Control is considered as possessing power of the Bank over an investment in a legal entity, being exposed to variable returns due to its relationship with the legal entity invested, or having the right to use in these returns, and having the ability to use its power over the investee to influence the amount of returns.

This method aims to combine hundred percent of the assets, liabilities, income, expenses and off-balance sheet items of the subsidiaries included in the consolidated financial statements with the assets, liabilities, income, expenses and off-balance sheet items of the Parent Bank and to present minority rights as separate items in the balance sheet and the statement of profit or loss.

The carrying amount of the Parent Bank's investment in each subsidiary has been settled with the portion of the Parent Bank in the equity of the subsidiaries.

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

Financial statements used in the consolidation are prepared as of 31 December 2020 and in order to ensure the application of the identical accounting policies for similar transactions and events in similar circumstances, necessary adjustments were made on these financial statements of the subsidiaries considering the materiality level.

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IV. Explanations on forward and option contracts and derivative instruments

DFS Group's derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and foreign currency forward contracts.

In accordance with TFRS 9, forward foreign currency purchase/sale contracts, swaps, options and futures are classified as "Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss". Derivative transactions are recorded with their fair values at contract date. Also, the notional amounts of liabilities and assets arising from the derivative transactions are recorded in off-balance sheet items at their contractual amounts.

Derivative transactions are valued at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss" items of the consolidated balance sheet depending on the positive or negative fair value amounts. Gains and losses arising from the change in the fair value are recognised in the statement of profit or loss. Fair value of derivatives are calculated either by marking the fair values in the market or by using the discounted cash flow model.

V. Explanations on interest income and expenses

Interest income and expenses are recognised by applying the effective interest method. DFS Group accrues interest based on expected cash flows for its non-performing loans.

VI. Explanations on fee and commission income and expenses

Fee and commission income and expenses are recognised on an accrual basis or via effective interest method and in accordance with TFRS 15 "Revenue from Customer Contracts Standard" and with their nature, other than the fee and commission incomes in respect of certain banking transactions which are recognized as income as they are collected. Incomes gained through contracts or through services related to transactions such as the purchase or sale of assets for a third real or legal person are recognised as income at the time of collection.

VII. Explanations on financial assets

DFS Group classifies and recognises its financial assets as "Financial Assets at Fair Value through Profit / Loss", "Financial Assets at Fair Value through Other Comprehensive Income" or "Financial Assets measured at amortised cost". These financial assets are recognised or derecognised in accordance with the "Recognition and Derecognition from Financial Statements" under the third section of TFRS 9 regarding the classification and measurement of financial instruments, published in the Official Gazette dated 19 January 2017 and numbered 29953 by POA. Financial assets are measured at their fair values at initial recognition in the financial statements. In the initial measurement of financial assets other than "Financial Assets at Fair Value through Profit / Loss", transaction costs are added to the fair value or deducted from the fair value.

DFS Group includes a financial asset in the statement of financial position only when it becomes a party to the contractual terms of the financial instrument. During the initial recognition of a financial asset the business model determined by the Parent Bank management and the nature of the contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Parent Bank management is changed, all affected financial assets are reclassified and reclassification is applied prospectively. In such cases, no adjustments are made to the gain, loss or interest previously recognised in the financial statements.

a. Financial assets at fair value through profit or loss

"Financial assets at fair value through profit or loss" are financial assets other than those are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets the fair value through profit or loss are initially recognised at fair value and remeasured at their fair value after initial recognition. All gain and loss arising from these valuations are reflected in the statement of profit or loss.

b. Financial assets at fair value through other comprehensive income

In addition to Financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows those are solely payments of principal and interest at certain dates are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognised by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "Unrealised gains and losses" arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Other Accumulated Comprehensive Income or Expense to be Reclassified through Profit or Loss" under shareholders' equity. When these securities are collected or disposed, the accumulated fair value differences reflected in the equity are reflected to the statement of profit or loss.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition, the entity may make an irrevocable decision to present subsequent changes in the fair value of the investment in an equity instrument that is not held for trading purposes under the other comprehensive income. If this decision is made, dividends received from such investment are recognised under profit or loss in the financial statements.

c. Financial assets measured at amortised cost

When the financial assets are held under business model aimed to collect contractual cash flows and contractual terms of the financial assets include solely payments of principal and interest in certain dates, the financial asset is classified as financial assets measured at amortised cost.

Financial assets measured at amortised cost are initially recognised at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognised at amortised cost by using "effective interest rate (internal rate of return) method" following their recognition. Interest income obtained from financial assets measured at amortised cost is accounted in the statement of profit or loss.

Parent Bank's portfolio of financial assets at fair value through other comprehensive income and the financial assets measured at amortised cost includes CPI indexed government bonds with a maturity of 5 - 10 years and which the real coupon rates of 6 months are fixed throughout the maturity. As stated by the undersecretariat of Treasury in CPI indexed investor guide, the reference indexes used in the calculation of the actual coupon payment amounts of these securities are formed according to the CPI indexes of two months prior to the coupon payment date.

VIII. Explanations on expected credit loss

As of 1 January 2018, the Bank allocates provision for expected credit loss on financial assets measured at amortised cost and measured at fair value through other comprehensive income, also loan commitments and non-cash loans that are not carried at fair value through profit or loss in accordance with TFRS 9 'Financial Instruments' standard requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750.

The provision for expected credit loss is weighted according to the probabilities determined by taking into consideration possible results and reflects the time value of money as an unbiased amount, past events, current conditions and forecasts of future economic conditions as reasonable and supportable information that can be obtained without incurring excessive cost or effort at the reporting date.

According to TFRS 9, it is evaluated whether there is a significant increase in credit risk at each reporting date after the initial recognition of each financial instrument for which impairment is required to be evaluated.

The provision for expected credit loss calculation is performed to estimate the loss that the financial instrument will incur in the case of default.

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Financial instruments are allocated to one of the following stages due to the deterioration in loan quality at initial recognition:

Stage 1: Financial instruments for which a 12-month provision for expected credit loss is calculated and no significant increase in credit risk is detected;

Stage 2: Financial instruments with a significant increase in credit risk and the provision for expected credit loss calculated for lifetime;

Stage 3: Impaired, non-performing (defaulted) loans.

Significant increase in credit risk

Qualitative and quantitative evaluations are made in determining the significant increase in credit risk.

Qualitative evaluation:

If any of the following conditions are met as a result of qualitative evaluation, the relevant financial asset is classified as Stage 2 (significant increase in credit risk).

As of the reporting date,

- Lifetime expected credit losses are applied on an account basis for customers whose delay reaches 30 days. The Bank does not enforce this estimate only when it has positive, reasonable and supportable information about the customer repayment.
- In case a loan is restructured, it is monitored in Stage 2 during the monitoring period specified in the relevant regulations starting from the date of structuring. At the end of the monitoring period, if there is no significant deterioration in the loan, the transaction can be moved back to Stage 1.
- Existence of indemnified non-cash loans are considered as a significant risk increase.

Quantitative evaluation:

The significant increase in credit risk is quantitatively based on comparing the probability of default calculated at the opening of the loan with the probability of default on the same reporting date.

The COVID-19 pandemic, which has had a significant impact on most of 2020, has led to disruptions in operations in many countries, creating uncertainties both in regional and global economic conditions. As a result of the spread of COVID-19 worldwide, various measures have been taken to minimize the economic effects on individuals and businesses in our country as well as in the world.

Due to the disruptions in economic and commercial activities resulting from the COVID-19 outbreak, the BRSA has taken the following decisions, effective from 17 March 2020 onwards, the implementation period of the decisions taken has been extended from 31 December 2020 to 30 June 2021 with the regulation numbered 9312 dated 8 December 2020.

- The 90-day delay period envisaged for the classification of non-performing loans is 180 days until 30 June 2021 for the loans monitored in the stage 1 and stage 2,
- The 30-day delay period envisaged for the classification of loans in the stage 2 is 90 days for the loans monitored in the stage 1 until 30 June 2021.
- In the calculation of the expected loan loss provision within the scope of TFRS 9, the banks continue to allocate the reserves to be set aside, as per their risk models, for the loans that continue to be classified in the stage 2 despite the 90-day delay and the stage 1 despite the 30-day delay.

As of the reporting period ended on 31 December 2020, the effects of COVID-19 on financial results and asset quality have been evaluated and reflected to the calculation of the expected loan loss provisions in the light of the information and developments with maximum effort. In this process, the Parent Bank reviewed the cash flow expectations and scenario weights for its commercial and corporate loans, that evaluated individually, and reflected the related effects to the expected credit loss with the best estimation approach. At the same time, as the legal change predicts, the 180-day rule, which is the upper limit of the number of delay days set for Stage 2, has been applied; however, an expected loan loss provision close to Stage 3 levels is recognized for loans in the 90 to 180 day delay range. Taking into account the conditions of COVID-19, forward-looking macroeconomic expectations were also updated for the entire loan portfolio.

Due to COVID-19, the Parent Bank has granted the right to postpone the principal, interest and installment payments for its individual and corporate customers if they request, and the postponement within this scope has been applied and the postponement opportunity will continue until the end of the year.

The financial instruments in Stage 1 are financial instruments that has been recognised for the first time in the financial statements or do not have a significant increase in the credit risk after the initial recognition in the financial statements. For these instruments, credit risk impairment provision is calculated as the provision for expected credit loss for 12-month default risk from the reporting date.

After the initial recognition, if a significant increase is observed in the credit risk and result of the provision for credit risk impairment for the financial instruments mentioned in Stage 2 is calculated as the provision for expected credit loss over the default risk through the remaining life from the reporting date.

Financial instruments in Stage 3 are assumed to be defaulted and therefore impaired. For such financial instruments, provision is calculated based on the expected lifetime credit loss.

Loans belonging to customers included in the scope of the “Financial Restructuring Framework Agreement” are classified regardless of the past due days criterion.

The provision for expected credit loss is calculated either as collectively or individually.

Financial instruments bearing common credit risk characteristics are grouped for provision for expected credit loss calculated collectively.

In the Parent Bank, grouping of credit risks according to common characteristics was made according to their ‘risk segments’. The standards for the classification of credit risks by risk segments have been prepared in accordance with the Basel II recommendations for the assessment of capital adequacy based on credit risk in the context of the standard internal rating-based approach (“IRB”). The purpose of classifying credit risks according to risk segments is to determine the approach for analyzing and evaluating credit risk for the relevant risk segment.

The credit risk classification is as follows:

- Segment classification for non-retail loans are made based on all risks of the counterparty and the loan products requested by the counterparty, at the counterparty level and it is ensured that a counterparty is classified in a single risk segment;
- Segment classification for retail loans is based on both product level and counterparty characteristics. This means that counterparty’s credit risks can be classified into different risk segments.

The main groupings on the basis of risk segment for the calculation of provision for expected credit loss are as follows:

- Corporate / Commercial loans
- Medium entreprises (ME) loans
- Small entreprises (SE) loans
- Agricultural loans
- Consumer loans
- Mortgage loans
- Vehicle loans
- Overdraft
- Credit cards
- Loans granted to local governments
- Project financing loans
- Central administrations
- Banks

The provision for expected credit loss assessed collectively are calculated by using the components such as exposure at default (EAD), probability of default (PD), loss given default (LGD) and effective interest rate of the loan.

Exposure at default

The amount of default is the expected economic receivable amount at the time of default.

In order to calculate the provision for expected credit loss, the EAD value of each loan is calculated by discounting the expected principal and interest payments from the future dates to the reporting date using the effective interest rate. The loan conversion rate is also applied to the EAD value.

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Probability of default

Probability of default indicates the probability of default of the borrower within a certain period of time.

There are two types of PD values calculated in accordance with TFRS 9 requirements:

- 12-month PD: Estimation of the probability of default within 12 months after the reporting date of the financial instrument.
- Lifetime default probability: Estimation of the probability of default over the remaining life of the financial instrument.

The credit ratings, which are the outputs of the internal rating systems used by the Parent Bank in the loan allocation processes are used to classify customers in the calculation of provision for expected credit loss.

Internal rating systems used for non-retail customers are mainly divided into Corporate/Commercial, ME, SE and Agriculture model groups. Internal ratings in the Corporate/Commercial and ME model groups take into account the qualitative evaluation elements along with the quantitative characteristics of the customer such as indebtedness, liquidity and size. Internal ratings in the SE and Agriculture model groups reflect behavioural information, such as the trend of the customer’s total limit utilisation rate within the banking sector, overdraft product life at the Parent Bank, or the recent frequency of delays in loan payments.

Internal rating systems for individual customers also differ at the level of Consumer, Mortgage, Vehicle Loans, Overdraft and Credit Card product groups. In order to generate these scores, behavioural data such as customer’s trend in limit utilisation rate in the Bank and sector, frequency of current delays, cross-product ownership and payment routine of other products are used.

In the first step, the outputs of internal rating systems for PD calculations in accordance with TFRS 9 are grouped on the basis of risk segments according to common characteristics of credit risks. Retrospective historical default data of these groups have been prepared. In order to generate reasonable and valid accumulated default rates, a bucket generation analysis has been performed for the default data obtained form the model.

PD curves have been generated by regression method using the suitable statistical distribution from the data obtained for the buckets generated. The resulting PD values have been converted into ‘point-in-time’ PD values in accordance with TFRS 9 since they represent PD values ’throughout the life cycle’. In the last step, prospective macroeconomic expectations have been reflected in the PD.

For credit risk groups those do not have sufficient historical default data, external default statistics or minimum PD rates in Basel documentation are used.

Internal validation of the process described above was carried out at the end of 2020.

Loss given default

Loss given default define the economic loss to be incurred by the debtor in case of default, proportionally.

For the purpose of calculating the provision for expected credit loss, two types of LGD rate are calculated: LGD ratio for the unsecured credit risk and LGD ratio for the secured credit risk.

LGD ratio for unsecured credit risk is calculated by using the Parent Bank's collection data in the previous periods and is grouped on the basis of risk segments according to the common characteristics of credit risks.

The following TFRS 9 requirements have been taken into consideration for the LGD ratio calculation for unsecured credit risk:

- Long-term LGD is used (excluding regression effect is excluded)
- Conservative approach is excluded, if any
- Indirect costs are excluded, if any
- The figures obtained are discounted by the effective interest rate

The LGD ratio for secured loan risk is calculated by considering the collateral structure for each loan. To calculate this ratio, the consideration rates and liquidation periods for each type of collateral and effective interest rates of the loan to which the collateral belongs are used are determined by the Parent Bank for each type of collateral. Historical data have been used to determine the relevant consideration rates and liquidation periods; if these data are not available, the best estimates are used.

For unsecured credit risk groups that do not have sufficient historical collection data, the standard rate in Basel documentation is used.

Internal validation of the process described above was carried out at the end of 2020.

Effective interest rate

The effective interest rate is the discount rate that equals the future expected cash payments and collections those are expected to occur over the expected life of the financial asset or liability to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

In addition to the provision for expected credit loss collectively calculated, a provision for expected credit loss based on the individual evaluation of the financial instruments exceeding a certain risk or within the scope determined by the Parent Bank management are calculated. The calculation has been performed using at least two scenarios for each financial instrument in accordance with the discounted cash flow method in accordance with the "Guidelines on the Calculation of Provision for Expected Credit Loss under TFRS 9" announced by BRSA to banks on 26 February 2018 and the internal policies. The final provision for expected credit loss of the financial instrument is calculated by weighing the provision for expected credit loss calculated for the related scenarios with the probability of occurrence of these scenarios.

Low credit risk

In accordance with TFRS 9, the financial instrument's credit risk is considered to be low given the fact that the default risk of the financial instrument is low, the borrower has a strong structure to meet the contractual cash flow obligations in the short term, and the negative changes in the economic conditions and operating conditions in the longer term reduce the borrower's ability to fulfil the contractual cash flow obligations, but this is not considered to be happening in a large context.

It has not been concluded that financial instruments have a low credit risk only if the risk of loss of the financial instruments is considered low because of the value of the collateral and if the credit risk of the related financial instrument is not considered low without this collateral.

Furthermore, it is not considered that the financial instruments have low credit risk just because the establishment has less risk than other financial instruments or the credit risk of the region in which it operates.

In the case of low risk determination of any financial instrument and also assuming that the loan risk does not increase significantly after the first recognition in the financial statements, the relevant financial instrument is evaluated in Stage 1.

Financial instruments considered as having low credit risk under TFRS 9 are as below:

- Receivables from CBRT.
- Risks where the counterparty is the Republic of Turkey's Treasury
- Loans granted to subsidiaries of the main shareholder
- Transactions with banks with AAA rating

Participation of senior management in TFRS 9 processes

Within the scope of the internal systems, risk management, corporate governance and regulations on the classification of loans and reliable loan risk applications issued in accordance with Banking Law No. 5411 and pursuant to the Article 20 of the "Regulation on Procedures and Principles Regarding Classification of Loans and Provisions to be Reserved" published in the Official Gazette dated 22 June 2016 and No. 29750, 'TFRS 9 Management Committee' has been established in accordance with the "Guidelines on the the Calculation of Provision for Expected Credit Loss under TFRS 9" ('Good Practice Guide') prepared by BRSA.

In accordance with TFRS 9, the Committee is responsible for the control of the classification and measurement of financial instruments, the approval of business models, and the control of an adequate calculation of the provision for expected credit loss. Committee is also responsible for controlling the establishment and maintenance of the Parent Bank's current policies and processes in accordance with TFRS 9 and related good practice guidelines.

The Committee is responsible for ensuring that the provision for expected credit loss are based on reliable and robust methods, that these methods are documented, developed, timely updated and are properly accounted.

The members of the Committee are Executive Board Member responsible for Loans, Assistant General Manager responsible for Financial Affairs, Assistant General Managers responsible for the duties of the Board Member responsible for loans and Assistant General Manager responsible for Risk.

IX. Explanations on offsetting financial instruments

Financial assets and liabilities are presented on a net basis on the balance sheet when the DFS Group has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

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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 under "Financial Assets at Fair Value through Profit or Loss", "Financial Assets at Fair Value through Other Comprehensive Income" and "Financial Assets Measured at Amortised Cost" according to the purpose of retaining the asset in the accompanying consolidated balance sheet and are subjected to valuation as per the valuation principles of the relevant portfolio. Funds obtained from repurchase agreements are presented in the liabilities of the consolidated balance sheet in "Receivables from money market" line. The accrual amounts corresponding to the period is calculated for the part of the difference between the sales and repurchase prices determined by the relevant repo agreements.. Accrued interest expenses calculated for funds obtained from repurchase agreements are presented in "Due to money markets" account in liability part of the consolidated balance sheet.

Securities purchased with resale commitments are presented under "Due from money markets" 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 no securities which are subject to borrowing activities.

XI. Explanations on non-current assets held for sale and from discontinued operations and liabilities related to these assets

Non-current asset held-for-sale consist of tangible assets acquired with respect to non-performing loans, and are recognised in the financial statements in accordance with "TFRS 5 Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations".

A discontinued operation is a part of a bank that is either disposed of or classified as held for sale. It refers to a separate main line of business or geographical region of activities. It is part of the sale of a separate main line of business or geographical area of activities under a coordinated plan alone or a subsidiary acquired exclusively with a view to resale.

As 31 December 2020, DFS Group does not have non-current assets held for sale and discontinued operations.

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 at fair values of tangible assets (credit card brand value, 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 amortised, instead it is annually tested for impairment or more frequently when changes in circumstances indicate impairment according to "Turkish Accounting Standard 36 (TAS 36) - Impairment of Assets".

b. Other intangible assets

Intangible assets are initially recognised in accordance with TAS 38 "Intangible Fixed Assets" at the cost value including acquisition costs and other direct expenses necessary to make the asset usable. Intangible assets are valuated at amounts remaining after deducting accumulated depreciation and any accumulated impairment losses from the cost value in the period following their recognition.

Intangible fixed assets consist of software programs, license rights, data/telephone lines and the customer portfolio values of credit cards and individual loans.

Intangible fixed assets acquired before 1 January 2003 and after 31 December 2006 are amortised according to straight-line method, whereas those received between these dates are amortised according to declining balance method. The useful life of the assets is determined by assessing the expected useful life of the asset, technical, technological or other types of obsolescence and maintenance costs necessary to obtain the expected economic benefit from the asset.

Maintenance costs related to the computer software currently in use are expensed in the period in which they occur.

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XIII. Explanations on tangible assets

DFS Group has passed to revaluation model from cost model in the framework of TAS 16 "Tangible Fixed Assets" in valuation of properties in use as of 31 December 2016, while it tracks all of its remaining tangible fixed assets by cost model in accordance with TAS 16. Positive differences between property value in expertise reports prepared by licensed valuation firms and net carrying amount of the related property are recorded under equity accounts while negative differences are posted to the statement of profit or loss.

	Estimated Economic Life (Year)	Depreciation Rate
Movables		
- Office machinery	4 Years	10 % - 50 %
- Furniture and fixtures	5 Years	10 % - 50 %
- Motor vehicles	5 Years	20 % - 50 %
- Other equipment	10 Years	2,50 % - 50 %
Real estate	50 Years	2 % - 3,03 %

Maintenance and repair costs incurred for a tangible asset are recognised as expense. The capital expenditures which expand the capacity of the tangible asset or increase the future benefit of the asset are capitalized on the cost of the tangible asset.

There are no pledges, mortgages and other measures or commitments given for the purchase of tangible fixed assets.

XIV. Explanations on investment property

Property, and land and buildings held for the purpose of earning rent or appreciation or for both, rather than being used in the production of goods and services or sold for administrative purposes or during the normal course of business are classified as "investment property"and they are valued with fair value method. Any gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they are incurred.

Investment property is derecognised 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 recognised in profit or loss in the period in which they occur.

XV. Explanations on leasing transactions

Fixed assets acquired through financial leasing are classified as tangible assets and depreciated in line with the related fixed assets group. The obligations arising from the lease contracts are presented under "Lease Liabilities" under liabilities. Interest expenses and foreign exchange differences related to leasing activities are reflected to the statement of profit or loss.

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 recognised over the term of the lease using the net investment method which reflects a constant periodic rate of return and the unrecognised portion is followed under unearned interest income account.

With the "TFRS 16 Leases" standard effective from 1 January 2019, the difference between operating leases and financial leases has been eliminated and the leasing transactions have been presented under "Liabilities from Leasing Operations". Impacts and adoption of transition to TFRS 16 is disclosed in Section Three, note XXVI.

On 5 June 2020, Public Oversight Accounting and Auditing Standards Authority ("POA") has changed to TFRS 16 "Leases" standard by publishing Privileges Granted in Lease Payments - "Amendments to TFRS 16 Leases" concerning Covid-19. With this change, tenants are exempted from whether there has been a change in the rental priviliges in lease payments due to Covid19.This change did not have a significant impact on the financial status or performance of the Parent Bank.

XVI. Explanations on provisions and contingent liabilities

Specific and general provisions for loans and other receivables as well as the provisions and contingent liabilities other than the provisions for possible risks are recognised in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" standard; provisions are recognised immediately when they arise as a result of past events and DFS Group estimates the amount of the liability and reflects this amount in the consolidated financial statements. It is considered "Contingent" in cases where the amount of the obligation cannot be estimated. For contingent liabilities; if the probability of the realisation of the condition is higher than the probability of non-realisation and can be measured reliably, a provision is recognised; and where they are not able to be measured reliably or there is no probability of realisation of the condition or less than the probability of non-realisation, such liabilities are disclosed in the footnotes.

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XVII. Explanations on obligations for employee benefits

The Parent Bank recognises employee benefits in accordance with TAS 19 "Employee Benefits" standard.

The Parent Bank in accordance with existing legislation in Turkey, is liable to pay retirement and notice payments to each employee whose employment is terminated due to reasons other than resignation or misconduct. Except to this extents, the Parent Bank is liable to pay 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 pursuant to Article 14 of the Labour Law.

In accordance with TAS 19, DFS Group recognises provision by estimating the present value of the probable future obligation of severance pay. Actuarial gains and losses arising after 1 January 2013 are accounted for under equity in accordance with revised TAS 19.

DFS Group has recognised vacation pay liability amount which is calculated from unused vacation to financial statement as a provision.

XVIII. Explanations on tax applications

a. Current tax

With the provisional article added to the Corporate Tax Law numbered 5520 by the Clause 91 of law no.7061, it is determined that the tax rate will be applied as 22% for the corporate earnings of the taxation periods of 2018, 2019 and 2020 (accounting periods starting in the related year for the institutions designated as special accounting period). In 2021, the old corporate tax rate will continue to be applied as 20%.

With Tax Procedure Law Circular/115, the deadlines for some tax returns to be submitted as of 1 April 2019 have been extended until a new determination is made. With the said circular, the corporation tax declaration can be declared from the first day of the fourth month to the evening of the last day following the month in which the relevant accounting period is closed.

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

In accordance with the Corporate Tax Law, carry forward tax losses shown on the declaration can be deducted from the corporate tax base for up to five years. The tax authorities can inspect tax returns and the related accounting records for a retrospective 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 related to transactions recognised directly in equity are also recognised in equity.

b. Deferred tax

The Group calculates and recognises deferred tax in accordance with TAS 12 "Income Taxes" for the temporary differences between the accounting policies and valuation principles applied and the tax basis determined in accordance with the tax legislation.

The deferred tax assets and liabilities of the entities included in the consolidation have been netted within themselves and have not been netted in the consolidated balance sheet. As a result of this, deferred tax asset amounting to TL 1.488.411 as of 31 December 2020 (31 December 2019: TL 1.045.345) and deferred tax liabilities amounting to TL 64.714 (31 December 2019: TL 82.099) have been recognised in the accompanying financial statements.

The deferred tax liability is calculated for all taxable temporary differences whereas deferred tax assets arising from deductible temporary differences are calculated provided that it is highly likely to benefit from these differences in the future by generating taxable profit.

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

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, "General Communiqué No. 3 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 7 December 2017 and numbered 30263 and the Communiqué on the Amendment of the "General Communiqué on Disguised Profit Distribution through Transfer Pricing" no. 1, which became effective after being published in the Official Gazette dated 01 September 2020 and numbered 31231, 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.

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. The organizational structure of corporate taxpayers, who are affiliated to the multinational business group and whose asset size in the balance sheet and net sales amount in the income statement are both TL 500 million and above, which are attached to the corporate tax declaration for the previous accounting period, the definition of the business activities, the intangible rights they have, it is obligatory to prepare the general report containing the financial transactions of the group and the financial and tax status of the group for the previous year until the end of the current year and submit it to the Administration or those authorized to conduct tax inspections, if requested. According to the consolidated financial statements of the previous accounting period from the reported accounting period, total consolidated group income of EUR 750 million and over multinational enterprises resident group in Turkey ultimate parent company or proxy business, the reported accounting period's income until the end of twelfth month, before tax it prepares a country-based report including profit / loss, accrued and paid corporate tax, capital, previous year profits, number of employees and tangible assets other than cash and cash equivalents, and submits it to the Administration electronically.

XIX. Additional explanations on borrowings

Borrowings are initially recognised at cost representing their fair value and remeasured at amortised 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 recognised 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 also borrows funds in the forms of syndication loans and securitization loans from foreign institutions.

XX. Explanations on issuance of share certificates

In 2020 and 2019, the Parent Bank does not have issuance of share certificates.

XXI. Explanations on bill of guarantee and acceptances

Bill of guarantee and acceptances are followed-up as off-balance sheet liabilities as possible debts and commitments. Cash transactions regarding guarantee and acceptances are realised simultaneously with the customer payments.

As of the balance sheet date, there are no bill of guarantee and acceptances shown as liability against assets.

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XXII. Explanations on government incentives

As of the balance sheet date, DFS Group does not have any government incentives used.

XXIII. Explanations on segment reporting

Segment reporting is presented in Section Four, note XII.

XXIV. Explanations on other matters

None.

XXV. Classifications

In order to comply with the presentation of the financial statements as of 31 December 2020, reclassifications have been made on statement of profit or loss and and statement of cash flows as of 31 December 2019.

XXVI. Explanations on TFRS 16 Leases standard

At the beginning of a contract, the Group assesses whether the contract has a lease qualification or include a lease transaction. In the event that the contract is transferred for a certain period of time to the right to control the use of the asset defined for a price, this contract is of a rental nature or includes a lease transaction. The Group reflects the existence of a right of use and a lease obligation to the financial statements at the date the lease is commenced.

Right-of-use asset

The right-of-use asset is initially recognised by cost method and includes:

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all rental incentives received from all lease payments made at or before the date of the rental,
- All initial direct costs incurred by the Group

When applying the cost method, the right of use is measured:

- After deducting accumulated depreciation and accumulated impairment losses, and
- From the adjusted cost according to the remeasurement of the rent obligation.

Group applies the depreciation provisions of TAS 16 Tangible Fixed Assets when depreciating the right of use assets.

Lease obligation

At the effective date of the lease, the Group measures the leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the implied interest rate at the lease if this rate can be easily determined. The Group uses the Group's incremental borrowing interest rate if this rate cannot be easily determined.

Lease payments included in the measurement of the lease liability at the date of the lease's actual start date shall be made for the right of use during the lease term of the underlying asset and consists of the payments which have not been paid at the date of the rental. After the effective date of the lease, the Group measures the lease obligation as follows:

- Increases the book value to reflect the interest in the lease obligation,
- Decreases the book value to reflect the lease payments made and
- Remeasures the book value to reflect revaluations and reconstructions, or to reflect rental payments that are fixed at the revised basis.

The interest on the lease liability for each period of the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liability.

