



Annual Report 2019

DenizBank in Numbers

We achieved financial and operational results in 2019 that will further bolster shareholder trust.

Total Assets

TL **217.3** billion

Shareholders' Equity

TL **17.7** billion

Net Profit

TL **1.3** billion

Number of Branches⁽³⁾

751

Total Loans⁽¹⁾

TL **142.8** billion

Deposits⁽²⁾

TL **154.5** billion

Number of Customers

13.7 million

DenizBank contributes directly to the tourism sector with

USD **3 billion** in loans.

We are a bank operating in Turkey, one of the most beautiful countries on earth. This unique and extraordinary country is among the world's top six tourism destinations.

A driving force of economies across the world in 2019, the tourism sector was also a fast-growing sector in Turkey as well.

DenizBank contributes significantly to this sector that we consider to be of national importance. We maintain our leading position in the tourism sector by funding directly with a loan volume of USD 3 billion and 17% market share.

⁽¹⁾ Includes factoring and leasing receivables (net).

⁽²⁾ Excludes bank deposits.

⁽³⁾ Includes DenizBank AG branches.



DenizBank's contribution
to major tourism-related
national projects amounts to
USD 2 billion
in financing.

We believe that supporting projects which foster the sustainable development of our country is a substantial part of our social responsibility. Therefore, we contribute significantly to investments related to the tourism sector. We provide financial support to projects that facilitate tourism, such as bridges, train stations, and airports, a prime example being the new Istanbul Airport. We also provide funding support to related sectors, such as urban and intercity tourism transportation, coastal, port and marina establishments, food supply chains, logistics services and more.

SUSTAINABLE SUPPORT



5,300 SMEs among a total of
5,600 Loan Customers

In the tourism sector, we support not only large companies but also small hotels, restaurants, and other establishments and suppliers to the sector that are classified as SMEs. We provide a bidirectional service from tour operators and agents to hotels, and from hotels to suppliers. We mediate low-cost Exim loans for tourism companies that generate foreign currency income for the country. We oversaw 20% of Kredi Garanti Fonu (KGF) support provided to the sector.

FOR TURKEY

FRESH FUNDING

Syndicated loan with
a record subscription of
USD 1.1 billion

We recorded an all-time high subscription to our syndicated loan from international markets. The loan, the largest fresh financing provided by a Turkish bank in 2019, also strengthened the confidence in Turkey's economy, especially with its maturity of up to two years. The majority of the loan will be used to finance our customers' foreign trade transactions. Meanwhile, the portion provided by the European Bank for Reconstruction and Development (EBRD) will be used to support the working capital and investment needs of Turkish farmers.

Contents

SECTION I INTRODUCTION

09	DenizBank Financial Services Group (DFSG)
10	DenizBank's Mission, Vision
12	Dividend Distribution Policy
12	Dividend Distribution Proposal
13	Amendments to the Articles of Association
14	Changes in the Management, Shareholding Structure and Activities of DFSG Companies
15	Any Events Occurring After the End of the Operating Period that Have Special Importance
15	Shareholding Structure, Paid-in Capital and Changes, Shares Held by Management
20	DenizBank in Brief
22	ENBD in Brief
24	Financial Highlights
26	2019 in Brief
28	2019 Awards
30	Message from the Chairman of the Board of Directors
32	Message from the CEO
36	Banking Services
37	Retail Banking Group
37	Affluent Banking
38	Mass Banking
38	Pensioner Banking
39	Retail Banking Products
40	Branch and ATM Planning
40	Bancassurance
41	SME Banking and Public Finance Group
41	SME Banking
43	Gold Banking
43	Public Finance
44	Agricultural Banking Group
48	Wholesale Banking Group
48	Corporate and Commercial Banking Group
49	Project Finance, Financial Structuring and International Loans Coordination Group
50	Payment Systems and Non-Branch Channels Group
50	Call Center
51	Mobile Sales
52	Telemarketing-Collection and Customer Retention
52	Card and POS Product Management
55	Contracted Merchant Relations
56	Treasury and Financial Institutions Group
56	Treasury
57	Financial Institutions
59	Digital Transformation, CRM and Change Management Group
59	Digital Generation Banking
64	Change Management
65	Business Analytics and CRM
66	Campaign Management
66	Project Management
67	Payment Institutions
67	Cash Management
68	Information Technologies and Support Operations Group
68	IT Security, IT Risk Management, Fraud Management and Data Protection Group
69	Branch and Central Operations Group
73	Foreign Subsidiaries
74	Information Technology (IT) Services
77	Private Banking and Investment Activities
80	Leasing and Factoring Services
82	Cultural Services

SECTION II MANAGEMENT AND CORPORATE GOVERNANCE

83	Board of Directors
88	Executive Board
89	Executive Board Members
92	Executive Management
93	Committees
96	Summary Report of the Board of Directors to the General Assembly
97	Donations Made in 2019
97	Related Party Transactions
98	Human Resources
100	Training
102	Support Services
103	DenizBank Corporate Governance Principles Compliance Statement

SECTION III FINANCIAL INFORMATION AND RISK MANAGEMENT

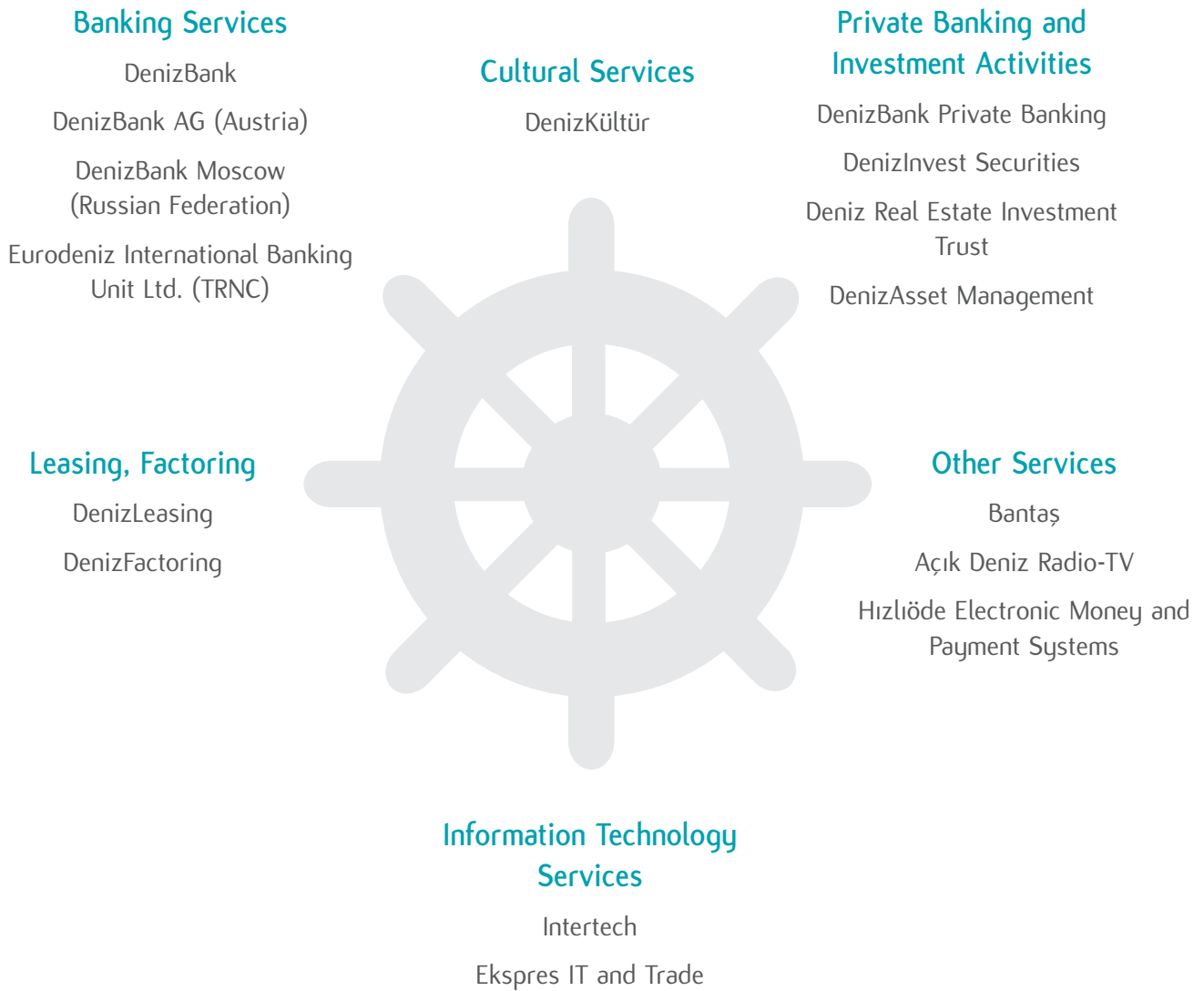
104	Internal Audit, Internal Control, Compliance and Risk Management Systems
108	Assessments of the Audit Committee
110	Independent Auditor Report on the Annual Report
112	Five-Year Summary Financial Highlights
114	Assessment of Financial Position
115	Capital Market Instruments Issued by DFSG
117	DenizBank Ratings by International Rating Agencies

SECTION IV INDEPENDENT AUDITOR'S REPORTS, FINANCIAL STATEMENTS AND NOTES

119	Independent Auditor's Reports, Unconsolidated Financial Statements and Notes as of December 31, 2019
231	Independent Auditor's Report, Consolidated Financial Statements and Notes as of December 31, 2019

Contact Information

DenizBank Financial Services Group (DFSG)



DenizBank'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% (five percent) of this sum shall be set aside as general statutory reserves until it reaches twenty percent 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 February 27, 2020: taking into consideration the net profit of our Bank for the financial year 2019 balance sheet amounting to TL 1,336,112,569.59 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 66,805,628.48 as legal reserve as per the Article 519/1 of the Turkish Commercial Code, to set aside the remaining TL 1,269,306,941.11 as extraordinary reserve.

Amendments to the Articles of Association

Within the scope of the reducing the capital by cancelling shares with a nominal fee of TL 1,426,214.154 held by other shareholders other than the controlling shareholder's share, and raising concurrent capital amounting to TL 1,426,214.154 against the cancelled shares subject to the squeeze-out of the controlling shareholder ENBD as per the Squeeze-out and Sellout Communiqué numbered II-27.2 of Capital Markets Board (CMB), the Article 6 of the "CAPITAL OF THE BANK" of the Bank's Articles of Association was amended by approving in the Extraordinary General Assembly held on December 12, 2019 as follows:

EXISTING TEXT

CAPITAL OF THE BANK

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

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

TL 1,816,100,000 representing the former capital, was paid in full.

The increased amount, TL 1,500,000,000 was covered as follows;

- TL 38,564.42 from the Share Premiums,
- TL 113,096,545.85 from the Revenues from the Sale of Shares in Subsidiaries and Participations, and of Real Estate,
- TL 636,864,889.73 from the reserves set aside as per the general assembly decision,
- TL 750,000,000 in cash.

NEW 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 Communiqué" 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 Emirates NBD Bank PSJC 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.

Changes in the Management, Shareholding Structure and Activities of DFSG Companies

Sale of DenizBank Shares

On May 22, 2018, ENBD (Emirates NBD Bank P.J.S.C.) and Sberbank (Sberbank of Russia) announced that they had entered into a definitive agreement whereby Sberbank would sell its entire 99.85% stake in DenizBank to ENBD. On April 2, 2019, ENBD and Sberbank signed a "Restated SPA" (the SPA with revised terms) and on the total consideration of 99.85% of the shares in DenizBank, agreed on TL 15.48 billion based on the consolidated equity capital of DenizBank amounting to TL 15.51 billion as of December 31, 2018. Regarding the share transfer transaction, all the approvals of the regulatory authorities in Turkey, Russia, the United Arab Emirates and other relevant jurisdictions where DenizBank operates were obtained and the share transfer transaction was completed on July 31, 2019.

As of July 31, 2019, as a result of ENBD's acquisition of 99.85% of DenizBank's shares:

- an obligation arose for ENBD to make a mandatory tender offer (MTO) to DenizBank as per the provisions of the Capital Markets Board's (CMB) Communiqué on Takeover Bids (II-26.1); and
- another obligation was the sell-out right; DenizBank's shareholders other than ENBD were given the right to sell their shares to ENBD (Sell-out right) as per the provisions of the CMB's Communiqué on Squeeze-Out and Sell-Out Rights (II-27.2).

Under the Communiqué, within the three-month deduction period between August 1, 2019 - October 31, 2019, other shareholders exercised their sell-out rights. Following the three-month deduction period ending on October 31, 2019 within the scope of the Communiqué, ENBD applied to our Bank on November 3, 2019 requesting to squeeze out other shareholders who did not exercise their sell-out rights. Within this scope, the required approvals for the cancellation of shares with a total nominal value of TL 1,426,214.154 held by other shareholders who did not exercise their sell-out right (capital decrease) and capital increase to be made placed for ENBD and amendment of the Article 6 entitled "Capital of the Bank" of the Articles of Association were obtained, with the amendment of the Article 6 of the Articles of Association was approved at the Extraordinary General Assembly Meeting held on December 12, 2019. The abovementioned decision and issuance certificate approved by the CMB was registered on December 13, 2019.

As part of our application to the Central Registry Agency (MKG), the shares of other shareholders were cancelled, the shares to be issued were transferred to the account of the controlling shareholder and TL 21.2 per share with TL 1 nominal value set by the CMB was paid to the shareholders on December 13, 2019. As a result of this transaction, ENBD holds 100% of DenizBank's shares. Following the completion of the process, DenizBank's shares were delisted from BIST as of December 16, 2019.

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

The title, purpose, scope of activity and capital of "Deniz Kartlı Ödeme Sistemleri Anonim Şirketi" which is 100% subsidiary of our Bank were changed as the amendment of related articles of the Articles of Association was approved during the General Assembly Meeting held on November 1, 2019 and the said General Assembly resolutions were registered on 12 November 2019. The new title of the company was changed to "Hızlıöde Elektronik Para ve Ödeme Hizmetleri Anonim Şirketi" and its capital was raised from TL 300,000 to TL 10,000,000.

An operating permit application was made to the Banking Regulation and Supervision Agency on November 14, 2019 for the company 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. The application is being processed.

Any Events Occurring After the End of the Operating Period that Have Special Importance

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, 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 Communiqué" 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 Emirates NBD Bank PSJC 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.

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.

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.

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 Emirates NBD Bank PSJC and paid before the capital increase is registered.

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, 2019 are presented in the table below. DenizBank's shareholding structure does not contain any cross-shareholdings.

Shares Held by Management

Executives from ENBD group; Saad Mohamed Ibrahim Hamad Obaidalla, Ahmed Mohammed Aqil Quassim, Salah Mohammed Amin Abdulla and Mohammed Ahmed own 1 share each.

DenizBank A.Ş. Shareholding Structure - 31.12.2019

Shareholders	Nominal Value (TL)	Share%
Emirates NBD Bank P.J.S.C.	3,316,099,996	99.9999%
Investment Corporation of Dubai		55.7579%
Capital Assets LLC		5.3290%
Free Float		38.9131%
Others	4	0.00000012%
TOTAL	3,316,100,000	100.00%

A STRONG COLLABORATION

The most important development for DenizBank in 2019 was the transfer of its shares to ENBD.



The transfer to ENBD, a leading banking group in the MENAT region

The most important development for DenizBank in 2019 was the transfer of its shares on **July 31, 2019** from Sberbank, the biggest and longest established bank in Russia, to **ENBD, a leading banking group in the MENAT region**. As we celebrate our 22nd anniversary under the ownership of ENBD, we continue to grow and carry out activities under our current brand name with the full support of ENBD.

Permanent support by ENBD with a capital injection

As its paid-in capital reaches **TL 5,696.1 million**, via a cash injection of **TL 2,380 million** with the completion of transactions in February 2020, DenizBank will combine its strategies focusing on **innovation and state-of-the-art technology** with the expertise of ENBD, and continue to add value to its sector as well as the country.



Fresh funding to the Turkish economy with a record high syndication under ENBD ownership

Returning to international markets in December **under the ownership of ENBD**, DenizBank secured a record high subscription of **USD 1.1 billion** to her syndicated loan facility in one and two-year tranches. The transaction is being coordinated by **Abu Dhabi Commercial Bank, Bank of America Merrill Lynch and Emirates NBD Capital**, and facilitated by **Mizuho Bank**.

As **the largest fresh funding** obtained by a Turkish bank in 2019, the transaction **reinforced confidence in our country**, with the **maturity extending up to two years**. This was also **the first syndicated loan facility** which the European Bank for Reconstruction and Development (EBRD) **participated in Turkey** together with a consortium of international banks.

DenizBank will combine its strategies, focusing on innovation and state-of-the-art technology, with the expertise of ENBD.

Common Areas of Strategies



DenizBank and Emirates NBD are aligned, with innovation and future-oriented approaches placed at the heart of their strategies.

Innovation Awards:

The innovation awards presented to ENBD and DenizBank clearly demonstrate that both institutions attach great importance to their innovation strategy.



BAI - Most Innovative Financial Services Organization of the Year 2017

Global Finance - The Innovators 2019 Awards - Most Innovative Financial Institution in the Middle East



BAI - Most Innovative Bank of the Year 2014

EFMA - Global Innovator 2015

BAI - Most Innovative Bank of the Year 2016

Innovation Hubs:

Both ENBD and DenizBank take steps to support progress and cutting edge development, and both institutions have successfully brought their innovation hub projects into being.

Future Lab: Emirates NBD established the Future Lab in the UAE in 2016 to contribute to the development of new generation digital and mobile banking services.

Deniz Aquarium: Our Innovation, Blockchain Laboratory and Startup Engagement Center will soon be opening, under the name of Deniz Aquarium.

Mobile Wallets:

Focusing on solutions addressed to new generation customers and unbanked people in particular, both banks attach importance to mobile wallets and payment solutions and create products in these areas.

Me Pay: The Emirates NBD mobile wallet application allows customers to transfer money to and from their contacts, even if they are not Emirates NBD customers. The app also includes features such as requests from contacts and card-free cash withdrawals.

fastPay: This is the biggest mobile wallet in Turkey, offering cash transfers to mobile phone numbers without having to be a DenizBank customer, payments at merchants, bill payments, transport card top-up, and cash withdrawal without a card.

API Strategy:

Both ENBD and DenizBank have created developer-oriented API strategies to support the existing ecosystem and to establish their ecosystems.

ENBD API Sandbox: The API platform was made to bring together FinTechs and developers and support innovation. Thanks to this investment, ENBD became the first bank in the region to establish an API platform.

DenizBank API Library: The DenizBank API Library was established with Intertech both to contribute to the current ecosystem and to create its own. Leading the sector, DenizBank holds three times as much available API compared to its closest competitor.

Virtual Assistants:

Both ENBD and DenizBank use virtual assistants to provide the fastest and most efficient service to their customers through non-branch channels.

Eva: Eva is a telephone banking assistant backed by artificial intelligence. Using Purpose Recognition/Natural Language Recognition features in both Arabic and English to understand customer requests, Eva automatically directs customers to solutions or the relevant contact.

DENİZ: Greeting those who call the DenizBank Call Center, our virtual assistant DENİZ can find solutions to customers' problems without them having to speak to a call center employee.

DenizBank in Brief



With a broad service network reaching all parts of society in Turkey, DenizBank has 708 branches in Turkey and Bahrain, in addition to 43 branch locations of DenizBank AG, its subsidiary based in Vienna.



751
Branches

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 Emirates NBD, 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 1,400 employees.

Innovation, technology and “phygital” strategy

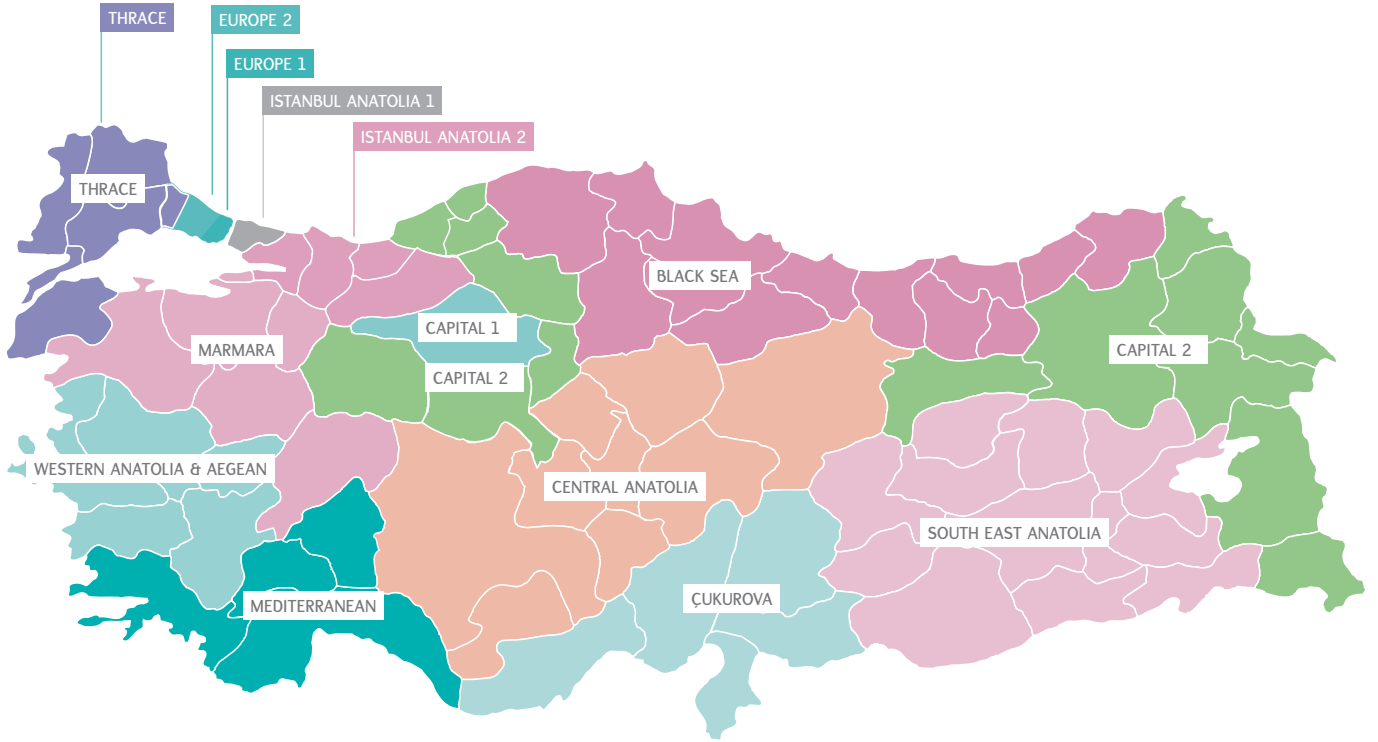
Making substantial investments in technology, R&D and innovation since its founding, DenizBank established the first Digital Banking Department in Turkey in 2012. Since that time, the Bank has implemented numerous innovations that lead the sector in facilitating and adding value to the lives of people. 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 708 branches in Turkey and Bahrain, in addition to 43 branch locations of DenizBank AG, its subsidiary based in Vienna. The Group operates in EU countries via DenizBank AG, while CJSC 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

Çukurova

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

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

ENBD in Brief



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



USD
186
billion
ASSETS

979
BRANCHES
WORLDWIDE

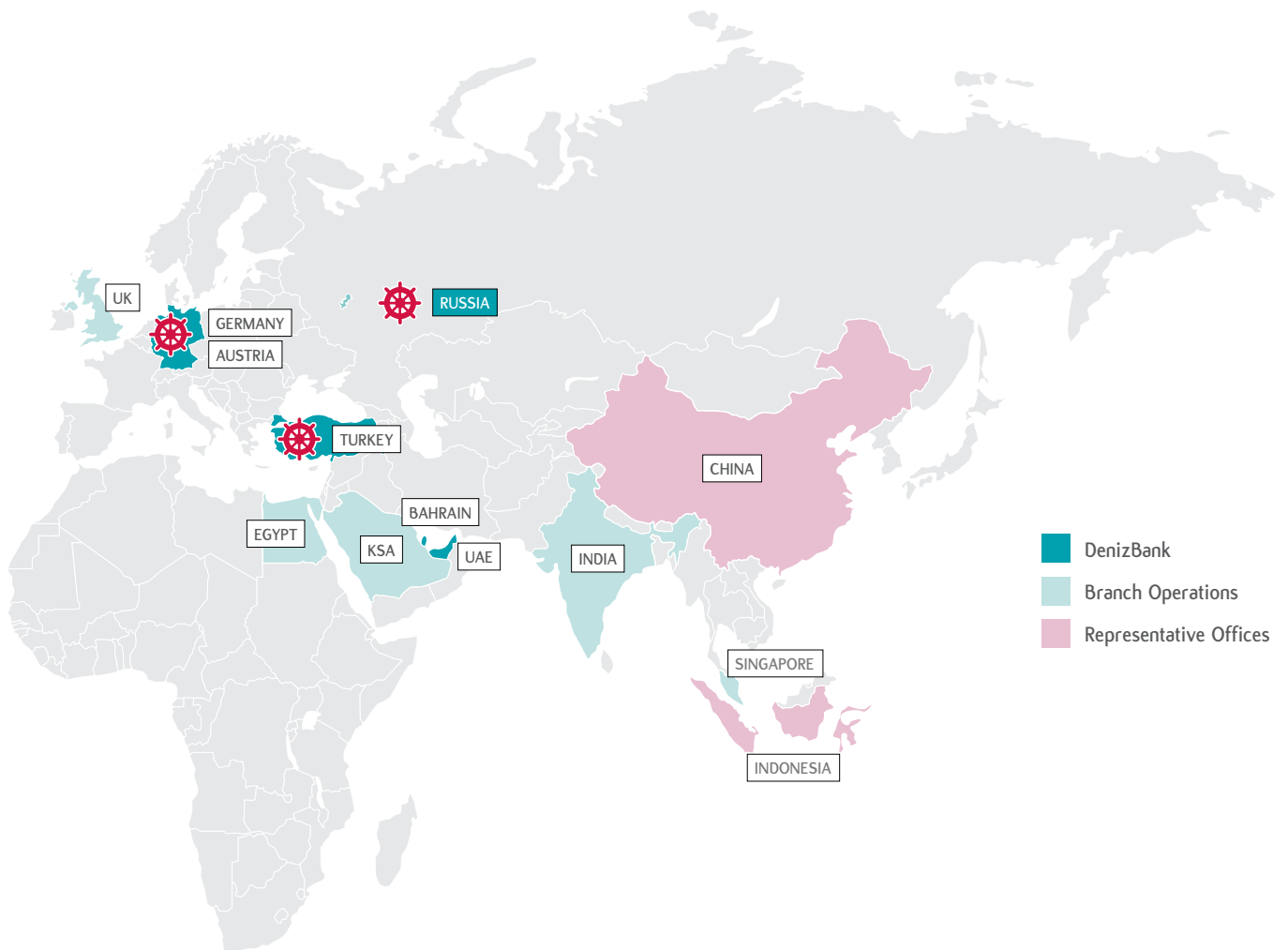
Emirates NBD (DFM: Emirates NBD) is a leading banking group in the MENAT region. As of December 31, 2019, total assets were AED 683.3 billion, (equivalent to approx. USD 186 billion). The acquisition of DenizBank represents a significant milestone for Emirates NBD with the Group expanding its presence to 13 countries, serving 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 United Arab Emirates (UAE) and is a key participant in the global digital banking sector 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 'Best Digital Bank in the Middle East' at the Euromoney Awards for Excellence in 2019, affirming the Bank's status as a digital banking leader among its regional rivalries.

The Group has operations in the UAE, Egypt, India, Turkey, Kingdom of Saudi Arabia, Singapore, United Kingdom, Austria, Germany, Russia and Bahrain and representative offices in China and Indonesia with a total of 979 branches and 4,150 ATMs /SDMs. The Bank has a large social media coverage, being the only bank in the Middle East ranked among the top 20 in the 'Power 100 Social Media Rankings', compiled by 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 recognized 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.

Presence in 13 Countries



Financial Highlights

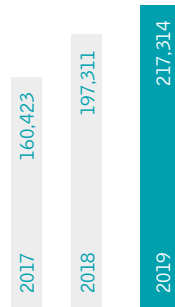


Ensuring trust with a financial performance powered by its strong capital structure, DenizBank's consolidated total assets grew by 10% and reached TL 217.3 billion as of 2019 year-end.

Consolidated

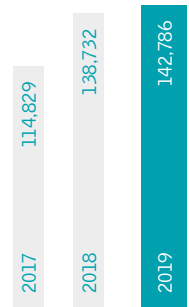
Total Assets (TL Million)

10%
Increase



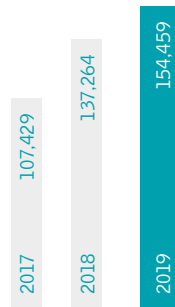
Loans (TL Million) ⁽¹⁾

3%
Increase



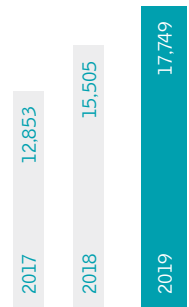
Deposits (TL Million)⁽²⁾

13%
Increase

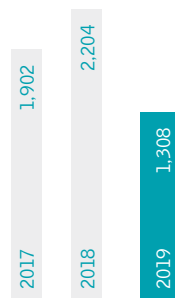


Shareholders' Equity (TL Million)

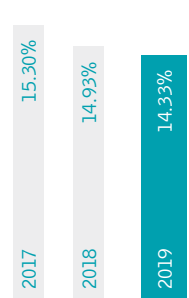
14%
Increase



Net Profit (TL Million)



Capital Adequacy Ratio



⁽¹⁾ Includes factoring and leasing receivables, Net.

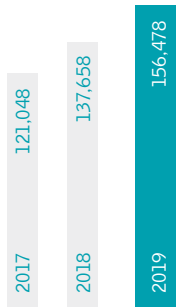
⁽²⁾ Excludes bank deposits.



Unconsolidated

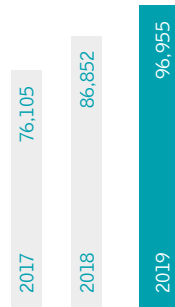
Total Assets (TL Million)

14%
Increase



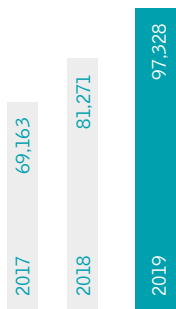
Loans (TL Million) ⁽¹⁾

12%
Increase



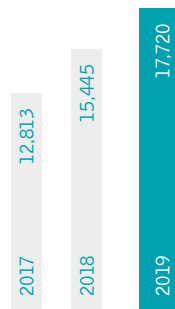
Deposits (TL Million) ⁽²⁾

20%
Increase

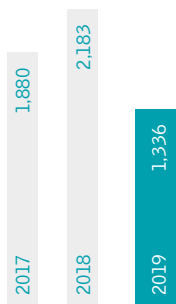


Shareholders' Equity (TL Million)

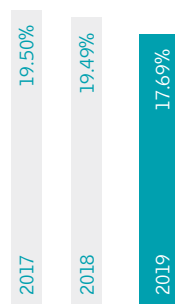
15%
Increase



Net Profit (TL Million)



Capital Adequacy Ratio



In 2019, DenizBank continued its strong support to the real sector and Turkey's economy. DenizBank's unconsolidated loan volume reached TL 97.0 billion and unconsolidated deposits increased to TL 97.3 billion.

⁽¹⁾ Net amount.

⁽²⁾ Excludes bank deposits.

2019 in Brief



DenizBank joined forces with 12 banks under the KOBİ Değer Project.



January - February - March

- DenizBank joined forces with 12 banks under the KOBİ Değer initiative with the support of the Undersecretariat of Treasury and Kredi Garanti Fonu (KGF).
- Galatasaray Sports Club and DenizBank started a major cooperation to lay the groundwork for the cashless payment era with fastPay, which can now be used for the first time in Turkey at Ali Sami Yen Arena Türk Telekom Stadium and the shops, snack bars and GS Store in the stadium's vicinity.
- DenizBank undertook a key initiative in collaboration with Yeni Yüzyıl University Gaziosmanpaşa Hospital and gave support to establish the Women's Cancer Center.
- DenizBank forged a strategic cooperation with Turkey's Agricultural Credit Cooperatives of Turkey, the largest cooperative in the agriculture sector. Thanks to this work, farmers using the Bank's Producer Card can benefit from interest-free financing in purchases from merchants that sell the cooperative's inputs.

April - May - June

- Introducing robotic technology into investing, DenizBank Investment Services Group launched ALGOLAB, the first online algorithmic investment platform in Turkey. This effort is designed to facilitate customers' investment decision-making, help investors save time and wholly automate their investment processes.
- During a 15-day tour with the participation and support of AXA Sigorta (Insurance) and the "Önder Çiftçi (Leading Farmer)" Project, DenizBank visited the villages of İstanbul and Tekirdağ province with its Mobile Truck. DenizBank conducted the project in order to give first-hand health, finance and cultivating training to farmers. The Mobile Truck also visited villages around İzmir in cooperation with AXA Sigorta, the İzmir Villages Cooperative, the İzmir Chamber of Veterinaries, and the Chamber of Agricultural Engineers. This effort mediated the exchange of culture and arts with local residents as part of the "Koop-tuk Geliyoruz events" (Cooperatives Here We Come) event.
- DenizBank's exhibition hall GaleriDeniz hosted "Görmezden Gelmeyelim - Tarih Öncesinden Günümüze Şizofreni Serüveni (Let's Not Turn a Blind Eye - Schizophrenia, from Prehistoric Times to the Present)" prepared with the contribution of Abdi İbrahim Otsuka as part of May 24 World Schizophrenia Day. The exhibition has been visited by more than 2 million people over a four year period across Turkey.
- DenizBank launched its Inflation Indexed Variable Interest Time Deposit product which offers a return that outpaces the inflation rate for customers who want to maintain their savings in TL.
- Music lovers enjoyed the Harbiye Open-Air Concerts under DenizBank's name sponsorship.
- DenizBank launched its Inflation-Indexed Housing Loan product for consumers looking to buy a home and benefit from any positive changes in interest rates on their mortgage loan.
- The Bank launched the "Hayallerimi Biriktiriyorum" (Saving My Dreams) Project in an effort to make young children financially literate and aware of how to save. Under this initiative, DenizBank shared financial know-how with 10,000 pupils at 150 primary schools during the 2018-2019 academic year.



July - August - September

- As of July 31, 2019, DenizBank's shares were transferred from Sberbank, Russia's largest and oldest bank, to Emirates NBD Bank P.J.S.C. (ENBD), a leading banking group in the MENAT region.
- Applications opened for the fourth "DenizBank İlk Senaryo İlk Film Yarışması (DenizBank First Screenplay First Movie Contest)." The competition was launched in collaboration with the TÜRSAK Foundation as part of the Bank's mission to further Turkey's development of the arts and culture.
- DenizBank posted record demand of TL 500 million for the financing bill based on the Turkish Lira Overnight Reference Interest Rate (TLREF), which the Bank had originally planned to issue as TL 250 million on September 4, 2019. The referenced amount raised and demand are the highest volume sales among private banks within TLREF-based borrowing instruments issued to date.
- DenizLeasing became the first institution to issue bills based on the Turkish Lira Overnight Reference Interest Rate (TLREF) among non-bank issuer institutions. DenizLeasing's TL 150 million-bill issue dated 16 September 2019 received a higher demand than expected. As a result, it sold for a total of TL 250 million.
- DenizBank launched DenizBank Children's Opera, a global first in the opera world, to promote youth involvement in social and cultural life.

October - November - December

- DenizBank entered into a global sponsorship agreement with EuroLeague Basketball, Europe's most well-respected basketball organization at the club level. With this agreement, DenizBank became the global sponsor of the Turkish Airlines EuroLeague and 7DAYS EuroCup championships. The cooperation will last for six years starting in the 2019-2020 season.
- DenizBank's Van Başkale Branch and Van Çaldıran Branch commenced operations.
- DenizBank sponsored the exhibition "Artifex Ludens - Game with Art: A Selection from the Sunay Akın Art Toys Collection." The exhibit was hosted by the Erimtan Archeology and Art Museum in Ankara and curated by Marcus Graf.
- The concerts organized in collaboration with DenizBank & İDSO recorded their 16th anniversary.
- DenizBank signed a cooperation with Hepsiburada, allowing customers to benefit from loan opportunities while online shopping.



- DenizBank sponsored the fifth International Ankara Puppet Festival.
- Orchestra Academic Capital Concerts started the new season with DenizBank's sponsorship support.
- The 22nd Captains Meeting was held in Antalya with participation of more than 1,400 Captains.
- The fifth Black Week Istanbul Festival hosted famed detective novelist with the main sponsorship of DenizBank at Pera Palace Hotel November 21-22, 2019.
- As part of its support to tourism, DenizBank became the main sponsor of the Resort Tourism Congress organized by the Mediterranean Tourist Hoteliers and Investors Association (AKTOB) for the eighth year running.
- DenizBank collaborated with 85% of a thousand agricultural institutions including cooperatives in the Western Anatolia region to offer various advantages to farmers.
- DenizBank secured a record high subscription of USD 1.1 billion to her syndicated loan from international markets.

2019 Awards



DenizBank participated in a transaction to extend TL 700 million in financing to WE Soda, a 100% subsidiary of Ciner Group founded in the UK, on August 1, 2018. The Bank contributed the highest percentage of funds in what was the largest syndicated loan facility in the real sector that year. The transaction received the **“Corporate Financing of the Year”** and **“Second Best Syndicated Loan Facility of the Year”** awards at the Bonds & Loans Turkey 2018 awards, widely known as the **“Oscars”** of the banking sector.



DenizBank Human Resources Department received its 18th Respect for People Award in the category **“Companies Responding to the Highest Number of Job Applications Most Quickly”** among more than 20,000 employers using Kariyer.net.



DenizBank won awards in the **“Certification”** and **“Internal Audit Professional Introduction Activities”** categories at the Internal Audit Awareness Awards organized by the Internal Audit Institute of Turkey. This was the Bank's fifth award granted by the same institution over the last five years.



DenizBank was the winner of five awards with its promotional campaign offering the ease of topping up istanbulkart with fastPay wallet at the prestigious mobile marketing event Smarties Turkey and EMEA 2019. The Bank received the Bronze award in the **“Mobile Payment”** category at the Smarties Global Awards. In addition, DenizBank won the Gold award in the **“Mobile Payment”** category, Silver in **“Cross Media”** and Award Prize in the **“Mobile Application”** category at the Smarties Turkey Awards. At the EMEA 2019 Awards, the Bank garnered the Gold award in **“Mobile Payment”** and Silver in the **“Mobile Application”** category.



DenizBank's Human Resources team won the **"Digital Transformation and Innovation in Human Resources"** award at the PERYÖN Value to People Awards. The competition was held for the 11th time this year by PERYÖN, Human Management Association of Turkey and received applications from 44 institutions in 54 separate categories.



Deniz Akademi's "3D - Sailor on Wavy Seas" training program was recognized with the Gold award in the **"Best Professional Training of the Year,"** Silver in the **"Best Training Development Strategy of the Year"** and Bronze in the **"Best Labor Training and Development Success"** categories at Stevie's Great Employers Awards 2019.



DenizBank Call Center won the **"Customer Focus"** Jury's Special Award at the Second CX Awards organized by Nice Medya, the call center sector's only awards competition in the area of customer experience in Turkey. The Bank was recognized for its call center business processes that deliver simple, fast and proactive solutions through sales strategies in customer management and accurate identification of customer needs.



Carried out in collaboration with Belbim in line with their customer-oriented approach, the innovative application fastPay won the **"Best Mobile Payment Solution"** award at PSM Awards 2019.

Message from the Chairman of the Board of Directors



CONSOLIDATED TOTAL
ASSETS

TL 217.3
billion

Since its founding, DenizBank has made an invaluable contribution to Turkey's economy with innovative products and services, a robust financial profile and an experienced management team.

Dear Stakeholders, Customers and Business Partners,

At DenizBank – which recently joined the ENBD family, one of the Gulf Cooperation Council (GCC)'s largest banking groups, we believe that the Bank will move forward with determination to reach its goals and play an important part in the continued success of the Turkish economy in the coming years.

Boasting a healthy capital structure and strong liquidity, prudent risk management, a reputation for innovation and a well-qualified workforce, DenizBank and the wider Turkish banking sector is well poised to deliver long term sustainable growth.

This year, DenizBank celebrates its 22nd anniversary, now under the umbrella of ENBD. Since its founding, the Bank has made an invaluable contribution to Turkey's economy with innovative products and services, a robust financial profile and an experienced management team. Through the association with ENBD, we believe that the Bank can chart new horizons and meet goals.

DenizBank's expertise in education, healthcare, maritime, energy, infrastructure and tourism will complement ENBD's experience in the Middle East and North Africa. We firmly believe that the ENBD association will give significant momentum to sustainable and profitable growth of the Bank. DenizBank will continue to develop and grow its existing proud brand, moving forward with the market power of ENBD.

I would like to take this opportunity to extend my thanks to all our stakeholders for their unwavering support whilst DenizBank embarked on its new and exciting journey in 2019. We believe that the Bank, as one of Turkey's pioneering financial services groups, will further capitalize on the country's strategic geographical position and record even greater achievements in the years to come.

Kind regards,

Hesham Abdulla Al Qassim
Chairman of the Board of Directors



Message from the CEO



In 2019, the Turkish banking sector uninterruptedly continued its strong support to the real sector with its healthy capital structure and innovative service infrastructure.

Distinguished Friends of DenizBank,

Due to the restricting effects of the trade war between the USA and China on free trade, the global economy recorded its slowest growth rate of the last decade, expanding by just 3% in 2019. Despite efforts to seek reconciliation in the last quarter of the year, customs duties imposed by the USA on certain products as well as goods imported from China deteriorated trade disputes, resulting in a loss of momentum in global production and foreign trade. Parallel to the unfavorable course of global growth, interest rates declined across the world, negative interest rates and efforts to overcome economic issues in developed countries prevailed.

The global slowdown in the economy affected all local markets...

A decelerating trend in the global economy had a clear impact on local markets in 2019. In the USA, where the Federal Reserve (Fed) cut interest rates once again, the economy expanded by just 2.3% while the overall outlook remained positive. In the Eurozone, the European Central Bank's (ECB) negative interest rate practice and financial asset purchases have not yet yielded the expected impact. As a result, Europe's economy is forecast to record 1.2% growth for 2019. With the anticipated recovery in Europe not yet realized, Turkey's export performance has also been subdued.

The slowdown in China and India affected countries across the region...

Led by China and India, the world's emerging markets recorded slower growth in 2019. Economies located in the Asia supplier network of both countries were also adversely affected by the slowing expansion. Growth remained limited to 3.9% throughout emerging economies. Meanwhile, China, the

economic dynamo of the developing world, expanded at a rate well below its 10-year average, recording growth of 6.1% as of year-end. Despite these performances, with the impact of falling interest rates, higher flows of capital toward developing countries had a positive effect in terms of lowering financing costs.

Turkey is preparing for "strong growth" once again...

Having gone through a challenging economic cycle in 2018, the year 2019 has been a year of rebound for the Turkish economy. Thanks to the timely measures taken by the Central Bank and the BRSA, the dynamic private sector and robust banking sector, our country is out of recession and has demonstrated its resilience against crises once more. The process was supported by the government's financial policy thanks to the space created in public finance by budget discipline, the anchor to our economy for many years. With the positive outlook ensured by stable foreign exchange rates, receding inflation rate and interest rates, as well as the recovery in consumption expenditures and with the support of foreign demand, a mild growth path was created. Unlike the expectations for an economic contraction put forward at the beginning of the year, 2019 was completed with a positive growth, especially with the performance in the last two quarters.

Parallel to the receding inflation rate and improvement in the outlook thanks to the rebalancing process in the economy and declining cost-related pressures with stable foreign exchange rates, the Central Bank also supported the downward trend in costs, and the establishment of a consumption and investment environment by imposing a 1.200 basis points rate cut in the funding rate.



Message from the CEO



DenizBank's most important development during the year was that ENBD - a leading banking group in the MENAT region - became our main shareholder.



USD 1.1
billion

RECORD SUBSCRIPTION
TO OUR
SYNDICATED LOAN

In conjunction with this Turkey's current account deficit was bridged thanks to a decline in imports, the positive impact of competitive exchange rates in exports, and a strong income from tourism, becoming positive in June 2019. In the upcoming period, we are envisaging a growth path whereby financial fragility diminishes with the mild evolution of the current account deficit, yielding a more balanced and disciplined transformation supported by reforms as foreseen in Turkey's New Economic Program.

The Turkish banking sector continues to give reassurance...

While maintaining its robust capital structure, the Turkish banking sector has continued to contribute to the real sector uninterruptedly thanks to its innovative service infrastructure and support economic activity.

DenizBank achieved strong financial results in 2019...

One of Turkey's leading financial institutions, DenizBank once again achieved financial and operational results in 2019 that will further bolster shareholder trust. While expanding our consolidated assets by 10% to TL 217.3 billion on a year-on-year basis, we also increased unconsolidated assets to TL 156.5 billion with 14% growth. DenizBank recorded consolidated net profit of TL 1,308 million and unconsolidated net profit of TL 1,336 million for the year.

With 43 international subsidiary branches in addition to the domestic branches operating in 81 provinces across Turkey, DenizBank's service network expanded to 751 branch locations. This extensive reach was undoubtedly a key factor in our successful financial results for 2019.

We set sail for further achievements with our new shareholder...

DenizBank's most important development in 2019 was that ENBD, one of the strongest financial institutions in the United Arab Emirates, became our shareholder. The process of transferring of our shares from Sberbank,

Russia's longest established and largest bank, to ENBD, the leading banking group in the MENAT (Middle East and North Africa and Turkey) region, was completed on July 31, 2019 following the approvals of the authorities in all regions where DenizBank operates.

The share transfer took place at a time when fluctuations in the global economy reverberated in every arena. As a result, the share transfer transaction demonstrated the strength of the Turkish economy as well as DenizBank's solid brand reputation. As the top management team of DenizBank, we believe that ENBD's expertise in the Middle East and North Africa will open new horizons to the Bank. We also anticipate that the strategic geopolitical position of Turkey at the intersection of the East and West, will provide significant value to ENBD's international business activities.

Thanks to the syndicated loan secured with the record-high level subscription, DenizBank offered the largest sum of fresh funding to Turkey's economy in 2019...

DenizBank concluded a syndicated loan facility by registering a record-high level subscription with a total of USD 1.1 billion in one and two-year maturities and returned to international markets under the ownership of ENBD. The transaction was coordinated by Abu Dhabi Commercial Bank, Bank of America Merrill Lynch and Emirates NBD Capital and facilitated by Mizuho Bank.

DenizBank's syndicated loan was the largest fresh funding provided to the Turkish economy by the financial sector in 2019. This syndication also recorded the broadest participation in the second half of the year as 45 banks from 22 countries participated in the deal. The transaction was also the first syndicated loan in which the European Bank for Reconstruction and Development (EBRD) participated in Turkey with a consortium of international banks. Breaking new ground in the sector, our syndicated loan once again demonstrated DenizBank's solid reputation in the international arena.

While a major part of the foreign loan facility is to be disbursed to finance the foreign trade transactions of our customers, primarily those engaged in tourism and shipping, provided by EBRD will be used to support the working capital and investment capital and investment needs of Turkish farmers. Thanks to our strong shareholder ENBD and the great synergy generated between our organizations, DenizBank is committed to providing fresh funding for Turkey's economy and realizing other major capital market transactions in the future.

We continue to mobilize our resources for Turkey's benefit...

In 2019, DenizBank continued to provide uninterrupted and strong support to the real sector. Our Bank's consolidated cash loans reached TL 142.8 billion, while our unconsolidated cash loans reached TL 97.0 billion as of the end of 2019.

DenizBank is the largest supporter of the tourism sector and related investments...

The driving force of economies across the world in 2019, the tourism sector was also one of the fastest-growing sectors in Turkey as well. During the year, DenizBank continued to be the biggest supporter to tourism, which we consider a leading sector. DenizBank maintained its leading position in tourism with loans to the sector totaling USD 3 billion and 17% market share.

Our Bank also contributed to investments related to the tourism sector. DenizBank has provided total of USD 2 billion in financing support to infrastructural investments including important national projects such as Istanbul Airport, TAV Bodrum and Izmir Airports, Ankara High Speed Train Station, Yavuz Sultan Selim Bridge, Antalya and Gazipaşa-Alanya Airports, TRNC Ercan Airport, and the Cyprus "Peace Water" Project.

DenizBank has supported not only major companies in the tourism sector but also SMEs, such as small hotels, restaurants, entrepreneurs and smaller-scale suppliers to the sector.

DenizBank always stands by SMEs...

At DenizBank, we continued to support SMEs in 2019, whom we consider the backbone of Turkey's economy. Besides participating in the Nefes Loan Facility, where we have been the only private bank SME lender in recent years, we contributed to the nation's SMEs via Ekonomi Değer project during the year. I would like to take this opportunity to state how proud we are in mobilizing our expertise and experience for SMEs across Turkey.

Undisputed leader of Agricultural Banking: DenizBank

In 2019, DenizBank also continued to support the agricultural sector, which we consider a national priority. Our Bank maintained its leading position among private banks by extending TL 14 billion in funding to more than 1.3 million agricultural producers with 44% market share. We have always supported producers with our specialized agricultural branches located in the farthest reaches of Anatolia. With our Bank's Mobile Truck project, carried out in cooperation with AXA Insurance and the Leader Farmer Project, we provided farmers with training in health, finance and cultivation starting from the villages of Istanbul and Tekirdağ. With this effort, we once again demonstrated that we stand by our farmers under any circumstances. Committed to adding value to the activities of Turkey's producers, we aim to implement the Mobile Truck Project in the Aegean region as well in the coming year.

DenizBank's "phygital" strategy

DenizBank took major steps forward as part of our digital transformation process focusing on big data in 2019. We have successfully integrated all points of contact with customers through our physical or digital channels, thanks to our "phygital" strategy. With fastPay, the first digital wallet that can be used by all bank customers in Turkey, we have made our customers' lives easier, collaborating with numerous brands, contracted merchants and electricity distributors. Pioneering the "financial inclusion" vision in Turkey, our Bank cooperated

with Galatasaray Sports Club to realize the "cashless stadium" concept at the Ali Sami Yen Sports Complex Türk Telekom Stadium for the first time. A strong supporter of football - the driving force of Turkish sports - for 20 years, our Bank aims to build a digital ecosystem in football with other sports clubs in the future.

The Company that values Employee Candidates the most: DenizBank

Once again, this year, DenizBank stood out with the value we place on employee candidates who want to join our dynamic organization in addition to our employees exceeding 14 thousand in number. Thanks to our sensitivity and unique approach to human resources management, we received the Respect for Humans award in the category "Companies Providing the Fastest and Highest Response to Job Applications" from Kariyer.net. In the year ahead, we are dedicated to being an institution that sets an example with its humane and respectful human resources practices.

Time to set sail towards new horizons...

I would like to thank all our esteemed stakeholders, over 14,000 Sailors in particular, for their support in many accomplishments we made across all our business lines throughout 2019.

I have no doubt that our employees who contribute to our innovative working processes with their dedicated efforts will set sail toward new horizons and future achievements under the leadership of our new shareholder ENBD and their strong support. I wish you all an even more successful year to come.

Yours sincerely,



Hakan ATEŞ
CEO

Banking Services



DenizBank continued to expand its branch network in line with the strategy of delivering closer and more active services to customers, particularly in the Retail Banking, SME Banking and Agricultural Banking segments.

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.



The Retail Banking Group bolstered its customer loyalty in 2019 with the satisfaction it has created thanks to its innovative and dynamic structure.

Retail Banking Group

The Retail Banking Group runs operations within Retail Banking Sales Management and Marketing, in coordination and synergy with the other business lines of the Bank and establishes effective branch and ATM network.

The Retail Banking Group's high service quality encouraged customers to choose DenizBank, and the Group closed 2019 with a number of achievements. The Group bolstered its customer loyalty with the satisfaction it has created thanks to its innovative and dynamic structure. In addition, DenizBank sees boosting the financial literacy awareness of children as one of her responsibilities. The Project, which is called "Saving My Dreams", reached nearly 10 thousand children in 135 primary schools and organized financial literacy training with volunteer Denizbank employees.

Affluent Banking

Launched in 2010, Affluent Banking sets an example for the sector with its innovative business model while featuring a number of exclusive products and services. These privileges include dedicated Affluent Relationship Managers at branches, priority in banking transactions, and special rates on deposit/investment products and loans.

The Remote Portfolio Manager Service Model – established to provide Affluent Banking services via phone to those customers of branches without Affluent RMs – was extended to more branch locations in 2019 as its customer base continued to expand. While this channel has enjoyed increased customer awareness, it has also become the top-of-mind channel for all banking needs of Affluent Banking customers.

Affluent Banking values the highly trained human resources of Turkey, and closely monitors day-to-day changes in the needs of target professions, including lawyers, doctors, dentists, financial consultants, public notaries and pilots. In addition to collaborating with 46 bar associations across Turkey, DenizBank partners with 75 professional associations – for financial consultants, dentists, physicians, and notary publics – as it aims at becoming the primary bank of these target professionals. In 2019, the Group participated in the General Assemblies of 32 chambers of financial advisors including Istanbul, Ankara, Izmir and Bursa. This effort reached 80% of the financial advisors in Turkey.

While providing customized financial solutions for its Affluent Banking customers, DenizBank also holds social and cultural events, partners with various brands and makes discounts and benefits available to them to facilitate their lives in all aspects. To determine the advantages that customers will prefer most and which will touch their lives, research studies are regularly carried out related to high income customers. With research conducted throughout Turkey in 2019, the expectations, lifestyles and spending habits of high income customers were reviewed due to changes in technology and social life.

Banking Services



DenizBank Mass Banking offered advantageous campaigns tailored to customer needs across various channels to ensure deeper relationships with current customers.



800
thousand

NEW CUSTOMER
ACQUISITIONS IN
THE MASS BANKING

Mass Banking

DenizBank Mass Banking maintained a customer-oriented approach and relied heavily on analytics to conduct effective marketing operations in 2019.

Advantageous campaigns tailored to customer needs were offered across various channels to ensure deeper relationships with current customers. Joint work with CRM included the updating of products and customer churn propensity models. These efforts ensured that the right offers were submitted to customers and promotional campaigns were optimized.

In addition to deepening relations with current customers, the Bank developed a customer acquisition strategy aimed at acquiring new and inactive customers. This effort helped Mass Banking to acquire 800 thousand new customers in 2019. Deeper relationships with recently-acquired customers is a focus as well. Any such acquisition saw the simultaneous launch of various promotional campaign strategies.

By focusing on acquiring parents as customers with attractive financial solutions in the education sector, DenizBank maintained its position as the leading bank in school payments in 2019.

Customer satisfaction in terms of the Bank's relations with its client base is monitored regularly via the Net Promoter Score. Customer feedback from this effort is used to identify areas to improve product and service quality, and develop action plans to address these issues.

Pensioner Banking

Since 2010, DenizBank has paid close attention to the needs of pensioner customers and expanded its pensioner customer base. With 1.2 million customers who receive their pension payments from the Bank, DenizBank ranks third among all banks in Turkey and is the leader among private banks.

DenizBank's pension customers enjoy discounted interest rates on general purpose, car and housing loans and special interest rates for their deposits, in addition to priority standing in branch transactions. They also benefit from special fees and commissions in many banking services.

Pensioner Bonus – the first Turkish credit card specially designed for pensioners – allows cardholders to conduct free-of-charge shopping by earning bonus points, enjoy discounts at contracted merchants, or receive billing discounts during seasonal promotional campaigns. In addition, Pensioner Bonus customers can benefit from external assistance services in the event of a utility outage, problems requiring a locksmith, or broken glass.

DenizBank aims at providing benefits that will make a difference in the social lives of pensioners, besides addressing their financial needs. Guided by the slogan "Pensioners are Happy at Deniz!", DenizBank Pensioner Banking continued to meet with pensioners at concert, breakfast and cinema events in 2019. Additionally, regular monthly bulletins on healthy living keep pensioners up-to-date with information they can use in their everyday lives.

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 live broadcasts with specialized medical doctors, recipes, prize contests and other content on Facebook - the most popular web destination for pensioners.

DenizBank works to offer better lives for pensioners who have worked for 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 above their expectations.



URBAN TRANSFORMATION LOANS

40%
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 in consideration of customers' risk perception and expectations while channeling their savings towards investment.

Maintaining its innovative and pioneering market position in savings products, DenizBank became the first private bank to launch the Inflation Indexed Variable Interest Time Deposit product this year. With this product with variable interest indexed to inflation, savers are provided with the opportunity to reserve their savings.

During the year, DenizBank relaunched the Captain Account product, used by customers to manage their daily funding needs while also allowing investment opportunities. With the revamped Captain Account, customers are given a welcome interest rate for 90 days in their overnight deposit accounts. The diversity of investment in the account was also increased. With these modifications, DenizBank provided customers with a flexible account alternative that operates as an overnight account.

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

Consumer Loans

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

General Purpose Loans

As a result of many innovations and campaigns introduced to the TL 250 billion market, DenizBank's general purpose loan portfolio continued to expand, reaching 5.5% market share.

In 2019, DenizBank developed products and processes to meet evolving customer needs and expectations, which are increasingly shaped by the ever-changing retail environment. The Bank also offered special loan limits for current customers as part of pre-approved loan promotional campaigns. In addition, DenizBank improved loan processes in line with improving the customer experience.

DenizBank allows customers with pre-approved loan limits to use their limits instantly through alternative channels — such as Telemarketing, Mobile Sales, Internet 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 introduced through leading e-commerce sites of Turkey and dealers in retail service points in order to support new customer acquisition.

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

Housing Loans

DenizBank aims to become "Turkey's Leading Bank in Urban Transformation Projects" with the support of successful efforts in extending housing loans. As the second bank to sign a protocol with the Ministry of Environment and Urbanization, DenizBank was the first bank to extend an Urban Transformation Loan and complete the urban transformation project in Turkey. As of the end of 2019, DenizBank extended TL 572 million in Urban Transformation Loans and maintained its 40% market share in urban transformation with the unique advantages it provides.

Banking Services



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



3,029

ATMs

Branch and ATM Planning

As part of optimization efforts in 2019, DenizBank merged 12 of its branches and then opened new branches in nine locations possessing a high potential for Agricultural Banking. In 2019, DenizBank operated a branch network with 707 locations while the Bank's branch market share stood at 7.0%. Together with its Bahrain Branch and the 43 subsidiary branches abroad, the Bank's total number of branches is 751.

At year-end 2019, DenizBank operated 3,029 ATMs. As of May 2019, QNB Finansbank, TEB and DenizBank formed an ATM network sharing cooperation under the slogan "Three banks, one ATM." Under this agreement, the customers of these three banks can make three financial transactions and unlimited non-financial transactions free of charge from the ATMs of the other two banks monthly.

In line with its overall strategy, the Bank developed innovative branch and ATM concepts for different customer segments, boosted with disabled-friendly banking practices to transform its branches and ATMs. Additionally, as a result of the customer experience work, all ATM menu and function flows were transformed into a user-friendly and simple structure in March 2019.

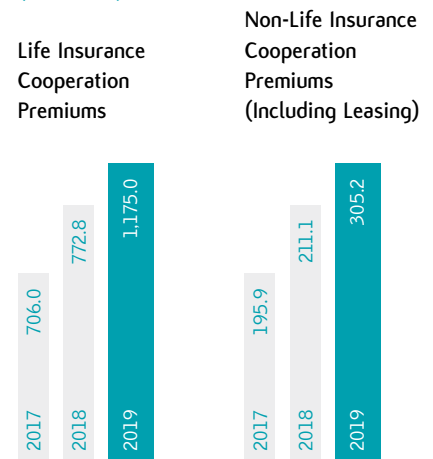
Bancassurance

Insurance and Individual Pension Products

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

Individual pension products are on offer to DenizBank customers in the form of automatic participation system products, individual products, corporate products, and various plan options tailored to specific customer segments. The Bank has an agency agreement with MetLife for life insurance and individual pension products and an agreement with AXA Sigorta for non-life insurance.

DenizBank Bancassurance Performance (TL million)





The SME Banking Group continued to provide SME clients with new productivity-enhancing solutions through its expert personnel at the Head Office, Regional Offices and branch locations across Turkey.



TL 2.2
billion

KOBİ DEĞER AND
EKONOMİ DEĞER
LOANS

SME Banking and Public

Finance Group

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

- SME Banking,
- Gold Banking,
- Public Finance

operations are run in coordination and synergy with the Bank's other business lines.

SME Banking

The SME Banking Group continued to provide SME clients with new productivity-enhancing solutions through its expert personnel at the Head Office, Regional Offices and branch locations across Turkey.

The government increased the size of its Kredi Garanti Fonu (KGF-Credit Guarantee Fund) - which guarantees loans to SMEs that experience difficulties in accessing finance due to lack of collateral - to TL 340 billion. These additional funds helped SMEs stay resilient through challenging economic times and bolster their operations in 2019.

DenizBank maintained its role as a major lender of KGF-backed loans. The Bank has quickly delivered the loans to SME clients, thanks to its fast and efficient decision-making processes and ranks sixth in serving the most clients and ninth in offering most funds to SME Banking customers in terms of KGF-backed loans in 2019.

During the year, DenizBank achieved yet another first in the sector and began providing customers with round-the-clock service and detailed information via the KGF Support Contact Line (0212 355 10 55).

DenizBank launched the "Nefes Kredisi" initiative in collaboration with the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and Kredi Garanti Fonu (KGF) in 2016 and 2018. As the only private bank within such a collaboration, DenizBank provides loans to SMEs that are members of TOBB's chambers and exchanges with loans at a special interest rate. In 2019, two new "KOBİ Değer" programs were launched with KGF support. During the second half of the year, DenizBank participated in "Ekonomi Değer" loan initiative which aims at contributing to the national economy by supporting SMEs with funding backed by KGF guarantee support. Provided by 13 banks affiliated with KGF, "Ekonomi Değer" Loan features a maximum maturity of 48 months, a six-month grace period and an inflation-indexed interest rate. With an approach focused on providing "value to SMEs and the economy," DenizBank extended a total of TL 2.2 billion in loans under these efforts in 2019.

Committed to facilitating SME access to finance products and streamlining their application processes, DenizBank launched the Swift Loan, for which customers may apply via SMS, online, AçıkDeniz Internet Banking, Facebook page and ATMs. With this innovative loan, SMEs have the opportunity to choose from among one or more of the product options - SME Card, Installment Commercial Loans, Commercial Kurtaran Hesap, DBS and Vehicle Recognition System products - in cash amounts of up to TL 100 thousand. SMEs that apply for Swift loans receive the result of their application within five minutes, and can easily obtain the products from DenizBank branches.

Banking Services



**SMEs are Valued
at Deniz!**



**1.8
million**

**SME BANKING
CUSTOMERS**

Shopkeepers 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 packages tailored to their sector's specialized needs, they can also benefit from sector-specific advantages, convenient credit options, and banking transaction tariffs.

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 such as payment methods used in foreign trade, international rules, and the like.

The SME service channel launched in 2019 and is scheduled to be implemented across the Bank in 2020. With this dedicated service, small and medium enterprise customers can contact their portfolio manager within 10 seconds without leaving their workplace and waiting in line at the branch.

DenizBank also offers special products and services for different sectors. For example, the Bank provides pharmacists additional contributions to their private pension payments, cost-free banking transactions, as well as credit facilities at favorable rates, under the agreement reached with the Association of Turkish Pharmacists.

DenizBank provides women entrepreneurs with the financial support they need to establish and expand their businesses. The fastest and easiest solutions at special interest rates are offered to meet their borrowing requirements. Female entrepreneurs can also take advantage of the Women Entrepreneur Tariff. This special tariff includes those transactions they need most to save on banking transactions, as well as time deposits at special interest rates for their savings in TL, USD, EUR or gold.

SME Banking places great importance on cooperating with business chambers and professional associations. As the main sponsor of Turkish Foundation for SMEs, Self-Employed People & Business Managers (TOSYÖV) for three years, events will be held in 2020 as well. It is planned to organize SME Summits in Istanbul and Şanlıurfa and SME Support Meetings in seven different provinces.

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 issues arising from their commercial operations.

Thanks to other various collaborations, SMEs that are customers of DenizBank receive discounted services from firms in cargo and security services sectors.



DenizAltın Days encourages households to invest their “under-the-mattress” savings in the national economy. This scheme has turned more than six tons of physical gold savings into deposits.



LONG TERM
FINANCING TO

300+
projects

Gold Banking

The gold sector not only creates added value for Turkey but also stands out as a focus area 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.

DenizAltın Days encourages households to invest their “under-the-mattress” savings in the national economy. This scheme has turned more than six tons of physical gold savings into deposits. The Gold Accumulating Account and Saver Account both provide savers with 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.

DenizBank’s total gold loan support has increased to five tons with a 16% market share. This success was achieved 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 and Gold Support Loan to Manufacturers.

Public Finance

DenizBank broke new ground in Turkish banking by targeting public finance as one of its strategic business areas. The Public Finance Department was established to serve a target group: local government, its subsidiaries and economic enterprises, as well as state economic enterprises, their entities and subsidiaries. To date, the Public Finance Department has provided low cost and long term financing to more than 300 projects.

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

The cash management systems developed exclusively for DenizBank in addition to the Bank’s branch network and alternative distribution channels maximize operational efficiency and productivity in tax collection processes. Today, the Bank provides collection services for tax, water bill, and other collections for more than 80 municipalities.

Banking Services



Operating in agricultural banking area with a “DenizBank: the Farmers’ Bank” approach, DenizBank reaches half of the farmers in Turkey.



AGRICULTURAL LOAN
MARKET SHARE

44%

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 agricultural banking area with a “DenizBank: The Farmers’ Bank” approach, DenizBank reaches half of the farmers in Turkey until today.

The highest quality, fastest and state-of-the-art agricultural solutions

In line with its commitment to agriculture and land resources, DenizBank acquired Tarıřbank in 2002 and launched its Agricultural Banking operations. Today, DenizBank delivers the highest quality, fastest and state-of-the-art agricultural solutions to producers via a 375 branch network located across Turkey’s 81 provinces and with a field team composed largely of agricultural engineers.

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

In 2019, with loan usage of over TL 9.5 billion, DenizBank recorded a total loan volume of over TL 13.6 billion, with more than 1.3 million customers. The Bank is the leader of agricultural loan allocations among private banks, boasting a market share of 44%.

DenizBank ranks fifth in commercial card turnover with a market share of 8.0% and first in credit cards issued with a market share of 22.6%.

Producer Card

A leader in providing financing to the agricultural sector, DenizBank works to establish a Producer-Merchant-Bank relationship, offering solutions that provide all parties with benefit to all parties. DenizBank is the pioneer in the agricultural commercial card market with almost 590 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 a 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 five-month repayment grace periods.

Under 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 from DenizBank branches, via 24/7 DenizBank ATMs and on the SMS channel with maturity periods of up to three years, and with annual payments following harvest time. Additionally, Producer Card-holders



With the tractor loan products it offers together with tractor companies, DenizBank supports a sustainable agriculture approach.



~590
thousand

PRODUCER CARDS

can withdraw cash advance from DenizBank branches and 24/7 ATMs to meet their short-term cash needs.

In 2019, the Agricultural Credit Cooperative was included in the existing list of collaborations. Under the agreement with Agricultural Credit Cooperative, 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.

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 Individual 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 the 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 three years maturity and to pay in full and making payment only once a year.

DenizBank places great importance on 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, Tarış and Pankobirlik, irrigation cooperatives, as well as breeding animal 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 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 its 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, Fruit Growing, 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 costs and all manner of agricultural investments.

Introduced in 2019, 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 paying at harvest time. Customers receive a regular income and can therefore meet their monthly financing needs.

Banking Services



Having in effect brought the branch to the village, DenizBank transferred its agricultural know-how and expertise to social media with its “Deniz'den Toprağa (Agricultural Intelligence App)” platform.



180+
thousand

DENİZ'DEN TOPRAĞA
APP DOWNLOADS

Introducing “Green Drop” branches which is a first in Turkey and remote access channels such as tele-marketing, SMS, ATM and Digital Banking in order to be closer to the producers, DenizBank provides banking services through tablet visits in the village, fields and at home, when farmers are not able to reach the Bank. Having in effect brought the branch to the village, DenizBank transferred its agricultural know-how and expertise to social media with its “Deniz'den Toprağa (Agricultural Intelligence App)” platform. In another innovative solution of DenizBank for the agricultural sector, the Facebook page “Deniz'den Toprağa” designed especially for producer users on the world's most popular social media site. The dedicated page 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 “Deniz'den Toprağa” smart device application, the latest addition following the launch of the “Deniz'den Toprağa” Instagram account, won the Best New Product and Service Award in the “Innovation” category at the 2017 EFMA – DMI Awards. The DMI Awards is a highly prestigious international competition 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 app has so far been downloaded more than 180 thousand times. The app 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. The “Rent a Tractor” feature helps producers share equipment and machinery that are required to continue production. Marketplace and stock exchange rates, news, official announcements and rental tractor functions allow producers to access information immediately and to share the equipment and machines necessary for the continuity of the 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 app. Users receive recommendations from agricultural engineers about less developed areas of the fields and boost their productivity.

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 2019. Producer Card allocations were also initiated during the year.

With the Farmer Card, specially customized by DenizBank, farmer customers can withdraw money round-the-clock from ATMs and shop from contracted 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 also 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 at favorable rates for sales at a more convenient time later. 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. DenizBank is committed to help increase the scale of agricultural enterprises – a key issue in Turkish agriculture. To this end, the Bank extends loans to producers to assist in covering agricultural investments and enterprise costs. Additionally, DenizBank provides services to facilitate establishing new processing plants, affect capacity increases in and modernization of existing facilities, and make equipment purchases easier.

To fuel growth of 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 fruit growing.

The Bank also offers financing facilities under grant initiatives such as the Rural Development Investment Support Program (KKYDP) and the EU'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 the 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 competition held by the Ministry of Food, Agriculture and Livestock, DenizBank aimed at raising agricultural awareness across the country. In addition, high-achieving children of farmers who lack financial means are granted with full tuition scholarships in collaboration with Turkish Education Association.

In 2018, DenizBank paid visits to two villages in Edirne and Aksaray provinces under the Digital Transformation Ambassadors project. The Bank conducted social research on the two villages and

the rural impact of agriculture. Social anthropologists participated in everyday life and studied the cultural codes in the villages for a 10-day period. The project studied and sought solutions for social barriers to sustained involvement of young population in agricultural activities. This effort received the runner-up prize in the "Social Responsibility Category" at the 2018 DMI Awards by EFMA (European Financial Management Association).

With the results from this study, DenizBank launched the People Oriented Innovation in the Field project. This effort focuses on deepening communications between Bank branch and regional directorate staff with producers. The initiative aims to better analyze the reasons behind customer needs and design innovative products that better meet these needs using an analytical approach. Workshop studies were initiated as a pilot project. Subsequently, the effort was extended to all branch and regional directorate employees.

In 2019, DenizBank provided support for the fifth time to the "Adding Value to Agriculture" competition held by the Ministry of Agriculture and Forestry. The Bank intermediated in recognizing Ministry of Agriculture and Forestry and Tar-Gel (Agricultural Know-How Enhancement Project) employees who made significant contributions to the agricultural sector with innovative initiatives that make a difference. DenizBank also helped promote these projects which set examples for the sector.

As in previous years, DenizBank officials participated in agricultural fairs, local harvest celebrations and agricultural festivals across Turkey in 2019. The Bank continued to stand by producers under all circumstances and put smiles on their faces.

Banking Services



Providing support to target sectors – including tourism, infrastructure, maritime, sports, health care, education and energy – the Corporate and Commercial Banking Group plans to continue serving these sectors in 2020.

Wholesale Banking Group

The Wholesale Banking Group ensures that DenizBank's:

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

operations are run 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. The Group also aims to expand 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 and Commercial Banking Group provides the right financial solutions to meet its customers' needs with innovative project finance, cash management and foreign trade products, as well as traditional banking products. This approach creates 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, maritime, sports, health care, education and energy – the Corporate and Commercial Banking Group plans to continue serving these sectors in 2020.

The Corporate and Commercial Banking Group operates a total of 24 branch locations – including three Corporate branches and 21 Commercial Central branches – with an experienced and specialized sales team.



Over the last 14 years, DenizBank has provided more than USD 5 billion in financing support to the energy sector for electricity distribution, natural gas distribution and wholesale projects.



EUR 634
million

FINANCING TO
ISTANBUL AIRPORT

Project Finance, Financial Restructuring and International Loans Coordination Group

The Project Finance Department aims at engaging in structured financing activities for projects, industrial investments and privatizations in target sectors.

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 telecoms, 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.

DenizBank has secured more than USD 20 billion in long term financing for over 300 public sector projects it has funded over the last 14 years.

By year-end 2019, Turkey's total installed power generation capacity has increased to over 91,000 MW. Over the last 14 years, DenizBank has intermediated in commissioning 6,400 MW in installed capacity. In addition to electricity distribution, natural gas distribution and wholesale projects, DenizBank's financial support to the energy sector exceeds USD 5 billion in total.

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 addition, DenizBank became the private bank extending the highest credit line to the Istanbul Airport project. Meanwhile, DenizBank provided financing to TAV Bodrum Airport and Ankara High Speed Train Station projects on its own as a proof of 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



The Call Center's revenue-oriented business culture is focused on optimizing the customer experience and maximizing productivity. Systems were established at the Center to monitor its overall performance and issue warnings whenever problems arise.



1.4
million

PRODUCTS SOLD VIA
CALL CENTER

Payment Systems and Non-Branch Channels Group

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

- Call Center,
- Mobile Sales,
- Telemarketing-Collection and Customer Retention,
- Card and POS Product Management,
- Contracted Merchant Relations.

Operations are run in coordination and synergy with the Bank's other business lines.

Call Center

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

Embracing a proactive service approach, DenizBank operates the Interactive Voice Response System, which is customized with smart methods and designed to provide fast and basic services. The IVR helps the Bank estimate customer needs and call reasons while offering appropriate proposals/solutions. Commissioned in 2017, virtual assistant DENİZ finalizes 60% of calls without having to connect to a customer representative and communicates with customers using natural dialogue.

In addition to telephone, customers can reach DenizBank Call Center via Mobil Deniz, fastPay, and Skype offered in Turkish, English and Russian in line with changing technological needs and emerging trends. Besides voice service, DenizBank provides services to customers via chat or video call in accordance with the channel strategy.

In line with the Call Center's revenue-oriented business culture focused on maximizing the customer experience and 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; in 2019, 12.4 million calls were received. By receiving 130 thousand calls from DenizBank contracted merchants and creating solutions to 90% of the issues via telephone, POS Contact Line is another important link of the organizational chain.

The Call Center screening used to serve inbound customers is capable of presenting the best offer and next best offer, determined according to the needs of the customer through analytical CRM models. The call blending infrastructure allows the Center to maximize productivity and enables respondent personnel to make sales to customers. In 2019, the Call Center's top priorities included systems and technological enhancements, productivity improvements in sales automation, customer service representative staff increases, and deeper integration of sales activities with the business culture. In 2019, the Call Center, which is a standout with its superior service and sales-focus, sold more than 1.4 million products to customers.



In 2020, the Bank aims at adding new products to tablet apps and ensure that each staff member in contact with a customer can operate like a Mobile Branch.



12.4
million

CALLS RECEIVED
IN 2019

Mobile Sales

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

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 mobile team visits individuals who have yet to become acquainted with DenizBank in their workplaces to respond to their needs with the widest product range possible, immediately meeting the financing needs of customers as part of Business Partnership projects. 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 app installed on their tablet devices. With this app, sales of Credit Card, SME Card, Bonus Business, Producer Card, Factoring, Overdraft Account, SME Card, Installment Commercial Loan, Consumer Loan, Automatic Utility Bill Payment, Supplementary Card and Credit Card insurance products are able to be made. As a result of the improvements

made in 2019, in addition to the current transactions carried out with tablet by the Mobile Sales teams, POS sales without tablet have been initiated and included to tablet products as of the end of 2019. Afterwards, studies for the inclusion of consumer loans and other insurances to the tablet were initiated. In 2020, the Bank aims at adding new products to tablet apps and ensure that each staff member in contact with a customer can operate like a Mobile Branch.

Over 2 million products were sold in 2019. The Mobile Sales Group accounted for 61% of SME Card sales for SME Banking; 60% of Bonus Business sales for Payment Systems; 32% of credit card sales; 10% of POS sales; 19% of Producer Card sales for Agricultural Banking (after sales of Producer Cards started during the year); 15% of Factoring Sales (other than via the digital application); 20% of overdraft account sales for Retail Banking; and 7% of pension transfers. Additionally, 31% of Retail Banking personal loan sales and 18% of overdraft account sales were made for Retail Banking via the Business Partnership Outsourcing team.

Banking Services



The Sales Channel will continue to be a valuable partner in helping all business segments reach their productivity and profitability targets.



CREDIT CARD
PORTFOLIO GROWTH

10%

Telemarketing-Collection and Customer Retention

DenizBank's telephone channel, which complies with the distance contracts regulation and which manages all sales and collection processes that start and end via telephone, has three main functions, namely:

- Customer cross sales, activation and intensification via outgoing calls,
- Customer retention and promotion through incoming and outgoing calls,
- Collection through incoming and outgoing calls.

Effective capacity management and high-technology use are the strongest sides of the channel that always focuses on delivering superior efficiency. In addition, a data analysis-based channel strategy and management approach provide sustainable high performance in cross sales, collection and retention activities, which are the main operations in the channel.

Attaining all their annual performance targets, the channel's collection teams started to call those customers with 91-120 days of default and who are subject to legal proceedings in the second quarter of 2019.

Similarly, customer promotion activities, which constitute significant mission of the channel, were also conducted successfully. With its centralized staff of specialists, the channel retained the retail, commercial and agricultural credit cards that showed up in recommendation persuasion flows or returned via mail, thereby making direct contributions to the number of these products in circulation and the profitability goals of the business lines.

Thanks to the digital transformation as well as its many years of tele sales experience, the Sales Channel will continue to be a valuable partner in helping all business segments reach their productivity and profitability targets.

SME Telesales (KOBİ'deniz) Channel

To better serve micro segment customers of the SME business line, DenizBank initiated SME channel activities in the first quarter of 2019. The channel's pilot run and operational testing were completed in the first half of the year. The Bank aims at finalizing implementation across the entire branch network in Turkey. Under this initiative, each portfolio manager assigned via the KOBİ'deniz channel serves approximately 5 thousand customers. Customers are able to reach their portfolio manager within seconds when they call their branches or the Call Center during business hours. Clients carry out their transactions with the same dedicated portfolio manager.

Card and POS Product Management

Credit Cards

DenizBank continued to expand its extensive credit card product portfolio appealing to different segments and preferences in 2019.

As of the end of 2019, the number of credit cards market share of the Bank increased to 7.0%. Reaching TL 56 billion with an increase of 7% as of the end of 2019, the turnover market share was 6.3% for the year.

As the number of credit cards issued rose by 5% sector-wide, DenizBank's portfolio expanded by 10% during the year.



Differentiating its personalized products, DenizBank offers plenty card alternatives to its customers.



FOOTBALL FAN CARD
TURNOVER VOLUME

TL 2.9
billion

Credit Cards Product Management

DenizBank aims at offering its customers credit card products and services that will be included in their life cycle and have solutions that may accompany them in their daily needs. In this regard, the Bank has accomplished successful works in 2019, in addition to its Bonus world and privileges, it has developed co-branded projects with leading brands from different sectors and services that will make a difference in the lives of customers.

Tailoring the Bank's card products for individual customers from the application stage through to exclusive promotional offers in order to provide the right product to the right customer, DenizBank offers a vast array of alternatives to its customer base.

DenizBank is the official card supplier of five of the major Turkish football teams, which have won the national championship, in addition to clubs across Anatolia. The Bank is also the official card supplier of Manchester United, the only international team with a credit card in Turkey. In total, the Bank has card agreements with 12 football teams. The portfolio grows rapidly with more than 270 thousand Football Fan Cards.

The Football Fan Card portfolio generated turnover of TL 2.9 billion as of the end of 2019. Thanks to this shopping volume created by football fans, the Bank has made contributions exceeding TL 36 million to the sports clubs it collaborates with since 2008.

The Bank plans to render its current Football Fan Card partnerships more profitable, and continue providing more benefits to the clubs and customers with its innovative service approach.

Prioritizing all kinds of support to shopkeepers and SMEs through its innovative services, DenizBank strives to offer significant advantages to its commercial customers with DenizBank Bonus Business Credit Card. Bonus

Business Card is a commercial credit card that shopkeepers and SMEs can use both for their personal expenditures and for easily tracking expenditures made by company employees on behalf of the company, while also offering the opportunity of installment purchase at all Bonus merchants.

As of the end of 2019, total number of cards of the Bank approached 4.9 million.

The DenizPrivate Limited Edition card is presented to Private Banking customers with the slogan "An exclusive world, just for you." The Bank continued to offer cardholders a wide range of discounts and privileges not only in Turkey but also worldwide with MasterCard World Elite privileges. The new DenizPrivate Limited Edition offers a myriad of privileged services to cardholders. These include free lounge access with a guest at domestic and international terminals at Ankara, Izmir and Bodrum airports; lounge access at about 1,000 airports in 125 countries; 10% bonus on accommodation and restaurant spending abroad; 10% bonus for domestic accommodations; and 30% bonus for Sunday breakfasts everywhere in Turkey.

The Affluent Bonus Platinum credit card offered to DenizBank Affluent Banking customers differentiates from the competition thanks to exclusive financial advantages it provides with Sunday breakfasts, theatre and cinema tickets as well as airport/valet parking. During the year, the card continued to provide innovative campaigns and services to cardholders.

DenizBank's Pensioner Bonus credit card, designed exclusively for pensioner customers, launched bill payment, pharmacy and theater-cinema promotional campaigns. During the year, the card introduced new services with innovative campaigns with a focus on delivering customer satisfaction.

Banking Services



Becoming a part of card holders' lives with newly added product features, DenizKartım makes it much easier for customers to manage their financial transactions.

DenizKartım Product Management

DenizKartım, a mobile application rolled out to DenizBank card customers in 2017, has both loyalty and wallet features in order to meet all customer needs related to the card. The app aims at providing the best campaign and service to the right customer, in the right place and at the right time. DenizKartım allows cardholders to save time and money with the benefits of lower communication costs, greater customer activity and easy transacting. By year-end 2019, DenizKartım transitioned to a much simpler and easier-to-use structure with its new design. Becoming an integral part of cardholders' lives with newly added product features such as **"Account Sharing," "Determine Your Own Statement" and "Group Your Expenses"** DenizKartım helps customers to manage their financial transactions more efficiently.

The DenizKartım mobile application enables customers to:

- View all promotional campaign details and participate in the campaigns and monitor their status under the campaign;
- Win prizes with the app game "Captain's Duty" while exploring DenizKartım;
- Clients can have an advantageous and safe experience, in which delivery information from companies contracted with the shopping menu is automatically entered into the system;
- Access all up-to-date information on their cards – View Card Limit, Cash Advance Limit, Statement Details, Bonus balances – and pay their card balances;
- Perform transactions related to all card services and products;
- Make payments with features such as NFC, QR using mobile devices with the contactless feature.

Segment Cards

DenizPrivate, the credit card prepared for Private Banking customers, was updated as DenizPrivate Limited Edition under the concept "An exclusive world, just for you." DenizPrivate Limited Edition aims at integrating this concept into its design and provide a personal touch to the card, presenting the initials of the holder on matte black surface with a special vertical design.

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

The new DenizPrivate Limited Edition offers a myriad of opportunities to cardholders. These include free lounge access with a guest at domestic and international terminals at Istanbul Atatürk Airport, Ankara Esenboğa, Izmir Adnan Menderes and Bodrum Milas Airports; lounge access at about 1,000 airports in 125 countries; 10% discount on accommodation and restaurant expenditures abroad; and 30% discount for Sunday breakfasts in every part of Turkey.

Differentiated from its competitors thanks to the exclusive financial advantages it provides in Sunday breakfasts, theatre and movie tickets as well as airport parking/valet, the Affluent Bonus Platinum credit card offered to DenizBank Affluent Banking customers continued to provide innovative campaigns and services.

Through the special focus for the pensioner customers and by setting out with the message that life experiences of pensioner customers should serve as a road map and a helm for following generations, credit card design and card communication materials were overhauled with a more dynamic and distinctive image.



Outperforming the sector, DenizBank recorded debit card growth of 85% in terms of total volume in 2019. Meanwhile, the overall market expanded by just 28% and shopping transaction volume grew by 36%.



110
thousand

CONTRACTED
MERCHANTS

Debit Cards

In October 2019, DenizBank launched "Contactless Paracard," its first contactless debit card. Contactless Paracard is designed to facilitate and enhance the shopping experience of customers. The innovative card features an elegant design while also preventing card copying, an increasing security concern.

In addition, Contactless Paracard boasts a contactless on-off feature, a first in Turkey. Thanks to this feature, customers can turn on and off the contactless functionality of the card. Thus, the new product, which differs from its competitors, provides maximum benefit in line with the needs of the Bank's clients.

Outperforming the sector, DenizBank recorded debit card growth of 85% in terms of total volume in 2019. Meanwhile, the overall market expanded by just 28% and shopping transaction volume grew by 36%.

Contracted Merchant Relations

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

In 2019, DenizBank acquired 42,980 new contracted merchants. The Bank recorded 110 thousand contracted merchants in total,

with 79% active users. As of August 2019, Mobile Sales teams initiated POS product sales in addition to branches. The Bank's POS sales infrastructure is scheduled to be commissioned soon by KOBİ'deniz teams.

Another key development during the year is that DenizBank opened new contracted merchant application screens for branch use. The new systems infrastructure features faster application flow, application module integration and proactive price recommendation, all highly valued by users in the field. In 2020, the Bank plans to prepare tracking screens where POS installations on-site can be monitored online via the same structure.

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

To operate a lean and productive contracted merchant operation, POS devices that are dormant for over 90 days are collected from the field regularly. With this approach, the Bank can ensure accurate cost management and focus on active customers.

In 2017, DenizBank launched the DenizPOS Mobile application in parallel with its digitalization strategy. To date, the Bank has recorded over 65 thousand downloads and 30 thousand users on this alternative service channel. The app includes innovative features such as early POS blockage release, online tracking of transaction details and monitoring of fastPay transactions. With the addition of accept payments to DenizPOS in 2020, the Bank will enable users to transform the application to a SoftPOS. As a result, users can receive payments by downloading the DenizPOS app without the need for a physical POS product.

Banking Services



The Treasury and Financial Institutions Group ensures that DenizBank's treasury, financial institutions, economic research, strategy and program management-office operations are run in coordination and synergy with the Bank's other business lines.



DFSG BONDS AND
BILLS ISSUE NOMINAL
VOLUME

TL 5.4
billion

Treasury and Financial Institutions Group

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

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

operations are run in coordination and synergy with the Bank's other business lines.

Treasury

The Treasury Department operates via four groups:

1- Treasury Marketing and Pricing: Primarily deals with the pricing and marketing of treasury products to customers via branches and alternative delivery channels and with managing the positions 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 monitoring and managing on a daily basis 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.

2- Fixed-Income Securities and Money Markets:

The Fixed-Income Securities – FIS Department is responsible for managing DenizBank's bond/commercial paper 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 meets its responsibilities under the Market Maker System of the Undersecretariat of Treasury and manages relations with the relevant institutions.



Expanding and diversifying its funding portfolio thanks to its strong and extensive network of more than 719 correspondents in 115 countries and supporting its foreign trade customers, DenizBank has emerged as one of the key and active banks in the sector by increasing its market share in Turkey's foreign trade.



**DENİZBANK EXPORT
VOLUME GROWTH**

19%

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 optimal 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: Having the fundamental function of facilitating coordination between the branches and the Treasury Group, the Treasury Sales Department establishes direct contact with the customer base via the branch channel and provides active sales and pricing service related to capital markets. 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). The Treasury Sales Department develops new and qualified 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 and sustainable relationships with customers as well as branch personnel.

The Department visits potential customers in person in order to expand the customer base and increase the share of customer transactions volume.

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

Playing an active role in the issuance of DFSG bonds and bills—which have a nominal volume of TL 5.4 billion and a market share of 10.9%—the Treasury Sales Department plays a key role in ensuring the coordination between departments and the management of corporate investor relations.

4- The Subsidiaries Treasury Department:

Responsible for liquidity management and optimal funding in line with the resolutions and instructions by the management of subsidiaries.

Financial Institutions

Correspondent Relations and Foreign Trade Finance Department: Expanding and diversifying its funding portfolio thanks to its strong and extensive network of more than 719 correspondents in 115 countries and supporting its foreign trade customers, DenizBank has emerged as one of the key and active banks in the sector by increasing its market share in Turkey's foreign trade.

While Turkey's export volume increased by 3% in 2019, DenizBank boosted its export volume by 17%. The Bank's import volume increased by 2% during the year while Turkey's imports decreased by 9%. Providing alternative financing solutions to customers with a wide range of products, DenizBank increased its foreign trade volume to USD 17.5 billion in 2019 with an increase by 12% compared to the previous year. The Bank captured market share of 8% in import letters of credit and 6% in export letters of credit for the year.

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

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.

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 usual. In addition, the Bank has continued to support foreign trade with its SME Foreign Trade Contact Line, 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, Asia, Europe and the Middle East to its existing collaborations. The Bank continues to be a major solution partner for companies' long term financing especially thanks to agreements with Chinese banks and the China Export and Credit Corporations.

DenizBank concluded a syndicated loan facility with a record-high level subscription of USD 1.1 billion in one and two year maturities and returned to international markets under the ownership of ENBD. As a result of up to 40% scale back, the transaction was completed at USD 760 million. 45 banks from 22 countries participated in the transaction which was the largest fresh funding introduced to Turkey's economy by a Turkish bank in 2019.

In 2020, DenizBank's Correspondent Relations and Foreign Trade Finance Departments plan to expand their foreign trade solutions portfolio, while providing critical support to customers. DenizBank aims at continuing to serve to customers' foreign trade financing and investment needs via country loans as well as domestically and internationally-sourced funds while offering insurance services aimed at risk management with its specialist staff and customer-friendly approach.

The Financial Institutions Credit Analysis Department: The Department serves to 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 allocation process.

The Structured Finance Department: 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 coordinates with the Bank's other business lines.

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

In 2020, DenizBank plans to continue cooperating with international investment and development banks to secure such loans, thereby increasing its market share and supporting the real economy with low-cost and long-term funds.



In 2019, DenizBank maintained its technology investments for the fastPay app, Turkey's mobile wallet. Aiming to introduce fastPay technology to more users, the Bank initiated new collaborations and added many new features to the app.



**fastPay's ACTIVE
USER BASE
REACHED**

3.7 times

Digital Transformation, CRM and Change Management Group

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

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

operations are run in coordination and synergy with the Bank's other business lines.

Digital Generation Banking

Digital Generation Banking activities are carried out separately under Digital Payment Systems, Fintech Banking, Quality Management and Channel Management, Digital Sales, Digital Marketing, Mobile Banking and Innovation Management, and Ecosystem Banking.

Digital Payment Systems, Fintech Banking and Quality Management

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

In 2019, DenizBank maintained its technology investments for the fastPay app, Turkey's mobile wallet. Aiming to introduce fastPay technology to more users, the Bank initiated new collaborations and added many new features to the app. During the year, fastPay's active user base reached 3.7 times.

DenizBank collaborated with Belbim A.Ş. in order to facilitate the public's use of transportation in Istanbul and support smart city applications. Within the scope of this project, istanbulkart users can include any card they wish in the fastPay application and top up their istanbulkart with no additional charges. Following the istanbulkart project, DenizBank collaborated with Kentkart for use of the transport card top up feature via fastPay across Turkey. By entering into agreements with 17 municipalities, transport cards of those municipalities have been ensured to be topped up via fastPay.

Thanks to the collaboration with A101, one of Turkey's largest retail chains, wallet-free payment with fastPay is possible at A101 locations. fastPay users can make payments easily with their smart telephones via the QR code created by fastPay at A101.

To expand the use of this simple and fast payment experience, DenizBank partnered with Kahve Dünyası, one of the largest coffee and restaurant chains in Turkey. As of September 2019, the fast payment feature can be used at Kahve Dünyası via fastPay QR code.

With the agreement signed with Galatasaray Sports Club, the first cashless stadium project in Turkey was implemented at Ali Sami Yen Sports Complex. Under the agreement, football fans can shop from the contracted stores and snack bars at Türk Telekom Stadium as well as from the GS Store via fastPay with their telephones without the need to carry wallets, use cash or wait in line. This major project, implemented in 2019, is planned to be introduced across the country by making deals with other sports clubs nationwide.

With special agreements signed with energy companies such as CK Boğaziçi, Limak Enerji and Enerjisa, fastPay users who make their bill payments via fastPay are provided advantages in their bill payment activities.

Banking Services

Efforts are ongoing to expand the fastPay ecosystem further and bring more users to fastPay's rapid payment experience and its world of advantages. CarrefourSA and Burger King are among those brands scheduled to be included in the ecosystem.

As major collaborations are made with a great synergy,, user interface and experience development efforts are underway with the aim to provide fastPay with a whole new user experience that better communicates with users and makes their lives easier. Under the "New fastPay" project initiated in the fourth quarter of 2018, DenizBank completely redesigned the fastPay user experience (UX). This effort included a large project team encompassing field, marketing, and software development teams and experience design agency. Alternative designs were provided to users with UX testing and finalized pursuant to feedback. In November 2019, fastPay was completely renewed and relaunched to users once again.

In November 2019, Hızlıöde Elektronik Para Ödeme A.Ş. was established and a license application was made to BRSA. Preparations are ongoing for the transfer of the fastPay app to this company. With this transfer, strategy will be renewed to be Turkey's largest electronic money company with the fastPay platform. The new organizational structure will boost fastPay's collaboration possibilities and extend its areas of activity.

To provide users with a better digital experience while simultaneously finding solutions to their issues, DenizBank formed the Quality Management team in 2019. The Quality Management team instantaneously tracks comments and complaints of customers related to digital channels such as fastPay, MobilDeniz and Internet Banking and finds solutions to address their concerns. The team also works to develop and renew products in line with user feedback received.

In addition, the Quality Management team formulates strategies in parallel with the user experience processes and provides regular trainings to various stakeholder teams.

Internet Banking

Internet Banking has continued to serve customers with advanced functionality before and after login. The Bank embraced innovations to acquire new customers and enrich the customer experience in frequently used screens. Furthermore, in yet another first in Turkey, DenizBank offered customers, including those who are foreign nationals, a password-free login to the e-Government Portal both via AçıkDeniz and e-Government, thus becoming a pioneer once again in the banking sector. In 2018, principal and agent customers were given the opportunity to take action by using the Password-Free Login button to e-Government. Controls were installed for proxy accounts to prevent password-free login to e-Government under the Law on the Protection of Personal Data.