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SECTION FOUR
INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the consolidated shareholders' equity

Capital and capital adequacy ratio are calculated in accordance with the "Regulation on Equities of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The current period equity of the Group amounts to TL 30. 943.998 (31 December 2019: TL 24.591.442) while its capital adequacy standard ratio is 16,23% as of 31 December 2020 (31 December 2019: 14,33%).

As a result of the fluctuations in the financial markets arising from COVID-19 pandemic, The BRSA issued a press release on 23 March 2020, announcing measures, which will remain in effect until 31 December 2020. With the regulation numbered 9312 dated 8 December 2020, the announced measures were extended until 30 June 2021. Accordingly, banks may use the foreign exchange buying rates valid for 31 December 2019 when calculating the amounts valued in accordance with Turkish Accounting Standards and the bank's relevant specific reserve amounts of monetary and non-monetary assets under the "Regulation on Assessment and Evaluation of the Capital Adequacy of Banks". Additionally, when calculating their capital adequacy ratio under the "Regulation on Equities of Banks", banks may disregard negative net valuation differences of securities in "Fair Value Through Other Comprehensive Income" portfolio, in determination of their equities, for securities held by the bank as of 23 March 2020.

a. Components of consolidated equity items

	Current Period 31 December 2020	Prior Period 31 December 2019
COMMON EQUITY TIER I CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.696.100	3.316.100
Share issue premiums	15	15
Reserves	9.841.922	7.294.331
Gains recognised in equity as per TAS (1)	3.593.747	2.408.593
Profit	4.620.226	5.309.474
Current Period Profit	1.858.343	1.302.713
Prior Period Profit	2.761.883	4.006.761
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	778	778
Minorities' Share	53.494	22.772
Common Equity Tier I Capital Before Deductions	**23.806.282**	**18.352.063**
Deductions from Common Equity Tier I Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	--	--
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	356.488	178.993
Improvement costs for operating leasing	54.004	71.630
Goodwill (net of related tax liability)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	423.409	339.978
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	--	--
Differences are not recognised at the fair value of assets and liabilities subject to hedge of cash flow risk	--	--
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	--	--
Gains arising from securitization transactions	--	--
Unrealised gains and losses due to changes in own credit risk on fair valued liabilities	--	--
Defined-benefit pension fund net assets	--	--
Direct and indirect investments of the Bank in its own Common Equity	--	--
Shares obtained contrary to the 4th clause of the 56th Article of the Law	--	--
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 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 Common Equity of the Bank	--	--
Portion of mortgage servicing rights exceeding 10% of the Common Equity	--	--
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	--	--
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 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	--	--
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 due to insufficient Additional Tier I Capital or Tier II Capital	--	--
Total Deductions From Common Equity Tier I Capital	**833.901**	**590.601**
Total Common Equity Tier I Capital	**22.972.381**	**17.761.462**

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ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	--	--
Debt instruments and premiums approved by BRSA	--	--
Debt instruments and premiums approved by BRSA (Temporary Article 4)	--	--
Third parties' share in the Additional Tier I capital	--	--
Third parties' share in the Additional Tier I capital (Temporary Article 3)	--	--
Additional Tier I Capital before Deductions	**--**	**--**
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	--	--
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7. -	--	--
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital -	--	--
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital -	--	--
Other items to be defined by the BRSA	--	--
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	--	--
Total Deductions From Additional Tier I Capital	**--**	**--**
Total Additional Tier I Capital	**--**	**--**
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	**22.972.381**	**17.761.462**
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.870.996	4.889.713
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	--
Third parties' share in the Tier II Capital	--	--
Third parties' share in the Tier II Capital (Temporary Article 3)	--	--
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.120.251	1.951.821
Tier II Capital Before Deduction	**7.991.247**	**6.841.534**
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--	--
Investments of Bank to Banks that invest on Bank's Tier II and components of equity issued by financial institutions with the conditions declared in Article 8.	--	--
Portion of the total of net long positions of investments made in Additional Tier I Capital item 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	--	--
Portion of the total of net long positions of investments made in Additional Tier I Capital item 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 (-)	--	--
Total Deductions from Tier II Capital	**--**	**--**
Total Tier II Capital	**7.991.247**	**6.841.534**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**30.963.628**	**24.602.996**
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	--	--
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	--	--
Other items to be defined by the BRSA	19.630	11.554
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
The Sum of net long positions of investments in the Additional Tier I capital and Tier II capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
TOTAL CAPITAL		
Total Capital ((The sum of Tier I Capital and Tier II Capital)	30.943.998	24.591.442
Total risk weighted amounts	190.709.237	171.601.009
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	12,05	10,35
Tier I Capital Adequacy Ratio (%)	12,05	10,35
Capital Adequacy Ratio (%)	16,23	14,33

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BUFFERS		
Total additional Common Equity Tier I Capital requirement ratio	2,672	2,662
Bank specific total common equity tier I capital ratio (%)	2,500	2,500
Capital conservation buffer requirement (%)	0,172	0,162
Systemic significant bank buffer ratio (%)	--	--
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	1,514	0,883
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	--	--
Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	--	--
Amount arising from mortgage-servicing rights	--	--
Amount arising from deferred tax assets based on temporary differences	--	--
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before one hundred twenty five in ten thousand limitation)	8.292.896	5.137.201
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.120.251	1.951.821
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	--	--
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	--	--
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	--	--
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	--	--
Upper limit for Additional Tier II Capital subjected to temporary Article 4 (2)	--	--
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	--	--

(1) As of May 2018, the difference between the provision for expected credit loss calculated in accordance with TFRS 9 and the total provision amount calculated before the application of TFRS 9 has been recorded in "Prior Years' Profit and Loss" account. Therefore, in accordance with Provisional Article 5 of the "Regulation on Equity of Banks", this amount has started to be shown net in the calculation of equity by adding 40% of the portion after deduction of the tax amount resulting from the difference (31 December 2019: 60%).

(2) There are no loans included in Tier II capital related to "Temporary Article 4".

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

Issuer	ENBD PJSC	ENBD PJSC	ENBD PJSC	ENBD PJSC
Unique identifier (eg CUSIP, ISIN)	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Governing law(s) of the instrument	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 1 November 2006.
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	Not Deducted	Not Deducted	Not Deducted	Not Deducted
Eligible at solo/group/group&solo	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	1048	1113	2226	1484
Par value of instrument (Currency in mil)	1048	1113	2226	1484
Accounting classification	3470102	3470102	3470102	3470102
Original date of issuance	30/09/2014	30/04/2014	31/01/2014	30/09/2013
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	15 years	15 years	15 years	15 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.
Subsequent call dates, if applicable	None.	None.	None.	None.
Coupons/Dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	First five year 6,2%, after ırs +5,64	First five year 7,93%, after ırs +6,12	7,50%	7,49%
Existence of a dividend stopper	None.	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	--	--	--	--
Existence of step up or other incentive to redeem	None.	None.	None.	None.
Noncumulative or cumulative	--	--	--	--
Convertible or non-convertible				
If convertible, conversion trigger (s)	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.
If convertible, fully or partially	Convertible fully.	Convertible fully.	Convertible fully.	Convertible fully.
If convertible, conversion rate	--	--	--	--
If convertible, mandatory or optional conversion	--	--	--	--
If convertible, specify instrument type convertible into	--	--	--	--
If convertible, specify issuer of instrument it converts into	--	--	--	--
Write-down feature				
If write-down, write-down trigger(s)	None.	None.	None.	None.
If write-down, full or partial	--	--	--	--
If write-down, permanent or temporary	--	--	--	--
If temporary write-down, description of write-up mechanism	--	--	--	--
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	--	--	--	--

Following the transfer of the shares of the Parent Bank on 31 July 2019, subordinated loans used by the Parent Bank from Sberbank have been transferred to ENBD.

On 23 June 2020, the maturity of subordinated loans used by the Parent Bank from ENBD was extended for 5 years.

c. Main differences between "Equity" amount mentioned in the prior tables' equity statements and "Equity" amount in consolidated balance sheet arise from stage 1 and stage 2 loss provisions. The portion of main amount to credit risk of stage 1 and stage 2 loss provisions up to 1,25% considered as supplementary capital in the calculation of "Equity" amount included in equity statement as result of deductions mentioned in scope of Regulation on Equity of Banks. Additionally, Losses reflected to equity are determined through excluding losses sourcing from cash flow hedge reflected in equity in accordance with TAS which are subjects of discount from Core Capital. On the other hand, leasehold improvement costs monitored under Plant, Property and Equipment in balance sheet, intangible assets and deferred tax liabilities related to intangible assets, net carrying value of properties acquired in return for receivables and kept for over three years and certain other accounts determined by the Board are taken into consideration in the calculation as assets deducted from capital.

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d. Explanations on provisional article 5 of the regulation on the equity of banks

EQUITY ITEMS	T-2	T-3	T-4
Core Capital	22.972.381	22.972.381	22.972.381
Transition Process Unapplied Core Capital	*22.705.059*	*22.838.720*	*22.972.381*
Tier I Capital	22.972.381	22.972.381	22.972.381
Transition Process Unapplied Main Capital	*22.705.059*	*22.838.720*	*22.972.381*
Equity	30.943.998	30.943.998	30.943.998
Transition Process Unapplied Equity	*30.676.676*	*30.810.337*	*30.943.998*
TOTAL RISK WEIGHTED AMOUNTS			
Total Risk Weighted Amounts	190.709.237	190.709.237	190.709.237
CAPITAL ADEQUACY RATIO			
Core Capital Adequacy Ratio (%)	12,05	12,05	12,05
Transition Process Unapplied Core Capital Adequacy Ratio (%)	*11,91*	*11,98*	*12,05*
Main Capital Adequacy Ratio (%)	12,05	12,05	12,05
Transition Period Unapplied Main Capital Adequacy Ratio (%)	*11,91*	*11,98*	*12,05*
Capital Adequacy Ratio (%)	16,23	16,23	16,23
Transition Process Unapplied Capital Adequacy Ratio (%)	*16,09*	*16,16*	*16,23*
LEVERAGE RATIO			
Total Leverage Ratio Risk Exposure	372.903.328	372.903.328	372.903.328
Leverage Ratio	6,09	6,09	6,09
Transition Process Unapplied Leverage Ratio	*6,01*	*6,05*	*6,08*

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 and losses likely to incur due to the counterparties of the Parent Bank and/or its consolidated subsidiaries and associates not meeting in full or in part their commitments arising from the contracts.

Credit risk limits of the customers are allocated 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 monthly 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 and deposits, bills of exchange and sureties of the persons and companies.

Explanations related to the definitions of the loans, which have been overdue and impaired, value adjustments and provisions

Explanation is given in Section Four, note VIII-c-4-i.

Methods and approaches to valuation adjustments and provisions

Explanation is given in Section Three, note VIII.

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

	Risk classifications	Current Period (*)	Average (**)
1	Receivables from central governments and Central Banks	62.477.046	55.564.826
2	Receivables from regional or local governments	3.974.352	3.250.118
3	Receivables from administrative bodies and non-commercial enterprises	--	--
4	Receivables from multilateral development banks	--	--
5	Receivables from international organizations	--	--
6	Receivables from banks and brokerage houses	18.471.644	15.194.391
7	Receivables from corporate portfolio	102.991.779	98.154.588
8	Receivables from retail portfolio	64.355.964	59.238.214
9	Receivables secured by residential mortgages	3.223.317	3.293.543
10	Receivables secured by commercial mortgages	17.064.856	15.801.300
11	Past due receivables	3.889.122	4.241.107
12	Receivables defined in high risk category by BRSA	187.154	61.546
13	Securities collateralized by mortgages	--	--
14	Short-term receivables from banks, brokerage houses and corporate portfolio	--	--
15	Investments similar to collective investment funds	1.181	3.264
16	Other receivables	9.374.453	8.752.355
17	Equity investments	831.790	825.791
18	Total	286.842.658	264.381.043

(*) Includes the risks included in the total banking book before the credit risk reduction and after the credit conversion rate.
(**) Arithmetical average of the quarterly reported amounts.

	Risk classifications	Prior Period (*)	Average (**)
1	Receivables from central governments and Central Banks	55.393.580	50.536.250
2	Receivables from regional or local governments	2.864.278	1.829.890
3	Receivables from administrative bodies and non-commercial enterprises	--	--
4	Receivables from multilateral development banks	--	--
5	Receivables from international organizations	--	--
6	Receivables from banks and brokerage houses	11.357.769	11.447.777
7	Receivables from corporate portfolio	95.557.477	96.962.866
8	Receivables from retail portfolio	48.927.327	48.633.501
9	Receivables secured by residential mortgages	3.487.895	3.777.875
10	Receivables secured by commercial mortgages	15.290.486	14.633.408
11	Past due receivables	5.747.555	3.893.272
12	Receivables defined in high risk category by BRSA	22.102	38.412
13	Securities collateralized by mortgages	--	--
14	Short-term receivables from banks, brokerage houses and corporate portfolio	--	--
15	Investments similar to collective investment funds	6.365	2.764
16	Other receivables	6.975.102	6.420.925
17	Equity investments	840.146	835.970
18	Total	246.470.082	239.012.910

(*) Includes the risks included in the total banking book before the credit risk reduction and after the credit conversion rate.
(**) Arithmetical average of the quarterly reported amounts.

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 realised 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.

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

e. Evaluation of the significance of country specific risk considering the economic conditions 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 significant credit risk concentration when evaluated together with the financial activities of other financial institutions as an active participant in the international banking 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 receivables from the top 100 and 200 cash loan customers in the total cash loans portfolio

The receivables of DFS Group from the top 100 and 200 cash loan customers constitute 38% and 47% of the total cash loans portfolio (31 December 2019: 40%, 49%).

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

The receivables of DFS Group from the top 100 and 200 non-cash loan customers constitute 52% and 63% of the total non-cash loans portfolio (31 December 2019: 52%, 64%).

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

The share of the cash and non-cash receivables of DFS Group from top 100 and 200 loan customers constitute 23% and 29% of the total balance sheet and off-balance sheet assets (31 December 2019: 25%, 31%).

g. Expected credit loss for credit risk undertaken by DFS Group

As at 31 December 2020, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by DFS Group amounts to TL 8.293.291.

As at 31 December 2019, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by DFS Group amounts to TL 5.137.201.

h. Information on loans and provisions for expected loss

Current Period - 31 December 2020	Balance	Provision
Loans	184.033.781	16.303.807
Stage 1	140.687.698	1.469.687
Stage 2	30.005.150	6.306.466
Stage 3	12.893.521	8.527.654
Financial Assets	84.986.942	3.809
Other	6.408.395	7.602
Non-cash Loans	100.645.070	878.732
Stage 1 and 2	99.637.120	505.727
Stage 3	1.007.950	373.005
Total	375.626.776	17.193.950

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i. Information on provisions for expected loss for loans

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the period (1 January 2020)	1.258.205	3.192.042	5.938.259	10.388.506
Transfers	53.810	(616.600)	562.790	--
Stage 1	237.975	(236.910)	(1.065)	--
Stage 2	(176.852)	227.155	(50.303)	--
Stage 3	(7.313)	(606.845)	614.158	--
Loans addition in the period	240.225	164.687	127.715	532.627
Disposals from loans in the period	(120.101)	(922.595)	(345.205)	(1.387.901)
Provisions changes during the period (*)	(88.292)	4.354.476	3.515.338	7.781.522
Loans written off (**)	--	--	(1.922.602)	(1.922.602)
Loans sold	--	--	--	--
Foreign exchange differences	125.840	134.456	651.359	911.655
Balance at the end of the period (31 December 2020)	1.469.687	6.306.466	8.527.654	16.303.807

(*) The related amounts include the changes in the provision for expected credit loss for the period of the loans remaining at the same stage during the year and the provisions for expected credit loss created by the transfers between the stages within the year.

(**) As of 31 December 2020, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the DFS Group, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, loans amounting to TL 1.922.602 were written-off from the records.

j. Information on loan movements (*)

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the period (1 January 2020)	116.251.125	25.367.397	11.555.590	153.174.112
Transfers	(4.693.292)	1.769.066	2.924.226	--
Stage 1	3.019.499	(3.017.230)	(2.269)	--
Stage 2	(7.463.917)	7.564.465	(100.548)	--
Stage 3	(248.874)	(2.778.169)	3.027.043	--
Loans addition in the period	48.022.583	6.945.400	543.947	55.511.930
Disposals from loans in the period	(34.000.989)	(4.829.770)	(1.192.613)	(40.023.372)
Loans written off (**)	--	--	(1.922.602)	(1.922.602)
Loans sold	--	--	--	--
Foreign exchange differences	15.108.271	753.057	984.973	16.846.301
Balance at the end of the period (31 December 2020)	140.687.698	30.005.150	12.893.521	183.586.369

(*) The balances of loans at fair value through profit or loss are not included.

(**) As of 31 December 2020, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the DFS Group, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, loans amounting to TL 1.922.602 were written-off from the records. The effect of this accounting treatment on the non-performing loans ratio of the DFS Group is 96 basis points.

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k. Profile of significant exposures in major regions

	Risk Classifications (*)(***)																	
Current Period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Domestic	42.824.727	3.954.932	-	--	--	1.645.291	59.922.436	60.162.325	2.853.728	14.978.500	3.509.341	187.457	--	--	--	8.831.055	466	198.870.258
European Union Countries	19.167.964	--	-	--	--	6.497.298	11.996.124	66.490	18.430	56.082	79.396	(355)	--	--	--	407.102	311	38.288.842
OECD Countries (**)	--	--	-	--	--	579.523	2.155.075	2.454	1.101	--	--	--	--	--	--	--	--	2.738.153
Off-Shore Banking Regions	--	--	-	--	--	176.041	1.531.874	3.663	5.121	566.262	2	--	--	--	--	--	--	2.282.963
USA, Canada	92.138	--	-	--	--	1.525.421	70.511	3.812	1.938	1.247	--	--	--	--	--	--	--	1.695.067
Ohter Countries	198.481	--	-	--	--	4.263.035	3.261.655	552.799	31.750	40.260	46.588	--	--	--	--	136.296	--	8.530.864
Subsidiares,Associates and jointly controlled companies	--	--	-	--	--	--	--	--	--	--	--	--	--	--	--	--	831.013	831.013
UnallocatedAssets/Liabilities	193.736	19.420	-	--	--	3.785.035	24.054.104	3.564.421	311.249	1.422.505	253.795	52	--	--	1.181	--	--	33.605.498
Total	**62.477.046**	**3.974.352**	**-**	**--**	**--**	**18.471.644**	**102.991.779**	**64.355.964**	**3.223.317**	**17.064.856**	**3.889.122**	**187.154**	**--**	**--**	**1.181**	**9.374.453**	**831.790**	**286.842.658**

	Risk Classifications (*)(***)																	
Prior Period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Domestic	35.198.773	2.774.335	-	--	--	2.958.610	51.020.549	45.525.486	3.211.067	12.935.319	5.519.783	22.102	--	--	--	6.265.019	77.942	165.508.985
European Union Countries	20.097.622	80.335	-	--	--	1.478.300	15.112.757	85.702	21.822	260.663	71.506	--	--	--	--	475.577	--	37.684.284
OECD Countries (**)	--	--	-	--	--	47.060	4.163.175	3.324	1.452	--	61	--	--	--	--	--	--	4.215.072
Off-Shore Banking Regions	--	--	-	--	--	369	1.129.981	3.069	1.222	572.055	--	--	--	--	--	149.234	--	1.855.930
USA, Canada	--	--	-	--	--	1.348.588	339.215	5.017	2.795	106	1	--	--	--	--	--	--	1.695.722
Ohter Countries	7.360	--	-	--	--	2.720.874	4.031.292	43.321	33.388	45.657	2.563	--	--	--	--	85.272	--	6.969.727
Subsidiares,Associates and jointly controlled companies	--	--	-	--	--	--	--	--	--	--	--	--	--	--	--	--	762.204	762.204
UnallocatedAssets/Liabilities	89.825	9.608	-	--	--	2.803.968	19.760.508	3.261.408	216.149	1.476.686	153.641	--	--	--	6.365	--	--	27.778.158
Total	**55.393.580**	**2.864.278**	**-**	**--**	**--**	**11.357.769**	**95.557.477**	**48.927.327**	**3.487.895**	**15.290.486**	**5.747.555**	**22.102**	**--**	**--**	**6.365**	**6.975.102**	**840.146**	**246.470.082**

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

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

(**) OECD countries except for EU countries, USA and Canada
(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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l. Risk Profile by Sectors or Counterparties

	Risk Classifications (*)(**)																			
Current Period: 31 December 2020	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TL**	**FC**	**Total**
Agricultural	**123.982**	**--**	**--**	**--**	**--**	**--**	**2.043.210**	**12.650.872**	**215.909**	**1.954.099**	**253.940**	**93**	**--**	**--**	**--**	**686.800**	**--**	**16.456.209**	**1.472.696**	**17.928.905**
Farming and Cattle	123.982	--	--	--	--	--	2.035.789	12.632.388	213.627	1.953.382	251.601	93	--	--	--	686.800	--	16.427.779	1.469.883	17.897.662
Forestry	--	--	--	--	--	--	--	3.818	1.662	549	23	--	--	--	--	--	--	5.481	571	6.052
Fishing	--	--	--	--	--	--	7.421	14.666	620	168	2.316	--	--	--	--	--	--	22.949	2.242	25.191
Manufacturing	**--**	**--**	**--**	**--**	**--**	**--**	**25.530.703**	**2.728.036**	**314.651**	**2.218.361**	**649.820**	**1.045**	**--**	**--**	**--**	**15**	**--**	**8.185.585**	**23.257.046**	**31.442.631**
Mining	--	--	--	--	--	--	1.327.537	194.242	16.593	55.270	23.335	17	--	--	--	--	--	678.600	938.394	1.616.994
Production	--	--	--	--	--	--	18.435.591	2.347.674	290.951	1.665.345	509.975	1.028	--	--	--	15	--	6.821.648	16.428.931	23.250.579
Electric, Gas, Water	--	--	--	--	--	--	5.767.575	186.120	7.107	497.746	116.510	--	--	--	--	--	--	685.337	5.889.721	6.575.058
Construction	**--**	**1.955.548**	**--**	**--**	**--**	**--**	**19.148.699**	**1.848.616**	**289.872**	**1.084.224**	**530.713**	**125.448**	**--**	**--**	**--**	**17**	**2.800**	**7.709.933**	**17.276.004**	**24.985.937**
Services	**22.077**	**32.221**	**--**	**--**	**--**	**10.211.426**	**37.936.367**	**8.993.101**	**808.794**	**10.037.970**	**1.595.631**	**57.286**	**--**	**--**	**182**	**22.290**	**823.638**	**21.023.934**	**49.517.049**	**70.540.983**
Wholesale and Retail Trade	28	6.240	--	--	--	--	14.317.140	7.064.827	540.871	1.828.790	458.554	996	--	--	--	54	--	10.964.551	13.252.949	24.217.500
Hotel and Restaurant Services	--	--	--	--	--	--	10.539.510	315.894	105.291	6.844.151	945.323	56.106	--	--	--	--	--	2.239.994	16.566.281	18.806.275
Transportation and telecommunication	--	--	--	--	--	--	6.793.045	1.081.772	112.923	504.754	156.613	170	--	--	--	267	--	2.936.133	5.713.411	8.649.544
Financial institution	22.049	--	--	--	--	10.211.426	623.466	112.126	7.538	23.497	1.523	1	--	--	182	21.966	817.638	2.305.692	9.535.720	11.841.412
Real estate and letting services	--	15.486	--	--	--	--	207.867	90.597	7.492	33.136	4.449	13	--	--	--	2	6.000	222.789	142.253	365.042
Self-employement services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	--	7.586	--	--	--	--	716.284	179.370	19.237	494.293	25.452	--	--	--	--	1	--	1.239.004	203.219	1.442.223
Health and social services	--	2.909	--	--	--	--	4.739.055	148.515	15.442	309.349	3.717	--	--	--	--	--	--	1.115.771	4.103.216	5.218.987
Other	**62.330.987**	**1.986.583**	**--**	**--**	**--**	**8.260.218**	**18.332.800**	**38.135.339**	**1.594.091**	**1.770.202**	**859.018**	**3.282**	**--**	**--**	**999**	**8.665.331**	**5.352**	**70.315.584**	**71.628.618**	**141.944.202**
Total	**62.477.046**	**3.974.352**	**--**	**--**	**--**	**18.471.644**	**102.991.779**	**64.355.964**	**3.223.317**	**17.064.856**	**3.889.122**	**187.154**	**--**	**--**	**1.181**	**9.374.453**	**831.790**	**123.691.245**	**163.151.413**	**286.842.658**

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

1: Receivables from central governments and Central Banks
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9: Receivables secured by residential mortgages
10: Receivables secured by commercial mortgages
11: Past due receivables
12: Receivables defined in high risk category by BRSA
13: Securities collateralized by mortgages
14: Short-term receivables from banks, brokerage houses and corporate portfolio
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(**) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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Prior Period: 31 December 2019	Risk Classifications (*)(**)																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	**66.779**	**--**	**--**	**--**	**--**	**--**	**2.782.941**	**11.586.967**	**167.301**	**1.600.460**	**351.113**	**165**	**--**	**--**	**--**	**420.998**	**--**	**14.599.791**	**2.376.933**	**16.976.724**
Farming and Cattle	66.779	--	--	--	--	--	2.780.739	11.573.495	166.067	1.600.020	347.622	165	--	--	--	420.998	--	14.582.806	2.373.079	16.955.885
Forestry	--	--	--	--	--	--	--	4.465	549	284	102	--	--	--	--	--	--	4.575	825	5.400
Fishing	--	--	--	--	--	--	2.202	9.007	685	156	3.389	--	--	--	--	--	--	12.410	3.029	15.439
Manufacturing	**--**	**--**	**--**	**--**	**--**	**--**	**20.477.677**	**2.218.760**	**274.925**	**2.678.094**	**836.351**	**3.249**	**--**	**--**	**--**	**8**	**--**	**5.487.464**	**21.001.600**	**26.489.064**
Mining	--	--	--	--	--	--	1.075.657	141.384	12.974	93.013	76.001	115	--	--	--	--	--	616.734	782.410	1.399.144
Production	--	--	--	--	--	--	13.340.908	2.026.375	256.757	2.550.654	701.085	3.134	--	--	--	8	--	4.047.638	14.831.283	18.878.921
Electric, Gas, Water	--	--	--	--	--	--	6.061.112	51.001	5.194	34.427	59.265	--	--	--	--	--	--	823.092	5.387.907	6.210.999
Construction	**--**	**980.975**	**--**	**--**	**--**	**52**	**18.357.743**	**1.346.104**	**327.938**	**962.438**	**611.539**	**6.990**	**--**	**--**	**--**	**12**	**2.800**	**5.565.575**	**17.031.016**	**22.596.591**
Services	**28.231**	**28.845**	**--**	**--**	**--**	**5.681.386**	**34.398.054**	**6.667.310**	**736.068**	**8.136.817**	**2.588.639**	**2.717**	**--**	**--**	**5.173**	**32.951**	**748.913**	**17.935.480**	**41.119.624**	**59.055.104**
Wholesale and Retail Trade	29	9.238	--	--	--	57	15.105.821	5.178.730	477.822	1.640.093	726.304	1.833	--	--	--	317	--	8.692.126	14.448.118	23.140.244
Hotel and Restaurant Services	--	--	--	--	--	--	8.445.552	288.706	111.071	5.136.505	1.651.940	54	--	--	--	--	--	1.974.586	13.659.242	15.633.828
Transportation and telecommunication	--	--	--	--	--	8	5.230.625	852.785	97.342	417.863	98.256	732	--	--	--	221	--	2.104.599	4.593.233	6.697.832
Financial institution	28.202	--	--	--	--	5.681.321	423.405	58.477	7.082	12.136	6.028	19	--	--	5.173	32.413	742.913	3.075.085	3.922.084	6.997.169
Real estate and letting services	--	8.526	--	--	--	--	312.497	57.316	12.554	74.172	8.142	29	--	--	--	--	6.000	197.305	281.931	479.236
Self-employement services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	--	9.711	--	--	--	--	647.403	105.758	17.961	620.314	48.270	14	--	--	--	--	--	1.045.553	403.878	1.449.431
Health and social services	--	1.370	--	--	--	--	4.232.751	125.538	12.236	235.734	49.699	36	--	--	--	--	--	846.226	3.811.138	4.657.364
Other	**55.298.570**	**1.854.458**	**--**	**--**	**--**	**5.676.331**	**19.541.062**	**27.108.186**	**1.981.663**	**1.912.677**	**1.359.913**	**8.981**	**--**	**--**	**1.192**	**6.521.133**	**88.433**	**55.598.997**	**65.753.602**	**121.352.599**
Total	**55.393.580**	**2.864.278**	**--**	**--**	**--**	**11.357.769**	**95.557.477**	**48.927.327**	**3.487.895**	**15.290.486**	**5.747.555**	**22.102**	**--**	**--**	**6.365**	**6.975.102**	**840.146**	**99.187.307**	**147.282.775**	**246.470.082**

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

1: Receivables from central governments and Central Banks
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4: Receivables from multilateral development banks
5: Receivables from international organizations
6: Receivables from banks and brokerage houses
7: Receivables from corporate portfolio
8: Receivables from retail portfolio
9: Receivables secured by residential mortgages
10: Receivables secured by commercial mortgages
11: Past due receivables
12: Receivables defined in high risk category by BRSA
13: Securities collateralized by mortgages
14: Short-term receivables from banks, brokerage houses and corporate portfolio
15: Investments similar to collective investment funds
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(**) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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

Current Period

	Risk classifications	Undistributed (*)	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
1	Receivables from central governments and Central Banks	10.486.353	10.615.962	15.231.738	2.455	9.974	26.130.564
2	Receivables from regional or local governments	--	1.753	8.116	2.867	978.627	2.982.989
3	Receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	--
4	Receivables from multilateral development banks	--	--	--	--	--	--
5	Receivables from international organizations	--	--	--	--	--	--
6	Receivables from banks and brokerage houses	3.007.551	3.258.484	3.684.671	1.619.613	1.546.407	5.354.918
7	Receivables from corporate portfolio	--	7.550.228	7.181.531	7.383.405	11.886.129	68.990.486
8	Receivables from retail portfolio	--	15.080.534	2.595.320	3.302.477	13.102.797	30.274.836
9	Receivables secured by residential mortgages	14	150.530	170.520	231.243	465.195	2.205.815
10	Receivables secured by commercial mortgages	1	870.207	515.626	672.956	1.591.588	13.414.478
11	Past due receivables	3.889.122	--	--	--	--	--
12	Receivables defined in high risk category by BRSA	187.154	--	--	--	--	--
13	Securities collateralized by mortgages	--	--	--	--	--	--
14	Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--	--	--
15	Investments similar to collective investment funds	--	1.169	12	--	--	--
16	Other receivables	8.807.976	22.768	1	--	--	543.708
17	Equity investments	831.790	--	--	--	--	--
18	**Total**	**27.209.961**	**37.551.635**	**29.387.535**	**13.215.016**	**29.580.717**	**149.897.794**

(*) Amounts without maturities are included.