As part of Disabled-Friendly Banking, banking transactions were provided to hearing impaired customers through the online chat service.

Lost/stolen card notifications, credit card restriction/non-restriction and expenditure objection menus enabled customers to take quick action over Internet Banking, thus significantly reducing the operational workload at the branches and the communication center.

It is now possible to place instructions to top up istanbulkart thanks to the istanbulkart payment function under the Transport Payment menu in Internet Banking. This has boosted customer satisfaction and strengthened a leading position for the Bank.

In 2019, activities were initiated to provide the users with a next generation user experience.

API Banking

The Open API Platform provides services as Turkey's largest API platform with 203 APIs today. The Open Banking concept has grown in importance and spread across the world, especially with PSD2 (2009) launched in Europe. After issuance of the Law on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions No. 6493 (2013) went into effect in Turkey, DenizBank established API Banking internally in order to open the banking services to the outside. By sharing certain data of customers with third party companies under the Open Banking concept, these enterprises have the opportunity to provide innovative products to their customers.

DenizBank has become the pioneering bank in Turkey with the most services on the API platform. The Bank is currently working with fintechs that aim to reach current customers as well as customers who are outside the banking system.

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, installment cash advances, installments for cash, insurance – as well as Internet Banking and mobile applications. The Digital Marketing team also works to differentiate these products from the competition to give DenizBank a competitive edge. In this process, the team focuses on customer satisfaction, the Bank's profitability, and lowering 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 in the most accurate fashion, and managing the integration tests as well as the process of launching them.

In 2019, DenizBank boosted digital active customer penetration by 18% with various efforts throughout the year. The Bank recorded a 49% increase in the number of credit cards sold via digital channels. In addition, the volume of utilized loans rose by 45% while that of credit card loans jumped by 66% during the year. 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. Digital transformation efforts continued at all DenizBank branches throughout the year in parallel with the Bank's main strategies and are still ongoing.

Mobile Banking

A successful transition to the new version of MobilDeniz, which was renewed at the end of 2018, was implemented after informing the users and the application was launched in February 2019.

Meeting the needs of retail customers both in terms of functionality and user experience, the main target of MobilDeniz for 2019 was corporate customers. To reach this target segment, the Bank formed the Corporate Working Group staffed by branch portfolio managers. This effort aimed to enrich the services offered to corporate customers based on their needs. Taking into consideration the requests of SME, Agricultural, Commercial,

Corporate, Cash Management and CRM business lines who manage customer needs successfully as well as customer feedback, DenizBank ramped up efforts to reach out to corporate customers with MobilDeniz.

While the upward momentum achieved with the renewed MobilDeniz was bolstered with the introduction of Corporate MobilDeniz, improvements are ongoing for retail customers. The highlights of these improvements include:

- To firmly establish the Corporate MobilDeniz approach, "Retail" and "Corporate" login and campaign fields were separated.
- To save customers time and complete their deficient instructions, the "Deficient Instruction Completion" feature was launched.
- Corporate customers were granted the ability to approve TL/FX Bulk Payment and Salary Payment files via MobilDeniz.
- SME Card monitoring and debt payment features were launched.
- By making Instalment Loan utilization according to the limits of SME cards, the Bank provided its first commercial loan via the mobile channel.
- Customers can apply for SME cards via MobilDeniz immediately.
- Taking into consideration the concerns of the Bank's various business lines and customers, the Corporate Working Group launched the "Arbitrage," "View SWIFT Message" and "Checks to Be Paid" services.
- "POS Blockage Release" service was launched to monitor the daily/intra-term transactions of contracted merchants who have a POS product and to meet their cash needs instantly.
- In addition to the monitoring and debt payment features of Bonus Business Card, Instalment Cash Advance/Cash Advance and Transaction Instalment features were introduced.

- As an output of customer experience related work conducted, Withdraw Money with QR functionality was commissioned.
- Producer Card Monitoring and debt payment features were launched for agricultural customers.
- Account/Card Balance and Transaction Concealment were introduced to safeguard customer privacy.
- To mobilize insurance sales processes, the "My Card Debt is Secure (Kart Borcum Gvende)" product was launched and offered for sale to customers.
- Customers with istanbulkart were given the opportunity to top up their transit cards.
- With MobilDeniz, customers can easily make donations to many institutions with which the Bank has agreements.
- Pensioner customers who do not have a block at a different institution can transfer their salaries to the Bank with a single button.
- Some 68 UX improvements addressing individual and corporate users were made to improve customer experience.

Thanks to these innovations and efforts, MobilDeniz's active user base expanded by 50% in 2019.

In the application development process, DenizBank uses Agile methodology, which provides continuous production, operational visibility and continuous improvement.

Web Platforms Department

The Web Platforms Department 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.

Banking Services



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 2020.

In 2019, the number of monthly visitors to denizbank.com exceeded 3.5 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 2020.

Innovation Committee and Management

In order to manage the innovation processes of DenizBank, the Innovation Committee initiated activities in 2015. It is formed by the Committee Chairman, senior executives representing the business lines, Board of Directors and Committee Secretary General. The Committee's vision is to make DenizBank the leading innovative institution in Turkey and worldwide, not only in finance but all sectors. The mission is to interpret innovation in a way that touches upon both internal and external customers to ensure that all DenizBank units actively engage in innovation and think innovatively. The Innovation Committee strives to foster a culture of innovation among all Bank employees, and transform DenizBank into a veritable innovation factory.

The follow-up of all business lines and coordination of the Innovation Committee are carried out by the Innovation Management Department. In order to enhance current innovative products and identify new

problems, the Committee and the Innovation Management team join forces, design DenizBank's all upcoming product processes, and take the necessary action to implement these. In addition to traditional banking operations, the Innovation Committee continues to shape banking of the future in every way as a leading bank in innovation and creativity.

Managing and developing digital projects within the Bank in conjunction with various business units, the Committee carried out the renewal efforts for the "Deniz'den Toprağa (Agricultural Intelligence App)" application within the last year. In addition to the Neuroscience project with the Call Center, efforts are underway to commission a separate application comprising a neuroscience direction for the "New MobilDeniz" app and a new format for the "I Have a Solution" project with Human Resources. Additionally, "Algorithmic Investment Platform Algolab," which is an award-winning project, was completed and made available to the world of investment. Designed to facilitate the participation of all DFSG employees and managers in innovation and developed as a tool to combine in-house innovation with collective wisdom, the Innovation Portal was launched.

"I Have a Solution" application underwent a revision process. This effort aimed to ensure access to more users via the gamification infrastructure and better manage the internal open innovation culture. The application is an open innovation platform where users can easily share their ideas, findings and solutions on the Bank and innovation within the Bank. Users also can assign scores to each other, make comments and compete.

The Department delivers highly synergistic efforts with DenizBank Agricultural Banking to boost the productivity of farmers in the agriculture sector, the engine of Turkey's economy. After launching "Deniz'den Toprağa (Agricultural Intelligence App)" application, a phenology engine that makes specific and dynamic recommendations to anyone seeking to increase productivity in agricultural practices was developed. "Deniz'den Toprağa" is an agricultural advisory service that generates technology-supported customized solutions for farmers who are interested in lowering their production costs and increasing their yields. In addition, the "Ask an Engineer" feature enables farmers to be informed by expert agricultural engineers about challenges they face. Furthermore, farmers can follow the wholesale produce market and exchange prices and access the latest prices in real time. All developments in the agricultural sector – such as news, official announcement, grant and support notifications, and lucrative promotional campaigns – are found in the "News & Announcements" section of the application. In addition, users can contact tractor owners via classified ads to lease the tractor that meets their brand, model, horsepower, and daily rental price criteria. The Banking Integration project, which will maximize the added value offer for the "Deniz'den Toprağa" application, is also currently underway. This structure will ensure successful communication between the Banking APIs and the application. Integration of time-consuming monitoring transactions – such as loan debt query, debt balance, remaining maturity, which the Producer Card holders can only perform at branches – will be achieved. In addition, the new structure will enable functionality such as applying for the Producer Card, participating in campaigns and making payments.

The Innovation Management Department both follows in-house innovation processes, but also keeps track of all innovative products and technologies from Turkey and worldwide, and explores how these can be utilized for the Bank. The Department also conducts meetings and agreements with fintech start-ups and third parties that provide high quality services which can generate value for DenizBank, contributing to the formation of an open innovation ecosystem around DenizBank. In 2019, the Bank embraced a corporate stance that validated the Ecosystem Banking vision. DenizBank actively took part in various platforms with its contents, granting special access to such companies. This effort helped DenizBank transform into a bank that startups want to work with. In addition, it launched "News of the Week" which is an innovation bulletin that has been used to inform the entire Bank staff about global technology and trending news since 2017.

Also, in order to sustain DenizBank's international innovation achievements, which are appreciated across the world, the Department conducts relationships with international authorities providing the global recognition of innovative products and services. Furthermore, in order to expand DenizBank's successes and unique experiences in this area, it provides the preparation and publication of domestic and foreign publications on technology, digitalization and innovation.

The Innovation Management Department plans to conduct its activities under the roof of Deniz Aquarium in 2020. Deniz Aquarium, which will provide services as an innovation center within the company, is expected to serve as an accelerator for innovative projects with the Blockchain Laboratory, the in-house entrepreneurship programs and innovative thought workshops as well as start-ups from outside the organization and to increase the profitability of the Bank with new business models.

Our Awards

After being named the "World's Most Innovative Bank" by BAI in 2014, EFMA in 2015, BAI in 2016 and winning first place in the "Best Product/Service" category at the EFMA Innovation Awards in 2017, DenizBank has succeeded to be the unique financial institution that is awarded the "World's Most Innovative Bank" title for four years in a row. Thanks to its innovative product management and marketing approach used while designing its products, DenizBank was also granted prestigious awards such as PSM and MMA in 2019.

PSM Awards – Best Mobile Payment Solution

One of DenizBank's most innovative applications, fastPay recorded a first by taking istanbulkart top up functionality to mobile in 2019. In addition, advantages such as contracted merchant payment and bill payment were provided to fastPay users. In accordance with DenizBank's innovative and customer oriented approach, the effort was realized in cooperation with Belbim. The istanbulkart project received the Best Mobile Payment Solution Award at the PSM Awards for its innovative excellence.

Banking Services



With the purpose of being leader in group, sectoral and structural transformation and ensuring competitive advantage, it aims at serving to all of its stakeholders under titles of redevelopment of strategy, effective risk management, cost efficiency, efficient performance management models, interchannel integration and advanced customer analytics.

MMA Smarties – Global Mobile Payment Bronze, EMEA Mobile Payment Gold and Mobile Application Silver, TR Mobile Payment Gold, Cross-Media Silver and Mobile Application Bronze Awards

The istanbulkart top up initiative, implemented for the first time with fastPay, won the Bronze award in the “Global Mobile Payment” category at the MMA Smarties in recognition of how the innovation facilitates the lives of Istanbul residents. The project also received the Gold in the “Mobile Payment” category and Silver in the “Mobile Application” category in the EMEA region at the same competition. Additionally, fastPay was presented with the Gold in the “Mobile Payment” category in Turkey, Silver in the “Cross-Media” category and Bronze in the “Mobile Application” category.

Change Management

Turkey's banking sector is undergoing a major change and transformation process, both quantitatively and qualitatively, to make 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 in parallel with agility 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 sector-wide and structural transformation process and gain a competitive edge, the Change Management Group aims at offering 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 efficiency, 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 - Being Customer-Focused.

To ensure effective management of costs and resources, increased productivity and sustainable growth, recommendations and presentations were delivered to the Board of Directors. All subsidiaries and groups under DFSG are provided with in-house consulting services.

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 work 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 in parallel with customer needs with an approach of “the best customer is our customer” and to review internal processes from that perspective.

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 KKB, to Memzuç (Consolidated Data System) and derivatives 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. In addition, data from such sources is 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 deepening relations 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 trend 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 is 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



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

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. In 2019, a total of 5,134 campaign setups were established and offered 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, Internet 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 sent to the Cost Management Department.
- It is ensured that the business lines are informed about new applications and services of the operators.

c) Management Information Base (MIB) 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 DenizBank Financial Services Group (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.

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 at the highest level 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 Board. 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 effectively.

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.

Payment Institutions

Collections from Institutions and Municipalities

In electronic collection services, DenizBank contracted with 33 new companies and eight payment institutions in the Direct Debit System (DDS) and corporate collection projects in 2019. As of the end of 2019, 22.4 million collections amounting to TL 2.1 billion were made through the Bill Payment Institutions channel.

DenizBank signed contracts with new billing companies and continued to enrich its customer service channels in 2019 as well. Further, the Bank offered IT solutions tailored exclusively to municipalities and continued to forge strategic partnerships. As a result of these efforts, the Bank provides collection services to almost 90 municipalities.

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..

The CRM Team's data processing capability and analytical models were designed to develop action plans that will contribute to customer penetration, profit and efficiency in the previous years. The Cash Management Segmentation launched to serve that purpose embraced a customer-focused approach in 2019.

The Cash Management Groups always highlights customer needs across all business processes. The Group is committed to providing fast, high quality products tailored for customers to fully meet their needs rather than offering one-size-fits-all products. The aim is to give customers the most correct solution.

In 2020, 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 a core strategy.

Electronic Collection Services

In electronic collection services, new contracts were launched, in the Direct Debit System (DDS) and corporate collection projects in 2019. As of the end of 2019, TL 7.4 billion collection was made with DBS and Card Collection System Projects, which are the main products of Cash Management.

Electronic Payment Services

In 2019, the Bank intermediated TL 200 billion in electronic payment transactions through the Bulk Payment System, with a 3% annual increase.

DenizBank captured 6.4% market share in cashier's checks in 2019.

Banking Services



As part of IT services and processes, DenizBank conducted studies to evaluate operational process risks in addition to reputational, legal, financial, business continuity, and employee risks. Based on the findings, the Bank formulated an action plan.

Information Technologies and Support Operations Group

The Information Technology and Support Operations Group, IT Security, IT Risk Management, Fraud Management and Data Protection Group, Branch and Central Operations Group and Intertech report to the Chief Operating Officer (COO).

IT Security, IT Risk Management, Fraud Management and Data Protection Group
The IT Security, IT Risk Management, Fraud Management and Data Protection Group ensures that DenizBank's:

- IT Security,
- Fraud Management,
- Data Protection

operations are run 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. The Bank has designed and built behavior-based security technologies, leading to better protection against zero-day attacks. Security risks are minimized by isolating Internet access from the surrounding environment.

Today, security processes are made much more dynamic and the new feature publishing cycle is now significantly shorter. The Bank makes a point of raising user and customer awareness against cyber attackers who exploit people's weaknesses.

Internal users and customers are more and more exposed to cyber security risks with the widespread use of digital devices. These rising threats aggravate the risks associated with digital media. The IT Security Unit is further enhancing its detection and prevention activities with additional security-related investments. Inclusion of new security technologies to the network enables acquiring early information against global threats.

As part of IT services and processes, DenizBank conducted risk studies managed as integrated to 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 Indicators periodically. As a result of the recent audit, IT Risk Management maturity has increased and documented as 4 (Estimated).

By analyzing fraud cases in detail, DenizBank minimized losses with scenarios created in the fraud prevention system. During the year, the Bank further improved the system by adding more features. To better use data analysis to prevent fraud, DenizBank concentrated on the works to reinforce both human resources and its technical infrastructure in this key area. Collaborations were also made with Police Cybercrime units which play a crucial role in preventing fraud. The Bank maintains regular information/document flow with relevant authorities regarding cases of fraud.

To meet legal requirements of and coordinate compliance efforts with the Law on Protection of Personal Data No. 6698, in addition to other applicable laws, rules and regulations to go into effect in the future, the Data Protection Department conducts the following activities:

- Establishing Bank policies and procedures,
- Managing and coordinating processes related to protection of personal data,
- Planning and realizing actions that must be taken by the Bank with the capacity of Data Controller,
- Ensuring coordination and management with relevant teams.

In 2019, DenizBank reviewed its business, product and service processes to ensure that personal data of customers is protected as prescribed by applicable laws, rules and regulations and carried out works related to legal regulations.

Branch and Central Operations Group

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

- Foreign Trade and Central Operations,
- Core Banking Central Operations and Customer Satisfaction,
- Card Payment Operations ATM and POS Operations,
- Fund Management and Investment Banking, Custody Operations,
- Operation Project, Process Management and Organization.

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

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 operational activities for 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 to make changes in accordance with legal and regulatory requirements, 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.

Foreign Trade and Central Operations

To manage the risk of the Bank efficiently, DenizBank conducts control and compensation processes simultaneously with many of its core loan, collateral, and foreign trade operation processes. These control efforts are carried out with final approval from Central Operations. Specialist trainings are provided to relevant teams working in these areas.

To ensure efficient workforce management, DenizBank rendered low-complexity operations executable both by branches and Central Operations and number of transaction forms within the scope of the pool established were increased and expanded. In 2019, the Bank added attachment entry and check entry transactions to the existing branch work pool;

this effort boosted productivity. DenizBank completed branch training for busy day management. As a result, branches started to operate as first support to the Central Operations work pool. Service quality has since increased to the target level.

As an indicator of business efficiency, DenizBank's Capacity Utilization Rate was 97% in 2019.

To improve staff expertise and make employee promotion conditional on the certification program in the Central Operations product departments, DenizBank introduced an Assistant Manager Certification Process.

During the year, the Bank completed various technical and organizational modifications to comply with changes in relevant foreign trade legislation.

DenizBank initiated the electronic letter project and started issuing e-letters.

At the same time, the Bank became compliant with changing capital movements legislation.

During the year, Bank personnel received trained on all legislative and regulatory related changes and practices.

DenizBank started to provide preliminary examination and consultancy services for collateral and letter of credit documents to DenizBank AG.

The Bank commenced center-supported reconciliation operations related to reconciliation of branch assets. To better manage operational risk, DenizBank 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 the Bank's headquarters.

As part of efforts to automate business processes and boost efficiency, the Bank started to review and adopt robotic applications and put them into operation.

Banking Services



Committed to providing customers the best experience while striving to achieve operational excellence, DenizBank's delivery of credit and debit cards is the fastest and most accurate in the sector.

Core Banking Central Operations and Customer Satisfaction

DenizBank embraces a customer-oriented approach while focusing on efficient management principles. To these ends, the Bank ensures that employees with the appropriate 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 state authorities and private institutions take the customer experience to the highest level. In addition, this approach eliminates the Bank and counter-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 feedback received from customers 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.

Card Payment Operations ATM and POS Operations

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 that makes a competitive difference.

Understanding that card payment systems are a key component of its competitive edge, DenizBank aims at being the best service provider in the sector in terms of all card payment transactions offered to customers.

Committed to providing customers with the best experience while striving to achieve operational excellence, DenizBank's delivery of credit and debit cards is the fastest and most accurate in the sector.

The card delivery rate has reached 94%, being increased in direct proportion to operational achievements.

In 2019, the Bank continues to prioritize raising user and customer awareness against cyberattacks which exploit users' weaknesses.

DenizBank closely monitors technological developments and offers customers the most innovative products available to the market – the first of their kind not only in the sector but also worldwide. By adding anonymous prepaid and preauthorized prepaid cards to its existing credit/debit card portfolio, DenizBank succeeded in providing banking services to an even larger customer base. DenizBank has become leader in the sector with instant credit card service provided at branch locations.

DenizBank conducts ongoing campaigns related to the statement process. The Bank obtained a success rate of 96.9% in statement notifications via SMS and mail, ensuring significant cost savings.

DenizBank's active POS devices ratio rose to 72%, in 2019. Thanks to POS Support Service, which enables customers to receive 24/7 support, DenizBank achieved the service quality level required to become their preferred bank.

The Bank participated in the design and manufacture of the New Generation Payment Registration Devices (ÖKC) demanded by the Ministry of Finance. It became the first bank in the world to launch these devices at contracted merchants. DenizBank has over 70 thousand ÖKC devices in active use.

With the addition of new Payment Registration Device (ÖKC) models, there is a significant increase in ÖKC models supporting the banking application, and this wider range of choice means that more clients prefer the Bank.

Projects developed for current POS models have continued to be integrated and improved with payment recording device terminals in 2019. Payment recording devices were also enhanced to integrate with the multi-bank operation system. This process has a positive impact on customer satisfaction.

In another innovation within sector, the ÖKC device has the capability to serve as a POS terminal only. Clients who do not need or want a cash register but only a POS terminal can now also use a VERA ÖKC.

Thanks to the DenizPOS mobile app for smartphones, POS clients can easily access banking applications and access services such as bank statements, materials, POS application or rate changes.

A new payment method was created in ÖKC devices for payments made via fastPay, as it has become possible to generate and scan QR codes with the fastPay mobile application.

To capture a larger share of the rapidly growing card market in Turkey, banks must rapidly launch POS/card packages in line with consumer preferences. To this end, DenizBank has developed its own card payment package, inter-PayNext. The POS client and contracted merchant side was made compatible with this package, ensuring a safer and faster operation through the Bank's own package. DenizBank continues work on upgrades for POS clients and contracted merchants.

As a channel that entirely feeds on a CRM infrastructure, DenizBank ATMs are used to suggest products and services to customers and support sales. The Bank enhanced the ATM Cash Flow Management application to minimize the funding cost of money transfers to ATMs, and render their operation more efficient. Recycle support, which allows the money deposited in ATMs to be used in withdrawals, allows ATMs to run for longer periods without being supplied. As a result, operating costs were reduced. During the year, the Bank launched innovative projects at its ATMs, including card-free money withdrawal, login via SMS, money withdrawal by voice, QR and FastPay.

GRG branded ATMs have been included among the current ATM models (NCR and Diebold Nixdorf).

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

The Bank analyzed actions in response to payment system fraud, which increasingly gets widespread across the world. Proactive and reactive measures were taken and adopted according to customer lifestyles. As a result, DenizBank customers, who carry out transactions 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 structure.

Fund Management and Investment Banking Operations

In 2019, the Fund Management and Investment Banking Operations implemented the following improvements to comply with applicable legal and regulatory requirements, boost operational productivity and minimize operational risk:

Fund Management Operations

The change made in EFT message standards by CBRT was successfully adapted to the Bank's system. Modifications in line with the legal and regulatory requirements that went into effect during the year were made by the Bank.

Private Banking Operations, Foreign Payments and FX Checks Operation

In 2019, receiving customer orders for Private Banking Operations via voice recording became widespread. During the year, the Bank completed the project to realize multi-currency FX spot transactions via voice recording.

Investment Banking Operations

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

The Investment Banking Operation

Department continued to carry out a wide range of transactions. These included: trading in liquid and short term investment funds via branches and alternative distribution channels, 24/7; conducting public offering of Capital-Protected Funds, termination of these funds according to certain criteria, and repayment on maturity date; public offering of umbrella funds, termination of these funds according to certain criteria, and repayment on maturity date; issuing DenizBank asset-backed securities, related Central Registry Agency transactions and customer transactions; issuing DenizBank bonds, related Central Registry Agency transactions, distribution, trade, repayment of principal and coupons; registry, issuance and trading transactions for electronic warehouse receipts (ELÜS).

Banking Services

Since the beginning 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 Transactions (API) tenders and direct trading tenders. An automatic tender notification infrastructure was established to communicate with the Central Bank of Turkey regarding weekly DİBS tenders.

Custody Services, Fund Services Operations

In line with Capital Markets Board communiqués, DenizBank's Custody Services Department provides custody services to:

- Customers that are provided service by portfolio management companies, and individual customers;
- Investment funds and investment trusts (collective investment companies),
- To portfolios of DenizBank AG customers.

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 the event of problems experienced in deposit/withdrawal transactions via ATMs.

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

To store and process banknotes on behalf of CBRT by banks and cash service firms providing service to banks, DenizBank commissioned the Decentralized Cash Management (MONY) Storage Application project. The application has been used effectively.

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.

Operation Project, Process Management and Organization

To help DenizBank achieve its strategic goals, the department focuses on improving processes and developing competitive, efficient and productive business methods. The aim is to move 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 the automation.

DenizBank is committed to implementing innovations in payment system technologies throughout its internal systems infrastructure. The Bank also establishes technical and operational guidelines of its marketing projects.

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.

During implementation of the operational projects, the Bank conducts training, notification and coordination related activities. These efforts are designed to spread and reinforce those innovations that will make DenizBank more competitive and customer oriented. To this end, the necessary methodology for extending and systematically implementing these training programs is outlined 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 modelling 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 process standard times 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.

Foreign Subsidiaries



DenizBank AG used its expert staff and principal shareholder as leverage to raise its position to one of the top five private banks in Austria.

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

DenizBank AG (Austria)

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

DenizBank AG operates with an extensive range of deposit and loan products in retail and commercial banking. The Bank serves corporate, commercial, SME and retail customers by focusing on key products – such as investment loans and project and foreign trade finance – based on market needs and identified opportunities. Headquartered in Austria, DenizBank AG has a network of 43 branches, 27 in Austria, and 16 branches in Germany as of 2019 year-end.

Some 95% of retail customers at DenizBank AG are either Austrian or German citizens. The bank also offers retail banking services to many Turkish citizens 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.

As of the end of 2019, DenizBank AG's total assets rose to EUR 10.6 billion, while its equity increased to EUR 1.7 billion.

In the coming year, DenizBank AG plans to grow its ATM network and expand the scope of its Internet banking services and mobile banking services in Austria and Germany.

Recording steady growth for more than 20 years, DenizBank AG used its expert staff and principal shareholder as leverage to raise its position to one of the top five private banks in Austria. In terms of its total assets, DenizBank AG is the biggest Turkish bank abroad.

In early 2017, DenizBank AG acquired accredited bank status for allocation of European Exim loans and reached an agreement with the global leader Allianz Group for the sale of its insurance services and products. The bank continues to diversify its product portfolio. Previously brokered in Austria, the sale of Santander customer loans was also started in Germany in 2018. DenizBank's business partnership with Wüstenrot for mortgage loans and building savings and with MoneyGram for global money transfers, exclusively in Austria is continued.

JSC DenizBank Moscow (Russian Federation)

JSC DenizBank Moscow was established in 2003 with the acquisition of İktisat Bank Moscow. As DFSG's Russia and BDT center, 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. The bank can also respond quickly to requests by way of DenizBank's financial power.

DenizBank customers perform their foreign trade transactions in Russian rubles with the support of the subsidiary. 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.

As of the end of 2019, the bank recorded total assets of USD 298 million and shareholders' equity of USD 103 million, maintaining its leadership position in the Turkish niche market.

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 the corporate and commercial customer segments.

Information Technology (IT) Services



Intertech's latest integrated finance platform "inter-Vision" serves 54 institutions in 11 countries.

INTERTECH

Established to provide IT services needed by the financial sector, Intertech has operated under the umbrella 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 Microsoft-based latest technologies such as .NET and Microsoft SQL Server. In the last two years, it has been working on open source applications and cloud based SaaS and PaaS services.

Intertech provides cutting edge IT solutions-recognized by multiple international awards-for DenizBank to achieve its targets of "Operational Excellence" and "Unique Customer Experience." Receiving numerous awards and accolades since its founding, Intertech once again demonstrated its success in 2019 with the awards it received:

- Intertech received awards under "Turkey-Based Software Development," "Turkey-Based Software Development – Finance Sector," "Software - Finance Sector" categories and "Contributor to the Turkish Economy" special award as a result of Bilişim-500 research.

- DenizBank garnered five awards at Smarties Turkey, a prestigious mobile marketing organization, and Smarties EMEA 2019 with the fastPay digital wallet product developed by Intertech. The Bank was presented with Gold in the "Mobile Payment" category, Silver in "Cross-Media" and Bronze in "Mobile Application" at the Turkey awards. At the EMEA awards, DenizBank won Gold in the "Mobile Payment" category and Silver in "Mobile Application" category.
- Intertech ranked first in the "Test Management Team of the Year" category at the European Software Testing Awards 2019 in London. Intertech's quality-oriented software development cycle and products have also been recognized internationally.

Intertech's newest integrated finance platform "inter-Vision" has increased its number of countries in which it provides service to 11 by reaching Egypt after Austria, Bahrain, Germany, the Turkish Republic of Northern Cyprus, Saudi Arabia, Turkey, Albania, Kosovo, Lebanon and Azerbaijan and increased its number of institutions to 54.

After DenizBank, Turkcell Ödeme Hizmetleri A.Ş. and PTT, İninal and Paladyum companies have also preferred Intertech's Card Payment Systems solutions in 2019, thus applications have begun to be used in the most popular prepaid card service providers of Turkey.

In 2019, Bank Audi Egypt selected Intertech as service provider for its digital channels project. As a result, Egypt was included in the company's growing list of reference countries. Currently, Intertech provides service in 11 countries. With the project planned to be commissioned in the first half of 2020, Intertech will launch integrated channel management, internet banking and call center solutions in Egypt.

The API Open Banking Platform which was introduced in 2017, was improved and made compliant with international standards, PSD2 and Berlin Platform criteria in 2019. As a result, Inter-API product is currently used by many customers, both domestically and abroad. Customers from both finance and non-finance sectors are expected to start using this platform in the future. In line with the digital transformation process and a new regulatory framework expected in Turkey, Intertech is establishing an ecosystem where fintechs can integrate their solutions with API via inter-API and offer them to banks. In 2019, Intertech conducted interviews with some 100 fintech and TPPs (third party providers) within this scope. Intertech included these companies in the ecosystem within the process, developed business models together with them, completed systems integration and forged new business partnerships. For example, strategic partnerships that allow DenizBank to earn revenue and market products/services such as wire transfer payment via n11.com and loan allocation via hepsiburada.com were launched on the API platform. In 2019, Intertech's strategy of open banking aimed to grow the ecosystem and create a marketplace where digital solutions of partners are offered to Intertech 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 as consolidated feeds marketing applications to provide dynamic access to decision support models and turns its operational employees into a fully equipped sales force.

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

- *Customer Relationship Management for a Customer-Oriented Perspective (CRM):* Customers are offered high-quality products and services aligned with their preferences and financials.
- *Business Process Management for Operational Productivity (BPM):* The platform was provided to design, automate, implement and optimize work processes as customer-oriented business processes, achieve low training costs and inject agility across all levels of the organization.
- *Financial Solutions for Agility:* Intertech's fields of expertise are not limited to basic banking operations, but also include financial topics that appeal to all institutions. As such, the relevant companies in DFSG not only utilize Intertech's solutions in core banking, but also in factoring and leasing.
- *Business Intelligence Solutions for Effective Decision Support:* This platform has strengthened the management of financial data storage and created an integrated decision support structure.
- *Alternative Distribution Channels Management for Banking, Anytime and Anywhere:* The platform has provided uninterrupted 24/7 financial services through all distribution channels and has developed IT solutions and infrastructure in line with business growth.

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

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

- Development of security policies and procedures,
- Training of code security and techniques for secure code development,
- Training of security awareness,
- Audit for IT security,
- Application security audits,
- Network weakness analyses and penetration tests,
- Installation of public key infrastructures,
- Encryption and electronic signature applications,
- IT security risk analyses,
- Project consulting for security technologies,
- Architectural modeling for security technologies,
- Cyber crisis management and
- Border, Endpoint and Network Security Technologies management.

Intertech implements processes based on the worldwide-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).

Information Technology (IT) Services

With the belief that service quality can be guaranteed only with a quality life cycle, 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, developed through the total quality management approach. In 2019, transformation of the technology infrastructure of the products – microservice architecture, interactive design of front ends, event-driven real-time data and analytical platform – is ongoing at full steam. This effort is expected to provide a significant competitive edge to customers.

In terms of infrastructure services, Intertech decided to invest in private cloud systems for use in the Turkish financial sector. For this purpose, the company entered into agreements with leading technology giants. A financial cloud service provider infrastructure under the name inter-Cloud was commissioned. Intertech selected the newest VMWare vCloud solutions and VMWare NSX Advanced, especially keeping micro-segmentation and multitenancy technologies in the foreground. For hardware, the company chose HPE Synergy Gen10 servers for infrastructure, and the best known/most widely used providers in cloud infrastructure, such as Arista, Cisco and F5.

With inter-Cloud cloud infrastructure it is aimed at providing the highest level security by logically isolating the financial institutions to be served, by application based partitioning using VMWare NSX Advanced, by controlling network traffic at each partition using firewall running at “kernel”

level in front of each virtual server. For the selection, design and implementation of this structure, Intertech have collaborated with subject matter experts in their fields such as HPE, Google, Microsoft, Red Hat, Arista and VMWare. The latest and the best topologies used globally have been blended and the most appropriate structure was chosen as result of the intensive works. Similar methods and structures are used in Google Cloud Platform and Microsoft Azure.

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

Energy consumption figures of DenizBank's systems are monitored and the Bank's IT infrastructure has been virtualized by 85%.

In addition, green cooling systems and high efficiency UPS systems are utilized in the Bank. In order to control the Data Center's energy consumption, air-conditioning is made at the optimum temperature that the systems can tolerate. The right space for energy optimization is where there are too many devices. For this purpose, all user PCs and monitors are managed remotely; when they are not in use, standby mode is activated and thus energy savings are achieved.

Private Banking and Investment Activities



DenizBank launches new products designed to reinforce its innovative and dynamic position in the sector.

DenizBank Investment Services Group

DenizBank Investment Services Group has gathered DenizBank Private Banking, DenizInvest, DenizAsset and Deniz REIT under one single roof to offer a “one-stop shop” for all financial products.

Customers can access mutual investment instruments — including securities, investment funds organized market products, over-counter products, and derivatives — 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 launches new products designed to bolster its innovative and dynamic position in the sector.

Although most companies focus on providing specific products, the Group’s main emphasis 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.

DenizBank Private Banking

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

DenizBank Private Banking had 13 thousand active clients by the end of 2019, 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 Diyarbakir. The Bank established the first private banking service points in Kayseri, Samsun, Bodrum and Diyarbakir, staying one step ahead of the competition.

The Private Banking Group closed fiscal year 2019 with total assets worth TL 44 billion. Operating in harmony and collaboration with the other business lines to constitute a single gateway for customers, the Group’s 62 portfolio managers deliver all DenizBank Financial Services Group product and services with their many advantages and privileges.

In line with customer preferences, DenizBank Private Banking offers a diverse range of mutual funds, including Private Sector Bonds/Bills established by DenizAsset, Hedge (FX) Funds, Eurobond, Lease

Certificate Funds and BIST 25 Dividend funds. Special umbrella funds were created for clients to manage their wealth in a more professional manner. In 2019, the Group brokered the issuance of over TL 20 billion in Bank and non-Bank private sector bills and bonds, enabling customers to access alternative, non-deposit products.

DenizBank signed new sponsorship agreements with Big Chefs Group to offer its Private Banking customers various advantages at restaurants managed by Big Chefs.

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 personal 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 is started to be sent in a special kit to each customer with average total assets of TL 1 million or more at the Bank.

DenizPrivate Limited Edition’s many advantages and privileges include: free lounge access with a guest for domestic and international flight terminals at Ankara Esenboğa, Izmir Adnan Menderes and Bodrum Milas Airports; lounge access at nearly 1 thousand airports in 125 countries abroad; 50% bonus for parking area and valet parking payments made with Private Limited Edition at domestic and international flight terminals in Istanbul Airport-Sabiha Gökçen, Ankara Esenboğa, Izmir Adnan Menderes and Antalya Airports; 10% bonus for overseas accommodation and restaurant spending; and 30% bonus for Sunday breakfasts everywhere in Turkey.

Private Banking and Investment Activities

In the realm of events, DenizBank Private Banking aims to offer its customers exclusive experiences where they will feel special. Prioritizing knowing its customers and maximizing customer satisfaction with the solution alternatives offered in this direction, the Group ensured that its private banking customers have a great time with concerts, galas, launches, football and basketball match invitations held throughout 2019.

In 2019, 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 activities, and other non-banking services.

DenizInvest

DenizInvest operates at 33 service centers. Seventeen of these have "Private Investment Center" status, delivering personalized services in an expanding capital market product range. Fifteen 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.

In 2019, DenizInvest launched Algolab, Turkey's first online algorithmic trading platform, to the investment world without being DenizInvest customer. The country's first investment platform Algolab provides

"Ready-to-Use Strategies" for those interested in investment transactions but who lack knowledge about algorithms; offers the advantage of creating strategies with "Drag and Drop" for those who have technical analysis and processing know-how but do not have coding skills; and provides the opportunity to code in C# for users who have software writing capability.

Thanks to this restructuring, DenizInvest has transitioned from a product focus to a customer focus approach, providing 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, and
- 2012 – Development of Daily Purchasing 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

DenizInvest is the leader of the sector in public offerings with 16.7% in terms of collection of domestic IPO demand and with 16.6% in terms of the number of domestic investors.

As consortium leader, DenizInvest underwrote 16 key IPOs worth over USD 1 billion, including real estate investment trusts, football companies, among others.

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 29 billion as of 2019 year-end.

In parallel with the increasing use of technology and digital channels in the sector, DenizBank continued to invest in these areas; the Bank now boasts 13 electronic delivery channels with 81% of all orders communicated digitally. Furthermore, orders for equities and the TurkDex are now placed via hardware positioned in Borsa Istanbul's co-location center, allowing significant improvements in the end-to-end order performance.

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 advisory in acquisition, sales, privatization and strategic, financial structuring and valuation across various sectors.

The Research Department is staffed by a team of six 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 also charged with 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.

DenizAsset Management

In May 2003, Ege Portföy Yönetimi A.Ş. (Ege Portfolio Management) was acquired from the Savings Deposit Insurance Fund of Turkey. The entity was renamed Deniz Portföy Yönetimi A.Ş. in June 2003. DenizAsset is committed to delivering top quality services in response to changing market conditions. DenizAsset manages 36 investment funds and 22 pension investment funds, providing investors both high performance and consistent returns. Boasting a well experienced team of professionals, DenizAsset plays a key role in capital markets with world-class services that include domestic and foreign investment funds, pension funds and portfolio management.

DenizAsset 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. DenizAsset has come to enjoy a prominent standing in the sector with its successful performance

over the last three years. DenizAsset figures among the top players in the market thanks to the personalized funds that it has established, as well as its Eurobond funds. By the end of 2019, total assets under management reached TL 8.6 billion and the market share in investments funds rose to 5.8%. In 2018, DenizAsset ranked first in market share in foreign exchange free private funds, of which it was the founder.

With the rise of the Turkish investment fund market to TL 108 billion as of the end of 2019, DenizAsset grew above the mutual funds market and increased the size of mutual funds to TL 6.3 billion and increased its market share to 5.8% with the strategy of establishing a private fund. In 2020, DenizAsset plans to offer new products to the public, while considering the investment preferences of its clients. The company also aims to capture a greater total market share by growing specifically in the investment fund market and focusing on individual/corporate portfolio management.

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 m² 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 the REIT sector, there are 33 companies listed on the bourse, six of which -including DenizREIT- were established by banks. As of the end of 2019, DenizREIT's real estate portfolio stands at TL 218 million and its total assets at TL 877 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. DenizREIT is currently developing two real estate projects. 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



Operating with the mission of providing value to its solution partners and the sector, DenizLeasing diversifies its customer experience process with regional differentiation through this management approach spread throughout the country.

DENİZLEASING DENİZFACTORING

DenizLeasing

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

With its active sales policy; personalized financial solutions developed for the renewable energy, healthcare, real estate, business and construction machinery sectors; and the fleet leasing services launched under the DenizFleet brand, DenizLeasing has deepened its relationships with existing customers while acquiring new ones. As a result, the company also maintains its position as an innovative service provider.

Keeping the organization's internal dynamics refreshed with a specialized staff, continuous improvement and ongoing restructuring, DenizLeasing strives to offer added value to its solution partners and the sector as a whole. DenizLeasing offers customers, regardless of their sector, the opportunity to

pay in varying repayment periods, in Turkish lira or foreign currency, over the medium or long term, or in accordance with their respective sector's cash flow to finance any and all investment goods.

DenizLeasing plans to use all its products in support of the DFSG portal in the future as a key part of the financial supermarket approach, an overall strategy of the Bank. The company aims to reach all customers of the Group in corporate, commercial and SME segments with both leasing and fleet products.

DenizFleet

DenizLeasing initiated operational leasing activities, the first to do so in Turkey among leasing companies. The company set up its new brand DenizFleet, a pioneering enterprise in the sector, in 2014.

DenizFleet was established under the umbrella of DenizLeasing in order 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 customers who demand fleet rental service. As of the end of 2019, the number of vehicles in the fleet totaled 4,300.

Capitalizing on the synergy created with DFSG's 751 branches and over 14 thousand personnel, DenizFleet provides boutique services to every customer and strives to deliver unconditional and sustainable customer satisfaction.

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. In 2019, DenizLeasing recorded gross leasing receivables of TL 2.7 billion and assets of TL 2.6 billion.

In 2020, DenizLeasing plans to execute a stable, controlled growth strategy to maintain its position among the sector leaders. It also aims to make progress as a company that leads the sector with innovative practices. In addition, DenizLeasing will differentiate by offering the advantages of operational leasing to customers in need of leased car fleets and further improve performance in the SME segment by providing special financing facilities. The company plans to boost market share by offering a specialized service approach to commercial and corporate enterprises on the basis of each specific customer and project.

DenizFactoring

Primarily providing customers with guarantee, collection and financing services, DenizFactoring is a pioneer in the sector with a wide product and service range. These offerings include 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. Becoming one of the top three factoring companies by guaranteeing sustainable and profitable growth, DenizFactoring strives to expand DenizBank's product range with factoring products and contribute significantly to the Group's success.

As of the end of 2019, DenizFactoring recorded a market share of 7.5% in profitability, and return on equity of 25.3%, well above the sector average of 18.0%. DenizFactoring posted a cost/income ratio of 16.5%, outperforming by a large margin the sector-wide ratio of 30.9%. DenizFactoring has a 4.4% market share in factoring receivables, and domestic factoring transactions account for 94.3% and international transactions account for 5.7% of its total transaction volume.

Breaking new ground in the sector, DenizFactoring launched its "Digital Factoring" service in 2017, in keeping with the latest digital platform trends across the world.

Thanks to the application "Deniz'e Çek Gönder (Send a Check to Deniz)," customers can access factoring services over their smartphone or tablet. This capability allows firms in the micro or SME segments to swiftly perform smaller scale factoring transactions. The application also allows clients to rapidly access financing without having to wait for the maturity date of checks with invoice.

Customers can apply with scanning the QR code of the check for the transaction or upload the photo of the check to the application and get a result in a short time. Furthermore "Deniz'e Çek Gönder" shows the nearest DenizBank branches and their addresses to facilitate fast access to financing.

Cultural Services



DenizKültür was established in 2004 to organize cultural activities, especially scientific research, art and literature and to support similar activities.

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,
- Staging arts events,
- Organizing collection/exhibition projects geared towards the plastic arts and handcrafts,
- Organizing campaigns in line with the Bank's social mission, as well as other cultural activities to emerge from new ideas.

Arts Productions and Publications in 2019

Agriculture and People 3 - Let It Be Fertile
This book comprises award-winning archive photos from the Agriculture and People Photo Competition, held for 11 years by the Ministry of Agriculture and Forestry in conjunction with DenizBank.

Noir Week Festival

During the festival organized by DenizBank and Pera Palace Hotel, top Turkish and international crime writers convened in Istanbul for four days. The festival included talks by prominent authors, book signing days, and theatrical performances.

GaleriDeniz Art Exhibition

The "Do Not Ignore" exhibition, prepared by Abdi İbrahim Otsuka to raise awareness about schizophrenia, was exhibited at GaleriDeniz from May 8-24, 2019. Subsequently, from June 2019, photographs taken by DenizBank employees were collected under five main categories and displayed at GaleriDeniz.

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	24	Chairman of the Board of Directors, Credit Committee Reserve Member, Remuneration Committee Member	Emirates NBD 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, Federal Authority for Government Human Resources (FAHR)- 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	21	Vice Chairman, Credit Committee Reserve Member, Remuneration Committee Member	Emirates NBD 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, Emirates NBD 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	38	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 Istanbul 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	32	Vice Chairman of the Board of Directors, Member of the Board of Directors, Audit Committee Member, Remuneration Committee Member	-	-
Shayne Keith Nelson	Member of the Board of Directors, Corporate Governance and Nomination Committee Member	Non-executive	Bachelor's Degree (not completed)	35	Member of the Board of Directors, Corporate Governance and Nomination Committee Member	Emirates NBD Bank P.J.S.C. - Group CEO, Emirates Islamic P.J.S.C. - Director, Emirates NBD Capital Ltd.- Director, Emirates NBD Capital PSC- Director, Tanfeeth LLC- Director, Marsh Insurance Brokers LLC- Board Member	-
Jonathan Edward Morris	Member of the Board of Directors, Audit Committee Member	Non-executive	Bachelor's Degree	34	Member of the Board of Directors, Audit Committee Member	Senior Executive Vice President, Responsible for Turkey, Emirates NBD Bank P.J.S.C. -	-
Deniz Ülke Arıboğan	Member of the Board of Directors, Corporate Governance and Nomination Committee Member	Independent Member	Ph.D.	32	Member of the Board of Directors, Vice Chairman 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	-
Wouter Van Roste	Member of the Board of Directors, Audit Committee Member	Non-executive	Bachelor's Degree	29	Member of the Board of Directors, Audit Committee Member,	-	-
Derya Kumru	Member of the Board of Directors, Credit Committee Member	Executive	Master's Degree	33	Member of the Board of Directors, Credit Committee Member	-	-
Timur Kozintsev*	Member of the Board of Directors, Credit Committee Member	Executive	Ph.D.	19	Member of the Board of Directors, Corporate Governance and Nomination Committee Member, Credit Committee Member, Credit Committee Associate Member	Sberbank Managing Director	-

*As of February 14, 2020, he resigned from his duty.

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. Hesham Abdulla Al Qassim 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., Federal Authority for Government Human Resources, 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 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 and 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

Mr. 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 Internal Auditor at İşbank. After serving at various Interbank units from 1986 to 1993, Mr. Ateş worked as 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 worked as Executive Vice President in charge of Financial Affairs and Operations at Bank Ekspres between 1994 and 1996 and led the bank's restructuring project with Bank of America. He established Garanti Bank Moscow in Russia and worked as CEO for one year starting from June 1996. Mr. Ateş has continued his duties as President & CEO at DenizBank, where he started in June 1997 as Founder President. During his management tenure, DenizBank shares were offered to the public in October 2004; the offering was 5.5 times oversubscribed. His management ran the sale 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. Mr. Ateş's management was also responsible for 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. Serving as Chairman of the Board of Directors at DenizBank subsidiaries DenizInvest Securities, Intertech A.Ş., DenizBank Moscow and DenizBank AG Vienna, Mr. Ateş was granted the "Those Who Add Value to Turkey" award presented by Bahçeşehir University in 2015. Hakan Ateş has two children. He speaks fluent English.



NIHAT SEVİNÇ
VICE CHAIRMAN OF THE BOARD OF
DIRECTORS

Mr. 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, serving as Executive Vice President of Operations until 2002 and 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 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 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, Emirates Financial Services, DenizBank A.Ş. (Turkey) 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.



JONATHAN EDWARD MORRIS
MEMBER OF THE BOARD OF DIRECTORS

Mr. 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 the 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 the 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 the 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 as from August 2019.

Board of Directors



DENİZ ÜLKE ARIBOĞAN
MEMBER OF THE BOARD OF DIRECTORS

Ms. 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. She received 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 professional career in academia, 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. As of March 2018, she was again appointed Independent Board Member serving until March 2021.



WOUTER VAN ROSTE
MEMBER OF THE BOARD OF DIRECTORS

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



DERYA KUMRU
MEMBER OF THE BOARD OF DIRECTORS

Mr. Kumru was born in 1964. He graduated from Ankara University, Faculty of Political Sciences and obtained an M.A. and Ph.D. in Economics from Istanbul University. 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, Mr. 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 assumed the title of Executive Vice President in charge of the Wholesale Banking Group at DenizBank A.Ş. Derya Kumru has served as a Member of the Board of Directors at DenizBank A.Ş. since December 2012.



TIMUR KOZINTSEV*
MEMBER OF THE BOARD OF DIRECTORS

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

**As of February 14, 2020, he resigned from his duty.*

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 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 from Istanbul University. He began his banking career in 1987 and joined DenizBank in 1999.

TİMUR KOZINTSEV*

Member of the Board of Directors

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

WOUTER VAN ROSTE

Member of the Board of Directors

Mr. Van Roste was born in 1965 and graduated from Limburg University (Belgium), Marketing Department. He began his banking career in 1989 and joined DenizBank in 2007.

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 M.A. in Private Law from the same institution. He began his professional career in 1982 and joined DenizBank in 2002.

AYŞENUR HİÇKIRAN

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

Ms. Hıçkiran was born in 1969 and graduated from Ege University, Faculty of Letters, Department of English Language and Literature. She began her banking career in 1996 and joined DenizBank in 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 Technology and Support Operations
Group, Executive Vice President

Ms. Duman was born in 1967 and graduated from Boğaziçi University, Department of Computer Engineering. She began her professional career in 1989 and joined DenizBank Financial Services Group in 1997.

RUSLAN ABİL

Financial Affairs Group,
Executive Vice President

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

TANJU KAYA

Administrative Services and Investment Group,
Executive Vice President

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

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 DEMİRAG

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

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

CEMİL CEM ÖNEÇ

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, and an M.A. 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 M.A. 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



Standing (Left to right): Hayri Cansever, Oğuzhan Özark, Sinan Yılmaz, Umut Özdoğan, Selim Efe Teoman, Hüseyin Melih Akosman, Kahraman Günaydın, Edip Kürşad Başer, İbrahim Şen, Murat Kulaksız, Cemil Cem Önenç, Fatih Arabacıoğlu, Verda Beril Yüzer Oğuz, Burak Koçak, Yavuz Elkin, Ahmet Mesut Ersoy, Alper Tunga Emecan, Ömer Uyar, Oğuz Yalçın, Ramazan Işık

Seated (Left to right): Mehmet Aydoğdu, Mehmet Çitil, Ali Murat Dizdar, Bora Böcügöz, Dilek Duman, Derya Kumru, Wouter Van Roste, Hakan Ateş, Jonathan Morris, Timur Kozintsev, Tanju Kaya, Ruslan Abil, Ayşenur Hıçkiran, Mustafa Özel, Cem Demirağ

*As of February 14, 2020, he resigned from his duty.

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 at 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**

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.

AHMET MESUT ERSOY

DenizBank AG, General Manager

Mr. Ersoy was born in 1973 and graduated from Istanbul University, Faculty of Business Administration; he also received an MBA from Bahrain University. He began his banking career in 1995 and joined DenizBank Financial Services Group in 2002.

ALPER TUNGA EMECAN*

DenizFactoring, General Manager

Mr. Emecan was born in 1971 and graduated from Istanbul University, Faculty of Economics and Administrative Sciences, Department of International Relations. He began his professional career in 1994 and joined DenizBank in 1998.

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.

KAHRAMAN GÜNAYDIN

DenizLeasing, General Manager

Mr. Günaydin was born in 1966 and graduated from Middle East Technical University, Department of Geological Engineering; he also holds an MBA from Bilkent University. He began his professional career in 1990 and joined DenizBank in 2002.

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.

*As of February 29, 2020, he resigned from his duty.

Executive Management

Title	Name Surname	Duty	Education	Professional Experience (Years)
CEO	Hakan Ateş	CEO	Bachelor's Degree	38
	Ali Murat Dizdar	Chief Legal Advisor	Master's Degree	37
Executive Vice Presidents	Ayşenur Hıçkırın	Payment Systems and Non-Branch Channel Group - EVP	Bachelor's Degree	23
	Bora Böcügöz	Treasury and Financial Institutions Group - EVP	Bachelor's Degree	31
	Dilek Duman	Information Technology and Support Operations Group - EVP, COO	Bachelor's Degree	30
	Ruslan Abil	Financial Affairs Group - EVP, CFO	Bachelor's Degree	22
	Tanju Kaya	Administrative Services and Investment Group - EVP	Bachelor's Degree	33
	Burak Koçak	Agricultural Group - EVP	Bachelor's Degree	24
	Cemil Cem Önenç	Private Banking and Investment Group - EVP	Ph.D.	22
	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	26
	Mehmet Aydoğdu	Corporate and Commercial Banking Group - EVP	Bachelor's Degree	23
	Murat Kulaksız	SME Banking Group - EVP	Bachelor's Degree	22
	Mustafa Özel	Branch and Central Operations Group - EVP	Bachelor's Degree	31
	Oğuzhan Özark	Retail Banking Group - EVP	Bachelor's Degree	22
	Selim Efe Teoman	Corporate and Commercial Credits Group - EVP	Bachelor's Degree	25
	Umut Özdoğan	Digital Transformation and Process Management Group - EVP	Master's Degree	20
	Verda Beril Yüzer Oğuz	Financial Institutions Group - EVP	Bachelor's Degree	22
	Yavuz Elkin	Human Resources and Deniz Academy Group - EVP	Bachelor's Degree	26
Secretary General	Hayri Cansever	Secretariat General and Sberbank Coordination Group - EVP	Master's Degree	21
Internal Systems	Ramazan Işık	Head of Internal Audit	Master's Degree	20
	Cem Demirağ	Head of Internal Control Unit and Compliance	Bachelor's Degree	28
	Sinan Yılmaz	Head of Risk Management	Bachelor's Degree	21

Committees

Committees Reporting to the Board of Directors

Corporate Governance and Nomination Committee

DenizBank considers Corporate Governance Principles as a dynamic concept that requires permanent amelioration. In this purpose, our Bank periodically follows-up national and international corporate governance applications. 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.

The Committee convenes whenever else required in the performance of its duties. In 2019, Corporate Governance and Nomination Committee made five decisions to recommend candidates to the Board of Directors as regards the appointment of executives and for corporate governance reporting.

Audit and Risk Committee

DenizBank Board of Directors has formed an Audit and Risk Committee from among its own Members. Consisting of non-executive Board Members, the Audit and Risk Committee holds periodical meetings and determines the Bank's audit policies.

Internal audit activities are conducted on the basis of internationally approved audit standards and domestic regulations and taking the needs of the Bank and Group into consideration under the responsibility of a Board Member in charge of Internal Systems (audit, internal control, compliance and risk management), who is also a member of the Audit and Risk Committee.

The Audit and Risk Committee is responsible for taking necessary measures in order to ensure that accounting systems and financial information of the Bank are audited and disclosed efficiently and for supervising functioning and effectiveness of internal control system.

The Audit and Risk Committee convenes at least once every three months - at least four times a year to discuss issues regarding internal control, financial statements, internal audit and other important items. Minutes of Committee Meetings are reported to the Board of Directors.

Remuneration Committee

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

The Committee evaluates remuneration policies and practices within the framework of risk management and reports its recommendations annually to the Board of Directors.

Credit Committee

This is the Committee whereby commercial, corporate and SME credit proposals within the bank are assessed. The Committee meets every week and assesses the proposals in question; proposals which are covered by its delegation limit are either approved or refused. Requests that exceed the delegations limit are submitted to the approval of the Board of Directors. Requests exceeding the delegation limits of DenizBank and requiring approval at group level are submitted to main shareholder with the advice of DenizBank Credit Committee.

Committees

Committee	Name Surname	Title	Education	Professional Experience (Years)
Audit and Risk Committee	Nihat SEVİNÇ	Member	Bachelor's Degree	33
	Wouter G.M. VAN ROSTE	Member	Bachelor's Degree	30
	Jonathan Edward MORRIS	Member	Bachelor's Degree	34
Corporate Governance and Nomination Committee	Deniz Ülke ARIBOĞAN	Chairman	Ph.D.	33
	Shayne NELSON	Member	Bachelor's Degree	35
	Tanju KAYA	Member	Bachelor's Degree	33
	Yeliz Koraşlı ÖZDEMİR	Member	Master's Degree	19
Remuneration Committee	Hesham Abdulla AL QASSIM	Member	Master's Degree	24
	Mohamed Hadi Ahmed AL HUSSAINI	Member	Master's Degree	21
	Hakan ATEŞ	Member	Bachelor's Degree	38
Credit Committee	Derya KUMRU	Member	Ph.D.	33
	Timur KOZINTSEV*	Member	Ph.D.	23
	Hesham Abdulla AL QASSIM	Associate Member	Master's Degree	24
	Mohamed Hadi Ahmed AL HUSSAINI	Associate Member	Master's Degree	21

*As of February 14, 2020, he resigned from his duty. Mr. Jonathan Edward Morris was appointed as Associate Member of the Credit Committee in lieu Timur Kozintsev as of February 18, 2020.

Other Committees

Management Board

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

Committee Members

Hakan Ateş (CEO), Wouter Van Roste (Board Member in charge of Internal Systems), Timur Kozintsev (Board Member in charge of Credit Risk- CRO), Derya Kumru (Board Member), Ali Murat Dizdar (Chief Legal Advisor), Ayşenur Hıçkırın (Payment Systems and Non-Branch Channel Group EVP), Bora Böcügöz (Treasury and Financial Institutions Group EVP), Dilek Duman (Information Technology and Support Operations Group EVP), Ruslan Abil (Financial Affairs Group EVP), Tanju Kaya (Administrative Services and Investment Group EVP)

Executive Committee

DFSG Executive Committee is a consultation body that operates within the framework of the responsibilities delegated to the CEO by the Board of Directors. The Executive Committee, in principle, meets at least once a month under the chairmanship of the CEO. The Executive Committee aims to make timely and reliable decisions in accordance with the "collective wisdom" principle.

Committee Members

Hakan Ateş (CEO), Wouter Van Roste (Board Member in charge of Internal Systems), Timur Kozintsev (Board Member in charge of Credit Risk- CRO), Derya Kumru (Board Member), Bank's EVPs, Ahmet Mesut Ersoy (DenizBank AG GM), Oğuz Yalçın (DenizBank Moscow GM), Kahraman Günaydın (DenizLeasing GM), Alper Tunga Emecan (DenizFactoring GM), Fatih Arabacıoğlu (DenizPortfolio Management GM), Hüseyin Melih Akosman (DenizInvest Securities GM and Board Member), Mehmet Çitil (Deniz Real Estate Investment Trust GM)

Assets and Liabilities Committee

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

Committee Members

Hakan Ateş (CEO), EVPs and SVPs involved in activities affecting the balance sheet.

Executive Credit Risk Committee

The Executive Credit Risk Committee meets on a quarterly basis in order to assess the market and economic developments that may cause a risk on the credit portfolio of business lines and subsidiaries, make a general evaluation of credits under watch list and NPL, monitoring the NPL collection and make assessments concerning the provisions budget.

Committee Members

Hakan Ateş (CEO), Timur Kozintsev (Board Member in charge of Credit Risk- CRO), Wouter Van Roste (Board Member in charge of Internal Systems), Derya Kumru (Board Member), Ruslan Abil (Financial Affairs Group EVP), Ali Murat Dizdar (Chief Legal Advisor), İbrahim Şen (Credits Follow-up and Risk Monitoring Group EVP), Selim Efe Teoman (Corporate and Commercial Credits Group EVP), Hakan Turan Pala (Corporate, Commercial and Medium Enterprises Credits Administrative Follow up Group EVP), Edip Kürşad Başer (Credit Policies and Retail, SME, Agricultural Banking Credit Allocation Group EVP)

Communication Committee

In addition to enforcing and supporting DenizBank's image, the Committee is established in order to convey the features constituting the corporate identity to the target audience via correct messages, projects and means of mass media. The Communication Committee meets at least once a month. The ideas and propositions are submitted to the Executive Committee to be discussed and concluded by the latter.

Promotions Committee

This Committee makes evaluations and final decisions about vertical (enhancement of both title and responsibility) and horizontal (change in title with duty and responsibility remaining unchanged) movements of all employees of DFSG. The Promotion Committee gathers four times a year with the participation of all Executive Committee Members and chaired by the CEO.

Disciplinary Committee

The Disciplinary Committee identifies operations and behavior punishable under the Bank's regulations and disciplinary code, as well as the perpetrators, their degrees of fault, and the potential damages. The meetings are chaired by the EVP in charge of Administration Services and Investment Group. The Disciplinary Committee meets whenever required and decides on the agenda items.

Compliance Committee

The Compliance Committee gives advice related with the Bank's in-house compliance regulations. The Committee convenes four times a year under the chairmanship of the Board Member responsible for the internal systems.

Reputation Risk Committee

The Committee was established to manage the reputation risk management centrally. It manages the processes of identification, assessment, monitoring and reporting process of reputation risk taking into account all activities under the DFSG framework. The Committee ensures preparation and implementation of internal documents on reputation risk and evaluates their efficiency; Approves internal documents accordingly; and Manages reputation risk crises.

Summary Report of the Board of Directors to the General Assembly

Dear Shareholders,

DenizBank maintained its prudent growth in assets, loans and deposits in 2019 and achieved successful financial and operational results.

DenizBank recorded consolidated net profit of TL 1,308 million and non-consolidated net profit of TL 1,336 million in 2019. The interest income of DenizBank increased by 19% on consolidated basis and by 29% on non-consolidated basis. In the same period, the Bank's fees, commissions and banking services revenues increased around 70% on both a consolidated and an unconsolidated basis, higher than sector averages. DenizBank's consolidated and unconsolidated total operating revenue went up 32% and 46%, respectively.

As the fifth largest bank in Turkey in terms of consolidated assets, DenizBank has grown prudently in terms of assets, loans, deposits and equity by directing all its resources to the real sector in order to contribute to the development of the national economy once again in 2019.

As of 2019 year-end, DenizBank reported consolidated and unconsolidated assets of TL 217,314 million and TL 156,478 million, up 10% and 14%, respectively, compared to the previous year. DenizBank's consolidated shareholders' equity, including subordinated loans, grew 14% to TL 24,786 million, while the Bank's consolidated capital adequacy ratio stood at 14.33%. Unconsolidated shareholders' equity, including subordinated loans, rose to TL 24,757 million, with an unconsolidated capital adequacy ratio of 17.69%.

As a part of its approach to social responsibility approach, once again in 2019, DenizBank continued its support to SMEs, who play an important role in the journey of development of the Turkish economy and maintained its contribution for SMEs with the "Ekonomi Değer Projesi" in 2019, following the Nefes Projesi, in which it was the only private bank. DenizBank provides all kind of support over 1.2

million customers to produce more efficiently under more comfortable conditions and access financial resources easily in agricultural banking as the sector leader.

During the year, extending new financing facilities to numerous sectors, in addition to the agricultural sector, such as tourism, energy, construction, infrastructure, healthcare, municipalities, sports clubs and education, DenizBank succeeded in expanding its consolidated loan portfolio by 3% over 2018 to TL 142,786 million. Meanwhile, on an unconsolidated basis, DenizBank's loan volume increased 12% to TL 96,955 million. DenizBank realized a 100% loan/deposit ratio on an unconsolidated basis.

DenizBank closed 2019 with 751 branches and over 14 thousand employees. The number of customers of the Bank rose by 8% to around 13.7 million. Additionally, the Bank's consolidated customer deposits soared 13% to TL 154,459 million. Meanwhile, on an unconsolidated basis, customer deposits grew 20% to TL 97,328 million.

Securing the largest syndicated loan facility by receiving a record subscription of USD 1.1 billion, DenizBank made its return to international markets under the ownership of ENBD and provided the highest amount of fresh funding brought to the Turkish economy by the financial sector in 2019.

As a reflection of these positive financial results, DenizBank compensated DFSG personnel with performance-based premium payment of an average 2.28 monthly salary.

With the mission of contributing to the culture and art life of our country; DenizBank maintained its support to Istanbul State Symphony Orchestra DenizBank Concerts in the 2019-2020 season. DenizBank was the sponsor of the 5th International Ankara Puppet Festival and the exhibition named "Artifex Ludens - Game with Art - Sunay Akın a Selection from

Toys of Art Collection," curated by Marcus Graf, held in Erimtan Archaeology and Arts Museum in Ankara. Introducing the "DenizBank Children's Opera," a first in the world in order to support the greater inclusion of children in social and cultural life, DenizBank sponsored the "5th Black Week Istanbul Festival" in which the famous figures of the detective novel were hosted. Besides, within the scope of 24 May World Schizophrenia Day, DenizBank hosted the exhibition "Don't Ignore - The Journey of Schizophrenia from Prehistory to the Present" at GaleriDeniz, which is the home of art in Deniz Kule.

DenizBank continued to showcase its success in innovation and technology, a customer-oriented service approach and the value it shows to human resources in 2019 with many international and Turkish awards. Our 2019 awards are presented in detail in our annual report.

The most important development for DenizBank in 2019, the process of transferring our shares from Sberbank, Russia's oldest and largest bank to ENBD, a leading banking group in Middle East and North Africa and Turkey (MENAT) Region was completed by July 31, 2019.

This transfer process has demonstrated the strength of the Turkish economy as well as DenizBank's reputation as a superior brand. As the top management of DenizBank, we believe that ENBD's expertise in the Middle East and North Africa will open new horizons to our Bank. We estimate that the geopolitical position of our country at the intersection of East and West will add value to the international activities of ENBD.

We would like to take this opportunity to extend our gratitude to our customers, shareholders, business partners and employees for their unwavering support during the 2019 operating year, and to our esteemed shareholders and stakeholders for gracing our General Assembly with their presence.

Board of Directors

Donations Made in 2019

INSTITUTION NAME	AMOUNT (TL)
TÜRK EĞİTİM DERNEĞİ GENEL MERKEZİ	265,000
TED ANKARA KOLEJİ VAKFI	60,000
TÜRK KIZILAY DERNEĞİ	50,000
UNICEF TÜRKİYE MİLLİ KOMİTESİ DERNEĞİ	44,500
TÜRKİYE KORUNMAYA MUHTAÇ ÇOCUKLAR VAKFI	15,000
TÜRKİYE SPASTİK ÇOCUKLAR VAKFI	10,000
ADANA ALADAĞ İLKOKUL BAĞIŞLARI	9,620
ODTÜ GELİŞTİRME VAKFI	7,500
OTHER	6,998
TOTAL	468,618

Related Party Transactions

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

Human Resources



DFSG is committed to offering equal opportunities to its employees, cultivating the future's managers from within its ranks, and prioritizing its current staff members when filling vacancies.



PROVIDED INTERNSHIP
OPPORTUNITIES TO

1,000+
STUDENTS

Having operated with more than 14 thousand employees and 751 domestic and international branches in 2019, DenizBank boasts one of the lowest number of employees per branch in the sector as a result of meticulous workforce planning.

With the aim of being the Bank of choice, DenizBank has continued to actively use its social media accounts on LinkedIn, Facebook (DenizBank Human Resources), Deniz'de Kariyer Instagram (@denizdekariyer), Twitter (@denizbankik) and YouTube on social media actively and increase its followers.

As university events and social media promotions play an important role in shaping student preferences, DenizBank participated in a number of university events in 2019. In addition these, an Online Virtual Career Fair was held with more than 1,000 online interviews taking place. A popular website for university students (anlatsin.com) shared videos where DenizBank employees speaking about their experience at the Bank which were viewed by students over 200,000 times. Four different internship programs aiming to facilitate the Bank's recruitment of university students provided internship opportunities to more than a thousand university and vocational high school students in total in 2019. As a result of these efforts, according to the results of the Universum youth perception survey, the Bank was ranked among the top 50 preferred employers by students.

Once again, the Smart Recruitment strategy focused on digitalization and recruitment analytics in recruitment processes at the Bank this year. The competency inventory which is conducted for inexperienced candidates started to be applied to all of our candidates in 2019.

In 2019, 2,573 people in total were recruited. As the Bank raising new bankers for the sector, 67% of these recruits consist of fresh graduates. In 2019, approximately 20,000 people joined the online exams. Some 50% of the job interviews held with 9,000 people took place on online platforms.

New recruitment also took place this year as it did in the last year under the Data Science Program. A total of 31 data scientists started this program, which marks a first in Turkey and is expected to shed light on the Turkish banking sector, a total of 31 data scientists started the program. Nineteen new recruits - a combination of experienced professionals and new graduates - in addition to 12 existing employees were selected out of 1,500 applicants to attend Deniz Academy Training Program. The On-the-Job Training program was conducted in the first quarter of 2019 in collaboration with İŞKUR and over 70 course participants attended the program organized for various positions in 2019.

The Corporate MBA Program at Bahçeşehir University and Executive MBA Program at Sabancı University and a New Leader Program at DenizBank continued contribute to staff development at our Bank which is committed to training the managers of today and tomorrow within its own organization.

Our in-house communication platform “denizde” application was offered for the use of our employees. With the upgraded denizde application, our employees started sharing content on this platform.

DenizBank Human Resources was granted two different awards in 2019.

The Department was granted the success award at the 11th PERYÖN Value For Human Awards- Digital Transformation and Innovation in Human Resources category where we told our Digital Talent Journey, and the Respect for Humans award as the company providing the fastest responses to the job applications at the highest percentage at the Kariyer.net Respect for Human Awards.

Career Opportunities

All employees receive consultancy services on their career paths in order to contribute to their performance, skills and personal development. All efforts maintain a focus on an awareness related to the new generation leadership style, generational differences and diverse backgrounds. The Bank’s top priorities include providing an environment where employees can engage in self-development. In 2019, a total of 1,437 banking personnel received a promotion. Some 85.5% of manager appointments

during the year were made from among the current staff members. Online assessment tools started to be implemented this year for those employees recommended for promotion during the promotion process.

In line with the importance given to continuous communication with employees, one-on-one and online interviews were held with 2,050 personnel in 2019. All employees are provided with equal horizontal and vertical opportunities are provided for all staff members in line with their career maps. In 2019, 2,900 employees were appointed and changed their positions.

FORA Team Leadership launched in 2014 for employees in the Non-Branch Channels Group (Mobile Sales, Call Center, Telemarketing and Collection). Suitable employees are picked out for the evaluation process in line with the emerging need for team leaders, with successful employees pursuing their career in this role. In 2019, 25 employees at the bank were appointed as team leaders.

Another innovation is the PRUVA, a month-long training and assessment program, in which helps employees are involved in the transition to branch sales roles. Through this process it is aimed that employees will prepare for their new duties by making use of the knowledge, know-how and experience of the journey guidelines determined within the branch. In line with this, 16 successful employees at the Bank were appointed to their new roles.

Training



In 2019, new learning trajectories were designed and aligned with the strategic goals of all business lines, such as Retail, Private, SME, Agriculture, Commercial and Corporate Banking.



**DENİZ ACADEMY
TRAININGS IN 2019**

**10 days
per
employee**

Deniz Academy

Deniz Academy structures the personal and professional development of all DFSG employees in a planned way. The training needs of all staff are analyzed in line with the importance of training to bring about professional improvement. Deniz Academy prepares training maps for field employees according to their level, and structures their development throughout their career with compulsory and elective courses. This approach allows the staff in the field to enjoy a faster moving and more satisfying career path.

Deniz Academy sees rapidly transforming beginners into “sailors” and the training of managers as a mission guiding the corporate culture. The Academy develops training projects spread over a period of time by using different teaching methods to make practical learning more stimulating. Deniz Academy has the capacity to provide training to 1.500 employees at any one time. The Academy organizes seminars, hobby workshops and many other activities in addition to employee training, while also hosting many DFSG events.

In 2019, Deniz Academy helped DFSG to increase and improve its investment in human resources – the Group’s most valuable asset. Throughout the year, Deniz Academy reached out to every employee at DenizBank. The Academy became one of the top institutions in the sector by organizing an average of 10 days of training per employee, with a total of 873 thousand hours in total.

In 2019, new learning trajectories were designed and aligned with the strategic goals of all business lines, such as Retail, Private, SME, Agriculture, Commercial and Corporate Banking. These designs shifted to

a new journey, where exams are organized to measure the employees’ individual competence, and then new training programs are created in line with the level of their competence. These programs focus on case studies and simulations, ensuring a more intensive learning experience.

“3D - Dalgalı Denizlerin Denizcisi (3D – Sailor on Wavy Seas)” was planned as a full day training event conducted by DenizBank regional sales managers and regional operations department managers. The training was designed to help establish a common way of doing business within the Bank on collection and risk management, deposits and cross-sales. Under the coaching of 55 Deniz Guides (regional sales managers and regional operations department managers), 3D trainings were delivered to a total of 4,800 Sailors in 15 different region in a seven week period. The main aim of this training program is to provide branch personnel with the information they need in parallel with the prevailing economic conditions at that time. Content of the program was enriched by taking comments and recommendations of the Operations, Loans, Allocation, Off-Branch Sales Channels, Legal, Human Resources departments. Following this training, 3D-MIS trainings were given to more than 1,300 Sailors at more than 100 sessions for 11 weeks starting from May 2019. After completion of the training program in 2019, the Sailors’ learning level was assessed via an exam. The 3D initiative, one of the Bank’s most comprehensive training programs, and 3D-MIS trainings, which is a part of the program, garnered several prestigious awards for DenizBank. These awards included Gold in “Best Professional Training,” Silver in “Best Training Development Strategy,” and Bronze in the “Best Workforce Training and Development

Success” category at the Stevie Awards, which was held for the fourth time in 2019. The Stevie Awards is considered one of the most important competitions in the business world.

In the fourth quarter of 2019, DenizBank developed 3G-Future Will Be Bright training in order to communicate the Bank's 2020 strategies and targets to all field teams. The Bank aimed's vision was for SME, agricultural and retail sales managers and regional operational department heads to deliver the training to their teams in their own regions within a single day. The training program is designed to communicate the Bank's 2020 strategies and targets specific to business lines to teams in the field. Content of the program was enriched by taking the comments and recommendations of the Operations, Loans, Allocation, Off-Branch Sales Channels, Legal, Human Resources departments. Exams were administered before and after the training to measure the awareness created by the effort among participants.

The Development Center continued to identify the strengths and any improvable areas in the role of assistant managers during the year. Assistant managers who attended this program furthered their personal development by participation in the Assistant Manager Development Program. The program consists of three modules over six days. It is divided into two separate sub-programs designed for branch managers and departmental managers. The target audience for these programs is the Assistant Managers. Other programs are designed for branch managers and department heads who were promoted internally. The New Captains Club (YKK) program consists of three

modules. This program is designed to help managers improve their banking know-how and managerial skills. It lasts a total of 13 days for branch managers and nine days for department managers.

At the Data Science School established in 2018, 76 data scientists received training in 2019. A workshop was held with experienced data scientists in order to develop and customize the training program that was initiated in 2018. Subsequently, the 2019 training program was established. In the third and fourth quarters of 2019, 56 hours of online training per person was delivered via an online training platform specifically designed for data science instruction. In addition, 240 hours of technical training, leadership training and bank strategies training were provided as classroom instruction. Furthermore, experienced data scientists were assigned as mentors for data scientists recruited in 2019. Each month, seminars and meetings are organized for data scientists to convene and share information.

In addition to classroom training programs, DenizBank added virtual instruction to its alternative learning portfolio. These include practical screen simulations and reinforcement, e-learning, mobile learning and Deniz TV. With this approach, Deniz Academy has implemented a multifaceted training model and provides an average of 69 hours of training per employee. The Academy also extends support via mobile applications before, during and after training. The development follow-up system (Assignment Module) has ensured that people participate in training programs with prior preparation. Additionally, the trainings that are deemed mandatory by the bank and other supervisory boards have been assigned to all employees.

In 2019, DenizBank designed training programs with the “Development Journey” concept and implemented with an intermittent learning method approach. Content was used as short term and extended over a period of time. After reviewing digital content to ensure it is up-to-date and organizing it under eight main categories, the Bank created the Digital Training Catalogue.

The 22nd Captains Meeting in October was held with the concept of “Phygital - Future Together.” Key messages from the meeting were compiled by Deniz Academy for use by all Sailors, leading to the “Captains Training Sailors - Future will Come Together” training program. Messages are communicated to 9,400 employees under the guidance of the captains.

Support Services

SUPPORT SERVICES PROVIDERS	BUSINESS LINE
4A1B EĞİTİM HİZMETLERİ (KOCAELİ SINAY OKULLARI)	OPERATIONAL SERVICES
ACTIVE BİLGİSAYAR HİZ. VE TİC. LTD. ŞTİ.	IT SYSTEMS
AOL MÜCEVHERAT SAN.İC. VE DİS TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
ALTUN DAY.TUK.MAD.İNS.PET. LTD. ŞTİ.	OPERATIONAL SERVICES
ANİ DAYANIKLI TÜRETIM MALLARI TİCARET LTD. ŞTİ.(VESTEL)	OPERATIONAL SERVICES
ARILAR KÜLTÜRCÜLÜK VE TUR. TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
ARAYTO TELEMARİNKASYON HİZMETLERİ A.Ş.	CALL CENTER/MARKETING
AUSTRIA CARD TURKEY KART OPERASYONLARI A.Ş.	OPERATIONAL SERVICES
AVI GAYRİMENKUL YATIRIM DEĞERLEME VE DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES
AVRUPA OKULLARI K12 EĞİTİM TİC. A.Ş.	OPERATIONAL SERVICES
BANTAS NAKİT VE KIYMETLİ MAL TASİMA VE SECURITY HİZMETLERİ A.Ş.	SECURITY
BBS DANIŞMANLIK GAYRİMENKUL VE EĞİTİM A.Ş.	OPERATIONAL SERVICES
BİLGİFEN EĞİTİM ÖĞRETİM YAYINCILIK HİZMETLERİ TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
BİLİN YAZILIM VE BİLİŞİM DANIŞMANLIĞI LTD. ŞTİ.	IT SYSTEMS
BİZNET BİLİŞİM SİSTEMLERİ VE DANIŞMANLIK SANAYİ TİCARET A.Ş.	IT SYSTEMS
BRINK'S SECURITY HİZMETLERİ A.Ş.	SECURITY
CANKURT İS SAĞLIĞI VE GÜVENLİĞİ HİZMETLERİ ORTAK SAĞLIK SECURITY VE TİCARET LTD. ŞTİ.	OPERATIONAL SERVICES
CHANGİR EĞİTİM İŞLETMELERİ VE TEKSİL SAN. TİC. A.Ş.	OPERATIONAL SERVICES
CHANGİR ÖĞRETİM KURUMLARI A.Ş.	OPERATIONAL SERVICES
COLLECTURK ALACAK YÖNETİMİ VE DANIŞMANLIK A.Ş.	CALL CENTER/COLLECTION MANAGEMENT
COLLECTURK ALACAK YÖNETİMİ VE DANIŞMANLIK A.Ş.	CALL CENTER/COLLECTION MANAGEMENT AND MARKETING
CPİ SİGORTA ARACILIK HİZMETLERİ A.Ş.	CALL CENTER/MARKETING
D FAST DAĞITIM HİZMETLERİ VE LOJİSTİK ANONİM ŞİRKETİ (HEPSİEXPRESS)	OPERATIONAL SERVICES
DİBA EĞİTİM HİZMETLERİ A.Ş.	OPERATIONAL SERVICES
DİGİTAL ÖDEME BİLİŞİM HİZMETLERİ A.Ş.	OPERATIONAL SERVICES
DİRENÇ DEMİR VE İNŞAAT MALZEMELERİ TİC. VE SAN. A.Ş.	OPERATIONAL SERVICES
E-KART ELEKTRONİK KART SİSTEMLERİ SAN. VE TİC. A.Ş.	OPERATIONAL SERVICES
EKOL GRUP KORUMA SECURITY EĞİTİM HİZMETLERİ LTD. ŞTİ.	SECURITY
ELBA HR İNSAN KAYNAKLARI EĞİTİM VE DANIŞ. A.Ş.	IT SYSTEMS
ENİS ALAĞÖZ EĞİTİM HİZMETLERİ VE TİC. A.Ş.	MARKETING
ETİSAN PROJE BİLGİ VE YAZILIM TEKNOLOJİLERİ SAN. TİC. A.Ş.	OPERATIONAL SERVICES
ETTS ELEKTRONİK TİC. TAH. SİS. SAN. VE TİC. LTD. ŞTİ.	MARKETING
FEN EĞİTİM KURUMLARI A.Ş.	OPERATIONAL SERVICES
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİC. A.Ş.	IT SYSTEMS
FLORYA ÖZEL EĞİTİM ÖĞRETİM	OPERATIONAL SERVICES
FU GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES
GLOBAL BİLGİ MARKETING DANIŞMA VE CAGRI SERVİSİ HİZMETLERİ A.Ş.	CALL CENTER/COLLECTION MANAGEMENT AND MARKETING
GNY TANITIM İLETİŞİM HİZMETLERİ VE DİS TİC. A.Ş.	OPERATIONAL SERVICES
GÖKBERK EĞİTİM VE DANIŞMANLIK HİZMETLERİ A.Ş.	OPERATIONAL SERVICES
HASAS İNŞAAT EĞİTİM SAĞ. GİD (MEFUKU KOLEJİ)	OPERATIONAL SERVICES
HEKİMKER ÖZEL EĞİTİM LTD. ŞTİ.	OPERATIONAL SERVICES
HİLAL İNS. TURİZM SAN. VE TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
HOBİM DİGİTAL ELEKTRONİK HİZMETLERİ A.Ş.	OPERATIONAL SERVICES
HUGİN YAZILIM TEKNOLOJİLERİ A.Ş.	IT SYSTEMS / OPERATIONAL SERVICES
İNCEOĞLU DAY TUK MAL (VESTELBREGAL)	OPERATIONAL SERVICES
İNGENİCO ÖDEME SİS. ÇÖZÜMLERİ A.Ş.	IT SYSTEMS / OPERATIONAL SERVICES
INTERTECH BİLGİ İŞLEM VE MARKETING TİCARET A.Ş.	IT SYSTEMS
IRON MOUNTAIN ARŞİVLEME HİZMETLERİ A.Ş.	ARCHIVE
İRFİNA YAZILIM A.Ş.	IT SYSTEMS
POTİKA GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.	OPERATIONAL SERVICES
İSTANBUL ALTIN RAFİNERİSİ A.Ş.	OPERATIONAL SERVICES
İSTANBUL VADİ EĞİTİM ÖĞRETİM YAYINCILIK HİZMETLERİ TİC. VE LTD. ŞTİ.	OPERATIONAL SERVICES
İSTİNYE OKULLARI EĞİTİM HİZMETLERİ A.Ş.	OPERATIONAL SERVICES
KAGİTHANE UĞUR DERŞHANEŞİ İZZET SAKIN	OPERATIONAL SERVICES
KARBİL YAZILIM VE BİLİŞİM TEKN. TİC. A.Ş.	IT SYSTEMS / OPERATIONAL SERVICES
KARŞIYAKA UĞUR OKULLARI EĞİTİM İNŞ. GIDA TUR. SAN. VE TİC. A.Ş.	OPERATIONAL SERVICES
KERONA ELEKTRİK ELEKTRONİK İLETİŞİM SİSTEMLERİ DİS. TİC. LTD. ŞTİ.	SECURITY
KEŞAN BAHEÇEŞİR EĞİTİM KURUMLARI TİC LTD.ŞTİ.	OPERATIONAL SERVICES
KOKULU MÜCEVHER SANAYİ VE TİCARET ANONİM ŞİRKETİ	OPERATIONAL SERVICES
KONTİDES BİLGİ TEKNOLOJİLERİ TİC. A.Ş.	OPERATIONAL SERVICES
KURYE-NET MOTORLU KURYECİLİK VE DAĞITIM HİZMETLERİ A.Ş.	OPERATIONAL SERVICES
KVK KURUMSAL SATIŞ VE MARKETING A.Ş.	OPERATIONAL SERVICES
KVK TEKNİK SERVİS HİZ. TİC. A.Ş.	OPERATIONAL SERVICES
LOOMIS SECURITY HİZMETLERİ A.Ş.	SECURITY
MEDİAMARKT	OPERATIONAL SERVICES
MEK MODERN EĞİTİM KURUMLARI ANONİM ŞİRKETİ	OPERATIONAL SERVICES
MİTİS BİLGİSAYAR SİSTEMLERİ SANAYİ VE TİCARET A.Ş. (TELEPERFORMANCE)	CALL CENTER/MARKETING
MİNG KARGO YÜRTÜCİ VE YÜRTÜŞİ TASIMACILIK A.Ş.	OPERATIONAL SERVICES
MODEL KUYUMCULUK SAN. VE TİC. A.Ş.	OPERATIONAL SERVICES
MOR ÖZEL EĞİTİM ÖĞRETİM HİZMETLERİ TİCARET LİMİTED ŞİRKETİ	OPERATIONAL SERVICES
MT BİLGİ TEKNOLOJİLERİ VE DİS TİC. A.Ş.	IT SYSTEMS / OPERATIONAL SERVICES
MTM HOLOGRAFI SECURITY'LY BASIM VE BİLİŞİM TEKNOLOJİLERİ SAN. VE TİC. A.Ş.	OPERATIONAL SERVICES
ODG İS ÇÖZÜMLERİ DANIŞMANLIK TİC. A.Ş.	IT SYSTEMS
ÖĞÜZKAAN EĞİTİM HİZMETLERİ VE TİC. A.Ş.	OPERATIONAL SERVICES
OKYANUS EĞİTİM KURUMLARI A.Ş.	OPERATIONAL SERVICES
OK MÜCEVHERAT SANAYİ VE DİS TİCARET LTD.ŞTİ.	OPERATIONAL SERVICES
ÖZEL ADAPAZARI FİNAL DERGİSİ DERŞHANEŞİ EĞİTİM VE YAYINCILIK LTD. ŞTİ.	OPERATIONAL SERVICES
ÖZEL AKADEMİ ANAKULU İŞLETMECİLİĞİ LTD. ŞTİ.	OPERATIONAL SERVICES
ÖZEL EKSEN EĞİTİM HİZMETLERİ KURTASİYE TASIMACILIK TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
ÖZEL MUTLU EĞİTİM KURUMLARI TİC.LTD.ŞTİ (TUZLA UĞUR OKULLARI)	OPERATIONAL SERVICES
ÖZEL ÖZİLGİ UĞUR EĞİTİM HİZMETLERİ LİMİTED ŞİRKETİ-BURHANİYE	OPERATIONAL SERVICES
ÖZEL ÖZİLGİ UĞUR EĞİTİM HİZMETLERİ LİMİTED ŞİRKETİ-EDİRNE	OPERATIONAL SERVICES
ÖZSÖZ DAYANIKLI TUK. MAL. SAN. TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
PLASTİK KART AKILLI KART İLETİŞİM SİS. SAN. TİC. A.Ş.	OPERATIONAL SERVICES
POSTA VE TELGRAF TEŞKİLATI A.Ş.	OPERATIONAL SERVICES
R2 SERVİS ELEKTRİK ELEKTRONİK VE BİLGİSAYAR TEKNOLOJİLERİ SAN. VE TİC. A.Ş.	IT SYSTEMS / OPERATIONAL SERVICES
REISSWOLF DOKUMAN YÖNETİM HİZMETLERİ ANONİM ŞİRKETİ	ARCHIVE
RETRO BİLİŞİM HİZMETLERİ SANAYİ VE DİS TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
SARRAF BASAK YATIM ÜRN. OTOM. MÜTEAHHİTLİK İNS. HAYV. SAN. TİC. A.Ş.	OPERATIONAL SERVICES
SATPA İLETİŞİM HİZMETLERİ MARKETING TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
SİSTAŞ SAYISAL İLETİŞİM SAN. VE TİC. A.Ş.	CALL CENTER / IT SYSTEMS
SİSTEM KURYE HİZMETLERİ TASIMACILIK TİC. LTD. ŞTİ.	OPERATIONAL SERVICES
SUPERPHONE İLETİŞİM HİZMETLERİ A.Ş.	IT SYSTEMS
SİYK EĞİTİM HİZMETLERİ VE TİC. A.Ş.	OPERATIONAL SERVICES

DenizBank Corporate Governance 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 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 separated. The Internal Audit and Risk Department, Internal Control Center and Compliance Department, and Risk Management Group perform these respective activities under the supervision of a Member of the Board of Directors, who is also a member of the Audit Committee. 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 Center and Compliance Department

Reporting directly to the Board of Directors and Audit and Risk Committee, the Internal Control Center and Compliance Department is charged with making sure that the Group's activities are conducted efficiently and productively in compliance with national laws and in-house regulations. The Department is also responsible for reducing operational and other risks; and ensuring the reliability and integration 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 employees at the Head Office and/or at 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 foreign subsidiaries and foreign branches regarding internal control and compliance and routine report flow.

The Internal Control Center and Compliance Department has two SVPs who report to the Head of the Department, and 89 staff members across nine units as of end-2019, pursuant to national laws, rules, regulations, communiqués, as well as in-house bylaws. Once every three months, the Audit and Risk Committee is informed about the activities, agenda and organization of the Internal Control Center and Compliance Department.

Internal Control Activities

The Financial and Official Reporting Control Department conducts the analysis of activities that have an impact on the Bank's balance-sheet and profits/losses, pursuant to 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. The Branches Internal Control Department controls the compliance of transactions with applicable laws, procedures and in-house regulations via both branch visits and controls from the center. The Department also searches for 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 Center and Compliance Department. In addition, the Department performs administrative and organizational duties, manages the Bank's support services processes and assists the Consumer Affairs Coordinating 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 conducted by examining ACL and SQL scenario results transcribed by the Department. Deficiencies determined as a result of the controls are shared with relevant branches. Findings with suspicion of abuse are shared with the Internal Audit-Investigations Department.

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

The Control Assessment and IT Control Department 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 harmony 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 2019, the Compliance Group fulfilled its duties via the following departments:

- Corporate Compliance Department,
- 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 classroom, e-learning and Deniz TV seminars among Bank personnel on the Prevention of Laundering Proceeds of Crime and Financing of Terrorism. Annual training plans are drawn up and followed up, and visits are made to branches and regions. 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 also actively informs and trains Bank personnel. In 2019, the Internal Audit Department staff administered 580 hours of training to 2,508 employees. As of the end of 2019, Internal Audit Department operates with 112 staff members. The Internal Audit Department performs its functions under the following five organizational categories;

1. Audits of Head Office Processes and Subsidiaries

The Department audits the processes of Head Office units, and the processes and activities of domestic and foreign subsidiaries in accordance with applicable laws, rules and regulations. In addition, the Department monitors its findings in line with an action plan, and analyzes relevant processes. Fifty such audits were performed in 2019.

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 2019, 360 branches and two regional offices were audited in accordance with the audit plan.

3. Investigations and Inquiries

The Department makes investigations and inquiries in accordance with Internal Audit regulations, prospectus, the Bank's internal rules and legal requirements; prepares reports; and monitors the cases. Additionally, the Department provides training for employees in the early detection and prevention of misconduct. In 2019, 1,612 Bank employees received 280 hours of training in this area.

4. Audit of Information Systems Processes

The Department conducts audits to ensure that DFSG's IT systems processes are structured to support the Bank's policies, and are managed in compliance with applicable laws and regulations. Sixteen such audits were performed in 2019.

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.

Internal Audit, Internal Control, Compliance and Risk Management Systems

Risk Management Group

The Risk Management Group carries out comprehensive risk management efforts which play a critical role in the formulation of DenizBank's operational strategies. The Group is responsible for creating, auditing and reporting necessary policies and procedures to identify, measure, analyze and monitor risks, which are primarily real, or potential risks including the risk/return ratio of cash flows. These policies and procedures follow the principles set by the Bank's executive management and 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 Center and Compliance Department, and the Internal Audit Department regarding both policies and practices.

- The Risk Management Group periodically reports risk analyses to the Audit 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 Loan Allocation Group, Credit Follow-Up and Risk Monitoring Group, Risk Management, Credit Committee, and Executive Credit Risk Committee.

- While each business unit is responsible for managing its own operational risk, the Risk Management Group sets policies and monitors and reports activities in coordination with the Internal Control Center and Compliance Department, and the Internal Audit Department. Assessments are performed by the Risk Committee and the Audit 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 Banking Audit and Risk Committee 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 the phased risk limit list, the action plans to be pursued specifically for each phase when limits are 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 legal 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 Internal Capital Assessment Process Report is prepared by Bank management in coordination with other departments. 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 are participated. The validation, control and reporting processes of the internal credit levels 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 liquidity and reserve opportunities 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 were put down in writing. Scenario assumptions and measures in relation to liquidity stress testing are reviewed at least once a year. The analyses are repeated monthly on the basis of the scenarios adopted.

Operational Risk

All events that bear operational risk for the Bank and its subsidiaries and the causes, effects of these event are recorded. Measures are taken to prevent their repeat occurrence. Events that are frequent or significant are discussed by the Internal Control Center, the Internal Audit Department and the relevant department. Corrective/preventive measures are put into practice. Potential operational risk is assessed by the Risk and Control Self-Assessment. The adequacy of current measures is reviewed during this study. New measures are implemented when deemed necessary. Additionally, coordination of the Business Continuity Program is kept up to date. Testing of the BCP is undertaken periodically to ensure its effectiveness.

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 discrepancy of the Bank to the net present value is measured with interest sensitivity analysis and the results are reported to be used in decision 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 Bank's regulation on Internal Systems and Internal Capital Adequacy Evaluation Process. 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 primary assessment for the Board of Directors to choose independent audit agencies and rating, valuation and support service providers,
- Regularly monitoring the activities of the abovementioned agencies and service providers chosen and contracted by the Board of Directors,
- Ensuring coordination, and making sure the internal audit activities of the partners 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 İSEDES (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 2019 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 2018 year-end, and the first, second and third quarters of 2019 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 2019 activities of the groups that report to the Audit and Risk Committee were as follows below.

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 2019, the Internal Audit Department also successfully audited the financial and IT systems of the Bank's entire domestic and overseas business lines and subsidiaries, both from the Head Office and on-site.

Operating with a 112 strong workforce, DenizBank's Internal Audit Department fulfills its responsibilities in an impartial and independent manner, and reports its findings to the Audit Committee. Aiming to establish a proactive audit structure, the Internal Audit Department runs its audit operations largely based on the results of risk assessments. The Department completed all activities listed in the 2019 Annual Audit Plan as scheduled. In addition to such pre-planned audit activities, in 2019 the Department also carried out investigations and inquiries, participated in various projects and provided a range of consultancy services requested by the Bank's executive management, when deemed necessary.

Internal Control Center and Compliance Department

Reporting directly to the Audit and Risk Committee, the Internal Control Center and Compliance Department carried out its 2019 activities with a staff of 89 employees. The Internal Control Center 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. Classroom and web-based 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.

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 set jointly by the Bank's executive management and the Risk Management Group, and approved by the Board of Directors.

The Risk Management Group had 21 employees as of December 31, 2019.

The Risk Management Group's Market and Interest Rate Risk Department measures market risk, interest risk and liquidity risk continually upgrades the analyses and methods utilized, oversees compliance with risk tolerance as defined by the Board of Directors, and reports to the relevant units, 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, best practices, and the Bank's own requirements. Each year, the Board of Directors reviews the risk limits determined for the risk types in question.