Prior Period

	Risk classifications	Undistributed (*)	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
1	Receivables from central governments and Central Banks	6.930.702	9.092.682	18.809.822	--	--	20.560.374
2	Receivables from regional or local governments	--	548	1.069	4.342	168.242	2.690.077
3	Receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	--
4	Receivables from multilateral development banks	--	--	--	--	--	--
5	Receivables from international organizations	--	--	--	--	--	--
6	Receivables from banks and brokerage houses	1.992.160	3.539.202	1.069.824	762.191	379.507	3.614.885
7	Receivables from corporate portfolio	281	5.571.920	5.523.386	5.296.086	12.207.200	66.958.604
8	Receivables from retail portfolio	1.112	11.145.073	2.293.308	2.814.992	8.692.220	23.980.622
9	Receivables secured by residential mortgages	--	132.287	139.409	191.425	310.503	2.714.271
10	Receivables secured by commercial mortgages	--	794.079	593.754	551.611	1.446.461	11.904.581
11	Past due receivables	5.747.555	--	--	--	--	--
12	Receivables defined in high risk category by BRSA	22.102	--	--	--	--	--
13	Securities collateralized by mortgages	--	--	--	--	--	--
14	Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--	--	--
15	Investments similar to collective investment funds	--	144	5.718	--	503	--
16	Other receivables	6.482.726	65.693	--	--	--	426.683
17	Equity investments	840.146	--	--	--	--	--
18	**Total**	**22.016.784**	**30.341.628**	**28.436.290**	**9.620.647**	**23.204.636**	**132.850.097**

(*) Amounts without maturities are included.

n. Information on risk class

Ratings issued by Fitch, international credit rating agency, are being used in determining risk weights for the regulatory calculation of capital adequacy.

The scope of asset classes that the credit ratings are considered are receivables from central governments or central bank, receivables from banks and brokerage houses as being limited with those residing abroad and corporate receivables from residing abroad.

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Current Period

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

Prior Period

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

o. Exposures by risk weights

Current Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Equity Deduction
Exposures before Credit Risk Mitigation	62.337.266	--	10.339.198	--	14.776.128	69.371.971	129.467.646	550.449	--	--	--	853.531
Exposures after Credit Risk Mitigation	71.017.569	--	10.354.225	3.072.830	28.325.158	58.690.725	106.948.063	91.258	--	--	--	853.531

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p. Information by major sectors and type of counterparties (*)

Current Period

Important Sectors/Counterparties	Loans (**)		Provisions
	Impaired (TFRS 9)		Provision for Expected Credit Loss (TFRS 9) (***)
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	
Agricultural	**4.299.059**	**1.801.518**	**1.615.890**
Farming and Cattle	4.281.375	1.800.513	1.602.346
Forestry	17.302	359	12.871
Fishing	382	646	673
Manufacturing	**5.404.753**	**2.847.218**	**2.873.603**
Mining	690.421	90.616	93.326
Production	2.248.872	1.492.521	1.521.300
Electric, Gas, Water	2.465.460	1.264.081	1.258.977
Construction	**2.123.469**	**1.313.690**	**1.929.985**
Services	**10.768.403**	**6.210.018**	**6.682.718**
Wholesale and Retail Trade	2.951.618	1.184.162	1.563.790
Hotel and Restaurant Services	4.899.310	2.967.711	2.708.756
Transportation & telecommunication	1.078.316	441.833	712.281
Financial institutions	15.293	7.011	7.182
Real estate and letting services	506.366	1.382.618	1.345.845
Self-employement services	125.639	125.730	135.106
Education services	171.635	36.937	68.804
Health and social services	1.020.226	64.016	140.954
Other	**7.409.466**	**721.077**	**1.731.924**
Total	**30.005.150**	**12.893.521**	**14.834.120**

(*) The balances of loans at fair value through profit or loss are not included.
(**) Cash loans are given.
(***) Includes the stage 2 and stage 3 provisions.

Prior Period

Important Sectors/Counterparties	Loans (**)		Provisions
	Impaired (TFRS 9)		Provision for Expected Credit Loss (TFRS 9) (***)
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	
Agricultural	**4.267.931**	**1.624.320**	**769.524**
Farming and Cattle	4.229.366	1.619.058	760.697
Forestry	28.779	2.140	7.617
Fishing	9.786	3.122	1.210
Manufacturing	**3.585.741**	**2.023.916**	**1.686.635**
Mining	514.538	158.714	116.863
Production	2.356.529	1.046.778	999.680
Electric, Gas, Water	714.674	818.424	570.092
Construction	**2.376.737**	**1.265.844**	**978.257**
Services	**9.329.391**	**5.404.732**	**4.276.834**
Wholesale and Retail Trade	2.325.329	1.790.108	1.097.326
Hotel and Restaurant Services	3.693.209	1.974.985	1.576.123
Transportation & telecommunication	1.342.514	219.729	491.529
Financial institutions	78.749	88.678	39.423
Real estate and letting services	530.350	1.115.059	730.238
Self-employement services	216.685	94.936	100.578
Education services	367.897	54.536	50.573
Health and social services	774.658	66.701	191.044
Other	**5.807.597**	**1.236.778**	**1.419.051**
Total	**25.367.397**	**11.555.590**	**9.130.301**

(*) The balances of loans at fair value through profit or loss are not included.
(**) Cash loans are given.
(***) Includes the stage 2 and stage 3 provisions.

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q. Information on movements in valuation adjustments and provisions

Current Period: 31 December 2020	Opening Balance (After TFRS 9) 1 January 2020	Charge for the period	Other Adjustments (*)	Closing Balance
Default (Stage 3 / Specific Provision)	5.938.259	4.027.741	(1.438.346)	8.527.654
12 Months Provision for Expected Credit Loss (Stage 1)	1.258.205	128.661	82.819	1.469.685
Significant Increase in Credit Risk (Stage 2)	3.192.042	2.438.116	676.308	6.306.466

(*) Includes sales made from non-performing loans, write-off and foreign exchange differences.

Prior Period: 31 December 2019	Opening Balance (After TFRS 9) 1 January 2019	Charge for the period	Other Adjustments (*)	Closing Balance
Default (Stage 3 / Specific Provision)	4.081.111	4.084.557	(2.227.409)	5.938.259
12 Months Provision for Expected Credit Loss (Stage 1)	1.107.348	112.726	38.131	1.258.205
Significant Increase in Credit Risk (Stage 2)	1.856.902	1.273.561	61.579	3.192.042

(*) Includes sales made from non-performing loans, write-off and foreign exchange differences.

r. Information on cyclical capital buffer calculation:

Current Period

Country of ultimate risk	Private sector credit exposure in banking book	Risk weighted equivalent trading book	Total
Turkey	150.548.810	225.907	150.774.717
England	3.346.831	--	3.346.831
Switzerland	2.637.474	--	2.637.474
Netherlands	2.328.800	--	2.328.800
Germany	4.293.748	--	4.293.748
United Arab Emirates	1.854.649	--	1.854.649
Other	13.207.049	--	13.207.049

Prior Period

Country of ultimate risk	Private sector credit exposure in banking book	Risk weighted equivalent trading book	Total
Turkey	115.435.714	756.021	116.191.735
England	4.985.230	--	4.985.230
Switzerland	4.335.396	--	4.335.396
Netherlands	2.940.088	--	2.940.088
Germany	2.690.285	--	2.690.285
United Arab Emirates	1.865.689	--	1.865.689
Other	8.250.990	--	8.250.990

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III. Explanations related to the consolidated foreign currency exchange rate risk

a. Foreign exchange rate risk the Group is exposed to, related impact estimations, and the limits set by the Board of Directors of the Parent Bank for positions which are monitored daily

Foreign currency risk arises from the DFS Group's net foreign exchange position arising from foreign currency in balance sheet and off-balance sheet assets and liabilities. Against foreign currency risk, the Bank performs foreign currency transactions, as well as foreign currency transactions. Foreign currency indexed transactions are also accepted in foreign currency in the management of exchange rate risk.

The management and follow-up of currency risk has been handled through separate processes for trading and banking accounts. In the management of the position arising from trading accounts, risk-based value-at-risk limit, position limits, option sensitivity limits and stop loss limits are defined and monitored daily. The limit system was formed in two levels by the Board of Directors and the Asset-Liability Committee.

The ultimate responsibility for the management of currency risk arising from banking accounts lies in the Asset-Liability Committee (“ALCO”). Positions are constantly monitored and transactions are carried out in line with the strategy determined by ALCO. In addition to the legal limits, the limits determined by the Board of Directors on the basis of total and foreign currency are taken into account in managing the exchange rate risk.

b. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives

In accordance with TFRS 9, DFS Group applies net investment hedge accounting to avoid foreign currency exchange rate risk arising from translation of its foreign investments in its consolidated financial statements.

Information relating to investment hedge to avoid foreign currency exchange rate risk arising from retranslation of its foreign investments are explained in Section Four, note VIII-a.

c. Foreign currency risk management policy

The procedures and principles regarding the management of currency risk have been written down in the Currency Risk Policy. The limit system, which is the most important element of the Bank's risk management policy, is reviewed once a year and approved by the Board of Directors, considering the general economic situation and developments in the markets.

d. The Parent Bank’s current foreign exchange buying rates announced to the public as of the financial statement date and for the last five working days before that date

US Dollar purchase rate at the balance sheet date	TL 7,4194
Euro purchase rate at the balance sheet date	TL 9,1164

Date	US Dollar	Euro
25 December 2020	7,5517	9,2037
28 December 2020	7,4738	9,1370
29 December 2020	7,4063	9,0697
30 December 2020	7,3405	9,0079
31 December 2020	7,4194	9,1164

e. The simple arithmetic average of the Parent Bank’s current foreign exchange buying rate for the last thirty days from the date of the financial statements

The arithmetical average US Dollar and Euro purchase rates for December 2020 are TL 7,7138 and TL 9,3887 respectively.

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f. Information on currency risk

Current Period	EURO	USD	Other FC (6)	Total
Assets				
Cash Equivalents and Central Bank	24.339.176	9.792.105	3.645.929	**37.777.210**
Banks	3.214.053	7.550.808	443.866	**11.208.727**
Financial Assets at Fair Value through Profit or Loss (Net) (1)	509.214	898.218	1	**1.407.433**
Due from Money Markets	--	--	--	**--**
Financial Assets at Fair Value through Other Comprehensive Income(2)	6.463.824	7.292.911	398.702	**14.155.437**
Loans (3)	58.039.159	26.266.244	2.251.398	**86.556.801**
Investments in Associates, Subsidiaries and Joint Ventures	319	--	--	**319**
Financial Assets Measured at Amortised Cost (3)	--	3.152.687	--	**3.152.687**
Hedging Derivative Financial Assets	--	--	--	**--**
Tangible Fixed Assets	343.843	183	9.931	**353.957**
Intangible Fixed Assets (4)	--	--	--	**--**
Other Assets (5)	394.554	1.034.141	316.239	**1.744.934**
Total Assets	**93.304.142**	**55.987.297**	**7.066.066**	**156.357.505**
Liabilities				
Bank Deposits	9.486.807	4.285.960	1.105.139	**14.877.906**
Foreign Currency Deposits	64.875.253	42.291.235	12.658.477	**119.824.965**
Due to Money Markets	--	3.305.635	--	**3.305.635**
Funds Borrowed	11.532.470	16.767.326	1.203.347	**29.503.143**
Securities Issued	175.315	37.348	414.256	**626.919**
Miscellaneous Payables	--	--	--	**--**
Hedging Derivative Financial Liabilities	--	--	--	**--**
Other Liabilities (7)	3.629.818	3.084.217	259.417	**6.973.452**
Total Liabilities	**89.699.663**	**69.771.721**	**15.640.636**	**175.112.020**
Net on Balance Sheet Position	**3.604.479**	**(13.784.424)**	**(8.574.570)**	**(18.754.515)**
Net off-Balance Sheet Position (8)	**(1.836.850)**	**14.404.473**	**8.947.534**	**21.515.157**
Financial Derivative Assets	19.267.278	43.480.914	13.078.101	**75.826.293**
Financial Derivative Liabilities	(21.104.128)	(29.076.441)	(4.130.567)	**(54.311.136)**
Net Positions	**1.767.629**	**620.049**	**372.964**	**2.760.642**
Non Cash Loans	14.484.745	14.209.051	1.353.224	**30.047.020**
Prior Period				
Total Assets	**78.405.699**	**46.831.702**	**5.772.984**	**131.010.385**
Total Liabilities	**73.805.256**	**57.546.501**	**4.173.129**	**135.524.886**
Net on Balance Sheet Position	**4.600.443**	**(10.714.799)**	**1.599.855**	**(4.514.501)**
Net off-Balance Sheet Position	**(4.898.673)**	**10.481.671**	**(1.203.826)**	**4.379.172**
Financial Derivative Assets	22.935.455	34.632.769	2.846.185	**60.414.409**
Financial Derivative Liabilities	(27.834.128)	(24.151.098)	(4.050.011)	**(56.035.237)**
Net Positions	**(298.230)**	**(233.128)**	**396.029**	**(135.329)**
Non Cash Loans	10.789.614	11.648.961	1.427.582	**23.866.157**

(1) : Foreign currency differences of derivative financial assets amounting to TL 1.293.442 are excluded.

(2) : Negative valuation differences of securities acquired prior to 23 March 2020 amounting to TL 13.891 are not included.

(3) : Foreign currency indexed loans amounting to TL 856.907 are included. Stage 1 and Stage 2 loan provisions amounting to TL (2.311.520) are not included. There are no provisions for financial assets measured at amortised cost.

(4) : Intangible assets amounting to TL 58.407 are not included.

(5) : Prepaid expenses amounting to TL 65.088 and stage 1 and stage 2 provisions for financial assets amounting to TL (3.067) are not included.

(6) : There are gold balances amounting to TL 5.017.893 under total assets and TL 8.566.342 in total liabilities.

(7) : FX equity amounting to TL 13.086.901, foreign exchange rate differences related to derivative financial liabilities amounting to TL 1.206.215 and stage 1 and stage 2 provisions amounting to TL 2.777 are not included.

(8) : Net amount of receivables and liabilities from financial derivatives is shown on the table. Spot foreign exchange buy/sale transactions that are reported under the "Asset Purchase Commitments" are included in "Net Off-Balance Sheet Position".

g. Information on currency risk exposured

In the event TL loses 10% in value against the currencies below, the increase and decrease in equities and statement of profit or loss (excluding tax effect) as of 31 December 2020 and 2019 are shown in the table below. This analysis has been prepared under the assumption that all other variables, especially interest rates, to be constant.

	Current Period		Prior Period	
	Period Profit/Loss	Equity	Period Profit/Loss	Equity
USD	(57.633)	(37.938)	(30.746)	(32.062)
Euro	54.393	36.439	(62.338)	(68.567)
Total (Net)	**(3.240)**	**(1.499)**	**(93.084)**	**(100.629)**

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IV. Explanations related to the consolidated interest rate risk

Interest rate risk arises from mismatch between the repricing dates of the assets, liabilities and off-balance sheet items (for floating-rate products) or maturities (for fixed-rate products). Although this mismatch is a structural situation in the banking system, it may affect the bank's interest income and expense and the economic value of the balance sheet if there are unexpected changes in interest rates.

The ultimate responsibility for managing the interest rate risk is in the Asset and Liability Committee (ALCO). However, the Treasury and Asset Liability and Capital Management units are responsible for identifying the most appropriate strategies for interest rate risk management and recommending them to decision makers. There are limits approved by the Board of Directors for the control of interest rate risk.

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items (In terms of time remaining for repricing):

End of The Current Period	Up to 1 Month	1 - 3 Month	3 - 12 Month	1 - 5 Year	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	982.481	--	--	--	--	39.047.437	**40.029.918**
Banks(1)	3.101.385	3.720.020	1.988.845	33.553	--	2.868.484	**11.712.287**
Financial Assets at Fair Value through Profit or Loss	49.365	4.606	453.988	--	28.346	3.381.821	**3.918.126**
Due from Money Markets	1.763.207	--	--	--	--	--	**1.763.207**
Financial Assets at Fair Value through Other Comprehensive Income	3.927.228	3.939.035	5.215.785	4.477.995	2.737.414	777	**20.298.234**
Loans	49.460.108	12.868.333	36.243.239	50.501.032	13.843.983	4.365.867	**167.282.562**
Financial Assets Measured at Amortised Cost(2)	2.725.105	452.644	299.725	3.783.887	--	--	**7.261.361**
Other Assets (3)	41	3.362	249	887.599	--	10.803.702	**11.694.953**
Total Assets	**62.008.920**	**20.988.000**	**44.201.831**	**59.684.066**	**16.609.743**	**60.468.088**	**263.960.648**
Liabilities							
Bank Deposits	8.339.435	4.109.451	205.045	3.645.177	--	952.956	**17.252.064**
Other Deposits	60.934.789	23.115.430	15.470.262	15.410.454	986.718	51.549.596	**167.467.249**
Due to Money Markets	2.207.320	199.160	2.106.496	--	--	--	**4.512.976**
Miscellaneous Payables	--	--	--	--	--	--	**--**
Securities Issued	248.514	679.885	907.133	515.453	817.622	--	**3.168.607**
Funds Borrowed	5.297.764	13.611.266	6.013.042	1.238.652	5.742.251	--	**31.902.975**
Other Liabilities (4)	571.591	205.483	4.606.364	1.725.581	170.587	32.377.171	**39.656.777**
Total Liabilities	**77.599.413**	**41.920.675**	**29.308.342**	**22.535.317**	**7.717.178**	**84.879.723**	**263.960.648**
Balance Sheet Long Position	--	--	14.893.489	37.148.749	8.892.565	--	**60.934.803**
Balance Sheet Short Position	(15.590.493)	(20.932.675)	--	--	--	(24.411.635)	**(60.934.803)**
Off-balance Sheet Long Position	3.304.376	1.746.694	--	--	--	--	**5.051.070**
Off-balance Sheet Short Position	--	--	(751.249)	(2.185.858)	(1.471.353)	--	**(4.408.460)**
Total Position	**(12.286.117)**	**(19.185.981)**	**14.142.240**	**34.962.891**	**7.421.212**	**(24.411.635)**	**642.610**

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (3.127).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (682).

(3) Other assets / non-interest bearing column includes; tangible assets, intangible assets, investment properties, investments in associates, subsidiaries and joint ventures, tax assets, assets to be disposed, the provisions for expected credit loss of other assets and other assets with balances of TL 1.354.641, TL 423.409, TL 355.990, TL 831.013, TL 1.802.155, TL 1.572.819, TL (7.602) and TL 4.471.277, respectively.

(4) Other liabilities / non-interest bearing column includes; shareholders' equity, current tax liabilities, deferred tax liabilities, provisions, derivative financial liabilities and other liabilities amounting to TL 23.027.435, TL 392.582, TL 64.714, TL 2.309.167, TL 2.154.844 and TL 4.428.429, respectively.

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End of The Prior Period	Up to 1 Month	1 - 3 Month	3 - 12 Month	1 - 5 Year	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	46.058	--	--	--	--	35.625.795	**35.671.853**
Banks [1]	3.183.418	712.787	978.151	--	--	1.826.114	**6.700.470**
Financial Assets at Fair Value through Profit or Loss (Net)	46.814	14.832	475.779	57.145	136.540	1.437.909	**2.169.019**
Due from Money Markets	1.261.789	--	--	--	--	--	**1.261.789**
Financial Assets at Fair Value through Other Comprehensive Income	634.298	2.507.112	2.238.267	6.328.363	2.388.133	78.397	**14.174.570**
Loans	38.462.319	11.640.957	26.094.592	45.387.812	15.582.595	5.617.331	**142.785.606**
Financial Assets Measured at Amortised Cost [2]	2.582.011	494.018	503.134	1.724.146	1.468.891	--	**6.772.200**
Other Assets [3]	68	29.290	30	503.632	--	7.245.546	**7.778.566**
Total Assets	**46.216.775**	**15.398.996**	**30.289.953**	**54.001.098**	**19.576.159**	**51.831.092**	**217.314.073**
Liabilities							
Bank Deposits	696.179	1.812.433	690.190	4.078	--	547.701	**3.750.581**
Other Deposits	68.161.278	14.727.896	17.561.879	17.171.246	999.617	35.836.687	**154.458.603**
Due to Money Markets	459.048	--	--	--	--	--	**459.048**
Miscellaneous Payables	--	--	--	--	--	--	**--**
Securities Issued	2.721.949	1.213.528	--	279.296	--	--	**4.214.773**
Funds Borrowed	3.024.417	5.073.284	6.231.232	7.892.899	2.849	--	**22.224.681**
Other Liabilities [4]	45.310	297.564	4.318.164	848.160	160.462	26.536.727	**32.206.387**
Total Liabilities	**75.108.181**	**23.124.705**	**28.801.465**	**26.195.679**	**1.162.928**	**62.921.115**	**217.314.073**
Balance Sheet Long Position	--	--	1.488.488	27.805.419	18.413.231	--	**47.707.138**
Balance Sheet Short Position	(28.891.406)	(7.725.709)	--	--	--	(11.090.023)	**(47.707.138)**
Off-balance Sheet Long Position	2.076.690	216.265	--	625.179	--	--	**2.918.134**
Off-balance Sheet Short Position	--	--	(1.317.470)	--	(416.963)	--	**(1.734.433)**
Total Position	**(26.814.716)**	**(7.509.444)**	**171.018**	**28.430.598**	**17.996.268**	**(11.090.023)**	**1.183.701**

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (4.912).
(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (854).
(3) Other assets / non-interest bearing column includes; tangible assets, intangible assets, investment properties, investments in associates and joint ventures, tax assets, investments in subsidiaries, assets to be disposed, the provisions for expected credit loss of other assets and other assets with balances of TL 1.652.166, TL 339.978, TL 218.680, TL 16.396, TL 1.363.997, TL 745.808, TL 486.980, TL (3.155) and TL 2.424.696, respectively.
(4) Other liabilities / non-interest bearing column includes; shareholders' equity, current tax liabilities, deferred tax liabilities, provisions, derivative financial liabilities and other liabilities amounting to TL 17.748.912, TL 335.068, TL 82.099, TL 1.857.726, TL 880.075 and TL 5.632.847 respectively.

b. Average interest rates applied to monetary financial instruments

Current Period - 31 December 2020	EURO %	USD %	Yen %	TL %
Assets				
Cash Equivalents and Central Bank	--	--	--	9,94
Banks	--	0,94	--	17,75
Financial Assets at Fair Value through Profit or Loss	2,15	6,04	--	12,20
Due from Money Markets	--	--	--	17,89
Financial Assets at Fair Value through Other Comprehensive Income	1,15	5,92	--	11,70
Loans	4,42	5,22	5,79	15,08
Financial Assets Measured at Amortised Cost	--	4,84	--	13,22
Liabilities				
Bank Deposits	0,68	1,79	--	5,11
Other Deposits	0,97	2,23	0,01	15,24
Due to Money Markets	--	2,66	--	16,91
Miscellaneous Payables	--	--	--	--
Securities Issued	1,60	1,95	--	8,20
Funds Borrowed	2,40	3,96	--	14,28

Prior Period - 31 December 2019	EURO %	USD %	Yen %	TL %
Assets				
Cash Equivalents and Central Bank	--	--	--	--
Banks	1,40	3,27	--	11,35
Financial Assets at Fair Value through Profit or Loss	2,57	8,18	--	15,13
Due from Money Markets	--	--	--	12,26
Financial Assets at Fair Value through Other Comprehensive Income	1,60	4,87	--	13,29
Loans	4,53	5,87	5,51	19,62
Financial Assets Measured at Amortised Cost	1,35	5,06	--	12,90
Liabilities				
Bank Deposits	0,21	2,41	--	11,34
Other Deposits	0,69	2,38	--	11,12
Due to Money Markets	--	3,18	--	13,48
Miscellaneous Payables	--	--	--	--
Securities Issued	2,19	--	--	10,02
Funds Borrowed	1,94	5,48	--	12,61

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c. Interest rate risk arising from banking accounts

The interest rate risk arising from banking accounts is managed according to the principles stated in the "Interest Rate Risk Management Policy".

Sensitivity limits are determined by the Parent Bank for possible negative developments in the market. Among the metrics; the sensitivity of the net present value of the balance sheet to certain interest rate shocks, the sensitivity of the net interest income, Financial Assets at Fair Value Difference to Other Comprehensive Income has impact and interest rate gap analysis on the CAR. These criteria are not only monitored in weekly ALCOs, but are also submitted to the senior management and the Board of Directors due to the limits set forth in the risk appetite declaration.

Interest rate risk calculation and reporting arising from banking accounts according to the "Regulation on Measurement and Assessment of the Interest Rate Risk from Banking Accounts" published in the Official Gazette no. 28034 dated 23 August 2011. The related ratio is prepared monthly as the other interest rate metrics that the Parent Bank follows. In addition, it is provided with close monitoring by weekly estimation studies and submitted to ALCO.

Cross currency swaps or interest swaps are used for the purpose of hedging up to 10 years of maturity in order to avoid the negative effects of interest risk.

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 2020.

	Current Period: 31 December 2020 Type of Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity -Losses/Equity
1	TL	(+) 500 bps	(2.145.225)	(6,93%)
2	TL	(-) 400 bps	1.896.675	6,13%
3	Euro	(+) 200 bps	(673.884)	(2,18%)
4	Euro	(-) 200 bps	806.854	2,61%
5	US Dollar	(+) 200 bps	(103.783)	(0,34%)
6	US Dollar	(-) 200 bps	148.782	0,48%
	Total (of positive shocks)		**(2.922.892)**	**(9,45%)**
	Total (of negative shocks)		**2.852.311**	**9,22%**

	Prior Period: 31 December 2019 Type of Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity -Losses/Equity
1	TL	(+) 500 bps	(2.306.331)	(9,38%)
2	TL	(-) 400 bps	2.079.362	8,46%
3	Euro	(+) 200 bps	(701.070)	(2,85%)
4	Euro	(-) 200 bps	845.526	3,44%
5	US Dollar	(+) 200 bps	(36.222)	(0,15%)
6	US Dollar	(-) 200 bps	72.037	0,29%
	Total (of positive shocks)		**(3.043.623)**	**(12,38%)**
	Total (of negative shocks)		**2.996.925**	**12,19%**

V. Position risk of equity shares arising from banking accounts

a. Comparison of book value, fair value and market value of equity shares

DFS Group does not have unconsolidated associates and subsidiaries traded at BIST markets as of 31 December 2020 and 2019.

b. Information on realised gains/losses, revaluation surpluses and unrealised gains/losses on equity shares and their amounts included in the Tier I and Tier II capitals

None.

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VI. Explanations related to the consolidated liquidity risk

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

Information on liquidity risk management, including the Parent Bank's risk capacity, responsibilities and structure of liquidity risk management, liquidity risk reporting in the Parent Bank, liquidity risk strategy, policy and practices, communication with the board of directors and business lines

The procedures and principles regarding the liquidity risk management within the Parent Bank are determined by the "Liquidity Risk Management Policy" approved by the Board of Directors. This policy includes the main duties and principles of liquidity risk management within the Parent Bank, including related methods, procedures, controls and reporting framework. Within the Liquidity Risk Management Policy, "Liquidity Emergency Action Plan" has been established and measures that can be taken against unexpected liquidity shortages have been included.

"Risk Appetite Statement" approved by the Board of Directors is reviewed annually in order to manage the risks in accordance with the Parent Bank's strategy and financial strength. Risk Appetite Statement includes limits for liquidity risk as well as other risk limits. Risk appetite limits are reported to the senior management on a monthly basis within the scope of risk management activities. In the risk appetite statement (RAS), limits are set on criteria such as credit/deposit ratio and LCR regarding liquidity risk. Other indicators followed by these metrics are; liquidity buffer, large deposits, core deposits.

The short-term liquidity management of the Parent Bank is the responsibility of the Treasury Group. The Treasury Group reports to the ALCO on a weekly basis regarding the liquidity structure. ALCO possesses the ultimate responsibility for structural liquidity and funding management. ALCO plays an active role in monitoring and decision-making processes as well as establishing systems related to liquidity and funding management. Monitoring the current liquidity status and legal and internal liquidity indicators, taking decisions regarding liquidity management by taking into consideration the Parent Bank's strategy and risk appetite framework are under the authority and responsibility of ALCO. Financial Institutions Group, Financial Affairs Group and Risk Management Group contribute to the liquidity management process of the Bank in accordance with the ALCO decisions and also provide the necessary support to the ALCO with the information, analysis and recommendations needed in the decision-making process.