The Credit Risk Control and Risk Models Validation Department is responsible for ensuring compliance of the Bank with legal and regulatory requirements related to credit risk. The Department's area of responsibility also covers use of credit risk models, risk assessment, reporting and design of related processes. The Department executes controls on credit rating processes that specifically evaluate interference with the credit rating. A team within the Department is responsible for validation of risk models. The validation activity aims to reduce model risk and ensure that risk models are determined when faults and deficiencies occur. The Department coordinates DenizBank's internal capital assessment and stress test processes.

The Department coordinates the Bank's compliance with relevant legal regulations on credit risk and capital requirements as well as the reporting process. The Department also controls the Bank's internal credit risk models and validates all risk models. The Department coordinates the processes related to the calculations on internal capital assessment and stress tests in conjunction with the Bank's strategic plan.

The Operational Risk Department coordinates the business continuity plan developed against any business interruption risk of the Bank. Business continuity plans are regularly updated, tested and preventive measures are taken as needed. Certain regulations and policies are developed at DenizBank in accordance with the Group standards: operational risk policy, internal regulation on data loss recovery, scenario analysis and self-assessment regulations. The Bank's Business Continuity Program is coordinated to cover potentially significant operational risks.

Independent Auditor Report on the Annual Report



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INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Denizbank A.Ş.

1) Opinion

We have audited the annual report of Denizbank A.Ş. (the "Bank") and its subsidiaries (collectively referred as the "Group") for the period of 1 January 2019 – 31 December 2019.

In our opinion, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 published by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with 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) Our Auditor's Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We have expressed an unqualified opinion in our auditor's reports dated 20 February 2020 on the full set consolidated and unconsolidated financial statements of the Group and the Bank for the period of 1 January 2019 – 31 December 2019.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and commune on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks', the management of the Group is responsible for the following items:

a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.

b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.



c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation, and representation expenses, financial aids and aids in kind, insurances and similar deposits.
- Other matters prescribed in the communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1,2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communique on 'Principles and procedures set out by the regulations on preparation and issuance of the annual reports of Banks' published in official gazette no.26333 dated November 1, 2006 , "Regulation on Accounting Applications for Banks Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA"), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards ("TFRS") for the matters which are not regulated by these regulations, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated and unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated and unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Yaşar Bivas.

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



3 March 2020
İstanbul, Türkiye

Five-Year Summary Financial Highlights

Summary Consolidated Financial Highlights (TL million)

Balance Sheet	2019	2018	2017	2016	2015
Securities ⁽¹⁾	21,455	14,667	12,464	12,760	13,381
Net Loans ⁽²⁾	142,786	138,732	114,829	95,023	77,705
Cash and Cash Equivalents	43,639	34,760	25,730	18,588	15,634
Total Assets	217,314	197,311	160,423	135,554	112,886
Customer Deposits ⁽³⁾	154,459	137,264	107,429	90,621	71,204
Time	118,622	107,075	84,539	71,734	56,949
Demand	35,837	30,188	22,890	18,887	14,255
Borrowings ⁽⁴⁾	15,187	16,362	14,680	11,259	11,257
Securities Issued ⁽⁴⁾	4,215	3,988	3,673	3,491	3,086
Sub-ordinated Loans	7,037	6,274	5,262	5,484	4,846
Shareholders' Equity	17,749	15,505	12,853	10,590	8,294
Paid-in Capital	3,316	3,316	3,316	3,316	1,816
Non-cash Loans	34,473	33,678	28,371	28,782	24,444
Income Statement	2019	2018	2017	2016	2015
Interest Income	20,042	17,877	12,824	10,087	8,387
Interest Expense	-11,648	-10,842	-6,543	-4,985	-4,311
Net Interest Income after Provisions	2,334	4,136	4,337	3,299	2,715
Non-interest Income	5,086	3,172	1,885	1,865	1,439
Non-interest Expense	-5,705	-4,609	-3,730	-3,339	-3,013
Tax Expense	-407	-495	-590	-425	-283
Net Income	1,308	2,204	1,902	1,401	859
Other Highlights	2019	2018	2017	2016	2015
Number of Branches ⁽⁵⁾	751	754	740	737	735
Number of Employees	14,343	13,822	14,136	14,832	14,853
Number of ATMs	3,029	2,917	3,055	2,660	2,271
Number of POS Terminals	132,860	126,063	171,117	200,756	200,020
Number of Credit Cards	4,865,643	4,431,557	3,999,068	3,572,969	3,284,266

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 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 amortized 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	2019	2018	2017	2016	2015
Securities ⁽¹⁾	17,812	14,201	11,999	11,561	11,790
Net Loans ⁽²⁾	96,955	86,852	76,105	61,820	51,349
Cash and Cash Equivalents	21,326	18,085	25,721	18,579	15,630
Total Assets	156,478	137,658	121,048	103,159	84,221
Customer Deposits ⁽³⁾	97,328	81,271	69,163	59,525	45,117
Time	77,061	66,237	56,661	47,716	36,751
Demand	20,268	15,034	12,502	11,809	8,366
Borrowings	14,367	15,213	13,884	10,751	10,699
Securities Issued	2,461	1,792	1,465	1,153	1,259
Sub-ordinated Loans	7,037	6,274	5,262	5,484	4,846
Shareholders' Equity	17,720	15,445	12,813	10,562	8,269
Paid-in Capital	3,316	3,316	3,316	3,316	1,816
Non-cash Loans	34,156	32,296	27,778	28,522	24,275
Income Statements	2019	2018	2017	2016	2015
Interest Income	16,868	14,657	10,592	8,338	6,805
Interest Expense	-10,415	-9,659	-5,733	-4,285	-3,651
Net Interest Income after Provisions	1,004	2,181	2,972	2,308	1,936
Non-interest Income	4,749	2,754	1,646	1,640	1,122
Non-interest Expense	-5,064	-4,084	-3,343	-3,000	-2,715
Profit from Investments accounted under equity method	789	1,440	952	699	528
Tax Expense	-141	-109	-347	-238	-109
Net Income	1,336	2,183	1,880	1,409	763
Other Highlights	2019	2018	2017	2016	2015
Number of Branches	708	711	697	694	692
Number of Employees	12,279	11,786	12,257	12,938	12,923
Number of ATMs	3,029	2,917	3,055	2,660	2,271
Number of POS Terminals	132,860	126,063	171,117	200,756	200,020
Number of Credit Cards	4,865,643	4,431,557	3,999,068	3,572,969	3,284,266

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 amortized 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

	Consolidated			Unconsolidated		
Shareholders' Equity and Capital Adequacy (TL millions)	2019	2018	2017	2019	2018	2017
Capital Adequacy Ratio (%)	14.33	14.93	15.30	17.69	19.49	19.50
Shareholders' Equity	17,749	15,505	12,853	17,720	15,445	12,813
Return on Average Equity (%)	7.9	15.5	16.2	8.1	15.4	16.1
Non-performing Loans/ Total Cash Loans Ratio (%)	7.5	4.6	3.4	10.4	6.4	4.6

Capital Market Instruments Issued by DFSG

DenizBank					
ISIN	Type	Amount-TL	Maturity	Issue Date	Maturity Date
TRFDZBK31967	Bill	131,000,000.00	56	11.01.2019	8.03.2019
TRFDZBK51940	Bill	183,000,000.00	119	11.01.2019	10.05.2019
TRFDZBK41933	Bill	140,000,000.00	91	25.01.2019	26.04.2019
TRFDZBK71914	Bill	10,000,000.00	168	25.01.2019	12.07.2019
TRFDZBK41941	Bill	28,000,000.00	88	28.01.2019	26.04.2019
TRFDZBK51957	Bill	166,000,000.00	98	1.02.2019	10.05.2019
TRFDZBK51965	Bill	65,000,000.00	86	13.02.2019	10.05.2019
TRFDZBK51973	Bill	85,000,000.00	85	14.02.2019	10.05.2019
TRFDZBK51981	Bill	90,000,000.00	91	1.03.2019	31.05.2019
TRFDZBK51999	Bill	371,452,698.00	84	8.03.2019	31.05.2019
TRFDZBK61923	Bill	295,000,000.00	96	8.03.2019	12.06.2019
TRFDZBK519A4	Bill	150,000,000.00	77	15.03.2019	31.05.2019
TRFDZBK61931	Bill	145,000,000.00	89	15.03.2019	12.06.2019
TRFDZBK51982	Bill	232,000,000.00	63	22.03.2019	24.05.2019
TRFDZBK71922	Bill	355,000,000.00	112	22.03.2019	12.07.2019
TRFDZBK61949	Bill	30,000,000.00	79	25.03.2019	12.06.2019
TRFDZBK71930	Bill	75,000,000.00	98	5.04.2019	12.07.2019
TRFDZBK71948	Bill	390,000,000.00	99	11.04.2019	19.07.2019
TRFDZBK61956	Bill	490,000,000.00	61	12.04.2019	12.06.2019
TRFDZBK71955	Bill	105,000,000.00	84	26.04.2019	19.07.2019
TRFDZBK71963	Bill	158,000,000.00	70	10.05.2019	19.07.2019
TRFDZBK81913	Bill	72,000,000.00	91	10.05.2019	9.08.2019
TRFDZBK61964	Bill	61,000,000.00	45	13.05.2019	27.06.2019
TRFDZBK81921	Bill	77,000,000.00	95	13.05.2019	16.08.2019
TRFDZBK71971	Bill	85,000,000.00	63	17.05.2019	19.07.2019
TRFDZBK81939	Bill	197,000,000.00	75	24.05.2019	7.08.2019
TRFDZBK71989	Bill	30,000,000.00	46	27.05.2019	12.07.2019
TRFDZBK81947	Bill	293,000,000.00	68	31.05.2019	7.08.2019
TRFDZBK81954	Bill	145,000,000.00	90	31.05.2019	29.08.2019
TRFDZBK91912	Bill	200,000,000.00	119	31.05.2019	27.09.2019
TRFDZBK81962	Bill	575,000,000.00	56	12.06.2019	7.08.2019
TRFDZBK81970	Bill	515,000,000.00	78	12.06.2019	29.08.2019
TRFDZBK91920	Bill	100,000,000.00	107	12.06.2019	27.09.2019
TRFDZBK91938	Bill	131,000,000.00	84	14.06.2019	6.09.2019
TRFDZBK91946	Bill	69,000,000.00	81	17.06.2019	6.09.2019
TRFDZBK91953	Bill	77,000,000.00	77	21.06.2019	6.09.2019
TRFDZBK81988	Bill	46,000,000.00	41	27.06.2019	7.08.2019
TRFDZBK91961	Bill	93,000,000.00	70	28.06.2019	6.09.2019
TRFDZBK91979	Bill	68,000,000.00	87	2.07.2019	27.09.2019
TRFDZBK91987	Bill	212,000,000.00	63	5.07.2019	6.09.2019
TRFDZBK91995	Bill	138,000,000.00	59	9.07.2019	6.09.2019
TRFDZBK919A6	Bill	450,000,000.00	68	12.07.2019	18.09.2019
TRFDZBK91984	Bill	645,000,000.00	54	19.07.2019	11.09.2019
TRFDZBK919C2	Bill	42,000,000.00	58	31.07.2019	27.09.2019
TRFDZBK919D0	Bill	520,000,000.00	56	2.08.2019	27.09.2019
TRFDZBKE1917	Bill	400,000,000.00	56	7.08.2019	2.10.2019
TRFDZBKE1925	Bill	166,000,000.00	56	9.08.2019	4.10.2019
TRFDZBKE1933	Bill	76,000,000.00	63	16.08.2019	18.10.2019
TRFDZBKE1941	Bill	125,000,000.00	56	23.08.2019	18.10.2019
TRFDZBKE1958	Bill	220,000,000.00	57	29.08.2019	25.10.2019
TRFDZBK32015	TLREF-based floating rate bill	500,000,000.00	182	4.09.2019	4.03.2020
TRFDZBKK1919	Bill	565,000,000.00	77	6.09.2019	22.11.2019
TRFDZBKA1911	Bill	380,000,000.00	93	11.09.2019	13.12.2019
TRFDZBK32023	TLREF-based floating rate bill	170,000,000.00	182	11.09.2019	11.03.2020
TRFDZBKK1927	Bill	440,000,000.00	65	18.09.2019	22.11.2019
TRFDZBKA1929	Bill	40,000,000.00	86	18.09.2019	13.12.2019
TRFDZBKA1937	Bill	226,000,000.00	92	24.09.2019	25.12.2019
TRFDZBKK1935	Bill	365,000,000.00	63	27.09.2019	29.11.2019
TRFDZBK12017	Bill	95,000,000.00	98	27.09.2019	3.01.2020
TRFDZBKA1945	Bill	505,000,000.00	72	2.10.2019	13.12.2019
TRFDZBKA1952	Bill	76,000,000.00	82	4.10.2019	25.12.2019
TRFDZBKA1960	Bill	140,000,000.00	77	9.10.2019	25.12.2019
TRFDZBKK1943	Bill	53,000,000.00	50	10.10.2019	29.11.2019
TRFDZBKA1978	Bill	96,000,000.00	70	16.10.2019	25.12.2019
TRFDZBK12025	Bill	81,000,000.00	91	18.10.2019	17.01.2020
TRFDZBK12033	Bill	360,000,000.00	84	25.10.2019	17.01.2020
TRFDZBK12041	Bill	40,000,000.00	63	1.11.2019	3.01.2020
TRFDZBK12058	Bill	450,000,000.00	63	22.11.2019	24.01.2020
TRFDZBK12066	Bill	150,000,000.00	70	22.11.2019	31.01.2020
TRFDZBK12074	Bill	270,000,000.00	63	29.11.2019	31.01.2020
TRFDZBK12082	Bill	50,000,000.00	56	6.12.2019	31.01.2020
TRFDZBK22016	Bill	190,000,000.00	60	16.12.2019	14.02.2020
TRFDZBK32031	Bill	115,000,000.00	93	25.12.2019	27.03.2020
TOTAL TL-Bill		14,879,452,698.00			

Capital Market Instruments Issued by DFSG

DenizLeasing

ISIN	Type	Amount-TL	Maturity	Issue Date	Maturity Date
TRFDNFK41930	Bill	235,000,000.00	91	18.01.2019	19.04.2019
TRFDNFK71929	Bill	195,000,000.00	168	18.01.2019	5.07.2019
TRFDNFK61912	Bill	95,000,000.00	126	22.02.2019	28.06.2019
TRFDNFK61920	Bill	340,000,000.00	91	29.03.2019	28.06.2019
TRFDNFK71937	Bill	325,000,000.00	91	5.04.2019	5.07.2019
TRFDNFK81910	Bill	346,000,000.00	105	19.04.2019	2.08.2019
TRFDNFK81928	Bill	42,000,000.00	92	2.05.2019	2.08.2019
TRFDNFK91919	Bill	350,000,000.00	77	28.06.2019	13.09.2019
TRFDNFK91927	Bill	405,000,000.00	70	5.07.2019	13.09.2019
TRFDNFK1917	Bill	160,000,000.00	98	5.07.2019	11.10.2019
TRFDNFK1911	Bill	275,000,000.00	95	16.09.2019	20.12.2019
TRFDNFK12014	TLREF-based floating rate bill	250,000,000.00	116	16.09.2019	10.01.2020
TRFDNFK12022	Bill	230,000,000.00	91	11.10.2019	10.01.2020
TRFDNFK32012	Bill	400,000,000.00	91	20.12.2019	20.03.2020
TOTAL TL-Bill		3,648,000,000.00			

DenizFactoring

ISIN	Type	Amount-TL	Maturity	Issue Date	Maturity Date
TRFDZFK51925	Bill	100,000,000.00	119	4.01.2019	3.05.2019
TRFDZFK61916	Bill	63,000,000.00	140	1.02.2019	21.06.2019
TRFDZFK71915	Bill	113,500,000.00	105	12.04.2019	26.07.2019
TRFDZFK71923	Bill	135,000,000.00	84	3.05.2019	26.07.2019
TRFDZFK91913	Bill	78,500,000.00	91	21.06.2019	20.09.2019
TRFDZFK91921	Bill	250,000,000.00	57	30.07.2019	25.09.2019
TRFDZFK1917	Bill	138,000,000.00	93	25.09.2019	27.12.2019
TOTAL TL-Bill		878,000,000.00			

Deniz GYO

ISIN	Type	Amount-TL	Maturity	Issue Date	Maturity Date
TRFDZYO61919	Bill	150,000,000.00	126	8.02.2019	14.06.2019
TRFDZYO81917	Bill	101,000,000.00	105	26.04.2019	9.08.2019
TRFDZYO1916	Bill	161,150,000.00	112	14.06.2019	4.10.2019
TRFDZYO1918	Bill	110,000,000.00	91	9.08.2019	8.11.2019
TRFDZYO1910	Bill	175,000,000.00	73	4.10.2019	16.12.2019
TRFDZYO22010	Bill	145,000,000.00	91	8.11.2019	7.02.2020
TRFDZYO32019	Bill	173,000,000.00	88	16.12.2019	13.03.2020
TOTAL TL-Bill		1,015,150,000.00			

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 18.06.2019

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 01.11.2019

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

DENİZBANK ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT, UNCONSOLIDATED
FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED
31 DECEMBER 2019

I. Independent Auditor's Report

II. Publicly Disclosed Unconsolidated Financial Report



Güney Bağımsız Denetim ve SMMM A.Ş.
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Convenience Translation of the Auditor's Report Originally Issued in Turkish (See Note 1 in Section Three)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Denizbank Anonim Şirketi:

A) Audit of Unconsolidated Financial Statements

1) Opinion

We have audited the accompanying unconsolidated financial statements of Denizbank A.Ş. (the "Bank") which comprise the statement of financial position as at December 31, 2019, and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, 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 and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Denizbank A.Ş. as at December 31, 2019 and unconsolidated financial performance and unconsolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2) Basis for Opinion

Our audit was conducted in accordance with "Regulation on Independent Audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued 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 of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with 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 judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit 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.



Key Audit Matter	How the Key Audit Matter is addressed in our audit
<i>Financial impact of TFRS 9 "Financial Instruments" standard and recognition of impairment on financial assets and related important disclosures</i>	
As disclosed in footnote VIII of Section 3; the Bank measured expected credit losses for financial assets by TFRS 9 "Financial Instruments Standards" in financial statements. The rationale reasons for selecting TFRS 9 impairment of financial assets as key audit matter are as follows; - Financial assets within balance-sheet and off-balance-sheet these are subject to TFRS 9 expected credit losses measurement have significant impact over financial statements - The applications TFRS 9 are complex and comprehensive - The classification of financial instruments based on the Bank's business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows - The Bank determines the fair value of financial assets presented at fair value with respect to their relevant business model category and determines the financial inputs that are not observable in the fair value measurement as Level 3 due to the existence of significant estimates and assumptions - Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses - The complexity and intensity of the control environment in the processes designed or reorganized for TFRS 9 - Estimations and assumptions used in expected credit losses are new, important and complex. - Complex and comprehensive disclosure requirements of TFRS 9.	Our audit procedures in addition to our current audit procedures: - Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Bank's past performance, and local and global practices - Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Information Systems and Process Audit specialists - Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices - Testing criteria used for determining the contractual cash flows including interest payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Bank's business model - Analysis of the Bank's financial instruments classification and measurement models (financial instruments identified as fair value hierarchy level 3) and comparison with the requirements of the TFRS 9 standard - Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Bank's historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis - Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses - Detailed testing of mathematical verification of expected credit losses' calculation on a sample basis - Evaluation of the assumptions and estimations used for the individually assessed financial assets based on expert judgment - Evaluating the necessity and accuracy of the updates made or required updates after the modeling process - Auditing of disclosures related to TFRS 9.



<i>Derivative Financial Instruments</i>	
Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in Section Five Note I.b.4. and Note II.b. Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.	Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the Bank management, fair value calculations of the selected derivative financial instruments which is carried out by valuation experts of another entity who are in the same audit network within our firm and the assessment of used estimations and the judgements and testing the assessment of operating effectiveness of the key controls in the process of fair value determination.

4) Responsibilities of Management and Directors for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's and its subsidiaries 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 and its subsidiaries 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.

5) Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

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 BRSA Independent Audit Regulation and ISAs 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 BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism 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 and its subsidiaries' 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 and its subsidiaries' 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 and its subsidiaries' 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 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 government 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) Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2019 are not in compliance with the TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Yaşar Bivas.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited



20 February 2020

İstanbul, Türkiye

DENİZBANK A.Ş.
UNCONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2019

Address of the Bank's Headquarters
Büyükdere Caddesi No:141
34394 -ESENTEPE/İSTANBUL

Telephone and Fax Numbers
Tel : 0.212.348 20 00
Fax: 0.212.336 61 86

Website of the Bank
www.denizbank.com

E-mail address of the Bank
yatirimciliskileri@denizbank.com

The unconsolidated financial report package prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

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

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

20 February 2020



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



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



NİHAT SEVİNÇ
Member of Board of Directors
and Audit Committee

Contact information for questions on this financial report:

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	PAGE
SECTION ONE	
General Information	
I. History of the Bank including its incorporation date, initial status, amendments to legal status	128
II. The Bank's capital structure, 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	128
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	129
IV. Explanations regarding the persons and institutions that have qualified shares in the Bank	130
V. Type of service of the Bank and summary information including the areas of activity	130
VI. Existing or potential, actual and legal barriers to immediate transfer of capital or repayment of debts between the Bank and its subsidiaries	130
SECTION TWO	
Unconsolidated Financial Statements	
I. Unconsolidated statement of financial position (balance sheet)	132
II. Unconsolidated statement of off-balance sheet items	134
III. Unconsolidated statement of profit or loss	135
IV. Unconsolidated statement of profit or loss and other comprehensive income	136
V. Unconsolidated statement of changes in shareholders' equity	137
VI. Unconsolidated statement of cash flows	138
VI. Unconsolidated profit distribution table	139
SECTION THREE	
Accounting Policies	
I. Explanations on the presentation principles	140
II. Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies	141
III. Explanations on investments in associates, subsidiaries and joint ventures	142
IV. Explanations on forward and option contracts and derivative instruments	142
V. Explanations on interest income and expenses	142
VI. Explanations on fee and commission income and expenses	142
VII. Explanations on financial assets	142
VIII. Explanations on expected credit loss	143
IX. Explanations on offsetting financial instruments	147
X. Explanations on sale and repurchase agreements and transactions related to the lending of securities	147
XI. Explanations on non-currents assets held for sale and from discontinued operations and liabilities related to these assets	147
XII. Explanations on goodwill and other intangible assets	148
XIII. Explanations on tangible assets	148
XIV. Explanations on investment property	148
XV. Explanations on leasing transactions	149
XVI. Explanations on provisions and contingent liabilities	149
XVII. Explanations on obligations for employee benefits	149
XVIII. Explanations on tax applications	149
XIX. Additional explanations on borrowings	151
XX. Explanations on issuance of share certificates	151
XXI. Explanations on bill of guarantee and acceptances	151
XXII. Explanations on government incentives	151
XXIII. Explanations on segment reporting	151
XXIV. Explanations on other matters	151
XXV. Classifications	151
XXVI. Explanations on TFRS 16 Leases standard	151
SECTION FOUR	
Information on Financial Structure and Risk Management	
I. Explanations related to the shareholders' equity	153
II. Explanations related to the credit risk	157
III. Explanations related to the foreign currency exchange rate risk	168
IV. Explanations related to the interest rate risk	170
V. Position risk of equity shares arising from banking accounts	172
VI. Explanations related to the liquidity risk	173
VII. Explanations related to leverage ratio	177
VIII. Explanations related to risk management	177
IX. Explanations related to presentation of financial assets and liabilities at their fair value	195
X. Explanations related to transactions carried out on behalf and account of other parties and fiduciary transactions	197
XI. Explanations related to hedging transactions	197
XII. Explanations related to the segment reporting	198
SECTION FIVE	
Disclosures and Footnotes to Unconsolidated Financial Statements	
I. Explanations and disclosures related to unconsolidated assets	200
II. Explanations and disclosures related to unconsolidated liabilities	212
III. Explanations and disclosures related to unconsolidated off-balance sheet items	218
IV. Explanations and disclosures related to unconsolidated statement of profit or loss	221
V. Explanations related to unconsolidated statement of changes in shareholders' equity	225
VI. Explanations related to unconsolidated statement of cash flows	226
VII. Explanations and disclosures related to the Bank's risk group	227
VIII. Domestic, foreign and off-shore banking branches or associates and foreign representatives of the Bank	228
SECTION SIX	
Other Disclosures and Footnotes	
I. Other explanations related the Bank's operations	229
SECTION SEVEN	
Independent Auditor's Report	
I. Matters to be disclosed related to Independent Audit Report	230
II. Explanations and notes prepared by Independent Auditor	230

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

SECTION ONE
GENERAL INFORMATION

I. 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 İstanbul ("BIST") in 1 October 2004.

Dexia Participation Belgique SA, owned 100% directly and indirectly by Dexia SA/NV, has 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 has been 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) has 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 has been 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 Market 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 Exclusion and Selling Rights (II-27.2).

Within the scope of the Communiqué on Exclusion 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-months 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 withdraw from the partnership 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 partners other than the prevailing partner were canceled, the newly issued shares were transferred to the prevailing partner 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 100%. Following the completion of the process, the Bank's shares were removed from the stock market as of 16 December 2019.

II. The Bank's capital structure, 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	3.316.099.996	100,00
Others shareholders	4	--
Total	3.316.100.000	100,00
(*) Explanation is given in Section One, note I.		
Prior Period		
Name of the Shareholder	Amount (Full TL)	Share (%)
Sberbank of Russia	3.311.211.134	99,85
Publicly traded	4.888.709	0,15
Others shareholders	157	--
Total	3.316.100.000	100,00

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

III. Explanations regarding the chairman and the members of board of directors, 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 ⁽²⁾		
Hesham Abdulla Qassim Alqassim	Chairman	--
Board of Directors ⁽²⁾		
Mohamed Hadi Ahmed Abdulla Alhussaini	Deputy Chairman	--
Nihat Sevinç	Deputy Chairman	--
Hakan Ateş	Member and CEO	0,000002
Deniz Ülke Arboğan	Member	--
Wouter G.M. Van Roste	Member	--
Timur Kozintsev ⁽³⁾	Member	--
Derya Kumru	Member	--
Shayne Keith Nelson	Member	--
Jonathan Edward Morris	Member	--
Audit Committee ⁽²⁾		
Wouter G.M. Van Roste	Member	--
Nihat Sevinç	Member	--
Jonathan Edward Morris	Member	--
Executive Vice Presidents ⁽¹⁾		
Bora Böküçöz	Treasury and Financial Institutions	--
Ruslan Abil	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Tanju Kaya	Administrative Services and Investment Group	--
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 Hıçkırın	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	--
Verda Beril Yüzer Oğuz	Credits Allocation	--
Hayri Cansever	Financial Institutions	--
Umut Özdoğan	Secretariat General and Foreign Subsidiaries	--
	Digital Transformation, CRM and Process Management	--

¹⁾ Murat Çitak, previously acting as Executive Vice President of IT Security and Digital-Card Payment Operations Group at the Bank, has resigned as of 3 May 2019 and Mustafa Saruhan Özel, previously acting as Executive Vice President of Economic Research, Strategy and Program Management Office Group at the Bank, has resigned as of 10 September 2019.

²⁾ As a result of the Extraordinary General Assembly Meeting of the Bank held on 1 August 2019, in the division of duty among the Members of the Board of Directors; Hesham Abdulla Qassim Alqassim as Chairman, Mohamed Hadi Ahmed Abdulla Alhussaini and Nihat Sevinç as Deputy Chairman, Jonathan Edward Morris as Board and Audit Committee Member and Shayne Keith Nelson were elected as Board Member. Herman Gref, Igor Kolomeyskiy, Dzhangir Dzhangirov, Pavel Barchugov, Alexander Mozorov and Alexander Titov have resigned from their positions as Member of the Board of Directors before the Extraordinary General Meeting.

³⁾ Timur Kozintsev, previously acting as member of Board of Director of the Bank, has resigned as of 14 February 2020.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

IV. Explanations regarding the 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	3.316.100	100%	3.316.100	--

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

As of 31 December 2019 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 service 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 707 domestic and 1 foreign branch as of 31 December 2019.

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 2019

(Currency: Thousands of TL - Turkish Lira)

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

ASSETS	Footnote	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		11.569.921	22.663.741	34.233.662	9.828.548	18.412.341	28.240.889
1.1 Cash and Cash Equivalents		4.453.603	16.872.090	21.325.693	2.630.993	15.454.302	18.085.295
1.1.1 Cash and Balances at Central Bank	(5.1.a)	1.530.563	15.176.907	16.707.470	2.374.092	11.538.778	13.912.870
1.1.2 Banks	(5.1.a)	1.902.789	1.695.183	3.597.972	257.032	3.915.524	4.172.556
1.1.3 Due from Money Markets		1.020.321	-	1.020.321	-	-	-
1.1.4 Expected Credit Losses (-)		70	-	70	131	-	131
1.2 Financial Assets at Fair Value through Profit or Loss	(5.1.b)	2.196	485.622	487.818	81.498	421.239	502.737
1.2.1 Public Debt Securities		1.649	3.050	4.699	81.498	1.767	83.265
1.2.2 Equity Instruments		-	153.472	153.472	-	95.845	95.845
1.2.3 Other Financial Assets		547	329.100	329.647	-	323.627	323.627
1.3 Financial Assets at Fair Value through Other Comprehensive Income	(5.1.c)	6.147.636	4.585.646	10.733.282	5.838.928	1.784.320	7.623.248
1.3.1 Public Debt Securities		6.069.466	4.368.825	10.438.291	5.838.150	1.516.476	7.354.626
1.3.2 Equity Instruments		78.170	-	78.170	778	-	778
1.3.3 Other Financial Assets		-	216.821	216.821	-	267.844	267.844
1.4 Derivative Financial Assets		966.486	720.383	1.686.869	1.277.129	752.480	2.029.609
1.4.1 Portion of Derivative Financial Assets Reflected to Profit or Loss	(5.1.b)	966.486	720.383	1.686.869	1.277.129	752.480	2.029.609
1.4.2 Portion of Derivative Financial Assets Reflected to Other Comprehensive Income	(5.1.j)	-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		68.905.450	34.640.139	103.545.589	64.894.094	28.032.532	92.926.626
2.1 Loans	(5.1.d)	72.540.303	33.260.324	105.800.627	66.952.665	25.737.005	92.689.670
2.2 Lease Receivables	(5.1.i)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Financial Assets Measured at Amortised Cost	(5.1.e)	4.037.660	2.553.542	6.591.202	3.779.643	2.295.527	6.075.170
2.4.1 Public Debt Securities		4.037.660	2.553.542	6.591.202	3.779.643	2.295.527	6.075.170
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		7.672.513	1.173.727	8.846.240	5.838.214	-	5.838.214
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	(5.1.o)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Held from Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		1.997.473	11.298.506	13.295.979	1.933.705	9.468.953	11.402.658
4.1 Investments in Associates (Net)	(5.1.f)	12.102	-	12.102	9.340	-	9.340
4.1.1 Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		12.102	-	12.102	9.340	-	9.340
4.2 Investments in Subsidiaries (Net)	(5.1.g)	1.982.571	11.298.506	13.281.077	1.921.565	9.468.953	11.390.518
4.2.1 Unconsolidated Financial Subsidiaries		1.238.673	11.298.506	12.537.179	1.124.587	9.468.953	10.593.540
4.2.2 Unconsolidated Non-Financial Subsidiaries		743.898	-	743.898	796.978	-	796.978
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	(5.1.h)	2.800	-	2.800	2.800	-	2.800
4.3.1 Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Associates		2.800	-	2.800	2.800	-	2.800
V. TANGIBLE ASSETS (Net)	(5.1.k)	993.744	266	994.010	437.903	19	437.922
VI. INTANGIBLE ASSETS (Net)	(5.1.l)	284.468	-	284.468	230.632	-	230.632
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		284.468	-	284.468	230.632	-	230.632
VII. INVESTMENT PROPERTY (Net)	(5.1.m)	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		204.524	-	204.524	-	-	-
IX. DEFERRED TAX ASSETS	(5.1.n)	944.376	-	944.376	956.687	-	956.687
X. OTHER ASSETS (Net)	(5.1.p)	1.739.574	1.235.846	2.975.420	1.626.861	1.835.674	3.462.535
TOTAL ASSETS		86.639.530	69.838.498	156.478.028	79.908.430	57.749.519	137.657.949

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 2019

(Currency: Thousands of TL - Turkish Lira)

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnote	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.a)	51.877.216	48.421.704	100.298.920	47.681.466	36.447.314	84.128.780
II. FUNDS BORROWED	(5.II.c)	322.346	14.044.833	14.367.179	233.809	14.979.345	15.213.154
III. DUE TO MONEY MARKETS		79.496	345.656	425.152	1.385.878	-	1.385.878
IV. SECURITIES ISSUED (Net)	(5.II.d)	2.460.981	-	2.460.981	1.791.892	-	1.791.892
4.1 Bills		2.460.981	-	2.460.981	1.791.892	-	1.791.892
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES		188.867	673.129	861.996	954.167	971.263	1.925.430
7.1 Portion of Derivative Financial Liabilities Reflected to Profit or Loss	(5.II.b)	188.867	673.129	861.996	954.167	971.263	1.925.430
7.2 Portion of Derivative Financial Liabilities Reflected to Other Comprehensive Income	(5.II.g)	-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (NET)	(5.II.f)	511.464	3.844	515.308	563	9.069	9.632
X. PROVISIONS	(5.II.h)	1.689.920	97.036	1.786.956	897.337	-	897.337
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		322.514	-	322.514	194.723	-	194.723
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.367.406	97.036	1.464.442	702.614	-	702.614
XI. CURRENT TAX LIABILITIES	(5.II.i)	307.039	-	307.039	267.549	-	267.549
XII. DEFERRED TAX LIABILITIES	(5.II.i)	-	-	-	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	(5.II.j)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT		-	7.037.253	7.037.253	-	6.274.450	6.274.450
14.1 Loans	(5.II.k)	-	7.037.253	7.037.253	-	6.274.450	6.274.450
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(5.II.e)	3.965.649	6.731.747	10.697.396	3.919.586	6.399.611	10.319.197
XVI. SHAREHOLDERS' EQUITY	(5.II.l)	17.707.723	12.125	17.719.848	15.575.393	(130.743)	15.444.650
16.1 Paid-in Capital		3.316.100	-	3.316.100	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 Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss		733.398	-	733.398	821.947	-	821.947
16.4 Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss		1.057.131	12.125	1.069.256	172.365	(130.743)	41.622
16.5 Profit Reserves		9.942.641	-	9.942.641	7.760.118	-	7.760.118
16.5.1 Legal Reserves		454.932	-	454.932	345.806	-	345.806
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		9.487.709	-	9.487.709	7.414.312	-	7.414.312
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or Loss		2.581.385	-	2.581.385	3.427.795	-	3.427.795
16.6.1 Prior Years' Profits or Losses		1.245.272	-	1.245.272	1.245.272	-	1.245.272
16.6.2 Current Period Net Profit or Loss		1.336.113	-	1.336.113	2.182.523	-	2.182.523
16.7 Minority Share		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		79.110.701	77.367.327	156.478.028	72.707.640	64.950.309	137.657.949

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 2019

(Currency: Thousands of TL - Turkish Lira)

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

	Footnote	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (H+H+III)							
I. GUARANTEES	(5.III.a)	76.718.312	131.284.648	208.002.960	72.498.372	121.057.144	193.555.516
1.1. Letters of Guarantee		10.663.838	15.520.265	26.184.103	10.778.466	15.375.865	26.154.331
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		79.021	105.025	184.046	79.021	102.658	181.679
1.1.3. Other Letters of Guarantee		10.584.817	15.415.240	26.000.057	10.699.445	15.273.207	25.972.652
1.2. Bank Acceptances		8.000	91.876	99.876	7.826	215.538	223.364
1.2.1. Import Letter of Acceptance		8.000	91.876	99.876	7.826	215.538	223.364
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		13.546	4.031.742	4.045.288	5.949	2.297.788	2.303.737
1.3.1. Documentary Letters of Credit		5.730	3.079.293	3.085.023	5.949	1.842.297	1.848.246
1.3.2. Other Letters of Credit		7.816	952.449	960.265	-	455.491	455.491
1.4. Prefinancing Given As Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Related Guarantees		-	-	-	-	-	-
1.8. Other Collaterals		8	3.826.284	3.826.292	8	3.614.326	3.614.334
1.9. Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.a)	42.440.606	10.606.960	53.047.566	34.851.451	9.484.126	44.335.577
2.1. Irrevocable Commitments		40.552.985	10.606.960	51.159.945	33.975.230	9.484.126	43.459.356
2.1.1. Asset Purchase and Sale Commitments		1.667.373	4.303.969	5.971.342	1.410.008	3.672.987	5.082.995
2.1.2. Deposit Purchase and Sales Commitments		-	346.429	346.429	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		4.000	-	4.000	-	-	-
2.1.4. Loan Granting Commitments		13.726.695	-	13.726.695	11.210.043	-	11.210.043
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		1.973.081	-	1.973.081	1.815.134	-	1.815.134
2.1.8. Tax and Fund Obligations from Export Commitments		1.837	-	1.837	1.584	-	1.584
2.1.9. Commitments for Credit Card Limits		22.664.957	-	22.664.957	19.225.849	-	19.225.849
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		6.915	-	6.915	4.592	-	4.592
2.1.11. Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12. Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		508.127	5.956.562	6.464.689	308.020	5.811.139	6.119.159
2.2. Revocable Commitments		1.887.621	-	1.887.621	876.221	-	876.221
2.2.1. Revocable Loan Granting Commitments		1.887.062	-	1.887.062	875.662	-	875.662
2.2.2. Other Revocable Commitments		559	-	559	559	-	559
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.b)	23.592.314	97.207.521	120.799.835	26.854.672	90.069.501	116.924.173
3.1. Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2. Trading Purpose Derivatives		23.592.314	97.207.521	120.799.835	26.854.672	90.069.501	116.924.173
3.2.1. Forward Foreign Currency Purchases/Sales		1.255.779	4.154.693	5.410.472	2.811.995	4.883.229	7.695.224
3.2.1.1. Forward Foreign Currency Purchases		576.828	2.118.997	2.695.825	1.281.584	2.538.092	3.819.676
3.2.1.2. Forward Foreign Currency Sales		678.951	2.035.696	2.714.647	1.530.411	2.345.137	3.875.548
3.2.2. Currency and Interest Rate Swaps		18.618.922	79.745.667	98.364.589	16.013.976	72.188.016	88.201.992
3.2.2.1. Currency Swaps-Purchases		4.412.464	32.008.058	36.420.522	2.134.614	26.371.445	28.506.059
3.2.2.2. Currency Swaps-Sales		8.866.458	24.587.758	33.454.216	7.279.362	21.894.296	29.173.658
3.2.2.3. Interest Rate Swaps-Purchases		2.670.000	11.574.926	14.244.926	3.300.000	11.961.138	15.261.138
3.2.2.4. Interest Rate Swaps-Sales		2.670.000	11.574.925	14.244.925	3.300.000	11.961.137	15.261.137
3.2.3. Currency, Interest Rate and Security Options		3.654.667	7.245.775	10.900.442	7.949.933	10.666.955	18.616.888
3.2.3.1. Currency Options-Purchases		1.620.919	3.759.328	5.380.247	3.833.002	5.435.419	9.268.421
3.2.3.2. Currency Options-Sales		2.033.748	3.371.361	5.405.109	4.116.931	5.099.984	9.216.915
3.2.3.3. Interest Rate Options-Purchases		-	57.543	57.543	-	65.776	65.776
3.2.3.4. Interest Rate Options-Sales		-	57.543	57.543	-	65.776	65.776
3.2.3.5. Securities Options-Purchases		-	-	-	-	-	-
3.2.3.6. Securities Options-Sales		-	-	-	-	-	-
3.2.4. Currency Futures		62.946	56.418	119.364	78.768	72.355	151.123
3.2.4.1. Currency Futures-Purchases		62.946	-	62.946	6	72.350	72.356
3.2.4.2. Currency Futures-Sales		-	56.418	56.418	78.762	5	78.767
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Purchases		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sales		-	-	-	-	-	-
3.2.6. Others		-	6.004.968	6.004.968	-	2.258.946	2.258.946
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		583.806.369	201.436.164	785.242.533	551.845.083	170.980.829	722.825.912
IV. ITEMS HELD IN CUSTODY		70.740.745	10.090.258	80.831.003	76.486.218	8.199.541	84.685.759
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2. Securities Held in Custody		69.683.795	8.494.938	78.178.733	75.408.835	6.886.818	82.295.653
4.3. Checks Received for Collection		20.780	1.303.540	1.324.320	29.412	1.073.472	1.102.884
4.4. Commercial Notes Received for Collection		1.036.170	101.300	1.137.470	1.047.971	105.892	1.153.863
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		-	190.480	190.480	-	133.359	133.359
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		512.125.986	190.391.048	702.517.034	475.052.295	161.406.315	636.458.610
5.1. Securities		2.656.257	19.306	2.675.563	3.053.832	17.164	3.070.996
5.2. Guarantee Notes		336.799.053	73.984.724	410.783.777	308.386.847	65.036.537	373.423.384
5.3. Commodities		15.967.774	10.139.026	26.106.800	16.082.123	9.287.813	25.369.936
5.4. Warrants		-	-	-	-	-	-
5.5. Immovables		99.100.001	66.712.578	165.812.579	94.269.819	60.337.842	154.607.661
5.6. Other Pledged Items		57.602.901	39.535.414	97.138.315	53.259.674	26.726.959	79.986.633
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		939.638	954.858	1.894.496	306.570	1.374.973	1.681.543
TOTAL OFF BALANCE SHEET ITEMS (A+B)		660.524.681	332.720.812	993.245.493	624.343.455	292.037.973	916.381.428

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 2019

(Currency: Thousands of TL - Turkish Lira)

Convenience Translation of
Unconsolidated Financial Report
Originally Issued in Turkish

See Note 3.1.c

STATEMENT OF PROFIT OR LOSS		Footnote	CURRENT PERIOD (01/01- 31/12/2019)	PRIOR PERIOD (01/01- 31/12/2018)
I.	INTEREST INCOME	(5.IV.a)	16.868.322	14.656.940
1.1	Interest on loans		14.641.520	12.437.126
1.2	Interest received from reserve deposits		145.307	193.978
1.3	Interest received from banks		208.440	166.144
1.4	Interest received from money market transactions		79.547	8.905
1.5	Interest received from marketable securities portfolio		1.524.018	1.728.209
1.5.1	Financial assets at fair value through profit or loss		15.266	23.973
1.5.2	Financial assets at fair value through other comprehensive income		988.512	839.252
1.5.3	Financial assets measured at amortised cost		520.240	864.984
1.6	Financial lease income		-	-
1.7	Other interest income		269.490	122.578
II.	INTEREST EXPENSES (-)	(5.IV.b)	10.415.043	9.659.218
2.1	Interest on deposits		8.255.300	7.895.319
2.2	Interest on funds borrowed		1.289.985	962.778
2.3	Interest on money market transactions		101.207	385.346
2.4	Interest on securities issued		603.212	358.211
2.5	Lease expenses		140.300	-
2.6	Other interest expenses		25.039	57.564
III.	NET INTEREST INCOME/EXPENSE (I - II)		6.453.279	4.997.722
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		3.595.876	2.095.360
4.1	Fees and commissions received		4.838.230	3.004.590
4.1.1	Non-cash loans		432.230	291.565
4.1.2	Other	(5.IV.l)	4.406.000	2.713.025
4.2	Fees and commissions paid (-)		1.242.354	909.230
4.2.1	Non-cash loans		1.538	897
4.2.2	Other	(5.IV.l)	1.240.816	908.333
V	DIVIDEND INCOME	(5.IV.c)	4.585	2.132
VI.	TRADING PROFIT/LOSS (Net)	(5.IV.d)	(304.052)	(376.768)
6.1	Profit/losses from capital market transactions		74.662	(825)
6.2	Profit/losses from derivative financial transactions		75.666	2.576.747
6.3	Foreign exchange profit/losses		(454.380)	(2.952.690)
VII.	OTHER OPERATING INCOME	(5.IV.e)	210.473	124.494
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		9.960.161	6.842.940
IX.	EXPECTED CREDIT LOSSES (-)	(5.IV.f)	5.449.503	2.586.403
X.	OTHER PROVISION EXPENSES (-)	(5.IV.f)	158.752	229.840
XI.	PERSONNEL EXPENSES (-)	(5.IV.g)	1.610.208	1.350.180
XII.	OTHER OPERATING EXPENSES (-)	(5.IV.g)	2.053.138	1.824.843
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		688.560	851.674
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		788.801	1.439.804
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	(5.IV.h)	1.477.361	2.291.478
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.IV.i)	(141.248)	(108.955)
18.1	Current tax provision		(86.017)	-
18.2	Expense effect of deferred tax (+)		(2.278.971)	(3.955.279)
18.3	Income effect of deferred tax (-)		2.223.740	3.846.324
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	(5.IV.j)	1.336.113	2.182.523
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±)(XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)	(5.IV.k)	1.336.113	2.182.523
	Earnings / Losses per share (Per thousand share)		0,40	0,66

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 2019

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of
Unconsolidated Financial Report
Originally Issued in Turkish*

See Note 3.1.c

	CURRENT PERIOD (01/01-31/12/2019)	PRIOR PERIOD (01/01-31/12/2018)
I. CURRENT PERIOD PROFIT OR LOSS	1.336.113	2.182.523
II. OTHER COMPREHENSIVE INCOME	939.085	172.014
2.1 Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(88.549)	165.404
2.1.1 Gains (Losses) on Revaluation of Property, Plant and Equipment	11.262	24.882
2.1.2 Gains (Losses) on Revaluation of Intangible Assets	-	-
2.1.3 Gains (Losses) on Remeasurements of Defined Benefit Plans	(56.604)	(38.531)
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(53.079)	176.702
2.1.5 Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	9.872	2.351
2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss	1.027.634	6.610
2.2.1 Exchange Differences on Translation	1.050.193	1.932.341
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive Income	924.582	(443.206)
2.2.3 Income (Loss) Related to Cash Flow Hedges	7.926	(37.704)
2.2.4 Income (Loss) Related to Hedges of Net Investments in Foreign Operations	(957.293)	(1.988.721)
2.2.5 Other Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-	-
2.2.6 Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	2.226	543.900
III. TOTAL COMPREHENSIVE INCOME/(LOSS) (I+II)	2.275.198	2.354.537

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 2019

(Currency: Thousands of TL - Turkish Lira)

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

CHANGES IN SHAREHOLDERS' EQUITY									
	Paid-in Capital	Share Premium	Cancellation of Shares	Other capital reserves	Tangible and Intangible Assets Revaluation Reserve	Accumulated Gains and Losses	Other (Other Comprehensive Income of Associates and Joint Ventures) Reclassified to Profit and Loss	Other (Other Comprehensive Income of Associates and Joint Ventures) Reclassified to Profit and Loss	Other (Other Comprehensive Income of Associates and Joint Ventures) Reclassified to Profit and Loss
PRIOR PERIOD									
01/01-31/12/2018									
I. Balances at the Beginning of Period	3.316.100	15	71.063	50.908	19.887	1.772.887	(447.389)	(1.277.953)	1.596.892
II. Effect of Changes in Accounting Policies					601.351	(12.723)			(311.420)
III. New Balance (H4)	3.316.100	15	71.063	50.908	601.351	1.772.887	(447.389)	(1.277.953)	1.596.892
IV. Capital Increase through Internal Reserves					2.036.133	3.056.028	(806.242)	(2.888.164)	2.182.523
V. Capital Increase through Cash									
VI. Capital Increase through Inflation Adjustment									
VII. Capital Increase through Other Changes									
VIII. Subordinated Debt									
IX. Increase (Decrease) through Other Changes									
X. Profit Distribution									
XI. Dividends Paid									
Transfer to Legal Reserves									
Other									
Balances at the End of Period: (H4+V+...+X+Y)	3.316.100	15	71.063	68.798	797.710	3.705.028	(806.242)	(2.888.164)	2.182.523
CURRENT PERIOD									
01/01-31/12/2019									
I. Balances at the Beginning of Period	3.316.100	15	71.063	68.798	797.710	3.705.028	(806.242)	(2.888.164)	2.182.523
II. Effect of Changes in Accounting Policies									
III. New Balance (H4)	3.316.100	15	71.063	68.798	797.710	3.705.028	(806.242)	(2.888.164)	2.182.523
IV. Capital Increase through Internal Reserves									
V. Capital Increase through Cash									
VI. Capital Increase through Inflation Adjustment									
VII. Capital Increase through Other Changes									
VIII. Subordinated Debt									
IX. Increase (Decrease) through Other Changes									
X. Profit Distribution									
XI. Dividends Paid									
Transfer to Legal Reserves									
Other									
Balances at the End of Period: (H4+V+...+X+Y)	3.316.100	15	71.063	76.337	744.631	4.765.021	(87.256)	(3.988.970)	1.398.113
01/01-31/12/2019									
I. Balances at the Beginning of Period	15.444.860	15	17.718.848	15.444.860	15.444.860	15.444.860	15.444.860	15.444.860	15.444.860
II. Effect of Changes in Accounting Policies									
III. New Balance (H4)	15.444.860	15	17.718.848	15.444.860	15.444.860	15.444.860	15.444.860	15.444.860	15.444.860
IV. Capital Increase through Internal Reserves									
V. Capital Increase through Cash									
VI. Capital Increase through Inflation Adjustment									
VII. Capital Increase through Other Changes									
VIII. Subordinated Debt									
IX. Increase (Decrease) through Other Changes									
X. Profit Distribution									
XI. Dividends Paid									
Transfer to Legal Reserves									
Other									
Balances at the End of Period: (H4+V+...+X+Y)	15.444.860	15	17.718.848	15.444.860	15.444.860	15.444.860	15.444.860	15.444.860	15.444.860

(*) 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 2019

(Currency: Thousands of TL - Turkish Lira)

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

	Footnote	CURRENT PERIOD (01/01-31/12/2019)	PRIOR PERIOD (01/01-31/12/2018)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		1.193.215	(1.483.126)
1.1.1 Interest received (+)		15.352.085	12.848.286
1.1.2 Interest paid (-)		10.587.183	9.328.522
1.1.3 Dividends received (+)		4.585	2.132
1.1.4 Fees and commissions received (+)		4.838.230	2.933.019
1.1.5 Other income (+)		198.822	53.136
1.1.6 Collections from previously written off loans and other receivables (+)		1.625.986	1.267.398
1.1.7 Cash payments to personnel and service suppliers (-)		1.537.533	1.363.471
1.1.8 Taxes paid (-)		508.644	180.273
1.1.9 Other (+/-)	(5.VI.c)	(8.193.133)	(7.714.831)
1.2 Changes in operating assets and liabilities subject to banking operations		(503.230)	5.574.175
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		5.539	(36.089)
1.2.2 Net increase (decrease) in due from banks (+/-)		(530)	149.511
1.2.3 Net increase (decrease) in loans (+/-)		(11.729.111)	(12.031.174)
1.2.4 Net increase (decrease) in other assets (+/-)		(609.816)	3.219.981
1.2.5 Net increase (decrease) in bank deposits (+/-)		119.875	(3.236.003)
1.2.6 Net increase (decrease) in other deposits (+/-)		16.379.434	11.803.020
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 (+/-)		(4.098.743)	2.463.764
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	(5.VI.c)	(569.878)	3.241.165
I. Net cash provided from banking operations(+/-)		689.985	4.091.049
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities(+/-)		(2.314.210)	(1.011.541)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-)		6.000	303.801
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 (-)		504.971	303.887
2.4 Cash obtained from the sale of tangible and intangible asset (+)		137.674	128.923
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		4.613.981	1.690.894
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		2.673.068	796.593
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 (+/-)		-	361.525
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities (+/-)		2.912.553	(4.226.744)
3.1 Cash obtained from funds borrowed and securities issued (+)		23.336.408	13.364.113
3.2 Cash outflow from funds borrowed and securities issued (-)		20.159.260	17.580.977
3.3 Equity instruments issued (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for lease liabilities (-)		264.595	9.880
3.6 Other (+/-)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-)	(5.VI.c)	878.440	2.194.889
V. Net increase in cash and cash equivalents	(5.VI.c)	2.166.768	1.047.653
VI. Cash and cash equivalents at beginning of the period (+)	(5.VI.a)	11.181.031	10.133.378
VII. Cash and Cash Equivalents at the End of Period	(5.VI.a)	13.347.799	11.181.031

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED PROFIT DISTRIBUTION TABLE
FOR THE PERIOD ENDED 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

	CURRENT PERIOD ⁽³⁾ (01/01-31/12/2019)	PRIOR PERIOD ⁽³⁾ (01/01-31/12/2018)
I. DISTRIBUTION OF CURRENT YEAR INCOME ⁽¹⁾		
1.1 CURRENT YEAR INCOME	1.477.361	2.291.478
1.2 TAXES AND DUTIES PAYABLE (-)	(141.248)	(108.955)
1.2.1 Corporate Tax (Income Tax)	(86.017)	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties ⁽²⁾	(55.231)	(108.955)
A. NET INCOME FOR THE YEAR (1.1-1.2)	1.336.113	2.182.523
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	109.126
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	1.336.113	2.073.397
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	-	2.073.397
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	0,004	0,007
3.2 TO OWNERS OF ORDINARY SHARES (%)	0,40	0,66
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(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 55.231 as of 31 December 2019 (31 December 2018: TL 108.955 deferred tax expense).

(3) It includes effects of TAS 27 standard.

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

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on the presentation principles

a. Preparation of the 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

Financial statements have been prepared in accordance with the regulations, communiqués, explanations and circulars published with respect to accounting and financial reporting principles by the Banking Regulation and Supervision Authority (“BRSA”) within the framework of the provisions of the Regulation on the 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. The Bank keeps its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Code of Commerce and Turkish Tax legislation.

Financial statements have been prepared based on historical cost principle, except for the financial assets and liabilities indicated at their fair values.

The amounts in the financial statements and explanations and footnotes relating to these statements have been expressed in Thousands of Turkish Liras unless otherwise stated.

In the preparation of financial statements according to TAS, the management of the Bank should make assumptions and estimations regarding the assets and liabilities in the balance sheet. These assumptions and estimations include the fair value calculations and impairment of financial assets and are reviewed regularly, the 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 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.

The Bank has applied TFRS 16 Leases (TFRS 16) standard issued by the POA for the first time on 1 January 2019 in the accompanying unconsolidated financial statements. In accordance with the transition rules of TFRS 16, the prior period financial statements and notes are not restated. Accounting policies, impacts and adoption of transition to TFRS 16 is disclosed in Section Three, note XV.

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 flow in accordance with the accounting principles generally accepted in such countries and IFRS.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 evaluated with high yield financial assets. The majority of the funds are allocated to high yield, fixed or variable interest instruments, such as Turkish Lira and foreign currency public 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 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. In the period end 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 subjected to evaluation as of the period ends are as follows:

	31 December 2019	31 December 2018
US Dollar	5,9400 TL	5,2810 TL
Euro	6,6621 TL	6,0422 TL

Foreign exchange gains and losses included in the net profit and loss

As of 31 December 2019, net foreign exchange loss included in the statement of profit or loss amounts to TL 454.380 (1 January - 31 December 2018: TL 2.952.690 net foreign exchange loss).

Total amount of valuation fund arising from foreign currency exchange rate differences

The foreign exchange differences of TL 64.452 (31 December 2018: TL 69.078), arising from the translation of the financial statements of Bahrain branch of the Bank to Turkish Lira in accordance with TAS 21, and TL 4.690.769 (31 December 2018: TL 3.635.950), 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 1.537 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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.

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 "IFRS 9 Financial Instruments" standard (IFRS 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 forward foreign currency purchase/sale contracts.

In accordance with IFRS 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 liabilities and receivables arising from the derivative transactions are recorded in off-balance sheet items at their contractual amounts.

The 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 values of derivatives are calculated by considering 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. As of 1 January 2018, the Bank has started to calculate accruals for non-performing loans. The net book value of the non-performing loans (Gross Book Value - Provision for Expected Loss) is discounted with effective interest rate and recorded over the gross carrying amount of the non-performing loan.

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 IFRS 15 "Revenue from Customer Contracts Standard" and with their nature, excluding fee and commission incomes in respect of certain banking transactions in which 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

The 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 IFRS 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.

The Bank includes a financial asset in the financial position statement when only it becomes a party to the contractual terms of the financial instrument. During the first recognition of a financial asset into the financial statements, 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

a. Financial assets at fair value through profit or loss

"Financial assets at fair value through profit or loss" are financial assets other than the ones that 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 at the fair value through profit or loss are initially recognised at fair value and remeasured at their fair value after recognition. All gains and losses 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 are solely payments of principal and interest at certain dates, they 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 is holding 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 statement of profit or loss.

The 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 Secretary 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 ago.

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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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Unconsolidated Financial Report
Originally Issued in Turkish,
See Note 3.1.c*

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 a 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 checked whether there is a significant increase in loan risk at each reporting date after the first 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 since the first recognition:

Stage 1: Financial instruments for which a 12-months 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.

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-months default risk from the reporting date.

After the initial reporting period, 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 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 without taking into account the past due days criterion.

The provision for expected credit loss is calculated 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 separation 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

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 enterprises (ME) loans
- Small enterprises (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 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 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. The 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 habits 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. Basket generation analysis has been performed for the default data obtained to calculate reasonable and valid accumulated default rates.

PD curves have been generated by regression method using the suitable statistical distribution from the data obtained for the baskets 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 that 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 2019.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 is 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.

Effective interest rate

The effective interest rate is the discount rate that equals the future expected cash payments and collections that 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, the 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 made 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, due to the fact that the default risk of the financial instrument is low, that 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, the financial instrument's credit risk is considered to be low.

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 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 offset and the net amount is reported in 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.

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 portfolio and are subjected to valuation as per the valuation principles of the relevant portfolio. Funds obtained from repurchase agreements are presented on the liability side of the balance sheet within the account of “Receivables from money market”. The accrual amounts corresponding to the period is calculated over the sell and repurchase price difference determined in repurchase agreements. Accrued interest expenses calculated for funds obtained from repurchase agreements are presented in “Due to money markets” account in liability part of the balance sheet.

Securities received 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

Property and equipment held-for-sale consist of tangible assets acquired due to non-performing loans, and are recognised in the financial statements in accordance with the regulations of “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 2019 and 31 December 2018, the Bank does not have non-current assets held for sale and discontinued operations.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 represented with fair values of tangible assets (credit card brand equity, customer portfolio etc.) and/or contingent liabilities to financial statements in process of acquisition.

In accordance with "TFRS 3 - Business Combinations", the goodwill is not subjected to amortisation instead it is subject to impairment test yearly or more frequently when they indicate that changes in circumstances may result in 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 valued 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 they occur.

XIII. Explanations on tangible assets

The 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. 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 "Lease Payables" 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.

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 the 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 the 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, the 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 equities in accordance with revised TAS 19.

The 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).

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, financial 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 recognised in equity either.

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 2019 deferred tax assets of TL 944.376 (31 December 2018: TL 956.687) have been recognised in the accompanying financial statements.

As the deferred tax liability is calculated for all taxable temporary differences, deferred tax assets arising from deductible temporary differences are calculated provided that it is strongly possible to benefit from these differences in the future by obtaining profit subject to taxation. As of 1 January 2018, with the provisions of TFRS 9, deferred tax asset has been started to be calculated over the provision for expected loss that constitute temporary difference. As of 1 January 2019, pursuant to the provisions of TFRS 16 as well as the rental depreciation and interest expenses which constitute temporary difference and tax laws, deferred tax asset has begun to be calculated over the difference between the rental expenses spread over the rental period.

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, profits shall be deemed to have been wholly or partially distributed in a disguised manner through transfer pricing if companies engage in the sales or purchases of goods or services with related parties at prices or amounts defined contrary to the arm's length principle. Buying, selling, manufacturing and construction operations and services, renting and leasing transactions, borrowing or lending money, bonuses, wages and similar payments are deemed as purchase of goods and services in any case and under any condition.

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 2019 and 2018, 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.

XXII. Explanations on government incentives

As of the balance sheet date, the 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 2019, reclassifications have been made on statement of financial position, statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and and statement of cash flows as of and for the period ended 31 December 2018.

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 first 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.

The Bank applies the depreciation provisions of TAS 16 Tangible Fixed Assets when depreciating the right of use assets.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 alternative 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.

Transition to TFRS 16

"TFRS 16 Leases" Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826, to be applied in the accounting periods beginning after 31 December 2018. The Bank has applied TFRS 16 "Leases" standard as of 1 January 2019 that is the first application date, instead TAS 17 "Leasing Transactions".

The Bank applied TFRS 16 with a simplified transition application approach and did not rearrange comparable amounts for the previous year.

Lease agreements for vehicles and ATMs, which are determined as low-value by the Bank, with short term lease agreements that is 12 months and less, have been evaluated under the exception granted by the standard, and payments for these contracts are recorded as expense in the period in which they are incurred.

As of 1 January 2019, when the TFRS 16 is effective, information on the right-of-use and the lease liability is as follows:

	1 January 2019
Properties	561.584
Total right-of-use	561.584
	1 January 2019
Operational lease commitments	1.355.250
Contracts excluded from TFRS 16 (-)	138.870
Total lease liability	1.216.380
Discounted lease liabilities	584.746

As of 31 December 2019, the net right of use assets in the unconsolidated financial statements is TL 465.996 and the net lease liability is TL 515.305. As of 31 December 2019, the Bank has a financial leasing liability amounting to TL 3.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the 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 is TL 24.019.049 (31 December 2018: TL 22.094.627) while its capital adequacy standard ratio is 17,69% as of 31 December 2019 (31 December 2018: 19,49%).

a. Components of equity items

	Current Period 31 December 2019	Prior Period 31 December 2018
COMMON EQUITY TIER I CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.316.100	3.316.100
Share issue premiums	15	15
Reserves	9.942.641	7.760.118
Gains recognised in equity as per TAS ⁽¹⁾	2.473.097	2.353.280
Profit	2.581.385	3.427.795
Current Period Profit	1.336.113	2.182.523
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	18.314.016	16.858.086
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	177.898	859.971
Improvement costs for operating leasing	71.307	90.106
Goodwill (net of related tax liability)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	284.468	230.632
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	--	296.702
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	533.673	1.477.411
Total Common Equity Tier I Capital	17.780.343	15.380.675

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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)	17.780.343	15.380.675
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.889.713	5.606.183
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	--
Provisions (Article 8 of the Regulation on the Equity of Banks)	1.554.785	1.295.469
Tier II Capital Before Deduction	6.444.498	6.901.652
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	194.238	172.689
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 less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	--	--
Portion of the total of net long positions of investments made in Additional Tier I Capital 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	194.238	172.689
Total Tier II Capital	6.250.260	6.728.963
Total Capital (The sum of Tier I Capital and Tier II Capital)	24.030.603	22.109.638
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	11.554	15.011
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)	24.019.049	22.094.627
Total risk weighted amounts	135.814.656	113.382.325
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	13,09	13,57
Tier I Capital Adequacy Ratio (%)	13,09	13,57
Capital Adequacy Ratio (%)	17,69	19,49

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

BUFFERS

Total additional Common Equity Tier I Capital requirement ratio	2,826	2,105
Bank specific total common equity tier I capital ratio (%)	2,500	1,875
Capital conservation buffer requirement (%)	0,326	0,230
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 (%)	1,802	2,644
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)	3.941.547	2.509.597
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.554.785	1.295.469
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 60% of the portion after deduction of the tax amount resulting from the difference (31 December 2018: 80%).

(2) There are no credits included in Tier II capital related to "Temporary Article 4".

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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

Issuer	ENBD PJSC	ENBD PJSC	ENBD PJSC	ENBD PJSC	ENBD PJSC
Unique identifier (eg CUSIP, ISIN)	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Governing law(s) of the instrument	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 1 November 2006.	"Regulations on Banks' Equity " dated 1 November 2006.
Regulatory treatment					
Subject to 10% deduction as of 1/1/2015	Not Deducted	Not Deducted	Not Deducted	Not Deducted	Not Deducted
Eligible at solo/group/group&solo	Eligible	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	613	713	1.426	1.069	1.069
Par value of instrument (Currency in mil)	766	891	1.782	1.782	1.782
Accounting classification	3470102	3470102	3470102	3470102	3470102
Original date of issuance	30/09/2014	30/04/2014	31/01/2014	30/09/2013	28/06/2013
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.
Subsequent call dates, if applicable	None.	None.	None.	None.	None.
Coupons/Dividends					
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	First five year 6,2%, after irs +5,64	First five year 7,93%, after irs +6,12	7,50%	7,49%	6,10%
Existence of a dividend stopper	None.	None.	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	--	--	--	--	--
Existence of step up or other incentive to redeem	None.	None.	None.	None.	None.
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.	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.	Convertible fully.
If convertible, conversion rate	--	--	--	--	--
If convertible, mandatory or optional conversion	--	--	--	--	--
If convertible, specify instrument type convertible into	--	--	--	--	--
If convertible, specify issuer of instrument it converts into	--	--	--	--	--
Write-down feature					
If write-down, write-down trigger(s)	None.	None.	None.	None.	None.
If write-down, full or partial	--	--	--	--	--
If write-down, permanent or temporary	--	--	--	--	--
If temporary write-down, description of write-up mechanism	--	--	--	--	--
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.
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 Bank from Sberbank have been transferred to ENBD.

- 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

d. Explanations on provisional article 5 of the regulation on the equity of banks

EQUITY COMPONENTS	T-1	T-2	T-3	T-4
Core Capital	17.780.343	17.780.343	17.780.343	17.780.343
<i>Transition Process Unapplied Core Capital</i>	<i>17.387.299</i>	<i>17.518.314</i>	<i>17.649.328</i>	<i>17.780.343</i>
Tier I Capital	17.780.343	17.780.343	17.780.343	17.780.343
<i>Transition Process Unapplied Main Capital</i>	<i>17.387.299</i>	<i>17.518.314</i>	<i>17.649.328</i>	<i>17.780.343</i>
Equity	24.019.049	24.019.049	24.019.049	24.019.049
<i>Transition Process Unapplied Equity</i>	<i>23.626.005</i>	<i>23.757.020</i>	<i>23.888.034</i>	<i>24.019.049</i>
TOTAL RISK WEIGHTED AMOUNTS				
Total Risk Weighted Amounts	135.814.656	135.814.656	135.814.656	135.814.656
CAPITAL ADEQUACY RATIO				
Core Capital Adequacy Ratio (%)	13,09	13,09	13,09	13,09
<i>Transition Process Unapplied Core Capital Adequacy Ratio (%)</i>	<i>12,80</i>	<i>12,90</i>	<i>13,00</i>	<i>13,09</i>
Main Capital Adequacy Ratio (%)	13,09	13,09	13,09	13,09
<i>Transition Period Unapplied Main Capital Adequacy Ratio (%)</i>	<i>12,80</i>	<i>12,90</i>	<i>13,00</i>	<i>13,09</i>
Capital Adequacy Ratio (%)	17,69	17,69	17,69	17,69
<i>Transition Process Unapplied Capital Adequacy Ratio (%)</i>	<i>17,40</i>	<i>17,49</i>	<i>17,59</i>	<i>17,69</i>
LEVERAGE RATIO				
Total Leverage Ratio Risk Exposure	234.128.160	234.128.160	234.128.160	234.128.160
Leverage Ratio	7,55	7,55	7,55	7,55
<i>Transition Process Unapplied Leverage Ratio</i>	<i>7,38</i>	<i>7,44</i>	<i>7,50</i>	<i>7,55</i>

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 weekly basis.

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

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

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

The 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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	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.

Risk classifications	Prior Period (*)	Average (**)
1 Receivables from central governments and Central Banks	26.920.837	26.951.132
2 Receivables from regional or local governments	945.675	547.810
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	9.857.855	9.535.984
7 Receivables from corporate portfolio	48.231.638	43.068.337
8 Receivables from retail portfolio	46.599.455	48.459.998
9 Receivables secured by residential mortgages	4.086.962	4.314.714
10 Receivables secured by commercial mortgages	10.778.981	9.917.030
11 Past due receivables	2.387.168	1.770.548
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	488	3.152
16 Other receivables	3.672.546	4.545.457
17 Equity investments	11.406.641	10.262.457
18 Total	164.888.246	159.376.619

(*) 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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

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

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

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

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

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

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

f. 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 29% and 35% of the total cash loans portfolio (31 December 2018: 27%, 32%).

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 2018: 47%, 59%).

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 25% of the total balance sheet and off-balance sheet assets (31 December 2018: 19%, 24%).

g. Provisions for expected loss for credit risk undertaken by Bank

As at 31 December 2019, stage 1 and stage 2 provisions for expected loss for credit risk undertaken by Bank amounts to TL 3.941.547.

As at 31 December 2018, stage 1 and stage 2 provisions for expected loss for credit risk undertaken by Bank amounts to TL 2.258.643.

h. Information on loans and provisions for expected loss

Current Period - 31 December 2019	Balance	Provision
Loans	106.129.727	8.845.404
Stage 1	73.090.386	876.527
Stage 2	21.655.563	2.378.120
Stage 3	11.054.678	5.590.757
Financial assets at fair value through profit or loss	329.100	--
Financial Assets	40.495.834	906
Other	2.978.575	3.155
Non-cash Loans	80.881.354	932.625
Stage 1 and 2	80.239.174	682.839
Stage 3	642.180	249.786
Total	230.485.490	9.782.090

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 2019)	758.141	1.500.502	3.578.774	5.837.417
Transfers	(115.727)	(244.312)	360.039	--
Stage 1	71.728	(71.694)	(34)	--
Stage 2	(138.407)	243.569	(105.162)	--
Stage 3	(49.048)	(416.187)	465.235	--
Loans addition in the period	200.435	120.856	84.294	405.585
Disposals from loans in the period	(38.854)	(60.420)	(1.607.886)	(1.707.160)
Provisions changes during the period (*)	72.532	1.061.494	5.071.561	6.205.587
Loans written off (**)	--	--	(1.473.703)	(1.473.703)
Loans sold	--	--	(422.322)	(422.322)
Balance at the end of the period (31 December 2019)	876.527	2.378.120	5.590.757	8.845.404

(*) The related amounts include the changes in the provision for expected loss for the period of the loans remaining at the same stage during the year and the provisions for expected loss created by the transfers between the stages within the year.

(**) As of 31 December 2019, 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 1.473.703 were deducted from the records.

j. Information on loan movements (*)

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the period (1 January 2019)	69.141.046	17.639.571	5.909.053	92.689.670
Transfers	(7.453.967)	2.250.751	5.203.216	--
Stage 1	1.731.214	(1.731.150)	(64)	--
Stage 2	(7.254.829)	7.449.691	(194.862)	--
Stage 3	(1.930.352)	(3.467.790)	5.398.142	--
Loans addition in the period	25.159.969	4.135.206	2.563.424	31.858.599
Disposals from loans in the period	(13.756.662)	(2.369.965)	(724.990)	(16.851.617)
Loans written off (**)	--	--	(1.473.703)	(1.473.703)
Loans sold	--	--	(422.322)	(422.322)
Balance at the end of the period (31 December 2019)	73.090.386	21.655.563	11.054.678	105.800.627

(*) The balances of loans at fair value through profit or loss are not included.

(**) As of 31 December 2019, 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 1.473.703 were deducted from the records. The effect of this accounting treatment on the non-performing loans ratio of the Bank is 139 basis points.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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
Domestic	32,878,671	2,767,713	-	-	-	2,552,880	29,515,088	44,799,474	3,203,803	10,428,488	5,458,912	-	-	-	-	4,930,321	78,169
European Union Countries	-	-	-	-	-	987,603	2,332,392	58,682	21,822	6,989	1,371	-	-	-	-	2,105	-
OECD Countries ^(**)	-	-	-	-	-	43,190	-	3,323	1,452	-	61	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	369	724,080	3,069	1,222	203,113	-	-	-	-	-	149,218	-
USA, Canada	-	-	-	-	-	1,176,029	-	1,433	2,795	106	1	-	-	-	-	-	-
Other Countries	-	-	-	-	-	99,837	667,234	31,726	33,388	6,021	2,563	-	-	-	-	271	-
Subsidiaries, Associates and jointly controlled companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	89,825	9,608	-	-	-	3,607,589	19,418,192	3,212,035	216,150	1,459,508	153,641	-	-	-	6,365	-	13,295,979
Total	32,968,496	2,777,321	-	-	-	8,467,497	52,666,968	48,109,742	3,480,632	12,114,225	5,616,549	-	-	-	6,365	5,081,915	13,374,148
																	184,663,866

Prior Period	Risk Classifications (%) ^(**)																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Domestic	26,209,662	939,543	-	-	-	605,485	26,861,154	43,268,688	3,724,333	9,432,282	2,312,111	-	-	-	-	3,672,344	3,983
European Union Countries	-	-	-	-	-	1,775,223	1,846,167	74,409	24,219	4,307	12,183	-	-	-	-	-	-
OECD Countries ^(**)	-	-	-	-	-	98,608	-	3,067	2,325	-	199	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	295	292,624	3,569	458	1,511	1	-	-	-	-	-	-
USA, Canada	685,523	-	-	-	-	2,951,253	-	2,384	2,513	-	5	-	-	-	-	-	-
Other Countries	-	-	-	-	-	280,953	445,526	44,133	40,464	66,845	4,611	-	-	-	-	202	-
Subsidiaries, Associates and jointly controlled companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	25,652	6,132	-	-	-	41,46,038	18,786,167	3,203,205	292,650	1,274,036	58,058	-	-	-	488	-	11,402,658
Total	26,920,837	945,675	-	-	-	9,857,855	48,231,638	46,589,455	4,086,862	10,778,981	2,387,188	-	-	-	488	3,672,546	11,408,641
																	164,888,246

^(*) 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	10: Receivables secured by commercial mortgages
2: Receivables from regional or local governments	11: Past due receivables
3: Receivables from administrative bodies and non-commercial enterprises	12: Receivables defined in high risk category by BRSA
4: Receivables from multilateral development banks	13: Securities collateralized by mortgages
5: Receivables from international organizations	14: Short-term receivables from banks, brokerage houses and corporate portfolio
6: Receivables from banks and brokerage houses	15: Investments similar to collective investment funds
7: Receivables from corporate portfolio	16: Other receivables
8: Receivables from retail portfolio	17: Equity investments
9: Receivables secured by residential mortgages	

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

I. Risk Profile by Sectors or Counterparties

Current 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	-	-	-	-	-	-	602.032	11.550.069	166.918	1.600.124	349.463	-	-	-	-	4	-	14.083.582	185.018	14.268.600
	-	-	-	-	-	-	599.830	11.539.963	165.684	1.599.684	345.972	-	-	-	-	4	-	14.069.969	181.168	14.251.137
	-	-	-	-	-	-	-	4.465	549	284	102	-	-	-	-	-	-	4.575	825	5.400
Manufacturing	-	-	-	-	-	-	2.202	5.631	685	156	3.389	-	-	-	-	-	-	9.038	3.025	12.063
	-	-	-	-	-	-	15.016.318	2.071.373	272.962	2.434.693	830.986	-	-	-	-	8	-	5.081.529	15.544.811	20.626.340
	-	-	-	-	-	-	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
	-	-	-	-	-	-	4.093.320	25.756	5.194	26.432	59.258	-	-	-	-	-	-	821.711	3.388.249	4.209.960
	-	-	-	-	-	-	2	9.993.380	1.155.820	328.477	891.996	587.652	-	-	-	12	2.800	5.371.266	8.567.848	13.939.114
Construction	29	980.975	-	-	-	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
	-	28.845	-	-	-	-	16.918.159	6.396.867	733.294	5.708.146	2.579.261	-	-	-	-	-	-	8.433.986	18.287.136	48.978.733
	-	9.238	-	-	-	-	6.469.881	5.018.336	475.765	1.569.334	719.535	-	-	-	-	317	-	8.433.986	18.287.136	48.978.733
Wholesale and Retail Trade	-	-	-	-	-	-	4.499.881	243.438	110.726	3.182.528	1.651.748	-	-	-	-	-	-	1.964.104	7.724.217	9.688.321
	-	-	-	-	-	-	2.991.605	813.390	97.116	356.344	97.390	-	-	-	-	-	-	2.011.396	2.344.449	4.355.845
	-	-	-	-	-	-	915.262	58.354	7.002	12.136	5.984	-	-	-	5.173	-	-	16.304.826	1.301.756	17.606.582
Financial institution	29	-	-	-	-	3.634.493	915.262	58.354	7.002	12.136	5.984	-	-	-	-	-	-	16.304.826	1.301.756	17.606.582
	-	8.526	-	-	-	-	230.016	53.906	12.554	51.300	8.008	-	-	-	-	-	-	196.769	173.541	370.310
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real estate and letting services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Self-employment 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	-	-	-	-	-	-	1.281.366	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
	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	75.775.763	184.653.866
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(*) 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	10: Receivables secured by commercial mortgages
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4: Receivables from multilateral development banks	13: Securities collateralized by mortgages
5: Receivables from international organizations	14: Short-term receivables from banks, brokerage houses and corporate portfolio
6: Receivables from banks and brokerage houses	15: Investments similar to collective investment funds
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9: Receivables secured by residential mortgages	

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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	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.

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	6.107.724	7.282.469	324.395	528	1.194.405	12.011.316
2 Receivables from regional or local governments	--	207	1.191	5.025	44.380	894.872
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	4.574.513	1.864.555	479.546	264.678	539.515	2.135.048
7 Receivables from corporate portfolio	257.550	6.932.828	2.997.507	3.618.055	6.318.283	28.107.415
8 Receivables from retail portfolio	--	9.160.254	1.818.156	3.006.869	8.467.550	24.146.626
9 Receivables secured by residential mortgages	21	179.942	135.529	234.047	328.857	3.208.566
10 Receivables secured by commercial mortgages	7	366.294	510.038	597.821	1.062.202	8.242.619
11 Past due receivables	2.387.168	--	--	--	--	--
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	--	488	--	--	--	--
16 Other receivables	3.672.546	--	--	--	--	--
17 Equity investments	11.406.641	--	--	--	--	--
18 Total	28.406.170	25.787.037	6.266.362	7.727.023	17.955.192	78.746.462

(*) Amounts without maturities are included.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

n. Informations 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.

Current Period

Credit Quality Grade	Risk Rating Fitch	Receivables from Central Governments or Central Banks	Risk Classifications		
			Receivables from Banks and Brokerage Houses		Corporate Receivables
			Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months	
1	AAA	0%	20%	20%	20%
	AA+				
	AA				
	AA-				
2	A+	20%	20%	50%	50%
	A				
	A-				
	BBB+				
3	BBB	50%	20%	50%	100%
	BBB-				
	BB+				
	BB				
4	BB-	100%	50%	100%	100%
	B+				
	B				
	B-				
5	CCC	100%	50%	100%	150%
	CC				
	C				
	D				
6	CC	150%	150%	150%	150%
	C				
	D				
	D				

Prior Period

Credit Quality Grade	Risk Rating Fitch	Receivables from Central Governments or Central Banks	Risk Classifications		
			Receivables from Banks and Brokerage Houses		Corporate Receivables
			Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months	
1	AAA	0%	20%	20%	20%
	AA+				
	AA				
	AA-				
2	A+	20%	20%	50%	50%
	A				
	A-				
	BBB+				
3	BBB	50%	20%	50%	100%
	BBB-				
	BB+				
	BB				
4	BB-	100%	50%	100%	100%
	B+				
	B				
	B-				
5	CCC	100%	50%	100%	150%
	CC				
	C				
	D				
6	CC	150%	150%	150%	150%
	C				
	D				
	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	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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

Prior Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Equity Deduction
Exposures before												
Credit Risk Mitigation	24.979.255	--	5.992.340	--	4.224.446	52.165.982	76.532.642	993.581	--	--	--	1.665.111
Exposures after												
Credit Risk Mitigation	34.478.213	--	5.689.730	3.811.024	11.926.247	41.374.414	61.629.787	991.999	--	--	--	1.665.111

p. Information by major sectors and type of counterparties (*)

Current Period

Important Sectors/Counterparties	Loans (**)		Provisions
	Impaired (TFRS 9)		Provision for Expected
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	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 institution	28.156	86.304	34.558
Real estate and letting services	518.942	1.095.047	715.225
Self-employment 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.

Prior Period

Important Sectors/Counterparties	Loans (**)		Provisions
	Impaired (TFRS 9)		Provision for Expected
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	Credit Loss (TFRS 9) (***)
Agricultural	250.620	125.394	81.751
Farming and Cattle	236.498	121.218	77.882
Forestry	908	228	289
Fishing	13.214	3.948	3.580
Manufacturing	2.046.591	535.957	562.199
Mining	471.227	181.552	135.951
Production	1.449.655	350.315	412.141
Electric, Gas, Water	125.709	4.090	14.107
Construction	1.220.005	391.387	325.653
Services	7.705.444	2.834.961	2.329.355
Wholesale and Retail Trade	2.263.031	1.199.442	1.000.085
Hotel and Restaurant Services	2.884.577	991.549	832.540
Transportation & telecommunication	351.136	275.537	104.698
Financial institution	14.672	16.554	13.778
Real estate and letting services	374.769	84.484	99.032
Self-employment services	23.740	3.285	4.340
Education services	84.776	19.047	18.678
Health and social services	1.708.743	245.063	256.204
Other	6.416.911	2.021.354	1.780.318
Total	17.639.571	5.909.053	5.079.276

(*) 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

q. Informations on movements in valuation adjustments and provisions

Current Period: 31 December 2019	Opening Balance (After TFRS 9) 1 January 2019	Charge for the period	Other Adjustments (*)	Ending Balance
Default (Third Stage / Specific Provision)	3.578.774	3.890.508	(1.878.525)	5.590.757
12 Months Provision for Expected 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.

Prior Period: 31 December 2018	Opening Balance (Before TFRS 9) 31 December 2017	Remeasurements	Opening Balance (After TFRS 9) 1 January 2018	Charge for the period	Other Adjustments (*)	Ending Balance
Default (Third Stage / Specific Provision)	2.811.827	(52.315)	2.759.512	2.010.637	(1.191.375)	3.578.774
12 Months Provision for Expected Loss (First Stage) (**)	1.394.816	(558.652)	836.164	(78.023)	--	758.141
Significant Increase in Credit Risk (Second Stage)	299.763	842.726	1.142.489	358.013	--	1.500.502

(*) Includes sales made from non-performing loans, write-off and foreign exchange differences.

(**) The provisions of the Bank in the financial statements as at 31 December 2017, stated under liabilities 12.5 Other Provisions (in the balance sheet, for the future risks of certain risks that may arise in the loan portfolio are included in the provisions 12-Month Provision for Expected Loss (Stage One).

r. Informations on cyclical capital buffer calculation:

Current Period

Country of ultimate risk	Private sector credit exposure in		Total
	banking book	Risk weighted equivalent trading book	
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

Prior Period

Country of ultimate risk	Private sector credit exposure in		Total
	banking book	Risk weighted equivalent trading book	
Turkey	83.388.777	95.845	83.484.622
Austria	9.221.099	--	9.221.099
England	1.573.137	--	1.573.137
United Arab Emirates	770.250	--	770.250
Other	1.729.781	--	1.729.781

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 retranslation 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 5,9400
Euro purchase rate at the balance sheet date	TL 6,6621

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
25 December 2019	5,9293	6,5755
26 December 2019	5,9302	6,5759
27 December 2019	5,9370	6,6117
30 December 2019	5,9402	6,6506
31 December 2019	5,9400	6,6621

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 2019 are TL 5,8421 and TL 6,4925 respectively.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

f. Information on currency risk

Current Period	EURO	USD	Other FC ⁽⁴⁾	Total
Assets				
Cash Equivalents and Central Bank	4.737.140	7.443.868	2.995.899	15.176.907
Banks	69.987	1.374.389	250.807	1.695.183
Financial Assets at Fair Value through Profit or Loss (Net) ⁽¹⁾	347.433	629.738	--	977.171
Due from Money Markets	--	--	--	--
Financial Assets at Fair Value through Other Comprehensive				
Income	1.962.964	2.622.682	--	4.585.646
Loans ⁽²⁾	21.032.632	11.226.500	1.286.959	33.546.091
Investments in Associates, Subsidiaries and Joint Ventures	10.950.172	348.334	--	11.298.506
Financial Assets Measured at Amortised Cost ⁽²⁾	--	2.553.542	--	2.553.542
Hedging Derivative Financial Assets	--	--	--	--
Tangible Assets (Net)	--	21	245	266
Intangible Assets (Net)	--	--	--	--
Other Assets ⁽³⁾	96.479	817.880	174.234	1.088.593
Total Assets	39.196.807	27.016.954	4.708.144	70.921.905
Liabilities				
Bank Deposits	786.966	1.449.269	138.618	2.374.853
Foreign Currency Deposits	14.317.799	28.817.301	2.911.751	46.046.851
Due to Money Markets	--	345.656	--	345.656
Funds Borrowed	6.582.125	14.080.141	419.820	21.082.086
Securities Issued	--	--	--	--
Miscellaneous Payables	--	--	--	--
Hedging Derivative Financial Liabilities	--	--	--	--
Other Liabilities ⁽⁵⁾	1.540.338	5.647.971	25.978	7.214.287
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 ⁽⁶⁾	(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
Prior Period				
Total Assets	30.841.402	24.612.524	3.933.806	59.387.732
Total Liabilities	17.624.254	42.016.952	4.735.752	64.376.958
Net on Balance Sheet Position	13.217.148	(17.404.428)	(801.946)	(4.989.226)
Net off-Balance Sheet Position	(12.280.858)	17.407.939	808.519	5.935.600
Financial Derivative Assets	13.507.646	34.356.148	1.975.250	49.839.044
Financial Derivative Liabilities	(25.788.504)	(16.948.209)	(1.166.731)	(43.903.444)
Net Positions	936.290	3.511	6.573	946.374
Non Cash Loans	10.142.907	10.716.398	644.212	21.503.517

(1) : Foreign currency differences of derivative financial assets amounting to TL 228.834 are excluded.

(2) : Foreign currency indexed loans amounting to TL 1.459.494 are included.

(3) : Prepaid expenses amounting to TL 147.253 are not included.

(4) : There are gold balances amounting to TL 4.260.477 under total assets and TL 1.842.059 in total liabilities.

(5) : FX equity amounting to TL 12.125, foreign exchange rate differences related to derivative financial liabilities amounting to TL 291.469 are not included.

(6) : 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. Informations on currency risk exposed

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 2019 and 2018 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	(4.314)	(5.940)	10.303	(1.808)
Euro	20.662	23.500	62.408	61.445
Total (Net)	16.348	17.560	72.711	59.637

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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	--	--	--	--	--	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 loss amounting of TL (70).

(2) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (836).

(3) Other assets/non-interest bearings include; 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 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 bearings include; shareholders' equity, other liabilities, provisions, tax liabilities, derivative financial liabilities and lease payables (net) amounting to TL 17.719.848, TL 5.650.350, TL 1.786.956, TL 307.039, TL 861.996 and TL 515.308, respectively.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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 Banks ⁽¹⁾	4.092.918	--	--	--	--	9.819.952	13.912.870
	594.696	121.368	60.554	--	--	3.395.807	4.172.425
Financial Assets at Fair Value through Profit or Loss (Net)	112.315	297.406	390.024	910.786	402.343	95.845	2.208.719
Due from Money Markets	--	--	--	--	--	--	--
Financial Assets at Fair Value through Other Comprehensive Income	386.432	1.006.288	2.931.396	2.450.417	847.937	778	7.623.248
Loans ⁽⁴⁾	16.307.132	5.938.346	11.699.007	37.355.918	13.545.198	2.330.279	87.175.880
Financial Assets Measured at Amortised Cost ⁽²⁾	2.250.593	337.257	459.405	1.371.358	1.655.760	--	6.074.373
Other Assets ⁽³⁾	--	--	--	--	--	16.490.434	16.490.434
Total Assets	23.744.086	7.700.665	15.540.386	42.088.479	16.451.238	32.133.095	137.657.949
Liabilities							
Bank Deposits	1.765.337	560.097	458.062	--	--	74.298	2.857.794
Other Deposits	47.950.337	13.802.211	4.460.339	23.767	--	15.034.332	81.270.986
Due to Money Markets	1.385.878	--	--	--	--	--	1.385.878
Miscellaneous Payables	--	--	--	--	--	--	--
Securities Issued	604.273	1.008.504	179.115	--	--	--	1.791.892
Funds Borrowed	6.277.012	12.646.787	2.259.724	304.081	--	--	21.487.604
Other Liabilities ⁽⁵⁾	273.525	396.452	917.889	125.054	222.142	26.928.733	28.863.795
Total Liabilities	58.256.362	28.414.051	8.275.129	452.902	222.142	42.037.363	137.657.949
Balance Sheet Long Position	--	--	7.265.257	41.635.577	16.229.096	--	65.129.930
Balance Sheet Short Position	(34.512.276)	(20.713.386)	--	--	--	(9.904.268)	(65.129.930)
Off-balance Sheet Long Position	2.015.530	--	877.838	--	--	--	2.893.368
Off-balance Sheet Short Position	--	(1.050.405)	--	(1.710.113)	(457.257)	--	(3.217.775)
Total Position	(32.496.746)	(21.763.791)	8.143.095	39.925.464	15.771.839	(9.904.268)	(324.407)

(1) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (131).

(2) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (797).

(3) Other assets/non-interest bearings include; tangible assets, intangible assets, investments in associates, deferred tax asset, investments in subsidiaries, joint ventures, assets to be disposed, the provisions for expected loss of financial assets and other assets and other assets with balances of TL 437.992, TL 230.632, TL 9.340, TL 956.687, TL 11.390.518, TL 2.800, TL 267.487, TL (9.986) and TL 3.205.034, respectively.

(4) Other liabilities/non-interest bearings include; shareholders' equity, other liabilities, provisions and tax liabilities amounting to TL 15.444.650, TL 10.319.197, TL 897.337 and TL 267.549, respectively.

b. Average interest rates applied to monetary financial instruments

Current 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 (Net)	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	16,96
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
Prior Period - 31 December 2018	EURO %	USD %	Yen %	TL %
Assets				
Cash Equivalents and Central Bank Banks	--	1,90	--	13,00
	2,06	--	--	23,85
Financial Assets at Fair Value through Profit or Loss (Net)	3,98	6,39	--	20,14
Due from Money Markets	--	--	--	--
Financial Assets at Fair Value through Other Comprehensive Income	2,89	3,74	--	14,85
Loans	5,38	6,86	5,45	22,06
Financial Assets Measured at Amortised Cost	--	5,05	--	22,34
Liabilities				
Bank Deposits	2,68	4,35	0,25	23,15
Other Deposits	1,68	4,00	0,15	22,74
Due to Money Markets	--	--	--	16,72
Miscellaneous Payables	--	--	--	--
Securities Issued	--	--	--	27,34
Funds Borrowed	1,46	4,70	--	11,54

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 2019.

Current Period: 31 December 2019		Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency		(+/- x basis points)		-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%

Prior Period: 31 December 2018		Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency		(+/- x basis points)		-Losses/Equity
1 TL	(+)	500 bps	(1.656.294)	(7,50%)
2 TL	(-)	400 bps	1.493.763	6,76%
3 Euro	(+)	200 bps	(554.423)	(2,51%)
4 Euro	(-)	200 bps	681.910	3,09%
5 US Dollar	(+)	200 bps	91.274	0,41%
6 US Dollar	(-)	200 bps	(84.630)	(0,38%)
Total (of positive shocks)			(2.119.443)	(9,60%)
Total (of negative shocks)			2.091.043	9,47%

V. Position risk of equity shares arising from banking accounts

a. Comparison of balance sheet value, fair value and market value of equity shares

The 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 2019 and 31 December 2018.

b. Information on realised gains/losses, revaluation surpluses and unrealised gains/losses on equity shares and their amounts included in the Ties I and Tier II capitals

None.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

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 between Bank's subsidiaries

Liquidity risk management is performed on unconsolidated and consolidated basis. In this context, although the liquidity monitoring and management of the partnerships is carried out by the related partnership, they are closely monitored by the Bank. Limits are allocated by the Bank in order to meet the liquidity needs of partnerships 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.

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 and longer in 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 distributed deposit source 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 unconsolidated foreign currency ratio for the last three months was 214,08 in 8 November week, the highest 330,02 in 13 December week, and the total lowest liquidity coverage ratio has been calculated as 131,96 in 6 December week and 154,85 in 11 October week 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. In 2019, the Bank carried out the LCR management by increasing by 10% parts and managed to reach 80% for foreign currency in 2019 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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			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 of the values calculated for the last three months by taking the simple arithmetic average weekly

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			24.716.350	14.839.391
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which	62.049.853	22.529.806	5.634.521	2.252.981
3 Stable deposits	11.409.282	--	570.464	--
4 Less stable deposits	50.640.571	22.529.806	5.064.057	2.252.981
5 Unsecured wholesale funding, of which	22.733.197	13.053.428	12.684.652	6.979.090
6 Operational deposits	5.178.169	3.386.874	1.294.542	846.718
7 Non-operational deposits	12.855.617	7.642.468	6.697.901	4.114.334
8 Unsecured debt	4.699.411	2.024.086	4.692.209	2.018.038
9 Secured wholesale funding			--	--
10 Other cash outflows	3.757.786	4.538.515	2.418.935	3.536.859
11 Outflows related to derivative exposures and other collateral requirements	1.526.367	2.869.088	1.526.367	2.869.088
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	2.231.419	1.669.427	892.568	667.771
14 Other contractual funding obligations	1.034.019	1.033.459	1.033.487	1.033.459
15 Other contingent funding obligations	71.250.289	22.274.800	5.459.043	2.171.755
16 TOTAL CASH OUTFLOWS			27.230.638	15.974.144
CASH INFLOWS				
17 Secured lending	4.178	--	--	--
18 Unsecured lending	11.714.029	7.702.131	9.414.991	7.152.443
19 Other cash inflows	346.176	6.587.042	346.176	6.587.042
20 TOTAL CASH INFLOWS	12.064.383	14.289.173	9.761.167	13.739.485
			Total adjusted value	
21 TOTAL HQLA			24.716.350	14.839.391
22 TOTAL NET CASH OUTFLOWS			17.469.471	4.072.847
23 LIQUIDITY COVERAGE RATIO (%)			142,0	366,6

(*) Simple arithmetic average of the values calculated for the last three months by taking the simple arithmetic average weekly

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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	7.391.671	9.315.799	--	--	--	--	--	16.707.470
Banks ⁽¹⁾	1.477.851	2.120.051	--	--	--	--	--	3.597.902
Financial Assets at Fair Value through Profit or Loss (Net)	153.472	272.495	201.607	622.299	543.772	381.042	--	2.174.687
Due from Money Markets	--	1.020.321	--	--	--	--	--	1.020.321
Financial Assets at Fair Value through Other Comprehensive Income	78.170	258.965	1.485.542	1.301.396	5.775.610	1.833.599	--	10.733.282
Loans	--	14.095.253	4.313.128	15.426.200	41.699.420	15.957.301	5.463.921	96.955.223
Financial Assets Measured at Amortised Cost ⁽²⁾	--	1.258.442	201.144	371.247	3.290.642	1.468.891	--	6.590.366
Other Assets	2.747.691	--	--	--	470.470	--	15.480.616	18.698.777
Total Assets	11.848.855	28.342.326	6.201.421	17.721.142	51.779.914	19.640.833	20.944.537	156.478.028
Liabilities								
Bank Deposits	121.778	1.814.686	814.112	219.951	--	--	--	2.970.527
Other Deposits	20.267.551	62.353.953	10.685.513	3.986.559	34.710	107	--	97.328.393
Fund Borrowed	--	1.476.380	2.335.321	7.923.026	9.666.856	2.849	--	21.404.432
Due to Money Markets	--	425.152	--	--	--	--	--	425.152
Securities Issued	--	1.471.615	989.366	--	--	--	--	2.460.981
Miscellaneous Payables	--	--	--	--	--	--	--	--
Other Liabilities	6.161.303	496.404	322.077	4.438.122	612.985	349.456	19.508.196	31.888.543
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
End of The Prior Period								
Total Assets	13.423.091	21.562.149	4.085.200	18.767.151	47.385.132	16.892.811	15.542.415	137.657.949
Total Liabilities	20.463.284	53.170.134	23.508.104	14.830.110	6.001.304	3.343.029	16.341.984	137.657.949
Net Liquidity Excess/ (Gap)	(7.040.193)	(31.607.985)	(19.422.904)	3.937.041	41.383.828	13.549.782	(799.569)	--
Net Off-balance sheet Position	--	(204.044)	(67.871)	(504.015)	502.867	--	--	(273.063)
Financial Derivative Assets	--	26.398.885	6.034.645	9.176.570	7.613.822	9.101.633	--	58.325.555
Financial Derivative Liabilities	--	(26.602.929)	(6.102.516)	(9.680.585)	(7.110.955)	(9.101.633)	--	(58.598.618)
Non Cash Loans	--	2.716.765	2.843.077	9.078.407	4.522.483	13.135.034	--	32.295.766

(1) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (70).