Information on the degree of centralization of liquidity management and funding strategy and the functioning of the Parent Bank and the functioning between Parent Bank and its subsidiaries

Liquidity risk management is performed on unconsolidated and consolidated basis. In this context, although the liquidity monitoring and management of the affiliate is carried out by the related affiliate, they are closely monitored by the Parent Bank. Limits are allocated by the Parent Bank in order to meet the liquidity needs of affiliates in the event of emergencies.

Information on the Bank's funding strategy, including policies on the diversity of funding sources and durations

Liquidity risk management arising from funding forms the basis of the Bank's liquidity management activities. The source of deposits is the Bank's main funding source due to the more stable funding and diversification effect compared to the loans provided by the Banks and other sources. In addition, securities issuance and credit utilisation activities are carried out to extend the maturity of funding.

On the other hand, the securities portfolio of the Parent Bank carried for liquidity risk management arising from the market is structured in a way to consist of securities issued by Republic of Turkey Treasury in order to reduce liquidity risk sourcing from market to minimum level since they allow repurchase transactions carried out under CBRT/BIST. The criteria and principles regarding the securities investments to be included in this portfolio have been written and approved by the relevant committee.

Information on liquidity management in terms of currencies which constitute at least five percent of the total liabilities of the Parent Bank

Majority of the Parent Bank's liabilities consist of Turkish Lira, US Dollar, Euro and gold. The main foreign currency funding source of the Parent Bank consists of deposits and loans obtained from credit institutions. The foreign currency liquidity risk of the Parent Bank is low due to the fact that the foreign currency sources of the Parent Bank are higher level and longer term than FX loans. For this reason, Turkish Lira is generated through swap transactions by using the current foreign currency liquidity. In other words, foreign currency liabilities are used in the funding of Turkish Lira assets.

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Information on liquidity risk mitigation techniques used

In order to mitigate the liquidity risk, a liquidity buffer is created and closely monitored to meet possible fund outflows. Securities required for repurchase used to manage short-term risks are kept at a certain level within the balance sheet. On the other hand, diversification of funding sources and extension of the maturity structure are aimed to reduce the structural liquidity risk. The strategy of wide spread deposit base is another important element.

Explanations related to using the stress test

In order to measure the liquidity level under stress conditions, scenario analyses are performed in which special conditions that are not experienced and likely to be experienced and which are important in terms of liquidity are included. Within the scope of the scenario analyses, the measures that can be taken are also evaluated and a sufficient level of liquidity is targeted to meet all liabilities even under stress conditions. Assumptions regarding liquidity stress tests are reviewed on an annual basis at minimum. Within the scenarios determined, the Risk Management Department regularly performs stress tests and monitors the liquidity situation, calculates the time the Bank can survive, compares the limits with the determined results and presents them to the relevant committees.

General information on the liquidity emergency and contingency plan

In order to be prepared for the liquidity crises that may be experienced and to be able to manage them in a healthy and planned way, the "Liquidity Unexpected Situation Plan Regulation" was prepared to guide the processes. In this document, early warning indicators, action plans, duties and responsibilities of the units within the Bank are used to determine the unexpected liquidity situation.

a. Liquidity coverage ratio

Liquidity coverage ratios calculated in accordance with the Regulation on Calculation of Liquidity Coverage Ratio of Banks published in the Official Gazette dated 21 March 2014 and numbered 28948 are as follows. The lowest monthly consolidated foreign currency ratio for the last three months was 406,53 in October, the highest 468,32 in December, and the total lowest liquidity coverage ratio has been calculated as 150,37 in November and 162,86 in December as the highest.

The liquidity coverage ratio calculation table is reported to the BRSA on a monthly basis and monitored on a daily basis within the Bank.

High quality liquid assets included in the ratio calculation consist of cash assets, reserves held in CBRT and free securities. Cash outflows consist of deposits, bank borrowings, non-cash loans, derivatives and other payables with no maturity date. However, some bank borrowings are presented as cash outflows regardless of their maturities due to the provision of conditional early payment. In addition, cash outflows include additional collateral requirements that may arise from changes in the fair value of derivative transactions. Cash inflows consist of loans with maturities less than 30 days with definite due dates and receivables from banks and derivative products.

LCR is considered as an important liquidity management measure for the Bank. The Bank carried out the LCR management by increasing by 10% parts and managed to reach 80% for foreign currency in 2020 and as 100% in total within the framework of minimum limits. In the Risk Appetite Statement, internal limits above the legal minimum limits have been determined for LCR and the related ratio is reported and monitored at ALCO, senior management and the Board of Directors level.

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Current Period	Total unweighted value (*) TL+FC	Total unweighted value (*) FC	Total weighted value (*) TL+FC	Total weighted value (*) FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 Total High Quality Liquid Assets			54.672.733	43.743.176
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which	138.519.505	96.627.595	12.965.265	9.662.760
3 Stable deposits	17.733.704	--	886.685	--
4 Less stable deposits	120.785.801	96.627.595	12.078.580	9.662.760
5 Unsecured wholesale funding, of which	41.428.893	27.748.563	23.597.219	14.956.163
6 Operational deposits	8.662.186	6.511.419	2.165.547	1.627.855
7 Non-operational deposits	22.402.512	15.889.764	11.071.744	7.982.118
8 Unsecured debt	10.364.195	5.347.380	10.359.928	5.346.190
9 Secured wholesale funding			--	--
10 Other cash outflows	2.682.872	4.980.083	1.506.051	3.628.521
11 Outflows related to derivative exposures and other collateral requirements	721.504	2.727.480	721.504	2.727.480
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	1.961.368	2.252.603	784.547	901.041
14 Other contractual funding obligations	272.909	272.349	272.377	272.349
15 Other contingent funding obligations	98.875.445	36.303.535	7.472.509	3.586.182
16 TOTAL CASH OUTFLOWS			45.813.421	32.105.975
CASH INFLOWS				
17 Secured lending	2.407.129	--	--	--
18 Unsecured lending	13.705.330	7.298.975	10.428.178	6.254.659
19 Other cash inflows	494.895	15.377.474	494.895	15.377.474
20 TOTAL CASH INFLOWS	16.607.354	22.676.449	10.923.073	21.632.133
			Total Adjusted Value	
21 TOTAL HQLA			54.672.733	43.743.176
22 TOTAL NET CASH OUTFLOWS			34.890.348	10.473.842
23 LIQUIDITY COVERAGE RATIO (%)			158,0	431,3

(*) Simple arithmetic average values of the the last three months by taking the weekly simple arithmetic average.

Prior Period	Total unweighted value (*) TL+FC	Total unweighted value (*) FC	Total weighted value (*) TL+FC	Total weighted value (*) FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 Total High Quality Liquid Assets			52.439.200	39.172.679
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which	114.414.739	74.270.310	10.691.213	7.427.031
3 Stable deposits	15.005.209	--	750.260	--
4 Less stable deposits	99.409.530	74.270.310	9.940.953	7.427.031
5 Unsecured wholesale funding, of which	35.876.036	21.769.802	19.613.215	10.291.503
6 Operational deposits	6.518.552	4.399.584	1.629.638	1.099.896
7 Non-operational deposits	22.246.178	14.844.213	10.876.661	6.667.809
8 Unsecured debt	7.111.306	2.526.005	7.106.916	2.523.798
9 Secured wholesale funding			144.190	143.867
10 Other cash outflows	1.744.288	3.069.723	1.109.468	2.313.347
11 Outflows related to derivative exposures and other collateral requirements	686.254	1.809.097	686.254	1.809.097
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	1.058.034	1.260.626	423.214	504.250
14 Other contractual funding obligations	304.682	304.120	304.148	304.120
15 Other contingent funding obligations	76.816.648	23.152.603	5.731.835	2.262.386
16 TOTAL CASH OUTFLOWS			37.594.069	22.742.254
CASH INFLOWS				
17 Secured lending	1.619.697	--	--	--
18 Unsecured lending	11.293.770	5.581.633	8.018.709	4.211.418
19 Other cash inflows	251.281	4.913.503	251.281	4.913.503
20 TOTAL CASH INFLOWS	13.164.748	10.495.136	8.269.990	9.124.921
			Total adjusted value	
21 TOTAL HQLA			52.439.200	39.172.679
22 TOTAL NET CASH OUTFLOWS			29.324.079	13.617.333
23 LIQUIDITY COVERAGE RATIO (%)			179,3	289,5

(*) Simple arithmetic average values of the the last three months by taking the weekly simple arithmetic average.

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

End of The Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Assets								
Cash Equivalents and Central Bank	27.864.462	12.165.456	--	--	--	--	--	**40.029.918**
Banks [1]	2.868.484	2.191.650	4.109.912	2.198.050	344.191	--	--	**11.712.287**
Financial Assets at Fair Value through Profit or Loss (Net)	3.381.821	50.454	4.606	452.899	--	28.346	--	**3.918.126**
Due from Money Markets	--	1.763.207	--	--	--	--	--	**1.763.207**
Financial Assets at Fair Value through Other Comprehensive Income	777	1.251.306	485.024	1.718.729	8.934.862	7.907.536	--	**20.298.234**
Loans	--	20.034.260	6.269.076	32.608.318	72.161.124	31.843.917	4.365.867	**167.282.562**
Financial Assets Measured at Amortised Cost [2]	--	2.181.461	261.277	711.468	4.107.155	--	--	**7.261.361**
Other Assets	5.237.034	40	3.362	249	799.576	--	5.654.692	**11.694.953**
Total Assets	**39.352.578**	**39.637.834**	**11.133.257**	**37.689.713**	**86.346.908**	**39.779.799**	**10.020.559**	**263.960.648**
Liabilities								
Bank Deposits	952.956	8.337.932	4.110.954	205.045	3.645.177	--	--	**17.252.064**
Other Deposits	51.549.596	60.863.842	23.102.298	15.518.839	15.444.183	988.491	--	**167.467.249**
Fund Borrowed	--	2.510.112	5.321.598	15.805.833	1.862.757	6.402.675	--	**31.902.975**
Due to Money Markets	--	2.207.320	199.160	2.106.496	--	--	--	**4.512.976**
Securities Issued	--	248.514	1.587.017	644.702	688.374	--	--	**3.168.607**
Miscellaneous Payables	--	--	--	--	--	--	--	**--**
Other Liabilities	4.615.000	1.531.672	849.739	4.628.098	1.550.425	638.701	25.843.142	**39.656.777**
Total Liabilities	**57.117.552**	**75.699.392**	**35.170.766**	**38.909.013**	**23.190.916**	**8.029.867**	**25.843.142**	**263.960.648**
Net Liquidity Excess/ (Gap)	**(17.764.974)**	**(36.061.558)**	**(24.037.509)**	**(1.219.300)**	**63.155.992**	**31.749.932**	**(15.822.583)**	**--**
Net Off-balance sheet Position	**--**	**(598.136)**	**80.393**	**469.674**	**158.958**	**--**	**--**	**110.889**
Financial Derivative Assets	--	43.865.011	18.469.464	15.268.163	3.020.121	16.616.584	--	**97.239.343**
Financial Derivative Liabilities	--	(44.463.147)	(18.389.071)	(14.798.489)	(2.861.163)	(16.616.584)	--	**(97.128.454)**
Non Cash Loans	--	3.547.811	4.348.182	11.449.429	--	23.479.286	--	**42.824.708**
End of The Prior Period								
Total Assets	**30.824.290**	**29.010.420**	**8.362.467**	**28.163.705**	**70.586.863**	**39.972.103**	**10.394.225**	**217.314.073**
Total Liabilities	**41.885.007**	**73.573.493**	**21.145.523**	**31.050.693**	**28.145.594**	**1.353.821**	**20.159.942**	**217.314.073**
Net Liquidity Excess/ (Gap)	**(11.060.717)**	**(44.563.073)**	**(12.783.056)**	**(2.886.988)**	**42.441.269**	**38.618.282**	**(9.765.717)**	**--**
Net Off-balance sheet Position	**--**	**(193.168)**	**(86.360)**	**265.948**	**398.687**	**--**	**--**	**385.107**
Financial Derivative Assets	--	29.655.120	8.316.361	16.106.650	3.508.501	9.224.665	--	**66.811.297**
Financial Derivative Liabilities	--	(29.848.288)	(8.402.721)	(15.840.702)	(3.109.814)	(9.224.665)	--	**(66.426.190)**
Non Cash Loans	--	3.427.759	3.811.221	8.569.057	--	18.665.024	--	**34.473.061**

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (3.127).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (682).

(*) 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 fixed assets, investments in associates, joint ventures and subsidiaries, stationary supplies, non- performing loans (net) and prepaid expenses are included in this column.

c. Representation of financial liabilities according to their remaining maturities in accordance with their contracts

The undiscounted maturity breakdown of the maturity values of the Group's non-derivative financial liabilities that are subject to a contract are presented in the table below. The interest to be paid on the relevant assets and liabilities have been included to the relevant maturity buckets.

End of The Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities							
Deposits	52.502.552	69.221.230	27.498.972	15.811.947	19.104.166	988.482	**185.127.349**
Funds borrowed (*)	--	2.562.047	5.371.556	16.109.723	3.603.578	7.801.498	**35.448.402**
Interbank money markets	--	2.207.320	200.577	2.106.577	--	--	**4.514.474**
Securities issued	--	250.308	1.725.096	733.823	818.891	--	**3.528.118**
Total	**52.502.552**	**74.240.905**	**34.796.201**	**34.762.070**	**23.526.635**	**8.789.980**	**228.618.343**

(*) It includes subordinated loans.

End of The Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities							
Deposits	36.384.388	69.007.841	16.294.990	8.043.539	29.355.278	548.103	**159.634.139**
Funds borrowed (*)	--	1.904.491	2.430.903	8.657.750	11.238.956	10	**24.232.110**
Interbank money markets	--	459.048	--	--	--	--	**459.048**
Securities issued	--	2.033.573	1.917.110	117.671	170.024	--	**4.238.378**
Total	**36.384.388**	**73.404.953**	**20.643.003**	**16.818.960**	**40.764.258**	**548.113**	**188.563.675**

(*) It includes subordinated loans.

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VII. Explanations related to leverage ratio

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

As of 31 December 2020, the leverage ratio of the DFS Group is calculated as 6,09% (31 December 2019: 6,04%). This rate is above the minimum rate. The main reason for the difference between the current period and the prior period leverage ratio is the increase in the balance sheet assets.

Summary comparison table of total asset amount and total risk amount in the financial statements prepared in accordance with TAS :

		Current Period (**)	Prior Period (**)
1	Total assets in the consolidated financial statements prepared in accordance with TAS (*)	268.253.610	213.956.768
2	Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communique on Preparation of Consolidated Financial Statements of the Banks	(6.522.227)	(3.834.550)
3	Differences between the balances of derivative financial instruments and the loan derivatives in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	1.239.988	849.548
4	Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	--	--
5	Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(503)	(503)
6	Other differences in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	109.932.460	82.114.873
7	**Total Risk**	372.903.328	293.086.136

(*) These consolidated financial statements are prepared in accordance with the sixth paragraph of the Article 5 of the Communique on Preparation of Consolidated Financial Statements of the Banks.
(**) Quarterly average amounts.

Leverage ratio public disclosure template:

		Current Period (*)	Prior Period (*)
	On-balance sheet exposures		
1	On-balance sheet items (exclude derivatives and SFTs; include collateral)	261.731.383	210.122.218
2	(Assets deducted in determining Basel III Tier I capital)	(616.992)	(395.279)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	261.114.391	209.726.939
	Derivative exposures		
4	Replacement cost	3.791.087	1.663.765
5	Add-on amount	1.239.988	849.548
6	Total derivative exposures (sum of lines 4 and 5)	5.031.075	2.513.313
	Securities or commodity collateral financing transaction exposures		
7	Gross SFT assets (with no recognition of accounting netting)	1.878.287	99.827
8	Agent transaction exposures		
9	Total securities financing transaction exposures (sum of lines 7 and 8)	1.878.287	99.827
	Other off-balance sheet exposures		
10	Off-balance sheet exposures with gross nominal amount	104.880.078	80.746.560
11	(Adjustment amount off-balance sheet exposures with credit conversion factor)	(503)	(503)
12	Total off-balance sheet exposures (sum of lines 10 and 11)	104.879.575	80.746.057
	Capital and total exposures		
13	Tier I Capital	22.691.879	17.694.615
14	Total exposures (sum of lines 3,6,9 and 12)	372.903.328	293.086.136
	Leverage ratio		
15	Leverage ratio	6,09	6,04

(*) Quarterly average amounts.

VIII. Explanations related to risk management

The footnotes and explanations prepared in accordance with the "Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks" published in the Official Gazette dated 23 October 2015 and number ed 29511 and entered into force as of 31 March 2016 are given in this section. Since standard approach is used in the capital adequacy calculation of the Parent Bank, the tables to be prepared within the scope of Internal Rating Based Approach (IR) are not presented as of 31 December 2020.

Risk management explanations are prepared in accordance with the internal control process adopted by the Board of Directors.

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a. Risk management approach and risk weighted assets

1. Explanations related to the risk management approach

Risks exposed as a result of the Bank's business model are determined on a consolidated basis through the Bank's risk identification and important evaluation process. Risk mitigation factors and monitoring activities are implemented for the important risks determined. In the Risk Appetite Statement of the Bank, limits are determined for the risks that are deemed important and the declaration is approved by the Board of Directors. Developments regarding the risk limits determined in the Risk Appetite Statement are monitored on a monthly basis and the actions foreseen in the risk appetite statement are applied in the event these limits are exceeded.

Denizbank Risk Management Group Department is an internal systems unit that operates under the Board of Directors and that are assigned to carry out risk management activities. Reports directly to the Board of Directors. Risk Management Group is responsible for the identification and measurement of risks, establishment and implementation of risk policies and implementation procedures, analysis and monitoring as well as reporting of risks within the framework of the principles determined by the Senior Management of the Bank and the Risk Management Group and approved by the Board of Directors.

In the Bank, the delegation levels generated by the customers are determined pursuant to the risk categories determined according to the limit and loan rating components within the bank.

The rating process carried out by the Credit Allocation unit is audited regularly by the Credit Risk Control, within the direction of the rule sets determined and the results are submitted to the Rating Committee.

Main components and scope of the risk measurement systems

Bank has a comprehensive risk definition process, including its subsidiaries. Process aims to define the important risks specific to the bank from a broad list, including those exposed by the banking naturally. In the determination stage of the importance level of the risks, the opinions and evaluations of the persons who are expert in this subject are taken. Evaluation results are updated every year and linked to the report and form the basis for the bank's internal capital assessment processes.

The purpose of the activities carried out within the scope of the measurement of the risks involves the preparation of internal and legal reports and the measuring the financial risks to which banks and subsidiaries are exposed in order to establish a relationship between the risks carried and estimated profitability and evaluating the validity of the parameters and assumptions subject to risk measurement.

Bank determines what kind of reports will be prepared as consolidated and as solo and to whom these reports will be communicated. Ensures that an active internal audit system to be established which will prevent taking risks above the targeted risk level and limits set by the regulatory authority. When the control and reporting of the risks are made, the risk levels that are approved by the Board of Directors are taken into consideration for each risk type.

Risk Management Group ensures the coordination of the internal capital adequacy evaluation process (ICAAP) and the measurement of the risks undertaken by the bank. Within the scope of the ICAAP report, which is a result of the ICAAP process and within the framework of the 3 year strategic plan, the annual stress test report, which presents the effects of the scenarios in which macroeconomic variables are taken into consideration on the bank's capital and liquidity, is reported to the BRSA. Bank monitors the capital adequacy level internally on a monthly basis.

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

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

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

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

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

Model Risk Management and Validation Committee: It is the committee that the Risk model validation results, prepared within the frame of annual plan, are presented to and approved.

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

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

Additionally, taking into consideration the stress conditions of the Bank, an emergency plan regarding capital adequacy has been created in order to fulfil its strategic goals.

2. Overview of risk weighted amounts

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	165.702.724	154.042.234	13.256.218
2	*Standardized approach (SA)*	165.702.724	154.042.234	13.256.218
3	*Internal rating-based (IRB) approach*	--	--	--
4	Counterparty credit risk	3.911.167	2.095.419	312.893
5	*Standardized approach for counterparty credit risk (SA-CCR)*	3.911.167	2.095.419	312.893
6	*Internal model method (IMM)*	--	--	--
7	Basic risk weight approach to internal models equity position in the banking account	--	--	--
8	Investments made in collective investment companies - look-through approach	--	--	--
9	Investments made in collective investment companies - mandate-based approach	6.200	8.019	496
10	Investments made in collective investment companies - %1250 weighted risk approach	--	--	--
11	Settlement risk	--	--	--
12	Securitization positions in banking accounts	--	--	--
13	*IRB ratings-based approach (RBA)*	--	--	--
14	*IRB Supervisory Formula Approach (SFA)*	--	--	--
15	*SA/simplified supervisory formula approach (SSFA)*	--	--	--
16	Market risk	3.240.138	1.327.588	259.211
17	*Standardized approach (SA)*	3.240.138	1.327.588	259.211
18	*Internal model approaches (IMM)*	--	--	--
19	Operational Risk	17.849.008	14.127.749	1.427.921
20	*Basic Indicator Approach*	17.849.008	14.127.749	1.427.921
21	*Standard Approach*	--	--	--
22	*Advanced measurement approach*	--	--	--
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--	--
24	Floor adjustment	--	--	--
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**190.709.237**	**171.601.009**	**15.256.739**

b. Connections between the financial statements and risk amounts

1. Mapping and differences between accounting consolidation and regulatory consolidation

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

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	a	b	c	d	e	f	g
			Carrying values of items under scope of TAS				
Current Period	Carrying values as reported in published financial statements	Carrying values as reported in regulatory scope of consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances at central bank	40.029.929	40.029.918	40.029.918	--	--	--	--
Banks	11.712.310	11.712.287	11.715.414	--	--	--	--
Due from money markets	1.763.207	1.763.207	2.305	1.760.902	--	--	--
Financial assets at fair value through profit or loss	757.499	757.116	--	--	--	78.492	--
Financial assets at fair value through other comprehensive income	20.298.234	20.298.234	20.298.234	--	--	--	--
Financial assets measured at amortised cost	7.261.361	7.261.361	7.262.043	--	--	--	--
Derivative financial assets	3.161.010	3.161.010	--	3.161.010	--	--	--
Loans (net)	167.283.553	167.282.562	175.058.715	--	--	--	19.630
Non-currents assets or disposal groups "held for sale" and "from discontinued operations (net)	--	--	--	--	--	--	--
Investments in associates, subsidiaries and joint ventures	49.579	831.013	831.013	--	--	--	--
Tangible assets (net)	1.935.642	1.881.593	1.881.593	--	--	--	54.004
Intangible assets (net)	410.087	423.409	423.409	--	--	--	423.409
Investment properties (net)	355.990	355.990	355.990	--	--	--	--
Current tax assets	316.572	313.744	313.744	--	--	--	--
Deferred tax assets	1.488.411	1.488.411	1.488.411	--	--	--	--
Other assets	6.496.012	6.400.793	6.400.793	--	--	--	
Total assets	**263.319.396**	**263.960.648**	**266.061.582**	**4.921.912**	**--**	**78.492**	**497.043**
Liabilities						--	
Deposits	184.617.512	184.719.313	--	--	--	--	184.719.313
Funds borrowed	25.985.554	25.985.554	--	--	--	--	25.985.554
Due to money markets	4.512.976	4.512.976	--	4.512.976	--	--	4.512.976
Securities issued (net)	3.163.334	3.168.607	--	--	--	--	3.168.607
Funds	--	--	--	--	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--	--
Derivative financial liabilities	2.154.844	2.154.844	--	--	--	--	2.154.844
Factoring payables	--	--	--	--	--	--	--
Leases payables	650.587	610.826	--	--	--	--	610.826
Provisions	2.336.542	2.309.167	--	--	--	--	2.309.167
Current tax liabilities	403.925	392.582	--	--	--	--	392.582
Deferred tax liabilities	64.878	64.714	--	--	--	--	64.714
Liabilities related to non-current assets "held for sale" and "discontinued operations" (net)	--	--	--	--	--	--	--
Subordinated debts	5.917.421	5.917.421	--	--	--	--	5.917.421
Other liabilities	11.147.482	11.097.209	--	--	--	--	11.097.209
Equity	22.364.341	23.027.435	--	--	--	--	23.027.435
Total liabilities	**263.319.396**	**263.960.648**	**--**	**4.512.976**	**--**	**--**	**263.960.648**

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			Carrying values of items under scope of TAS				
Prior Period	Carrying values as reported in published financial statements	Carrying values as reported in regulatory scope of consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances at central bank	35.671.853	35.671.853	35.671.853	--	--	--	--
Banks	6.700.515	6.700.470	6.700.518	--	--	--	--
Due from money markets	1.261.789	1.261.789	241.468	1.020.321	--	--	--
Financial assets at fair value through profit or loss	506.623	506.256	--	--	--	4.699	--
Financial assets at fair value through other comprehensive income	14.174.570	14.174.570	14.174.570	--	--	--	--
Financial assets measured at amortised cost	6.772.200	6.772.200	6.773.054	--	--	--	--
Derivative financial assets	1.662.763	1.662.763	--	1.662.763	--	--	--
Loans (net)	142.784.751	142.785.606	142.784.704	--	--	--	11.554
Non-currents assets or disposal groups "held for sale" and "from discontinued operations (net)	--	--	--	--	--	--	--
Investments in associates, subsidiaries and joint ventures	42.120	762.204	762.208	--	--	--	--
Tangible assets (net)	1.704.966	1.652.166	1.652.166	--	--	--	71.630
Intangible assets (net)	341.310	339.978	339.978	--	--	--	339.978
Investment properties (net)	218.680	218.680	218.680	--	--	--	--
Current tax assets	318.653	318.652	318.652	--	--	--	--
Deferred tax assets	1.047.571	1.045.345	1.047.335	--	--	--	--
Other assets	3.529.985	3.441.541	3.441.536	--	--	--	
Total assets	**216.738.349**	**217.314.073**	**214.126.722**	**2.683.084**	**--**	**4.699**	**423.162**
Liabilities							
Deposits	158.133.166	158.209.184	--	--	--	--	158.209.184
Funds borrowed	15.187.427	15.187.428	--	--	--	--	15.187.428
Due to money markets	459.048	459.048	--	425.152	--	--	459.048
Securities issued (net)	4.214.773	4.214.773	--	--	--	--	4.214.773
Funds	--	--	--	--	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--	--
Derivative financial liabilities	880.875	880.875	--	--	--	--	880.875
Factoring payables	--	--	--	--	--	--	--
Leases payables	656.042	618.602	--	--	--	--	618.602
Provisions	1.880.090	1.857.726	--	--	--	--	1.857.726
Current tax liabilities	344.695	335.068	--	--	--	--	335.068
Deferred tax liabilities	84.253	82.099	--	--	--	--	82.099
Liabilities related to non-current assets "held for sale" and "discontinued operations" (net)	--	--	--	--	--	--	--
Subordinated debts	7.037.254	7.037.253	--	--	--	--	7.037.253
Other liabilities	10.736.342	10.683.105	--	--	--	--	10.683.105
Equity	17.124.384	17.748.912	--	--	--	--	17.748.912
Total liabilities	**216.738.349**	**217.314.073**	**--**	**425.152**	**--**	**--**	**217.314.073**

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

		a	b	c	d	e
	Current Period	Total	Items subject to credit risk framework	Items subject to securitization framework	Items subject to counterparty credit risk framework	Items subject to market risk framework (*)
1	**Asset carrying value amount under scope of TAS**	263.960.648	266.061.582	--	4.921.912	78.492
2	Liabilities carrying value amount under scope of TAS		--	--	4.512.976	--
3	**Total net amount under regulatory scope of consolidation**	263.960.648	266.061.582	--	408.936	78.492
4	Off-balance sheet amounts (**)	100.645.070	29.686.713	--	--	--
5	Differences in valuations		--	--	--	--
6	Differences due to different netting rules (other than those already included in row 2)		--	--	--	--
7	Differences due to consideration of provisions		--	--	--	--
8	Differences due to prudential filters		--	--	--	3.161.646
9	Differences resulted from considering of the financial guarantees		(8.342.831)	--	--	--
10	**Risk exposures**	364.605.718	287.405.464	--	408.936	3.240.138

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

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

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		a	b	c	d	e
	Prior Period	Total	Items subject to credit risk framework	Items subject to securitization framework	Items subject to counterparty credit risk framework	Items subject to market risk framework (*)
1	**Asset carrying value amount under scope of TAS**	217.316.062	214.126.722	--	2.683.084	4.699
2	Liabilities carrying value amount under scope of TAS		--	--	425.152	--
3	**Total net amount under regulatory scope of consolidation**	217.316.062	214.126.722	--	2.257.932	4.699
4	Off-balance sheet amounts (**)	80.999.691	25.372.003	--	--	--
5	Differences in valuations		--	--	--	--
6	Differences due to different netting rules (other than those already included in row 2)		--	--	--	--
7	Differences due to consideration of provisions		--	--	--	--
8	Differences due to prudential filters		--	--	--	1.343.651
9	Differences resulted from considering of the financial guarantees		(9.187.261)	--	--	--
10	**Risk exposures**	298.315.753	230.311.464	--	2.257.932	1.348.350

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

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

3. Explanations on differences between amounts determined in accordance with TAS and risk exposures

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

In the derivative transactions subject to counterparty credit risk, it is calculated with the addition of the potential risk amounts to the renewal costs according to transaction type and term; and in repo and reverse repo transactions, it is calculated by netting the volatility adjusted amount made to the subject security with the cash amount subject to the transaction.

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

Pursuant to the prudent valuation principles and procedures under Annex-3 to the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks, the explanations on the systems and controls used to ensure the prudence and reliability of the Bank's valuation estimates:

The market prices in the valuation of the financial instruments recognised with the fair value are valued taking into account the indicative values announced by official institutions or data such as interest and volatility observed in the market. Bank does not carry out transactions in the markets without depth. As the discounted cash flow models are used in the valuation of over-the-counter derivative instruments in general, the valuation models that are suitable with the nature of the transactions and that are generally accepted are used for derivative transactions that include optionality.

Within the scope of the independent price determination process, the activities below are carried out for the purpose of ensuring the valuation methods and the accuracy of the data used:

- The entry of the prices of bills, bonds, stocks and the derivative products traded in organised markets and the data to be used for the valuation of the derivative products that are traded over-the-counter transactions are made independently of the executive units.
- The models to be used in the valuation of derivative products as well as the interest and volatility data are determined independently of the executive units.
- Second level controls are made periodically for market data and valuation results used in valuations.
- Valuation process validation is carried out for the models and data entries used in product valuations.
- Differences between counterparty valuations and bank valuations are regularly monitored.

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c. Credit risk

1. General information about credit risk

How the bank's business model transformed into components in the credit risk profile

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

Loan allocation is made within the limits determined on the basis of each debtor and the group of debtors. In the credit allocation process, a lot of financial and non-financial criteria are taken into consideration within the framework of the internal rating process of the Bank. Customer segments and sectors are included in these criterias. The sectoral distribution of loans are monitored closely. According to the bank's credit policy, the rating of the companies are assessing together considering loan limits and collateralization process and the monitoring of the credit risk exposed is carried out.

In this regard, the loan portfolio of the Parent Bank shows a diversified profile in terms of customer segments and sectors.

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

In the monitoring of the credit risks, the risk limits defined to all counterparties are monitored based on product, customer and risk groups and the risk is not allowed to exceed the limits defined. When the loan limits are determined, the payment ability of the counterparty, the characteristics of the sector, the potential impacts of geographical and economic conditions etc. factors are taken into account. When deemed appropriate, the necessary risk mitigation techniques are utilized to minimize the Bank's possible losses. During the credit research, the documents which the relevant legislation requires are taken into consideration. For limits that are extended as multi-use, the creditworthiness of the counterparty is checked regularly and the limits are revised according to the changes in the creditworthiness of the counterparty. Credit allocation authorities are determined pursuant to the customer classes and are changed where deemed necessary.

Structure and organization of credit risk management and control function

Credit allocation and management are carried out within the scope of the segregation of duties by different units; therefore it is ensured that the loan is evaluated objectively throughout its lifespan. In order for the accurate and objective measurement of the customer credit risk in the allocation and monitoring groups, risk models are being used. The Early Warning Systems defined in the system are used to monitor the risks of credit customers and the signals received from these systems are continuously monitored by the monitoring groups; in the event pre-determined triggers are determined, pre-determined action plans are put into practice along with the allocation groups.

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

Before the newly developed credit risk models are implemented, they are subjected to a validation process and are used in the risk management processes after the approval of the Bank's Model Risk Management and Validation Committee. The validation process of the applicable credit risk models are repeated at least once a year and the results are presented to Model Risk Management and Validation Committee.

Credit Risk Control, in order to ensure the compliance of the Bank's credit risk processes to Basel regulations, operates the functioning of internal rating systems, the development of credit ratings, the documentation on the changes in credit ratings, and the analysis of compliance with internal restrictions and regularly submits the results to the Rating Committee, Compliance of the Credit Risk Control activities to the internal bank regulations and guidelines is audited regularly by the bank's internal audit units and the matters that must be improved are determined and monitored.

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

Risk appetite statement is approved and reviewed by the Bank's Board of Directors every year. With the risk appetite statement, the Bank combines its current risk management instruments, processes, principles and policies with a consistent approach and ensures that risk taking activities are managed within the limits agreed. Therefore, the consistency of the risk applications throughout the Bank is improved.

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2. Credit quality of assets

	a	b	c	d
	Gross carrying values of (according to TAS)			
Current Period	Defaulted	Non-defaulted	Specific provisions	Net values (a+b-c)
1 Loans	12.893.521	170.692.848	16.303.808	167.282.561
2 Borrowing instruments	--	27.559.549	682	27.558.867
3 Off-balance sheet receivables (*)	1.007.950	98.917.886	878.340	99.047.496
4 Total	13.901.471	297.170.283	17.182.830	293.888.924

(*) It doesn't include revocable commitments and asset purchase - sales commitments.

	A	b	c	d
	Gross carrying values of (according to TAS)			
Prior Period	Defaulted	Non-defaulted	Specific provisions	Net values (a+b-c)
1 Loans	11.555.590	141.618.522	10.388.506	142.785.606
2 Borrowing instruments	--	20.869.227	854	20.868.373
3 Off-balance sheet receivables (*)	642.180	78.375.452	927.819	78.089.813
4 Total	12.197.770	240.863.201	11.317.179	241.743.792

(*) It doesn't include revocable commitments and asset purchase - sales commitments.

3. Changes in stock of impaired loans and debt securities

	Current Period a (*)	Prior Period a (*)
1 Impaired loans and debt securities at end of the previous reporting period	11.555.590	6.649.644
2 Loans and debt securities that have impaired since the last reporting period	7.129.218	9.178.142
3 Receivables that returned to non-impaired status	16.052	274.325
4 Amounts written off (**)	1.922.602	2.249.935
5 Other changes	(3.852.633)	(1.747.936)
6 Impaired loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)	12.893.521	11.555.590

(*) It doesn't include off-balance sheet receivables.
(**) It indicates sales made from non-performing loans portfolio and written off transactions.

4. Additional explanations related to the credit quality of assets

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

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

(*) In accordance with the decision of the Banking Regulation and Supervision Board dated 17 March 2020 and numbered 8948 and the decision numbered 8950 dated 19 March 2020, the delay periods required to pass the loans to the follow-up accounts were extended to 180 days and the implementation was extended until 30 June 2021 with decision numbered 9312 dated 8 December 2020 notified by the BRSA.

(ii) The part of overdue receivables (over 90 days) which are not considered as "provisioned" and the reasons for the implementation

Loans that have overdue principal and interest payments for more than 90 days(*) are transferred to "Nonperforming loans" accounts and the Bank calculates "specific provisions" for such loans in compliance with the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made".

(*) In accordance with the decision of the Banking Regulation and Supervision Board dated 17 March 2020 and numbered 8948 and the decision numbered 8950 dated 19 March 2020, the delay periods required to pass the loans to the follow-up accounts were extended to 180 days and the implementation was extended until 30 June 2021 with decision numbered 9312 dated 8 December 2020 notified by the BRSA.

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

The methods used in the calculation of the provision amount are presented in Section Three, note VIII.

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(iv) Definitions of restructured receivables

The Bank is able to restructure both first and second group loans and other receivables, as well as non-performing loans and receivables The restructuring in first and second group loans and other receivables include the restructuring to facilitate the repayment for the customer and the changes in the agreement conditions made with the request of the customer, independent of the credit risk of the customer. The restructuring made in non-performing loans and receivables refer to linking the loan to a new payment plan to provide the collection of the receivable.

(v) Breakdown of receivables by geographical area

	Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables			
		Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Specific provisions	Write-Off (*)
1	Domestic	12.407.407	148.098.444	--	22.473.801	1.007.950	92.116.949	8.221.673	1.922.602
2	EU Countries	320.929	13.686.036	--	4.589.688	--	1.552.576	206.712	--
3	OECD Countries	--	2.391.407	--	--	--	1.283.021	--	--
4	Off Shore Zones	118	2.329.777	--	--	--	6.332	116	--
5	USA, Canada	89	81.855	--	97.450	--	280.709	90	--
6	Other Countries	164.978	4.105.329	--	398.610	--	3.678.299	99.063	--
7	Total	12.893.521	170.692.848	--	27.559.549	1.007.950	98.917.886	8.527.654	1.922.602

(*) It includes sales made from non-performing loans portfolio and amounts of write-off.

	Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables			
		Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Specific provisions	Write-Off (*)
1	Domestic	11.308.415	115.952.162	--	19.064.797	642.180	71.825.748	5.765.499	2.249.935
2	EU Countries	242.001	15.480.645	--	1.469.880	--	518.979	170.210	--
3	OECD Countries	210	4.167.952	--	--	--	911.846	150	--
4	Off Shore Zones	2	1.706.327	--	--	--	3.612	2	--
5	USA, Canada	73	347.133	--	--	--	2.290	72	--
6	Other Countries	4.889	3.964.303	--	334.550	--	5.112.977	2.326	--
7	Total	11.555.590	141.618.522	--	20.869.227	642.180	78.375.452	5.938.259	2.249.935

(*) It includes sales made from non-performing loans portfolio and amounts of write-off.

(vi) Breakdown of receivables by sectors

Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables			
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Specific provisions	Write-Off (*)
Agricultural	**1.802.078**	**17.622.862**	**--**	**--**	**5.290**	**4.556.606**	**1.039.802**	**100.155**
Farming and Cattle	1.801.192	17.568.757	--	--	5.150	4.530.124	1.039.017	99.310
Forestry	240	42.520	--	--	6	5.852	156	472
Fishing	646	11.585	--	--	134	20.630	629	373
Manufacturing	**2.795.856**	**26.011.772**	**--**	**103.102**	**165.622**	**15.418.023**	**1.939.556**	**61.372**
Mining	89.503	2.065.850	--	--	3.602	543.062	85.946	8.499
Production	1.490.202	16.235.865	--	39.106	152.978	13.817.606	1.012.942	52.517
Electric, Gas, Water	1.216.151	7.710.057	--	63.996	9.042	1.057.355	840.668	356
Construction	**1.541.934**	**18.622.717**	**--**	**--**	**467.551**	**10.943.453**	**993.636**	**67.449**
Services	**5.707.106**	**61.515.936**	**--**	**230.417**	**291.789**	**25.288.625**	**3.858.655**	**637.947**
Wholesale and Retail Trade	1.199.384	21.718.569	--	--	69.301	18.490.986	794.482	380.563
Hotel and Restaurant Services	2.469.876	16.524.441	--	--	214.189	1.948.740	1.371.999	15.878
Transportation and telecommunication	442.655	8.068.151	--	73.565	5.777	2.898.455	320.500	92.680
Financial institution	6.857	1.091.157	--	156.852	144	1.313.692	5.347	6.723
Real estate and letting services	1.363.744	1.953.140	--	--	727	125.186	1.181.983	7.084
Self-employement services	125.728	1.102.438	--	--	--	--	113.033	85
Education services	36.821	1.407.026	--	--	1.053	145.806	23.220	132.140
Health and social services	62.041	9.651.014	--	--	598	365.760	48.091	2.794
Other	**1.046.547**	**46.919.561**	**--**	**27.226.030**	**77.698**	**42.711.179**	**696.005**	**1.055.679**
Total	**12.893.521**	**170.692.848**	**--**	**27.559.549**	**1.007.950**	**98.917.886**	**8.527.654**	**1.922.602**

(*) It includes sales made from non-performing loans portfolio and amounts of write-off.

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Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables			
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Specific Provisions	Write-Off (*)
Agricultural	**639.950**	**15.835.584**	**--**	**--**	**3.870**	**3.750.944**	**289.450**	**100.779**
Farming and Cattle	635.064	15.823.033	--	--	3.668	3.733.074	288.017	95.538
Forestry	209	3.799	--	--	31	5.474	113	2.318
Fishing	4.677	8.752	--	--	171	12.396	1.320	2.923
Manufacturing	**1.688.103**	**16.202.115**	**--**	**135.121**	**131.206**	**12.771.468**	**880.928**	**134.487**
Mining	214.836	1.068.351	--	--	6.521	468.516	140.435	24.543
Production	1.383.481	9.788.924	--	89.812	123.954	11.281.117	709.706	103.673
Electric, Gas, Water	89.786	5.344.840	--	45.309	731	1.021.835	30.787	6.271
Construction	**1.176.148**	**16.526.923**	**--**	**--**	**331.374**	**9.736.643**	**644.798**	**142.937**
Services	**4.987.676**	**43.421.611**	**--**	**188.329**	**125.503**	**20.610.763**	**2.421.297**	**692.626**
Wholesale and Retail Trade	1.507.735	17.852.314	--	--	86.557	15.939.650	795.505	545.078
Hotel and Restaurant Services	3.018.029	12.798.800	--	--	28.209	1.676.420	1.372.943	24.612
Transportation and telecommunication	263.903	5.851.129	--	31.103	6.897	1.691.403	166.265	81.701
Financial institution	23.714	805.585	--	157.226	205	811.898	17.712	2.812
Real estate and letting services	19.593	445.040	--	--	990	93.947	11.654	11.215
Self-employement services	--	--	--	--	--	--	--	--
Education services	85.197	1.369.101	--	--	1.840	103.094	37.288	3.365
Health and social services	69.505	4.299.642	--	--	805	294.351	19.930	23.843
Other	**3.063.713**	**49.632.289**	**--**	**20.545.777**	**50.227**	**31.505.634**	**1.701.786**	**1.179.106**
Total	**11.555.590**	**141.618.522**	**--**	**20.869.227**	**642.180**	**78.375.452**	**5.938.259**	**2.249.935**

(*) It includes sales made from non-performing loans portfolio and amounts of write-off.

(vii) Breakdown of receivables by remaining maturity

Current Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
Non-defaulted receivables	--	74.112.183	13.068.951	14.909.306	33.466.343	161.613.502	297.170.283
1 Loans	--	20.278.983	8.086.784	10.307.471	22.910.842	109.108.768	170.692.848
2 Borrowings instruments	--	50.416	--	--	--	27.509.133	27.559.549
3 Off-balance sheet receivables	--	53.782.784	4.982.166	4.601.834	10.555.501	24.995.601	98.917.886
Defaulted receivables	13.901.471	--	--	--	--	--	13.901.471
1 Loans	12.893.521	--	--	--	--	--	12.893.521
2 Borrowings instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	1.007.950	--	--	--	--	--	1.007.950
Specific Provision	8.527.654	--	--	--	--	--	8.527.654
Total	**5.373.817**	**74.112.183**	**13.068.951**	**14.909.306**	**33.466.343**	**161.613.502**	**302.544.102**

Prior Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
Non-defaulted receivables	--	54.605.181	11.222.337	11.527.324	26.979.254	136.529.097	240.863.193
1 Loans	--	13.368.872	6.433.332	7.095.802	18.693.453	96.027.063	141.618.522
2 Borrowings instruments	--	117.636	196.796	94.631	94.023	20.366.141	20.869.227
3 Off-balance sheet receivables	--	41.118.673	4.592.209	4.336.891	8.191.778	20.135.893	78.375.444
Defaulted receivables	12.197.770	--	--	--	--	--	12.197.770
1 Loans	11.555.590	--	--	--	--	--	11.555.590
2 Borrowings instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	642.180	--	--	--	--	--	642.180
Specific Provision	5.938.259	--	--	--	--	--	5.938.259
Total	**6.259.511**	**54.605.181**	**11.222.337**	**11.527.324**	**26.979.254**	**136.529.097**	**247.122.704**

(viii) Ageing analysis of overdue receivables

Current Period	1-30 days	31-60 days	61-90 days	Over 90 days	Total
Loans	4.830.230	1.370.313	1.158.396	1.854.133	9.213.072
Borrowing instruments	--	--	--	--	--
Off-balance sheet receivables	--	--	--	--	--

Prior Period	1-30 days	31-60 days	61-90 days	Total
Loans	4.955.504	1.931.861	2.460.530	9.347.895
Borrowing instruments	--	--	--	--
Off-balance sheet receivables	--	--	--	--

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(ix) Breakdown of restructured receivables according to their provisioning status

	Current Period	Prior Period
Restructured from loans under close monitoring	13.659.978	10.580.300
Restructured from non-performing loans	920.019	1.053.414

5. Credit risk mitigation techniques

Financial collaterals are valued with their up to date values as of the reporting date and involved in the credit risk mitigation process. While allocating the collateral amount to the credit extended, taking into consideration the possible losses of value that may occur in the collateral value with a prudent approach, risk mitigation effects are calculated based on collateral values and credit risk mitigation is made according to comprehensive financial collateral method. Legal validity of the real estate mortgages are ensured with the timely and duly registration of the pledge; and the changes in the market conditions that possess importance are monitored.

Parent Bank makes the credit risk mitigation according to the comprehensive financial collateral method pursuant to the "Communiqué on the Credit Risk Mitigation Techniques". The currency rate nonconformities between the receivable and the collateral is taken into account based on the standard deduction rates specified in the communiqué, while the maturity nonconformity between the receivable and the collateral are taken into account based on the method specified under Article 40. In the credit risk mitigation, cash, financial debt securities, real estate mortgages and Credit Guarantee Fund sureties with Treasury support are used.

Credit policies establish an operational link between the Bank's activities and risk capacity and includes the main areas of activity in line with the target portfolio structure, risk targets for expected and unexpected losses in line with risk capacity, and limits on risk concentration. It must be ensured that limits are in compliance with the restrictions determined by the relevant legislation and regulatory and supervisory authorities. In the management of the concentration risk, the Bank uses a holistic approach in which all risk concentrations are determined, monitored and evaluated. Therefore, the concentrations in the market, sector, country and the area of activity must be taken into account as well as the loans extended to persons and companies. The Bank shows utmost care so that credit and market risk do not concentrate in a specific counterparty or risk category in accordance with its policies and internal procedures.

6. Credit risk mitigation techniques - overview

		A	b	c	d	e	f	g
	Current Period	Exposures unsecured: revaluation amount according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	121.761.694	36.391.904	24.980.294	9.128.963	7.716.197	--	--
2	Borrowing instruments	27.558.867	--	--	--	--	--	--
3	**Total**	**149.320.561**	**36.391.904**	**24.980.294**	**9.128.963**	**7.716.197**	**--**	**--**
4	Of which defaulted (*)	8.313.093	4.052.549	1.966.267	1.535.829	858.275	--	--

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

		a	b	c	d	e	f	g
	Prior Period	Exposures unsecured: revaluation amount according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	97.334.907	38.217.324	24.403.452	7.233.375	5.784.944	--	--
2	Borrowing instruments	20.868.373	--	--	--	--	--	--
3	**Total**	**118.203.280**	**38.217.324**	**24.403.452**	**7.233.375**	**5.784.944**	**--**	**--**
4	Of which defaulted (*)	9.013.984	3.183.786	1.325.679	--	--	--	--

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

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7. Explanations on rating notes used while calculating credit risk with standard approach

In determination of the risk weights to be applied in the capital adequacy calculation, the ratings given by Fitch rating agency are used. The scope in which the rating notes are taken into consideration is the receivables from central governments or central banks, and in order to be valid for those resident abroad, the receivables from banks and intermediary institutions and corporate receivables. In the event there is no rating regarding the receivable while determining the risk weight, the rating of the issuer must be taken into consideration.

The matching of risk ratings with risk weights according to credit quality level and risk classes are shown in the table below.

8. Standardised approach - Credit risk exposured and credit risk mitigation (CRM) methods

		a	b	c	d	e	f
	Current Period	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
	Risk classifications	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	62.283.310	226.706	69.999.507	1.157.842	684.671	0,96%
2	Exposures to regional governments or local authorities	3.954.932	39.181	3.948.690	19.334	1.984.012	50,00%
3	Exposures to public sector entities	--	--	--	--	--	0,00%
4	Exposures to multilateral development banks	--	--	--	--	--	0,00%
5	Exposures to international organisations	--	--	--	--	--	0,00%
6	Exposures to institutions	14.686.609	4.208.597	14.686.608	3.784.256	7.026.212	38,04%
7	Exposures to corporates	78.937.675	39.226.986	69.444.993	22.736.553	92.169.470	99,99%
8	Retail exposures	60.791.545	54.686.402	55.925.537	3.250.958	44.503.841	75,21%
9	Exposures secured by residential property	2.912.068	555.012	2.776.045	296.785	1.075.491	35,00%
10	Exposures secured by commercial real estate	15.642.349	1.986.173	15.642.349	1.422.507	10.218.914	59,88%
11	Past-due loans	3.637.282	539.549	2.770.217	243.203	2.132.849	70,78%
12	Higher-risk categories by the Agency Board	187.102	104	187.090	--	183.261	97,95%
13	Exposures in the form of covered bonds	--	--	--	--	--	0,00%
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	0,00%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	1.181	--	1.111	1.111	100,00%
16	Other assets	9.387.166	--	9.387.166	--	7.612.999	81,10%
17	Investments in equities	819.077	--	819.077	--	819.076	100,00%
18	Total	253.239.115	101.469.891	245.587.279	32.912.549	168.411.907	60,47%

		a	b	c	d	e	f
	Prior Period	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
	Risk classifications	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	55.303.755	328.419	61.072.506	1.566.706	9.541.857	15,23%
2	Exposures to regional governments or local authorities	2.854.670	19.419	2.854.185	8.672	1.431.429	50,00%
3	Exposures to public sector entities	--	--	--	--	--	0,00%
4	Exposures to multilateral development banks	--	--	--	--	--	0,00%
5	Exposures to international organisations	--	--	--	--	--	0,00%
6	Exposures to institutions	8.553.800	3.259.180	8.553.801	2.802.113	4.588.119	40,40%
7	Exposures to corporates	75.796.968	35.768.773	65.782.805	18.334.121	84.103.970	99,98%
8	Retail exposures	45.665.919	41.089.329	42.379.978	2.882.236	34.055.865	75,24%
9	Exposures secured by residential property	3.271.746	405.811	3.055.989	186.190	1.134.762	35,00%
10	Exposures secured by commercial real estate	13.813.800	2.116.627	12.998.527	1.230.475	8.419.439	59,17%
11	Past-due loans	5.594.926	368.386	5.580.339	150.523	6.249.832	109,06%
12	Higher-risk categories by the Agency Board	22.102	--	22.043	--	19.844	90,02%
13	Exposures in the form of covered bonds	--	--	--	--	--	0,00%
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	0,00%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	6.365	--	6.365	6.365	100,00%
16	Other assets	6.975.102	--	6.975.102	--	4.993.720	71,59%
17	Investments in equities	840.146	--	840.146	--	840.146	100,00%
18	Total	218.692.934	83.362.309	210.115.421	27.167.401	155.385.348	65,49%

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

	Current Period	a	b	c	k	d	l	e	f	g	h	ı	j
	Risk Classifications/Risk Weight	0%	10%	20%	35% Secured with property mortgage	50% Secured with property mortgage	50%	75%	100%	150%	200%	Others	Total risk exposure (after CCF and CRM)
1	Exposures to central governments or central banks	69.261.623	--	1.201.628	--	--	499.506	--	194.592	--	--	--	71.157.349
2	Exposures to regional governments or local authorities	--	--	--	--	--	3.968.024	--	--	--	--	--	3.968.024
3	Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to institutions	--	--	9.114.762	--	--	8.305.687	--	1.050.415	--	--	--	18.470.864
7	Exposures to corporates	--	--	15.094	--	--	--	--	92.166.452	--	--	--	92.181.546
8	Retail exposures	--	--	--	--	--	--	58.690.614	485.881	--	--	--	59.176.495
9	Exposures secured by residential property	--	--	--	3.072.830	--	--	--	--	--	--	--	3.072.830
10	Exposures secured by commercial real estate	--	--	--	--	13.691.884	--	--	3.372.972	--	--	--	17.064.856
11	Past-due loans	--	--	--	--	--	1.852.393	--	1.069.775	91.252	--	--	3.013.420
12	Higher-risk categories by the Agency Board	--	--	--	--	--	7.664	--	179.420	6	--	--	187.090
13	Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--	--
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	--	1.111	--	--	--	1.111
16	Investments in equities	--	--	--	--	--	--	--	819.077	--	--	--	819.077
17	Other assets	1.755.946	--	22.741	--	--	--	111	7.608.368	--	--	--	9.387.166
18	Total	71.017.569	--	10.354.225	3.072.830	13.691.884	14.633.274	58.690.725	106.948.063	91.258	--	--	278.499.828

	Prior Period	a	b	c	k	d	l	e	f	g	h	ı	j
	Risk Classifications/Risk Weight	0%	10%	20%	35% Secured with property mortgage	50% Secured with property mortgage	50%	75%	100%	150%	200%	Others	Total risk exposure (after CCF and CRM)
1	Exposures to central governments or central banks	52.178.610	--	903.871	--	--	391.290	--	9.165.441	--	--	--	62.639.212
2	Exposures to regional governments or local authorities	--	--	--	--	--	2.862.857	--	--	--	--	--	2.862.857
3	Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to institutions	--	--	6.181.386	--	--	3.645.372	--	1.529.156	--	--	--	11.355.914
7	Exposures to corporates	--	--	16.195	--	--	--	--	84.100.731	--	--	--	84.116.926
8	Retail exposures	--	--	--	--	--	--	44.825.394	436.820	--	--	--	45.262.214
9	Exposures secured by residential property	--	--	--	3.242.179	--	--	--	--	--	--	--	3.242.179
10	Exposures secured by commercial real estate	--	--	--	--	11.619.128	--	--	2.609.874	--	--	--	14.229.002
11	Past-due loans	--	--	--	--	--	1.323.105	--	2.046.714	2.361.043	--	--	5.730.862
12	Higher-risk categories by the Agency Board	--	--	--	--	--	4.764	--	16.913	366	--	--	22.043
13	Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--	--
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	--	6.365	--	--	--	6.365
16	Investments in equities	--	--	--	--	--	--	--	840.146	--	--	--	840.146
17	Other assets	1.923.244	--	72.650	--	--	--	74	4.979.134	--	--	--	6.975.102
18	Total	54.101.854	--	7.174.102	3.242.179	11.619.128	8.227.388	44.825.468	105.731.294	2.361.409	--	--	237.282.822

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d. Counterparty credit risk

1. Explanations related to counterparty credit risk (CCR)

Policies regarding counterparty risk management are determined by the Board of Directors in accordance with the Turkish Banking Legislation, regulations of the Banking Regulation and Supervision Authority and the Board of Directors in a way to comply with international standards.

Counterparty credit risk includes derivative financial products and repo transactions. Counterparties have been separated to segments as; financial institutions, corporate-commercial customers, SME-Micro-Golden-Agriculture customers and individual customers. For the determination of the products and services to be presented to the customers, a "Compliance Test" is applied according to the product information, financial status and the transaction frequency of the customer. For customers that are classified as professional, there is no need to make a Compliance Test.

Before the transactions to be made with counterparties, the creditworthiness of the counterparty is analysed and are re-evaluated with regular intervals. Limits are determined separately for counterparties as separate and as a group for those under the same risk group. Limits are approved in the relevant credit committees according to the segments of the counterparties. Revision of the limits are made at least once a year. Where necessary, the approved limits are suspended with the approval of the Credit Committee/Credit Allocation Department.

Risk monitoring of the transactions with the scope of CCR are made according to the type, maturity and currency of the transaction, by monitoring the potential risk calculated by multiplying the changing rates by the nominal amount of the transaction and the current risk calculated through the daily valuation method. In transactions made with financial institutions, the risk mitigation methods under international agreements such as ISDA, CSA, GMRA and EMA signed with the counterparty are used. For other counterparties, collateral adequacy ratios are monitored daily within the scope of the Bank's existing credit policies and procedures and the risk mitigation is carried out through additional collateral and margin completion where necessary. The margins to be used in the collateral agreements are reviewed regularly. Margins are determined according to the volatility and liquidity of the collateral received. The risks of the transactions that are subjected to bilateral settlement agreements and that are settles are tracked together. In the event of a decrease in the credit rating note of the bank, the bank's obligation to provide additional collateral must be tracked.

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2. Analysis of counterparty credit risk exposured by measurement approaches

Current Period	a	b	c	d	e	f
	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default)	Exposure at default post CRM	RWA
1 Standardised Approach (for derivatives) (*)	3.048.886	1.099.448		-	4.105.763	2.363.688
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			--	--	--	--
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					1.698.517	339.295
5 VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					--	--
6 Total						2.702.983

(*) Counterparty credit risk for derivatives is calculated by the fair value method.

Prior Period	a	b	c	d	e	f
	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default)	Exposure at default post CRM	RWA
1 Standardised Approach (for derivatives) (*)	1.603.659	934.221		-	2.487.544	1.308.837
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			--	--	--	--
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					131.292	26.258
5 VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					--	--
6 Total						1.335.095

(*) Counterparty credit risk for derivatives is calculated by the fair value method.

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3. Capital requirement for credit valuation adjustment (CVA)

Current Period	a	b
	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 Value at Risk (VaR) component (including the 3×multiplier)	--	--
2 Stressed VaR component (including the 3×multiplier)	--	--
3 All portfolios subject to the Standardised CVA capital charge	4.105.763	1.208.184
4 Total subject to the CVA capital charge	4.105.763	1.208.184

Prior Period	a	b
	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 Value at Risk (VaR) component (including the 3×multiplier)	--	--
2 Stressed VaR component (including the 3×multiplier)	--	--
3 All portfolios subject to the Standardised CVA capital charge	2.487.544	760.324
4 Total subject to the CVA capital charge	2.487.544	760.324

4. Standard approach - Counterparty credit risk by risk classes and risk weights

Current Period	a	b	c	d	e	f	g	h	i
Risk Weigths / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Claims from central governments and central banks	170.026	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	2.918.723	1.111.939	--	--	--	--	1.139.714
Corporates	--	--	--	--	--	1.441.189	--	--	1.441.189
Retail portfolios	--	--	--	--	161.292	--	--	--	120.969
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	1.111	--	--	1.111
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
Total	**170.026**	**--**	**2.918.723**	**1.111.939**	**161.292**	**1.442.300**	**--**	**--**	**2.702.983**

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.
(**)Other assets: the amount excludes exposures to “Central counterparty” which are reported in Counterparty credit risk.