(2) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (836).

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

c. Representation of financial liabilities according to their remaining maturities in accordance with their contracts

The maturity breakdown of the maturity values of the Bank's non-derivative financial liabilities that are subject to a contract is given in the table below. The interest to be paid on the relevant assets and liabilities have been included to the relevant maturity segments.

End of The Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	84.716.670	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	88.167.075	15.154.571	12.411.815	11.241.894	2.954	126.978.309

(*) It includes subordinated loans.

End of The Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	64.860.579	14.881.916	5.303.953	39.311	--	85.085.759
Funds borrowed (*)	1.542.523	7.587.228	6.852.541	7.388.522	3.161.629	26.532.443
Interbank money markets	1.385.878	--	--	--	--	1.385.878
Securities issued	610.190	1.056.960	188.000	--	--	1.855.150
Total	68.399.170	23.526.104	12.344.494	7.427.833	3.161.629	114.859.230

(*) It includes subordinated loans.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

VII. Explanations related to leverage ratio

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

As of 31 December 2019, the leverage ratio of the Bank is calculated as 7,57% (31 December 2018: 7,15%). 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)	151.111.455	135.771.262
2 (Assets deducted in determining Basel III Tier I capital)	(347.267)	(505.465)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines)	150.764.188	135.265.797
Derivative exposures		
4 Replacement cost	1.778.239	2.317.109
5 Add-on amount	817.141	768.193
6 Total derivative exposures (sum of 4 and 5 lines)	2.595.380	3.085.302
Securities financing transaction exposures		
7 Gross SFT assets (with no recognition of accounting netting)	99.826	375.514
8 Agent transaction exposures		--
9 Total securities financing transaction exposures (sum of 7 and 8 lines)	99.826	375.514
Other off-balance sheet exposures		
10 Off-balance sheet exposures with gross nominal amount	80.669.269	74.218.289
11 (Adjustment amount off-balance sheet exposures with credit conversion factor)	(503)	(503)
12 Total off-balance sheet exposures (sum of 10 and 11 lines)	80.668.766	74.217.786
Capital and total exposures		
13 Tier I capital	17.679.538	15.204.312
14 Total exposures (sum of 3,6,9 and 12 lines)	234.128.160	212.944.399
Leverage ratio		
15 Leverage ratio	7,55	7,15

(*) 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 2019.

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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 and is carried out once a year. 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 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 unconsolidated 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.

There is a control system 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

2. Overview of risk weighted amounts

	Risk Weighted Amount Current Period	Risk Weighted Amount Prior Period	Minimum Capital Requirement Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	122.260.883	101.179.136	9.780.871
2 <i>Standardized approach (SA)</i>	122.260.883	101.179.136	9.780.871
3 <i>Internal rating-based (IRB) approach</i>	--	--	--
4 Counterparty credit risk	2.115.515	2.457.898	169.241
5 <i>Standardized approach for counterparty credit risk (SA-CCR)</i>	2.115.515	2.457.898	169.241
6 <i>Internal model method (IMM)</i>	--	--	--
7 Basic risk weight approach to internal models equity position in the banking account	--	--	--
8 Investments made in collective investment companies - look-through approach	--	--	--
9 Investments made in collective investment companies - mandate-based approach	6.365	488	509
10 Investments made in collective investment companies - %1250 weighted risk approach	--	--	--
11 Settlement risk	--	--	--
12 Securitization positions in banking accounts	--	--	--
13 <i>IRB ratings-based approach (RBA)</i>	--	--	--
14 <i>IRB Supervisory Formula Approach (SFA)</i>	--	--	--
15 <i>SA/simplified supervisory formula approach (SSFA)</i>	--	--	--
16 Market risk	612.500	991.050	49.000
17 <i>Standardized approach (SA)</i>	612.500	991.050	49.000
18 <i>Internal model approaches (IMM)</i>	--	--	--
19 Operational Risk	10.819.393	8.753.753	865.551
20 <i>Basic Indicator Approach</i>	10.819.393	8.753.753	865.551
21 <i>Standard Approach</i>	--	--	--
22 <i>Advanced measurement approach</i>	--	--	--
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	135.814.656	113.382.325	10.865.172

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

b. Connections between the financial statements and risk amounts

1. The valued amounts and matching in accordance with TAS in the financial statements

Current Period	a	c	d	e	f	g
	Carrying values of items under scope of TAS					Not subject to capital requirements or subject to deduction from capital
	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	
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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

Prior Period	a	c	d	e	f	g
	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	13.912.870	13.912.870	--	--	--	--
Banks	4.172.556	4.172.556	--	--	--	--
Due from money markets	--	--	--	--	--	--
Financial assets at fair value through profit or loss	179.110	--	--	--	83.265	--
Financial assets at fair value through other comprehensive income	7.623.248	7.623.248	--	--	--	--
Financial assets measured at amortised cost	6.075.170	6.075.170	--	--	--	--
Derivative financial assets	2.029.609	--	2.029.609	--	--	--
Loans (net)	87.175.880	87.175.878	--	--	--	187.700
Non-current assets or disposal groups "held for sale" and from discontinued operations (net)	--	--	--	--	--	--
Investments in associates, subsidiaries and joint ventures	11.402.658	11.402.658	--	--	--	--
Tangible assets (net)	437.922	437.922	--	--	--	90.106
Intangible assets (net)	230.632	230.632	--	--	--	230.632
Investment properties (net)	--	--	--	--	--	--
Current Tax Assets	--	--	--	--	--	--
Deferred Tax Assets	956.687	956.687	--	--	--	296.702
Other assets	3.461.607	3.461.607	--	--	--	--
Total assets	137.657.949	135.449.228	2.029.609	--	83.265	805.140
Liabilities						
Deposits	84.128.780	--	--	--	--	84.128.780
Loans	15.213.154	--	--	--	--	15.213.154
Debt to money markets	1.385.878	--	1.385.878	--	--	1.385.878
Debt securities in issue	1.791.892	--	--	--	--	1.791.892
Funds	--	--	--	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--
Derivative financial liabilities	1.925.430	--	--	--	--	1.925.430
Factoring debts	--	--	--	--	--	--
Debts from leasing transactions	9.632	--	--	--	--	9.632
Provisions	897.337	--	--	--	--	897.337
Current tax liabilities	267.549	--	--	--	--	267.549
Deferred tax liabilities	--	--	--	--	--	--
Non-current liabilities or disposal groups "held for sale" and from discontinued operations (net)	--	--	--	--	--	--
Subordinated debts	6.274.450	--	--	--	--	6.274.450
Other liabilities	10.319.197	--	--	--	--	10.319.197
Equity	15.444.650	--	--	--	--	15.444.650
Total liabilities	137.657.949	--	1.385.878	--	--	137.657.949

2. Main sources of differences between risk exposures and valued amounts in accordance with TAS in financial statements

Current Period	a	b	c	d	e
	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	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	--	3.132.342	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	--	3.132.342	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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

	a	b	c	d	e
Prior Period	Total	Items subject to credit risk framework	Items subject to securitization framework	Items subject to counterpart y credit risk framework	Items subject to market risk framework (*)
1 Asset carrying value amount under scope of TAS	137.562.102	135.449.228	—	2.029.609	83.265
2 Liabilities carrying value amount under scope of TAS		--	--	1.385.878	--
3 Total net amount	137.562.102	135.449.228	—	3.415.487	83.265
4 Off-balance sheet amounts (**)	71.548.348	25.048.638	--	--	--
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		--	--	--	907.785
9 Differences resulted from considering of the financial guarantees		(4.986.833)	--	--	--
10 Risk exposures	209.110.450	155.511.033	—	3.415.487	991.050

(*) 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 value 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

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 in 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 distributed 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. Where suitable, by applying the necessary risk decrease techniques, the Bank's potential losses are tried to be minimised. 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 presents the functioning of internal rating systems, the development of credit ratings, the documentation on the changes in credit ratings, and the analysis and results of compliance with internal restrictions to the Rating Committee, in order to ensure compliance of the Bank's credit risk to Basel regulations. 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

2. Credit quality of assets

Current Period	a	b	c	d
	Gross carrying values of (according to TAS)		Provisions/ depreciation and impairment	Net values (a+b-c)
	Defaulted	Non-defaulted		
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.

Prior Period	A	b	c	d
	Gross carrying values of (according to TAS)		Provisions/ depreciation and impairment	Net values (a+b-c)
	Defaulted	Non-defaulted		
1 Loans	5.909.053	87.104.244	5.837.417	87.175.880
2 Borrowing instruments	--	13.697.638	797	13.696.841
3 Off-balance sheet receivables (*)	283.499	70.388.628	328.144	70.343.983
4 Total	6.192.552	171.190.510	6.166.358	171.216.704

(*) It doesn't include revocable commitments and asset purchase - sales commitments.

3. Changes in stock of impaired loans and debt securities

	Current Period	Prior Period
	a (*)	a (*)
1 Impaired loans and debt securities at end of the previous reporting period	5.909.053	3.625.484
2 Loans and debt securities that have impaired since the last reporting period	8.759.067	5.110.602
3 Receivables that returned to non-impaired status	91.729	2.095
4 Amounts written off (**)	1.896.025	1.247.281
5 Other changes	(1.625.688)	(1.577.657)
6 Impaired loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)	11.054.678	5.909.053

(*) 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 after the maturity date or the debtor of which are deemed unworthy by the Bank are considered as "impaired loans."

(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 after the maturity date 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".

(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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

(v) **Breakdown of receivables by geographical area**

Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
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.

Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
1 Domestic	5.826.850	84.083.820	--	13.012.115	279.259	62.077.263	3.513.570	1.247.281
2 EU Countries	73.103	2.114.950	--	--	--	587.909	60.920	--
3 OECD Countries	336	5.392	--	--	--	1.560.446	137	--
4 Off Shore Zones	4	298.162	--	--	--	36.519	3	--
5 USA, Canada	73	4.896	--	685.523	--	6.927	68	--
6 Other Countries	8.687	597.024	--	--	4.240	6.119.564	4.076	--
7 Total	5.909.053	87.104.244	--	13.697.638	283.499	70.388.628	3.578.774	1.247.281

(*) It indicates 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		Specific provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
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-employment 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific Provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
Agricultural	379.931	13.490.153	--	--	3.166	3.576.791	226.791	4.949
Farming and Cattle	375.755	13.479.642	--	--	2.989	3.556.834	223.397	4.761
Forestry	228	2.773	--	--	25	6.038	194	105
Fishing	3.948	7.738	--	--	152	13.919	3.200	83
Manufacturing	535.584	7.461.780	--	--	25.082	12.544.367	314.505	37.585
Mining	181.552	648.039	--	--	5.747	498.738	97.433	14.616
Production	349.942	4.955.334	--	--	16.916	11.112.318	213.570	21.391
Electric, Gas, Water	4.090	1.858.407	--	--	2.419	933.311	3.502	1.578
Construction	391.387	5.929.211	--	--	78.343	8.577.517	230.068	21.082
Services	2.582.760	19.474.447	--	267.844	110.268	14.811.764	1.482.478	569.048
Wholesale and Retail Trade	1.196.888	9.475.712	--	--	63.999	8.471.304	793.159	285.619
Hotel and Restaurant								
Services	991.325	4.031.639	--	--	27.138	840.384	408.031	7.758
Transportation and telecommunication	271.478	2.818.259	--	--	16.408	2.242.306	212.518	267.757
Financial institution	16.554	682.133	--	267.844	190	2.626.544	12.698	1.217
Real estate and letting services	13.216	270.143	--	--	789	107.117	10.504	3.509
Self-employment services	--	--	--	--	--	--	--	--
Education services	19.047	1.190.391	--	--	980	214.024	16.730	952
Health and social services	74.252	1.006.170	--	--	764	310.085	28.838	2.236
Other	2.019.391	40.748.653	--	13.429.794	66.640	30.878.189	1.324.932	614.617
Total	5.909.053	87.104.244	--	13.697.638	283.499	70.388.628	3.578.774	1.247.281

(*) It indicates sales made from non-performing loans portfolio.

(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	--	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

Prior Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
Non-defaulted receivables	--	46.513.701	10.322.264	9.413.250	20.703.385	84.237.910	171.190.510
1 Loans	--	13.129.579	3.670.649	4.997.191	12.278.952	53.027.873	87.104.244
2 Borrowings instruments	--	--	421.806	--	1.362.512	11.913.320	13.697.638
3 Off-balance sheet receivables	--	33.384.122	6.229.809	4.416.059	7.061.921	19.296.717	70.388.628
Defaulted receivables	6.192.552	--	--	--	--	--	6.192.552
1 Loans	5.909.053	--	--	--	--	--	5.909.053
2 Borrowings instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	283.499	--	--	--	--	--	283.499
Specific Provision	3.578.775	--	--	--	--	--	3.578.775
Total	2.613.777	46.513.701	10.322.264	9.413.250	20.703.385	84.237.910	173.804.287

(viii) Ageing analysis of overdue receivables

Current 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	--	--	--	--

Prior Period	1-30 days	31-60 days	61-90 days	Total
Loans	3.908.956	1.753.278	1.525.569	7.187.803
Borrowing instruments	--	--	--	--
Off-balance sheet receivables	--	--	--	--

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

(ix) **Breakdown of restructured receivables according to their provisioning status**

	Current Period	Prior Period
Restructured from loans under close monitoring	9.025.998	5.801.615
Restructured from non-performing loans	1.053.414	180.093

5. Credit risk mitigation techniques

Financial collateral are valued with their current values as of the reporting date and involved in the credit risk mitigation process. While distributing 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.

The 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 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	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 amount before provision and default amount belonging to 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	54.295.205	23.753.359	15.704.280	9.127.316	7.564.882	--	--
2 Borrowing instruments	13.696.841	--	--	--	--	--	--
3 Total	67.992.046	23.753.359	15.704.280	9.127.316	7.564.882	--	--
4 Of which defaulted (*)	4.607.521	1.585.031	622.547	--	--	--	--

(*) It includes default amount before provision and default amount belonging to off-balance sheet receivables.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

7. Explanations on rating notes used while calculating credit risk with standard approach

In the 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 exposed 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		Exposures post-credit conversion factor and CRM			RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		RWA	RWA density
Risk classifications									
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%			

Prior Period	a		b		c		d	e	f
	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		Exposures post-credit conversion factor and CRM			RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		RWA	RWA density
Risk classifications									
1 Exposures to central governments or central banks	26.895.185	55.276	34.460.068	1.959.726	3.224.460	8,85%			
2 Exposures to regional governments or local authorities	939.543	12.639	936.292	5.056	470.674	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	5.711.818	4.626.093	5.409.510	4.142.595	3.680.525	38,53%			
7 Exposures to corporates	29.445.471	32.414.709	24.028.088	16.507.939	40.536.027	100,00%			
8 Retail exposures	43.396.248	34.753.831	39.106.306	2.682.517	31.445.240	75,25%			
9 Exposures secured by residential property	3.794.311	523.924	3.552.280	258.744	1.333.859	35,00%			
10 Exposures secured by commercial real estate	9.504.946	1.752.197	8.414.172	975.279	5.507.184	58,65%			
11 Past-due loans	2.330.278	162.803	2.328.333	54.831	2.588.778	108,63%			
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)	--	488	--	488	488	100,00%			
16 Other assets	3.681.871	--	3.681.874	--	2.398.972	65,16%			
17 Investments in equities	11.397.316	--	11.397.316	--	11.397.316	100,00%			
18 Total	137.096.987	74.301.960	133.314.239	26.587.175	102.583.523	64,15%			

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

9. Standardised Approach - Exposures by risk classes and risk weights

Current Period		a	b	c	k	d	l	e	f	g	h	i	j
Risk Weight	Classifications/Risk	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

Prior Period		a	b	c	k	d	l	e	f	g	h	i	j
Risk Weight	Classifications/Risk	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	33.195.334	--	--	--	--	--	--	3.224.460	--	--	--	36.419.794
2	Exposures to regional governments or local authorities	--	--	--	--	--	941.348	--	--	--	--	--	941.348
3	Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to institutions	--	--	5.689.730	--	--	2.639.593	--	1.222.782	--	--	--	9.552.105
7	Exposures to corporates	--	--	--	--	--	--	--	40.536.027	--	--	--	40.536.027
8	Retail exposures	--	--	--	--	--	--	41.374.335	414.488	--	--	--	41.788.823
9	Exposures secured by residential property	--	--	--	3.811.024	--	--	--	--	--	--	--	3.811.024
10	Exposures secured by commercial real estate	--	--	--	--	7.764.533	--	--	1.624.918	--	--	--	9.389.451
11	Past-due loans	--	--	--	--	--	580.773	--	810.392	991.999	--	--	2.383.164
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)	--	--	--	--	--	--	--	488	--	--	--	488
16	Investments in equities	--	--	--	--	--	--	--	11.406.641	--	--	--	11.406.641
17	Other assets	1.282.879	--	--	--	--	--	79	2.389.591	--	--	--	3.672.549
18 Total		34.478.213	--	5.689.730	3.811.024	7.764.533	4.161.714	41.374.414	61.629.787	991.999	--	--	159.901.414

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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.

The 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

2. Analysis of counterparty credit risk exposed by measurement approaches

			a	b	c	d	e	f
Current Period			Replacement cost	Potential credit exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1	Standardised Approach (for derivatives) (*)	(for derivatives) (*)	1.649.298	860.784		-	2.459.745	1.195.452
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	(for derivatives, Repo Transactions, Marketable Securities or Commodity 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 Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	(for derivatives, Repo Transactions, Marketable Securities or Commodity 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 Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	(for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					131.292	26.258
5	VaR for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	(for derivatives, Repo Transactions, Marketable Securities or Commodity 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.

			a	b	c	d	e	f
Prior Period			Replacement cost	Potential credit exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1	Standardised Approach (for derivatives) (*)	(for derivatives) (*)	2.029.609	763.133		-	2.762.615	1.388.826
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	(for derivatives, Repo Transactions, Marketable Securities or Commodity 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 Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	(for derivatives, Repo Transactions, Marketable Securities or Commodity 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 Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	(for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					74.639	15.072
5	VaR for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	(for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
6	Total							1.403.898

(*) Counterparty credit risk for derivatives is calculated by the fair value method.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

3. Capital requirement for credit valuation adjustment (CVA)

	a	b
	Exposure (post-CRM)	RWA
Current Period		
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
Prior Period		
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	2.762.615	1.054.000
4 Total subject to the CVA capital charge	2.762.615	1.054.000

4. Standard approach - Counterparty credit risk by risk classes and risk weights

Current Period	a	b	c	d	e	f	g	h	i
Risk Weights / 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.

Prior Period	a	b	c	d	e	f	g	h	i
Risk Weights / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Claims from central governments and central banks	6.213	--	--	--	--	--	--	--	--
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	--	--	849.489	1.493.796	--	--	--	--	916.796
Corporates	--	--	--	--	--	484.656	--	--	484.656
Retail portfolios	--	--	--	--	2.611	--	--	--	1.958
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	--	--	--	--	--	488	--	--	488
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
Total	6.213	--	849.489	1.493.796	2.611	485.144	--	--	1.403.898

(*) 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

5. Collaterals used for counterparty credit risk

	a	b	c	d	e	f
	Guarantees of Derivative Financial Instrument				Guarantees of Other Transactions	
Current Period	Received Guarantees		Given Guarantees		Received Guarantees	Given Guarantees
	Segregated	Unsegregated	Segregated	Unsegregated		
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

	a	b	c	d	e	f
	Guarantees of Derivative Financial Instrument				Guarantees of Other Transactions	
Prior Period	Received Guarantees		Given Guarantees		Received Guarantees	Given Guarantees
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-Domestic Currency	7.150	--	--	--	--	1.386.715
Cash-Foreign Currency	22.977	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	--	--
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
Total	30.127	--	--	--	--	1.386.715

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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

f. Market Risk

1. Explanations on market risk

Market risk refers to the risk arising from positions arising from trading transactions performed 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)	121.588	121.563
2 Equity risk (general and specific)	--	--
3 Foreign exchange risk	238.661	731.374
4 Commodity risk	175.013	109.200
Options		
5 Simplified approach	--	--
6 Delta-plus method	77.238	28.913
7 Scenario approach	--	--
8 Securitization	--	--
9 Total	612.500	991.050

3. Information on market risk calculated as of month-ends during the period

	Current 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 Value at Risk	787.155	1.298.975	383.613

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

	Prior Period: 31 December 2018		
	Average	Highest	Lowest
Interest Rate Risk	7.174	11.613	2.980
Stock Risk	--	--	--
Currency Risk	45.197	96.481	15.860
Commodity Risk	12.322	16.955	8.417
Settlement Risk	--	--	--
Option Risk	3.114	7.753	324
Counterparty Risk	--	--	--
Total Value at Risk	847.586	1.415.075	386.488

g. Operational risk

1. Explanations on operational risk calculation

Principal amount subject to operational risk is calculated through using year-end gross income of 2018, 2017 and 2016 of the 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

	31/12/2016	31/12/2017	31/12/2018	Total/Positive GI year number	Ratio(%)	Total
Gross Income	4.847.874	5.644.424	6.818.731	5.770.343	15	865.551
Amount Subject to Operational Risk						10.819.393

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 Current Period	Fair Value Current 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

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

	Book Value Prior Period	Fair Value Prior Period
Financial Assets	105.046.854	99.302.139
Interbank Money Market Placements	--	--
Banks	4.172.556	4.172.554
Financial Assets at Fair Value Through Other Comprehensive Income	7.623.248	7.623.248
Financial Assets Measured at Amortised Cost	6.075.170	5.653.716
Loans	87.175.880	81.852.621
Financial Liabilities	108.794.154	108.249.766
Bank Deposits	2.857.794	2.837.738
Other Deposits	81.270.986	81.319.644
Interbank Money Market Borrowings	1.385.878	1.385.878
Funds Borrowed From Other Financial Institutions	15.213.154	15.140.237
Subordinated Loans	6.274.450	5.777.019
Securities Issued	1.791.892	1.789.250

b. Classification of fair value

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

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

Current 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 at Fair Value Through Profit or Loss	--	861.996	--	861.996
Total Liabilities	--	861.996	--	861.996

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	179.110	--	--	179.110
Public Sector Debt Securities	83.265	--	--	83.265
Share Certificated	95.845	--	--	95.845
Trading Purpose Derivatives	--	--	--	--
Other Securities	--	2.029.609	--	2.029.609
Financial Assets at Fair Value Through Other Comprehensive Income	7.622.470	--	--	7.622.470
Public Sector Debt Securities	7.354.626	--	--	7.354.626
Other Securities	267.844	--	--	267.844
Loans at Fair Value Through Profit or Loss	--	--	323.627	323.627
Total Assets	7.801.580	2.029.609	323.627	10.154.816
Derivative Financial Liabilities at Fair Value Through Profit or Loss	--	1.925.430	--	1.925.430
Total Liabilities	--	1.925.430	--	1.925.430

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Movement table of financial assets at level 3

	Current period
Balance at the beginning of the period	323.627
Purchases	--
Amortisation and sales	--
Valuation differences	82.866
Transfers	(77.393)
Balance at the end of the period	329.100

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

The 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 1.537 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 recognised under equity is amounting to TL (3.575.443) as of 31 December 2019 (31 December 2018: TL (2.828.755)).

b. Cash Flow Risk

Cash flow hedge valuation difference in the Bank's equity is contracted under the scope of exchange rate risk management of Deniz Finansal Kiralama A.Ş., one of its subsidiaries, which is in accordance with TAS 27 equity method. has started to apply cash flow hedge accounting as of 1 April 2018 by matching the estimated second-hand vehicle sales with the loans received in Euro.

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 that are followed up in Euro and the loans received in Euro has been determined as hedging instrument.

Profit/ (loss) after tax TL (23.227) which is accounted under shareholders' equity as cash flow hedge accounting as of 31 December 2019 (31 December 2018: TL (29.409)).

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

XII. Explanations related to the segment reporting

The 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, 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 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.

Informations on business segments are presented in the following tables:

Current Period (01/01/2019-31/12/2019)	Wholesale Banking	SME & Agricultural Banking	Retail Banking	Treasury & Other	Total
Net interest income	843.259	1.994.378	1.458.451	2.157.191	6.453.279
Net fees and commission income	507.548	1.818.019	1.336.378	(66.069)	3.595.876
Other income/loss, net	56.576	41.688	41.676	(228.934)	(88.994)
Total segment income	1.407.383	3.854.085	2.836.505	1.862.188	9.960.161
Other operational expenses (*)	(500.285)	(1.370.444)	(1.672.920)	(119.697)	(3.663.346)
Provisions for expected loss and other provisions	(3.182.589)	(1.581.625)	(699.117)	(144.924)	(5.608.255)
Taxation					(141.248)
Profit / loss from investments under equity accounting					788.801
Net profit from continuing operations	(2.275.491)	902.016	464.468	1.597.567	1.336.113
Net profit from discontinued operations	--	--	--	--	--
Net profit for the period	(2.275.491)	902.016	464.468	1.597.567	1.336.113
Current Period (31/12/2019)					
Segment assets	36.451.364	38.896.744	21.423.033	41.008.110	137.779.251
Associates and subsidiaries					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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Prior Period (01/01/2018-31/12/2018)	Wholesale Banking	SME & Agricultural Banking	Retail Banking	Treasury & Other	Total
Net interest income	821.810	1.785.172	1.129.720	1.261.020	4.997.722
Net fees and commission income	236.313	1.000.194	908.076	(49.223)	2.095.360
Other income/loss, net	159.585	169.800	199.335	(778.862)	(250.142)
Total segment income	1.217.708	2.955.166	2.237.131	432.935	6.842.940
Other operational expenses (*)	(501.042)	(1.227.010)	(1.366.101)	(80.870)	(3.175.023)
Provisions for expected loss and other provisions	(1.233.567)	(840.306)	(498.072)	(244.298)	(2.816.243)
Taxation					(108.955)
Profit / loss from investments under equity accounting					1.439.804
Net profit from continuing operations	(516.901)	887.850	372.958	107.767	2.182.523
Net profit from discontinued operations					—
Net profit for the period	(516.901)	887.850	372.958	107.767	2.182.523
Prior Period (31/12/2018)					
Segment assets	30.296.632	36.893.999	19.821.565	34.155.319	121.167.515
Associates and subsidiaries					11.402.658
Undistributed assets					5.087.776
Total assets					137.657.949
Segment liabilities	18.783.188	19.668.823	43.339.855	29.834.687	111.626.553
Undistributed liabilities					10.586.746
Equity					15.444.650
Total liabilities and shareholders' equity					137.657.949

(*) It also includes personnel expenses.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

SECTION FIVE

DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to unconsolidated 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	767.272	838.120	629.476	575.968
Central Bank of the Republic of Turkey	763.291	14.338.787	1.744.616	10.962.810
Other	--	--	--	--
Total	1.530.563	15.176.907	2.374.092	11.538.778

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	762.933	5.023.345	1.683.477	3.764.264
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	358	9.315.442	61.139	7.198.546
Total	763.291	14.338.787	1.744.616	10.962.810

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 2019, all banks operating in Turkey should provide a reserve in a range of 1% to 7% (31 December 2018: between 1,5% and 8%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 5% to 21% (31 December 2018: between 4% and 20%) 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 required reserves. The interest income received from required reserves of the Bank with the CBRT is TL 145.307 (1 January - 31 December 2018: TL 193.978) and recognised under "interest received from reserve deposits".

4. Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	1.902.690	4.447	255.769	4.239
Foreign	99	1.690.736	1.263	3.911.285
Foreign head offices and branches	--	--	--	--
Total	1.902.789	1.695.183	257.032	3.915.524

5. Information on foreign banks

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	391.013	669.445	--	--
USA, Canada	1.176.029	2.951.253	--	--
OECD Countries(*)	23.588	23.618	--	--
Off shore zones	369	290	--	--
Other	99.836	267.942	--	--
Total	1.690.835	3.912.548	--	--

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 left out of the balance sheet and the restructured amount has been started to be followed as "financial asset at fair value through profit or loss" in accordance with TFRS 9. The capital of the special purpose company was increased in the general assembly on 23 September 2019 and the amount of TL 103.192 of the Bank's credit receivable was converted into capital and started to be accounted under "financial assets at fair value through profit and loss". Following this transaction, the Bank's credit receivable carried by the fair value under other financial assets amounts to TL 329.100 (31 December 2018: TL 323.627).

4. Positive differences related to derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	9.723	19.236	48.376	107.602
Swap Transactions	956.430	660.064	1.227.725	363.274
Futures Transactions	--	--	--	--
Options	333	41.083	1.028	281.604
Other	--	--	--	--
Total	966.486	720.383	1.277.129	752.480

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 given 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 İstanbul 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 is TL 2.595.610 (31 December 2018: TL 238.181).

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

3. Information on financial assets at fair value through other comprehensive income given as collateral/blocked

Given as collateral or blocked financial assets at fair value through other comprehensive income	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bills, Bonds and Similar Securities	231.875	2.363.735	111.118	127.063
Other	--	--	--	--
Total	231.875	2.363.735	111.118	127.063

4. Financial assets at fair value through other comprehensive income subject to repurchase agreements

Subject to repurchase agreements financial assets at fair value through other comprehensive income	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	78.017	--	329.144	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bank Bills and Bank Guaranteed Bills	--	223.647	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
Total	78.017	223.647	329.144	--

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	10.655.112	7.622.470
Quoted on Stock Exchange (*)	10.655.112	7.622.470
Unquoted on Stock Exchange	--	--
Share Certificates	78.170	778
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange (**)	78.170	778
Impairment Provisions (-)	--	--
Total	10.733.282	7.623.248

(*) 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	--	--
Corporate Shareholders	--	4.963	--	--
Individual Shareholders	--	--	--	--
Indirect Loans Granted to Shareholders	--	--	--	1.292
Loans Granted to Employees	73.133	216	58.825	166
Total	73.133	5.179	58.825	1.458

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	Refinancing
Non-specialized loans	64.333.924	10.339.455	2.309.388	4.601.986
Corporate loans	2.359.899	92.301	447.026	1.470.690
Export loans	2.244.573	780.048	1.000	78.965
Import loans	--	--	--	--
Commercial loans	1.211.913	--	--	--
Consumer loans	14.683.857	1.743.408	4.337	643.221
Credit cards	7.636.771	1.163.650	2.714	290.602
Others	36.196.911	6.560.048	1.854.311	2.118.508
Specialized loans	8.756.462	2.290.110	4.275	2.110.349
Other receivables	--	--	--	--
Total	73.090.386	12.629.565	2.313.663	6.712.335

(*) It includes loans measured at amortised cost.

(**) The balances of loans at fair value through profit or loss are not included.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Stage 1 and Stage 2 Provisions for Expected Loss	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12-Month provision for expected loss	876.527	--	758.141	--
Significant increase in credit risk	--	2.378.120	--	1.500.502
Total	876.527	2.378.120	758.141	1.500.502

3. Distribution of cash loans according to maturity structure

	Standard Loans	Loans Under Close Monitoring	
		Not Restructured	Restructured
Short-Term Loans	21.195.745	4.016.486	539.452
Medium and Long-Term Loans	51.894.641	8.613.079	8.486.546
Total	73.090.386	12.629.565	9.025.998

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

	Short Term	Medium or Long Term	Total
Consumer Loans-TL	816.256	14.930.948	15.747.204
Real estate Loans	3.040	2.516.927	2.519.967
Vehicle Loans	414	46.115	46.529
General Purpose Loans	812.802	12.367.906	13.180.708
Other	--	--	--
Consumer Loans-Indexed to FC	--	12.872	12.872
Real estate Loans	--	12.416	12.416
Vehicle Loans	--	--	--
General Purpose Loans	--	456	456
Other	--	--	--
Consumer Loans-FC	--	1.805	1.805
Real estate Loans	--	1.624	1.624
Vehicle Loans	--	--	--
General Purpose Loans	--	181	181
Other	--	--	--
Individual Credit Cards-TL	6.695.707	641.564	7.337.271
Installment	3.299.447	641.564	3.941.011
Non installment	3.396.260	--	3.396.260
Individual Credit Cards-FC	2.499	--	2.499
Installment	--	--	--
Non installment	2.499	--	2.499
Loans Given to Employees-TL	8.003	32.759	40.762
Real estate Loans	--	845	845
Vehicle Loans	--	7	7
General Purpose Loans	8.003	31.907	39.910
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	30.349	138	30.487
Installment	13.859	138	13.997
Non installment	16.490	--	16.490
Personnel Credit Cards - FC	40	--	40
Installment	--	--	--
Non installment	40	--	40
Overdraft Loans-TL (Real Persons) (*)	1.272.180	--	1.272.180
Overdraft Loans-FC (Real Persons)	--	--	--
Total	8.825.034	15.620.086	24.445.120

(*) The overdraft account used by the personnel of the Bank is TL 1.844.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

5. Information on commercial installment loans and corporate credit cards

	Short Term	Medium or Long Term	Total
Installment Commercial Loans - TL	514.748	11.781.630	12.296.378
Real estate Loans	--	87.333	87.333
Vehicle Loans	1.168	91.176	92.344
General Purpose Loans	513.580	11.603.121	12.116.701
Other	--	--	--
Installment Commercial Loans - Indexed to FC	--	710.315	710.315
Real estate Loans	--	2.042	2.042
Vehicle Loans	--	12.233	12.233
General Purpose Loans	--	696.040	696.040
Other	--	--	--
Installment Commercial Loans - FC	17.570	2.559.365	2.576.935
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	17.570	2.559.365	2.576.935
Other	--	--	--
Corporate Credit Cards - TL	1.665.758	57.442	1.723.200
Installment	511.887	57.442	569.329
Non installment	1.153.871	--	1.153.871
Corporate Credit Cards - FC	240	--	240
Installment	--	--	--
Non installment	240	--	240
Overdraft Loans-TL (Legal Entities)	1.405.259	--	1.405.259
Overdraft Loans-FC (Legal Entities)	--	--	--
Total	3.603.575	15.108.752	18.712.327

6. Distribution of loans according to user

	Current Period	Prior Period
Public	3.472.697	1.301.606
Private	91.273.252	85.802.638
Total	94.745.949	87.104.244

7. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	90.447.075	84.083.820
Foreign Loans	4.298.874	3.020.424
Total	94.745.949	87.104.244

8. Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	689.611	469.488
Indirect loans granted to subsidiaries and associates	--	--
Total	689.611	469.488

9. Specific provisions for loans or provisions for stage 3 loans

	Current Period	Prior Period
Provisions for stage 3 loans		
Loans with Limited Collectability	1.850.417	590.773
Loans with Doubtful Collectability	1.089.097	1.039.505
Uncollectible Loans	2.651.243	1.948.496
Total	5.590.757	3.578.774

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	79.694	577.336	396.384
(Gross amounts before provisions)			
Restructured loans	79.694	577.336	396.384
Prior Period	21.949	41.748	116.396
(Gross amounts before provisions)			
Restructured loans	21.949	41.748	116.396

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

(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	1.447.172	1.962.564	2.499.317
Additions (+)	7.834.455	176.523	748.089
Transfers from Other Categories of Non-Performing Loans (+)	--	4.206.328	3.321.802
Transfers from Other Categories of Non-Performing Loans (-)	4.206.328	3.321.802	--
Collections (-)	359.986	687.193	670.238
Write-off (-) (**)	--	--	1.473.703
Sales (-) (*)	97	1.645	420.580
Corporate and Commercial Loans	4	28	13.649
Retail Loans	78	1.107	179.887
Credit Cards	12	393	117.475
Other	3	117	109.569
Balances at End of the Period	4.715.216	2.334.775	4.004.687
Specific Provisions (-)	1.850.417	1.089.097	2.651.243
Net Balance on Balance Sheet	2.864.799	1.245.678	1.353.444

(*) In March and October 2019, the Bank has been sold retail loan portfolio, which is being followed in the legal follow-up accounts, amounting to TL 290.189 for TL 21.307 and business loan portfolio amounting to TL 132.133 for TL 6.125 to asset management companies.

(**) As of 31 December 2019, 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 1.473.703 were deducted from the records. The effect of this accounting treatment on the non-performing loans ratio of the Bank is 139 basis points.

(iii) Information on non-performing loans utilized in foreign currencies

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current 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	--	--
Prior Period: 31 December 2018			
Balance as of the Period End	--	--	--
Provisions (-)	--	--	--
Net Balance on Balance Sheet	--	--	--

(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 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)	--	--	--
Prior Period (Net): 31 December 2018	856.399	923.059	550.821
Loans Granted to Real Persons and Legal Entities (Gross)	1.447.172	1.962.564	2.499.317
Provisions (-)	590.773	1.039.505	1.948.496
Loans Granted to Real Persons and Legal Entities (Net)	856.399	923.059	550.821
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan (Net)	--	--	--

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

- (v) Information on interest accruals, rediscount and valuation differences for non-performing loans and their provisions

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current 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
Prior Period (Net)	68.100	139.183	27.706
Interest accruals and rediscount and valuation differences	130.511	256.807	59.803
Amount of provision (-)	62.411	117.624	32.097

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 are TL 224.841 (31 December 2018: TL 1.111.654).

- (ii) Information on securities subject to given as collateral or blocked

Collateralized financial assets measured at amortised cost are government bonds, whose book value amounts to TL 1.393.213 (31 December 2018: TL 951.233).

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

2. Information on government debt securities measured at amortised cost

<i>Government debt securities measured at amortised cost</i>	Current Period	Prior Period
Government Bonds	6.591.202	6.075.170
Treasury Bills	--	--
Other Government Debt Securities	--	--
Total	6.591.202	6.075.170

3. Information on financial assets measured at amortised cost

<i>Financial assets measured at amortised cost</i>	Current Period	Prior Period
Debt Securities	6.591.202	6.075.170
Quoted on Stock Exchange	6.591.202	6.075.170
Unquoted on Stock Exchange	--	--
Impairment provisions (-)	--	--
Total	6.591.202	6.075.170

4. The movements of financial assets measured at amortised cost during the period

	Current Period	Prior Period
Balance at the beginning of the period	6.075.170	5.212.636
Foreign exchange differences in monetary assets (*)	516.032	1.224.059
Purchases during the year	--	--
Disposals by sale and redemption	--	(361.525)
Impairment provisions (-)	--	--
Total	6.591.202	6.075.170

(*) Rediscounts of financial assets measured at amortised cost are included in "foreign exchange differences in monetary assets".

The 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, 24 July, 26 December 2013, 24 January 2014 and 1 November 2016. Negative valuation differences amounting to TL 326.599 followed under equity until the classification date of the related securities will be amortised and transferred to the profit/loss accounts through effective interest method until the amortisation date of the related securities. As of the balance sheet date, the remaining negative valuation difference under equity is TL 130.616 (31 December 2018: TL 173.970).

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	321.197	213.805	212.133	5.920	--	16.401	23.681	--
2	476.692	392.969	22.805	57.263	--	64.893	135.818	--
3	12.481	11.701	8.103	186	--	1.729	(534)	--

⁽¹⁾ Information on the financial statements is presented as of the period ended 30 June 2019.

⁽²⁾ Information on the financial statements is presented as of the period ended 31 December 2018.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 2019 prepared in accordance with the legislation to which Denizbank AG is subject to.

	Denizbank AG
Paid-in capital	1.544.481
Share premium	2.269.284
Reserves	6.872.489
Deductions from capital	6.902
Total Common Equity	10.679.352
Total additional Tier I capital	--
Deductions from capital	27.608
Total Core Capital	10.651.744
Total supplementary capital	443.989
Capital	11.095.733
Deductions from capital	--
SHAREHOLDERS' EQUITY	11.095.733

2. Information on subsidiaries

Title	Address (City/Country)	Share percentage of the Bank (%)	Share percentage of other shareholders (%) ⁽³⁾
1 Intertech 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. ⁽³⁾	Istanbul/Turkey	71	29
7 JSC Denizbank Moskova	Moscow / Russia	49	51
8 Deniz Portföy Yönetimi A.Ş.	Istanbul/Turkey	--	100
9 Deniz Finansal Kiralama A.Ş.	Istanbul/Turkey	49	51
10 Deniz Faktoring A.Ş.	Istanbul/Turkey	100	--
11 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽²⁾	Istanbul/Turkey	--	86
12 CR Erdberg Eins GmbH & Co KG ⁽²⁾	Vienna/Austria	--	100
13-Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş. ⁽⁴⁾	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⁾ 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.

	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	429.891	289.992	279.173	--	--	83.456	48.800	--	--
2	1.091	1.080	51	--	--	(87)	(72)	--	--
3	70.484.494	10.987.126	151.830	2.465.504	50.164	651.883	1.079.560	--	--
4	501.047	42.407	55	68.950	--	213	244	--	--
5	719.127	514.129	15.541	46.241	--	110.782	95.368	--	--
6	19.281	18.892	12.224	--	--	1.642	434	--	--
7	1.770.134	614.573	6.153	107.418	17.404	55.622	58.826	--	--
8	30.039	22.143	3.614	3.689	110	9.845	4.402	--	--
9	2.641.071	642.701	351.104	251.922	--	(49.671)	75.302	--	--
10	1.509.621	381.802	14.381	455.841	--	2.465	101.763	--	--
11	877.514	264.844	2.437	3.367	--	12.003	39.702	--	--
12	212.914	184.556	168.551	4	--	726	3.252	--	--
13	5.932	5.845	28	--	--	(46)	(12)	--	--

Information on the financial statements is presented as of the period ended 31 December 2019.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

(i) Movement of subsidiaries during the period

	Current Period	Prior Period
Balance at the Beginning of the Period	11.390.518	7.591.463
Movements During the Period	1.890.559	3.799.055
Purchases (****)	6.000	303.801
Bonus Shares Received	--	--
Dividends from Current Year Profit (*)	788.801	1.439.804
Sales	--	--
Revaluation Increase, Effect of Inflation and F/X Difference (**)(***)	1.095.758	2.055.450
Provision for Impairment	--	--
Balance at the End of the Period	13.281.077	11.390.518
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 2019, there is not dividend income.

(**) It consists of other reserves amounting to TL 1.054.819 as of 31 December 2019 (31 December 2018: TL 1.909.425), valuation differences of securities amounting to TL 80.757 (31 December 2018: TL (15.944)), cash flow hedge transactions TL 6.183 (31 December 2018: TL (29.409)), real estate revaluation TL 8.098 (31 December 2018: TL 16.665) and actuarial gain/(loss) TL (1.020) (31 December 2018: TL (1.989)) 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 (53.079) (31 December 2018: TL 176.702) in accordance with TFRS 9.

(****) 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.

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

	Current Period	Prior Period
Banks	11.257.800	9.428.245
Insurance Companies	--	--
Factoring Companies	381.803	379.466
Leasing Companies	314.923	336.310
Finance Companies	--	--
Other Subsidiaries	1.326.551	1.246.497
Total	13.281.077	11.390.518

(iii) Quoted subsidiaries: None.

(iv) Subsidiaries disposed during the current period: None.

(v) Consolidated 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	Expense
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33	33	64.326	42.538	10.543	100.688	(83.218)

Information on the unaudited financial statements is presented as of the period ended 30 June 2019.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

i. Information on receivables from leasing transactions

None.

j. Explanation on derivative financial instruments for hedging purpose

None.

k. Information on tangible assets

	Real Estate	Tangible Fixed Assets Retained With Financial Leasing	Vehicles	Tangible Fixed Assets Retained With Operational Leasing	Other Tangible Fixed Assets	Total
Prior Period						
Cost	68.325	171.704	1.190	--	1.028.946	1.270.165
Accumulated Depreciation	--	(146.080)	(1.182)	--	(684.981)	(832.243)
Net Book Value	68.325	25.624	8	--	343.965	437.922
Current Period						
Net Book Value at the Beginning of the Period	68.325	25.624	8	--	343.965	437.922
Changes In the Period (Net)	1.571	(7.673)	--	643.541	217.283	854.722
Depreciation Cost	(1.032)	(10.557)	(6)	(177.545)	(113.871)	(303.011)
Provision For Decrease In Value	(344)	--	--	--	--	(344)
FX Differences (Net)	--	--	--	4.719	2	4.721
Cost At the End of the Period	68.520	151.422	1.201	643.543	1.223.163	2.087.849
Accumulated Depreciation At the End of the Period	--	(144.028)	(1.199)	(172.828)	(775.784)	(1.093.839)
Net Book Value At The End Of The Period	68.520	7.394	2	470.715	447.379	994.010

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 37.491 (31 December 2018: TL 36.010) is recognised under equity as a result of revaluation process, and impairment provision made in previous period for related properties amounting to TL 3.156 is cancelled and an impairment provision amounting to TL 3.082 is booked for related properties.

l. Information on intangible assets

	Other	Goodwill	Total
Prior Period			
Cost	844.044	--	844.044
Accumulated Depreciation	(613.412)	--	(613.412)
Net Book Value	230.632	--	230.632
Current Period			
Net Book Value at the Beginning of the Period	230.632	--	230.632
Differences During the Period (Net)	177.053	--	177.053
Depreciation Cost	(123.217)	--	(123.217)
Provision For Decrease In Value	--	--	--
FX Differences (Net)	--	--	--
Cost At the End of the Period	1.021.761	--	1.021.761
Accumulated Depreciation At the End of the Period	(737.293)	--	(737.293)
Net Book Value At The End Of The Period	284.468	--	284.468

m. Explanation on investment properties

None.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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 (30.822) (31 December 2018: TL (736)).