Prior Period	a	b	c	d	e	f	g	h	i
Risk Weigths / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Claims from central governments and central banks	--	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	1.025.239	910.913	--	--	--	--	660.504
Corporates	--	--	--	--	--	643.949	--	--	643.949
Retail portfolios	--	--	--	--	32.369	--	--	--	24.277
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	6.365	--	--	6.365
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
Total	**--**	**--**	**1.025.239**	**910.913**	**32.369**	**650.314**	**--**	**--**	**1.335.095**

(*)Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.
(**)Other assets: the amount excludes exposures to “Central counterparty” which are reported in Counterparty credit risk.

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5. Collaterals used for counterparty credit risk

	a	b	c	d	e	f
Current Period	Guarantees of Derivative Received Guarantees		Financial Instrument Given Guarantees		Guarantees of Other Transactions	
	Appropriated	Unappropriated	Appropriated	Unappropriated	Received Guarantees	Given Guarantees
Cash-Domestic Currency	14.814	--	--	--	1.343.940	1.840.928
Cash-Foreign Currency	27.757	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	1.838.716	1.567.847
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
Total	42.571	--	--	--	3.182.656	3.408.775

	a	b	c	d	e	f
Prior Period	Guarantees of Derivative Received Guarantees		Financial Instrument Given Guarantees		Guarantees of Other Transactions	
	Appropriated	Unappropriated	Appropriated	Unappropriated	Received Guarantees	Given Guarantees
Cash-Domestic Currency	11.949	--	--	--	1.020.545	153.520
Cash-Foreign Currency	38.388	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	--	--
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
Total	50.337	--	--	--	1.020.545	153.520

6. Credit derivatives

None.

7. Exposures to central counterparty (CCP)

None.

e. Securitization

1. Explanations on securitization positions

None.

2. Securitization positions in banking accounts

None.

3. Securitization positions in trading accounts

None.

4. Securitization positions in banking positions and capital requirements related to those - in which the Bank is the founder or the sponsor

None.

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

None.

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f. Market Risk

1. Explanations on market risk

Market risk refers to the risk arising from positions arising from trading transactions executed in financial markets and market movements that affect the value of these positions. Within the framework of financial risk management, in order to protect from market risk, market risk management activities were determined within the scope of "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process" and "Regulation on Measurement and Evaluation of Capital Adequacy of the Bank".

Risk policies and risk limits regarding the management of market risk have been approved by the Board of Directors. Strategies for trading activities in financial markets are created and implemented within this framework.

In the management of market risk, the principle of triple defense line is applied. While there is a first level responsibility for the management of the market risk regarding the position carried by the relevant Treasury units, the monitoring and control activities at the second level are carried out independently by the Risk Management and at the third level by the Inspection Board.

In order to measure and monitor market risk, risk measurement is done daily using the internal model. In this context, in addition to the value at risk calculations made using the parametric method, various risk indicators such as interest sensitivity and option sensitivities are followed, and risk calculations are supported by scenario analysis. Market risk measurement results and all monitored risk indicators are shared daily with relevant units and senior managers.

A limit structure consisting of various risk indicators has been established in order to control market risk. These limits include the risk limits set for the monitored risk indicators, as well as various position limits and stop loss limits. The upper level limits are determined by the Board of Directors. In addition, there are various limits set by the lower level Asset-Liability Committee. The risk indicators and limit uses are reported to the Audit Committee and the Asset-Liability Committee by the Risk Management unit.

In the calculation of capital adequacy, the measurement of market risk is made using the standard method. The standard method is a method whose calculation criteria are clearly determined by the BRSA and is calculated monthly. The calculation results are given in the table below. Positions subject to market risk measurements are determined by taking into account the definition of "Trading Accounts" in legal regulations.

2. Standardised approach

		Current Period RWA	Prior Period RWA
	Outright products		
1	Interest rate risk (general and specific)	166.188	121.588
2	Equity risk (general and specific)	--	--
3	Foreign exchange risk	1.265.813	935.963
4	Commodity risk	1.501.787	192.799
	Options		
5	Simplified approach	--	--
6	Delta-plus method	306.350	77.238
7	Scenario approach	--	--
8	Securitization	--	--
9	Total	3.240.138	1.327.588

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

	Current Period: 31 December 2020		
	Average	Highest	Lowest
Interest Rate Risk	10.870	17.515	5.608
Stock Risk	--	--	--
Currency Risk	220.149	351.388	101.265
Commodity Risk	65.007	125.219	13.977
Settlement Risk	--	--	--
Option Risk	4.811	24.508	235
Counterparty Risk	--	--	--
Total Risk Exposure Value	3.760.455	6.032.975	1.720.063

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	Prior Period: 31 December 2019		
	Average	Highest	Lowest
Interest Rate Risk	7.784	10.838	4.497
Stock Risk	--	--	--
Currency Risk	54.534	83.737	37.565
Commodity Risk	9.725	19.213	5.580
Settlement Risk	--	--	--
Option Risk	1.908	6.179	317
Counterparty Risk	--	--	--
Total Risk Exposure Value	924.392	1.352.150	668.625

g. Operational risk

1. Explanations on operational risk calculation

Principal amount subject to operational risk is calculated through using year-end gross income of 2019, 2018 and 2017 of DFS Group belonging to last 3 years via "Basic Indicators Approach" dated in accordance with "Communique on Measurement and Evaluation of Bank's Capital Adequacy" published on Official Gazette dated 23 October 2015 numbered 29511.

2. Basic indicators approach

	31/12/2017	31/12/2018	31/12/2019	Total/Positive GI year number	Ratio(%)	Total
Gross Income	7.247.218	9.252.471	12.058.723	9.519.471	15	1.427.921
Amount Subject to Operational Risk						17.849.008

IX. Explanations related to presentation of financial assets and liabilities at their fair value

a. Fair value calculations of financial assets and liabilities

The fair value of financial assets measured at amortised cost 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 estimated fair value of demand deposits represents the amount to be paid upon request. The fair value of overnight deposits and the variable rate placements represent the book value. The estimated fair value of the fixed interest deposits is calculated by finding the discounted cash flows using market interest rates applied to similar loans and other debts.

The fair value of the loans are calculated by the discounted cash flows using current market interest rates.

Estimated fair value of banks, funds obtained from other financial institutions, securities issued and deposits is calculated by finding the 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.

	Book Value	Fair Value
	Current Period	Current Period
Financial Assets	224.625.267	229.657.788
Interbank Money Market Placements	1.763.207	1.763.207
Banks	11.715.414	11.616.039
Financial Assets at Fair Value Through Other Comprehensive Income	20.298.234	20.298.234
Financial Assets Measured at Amortised Cost	7.262.043	7.332.576
Loans	183.586.369	188.647.732
Financial Liabilities	224.303.871	224.128.591
Bank Deposits	17.252.064	17.254.467
Other Deposits	167.467.249	167.298.608
Interbank Money Market Borrowings	4.512.976	4.512.976
Funds Borrowed From Other Financial Institutions	25.985.554	26.108.732
Subordinated Loans	5.917.421	5.825.046
Securities Issued	3.168.607	3.128.762

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	Book Value	Fair Value
	Prior Period	Prior Period
Financial Assets	182.088.907	187.112.503
Interbank Money Market Placements	1.261.789	1.261.789
Banks	6.705.382	6.436.658
Financial Assets at Fair Value Through Other Comprehensive Income	14.174.570	14.174.570
Financial Assets Measured at Amortised Cost	6.773.054	6.730.693
Loans	153.174.112	158.508.793
Financial Liabilities	185.107.686	184.926.584
Bank Deposits	3.750.581	3.752.984
Other Deposits	154.458.603	154.289.962
Interbank Money Market Borrowings	459.048	459.048
Funds Borrowed From Other Financial Institutions	15.187.428	15.318.827
Subordinated Loans	7.037.253	6.944.878
Securities Issued	4.214.773	4.160.885

b. Classification of fair value

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	304.465	--	--	304.465
Public Sector Debt Securities	78.047	--	--	78.047
Share Certificated	220.811	--	--	220.811
Other Securities	5.607	--	--	5.607
Derivative Financial Assets at Fair Value Through Profit or Loss	--	3.161.010		3.161.010
Financial Assets at Fair Value Through Other Comprehensive Income	20.297.457	--	--	20.297.457
Public Sector Debt Securities	19.540.092	--	--	19.540.092
Other Securities	757.365	--	--	757.365
Loans at Fair Value Through Profit or Loss	--	--	447.412	447.412
Total Assets	**20.601.922**	**3.161.010**	**447.412**	**24.210.344**
Derivative Financial Liabilities at Fair Value Through Profit or Loss	--	2.154.844	--	2.154.844
Total Liabilities	**--**	**2.154.844**	**--**	**2.154.844**

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	177.156	--	--	177.156
Public Sector Debt Securities	21.440	--	--	21.440
Share Certificated	153.516	--	--	153.516
Other Securities	2.200	--	--	2.200
Derivative Financial Assets at Fair Value Through Profit or Loss	--	1.662.763		1.662.763
Financial Assets at Fair Value Through Other Comprehensive Income	14.096.173	--	--	14.096.173
Public Sector Debt Securities	13.311.616	--	--	13.311.616
Other Securities	784.557	--	--	784.557
Loans at Fair Value Through Profit or Loss	--	--	329.100	329.100
Total Assets	**14.273.329**	**1.662.763**	**329.100**	**16.265.192**
Derivative Financial Liabilities at Fair Value Through Profit or Loss	--	880.875	--	880.875
Total Liabilities	**--**	**880.875**	**--**	**880.875**

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: Inputs not based on observable market data regarding assets or liabilities

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Movement table of financial assets at level 3

	Current period
Balance at the beginning of the period	329.100
Purchases	--
Amortisation/sales	--
Valuation differences	118.312
Transfers	--
Balance at the end of the period	**447.412**

Investment property of DFS Group and property held under tangible fixed assets that are recorded at fair value are classified as level 3.

X. Explanations related to transactions carried out on behalf and account of other parties and fiduciary transactions

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

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

b. Whether there are transactions with other financial institutions within the scope of fiduciary transaction contracts and whether there are financial services provided directly within this scope; whether such services are likely to significantly affect the Bank's financial status

There are no fiduciary transaction contracts.

XI. Explanations related to hedging transactions

a. Net investment risk

DFS Group applies net investment hedge strategy to hedge against the currency risk arising on a consolidated basis from the net investments amounting to a total of Euro 1.639 million and US Dollar 7 million of subsidiaries Denizbank AG and Eurodeniz. A part consisting of the same amounts of its foreign currency deposit of the Group has been defined as "hedging instrument". The effective part of the change in value of the foreign currency deposit arising from change in exchange rate has been recognised 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 that subsidiary is amounting to TL (57.744).

Total abroad net investment hedging funds recognised under equity is amounting to TL (7.359.195) as of 31 December 2020 (31 December 2019: TL (4.039.191)).

b. Cash flow risk

Within the scope of foreign exchange risk management, Deniz Leasing started to apply cash flow hedge accounting as of 1 April 2018 by matching the future Euro lease receivables and the estimated future sales of used cars, fair values of which are followed in Euro, in accordance with the agreements.

In the cash flow hedge accounting initiated by Deniz Leasing; receivables from current operating leases and their fair values as a hedged item have determined the estimated future used vehicle sales that are followed up in Euro and the loans received in Euro has been determined as hedging instrument.

Profit/ (loss) after tax TL (29.139) which is accounted under shareholders' equity as cash flow hedge accounting as of 31 December 2020 (31 December 2019: TL (23.227)).

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XII. Explanations related to the consolidated segment reporting

DFS Group operates in four main areas; wholesale banking, SME and agricultural banking, retail banking, and treasury.

Wholesale banking provides financial solutions and banking services to large-scale national and international corporate and commercial customers. Short and long term business loans, investment loans, financial and operational leasing services and factoring loan products, non-cash loans, foreign exchange purchase-sales, foreign trade financing, project financing, structured financing, corporate finance, deposits and cash management services are provided in order to meet the needs of customers for investment, working capital and projects.

Within the scope of retail banking, loan products (consumer, mortgage, vehicle, workplace, tractor, agricultural equipment and investment loans), credit cards with different features, producer cards, investment products (mutual funds, stocks, treasury bills/government bonds, repurchase), deposit products (demand, term, protected), insurance products as well as financial and operational leasing services and factoring loan products are provided to SME and agricultural customers. 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, chequebooks and rental safes.

Treasury covers the Group's short, medium and long-term price strategies and maturity nonconformities, as well as spot and forward TL and foreign exchange trading, treasury bills, bonds and other domestic and international securities trading and derivative products. Bank also performs activities to provide medium and long-term funding, diversification of funding sources and establishment of an international investor base in this field.

Information on business segments has been prepared in accordance with the data provided from the Parent Bank's Management Reporting System and the previous period information has been revised on the same basis.

Information on business segments are presented in the following tables:

Current Period (01/01/2020-31/12/2020)	Wholesale Banking	SME & Agricultural Banking	Retail Banking	Treasury & Other	Total
Net interest income	2.533.437	1.980.139	1.980.863	4.478.220	**10.972.659**
Net fees and commission income	495.549	1.407.512	1.115.369	34.601	**3.053.031**
Other income/loss, net	284.530	144.587	(3.585)	618.849	**1.044.381**
Total segment income	**3.313.516**	**3.532.238**	**3.092.647**	**5.131.670**	**15.070.071**
Other operational expenses (*)	(798.732)	(1.601.971)	(2.064.661)	(605.778)	**(5.071.142)**
Provisions for expected credit loss and other provisions	(4.503.899)	(2.364.566)	(294.553)	(473.133)	**(7.636.151)**
Taxation					**(496.986)**
Net profit from continuing operations	**(1.989.115)**	**(434.299)**	**733.433**	**4.052.759**	**1.865.792**
Net profit from discontinued operations					**--**
Net profit for the period	**(1.989.115)**	**(434.299)**	**733.433**	**4.052.759**	**1.865.792**
Current Period (31/12/2020)					
Segment assets	91.159.787	45.958.234	30.088.381	85.059.293	**252.265.695**
Subsidiaries and associates					**831.013**
Undistributed assets					**10.863.940**
Total assets					**263.960.648**
Segment liabilities	30.171.668	31.179.926	62.262.846	105.764.268	**229.378.708**
Undistributed liabilities					**11.554.505**
Equity					**23.027.435**
Total liabilities and shareholders' equity					**263.960.648**

(*) It also includes personnel expenses.

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Prior Period (01/01/2019-31/12/2019)	Wholesale Banking	SME & Agricultural Banking	Retail Banking	Treasury & Other	Total
Net interest income	2.183.594	2.062.355	1.768.797	2.379.997	**8.394.743**
Net fees and commission income	504.415	1.823.209	1.459.380	(40.961)	**3.746.043**
Other income/loss, net	362.647	244.970	42.957	(585.891)	**64.683**
Total segment income	**3.050.656**	**4.130.534**	**3.271.134**	**1.753.145**	**12.205.469**
Other operational expenses (*)	(706.591)	(1.444.902)	(1.943.175)	(156.235)	**(4.250.903)**
Provisions for expected credit loss and other provisions	(3.701.858)	(1.693.691)	(696.495)	(147.105)	**(6.239.149)**
Taxation					**(407.101)**
Net profit from continuing operations	**(1.357.793)**	**991.941**	**631.464**	**1.449.805**	**1.308.316**
Net profit from discontinued operations					--
Net profit for the period	**(1.357.793)**	**991.941**	**631.464**	**1.449.805**	**1.308.316**
Prior Period (31/12/2019)					
Segment assets	80.583.031	40.588.749	21.543.600	66.820.127	**209.535.507**
Subsidiaries and associates					**762.204**
Undistributed assets					**7.016.362**
Total assets					**217.314.073**
Segment liabilities	35.860.825	25.489.402	51.274.877	75.839.785	**188.464.889**
Undistributed liabilities					**11.100.272**
Equity					**17.748.912**
Total liabilities and shareholders' equity					**217.314.073**

(*) It also includes personnel expenses.

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SECTION FIVE
DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to consolidated assets

a. Cash and cash equivalents

1. Information on cash balances and balances with the Central Bank of the Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	591.769	961.480	767.318	978.519
Central Bank of the Republic of Turkey	1.660.939	19.522.982	763.291	14.338.788
Other (*)	--	17.292.748	--	18.823.937
Total	**2.252.708**	**37.777.210**	1.530.609	34.141.244

(*) This includes the balances of foreign subsidiaries in foreign central banks subject to consolidation.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1.636.327	7.467.293	762.933	5.023.346
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	24.612	12.055.689	358	9.315.442
Total	**1.660.939**	**19.522.982**	763.291	14.338.788

3. Explanations on reserve requirements

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Turkey ("CBRT"), the Parent Bank keeps reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué.

As of 31 December 2020, all banks operating in Turkey should provide a reserve in a range of 1% to 6% (31 December 2019: between 1% and 7%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 5% to 22% (31 December 2019: between 5% and 21%) in US Dollars or standard gold for their liabilities in foreign currencies.

According to the principles of communiqué No. 2019/19 dated 9 December 2019, the CBRT pays interest to banks that provide credit growth for Turkish Lira reserve requirements. The interest income received from reserve requirements of the Parent Bank with the CBRT is amounting to TL 29.693 (1 January - 31 December 2019: TL 145.307). The related interest income recognised under "Interest on Reserve Requirements".

4. Information on Banks

(i) Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	506.227	20.427	1.903.090	24.946
Foreign	460	11.188.300	386	4.776.960
Foreign head offices and branches	--	--	--	--
Total	**506.687**	**11.208.727**	**1.903.476**	**4.801.906**

(ii) Information on foreign banks

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	4.163.595	881.723	--	--
USA, Canada	1.613.634	1.348.588	--	--
OECD Countries(*)	510.153	27.458	--	--
Off shore zones	320	369	--	--
Other	4.901.058	2.519.208	--	--
Total	**11.188.760**	**4.777.346**	--	--

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

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b. Information on financial assets at fair value through profit or loss

1. Information on financial assets at fair value through profit or loss given as collateral or blocked

given as collateral or blocked	Current Period		Prior Period	
financial assets at fair value through profit or loss	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	5.156	--	17.075	--
Other	--	--	--	--
Total	5.156	--	17.075	--

2. Financial assets at fair value through profit or loss subject to repurchase agreements

None.

3. Other financial assets

Within the context of the existing loan agreements, all creditors including the Parent Bank have reached an agreement on restructuring the loans granted to a company operating in telecommunication sector and shares owned by the company, representing 55% of its issued share capital corresponding to shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors on 21 December 2018. As a result of the transfer of this liability, the risk balance amounting to TL 237.211 has been derecognised from the balance sheet and the Bank's credit receivable carried at fair value under other financial assets amounted to TL 447.412 (31 December 2019: TL 329.100).

4. Positive differences related to derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	90.016	207.034	9.723	19.262
Swap Transactions	1.103.455	1.711.690	975.844	616.518
Futures Transactions	--	--	--	--
Options	2.348	46.467	333	41.083
Other	--	--	--	--
Total	1.195.819	1.965.191	985.900	676.863

c. Information on financial assets at fair value through other comprehensive income

1. Major types of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income consist of share certificates, Government Debt Securities, Eurobonds and foreign currency bonds issued by the Turkish Treasury and foreign private sector debt securities.

2. Characteristics and book value of financial assets at fair value through other comprehensive income pledged as collateral

Financial assets at fair value through other comprehensive income which are given as collateral consist of securities issued to various financial institutions, primarily the Central Bank of the Republic of Turkey and Istanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank), for interbank money market, foreign exchange market and other transactions. These financial assets include government bonds and Eurobonds, and their total book value amounts to TL 2.287.509 (31 December 2019: TL 2.595.610).

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3. Information on financial assets at fair value through other comprehensive income given as collateral/blocked

Given as collateral or blocked	Current Period		Prior Period	
Financial assets at fair value through other comprehensive income	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bills, Bonds and Similar Securities	1.413.426	874.083	231.875	2.363.735
Other	--	--	--	--
Total	1.413.426	874.083	231.875	2.363.735

4. Financial assets at fair value through other comprehensive income subject to repurchase agreements

Subject to repurchase agreements	Current Period		Prior Period	
Financial assets at fair value through other comprehensive income	TL	FC	TL	FC
Government Bonds	49.224	2.699.928	78.017	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bank Bills and Bank Guaranteed Bills	--	--	--	223.647
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
Total	49.224	2.699.928	78.017	223.647

5. Information on financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income	Current Period	Prior Period
Debt Securities	**20.297.457**	**14.096.173**
Quoted on Stock Exchange (*)	20.297.457	14.096.173
Unquoted on Stock Exchange	--	--
Share Certificates	**777**	**78.397**
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange (**)	777	78.397
Impairment Provisions (-)	**--**	**--**
Total	20.298.234	14.174.570

(*) It includes bank and corporate bills.
(**) Details are explained in Section Five, note I.b.3.

d. Explanations on loans

1. Information on the balance of any kind of loan or advance granted to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	**--**	**4.963**	**--**	**4.963**
Corporate Shareholders	--	4.963	--	4.963
Individual Shareholders	--	--	--	--
Indirect Loans Granted to Shareholders	**--**	**--**	**--**	**--**
Loans Granted to Employees	**78.025**	**216**	**73.757**	**216**
Total	78.025	5.179	73.757	5.179

2. Information on standard loans and loans under close monitoring and loans under restructuring

Cash loans (*) (**)	Standard Loans	Loans Under Close Monitoring		
		Not included in restructured loans	Restructured Loans: Changes in conditions of contract	Restructured Loans: Refinancing
Non-specialized loans	**126.049.640**	**14.046.186**	**6.820.406**	**3.273.802**
Corporate loans	34.723.227	2.027.105	2.324.043	562.340
Export loans	3.009.961	620.719	--	132.693
Import loans	--	--	--	--
Commercial loans	1.116.216	--	--	--
Consumer loans	19.772.286	1.954.942	667.954	242.044
Credit cards	11.367.706	629.501	305.210	69.617
Others	56.060.244	8.813.919	3.523.199	2.267.108
Specialized loans	**10.372.139**	**1.475.893**	**419.134**	**2.145.278**
Other receivables	**4.265.919**	**823.093**	**1.001.358**	**--**
Total	140.687.698	16.345.172	8.240.898	5.419.080

(*) It includes loans measured at amortised cost.

(**) The balances of loans at fair value through profit or loss are not included. It includes Lease Receivables and Factoring Receivables balances.

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Stage 1 and Stage 2 Provisions for Expected Credit Loss	Current Period Standard Loans	Current Period Loans Under Close Monitoring	Prior Period Standard Loans	Prior Period Loans Under Close Monitoring
12-Month provision for expected credit loss	1.469.685	--	1.258.205	--
Significant increase in credit risk	--	6.306.466	--	3.192.042
Total	1.469.685	6.306.466	1.258.205	3.192.042

3. Distribution of cash loans according to maturity structure

	Standard Loans	Loans Under Close Monitoring Not Restructured	Loans Under Close Monitoring Restructured
Short-Term Loans	34.182.388	3.412.341	1.424.260
Medium and Long-Term Loans	106.505.310	12.932.831	12.235.718
Total	140.687.698	16.345.172	13.659.978

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

	Short Term	Medium or Long Term	Total
Consumer Loans-TL	**753.010**	**20.099.819**	**20.852.829**
Real estate Loans	3.217	2.002.371	**2.005.588**
Vehicle Loans	426	60.991	**61.417**
General Purpose Loans	749.367	18.036.100	**18.785.467**
Other	--	357	**357**
Consumer Loans-Indexed to FC	**--**	**9.405**	**9.405**
Real estate Loans	--	8.831	**8.831**
Vehicle Loans	--	--	**--**
General Purpose Loans	--	574	**574**
Other	--	--	**--**
Consumer Loans-FC	**--**	**70.409**	**70.409**
Real estate Loans	--	1.934	**1.934**
Vehicle Loans	--	--	**--**
General Purpose Loans	--	165	**165**
Other	--	68.310	**68.310**
Individual Credit Cards-TL	**8.702.769**	**691.969**	**9.394.738**
Installment	4.111.715	691.969	**4.803.684**
Non installment	4.591.054	--	**4.591.054**
Individual Credit Cards-FC	**183**	**--**	**183**
Installment	--	--	**--**
Non installment	183	--	**183**
Loans Given to Employees-TL	**5.491**	**38.513**	**44.004**
Real estate Loans	--	805	**805**
Vehicle Loans	--	--	**--**
General Purpose Loans	5.491	37.708	**43.199**
Other	--	--	**--**
Loans Given to Employees - Indexed to FC	**--**	**--**	**--**
Real estate Loans	--	--	**--**
Vehicle Loans	--	--	**--**
General Purpose Loans	--	--	**--**
Other	--	--	**--**
Loans Given to Employees - FC	**55**	**175**	**230**
Real estate Loans	--	--	**--**
Vehicle Loans	--	--	**--**
General Purpose Loans	55	--	**55**
Other	--	175	**175**
Personnel Credit Cards - TL	**31.394**	**351**	**31.745**
Installment	12.409	351	**12.760**
Non installment	18.985	--	**18.985**
Personnel Credit Cards - FC	**3**	**--**	**3**
Installment	--	--	**--**
Non installment	3	--	**3**
Overdraft Loans-TL (Real Persons) (*)	**1.656.590**	**--**	**1.656.590**
Overdraft Loans-FC (Real Persons)	**3.759**	**--**	**3.759**
Total	**11.153.254**	**20.910.641**	**32.063.895**

(*) The overdraft account used by the personnel of the Parent Bank amounts to TL 2.043 (31 December 2019: TL 1.844).

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5. Information on commercial installment loans and corporate credit cards

	Short Term	Medium or Long Term	Total
Installment Commercial Loans - TL	**2.081.141**	**16.185.690**	**18.266.831**
Real estate Loans	--	72.257	**72.257**
Vehicle Loans	5.559	207.959	**213.518**
General Purpose Loans	2.075.582	15.861.340	**17.936.922**
Other	--	44.134	**44.134**
Installment Commercial Loans - Indexed to FC	**--**	**575.372**	**575.372**
Real estate Loans	--	2.044	**2.044**
Vehicle Loans	--	8.056	**8.056**
General Purpose Loans	--	565.272	**565.272**
Other	--	--	**--**
Installment Commercial Loans - FC	**4.389.788**	**41.746.675**	**46.136.463**
Real estate Loans	--	--	**--**
Vehicle Loans	--	--	**--**
General Purpose Loans	72.802	4.239.629	**4.312.431**
Other	4.316.986	37.507.046	**41.824.032**
Corporate Credit Cards - TL	**2.813.405**	**131.934**	**2.945.339**
Installment	1.029.094	131.934	**1.161.028**
Non installment	1.784.311	--	**1.784.311**
Corporate Credit Cards - FC	**26**	**--**	**26**
Installment	--	--	**--**
Non installment	26	--	**26**
Overdraft Loans-TL (Legal Entities)	**1.559.124**	**--**	**1.559.124**
Overdraft Loans-FC (Legal Entities)	**2.393**	**--**	**2.393**
Total	**10.845.877**	**58.639.671**	**69.485.548**

6. Distribution of loans according to user

	Current Period	Prior Period
Public	5.721.972	4.139.126
Private	164.970.876	137.479.396
Total	170.692.848	141.618.522

7. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	147.364.421	116.134.195
Foreign Loans	23.328.427	25.484.327
Total	170.692.848	141.618.522

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	--	--
Total	--	--

9. Specific provisions for loans or provisions for stage 3 loans

Provisions related to loans or credit impaired losseses (stage 3)	Current Period	Prior Period
Loans with Limited Collectability	762.722	1.930.413
Loans with Doubtful Collectability	2.363.814	1.237.429
Uncollectible Loans	5.401.118	2.770.417
Total	8.527.654	5.938.259

10. Information on non-performing loans (Net)

(i) Information on non-performing loans and restructured loans by the Group

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period	**41.318**	**40.573**	**838.128**
(Gross amounts before the provisions)			
Restructured loans	41.318	40.573	838.128
Prior Period	**79.694**	**577.336**	**396.384**
(Gross amounts before the provisions)			
Restructured loans	79.694	577.336	396.384

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(ii) Information on movement of total non-performing loans

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Balances at Beginning of Period	**4.830.346**	**2.571.142**	**4.154.102**
Additions (+)	3.263.829	2.470.879	1.394.510
Transfers from Other Categories of Non-Performing Loans (+)	--	6.338.706	5.910.014
Transfers from Other Categories of Non-Performing Loans (-)	6.338.706	5.910.014	--
Collections (-)	537.471	1.887.935	1.443.279
Write-offs (-)(*)	--	--	1.922.602
Sales (-)	--	--	--
Corporate and Commercial Loans	--	--	--
Retail Loans	--	--	--
Credit Cards	--	--	--
Other	--	--	--
Balances at End of the Period	**1.217.998**	**3.582.778**	**8.092.745**
Specific Provisions (-)	762.722	2.363.814	5.401.118
Net Balance on Balance Sheet	**455.276**	**1.218.964**	**2.691.627**

(*) As of 31 December 2020, in accordance with the Amendments to the Regulation published in the Official Gazette dated 27 November 2019 and numbered 30961 by the BRSA, the Parent Bank recovers the loans that are classified under the Fifth Group - Loans of Loss and are set aside due to the default of the debtor. Since the first reporting period following their classification in the fifth group, the part which does not have reasonable expectations can be deducted from the records within the scope of TFRS 9. In this context, loans amounting to TL 1.922.602 were deducted from the records. In accordance with the amendments made in the relevant Provisions Regulation within the period, the effect of the credits deducted from the record on the Bank's NPL ratio is 96 basis points.

(iii) Information on non-performing loans utilised in foreign currencies

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period: 31 December 2020			
Balance as of the Period End	754.040	2.473.158	2.181.072
Provisions (-)	421.503	1.810.019	1.334.041
Net Balance on Balance Sheet	**332.537**	**663.139**	**847.031**
Prior Period: 31 December 2019			
Balance as of the Period End	2.485.643	228.237	877
Provisions (-)	1.173.727	136.790	--
Net Balance on Balance Sheet	**1.311.916**	**91.447**	**877**

(iv) Information on gross and net amounts of non-performing loans according to beneficiary group

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period (Net): 31 December 2020	**455.276**	**1.218.964**	**2.691.627**
Loans Granted to Real Persons and Legal Entities (Gross)	1.217.998	3.582.778	8.092.745
Provisions (-)	762.722	2.363.814	5.401.118
Loans Granted to Real Persons and Legal Entities (Net)	455.276	1.218.964	2.691.627
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan (Net)	--	--	--
Priod Period (Net): 31 December 2019	**2.899.932**	**1.333.714**	**1.383.685**
Loans Granted to Real Persons and Legal Entities (Gross)	4.830.345	2.364.924	4.154.102
Provisions (-)	1.930.413	1.109.808	2.770.417
Loans Granted to Real Persons and Legal Entities (Net)	2.899.932	1.255.117	1.383.685
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	206.218	--
Provisions (-)	--	127.621	--
Other Loan (Net)	--	78.597	--

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(v) Information on interest accruals, rediscount and valuation differences for non-performing loans and their provisions

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net)	**36.585**	**109.016**	**486.967**
Interest accruals and rediscount and valuation differences	89.683	264.107	1.447.590
Amount of provision (-)	53.098	155.091	960.623
Prior Period (Net)	**304.708**	**236.591**	**401.091**
Interest accruals and rediscount and valuation differences	497.537	394.049	769.321
Amount of provision (-)	192.829	157.458	368.230

11. Outline of liquidation policy for uncollectible loans and other receivables

For uncollectible loans, first of all the Bank and the company try to reach an agreement; where these methods to not work and no results can be obtained from follow-up, all the procedures to be performed within the framework of legal legislation are carried out. These transactions last until the companies sign a pledge deficit document or a certificate of insolvency.

12. Explanations on write-off policy

The general policy of the Bank is to write-off the receivables that are documented as not possible to be collected during the legal follow-up process.

Write-off policy:

In accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, the Parent Bank, in line with TFRS 9, may write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor, starting from the following reporting date that the loan is classified in group 5.

Write-off is only an accounting practice in accordance with the related change in the regulation and it does not result in giving up the right on the receivable.

The Bank uses the following indicators as to the absence of reasonable expectations regarding the collection of loans:

- For receivables subject to collective assessment,
  - ✓ Maximum attempts were made by the Bank regarding collection during the legal follow-up and remained inconclusive
  - ✓ Recovery horizon is reached
  - ✓ 100% provisioning is realised
- Certain data for those who will be subject to individual assessment that their collection ability has been completely lost as a result of customer analysis and interviews

Although the Bank has applied write-off, its policies for the loans that it follows are in line with the loans it actively pursues in terms of legal collection of borrowers, subjecting loans to the sale of non-performing loans and withdrawal decisions.

e. Information on financial assets measured at amortised cost

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

(i) Information on securities subject to repurchase agreement

Financial assets measured at amortised cost subject to repurchase agreement amounts to TL 3.141.841 (31 December 2019: TL 224.841).

(ii) Information on securities subject to given as collateral or blocked

Collateralized financial assets measured at amortised cost are government bonds, book value of which amounts to TL 1.774.043 (31 December 2019: TL 1.393.213).

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2. Information on government debt securities measured at amortised cost

Government debt securities measured at amortised cost	Current Period	Prior Period
Government Bonds	7.262.043	6.773.054
Treasury Bills	--	--
Other Government Debt Securities	--	--
Total	**7.262.043**	**6.773.054**

3. Information on financial assets measured at amortised cost

Financial assets measured at amortised cost	Current Period	Prior Period
Debt Securities	**7.262.043**	**6.773.054**
Quoted on Stock Exchange	7.262.043	6.773.054
Unquoted on Stock Exchange	--	--
Impairment provisions (-)	**--**	**--**
Total	**7.262.043**	**6.773.054**

4. The movements of financial assets measured at amortised cost during the period

	Current Period	Prior Period
Balance at the beginning of the period	**6.773.054**	**6.239.810**
Foreign exchange differences in monetary assets (*)	857.182	533.244
Purchases during the year	--	--
Disposals by sale and redemption	(368.193)	--
Impairment provisions (-)	**--**	**--**
Total	**7.262.043**	**6.773.054**

(*) Rediscounts of financial assets measured at amortised cost are included in "foreign exchange differences in monetary assets".

Parent Bank transferred its securities from "financial assets at fair value through other comprehensive income" portfolio, with a new cost amounting to TL 2.826.026 and USD 320.674 as of reclassification date, to the "financial assets measured at amortised cost" portfolio due to change in the intention of holding on 23 July 2013, 24 July 2013, 26 December 2013, 24 January 2014 and 1 November 2016.

f. Information on investments in associates

1. Investments in unconsolidated associates

Title	Address (City/Country)	Share percentage of the Parent Bank(%)	Risk Group Share Percentage of the Parent Bank(%)
1-Kredi Kayıt Bürosu A.Ş. (1)	İstanbul/Turkey	9	--
2-Kredi Garanti Fonu A.Ş. (2)	Ankara/Turkey	2	--
3-Ege Tarım Ürünleri Lisanslı Dep. A.Ş. (2)	İzmir/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	411.660	265.464	213.605	3.531	--	48.549	26.579	--
2	586.812	463.692	23.597	57.601	--	55.708	64.893	--
3	15.257	14.163	8.133	549	--	2.461	1.729	--

(1) Information on the financial statements is presented as of the period ended 30 September 2020.

(2) Information on the financial statements is presented as of the period ended 31 December 2019.

2. Investments in consolidated associates

There are no investments in consolidated associates.

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g. Information on investments in subsidiaries

1. Information on shareholders' equity of major subsidiaries

The Parent Bank does not need any capital requirement arising from its subsidiaries included in the consolidated capital adequacy standard ratio.

The amounts below are obtained from the financial data of 31 December 2020 prepared in accordance with the legislation to which Denizbank AG is subject to.

	Denizbank AG
Paid-in capital	2.113.464
Share premium	3.105.283
Reserves	9.443.469
Deductions from capital	10.849
Total Common Equity	**14.651.367**
Total additional Tier I capital	--
Deductions from capital	43.394
Total Core Capital	**14.607.973**
Total supplementary capital	222.878
Capital	**14.830.851**
Deductions from capital	--
SHAREHOLDERS' EQUITY	**14.830.851**

2. Information on unconsolidated subsidiaries

Title	Address (City/Country)	Share percentage of the Parent Bank (%)	Share percentage of other shareholders (%)
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-Açık Deniz Radyo ve Televizyon İletişim Yayıncılık ve Sanayi A.Ş.	Istanbul/Turkey	--	100
4-Deniz Immobilien Service GmbH	Vienna/Austria	--	100
5-Ekspres Bilgi İşlem ve Ticaret A.Ş.	Istanbul/Turkey	71	29

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
1	546.722	382.058	349.177	364	--	93.630	83.456	--
2	975	969	25	--	--	(117)	(87)	--
3	429	427	--	--	--	23	50	--
4	194	194	--	--	--	20	0	--
5	22.250	12.797	13.062	68	--	(6.050)	1.642	--

The financial statements of the above subsidiaries for the period ended on 31 December 2020 are not included in the consolidation since they are non-financial subsidiaries.

3. Information on consolidated subsidiaries

	Title	Address (City/Country)	Share percentage of the Parent Bank (%)	Share percentage of other shareholders (%)	Consolidation Method
1	Denizbank AG	Vienna/Austria	100	--	Full consolidation
2	Eurodeniz International Banking Unit Ltd.	Nicosia / Cyprus	100	--	Full consolidation
3	Deniz Yatırım Menkul Kıymetler A.Ş.	Istanbul/Turkey	100	--	Full consolidation
4	JSC Denizbank Moskova	Moscow / Russia	49	51	Full consolidation
5	Deniz Portföy Yönetimi A.Ş.	Istanbul/Turkey	--	100	Full consolidation
6	Deniz Finansal Kiralama A.Ş.	Istanbul/Turkey	100	--	Full consolidation
7	Deniz Faktoring A.Ş.	Istanbul/Turkey	100	--	Full consolidation
8	Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	--	76	Full consolidation
9	CR Erdberg Eins GmbH & Co KG	Vienna/Austria	--	100	Full consolidation
10	Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş.	Istanbul/Turkey	100	--	Full consolidation

(*) Represents risk group share percentage of the Bank.

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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	77.490.679	15.451.057	166.524	2.292.527	111.183	268.342	651.883	--	--
2	922.060	53.885	42	5.329	--	864	213	--	--
3	1.101.858	830.938	19.875	51.147	--	240.559	110.782	--	--
4	2.441.163	686.308	14.076	113.920	19.320	62.141	55.622	--	--
5	39.907	33.836	3.359	972	30	14.215	9.845	--	--
6	3.234.585	632.233	452.153	255.624	2.529	(4.437)	(49.671)	--	--
7	2.649.070	403.507	12.739	231.070	3.000	21.867	2.465	--	--
8	946.335	374.287	6.553	617	--	9.355	12.003	--	--
9	298.007	258.882	231.557	4	--	1.112	726	--	--
10	5.600	5.211	14	591	--	(427)	(46)	--	--

Includes financial statement details subject to 31 December 2020 consolidation.

(i) Movement of consolidated subsidiaries during the period

	Current Period	Prior Period
Balance at the Beginning of the Period	**3.411.274**	**3.265.326**
Movements During the Period	**249.415**	**145.948**
Purchases	76.727	--
Bonus Shares Received	--	--
Dividends from Current Year Profit	--	--
Sales (*)	(17.394)	(2.773)
Revaluation Increase, Effect of Inflation and F/X Difference	190.082	148.721
Other	--	--
Provision for Impairment	--	--
Balance at the End of the Period	**3.660.689**	**3.411.274**
Capital Commitments	**--**	**--**
Share Percentage at the end of Period (%)	**--**	**--**

(*) Deniz Yatırım sold 9% of the shares with a cost of TL 17.394 (31 December 2019: TL 2.773) in Deniz GYO, which it owns 86% of total shares.

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

	Current Period	Prior Period
Banks	2.019.704	1.979.322
Insurance Companies	--	--
Factoring Companies	138.107	138.107
Leasing Companies	801.217	797.400
Finance Companies	--	--
Other Subsidiaries	701.661	496.445
Total	**3.660.689**	**3.411.274**

The balances of the consolidated subsidiaries mentioned in the above have been eliminated in the accompanying financial statements.

(iii) Quoted subsidiaries within the consolidation scope

	Current Period	Prior Period
Quoted on domestic markets	375.843	216.735
Quoted on foreign markets	--	--

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

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

h. Information on jointly controlled entities (joint ventures)

1. Information on jointly controlled entities (joint ventures)

Title	Share percentage of the Parent Bank (%)	Share percentage of the Group (%)	Current Assets	Non-Current Assets	Non-Current Liabilities	Income	Expenses
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33	33	113.710	47.576	25.018	215.676	(193.028)

Information on the unaudited financial statements is presented as of the period ended 31 December 2020.

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2. Reasons of being unconsolidated for unconsolidated jointly controlled entities (joint ventures) and method used in the accounting of jointly controlled entities (joint ventures) in the Parent Bank's unconsolidated financial statements

Although the Parent Bank represents Bantaş Nakit ve Kımetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. ("Bantaş") with %33 of ownership rate as jointly controlled affiliate in its financial statements, it was not consolidated since it is a non-financial entity. This investment is carried at cost.

i. Information on receivables from leasing transactions

1. Representation of investments in leasing transactions by remaining maturity

	Current Period (*)		Prior Period (*)	
	Gross	Net	Gross	Net
Less than 1 year	169.371	154.927	222.614	219.874
Between 1-4 years	925.974	681.780	1.948.182	1.430.915
Over 4 years	2.895.430	2.228.442	996.089	842.046
Total	**3.990.775**	**3.065.149**	**3.166.885**	**2.492.835**

(*) Non-performing lease receivables of TL 175.676 are not included (31 December 2019: TL 217.746).

2. Information on net investments in lease transactions

	Current Period (*)	Prior Period (*)
Gross finance lease investment	3.990.775	3.166.885
Unearned finance income from finance lease (-)	925.626	674.050
Cancelled leasing amounts (-)	--	--
Net investment on finance leases	**3.065.149**	**2.492.835**

(*) Non-performing lease receivables of TL 175.676 are not included (31 December 2019: TL 217.746).

3. Information on operating lease

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

Long-term receivables arising from leased assets are not recognised in the DFS Group's balance sheet. Receivables arising from the invoiced rents amounts within the period are recognised in the Group's balance sheet.

As of 31 December 2020, the DFS 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	8.016	7.177
Between 1-5 years	--	--
5 years and over	--	--
Total	**8.016**	**7.177**

j. Explanation on derivative financial instruments for hedging purpose

None.

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k. Information on tangible assets

	Real Estate	Tangible Fixed Assets Retained With Financial Leasing	Vehicles	Other Tangible Fixed Assets	Tangible Fixed Assets Retained With Operational Leasing	Total
Prior Period						
Cost	239.490	156.150	373.256	768.854	1.365.387	2.903.137
Accumulated Depreciation	(48)	(148.412)	(39.183)	(199.814)	(863.514)	(1.250.971)
Net Book Value	**239.442**	**7.738**	**334.073**	**569.040**	**501.873**	**1.652.166**
Current Period						--
Net Book Value at the Beginning of the Period	239.442	7.738	334.073	569.040	501.873	1.652.166
Changes In the Period (Net)	11.488	120.249	129.668	147.195	111.084	519.684
Depreciation Cost	(5.538)	(3.699)	(28.960)	(210.714)	(141.450)	(390.361)
Provision For Decrease In Value	--	--	--	--	--	--
FX Differences (Net)	61.486	--	(4)	21.430	17.192	100.104
Cost At the End of the Period	306.975	254.843	494.940	936.352	1.460.616	3.453.726
Accumulated Depreciation At the End of the Period	(97)	(130.555)	(60.163)	(409.401)	(971.917)	(1.572.133)
Net Book Value At The End Of The Period	**306.878**	**124.288**	**434.777**	**526.951**	**488.699**	**1.881.593**

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". The positive difference between the property values in the expertise reports prepared by the licensed appraisal companies and the net book value of the related properties is followed in the equity accounts and the negative differences are followed in the statement of profit or loss.

Revaluation difference amounting to TL 130.156 (31 December 2019: TL 97.571) is recognised under equity as a result of revaluation process, and impairment provision made in previous period for related properties amounting to TL 3.082 is cancelled.

l. Information on intangible assets

	Other	Goodwill	Total
Prior Period			
Cost	1.157.343	--	1.157.343
Accumulated Depreciation	(817.365)	--	(817.365)
Net Book Value	**339.978**	**--**	**339.978**
Current Period			--
Net Book Value at the Beginning of the Period	339.978	--	339.978
Differences During the Period (Net)	259.916	--	259.916
Depreciation Cost	(186.758)	--	(186.758)
Provision For Decrease In Value	--	--	--
FX Dıfferences (Net)	10.273	--	10.273
Cost At the End of the Period	1.452.061	--	1.452.061
Accumulated Depreciation At the End of the Period	(1.028.652)	--	(1.028.652)
Net Book Value At The End Of The Period	**423.409**	**--**	**423.409**

m. Explanation on investment properties

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

As of 31 December 2020, the DFS Group's investment properties amount to TL 355.990 (31 December 2019: TL 218.680) which are carried at fair value in the consolidated financial statements.

n. Information on deferred tax asset

Deferred tax asset calculated within the scope of related regulation amounts to TL 1.488.411 (31 December 2019: TL 1.045.345) and deferred tax liability amounts to TL 64.714 (31 December 2019: TL 82.099). The mentioned value has been calculated by netting off the deductible and taxable temporary differences as of the balance sheet date.

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The following table summarizes the distribution of deferred tax in terms of sources:

	Current Period	Prior Period
Miscellaneous Provisions	1.458.416	1.071.750
Provision for Employee Benefits	94.614	72.099
Unearned Revenue	63.552	73.548
Other	115.835	--
Deferred Tax Assets	**1.732.417**	**1.217.397**
Valuation Differences of Tangible Assets	(112.197)	(82.382)
Valuation Differences of Financial Assets	(103.632)	(18.531)
Valuation Differences of Derivatives	(92.891)	(79.937)
Other	--	(73.301)
Deferred Tax Liabilities	**(308.720)**	**(254.151)**
Net Deferred Tax Assets	**1.423.697**	**963.246**

(*) Tax losses is mainly due to the valuation of financial instruments in accordance with the Tax Procedure Law in the calculation of the corporate tax.

o. Explanation on non-current assets or disposal groups held for sale and from discontinued operations

None.

p. Information on other assets

1. Information on prepaid expense, taxes and similar items

   DFS Group's total prepaid expenses are TL 932.372 (31 December 2019: TL 562.339).

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

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II. Explanations and disclosures related to consolidated liabilities

a. Information on deposits

1. Information on maturity structure of deposits

Current period - 31 December 2020:

	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	5.118.848	--	4.632.385	25.358.350	500.405	397.724	495.589	5.290	**36.508.591**
Foreign Currency Deposits (*)	35.192.824	--	7.913.965	25.559.298	3.408.843	4.876.860	32.576.436	1.681	**109.529.907**
Residents in Turkey	15.022.887	--	7.647.685	22.149.654	2.913.425	781.065	1.994.830	1.681	**50.511.227**
Residents Abroad	20.169.937	--	266.280	3.409.644	495.418	4.095.795	30.581.606	--	**59.018.680**
Public Sector Deposits	332.762	--	87.706	77.422	13.194	487	2.622	--	**514.193**
Commercial Deposits	3.398.550	--	2.506.787	3.267.527	144.695	54.160	16.529	--	**9.388.248**
Other Ins. Deposits	165.190	--	213.279	482.088	78.775	26.533	265.387	--	**1.231.252**
Precious Metal Deposits	7.341.422	--	353.975	1.806.563	137.017	324.325	320.635	11.121	**10.295.058**
Bank Deposits	952.956	--	7.162.709	8.923.507	3.014	4.841	205.037	--	**17.252.064**
Central Bank	--	--	--	--	--	--	--	--	**--**
Domestic Banks	50.385	--	30	23.000	--	3.721	--	--	**77.136**
Foreign Banks	902.018	--	7.162.679	8.900.507	3.014	1.120	205.037	--	**17.174.375**
Special Finan. Inst.	553	--	--	--	--	--	--	--	**553**
Other	--	--	--	--	--	--	--	--	**--**
Total	**52.502.552**	**--**	**22.870.806**	**65.474.755**	**4.285.943**	**5.684.930**	**33.882.235**	**18.092**	**184.719.313**

(*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 79.102.989 and Commercial Deposit customers at the amount of TL 30.426.918.

Prior period - 31 December 2019:

	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	3.934.947	--	4.389.874	25.765.464	519.328	366.814	820.791	6.163	**35.803.381**
Foreign Currency Deposits (*)	26.398.969	--	9.955.097	22.166.052	3.386.958	3.034.955	36.375.361	1.079	**101.318.471**
Residents in Turkey	10.252.438	--	8.410.938	20.297.378	2.633.835	787.597	3.530.498	1.079	**45.913.763**
Residents Abroad	16.146.531	--	1.544.159	1.868.674	753.123	2.247.358	32.844.863	--	**55.404.708**
Public Sector Deposits	937.627	--	44.196	42.630	35.061	215	2.327	--	**1.062.056**
Commercial Deposits	3.510.141	--	4.075.216	5.068.174	188.057	125.523	29.648	--	**12.996.759**
Other Ins. Deposits	133.076	--	229.374	555.587	295.664	160.317	41.255	--	**1.415.273**
Precious Metal Deposits	921.927	--	60.975	613.863	41.464	94.639	121.693	8.102	**1.862.663**
Bank Deposits	547.701	--	1.751.269	1.281.197	4.239	--	166.175	--	**3.750.581**
Central Bank	--	--	--	--	--	--	--	--	**--**
Domestic Banks	47.860	--	--	9.613	--	--	--	--	**57.473**
Foreign Banks	499.381	--	1.751.269	1.271.584	4.239	--	166.175	--	**3.692.648**
Special Finan. Inst.	460	--	--	--	--	--	--	--	**460**
Other	--	--	--	--	--	--	--	--	**--**
Total	**36.384.388**	**--**	**20.506.001**	**55.492.967**	**4.470.771**	**3.782.463**	**37.557.250**	**15.344**	**158.209.184**

(*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 69.299.214 and Commercial Deposit customers at the amount of TL 32.019.257.

2. Information on deposit insurance

(i) Information on saving deposits under the guarantee of insurance and exceeding the limit of insurance

Deposits owned by foreign subsidiaries in scope of consolidation are under insurance coverage according to legislations of countries in which they are located and are not included in following table.

	Saving Deposit Insurance Fund		Exceeding the Insurance Coverage Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	21.224.127	22.569.366	15.182.523	13.175.045
Foreign Currency Saving Deposits	13.245.617	8.297.097	28.154.787	19.243.489
Other Deposits in the form of Saving Deposits	--	--	--	--
Foreign Branches' Deposits under Foreign Authorities' Insurance	--	--	--	--
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	--	--	--	--
Total	**34.469.744**	**30.866.463**	**43.337.310**	**32.418.534**

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(ii) Saving deposits of real persons which are not under the guarantee of insurance

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	137.627	146.033
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	87.485	32.315
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 which are established in Turkey	182	118.555
Total	**225.294**	**296.903**

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

b. Information on derivative financial liabilities held for trading

1. Negative differences table for derivative financial liabilities held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	18.511	179.672	2.596	44.302
Swap Transactions	247.272	1.649.392	185.658	579.256
Futures Transactions	--	--	--	--
Options	26.931	33.066	3	69.060
Other	--	--	--	--
Total	**292.714**	**1.862.130**	**188.257**	**692.618**

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 Banks and Institutions	2.199.782	1.908.386	941.509	1.199.240
Foreign Banks, Institutions and Funds	200.050	21.677.336	15	13.046.664
Total	**2.399.832**	**23.585.722**	**941.524**	**14.245.904**

2. Maturity information of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	2.399.832	3.344.623	498.524	4.550.206
Medium and Long-Term	--	20.241.099	443.000	9.695.698
Total	**2.399.832**	**23.585.722**	**941.524**	**14.245.904**

3. Additional explanations on the areas which the Group's liabilities are concentrated

Deposits are the most important funding source of the Group and constitute 70% of total funding source (31 December 2019: 73%). Loans received, subordinated loans, debts to money markets and securities issued constitute 15% of total funding source (31 December 2019: 12%).

d. Information on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	620.081	175.315	309.397	279.296
Bills	1.921.607	451.604	3.626.080	--
Asset Backed Securities	--	--	--	--
Total	**2.541.688**	**626.919**	**3.935.477**	**279.296**

The Parent Bank has repurchased the securities it has issued amounting to TL 255.037 and netted them in its financial statements (31 December 2019: TL 472).

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e. If other liabilities line of the balance sheet exceeds 10% of the total balance sheet excluding the off balance sheet commitments, the names and amounts of the sub-accounts constituting at least 20% of the other liabilities

Other liabilities do not exceed 10% of the balance sheet total excluding the off-balance sheet commitments.

f. Information on lease liabilities

With the "TFRS 16 Leases" standard effective from 1 January 2019, the difference between operating leases and financial leases has been eliminated and the leasing transactions have been presented under "Liabilities from Leasing Operations". Impacts and adoption of transition to TFRS 16 is disclosed in Section Three, note XXVI.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	247.759	141.311	229.812	120.316
Between 1-4 years	636.405	363.239	700.117	473.093
Over 4 years	153.585	106.276	34.055	25.193
Total	1.037.749	610.826	963.984	618.602

g. Information on derivative financial liabilities for hedging purpose

None.

h. Explanation on provisions

1. Provision for foreign exchange differences on foreign currency indexed loans

As of 31 December 2020, there is no provisions for foreign exchange differences on foreign currency indexed loans (31 December 2019: None). The amount of the provision for foreign exchange differences on foreign currency indexed loans are netted against loans and receivables under assets in the financial statements.

2. Liabilities of provision for employee benefits

TAS 19 requires using the actuarial valuation method for calculation of liabilities.

Accordingly, the following actuarial assumptions were used in the calculation of the total provision for employee termination benefits:

	Current Period	Prior Period
Discount rate	4,16%	4,70%
İnterest rate	12,70%	13,60%
Estimated rate of increase in salary/severance pay limit	8,20%	8,50%

As of 31 December 2020, TL 284.403 of provision for employee termination benefits (31 December 2019: TL 207.208) and TL 277.953 of unused vacation provisions and other rights (31 December 2019: TL 152.711) were reflected to the consolidated financial statements.

Movement of the provision for employee termination benefits during the period is as follows:

	Current Period	Prior Period
Balance at the Beginning of the Period	207.208	130.477
Changes in the period	54.307	50.265
Actuarial loss/gain	53.581	56.716
Paid in the period	(33.596)	(29.573)
FX difference	2.903	(677)
Balance at the End of the Period	284.403	207.208

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3. Information on other provisions

Information on the items and amounts causing the excess if other provisions exceed 10% of total provisions:

Current period:

TL 505.727 of other provisions represents stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 373.005 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 200.384 is the provisions for the litigations against the Bank and TL 667.695 includes other provisions.

Prior period:

TL 678.033 of other provisions represent stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 249.786 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 94.810 is the provisions for the litigations against the Bank and TL 475.178 includes other provisions.

i. Explanations on tax liability

1. Information on current tax liability

(i) Information on tax provision

As of 31 December 2020, the corporate tax provision of DFS Group amounts to TL 205.219 (31 December 2019: TL 158.057), and it has been offset with advance taxes amounting to TL 107.505 (31 December 2019: TL 150.466).

(ii) Information on tax liabilities

	Current Period	Prior Period
Corporate tax payables	97.714	7.591
Taxation on securities	57.249	107.718
Taxes on real estate capital gain	2.176	2.657
Banking Insurance Transaction Tax (BITT)	96.266	109.638
Taxes on foreign exchange transactions	7.854	3.999
Value added tax payables	32.291	13.726
Other	56.480	51.698
Total	350.030	297.027

(iii) Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	14.011	12.578
Social security premiums- employer share	15.524	13.876
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	1.136	842
Pension fund membership fees and provisions- employer share	1.391	1.030
Unemployment insurance- employee share	1.012	905
Unemployment insurance- employer share	1.934	1.737
Other	7.544	7.073
Total	42.552	38.041

2. Information on deferred tax liability

Deferred tax liability calculated within the scope of the related regulations amounts to TL 64.714 (31 December 2019: TL 82.099). The detail of deferred tax is disclosed in Note "n" of explanations and disclosures related to consolidated assets.

j. Information on liabilities related to non-current assets held for sale and discontinued operations

None.

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k. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments subject to common equity	--	--	--	--
Subordinated Loans	--	--	--	--
Subordinated Debt Instruments	--	--	--	--
Debt Instruments subject to tier 2 equity	--	5.917.421	--	7.037.253
Subordinated Loans	--	5.917.421	--	7.037.253
Subordinated Debt Instruments	--	--	--	--
Total	--	5.917.421	--	7.037.253

Information on subordinated loans is disclosed in Section Four, note I-b.

l. Information on shareholders' equity

1. Representation of paid-in capital

	Current Period	Prior Period
Share	5.696.100	3.316.100
Preferred Share	--	--

Paid-in capital of the Parent Bank is shown at nominal value.

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

The registered share capital system is not applied.

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

At the Board of Directors' meeting dated 9 January 2020, it has been decided to be submitted to the approval of the General Assembly for the increase of the full TL 3.316.100.000 paid-in capital of the Bank by full TL 2.380.000.000 in cash, and amending the Article 6 titled "Capital of the Bank" of the Articles of Association of the Bank. The amendment was approved in the Extraordinary General Assembly Meeting held on 3 February 2020. The total capital increase amounting to full TL 2.380.000.000 was paid in cash by ENBD before the registration of the capital increase.

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
3 February 2020	2.380.000	2.380.000	--	--

4. Information on share capital increases from revaluation funds during the current period

None.

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

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

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

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

7. Summary information on the privileges given to stocks representing the capital

The Parent Bank does not have any preferred stocks.

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8. Share premiums, shares and equity instruments

	Current Period	Prior Period
Number of Shares (*)	50.368.526	50.368.526
Preferred Shares	--	--
Share Premium (**)	15	15
Share Cancellation Profits	--	--
Other Equity Instruments	--	--
Total Share Issued (*)	50.369	50.369

(*) Related to the Parent Bank's capital increase on 27 September 2004. The Parent Bank's capital was increased from TL 202.000 to TL 290.000; and TL 50.369 of the increased TL 88.000 was received in cash through shares issued to the public on 27 September 2004.

(**) In the related period, the number of shares with nominal value of "one thousand" Turkish Lira was sold for "two thousand eight hundred seventy-five" Turkish Lira and TL 94.441 share premium was obtained. Inflation valuation difference until December 2004 amounts to TL 3.910 and is followed under the related account in accordance with the regulation. Share premium of TL 60 through obtained from the paid-in capital increase of TL 400.000 on 28 August 2008.

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

Through the capital increase of TL 1.500.000 realised on 28 June 2016, an emission premium of TL 15 was generated.

9. Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and JVs	450.880	--	778.053	--
Valuation Difference	(297.334)	487.214	(168.504)	81.208
FX Gain or Loss	--	--	--	--
Total	153.546	487.214	609.549	81.208

10. Information on hedging funds

Explanations about hedging funds are in Section Four, note VIII.

11. Explanations on minority shares

	Current Period	Prior Period
Balance at the Beginning of the Period	22.772	14.396
Minority shares in net income of consolidated subsidiaries	7.449	5.603
Increase/(decrease) in minority shares due to disposals	--	2.773
Other	23.273	--
Balance at the End of the Period	53.494	22.772

12. Explanations on revaluation differences of tangible fixed assets

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". As a result of the revaluation made, the net revaluation difference after tax amounting to TL 116.964 has been accounted for in "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" under equities (31 December 2019: TL 91.740).

13. Explanations on profit distribution

At the Ordinary General Assembly Meeting held on 26 March 2020, according to the proposal of the Parent Bank's Board of Directors for profit distribution, TL 66.806 of the net profit for the period of 2019 amounting to TL 1.336.113 was allocated as legal reserves and the remaining TL 1.269.307 was allocated as extraordinary reserves.

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

a. Explanation on liabilities in off-balance sheet accounts

1. Type and amount of irrevocable loan commitments

All of DFS Group's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2020, loan granting commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 17.234.415, TL 32.617.301 and TL 2.226.643 respectively (31 December 2019: TL 13.726.695, TL 22.664.957 and TL 1.973.049 respectively). The details of these items are followed in the off-balance sheet accounts.

2. Structure and amount of possible losses and commitments arising from off-balance sheet items

(i) Non-cash loans including guarantees, bill of guarantee and acceptances of bank and other letters of credit and commitments which can be considered as financial collateral

As of 31 December 2020, DFS Group has letters of guarantee amounting to TL 31.919.440, bill of guarantee and acceptances amounting to TL 110.240, and guarantees and warranties on letters of credit amounting to TL 4.895.252 and other guarantees and warranties amounting to TL 5.899.776.

As of 31 December 2019, DFS Group has letters of guarantee amounting to TL 26.397.744, bill of guarantee and acceptances amounting to TL 99.876, and guarantees and warranties on letters of credit amounting to TL 4.149.157 and other guarantees and warranties amounting to TL 3.826.284.

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

	Current Period	Prior Period
Provisional Letters of Guarantee	1.182.488	992.988
Final Letters of Guarantee	18.461.567	15.586.468
Letters of Guarantee for Advances	2.771.821	2.720.209
Letters of Guarantee given to Customs Offices	203.609	184.047
Other Letters of Guarantee	9.299.955	6.914.032
Total	**31.919.440**	**26.397.744**

3. Information on non-cash loans

(i) Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Obtaining Cash Loans	16.257.542	11.566.715
With Original Maturity of 1 Year or Less	16.034.674	11.072.182
With Original Maturity of More Than 1 Year	222.868	494.533
Other Non-Cash Loans	26.567.166	22.906.346
Total	**42.824.708**	**34.473.061**

(ii) Information on risk concentration on sector basis within the non-cash loans account

	Current Period			
	TL	%	FC	%
Agricultural	**333.043**	**2,61**	**306.705**	**1,02**
Farming and Cattle	327.905	2,57	302.466	1,01
Forestry	410	--	649	--
Fishing	4.728	0,04	3.590	0,01
Manufacturing	**2.863.726**	**22,41**	**10.980.772**	**36,54**
Mining	120.158	0,94	318.573	1,06
Production	2.273.678	17,79	10.078.235	33,54
Electric, Gas, Water	469.890	3,68	583.964	1,94
Construction	**3.148.381**	**24,64**	**7.391.419**	**24,60**
Services	**4.585.418**	**35,89**	**8.037.690**	**26,75**
Wholesale and Retail Trade	2.714.290	21,24	4.766.419	15,86
Hotel and Restaurant Services	355.894	2,79	1.475.241	4,91
Transportation and telecommunication	763.719	5,98	1.069.368	3,56
Financial institutions	523.878	4,10	700.139	2,33
Real estate and letting services	26.791	0,21	2.066	0,01
Self-employement services	--	--	--	--
Education services	54.841	0,43	8.479	0,03
Health and social services	146.005	1,14	15.978	0,05
Other	**1.847.120**	**14,45**	**3.330.434**	**11,09**
Total	**12.777.688**	**100,00**	**30.047.020**	**100,00**

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	Prior Period			
	TL	%	FC	%
Agricultural	**207.896**	**1,95**	**195.670**	**0,82**
Farming and Cattle	204.143	1,92	193.513	0,81
Forestry	526	--	825	--
Fishing	3.227	0,03	1.332	0,01
Manufacturing	**1.918.887**	**18,09**	**9.673.093**	**40,54**
Mining	120.161	1,13	271.915	1,14
Production	1.457.215	13,74	8.726.831	36,57
Electric, Gas, Water	341.511	3,22	674.347	2,83
Construction	**2.820.480**	**26,59**	**6.616.965**	**27,73**
Services	**3.978.582**	**37,51**	**5.527.561**	**23,16**
Wholesale and Retail Trade	2.371.628	22,36	3.726.734	15,62
Hotel and Restaurant Services	397.768	3,75	1.050.700	4,40
Transportation and telecommunication	541.650	5,11	392.457	1,64
Financial institutions	430.343	4,06	333.735	1,40
Real estate and letting services	30.682	0,29	1.729	0,01
Self-employement services	--	--	--	--
Education services	48.142	0,45	7.177	0,03
Health and social services	158.369	1,49	15.029	0,06
Other	**1.681.059**	**15,86**	**1.852.868**	**7,75**
Total	**10.606.904**	**100,00**	**23.866.157**	**100,00**

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

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	11.830.703	18.768.220	653.295	667.222
Bill of Guarantee and Acceptances	15.250	94.990	--	--
Letters of Credit	13.006	4.878.235	--	4.011
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Commitments	--	--	--	--
Other Commitments and Contingencies	265.434	5.584.202	--	50.140
Total	**12.124.393**	**29.325.647**	**653.295**	**721.373**

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
Hedging Purpose Derivative Transactions						
A. Total Hedging Purpose Derivative Transactions	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Inverstment Hedge Transactions	--	--	--	--	--	--
Types of Trading Transactions						
Foreign Currency Related Derivative Transactions (I)	82.157.739	35.816.837	27.812.857	1.811.341	--	147.598.774
Forward FC Call Transactions	2.576.522	4.576.059	2.888.645	203.467	--	10.244.693
Forward FC Pull Transactions	2.288.711	4.480.132	2.853.317	180.813	--	9.802.973
Swap FC Call Transactions	32.901.075	12.322.582	10.558.427	771.452	--	56.553.536
Swap FC Pull Transactions	38.518.951	12.332.603	10.371.971	648.190	--	61.871.715
Options FC Call Transactions	2.895.752	585.602	245.458	7.419	--	3.734.231
Options FC Pull Transactions	2.976.728	568.898	255.112	--	--	3.800.738
Futures FC Call Transactions	--	465.976	297.191	--	--	763.167
Futures FC Pull Transactions	--	484.985	342.736	--	--	827.721
Total of Interest Derivative Transactions (II)	360.000	820.000	1.938.073	4.064.320	33.233.168	40.415.561
Swap Interest Call Transactions	30.000	410.000	969.037	1.980.821	16.195.844	19.585.702
Swap Interest Pull Transactions	30.000	410.000	969.036	1.980.821	16.195.844	19.585.701
Options Interest Call Transactions	--	--	--	51.339	420.740	472.079
Options Interest Pull Transactions	300.000	--	--	51.339	420.740	772.079
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
Other Types of Trading Transactions (III)	5.810.420	221.699	315.722	5.621	--	6.353.462
B. Total Types of Trading Transactions (I + II + III)	88.328.159	36.858.536	30.066.652	5.881.282	33.233.168	194.367.797
Total Derivatives Transactions (A+B)	**88.328.159**	**36.858.536**	**30.066.652**	**5.881.282**	**33.233.168**	**194.367.797**

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Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Hedging Purpose Derivative Transactions						
A. Total Hedging Purpose Derivative Transactions	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Inverstment Hedge Transactions	--	--	--	--	--	--
Types of Trading Transactions						
Foreign Currency Related Derivative Transactions (I)	56.895.282	15.857.138	28.114.322	2.348.773	--	103.215.515
Forward FC Call Transactions	912.642	1.061.942	665.553	55.688	--	2.695.825
Forward FC Pull Transactions	899.228	1.074.144	681.167	60.108	--	2.714.647
Swap FC Call Transactions	25.383.918	5.810.975	12.351.527	1.318.042	--	44.864.462
Swap FC Pull Transactions	23.118.370	5.847.786	12.134.238	914.935	--	42.015.329
Options FC Call Transactions	3.268.627	1.011.708	1.110.178	--	--	5.390.513
Options FC Pull Transactions	3.312.497	1.050.449	1.052.429	--	--	5.415.375
Futures FC Call Transactions	--	69	62.877	--	--	62.946
Futures FC Pull Transactions	--	65	56.353	--	--	56.418
Total of Interest Derivative Transactions (II)	--	600.000	2.272.264	2.695.410	18.449.330	24.017.004
Swap Interest Call Transactions	--	300.000	1.136.132	1.290.162	9.224.665	11.950.959
Swap Interest Pull Transactions	--	300.000	1.136.132	1.290.162	9.224.665	11.950.959
Options Interest Call Transactions	--	--	--	57.543	--	57.543
Options Interest Pull Transactions	--	--	--	57.543	--	57.543
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
Other Types of Trading Transactions (III)	2.608.125	261.944	1.560.766	1.574.133	--	6.004.968
B. Total Types of Trading Transactions (I + II + III)	59.503.407	16.719.082	31.947.352	6.618.316	18.449.330	133.237.487
Total Derivatives Transactions (A+B)	59.503.407	16.719.082	31.947.352	6.618.316	18.449.330	133.237.487

c. Information on credit derivatives and risk exposures on credit derivatives

None.

d. Explanations on contingent assets and liabilities

In accordance with the precautionary principle regarding the lawsuits filed against the Group, TL 200.384 (31 December 2019: TL 94.810) provision has been set aside and these provisions are classified under "Other provisions" on the balance sheet. Except for those provisioned, other ongoing lawsuits are unlikely to result in a negative conclusion and cash outflow is not foreseen for them.

e. Explanations on services carried out on behalf and account of other persons

The Parent Bank provides purchase, sale, custody, management and consultancy services on behalf and account of other persons.

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IV. Explanations and disclosures related to consolidated statement of profit or loss

a. Interest income

1. Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term Loans	2.882.015	598.962	4.041.456	554.098
Medium and Long Term Loans	8.700.008	3.816.267	8.546.442	3.637.781
Loans Under Follow-Up	94.279	--	674.719	--
Premiums Received from Resource Utilisation Support Fund	--	--	--	--
Total	11.676.302	4.415.229	13.262.617	4.191.879

Interest income received from loans also include fees and commissions from cash loans.

2. Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	360	--	1.019	--
Domestic Banks	161.609	29.933	137.348	8.622
Foreign Banks	60	12.677	10.523	83.989
Foreign Head Offices and Branches	--	39	1.556	413
Total	162.029	42.649	150.446	93.024

The interest income received from required reserves of the Parent Bank with the CBRT is TL 29.693 (1 January - 31 December 2019: TL 145.307).

3. Information on interest income received from securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	15.338	6.570	14.080	1.296
Financial Assets at Fair Value Through Other Comprehensive Income	690.333	408.348	831.225	222.633
Financial Assets Measured at Amortised Cost	522.895	119.513	414.736	107.726
Total	1.228.566	534.431	1.260.041	331.655

As stated in the chapter III footnote numbered VII, the Parent Bank has government securities in the financial assets at fair value through other comprehensive income and financial assets measured at amortised cost portfolios with a maturity of 5 to 10 years and having CPI indexed 6 months real coupon ratio fixed until maturity. As stated in the Undersecretariat of Treasury's securities indexed CPI Investors Guide, the reference indexes used in calculating the actual coupon payment amounts of these assets are based on the CPI of previous two months.

4. Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	--	191

b. Interest expense

1. Information on interest expense related to funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	195.058	1.381.781	237.443	1.305.392
Central Bank of the Republic of Turkey	57	208.916	4	59.528
Domestic Banks	183.194	34.737	218.925	96.623
Foreign Banks	11.807	1.138.128	18.514	1.149.241
Foreign Head Offices and Branches	--	--	--	--
Other Institutions	--	--	--	--
Total	195.058	1.381.781	237.443	1.305.392

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	4.454	14.524

3. Information on interest expense paid to securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid to Securities Issued	417.875	--	892.512	--

4. Maturity structure of the interest expense on deposits

		Time Deposit						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 Year	Cumulative Deposit	Total
TL								
Bank Deposits	16	67.407	--	--	--	--	--	67.423
Saving Deposits	4.461	487.228	2.520.759	47.028	33.978	85.672	596	3.179.722
Public Sector Deposits	--	5.505	6.463	2.183	42	272	--	14.465
Commercial Deposits	--	379.953	385.638	15.507	15.430	2.119	--	798.647
Other Deposits	--	13.408	59.539	20.895	8.645	10.508	--	112.995
7 Days Call Account	--	--	--	--	--	--	--	--
Total	**4.477**	**953.501**	**2.972.399**	**85.613**	**58.095**	**98.571**	**596**	**4.173.252**
FC								
Deposits	14.718	700.528	257.639	44.275	19.035	33.562	--	1.069.757
Bank Deposits	2.509	33.896	--	--	--	--	--	36.405
7 Days Call Account	--	--	--	--	--	--	--	--
Precious Metal Deposits	9	643	4.148	768	2.099	3.251	101	11.019
Total	**17.236**	**735.067**	**261.787**	**45.043**	**21.134**	**36.813**	**101**	**1.117.181**
Grand Total	**21.713**	**1.688.568**	**3.234.186**	**130.656**	**79.229**	**135.384**	**697**	**5.290.433**

c. Explanations on dividend income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	1.538	586
Financial Assets at Fair Value Through Other Comprehensive Income	--	--
Other (*)	999	4.285
Total	**2.537**	**4.871**

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

d. Explanations on trading income/loss

	Current Period	Prior Period
Income	**728.410.151**	**550.322.235**
Capital Market Transactions	352.406	274.296
Derivative Financial Instruments	9.876.206	11.420.688
Foreign Exchange Gains	718.181.539	538.627.251
Loss (-)	**727.838.729**	**550.658.020**
Capital Market Transactions	191.118	110.587
Derivative Financial Instruments	10.663.412	11.599.604
Foreign Exchange Losses	716.984.199	538.947.829
Net Trading Income / Loss	**571.422**	**(335.785)**

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments amounts to TL (777.815) (1 January - 31 December 2019: TL (311.717)).

e. Information on other operating income

Other operating income consist of fee income from customers for various banking services, income from fixed asset sales and operating lease income increases.

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f. Provisions for expected credit loss

	Current Period	Prior Period
Expected credit loss (*)	7.184.737	6.061.063
12 months provision for expected credit loss (Stage 1)	*205.571*	*189.636*
Significant increase in credit risk (Stage 2)	*2.798.963*	*1.634.408*
NPL (Stage 3)	*4.180.203*	*4.237.019*
Provisions for securities impairment	--	--
Financial assets at fair value through profit or loss	--	--
Financial assets at fair value through other comprehensive income	--	--
Associates, subsidiaries and provisions for financial assets measured at amortised cost impairment	--	--
Associates	--	--
Subsidiaries	--	--
Joint ventures	--	--
Others	451.414	178.086
Total	**7.636.151**	**6.239.149**

(*) DFS Group has reported the provision for expected credit loss for loans in its financial statements, by netting off the reversals and collections made from loan provisions.

g. Information on other operating expenses

	Current Period	Prior Period
Personnel Expenses (*)	2.143.191	1.877.281
Reserve for Employee Termination Benefits (*)	33.405	18.579
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	344
Depreciation Charges of Tangible Assets (**)	390.361	371.607
Impairment Losses on Intangible Assets	--	--
Goodwill for impairment loss	--	--
Amortisation Charges of Intangible Assets	186.758	137.967
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	40.522	--
Depreciation of Assets to be Disposed	20.866	6.544
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	1.449.148	1.203.734
Operational Lease Expenses (**)	*87.677*	*85.496*
Repair and Maintenance Expenses	*92.927*	*90.042*
Advertisement Expenses	*83.161*	*87.989*
Other Expenses (***)	*1.185.383*	*940.207*
Losses on Sale of Assets	38.445	3.080
Other	768.446	631.767
Total	**5.071.142**	**4.250.903**

(*) Personnel expenses and reserve for employee termination benefits are presented in "personnel expenses" in the statement of profit or loss.

(**) Includes the rent expenses outside the scope of TFRS 16.

(***) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationary, representation, heating and lighting, credit card service fee and others amounting to TL 85.208, TL 238.564, TL 25.594, TL 2.842, TL 56.370, TL 460.367 and TL 316.438 respectively (1 January - 31 December 2019: TL 81.168, TL 170.357, TL 27.353, TL 4.593, TL 49.753, TL 245.295 and TL 361.688 respectively).

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

As 1 January - 31 December 2020, DFS Group has a profit before tax from continued operations amounting to TL 2.362.778 (1 January - 31 December 2019: TL 1.715.417).

i. Information on tax provision for continued and discontinued operations

1. Calculated current tax income or expense and deferred tax income or expense

As 1 January - 31 December 2020, the current tax charge on continued operations amounts to TL 340.305 (1 January - 31 December 2019: TL 158.057) while deferred tax charge amounts to TL 3.383.565 (1 January - 31 December 2019: TL 2.448.110) and deferred tax benefit amounts to TL 3.226.884 (1 January - 31 December 2019: TL 2.199.066).

There are no current tax expense on discontinued operations.

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

DFS Group has a net profit is amounting to TL 1.865.792 (31 December 2019: TL 1.308.316). DFS Group does not have discontinued operations.

k. Explanations on net profit and loss for the period

1. If the disclosure of the characteristic, dimension and repetition rate of the income and expense items arising from ordinary banking transactions is necessary for the understanding of the Bank's performance during the period, the characteristic and amount of these items

DFS Group's income from ordinary banking transactions related to the current and previous period are interest income from loans and securities and other banking service income. The main sources of expenditure are interest expenses on deposits and similar borrowing items, which are the funding sources of loans and securities.

2. Profit/(loss) attributable to minority shares

	Current Period	Prior Period
Profit/(loss) attributable to minority shares	7.449	5.603

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

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

DFH Group has accounted for fees and commissions, transfer commissions, account operation fees and insurance brokerage commissions received from credit cards under the "Other" line under the "Fees and Commissions Received" account. Fees and commissions given to credit cards are accounted under the “Other” line under the “Fees and Commissions Given” account.

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V. Explanations related to consolidated statement of changes in shareholders’ equity

a. Explanations on capital increase

At the Board of Directors’ meeting dated 9 January 2020, it has been decided to be submitted to the approval of the General Assembly for the increase of the full TL 3.316.100.000 paid-in capital of the Parent Bank by full TL 2.380.000.000 in cash, and amending the Article 6 titled “Capital of the Bank” of the Articles of Association of the Bank. The amendment was approved in the Extraordinary General Assembly Meeting held on 3 February 2020. The total capital increase amounting to full TL 2.380.000.000[(*)] was paid in cash by ENBD before the registration of the capital increase.

[(*)] The Subordinated Loan of USD 400.000.000, which the Parent Bank obtained from ENBD, was added to the capital in cash by 2.380.000.000 full TL on the capital increase date.

b. Explanations on issuance of shares

None.

c. Adjustments in accordance with TAS 8

None.

d. Explanations on profit distribution

The authorised body of the Parent Bank regarding profit distribution is the General Assembly. As of the prepatation date of the financials, the annual ordinary General Assembly meeting has not been held yet.

e. Other comprehensive income and expenses

Unrealised profit/loss” generated by differences at fair values of financial assets at fair value through other comprehensive income is not reflected in the statement of profit or loss of the period till to realise one of the situations that collection of value that corresponds to a financial asset, the sale of the asset, the disposal or loss of the asset and accounted under shareholders' equity as “Securities Valuation Differences”. The net amount after tax for the current period is TL 277.175.

As of 1 April 2018, Deniz Leasing from subsidiaries of Parent Bank started to use cash flow hedge accounting within the context of currency risk. After tax profit /(loss) accounted under equity in the current period through cash flow hedge accounting is TL (5.912).

The revaluation increase of tangible assets is netted off with net deferred tax effect of TL 25.224 and accounted under the equity.

In accordance with TFRS 9, Intertech's fair value change amounting to TL 74.723 have been accounted under the equity.

Net amount TL (43.830) after tax regarding the actuarial profit/loss have been accounted under the equity.

Net after tax TL (3.320.004) amount of foreign net investment hedge funds have been accounted for under equity.

Foreign currency translation differences amounting to TL 4.350.899 have been accounted under the equity.

f. Explanations on amounts transferred to reserves

The Parent Bank transferred profit for the previous year amounting to TL 1.269.307 (31 December 2019: TL 2.073.397) to extraordinary reserves in 2020. The amount transferred to legal reserves is TL 66.806 (31 December 2019: TL 109.126).

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VI. Explanations related to consolidated statement of cash flows

a. Information on cash and cash equivalents

The components that constitute cash and cash equivalents and the accounting policy used in determining these items:

Cash, foreign currency, cash-in-transit, and demand deposits at banks including the Central Bank are defined as “Cash”; receivables from the money market with an original maturity of less than three months, term deposits in banks, investments in securities except shares are defined as “Cash Equivalent”.

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

	Current Period	Prior Period
	01/01/2020	01/01/2019
Cash	3.584.245	6.124.317
Cash in vault, foreign currencies and other	1.758.131	1.327.832
Banks demand deposits	1.826.114	4.796.485
Cash and Cash Equivalent	32.203.549	21.333.931
Interbank money market placements	1.261.349	9.774
Banks time deposits	29.319.941	20.776.941
Securities	1.622.259	547.216
Total Cash and Cash Equivalents	35.787.794	27.458.248

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

	Current Period	Prior Period
	31/12/2020	31/12/2019
Cash	4.439.087	3.584.245
Cash in vault, foreign currencies and other	1.570.603	1.758.131
Banks demand deposits	2.868.484	1.826.114
Cash and Cash Equivalent	36.460.460	32.203.549
Interbank money market placements	1.762.304	1.261.349
Banks time deposits	32.675.170	29.319.941
Securities	2.022.986	1.622.259
Total Cash and Cash Equivalents	40.899.547	35.787.794

b. Cash and cash equivalent assets owned by DFS Group but not in free use due to legal restrictions or other reasons

DFS Group maintains a total reserve of TL 21.183.921, including the required reserve balances on average in the Central Bank and foreign central banks (31 December 2019: TL 15.102.079).

c. “Other” items in the statement of cash flows and effect of change in foreign currency exchange rate on cash and cash equivalents

The “other” item amounting to TL (15.135.831) (31 December 2019: TL (8.835.305)) within the “operating profit before change in assets and liabilities subject of banking operation”, consists of other operating expenses, fees and commissions given and capital market transaction losses. With the effect of these changes in the cash flow table, the cash and cash equivalents amounting to TL 35.787.794 at the beginning of the period (31 December 2019: TL 27.458.248) has become TL 40.899.547 at the end of the period (31 December 2019: TL 35.787.794).

The TL 4.395.606 within the “change in assets and liabilities subject of banking operation” (31 December 2019: TL (700.458)); consists of changes in the “net increase (decrease) in other debts”, miscellaneous payables, tax payables, fees, premiums and other liabilities.

The effect of change in foreign currency exchange rate on cash and cash equivalents consists of the rate difference arising from the conversion of the average of the cash and cash equivalent assets in foreign currency to TL with the rates from the beginning and the end of the period; and it amounts to TL 8.929.322 as of 31 December 2020 (31 December 2019: TL 2.578.740).

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

a. Information on loans and other receivables of DFS Group’s risk group

Current Period

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	11	31.543	119.015	4.963	329.133	--
Balance at the End of the Period	--	48.031	154.778	4.963	447.926	--
Interest and Commission Income	143	53	2.611	--	2	--

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

Prior Period

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	13.631	30.404	11.790	1.677	34	--
Balance at the End of the Period	11	31.543	119.015	4.963	329.133	--
Interest and Commission Income	225	186	699	--	18	--

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

b. Information on deposits and funds borrowed from DFS Group’s risk group

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder (**)		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at the Beginning of the Period	155.491	137.535	8.130.445	11.965.213	35.172	16.720
Balance at the End of the Period	148.929	155.491	15.518.492	8.130.445	28.010	35.172
Interest and Commission Expense Paid	4.454	14.524	398.897	586.580	1.290	1.983

(*) As described in the Article 49 of Banking Law no.5411.
(**) Includes the subordinated loans of US Dollar 1.050 million and Euro 115 million received from ENBD.

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

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Financial Assets at Fair Value through Profit or Loss Purposes:						
Balance at the Beginning of the Period	--	--	594.000	--	--	--
Balance at the End of the Period	--	--	101.455	594.000	18.129	--
Total Income/(Loss)	--	--	628	(4.214)	923	--
Transactions for Hedging Purposes:						
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/(Loss)	--	--	--	--	--	--

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

d. Information on benefits provided to top management

DFS Group made payment amounting to TL 91.417 (31 December 2019: TL 95.979) to its key management as of 31 December 2020.

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

As of 31 December 2020, cash loans and other receivables of the risk group represent 0,36% of DFS Group's total cash loans and banks; deposits and borrowings represent 7,25% of DFS Group's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,12% of the total non-cash loans balance.

The risk group that the DFS Group is involved in, conducts financial and operational leasing transactions with Deniz Leasing. The Parent Bank provides agency services for Deniz Yatırım through its branches. Amounts related to these transactions have been eliminated from the accompanying financial statements enclosed within the scope of consolidation adjustments.

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

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

	Number	Number of Employees			
Domestic branch	695	11.926			
			Country of Incorporations		
Foreign representation	-	-	-		
				Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off shore banking region branches	1	6	1-Bahreyn	15.280.240	-

b. Explanations on the subject in case the Parent Bank opens and closes domestic and foreign branch and representative and changes the organization significantly

The Parent Bank opened 3 new branches and closed 15 branches in 2020.

c. The branches of associates and subsidiaries

Denizbank AG, headquartered in Vienna, has a total of 34 branches, 19 in Austria and 15 in Germany.

JSC Denizbank Moscow, headquartered in Moscow, operates in the centrum of Moscow.

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SECTION SIX
OTHER DISCLOSURES AND FOOTNOTES

I. Other explanations related to DFS Group's operations

a. Other explanations related to DFS Group's operations

None.

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

Moody's (*)	
Outlook	Negative
Long Term Foreign Currency Deposit	B3
Short Term Foreign Currency Deposit	Not Prime
Long Term Local Currency Deposit	B3
Short Term Local Currency Deposit	Not Prime
Bank Financial Strenght Rating (BCA)	caa1

(*) As of 10/12/2020

Fitch Ratings (**)	
Outlook	Stable
Long Term Foreign Currency	B+
Short Term Foreign Currency	B
Long Term Local Currency	BB-
Short Term Local Currency	B
Viability	b+
Support	4
National	AA (tur)(stable)

(**) As of 01/09/2020

c. Subsequent events

On 18 February 2021, the Parent Bank secured a total of USD 435 million (USD 345.000.000 and EUR 73.582.062) funding under the Diversified Payment Rights (DPR) Securitization Programme backed by future flows, with maturities of up to 7 years, with 9 series signed by 13 investors in total in the transaction where Credit Suisse AG and Emirates NBD Capital Limited acted as Joint Coordinators and Book runners, and which received USD 150 million and 100 million USD investment from International Finance Corporation (IFC) and European Bank for Reconstruction and Development (EBRD), respectively. The financing is planned to be used for energy efficiency and renewable energy projects, supporting women entrepreneurs, the agricultural sector as well as working capital needs of businesses.

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SECTION SEVEN
INDEPENDENT AUDITOR'S REPORT

I. Matters to be disclosed related to Independent Auditor's Report

Consolidated financial statements and notes of the DFS Group are subject to independent audit by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Deloitte Touche Tohmatsu Limited) and independent audit report dated 18 February 2021 is presented in front of the consolidated financial statements.

II. Explanations and notes prepared by Independent Auditor

There are no explanations or notes, deemed to be required, and no significant issues which are not mentioned in the prior sections above related to the activities of the DFS Group.

CONTACT INFORMATION

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Trade Register Number
368587

Website
https://www.denizbank.com/en/

Domestic Branches
DenizBank has 695 branches in Turkey. Information on domestic branches is available on the DenizBank website:

https://www.denizbank.com/en/service-points/default.aspx

Foreign Branches
Bahrain Branch
Al Jasrah Tower 6th Floor,
Office No: 62/63 PO Box 10357, Diplomatic Area,
Manama-Kingdom of Bahrain
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