The following table summarizes the distribution of deferred tax in terms of sources:

	Current Period	Prior Period
Miscellaneous Provisions	930.241	559.503
Unearned Revenue	83.634	71.869
Provision for Employee Benefits	70.953	32.610
Tax Losses Carried Forward (*)	--	296.702
Valuation Differences of Derivatives	--	38.089
Other	--	543
Deferred Tax Assets	1.084.828	999.316
Valuation Differences of Derivatives	(77.389)	--
Valuation Differences of Financial Assets	(24.161)	(20.820)
Valuation Differences of Tangible Assets	(22.930)	(21.809)
Other	(15.972)	--
Deferred Tax Liabilities	(140.452)	(42.629)
Net Deferred Tax Assets	944.376	956.687

(*) Tax losses carried forward mainly consist of valuation differences of financial instruments in accordance with Tax Procedure Law in the calculation of 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

The Bank's total prepaid expenses are TL 558.971 (31 December 2018: TL 493.915).

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

II. Explanations and disclosures related to unconsolidated liabilities

a. Information on deposits

1. Information on maturity structure of deposits

Current 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.

Prior period - 31 December 2018:

	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	2.634.327	--	2.931.067	25.741.058	1.534.319	1.081.038	794.517	13.340	34.729.666
Foreign Currency									
Deposits (*)	8.640.001	--	5.875.286	15.161.470	642.733	833.645	2.076.278	1.579	33.230.992
Residents in Turkey	8.023.928	--	5.485.221	13.695.200	569.679	710.625	1.569.323	1.417	30.055.393
Residents Abroad	616.073	--	390.065	1.466.270	73.054	123.020	506.955	162	3.175.599
Public Sector Deposits	772.601	--	31.054	48.761	19.336	1.314	913	--	873.979
Commercial Deposits	2.466.277	--	2.611.513	4.681.868	141.146	145.532	28.305	--	10.074.641
Other Ins. Deposits	118.976	--	76.892	987.865	167.608	17.511	68.481	--	1.437.333
Precious Metal									
Deposits	402.150	--	53.384	378.595	29.670	43.033	10.890	6.653	924.375
Bank Deposits	74.298	--	404.830	1.191.655	295.479	601.127	290.405	--	2.857.794
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	885	--	--	--	--	6.780	2.000	--	9.665
Foreign Banks	72.405	--	404.830	1.191.655	295.479	594.347	288.405	--	2.847.121
Special Finan. Inst.	1.008	--	--	--	--	--	--	--	1.008
Other	--	--	--	--	--	--	--	--	--
Total	15.108.630	--	11.984.026	48.191.272	2.830.291	2.723.200	3.269.789	21.572	84.128.780

(*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 19.174.270 and Commercial Deposit customers at the amount of TL 14.056.722.

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	22.569.366	17.976.394	13.175.045	16.731.784
Foreign Currency Saving Deposits	8.297.097	4.608.101	19.243.489	15.279.925
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	30.866.463	22.584.495	32.418.534	32.011.709

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

(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	146.033	113.615
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	32.315	74.037
Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of 5237 Numbered Turkish Penal Code dated on 26/09/2004	--	--
Deposits belong to Off-Shore Banks who are established in Turkey	--	--
Total	178.348	187.652

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

b. Information on 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	2.595	44.178	93.475	121.698
Swap Transactions	186.269	559.897	860.660	555.211
Futures Transactions	--	--	--	--
Options	3	69.054	32	294.354
Other	--	--	--	--
Total	188.867	673.129	954.167	971.263

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	322.346	974.691	233.809	818.246
Foreign Banks, Institutions and Funds	--	13.070.142	--	14.161.099
Total	322.346	14.044.833	233.809	14.979.345

2. Maturity information of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	322.346	4.395.863	233.809	9.180.210
Medium and Long-Term	--	9.648.970	--	5.799.135
Total	322.346	14.044.833	233.809	14.979.345

3. Additional explanations on the areas which the Bank's liabilities are concentrated

As of 31 December 2019, 64% of the Bank's liabilities (31 December 2018: 61%) are deposits, 16% (31 December 2018: 18%) 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	--	--	--	--
Bills	2.460.981	--	1.791.892	--
Asset Backed Securities	--	--	--	--
Total	2.460.981	--	1.791.892	--

The Bank has repurchased the securities it has issued amounting to TL 472 and netted them in its financial statements.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

- 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 payables (net)**

With the "IFRS 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 IFRS 16 is disclosed in Section Three, note XXVI.

Maturity of the leasing agreements are usually 4 years. Interest rate and the Bank's cash flow are the criteria taken into consideration on the lease contracts. There is no judgements which exposed to significant liabilities to the Bank on the lease contracts.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	229.822	120.325	3.505	3.162
Between 1-4 years	567.043	369.790	6.502	6.470
Over 4 years	34.055	25.193	--	--
Total	830.920	515.308	10.007	9.632

- 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 off against the loans under assets in the financial statements.

2. **Liabilities on 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 reserve for employee termination benefits:

	Current Period	Prior Period
Discount rate	4,70%	5,45%
Interest rate	13,60%	16,00%
Estimated rate of increase in salary/severance pay limit	8,50%	10,00%

As of 31 December 2019, TL 188.913 of provision for employee termination benefits (31 December 2018: TL 115.748) and TL 133.601 of unused vacation accruals and other rights (31 December 2018: TL 78.975) were reflected to the financial statements.

Movement of the employee termination benefit provision during the period:

	Current Period	Prior Period
Balance at the Beginning of the Period	115.748	95.413
Changes in the period	45.546	25.666
Actuarial loss/gain	55.116	36.152
Paid in the period	(27.497)	(41.483)
Balance at the End of the Period	188.913	115.748

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

3. Information on other provisions

- (i) Information on the items and amounts causing the excess if other provisions exceed 10% of total provisions

Current period:

TL 682.839 of other provisions represent the stage 1 and stage 2 provisions for expected loss for non-cash loans, TL 249.786 is related to stage 3 provision for expected loss for NPL customers' non-cash loans that are not converted into cash, TL 75.640 is the provisions for the litigations against the Bank and TL 456.177 includes other provisions.

Prior period:

TL 240.039 of other provisions represent the stage 1 and stage 2 provisions for expected loss for non-cash loans, TL 88.104 is related to stage 3 provision for expected loss for NPL customers' non-cash loans that are not converted into cash, TL 90.000 provision for possible developments in the overall economic and market conditions, TL 85.669 for provisions for the litigations against the Bank and TL 198.802 includes other provisions.

i. Explanations on tax liability

1. Information on current tax liability

- (i) Information on tax provision

As of 31 December 2019, the corporate tax provision amounting to TL 86.017 (31 December 2018: None) has been offset with prepaid taxes.

As of 31 December 2019, the Bank's total tax and premium liabilities is TL 307.039 (31 December 2018: TL 267.549).

- (ii) Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	--	--
Taxation on securities	107.606	80.434
Capital gains taxes on property	2.657	2.789
Banking Insurance Transaction Tax (BITT)	106.063	95.576
Taxes on foreign exchange transactions	3.999	--
Value added taxes payable	6.660	4.123
Other	51.668	62.019
Total	278.653	244.941

- (iii) Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	12.154	9.639
Social security premiums- employer share	13.697	10.957
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	845	671
Unemployment insurance- employer share	1.690	1.341
Other	--	--
Total	28.386	22.608

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. Informations on liabilities related to non-current assets held for sale and discontinued operations

None.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

k. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowing Instruments to be Included in the Additional Tier 1 Capital Calculation	--	--	--	--
Subordinated Loans	--	--	--	--
Subordinated Debt Instruments	--	--	--	--
Debt Instruments to be Included in the Tier 2 Capital Calculation	--	7.037.253	--	6.274.450
Subordinated Loans	--	7.037.253	--	6.274.450
Subordinated Debt Instruments	--	--	--	--
Total	--	7.037.253	--	6.274.450

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	3.316.100	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

None.

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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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. At that date, 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 issuance of new shares to the public.

(**) 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 is TL 3.910 and is followed under the related account in accordance with the regulation. TL 60 share premium has been 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.

As a result of 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	724.973	--	778.054	--
Valuation Difference and FX Difference	(99.422)	12.125	(674.500)	(130.743)
Total	625.551	12.125	103.554	(130.743)

10. Informations 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 78.337 has been accounted "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" under equities (31 December 2018: TL 69.796).

13. Explanations on profit distribution

At the Ordinary General Assembly Meeting held on 28 March 2019, according to the proposal of the Bank's Board of Directors for profit distribution, TL 109.126 of the net profit for the period of 2018 amounting to TL 2.182.523 was allocated as legal reserves and the remaining TL 2.073.397 was allocated as extraordinary reserves.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

III. Explanations and disclosures related to unconsolidated 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 2019, non-cash loan commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 34.155.559, TL 22.664.957 and TL 1.973.081 respectively (31 December 2018: TL 32.295.766, TL 19.225.849 and TL 1.815.134 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 2019, the 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.

As of 31 December 2018, the Bank has letters of guarantee amounting to TL 26.154.331, bill of guarantee and acceptances amounting to TL 223.364, and guarantees and warranties on letters of credit amounting to TL 2.303.737 and other guarantees and warranties amounting to TL 3.614.334.

- (ii) Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	779.303	478.994
Final Letters of Guarantee	15.586.512	15.818.833
Letters of Guarantee for Advances	2.720.209	2.557.254
Letters of Guarantee given to Customs Offices	184.047	181.679
Other Letters of Guarantee	6.914.032	7.117.571
Total	26.184.103	26.154.331

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	10.500.337	10.731.710
With Original Maturity of 1 Year or Less	10.500.337	10.731.710
With Original Maturity of More Than 1 Year	--	--
Other Non-Cash Loans	23.655.222	21.564.056
Total	34.155.559	32.295.766

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

(ii) Information on risk concentration on sector basis within the non-cash loans account

	Current 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-employment 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

	Prior Period			
	TL	%	FC	%
Agricultural	186.307	1,73	290.968	1,34
Farming and Cattle	181.336	1,68	286.877	1,33
Forestry	1.640	0,02	1.070	--
Fishing	3.331	0,03	3.021	0,01
Manufacturing	1.832.731	17,00	9.555.165	44,44
Mining	97.822	0,91	338.917	1,58
Production	1.455.576	13,50	8.565.745	39,83
Electric, Gas, Water	279.333	2,59	650.503	3,03
Construction	3.048.479	28,25	5.005.848	23,28
Services	4.063.585	37,67	4.181.710	19,44
Wholesale and Retail Trade	2.251.076	20,87	2.207.233	10,26
Hotel and Restaurant Services	239.659	2,22	412.544	1,92
Transportation and telecommunication	503.609	4,67	1.081.896	5,03
Financial institutions	711.503	6,59	401.884	1,87
Real estate and letting services	43.989	0,41	3.143	0,01
Self-employment services	--	--	--	--
Education services	163.748	1,52	11.803	0,05
Health and social services	150.001	1,39	63.207	0,30
Other	1.661.147	15,35	2.469.826	11,50
Total	10.792.249	100,00	21.503.517	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	9.770.304	13.825.634	893.534	1.694.631
Bill of Guarantee and Acceptances	8.000	91.876	--	--
Letters of Credit	13.546	4.027.923	--	3.819
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Commitments	--	--	--	--
Other Commitments and Contingencies	8	3.790.042	--	36.242
Total	9.791.858	21.735.475	893.534	1.734.692

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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 Investment 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

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 Investment Hedge Transactions	--	--	--	--	--	--
Types of Trading Transactions						
Foreign Currency Related Derivative Transactions (I)	51.203.938	12.043.371	15.325.280	5.438.811	--	84.011.400
Forward FC Call Transactions	1.066.319	1.348.354	1.265.886	139.117	--	3.819.676
Forward FC Pull Transactions	1.033.944	1.424.524	1.274.604	142.476	--	3.875.548
Swap FC Call Transactions	21.540.447	894.445	3.239.445	2.831.722	--	28.506.059
Swap FC Pull Transactions	22.112.015	915.005	3.821.142	2.325.496	--	29.173.658
Options FC Call Transactions	2.690.523	3.672.596	2.905.302	--	--	9.268.421
Options FC Pull Transactions	2.760.690	3.637.324	2.818.901	--	--	9.216.915
Futures FC Call Transactions	--	72.356	--	--	--	72.356
Futures FC Pull Transactions	--	78.767	--	--	--	78.767
Total of Interest Derivative Transactions (II)	499.999	--	2.854.796	9.095.766	18.203.266	30.653.827
Swap Interest Call Transactions	250.000	--	1.427.398	4.482.107	9.101.633	15.261.138
Swap Interest Pull Transactions	249.999	--	1.427.398	4.482.107	9.101.633	15.261.137
Options Interest Call Transactions	--	--	--	65.776	--	65.776
Options Interest Pull Transactions	--	--	--	65.776	--	65.776
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
Other Types of Trading Transactions (III)	1.297.876	93.792	677.077	190.201	--	2.258.946
B. Total Types of Trading Transactions (I + II + III)	53.001.813	12.137.163	18.857.153	14.724.778	18.203.266	116.924.173
Total Derivatives Transactions (A+B)	53.001.813	12.137.163	18.857.153	14.724.778	18.203.266	116.924.173

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 75.640 (31 December 2018: TL 85.669) provision has been set aside and these provisions are classified under "Other provisions" in 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

IV. Explanations and disclosures related to unconsolidated 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	3.662.624	440.507	3.543.083	234.908
Medium and Long Term Loans	8.553.686	1.309.984	7.338.431	1.067.939
Loans Under Follow-Up	674.719	--	252.765	--
Premiums Received from Resource Utilization Support Fund	--	--	--	--
Total	12.891.029	1.750.491	11.134.279	1.302.847

Interest income received from loans also includes 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	1.019	--	78.254	5.459
Domestic Banks	134.358	4.005	35.179	11.224
Foreign Banks	1.886	65.203	988	35.040
Foreign Head Offices and Branches	1.556	413	--	--
Total	138.819	69.621	114.421	51.723

The interest income received from required reserves of the Bank with the CBRT is TL 145.307 and recognised under "interest received from reserve deposits" account (1 January - 31 December 2018 TL 193.978).

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	13.970	1.296	23.033	940
Financial Assets at Fair Value Through Other Comprehensive Income	831.226	157.286	811.701	27.551
Financial Assets Measured at Amortised Cost	414.737	105.503	771.539	93.445
Total	1.259.933	264.085	1.606.273	121.936

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	106.385	89.265

b. Interest expense

1. Information on interest expense related to funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	42.014	1.247.971	28.970	933.808
Central Bank of the Republic of Turkey	4	--	28	--
Domestic Banks	42.010	68.041	16.280	80.582
Foreign Banks	--	1.179.930	12.662	853.226
Foreign Head Offices and Branches	--	--	--	--
Other Institutions	--	--	--	--
Total	42.014	1.247.971	28.970	933.808

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

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

2. Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	118.291	73.319

3. Information on interest expense paid to securities issued

	Current Period	Prior Period
Interest Paid to Securities Issued	603.212	358.211

4. Maturity structure of the interest expense on deposits

Account Name	Demand Deposits	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 Year		
TL								
Bank Deposits	108	116.585	--	--	--	--	--	116.693
Saving Deposits	277	536.766	4.540.018	149.803	139.684	197.913	1.054	5.565.515
Public Sector Deposits	--	3.086	8.170	4.252	139	316	--	15.963
Commercial Deposits	21	598.960	759.346	34.485	23.134	8.129	--	1.424.075
Other Deposits	1	37.256	167.356	20.492	5.839	9.990	--	240.934
7 Days Notice Deposits	--	--	--	--	--	--	--	--
Total	407	1.292.653	5.474.890	209.032	168.796	216.348	1.054	7.363.180
FC								
Foreign Currency Deposits	16	146.176	510.536	36.530	19.049	57.023	--	769.330
Bank Deposits	15.834	97.058	--	--	--	--	--	112.892
7 Days Notice Deposits	--	--	--	--	--	--	--	--
Precious Metal Deposits	11	602	5.551	987	499	2.133	115	9.898
Total	15.861	243.836	516.087	37.517	19.548	59.156	115	892.120
Grand Total	16.268	1.536.489	5.990.977	246.549	188.344	275.504	1.169	8.255.300

c. Explanations on dividend income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	586	900
Financial Assets at Fair Value Through Other Comprehensive Income	--	--
Other (*)	3.999	1.232
Total	4.585	2.132

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

d. Explanations on trading income/loss

	Current Period	Prior Period
Income	543.140.572	835.932.259
Capital Market Transactions	161.260	42.847
Derivative Financial Instruments	10.851.883	13.816.417
Foreign Exchange Gains	532.127.429	822.072.995
Loss (-)	543.444.624	836.309.027
Capital Market Transactions	86.598	43.672
Derivative Financial Instruments	10.776.217	11.239.670
Foreign Exchange Losses	532.581.809	825.025.685
Net Trading Income / Loss	(304.052)	(376.768)

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments is TL (311.717) (1 January - 31 December 2018: TL 2.355.949).

e. Information on other operating income

Other operating income consists of fees income from customers and fixed asset sales income for various banking services.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

f. Provisions for expected credit loss

	Current Period	Prior Period
Provision for expected credit loss (*)	5.449.503	2.586.403
12 months provision for expected loss (Stage 1)	186.665	(56.665)
Substantial increase in credit risk (Stage 2)	1.219.868	812.376
Default (Stage 3)	4.042.970	1.830.692
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	158.752	229.840
Total	5.608.255	2.816.243

(*) The Bank has reflected the provision for expected credit loss for loans and cancellations and collections made from loan provisions in its financial statements.

g. Information on other operating expenses

	Current Period	Prior Period
Personnel Expenses (*)	1.593.158	1.349.180
Reserve for Employee Termination Benefits (*)	17.050	1.000
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	344	243
Depreciation Charges of Tangible Assets (**)	303.011	115.600
Impairment Losses on Intangible Assets	--	--
Goodwill for impairment loss	--	869
Amortisation Charges of Intangible Assets	123.217	104.201
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	6.542	2.141
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	1.085.261	1.224.740
Operational Lease Expenses (**)	80.165	337.729
Repair and Maintenance Expenses	88.872	85.688
Advertisement Expenses	68.122	63.952
Other Expenses (***)	848.102	737.371
Losses on Sale of Assets	3.072	2.338
Other	531.691	374.711
Total	3.663.346	3.175.023

(*) Personnel expenses and reserve for employee termination benefits are presented in "personnel expenses" in the statement of profit or loss.

(**) Includes the effect of TFRS 16.

(***) 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 73.344, TL 131.465, TL 26.588, TL 47.975, TL 245.295, TL 33.120 and TL 290.315 respectively (1 January - 31 December 2018: TL 61.205, TL 78.150, TL 24.590, TL 36.793, TL 230.038, TL 27.320 and TL 279.275 respectively).

h. Information on profit / loss before tax from continued operations

As 1 January - 31 December 2019, a profit before tax from continued operations is TL 1.477.361 (1 January-31 December 2018: TL 2.291.478).

As 1 January - 31 December 2019, a profit before tax from discontinued operations is none (1 January-31 December 2018: 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 2019, the current tax expense on continued operations is TL 86.017 (1 January - 31 December 2018: None). Deferred tax expense is TL 2.278.971 (1 January - 31 December 2018: TL 3.955.279) and deferred tax income is TL 2.223.740 (1 January - 31 December 2018: TL 3.846.324).

There are not current tax expense on discontinued operations.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of
Unconsolidated Financial Report
Originally Issued In Turkish,
See Note 3.1.c*

j. Information on continued and discontinued operations net profit/loss

The Bank has a net profit is amounting to TL 1.336.113 (31 December 2018: TL 2.182.523). The 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

The 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 2019.
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 1.537 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

Other Fees and Commissions Received	Current Period	Prior Period
Credit card clearing and other commissions	2.316.938	1.255.518
Filing fee provisions	484.858	343.275
Contracted merchant / POS commissions	483.914	461.883
Insurance services	455.080	298.715
Account management fees	74.926	64.015
Remittance commissions	63.079	51.779
Intermediary services	40.134	19.332
Expertise fees	15.620	16.364
Other	471.451	202.144
Total	4.406.000	2.713.025

Other Fees and Commissions Paid	Current Period	Prior Period
Credit card / POS commissions	1.100.013	667.394
EFT fees and commissions	19.247	16.377
Other	121.556	224.562
Total	1.240.816	908.333

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

V. Explanations related to unconsolidated statement of changes in shareholders' equity

a. Explanations on capital increase

None.

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 preparation 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 717.947.

Deniz Finansal Kiralama A.Ş., one of its subsidiaries, has started to apply cash flow hedge accounting as of 1 April 2018 within the scope of currency risk according to TAS 27. Profit/(loss) after tax recognized under equity in the current period through cash flow hedge accounting is TL 6.182.

The revaluation increase of tangible assets amounting to TL 11.262 is netted of with the deferred tax effect of TL 2.721 and accounted under the equity.

In accordance with TFRS 9, Intertech's fair value change amounting to TL (53.079) have been accounted under the equity.

Net amount TL (44.011) after tax regarding the actuarial profit/loss have been accounted under the equity.

Net after tax TL (746.688) amount of foreign net investment hedge funds have been accounted for under equity.

Foreign currency translation differences amounting to TL 1.050.193 have been accounted under the equity.

f. Explanations on amounts transferred to reserves

The Bank transferred profit for the previous year amounting to TL 2.073.397 (31 December 2018: TL 1.785.802) to extraordinary reserves in 2019. The amount transferred to legal reserves is TL 109.126 (31 December 2018: TL 93.990).

DENİZBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

VI. Explanations related to unconsolidated statement of cash flows

a. Informations 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
	01/01/2019	01/01/2018
Cash	4.601.357	2.073.688
Cash in vault, foreign currencies and other	1.205.444	1.802.940
Banks demand deposits	3.395.913	270.748
Cash and Cash Equivalent	6.579.674	8.059.690
Interbank money market placements	--	750.000
Banks time deposits	6.162.915	7.191.206
Securities	416.759	118.484
Total Cash and Cash Equivalents	11.181.031	10.133.378

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

	Current Period	Prior Period
	31/12/2019	31/12/2018
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

b. Cash and cash equivalent assets owned by the Bank but not in free use due to legal restrictions or other reasons

The Bank maintains a total reserve of TL 15.102.078, including the required reserve balances on average in the Central Bank (31 December 2018: TL 12.707.426). Additionally, there is no restricted amount in foreign banks account (31 December 2018: 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 (8.193.133) (31 December 2018: TL (7.714.831)) 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 11.181.031 at the beginning of the period (31 December 2018: TL 10.133.378) has become TL 13.347.799 at the end of the period (31 December 2018: TL 11.181.031).

The TL (569.878) within the "change in assets and liabilities subject of banking operation" (31 December 2018: TL 3.241.165); consists of changes in the "net increase (decrease) in other debts", due to money markets, 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 878.440 as of 31 December 2019 (31 December 2018: TL 2.194.889).

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

VII. Explanations and disclosures related to the Bank's risk group

a. Informations on loans and other receivables of the Bank's risk group

Current Period

The Bank'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	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 Received	135.316	768	494	1	18	--

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

Prior Period

The Bank'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	3.904.644	197.694	9.439	4.655	54	--
Balance at the End of the Period	1.034.087	127.377	11.263	1.292	34	--
Interest and Commission Income Received	115.513	701	546	3	8	--

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

b. Informations on deposits and funds borrowed from the Bank's risk group

The Bank'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	1.916.874	3.058.719	11.965.213	8.811.959	16.882	19.167
Balance at the End of the Period	1.527.049	1.916.874	8.130.445	11.965.213	35.172	16.882
Interest and Commission Expense Paid	141.700	89.601	586.580	500.920	1.983	2.282

(*) 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. Informations on forward and option agreements and similar agreements made with the Bank's risk group

The Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes:						
Balance at the Beginning of the Period	7.927.779	2.598.429	--	51.000	--	--
Balance at the End of the Period	13.133.363	7.927.779	594.000	--	--	--
Total Income/(Loss)	--	527.908	(4.214)	(5.033)	--	--
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. Informations on benefits provided to top management

The Bank made payment amounting to TL 88.655 (31 December 2018: TL 103.691) to its top management as of 31 December 2019.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

e. Information on transactions with the Bank's risk group

As of 31 December 2019, cash loans and other receivables of the risk group represent 1,1% of the Bank's total cash loans and banks; deposits and borrowings represent 8% of the Bank's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,4% of the Bank's total non-cash loans balance.

The Bank conducts financial and operational leasing transactions with Deniz Leasing. As of 31 December 2019, The Bank's net financial lease liabilities arising from these agreements are TL 3 (31 December 2018: TL 9.632). Also, the Bank provides agency services for Deniz Yatırım 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	707	12.273			
Foreign representation	-	-	-		
Foreign branch	-	-	-	-	-
Off shore banking region branches	1	6	1-Bahreyn	13.833.820	-

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 9 new branches and closed 12 branches in 2019.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

SECTION SIX
OTHER DISCLOSURES AND FOOTNOTES

I. Other explanations related to the Bank's operations

a. Other explanations related to the Bank's operations

None.

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

Moody's (*)		Fitch Ratings (**)	
Outlook	Negative	Outlook	Stable
Long Term Foreign Currency Deposit	B3	Long Term Foreign Currency	B+
Short Term Foreign Currency Deposit	Not Prime	Short Term Foreign Currency	B
Long Term Local Currency Deposit	B3	Long Term Local Currency	BB-
Short Term Local Currency Deposit	Not Prime	Short Term Local Currency	B
Bank Financial Strength Rating (BCA)	caa1	Viability	b+
		Support	4
		National	AA
			(tur)(stable)

(*) As of 18/06/2019

(**) As of 01/11/2019

c. Subsequent events

At the Board of Directors' meeting dated 9 January 2020, it was decided to submit to the General Assembly approval 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.

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. Euro 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

SECTION SEVEN
INDEPENDENT AUDITOR'S REPORT

I. Matters to be disclosed related to Independent Audit Report

Unconsolidated financial statements and notes of the Bank are subject to independent audit by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and audit report dated 20 February 2020 is presented preceding the unconsolidated financial statements.

II. Explanations and notes prepared by Independent Auditor

There exist no explanations or notes, deemed to be required, and no significant issues which are not mentioned above and related to 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 2019

I. Independent Auditor's Report

II. Publicly Disclosed Consolidated Financial Report



Güney Bağımsız Denetim ve SMMM A.Ş.
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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 Anonim Şirketi:

A) *Audit of Consolidated Financial Statements*

1) *Opinion*

We have audited the accompanying consolidated financial statements of Denizbank A.Ş. (the "Bank") and its subsidiaries (collectively referred as "the Group"), which comprise the statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, 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 and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Denizbank A.Ş. and its subsidiaries as at December 31, 2019 and consolidated financial performance and consolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2) *Basis for Opinion*

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued 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 of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matter	How the Key Audit Matter is addressed in our audit
<i>Financial impact of TFRS 9 "Financial Instruments" standard and recognition of impairment on financial assets and related important disclosures</i>	
As disclosed in footnote VIII of Section 3; the Group measured expected credit losses for financial assets by TFRS 9 "Financial Instruments Standards" in financial statements. The rationale reasons for selecting TFRS 9 impairment of financial assets as key audit matter are as follows; - Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements - The applications TFRS 9 are complex and comprehensive - The classification of financial instruments based on the Group's business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows - The Group determines the fair value of financial assets presented at fair value with respect to their relevant business model category and determines the financial inputs that are not observable in the fair value measurement as Level 3 due to the existence of significant estimates and assumptions - Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses - The complexity and intensity of the control environment in the processes designed or reorganized for TFRS 9 - Estimations and assumptions used in expected credit losses are new, important and complex. - Complex and comprehensive disclosure requirements of TFRS 9.	Our audit procedures in addition to our current audit procedures: - Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Group's past performance, and local and global practices - Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Information Systems and Process Audit specialists - Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices - Testing criteria used for determining the contractual cash flows including interest payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Group's business model - Analysis of the Group's financial instruments classification and measurement models (financial instruments identified as fair value hierarchy level 3) and comparison with the requirements of the TFRS 9 standard - Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Group's historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis - Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses - Detailed testing of mathematical verification of expected credit losses' calculation on a sample basis - Evaluation of the assumptions and estimations used for the individually assessed financial assets based on expert judgment - Evaluating the necessity and accuracy of the updates made or required updates after the modeling process - Auditing of disclosures related to TFRS 9.



<i>Derivative Financial Instruments</i>	
Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in Section Five Note I.b.4. and Note II.b. Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.	Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the Bank management, fair value calculations of the selected derivative financial instruments which is carried out by valuation experts of another entity who are in the same audit network within our firm and the assessment of used estimations and the judgements and testing the assessment of operating effectiveness of the key controls in the process of fair value determination.

4) Responsibilities of Management and Directors for the Consolidated Financial Statements

Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank's and its subsidiaries 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 and its subsidiaries 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.

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

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 BRSA Independent Audit Regulation and ISAs 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 BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 and its subsidiaries' 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 and its subsidiaries' 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 consolidated 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 and its subsidiaries' to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated 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 government 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 consolidated 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) Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2019 are not in compliance with the TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Yaşar Bivas.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited



20 February 2020

İstanbul, Türkiye

DENİZBANK A.Ş. CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2019

Address of the Bank's Headquarters

Büyükdere Caddesi No:141
34394 -ESENTEPE/İSTANBUL

Telephone and Fax Numbers

Tel : 0.212.348 20 00
Fax: 0.212.336 61 86

Website of the Bank

www.denizbank.com

E-mail address of the Bank

yatirimciliskileri@denizbank.com

The consolidated financial report package prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

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

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

Subsidiaries

- 1 Denizbank AG, Vienna
- 2 Eurodeniz International Banking Unit Ltd.
- 3 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

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.

20 February 2020



HAKAN ELVERDİ

Senior Vice President
Financial Reporting
And Accounting



RUSLAN ABIL

Executive Vice President
Financial Affairs



HAKAN ATEŞ

Member of Board of Directors
and President and Chief
Executive Officer



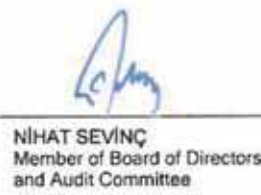
**HESHAM ABDULLA
QASSIM ALQASSIM**
Chairman of Board of
Directors



JONATHAN EDWARD MORRIS
Member of Board of Directors
and Audit Committee



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



NIHAT SEVİNÇ
Member of Board of Directors
and Audit Committee

Contact information for questions on this financial report:

Name/Title: İmge İhtiyar / Department Head, International Reporting and Consolidation Department

Tel No: 0 212 348 5997

	PAGE
SECTION ONE	
General Information	
I. History of the Parent Bank including its incorporation date, initial status, amendments to legal status	240
II. The Parent Bank's capital structure, 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	240
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	241
IV. Explanations regarding the persons and institutions that have qualified shares in the Parent Bank	242
V. Type of service of the Parent Bank and summary information including the areas of activity	242
VI. A short explanation on the 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	242
VII. Existing or potential, actual and legal barriers to immediate transfer of capital or repayment of debts between the Parent Bank and its subsidiaries	242
SECTION TWO	
Consolidated Financial Statements	
I. Consolidated statement of financial position (balance sheet)	244
II. Consolidated statement of off-balance sheet items	246
III. Consolidated statement of profit or loss	247
IV. Consolidated statement of profit or loss and other comprehensive income	248
V. Consolidated statement of changes in shareholders' equity	249
VI. Consolidated statement of cash flow	250
VI. Consolidated profit distribution table	251
SECTION THREE	
Accounting Policies	
I. Explanations on the presentation principles	252
II. Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies	253
III. Information regarding the consolidated subsidiaries	254
IV. Explanations on forward and option contracts and derivative instruments	254
V. Explanations on interest income and expenses	255
VI. Explanations on fee and commission income and expenses	255
VII. Explanations on financial assets	255
VIII. Explanations on expected credit loss	256
IX. Explanations on offsetting financial instruments	259
X. Explanations on sale and repurchase agreements and transactions related to the lending of securities	259
XI. Explanations on non-currents assets held for sale and from discontinued operations and liabilities related to these assets	260
XII. Explanations on goodwill and other intangible assets	260
XIII. Explanations on tangible assets	260
XIV. Explanations on investment property	261
XV. Explanations on leasing transactions	261
XVI. Explanations on provisions and contingent liabilities	261
XVII. Explanations on obligations for employee benefits	261
XVIII. Explanations on tax applications	262
XIX. Additional explanations on borrowings	263
XX. Explanations on issuance of share certificates	263
XXI. Explanations on bill of guarantee and acceptances	263
XXII. Explanations on government incentives	263
XXIII. Explanations on segment reporting	263
XXIV. Explanations on other matters	263
XXV. Classifications	264
XXVI. Explanations on TFRS 16 Leases standard	264
SECTION FOUR	
Information on Consolidated Financial Structure and Risk Management	
I. Explanations related to the consolidated shareholders' equity	266
II. Explanations related to the consolidated credit risk	270
III. Explanations related to the consolidated foreign currency exchange rate risk	281
IV. Explanations related to the consolidated interest rate risk	283
V. Position risk of equity shares arising from banking accounts	285
VI. Explanations related to the consolidated liquidity risk	286
VII. Explanations related to leverage ratio	290
VIII. Explanations related on risk management	290
IX. Explanations related to presentation of financial assets and liabilities at their fair value	308
X. Explanations related to transactions carried out on behalf and account of other parties and fiduciary transactions	310
XI. Explanations related to hedging transactions	310
XII. Explanations related to the consolidated segment reporting	311
SECTION FIVE	
Disclosures and Footnotes to Consolidated Financial Statements	
I. Explanations and disclosures related to consolidated assets	313
II. Explanations and disclosures related to consolidated liabilities	326
III. Explanations and disclosures related to consolidated off-balance sheet items	332
IV. Explanations and disclosures related to consolidated statement of profit or loss	335
V. Explanations related to consolidated statement of changes in shareholders' equity	339
VI. Explanations related to consolidated statement of cash flow	340
VII. Explanations and disclosures related to DFS Group's risk group	341
VIII. Domestic, foreign and off-shore banking branches or associates and foreign representatives of the Parent Bank	342
SECTION SIX	
Other Disclosures and Footnotes	
I. Other explanations related DFS Group's operations	343
SECTION SEVEN	
Independent Auditor's Report	
I. Matters to be disclosed related to Independent Audit Report	344
II. Explanations and notes prepared by Independent Auditor	344

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

SECTION ONE
GENERAL INFORMATION

I. 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") in 1 October 2004.

Dexia Participation Belgique SA, owned 100% directly and indirectly by Dexia SA/NV, has 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 has been 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) has 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 has been completed on 31 July 2019.

As of 31 July 2019, as a result of the acquisition of 99,85% of the Bank's shares by ENBD; pursuant to the provisions of the Capital Market Board's (CMB) Communiqué No II-26.1, the ENBD's obligation to propose a share purchase for the Bank (MTO) and the CMB's other than ENBD Bank, pursuant to the provisions of the Communiqué on Exclusion and Selling Rights No. II-27.2, shareholders' right to sell their shares to ENBD has been revealed.

Within the scope of the Communiqué on Exclusion and Selling Rights, the rights to sell were used by other shareholders within the three-month right-ending period between 1 August 2019 and 31 October 2019. After the three-month right-ending period ended 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 exercising its right to withdraw from the partnership 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 approvals were obtained from organizations 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 Securities Depository application, the shares of the partners other than the prevailing partner were canceled, the newly issued shares were transferred to the prevailing partner 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 100%. Following the completion of the process, the Bank's shares were removed from the stock market as of 16 December 2019.

II. The Parent Bank's capital structure, 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	3.316.099.996	100,00
Others shareholders	4	--
Total	3.316.100.000	100,00

(*) Explanation is given in Note I of Section One.

Prior Period		
Name of the Shareholder	Amount (Full TL)	Share (%)
Sberbank of Russia	3.311.211.134	99,85
Publicly traded	4.888.709	0,15
Others shareholders	157	--
Total	3.316.100.000	100,00

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

III. Explanations regarding the chairman and the members of board of directors, 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 ⁽²⁾		
Hesham Abdulla Qassim Alqassim	Chairman	--
Board of Directors ⁽²⁾		
Mohamed Hadi Ahmed Abdulla Alhussaini	Deputy Chairman	--
Nihat Sevinç	Deputy Chairman	--
Hakan Ateş	Member and CEO	0,000002
Deniz Ülke Arıboğan	Member	--
Wouter G.M. Van Roste	Member	--
Timur Kozintsev ⁽³⁾	Member	--
Derya Kumru	Member	--
Shayne Keith Nelson	Member	--
Jonathan Edward Morris	Member	--
Audit Committee ⁽²⁾		
Wouter G.M. Van Roste	Member	--
Nihat Sevinç	Member	--
Jonathan Edward Morris	Member	--
Executive Vice Presidents ⁽¹⁾		
Bora Böcügöz	Treasury and Financial Institutions	--
Ruslan Abil	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Tanju Kaya	Administrative Services and Investment Group	--
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 Hıçkırkan	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⁾ Murat Çıtak, previously acting as Executive Vice President of IT Security and Digital-Card Payment Operations Group at the Parent Bank, have resigned as of 3 May 2019 and Mustafa Saruhan Özel previously acting as Executive Vice President of Economic Research, Strategy and Program Management Office Group at the Parent Bank have resigned as of 10 September 2019.

⁽²⁾ As a result of the Extraordinary General Assembly Meeting of the Parent Bank held on 1 August 2019, in the division of duty among the Members of the Board of Directors; Hesham Abdulla Qassim Alqassim as Chairman, Mohamed Hadi Ahmed Abdulla Alhussaini and Nihat Sevinç as Deputy Chairman, Jonathan Edward Morris as Board and Audit Committee Member and Shayne Keith Nelson were elected as Board Member. Herman Gref, Igor Kolomeyskiy, Dzhangir Dzhangirov, Pavel Barchugov, Alexander Mozorov and Alexander Titov have resigned from their positions as Member of the Board of Directors before the Extraordinary General Meeting.

⁽³⁾ Timur Kozintsev, previously acting as member of Board of Director of the Parent Bank, has resigned as of 14 February 2020.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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Originally Issued in Turkish,
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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	3.316.100	100%	3.316.100	--

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

As of 31 December 2019 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 service 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 707 domestic and 1 foreign branch as of 31 December 2019.

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 Note III of Section Three.

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 Flow
- VII. Consolidated Profit Distribution Table

DENİZBANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

ASSETS	Footnote	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		11.849.972	48.127.729	59.977.701	9.852.047	35.325.203	45.177.250
1.1 Cash and Cash Equivalents		4.695.803	38.938.309	43.634.112	2.641.967	32.113.372	34.755.339
1.1.1 Cash and Balances at Central Bank	(5.1.a)	1.530.609	34.141.244	35.671.853	2.374.157	25.750.052	28.124.209
1.1.2 Banks	(5.1.a)	1.903.476	4.801.906	6.705.382	258.162	6.367.606	6.625.768
1.1.3 Due from Money Markets		1.261.789	-	1.261.789	9.780	-	9.780
1.1.4 Expected Credit Losses (-)		71	4.841	4.912	132	4.286	4.418
1.2 Financial Assets at Fair Value through Profit or Loss	(5.1.b)	20.633	485.623	506.256	91.872	421.239	513.111
1.2.1 Public Debt Securities		18.389	3.051	21.440	90.381	1.767	92.148
1.2.2 Equity Instruments		44	153.472	153.516	-	95.845	95.845
1.2.3 Other Financial Assets		2.200	329.100	331.300	1.491	323.627	325.118
1.3 Financial Assets at Fair Value through Other Comprehensive Income	(5.1.c)	6.147.636	8.026.934	14.174.570	5.838.928	2.075.561	7.914.489
1.3.1 Public Debt Securities		6.069.466	7.242.150	13.311.616	5.838.150	1.516.476	7.354.626
1.3.2 Equity Instruments		78.170	227	78.397	778	200	978
1.3.3 Other Financial Assets		-	784.557	784.557	-	558.885	558.885
1.4 Derivative Financial Assets		985.900	676.863	1.662.763	1.279.280	715.031	1.994.311
1.4.1 Portion of Derivative Financial Assets Reflected to Profit or Loss	(5.1.b)	985.900	676.863	1.662.763	1.279.280	715.031	1.994.311
1.4.2 Portion of Derivative Financial Assets Reflected to Other Comprehensive Income	(5.1.j)	-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		69.796.431	79.761.375	149.557.806	67.095.420	77.876.251	144.971.671
2.1 Loans	(5.1.d)	72.255.743	76.632.862	148.888.605	66.880.326	73.476.068	140.356.394
2.2 Lease Receivables	(5.1.i)	513.049	2.197.532	2.710.581	715.049	2.345.061	3.060.110
2.3 Factoring Receivables		1.388.379	186.547	1.574.926	2.151.008	210.829	2.361.837
2.4 Financial Assets Measured at Amortised Cost	(5.1.e)	4.037.660	2.735.394	6.773.054	3.779.643	2.460.167	6.239.810
2.4.1 Public Debt Securities		4.037.660	2.735.394	6.773.054	3.779.643	2.460.167	6.239.810
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		8.398.400	1.990.960	10.389.360	6.430.606	615.874	7.046.480
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)"	(5.1.o)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Held from Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		761.971	233	762.204	806.290	211	806.501
4.1 Investments in Associates (Net)	(5.1.f)	13.596	-	13.596	10.833	-	10.833
4.1.1 Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		13.596	-	13.596	10.833	-	10.833
4.2 Investments in Subsidiaries (Net)	(5.1.g)	745.575	233	745.808	792.657	211	792.868
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		745.575	233	745.808	792.657	211	792.868
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	(5.1.h)	2.800	-	2.800	2.800	-	2.800
4.3.1 Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Associates		2.800	-	2.800	2.800	-	2.800
V. TANGIBLE ASSETS (Net)	(5.1.k)	1.364.090	288.076	1.652.166	681.372	200.412	881.784
VI. INTANGIBLE ASSETS (Net)	(5.1.l)	301.199	38.779	339.978	240.158	31.033	271.191
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		301.199	38.779	339.978	240.158	31.033	271.191
VII. INVESTMENT PROPERTY (Net)	(5.1.m)	218.680	-	218.680	202.001	-	202.001
VIII. CURRENT TAX ASSETS		260.787	57.865	318.652	8.975	564	9.539
IX. DEFERRED TAX ASSETS	(5.1.n)	1.037.985	7.360	1.045.345	1.062.119	151.504	1.213.623
X. OTHER ASSETS (Net)	(5.1.p)	2.386.842	1.054.699	3.441.541	2.034.138	1.743.738	3.777.876
TOTAL ASSETS		87.977.957	129.336.116	217.314.073	81.982.520	115.328.916	197.311.436

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 2019

(Currency: Thousands of TL - Turkish Lira)

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnote	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.a)	51.860.131	106.349.053	158.209.184	48.184.217	91.757.259	139.941.476
II. FUNDS BORROWED	(5.II.c)	941.524	14.245.904	15.187.428	1.829.916	14.532.244	16.362.160
III. DUE TO MONEY MARKETS		113.392	345.656	459.048	1.415.797	-	1.415.797
IV. SECURITIES ISSUED (Net)	(5.II.d)	3.935.477	279.296	4.214.773	3.086.177	901.682	3.987.859
4.1 Bills		3.626.080	-	3.626.080	3.079.013	-	3.079.013
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		309.397	279.296	588.693	7.164	901.682	908.846
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES		188.257	692.618	880.875	908.105	1.141.758	2.049.863
7.1 Portion of Derivative Financial Assets Reflected to Profit or Loss	(5.II.b)	188.257	692.618	880.875	908.105	1.141.758	2.049.863
7.2 Portion of Derivative Financial Assets Reflected to Other Comprehensive Income	(5.II.g)	-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (NET)	(5.II.f)	547.355	71.247	618.602	-	-	-
X. PROVISIONS	(5.II.h)	1.734.174	123.552	1.857.726	926.309	18.859	945.168
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		337.981	21.938	359.919	205.580	17.480	223.060
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.396.193	101.614	1.497.807	720.729	1.379	722.108
XI. CURRENT TAX LIABILITIES	(5.II.i)	331.211	3.857	335.068	295.779	67.170	362.949
XII. DEFERRED TAX LIABILITIES	(5.II.i)	3.172	78.927	82.099	1.050	24.778	25.828
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	(5.II.j)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT		-	7.037.253	7.037.253	-	6.274.450	6.274.450
14.1 Loans	(5.II.k)	-	7.037.253	7.037.253	-	6.274.450	6.274.450
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(5.II.e)	4.071.344	6.611.761	10.683.105	3.984.658	6.455.958	10.440.616
XVI. SHAREHOLDERS' EQUITY	(5.II.l)	8.230.177	9.518.735	17.748.912	8.078.680	7.426.590	15.505.270
16.1 Paid-in Capital		3.316.100	-	3.316.100	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 Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss		679.604	47.309	726.913	776.465	39.211	815.676
16.4 Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss		(4.166.463)	5.178.209	1.011.746	(3.915.648)	3.906.078	(9.570)
16.5 Profit Reserves		7.278.139	16.192	7.294.331	5.095.616	16.192	5.111.808
16.5.1 Legal Reserves		455.936	5.019	460.955	346.810	5.019	351.829
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		6.822.203	11.173	6.833.376	4.748.806	11.173	4.759.979
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or Loss		1.032.449	4.277.025	5.309.474	2.724.175	3.465.109	6.189.284
16.6.1 Prior Years' Profits or Losses		568.878	3.437.883	4.006.761	1.593.545	2.396.092	3.989.637
16.6.2 Current Period Net Profit or Loss		463.571	839.142	1.302.713	1.130.630	1.069.017	2.199.647
16.7 Minority Share		22.772	-	22.772	14.396	-	14.396
TOTAL LIABILITIES AND EQUITY		71.956.214	145.357.859	217.314.073	68.710.688	128.600.748	197.311.436

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 2019
 (Currency: Thousands of TL - Turkish Lira)

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

	Footnote	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		75.031.858	146.069.232	221.101.090	70.119.981	133.267.437	203.387.418
I. GUARANTEES	(5.III.a)	10.606.904	23.866.157	34.473.061	10.758.483	22.919.571	33.678.054
1.1. Letters of Guarantee		10.585.358	15.812.386	26.397.744	10.744.708	15.583.822	26.328.530
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		79.021	105.025	184.046	79.021	102.658	181.679
1.1.3. Other Letters of Guarantee		10.506.337	15.707.361	26.213.698	10.665.687	15.481.164	26.146.851
1.2. Bank Acceptances		8.000	91.876	99.876	7.826	215.538	223.364
1.2.1. Import Letter of Acceptance		8.000	91.876	99.876	7.826	215.538	223.364
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		13.546	4.135.611	4.149.157	5.949	3.505.885	3.511.834
1.3.1. Documentary Letters of Credit		5.730	3.077.979	3.083.709	5.949	1.838.619	1.844.568
1.3.2. Other Letters of Credit		7.816	1.057.632	1.065.448	-	1.667.266	1.667.266
1.4. Prefinancing Given As Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Related Guarantees		-	-	-	-	-	-
1.8. Other Collaterals		-	3.826.284	3.826.284	-	3.614.326	3.614.326
1.9. Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.a)	42.447.877	10.942.665	53.390.542	34.851.430	8.808.308	43.659.738
2.1. Irrevocable Commitments		40.560.256	10.848.227	51.408.483	33.975.209	8.808.308	42.783.517
2.1.1. Asset Purchase and Sale Commitments		1.674.676	5.189.236	6.863.912	1.409.987	3.754.663	5.164.650
2.1.2. Deposit Purchase and Sales Commitments		-	346.429	346.429	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		4.000	-	4.000	-	-	-
2.1.4. Loan Granting Commitments		13.726.695	-	13.726.695	11.210.043	85.027	11.295.070
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		1.973.049	-	1.973.049	1.815.134	-	1.815.134
2.1.8. Tax and Fund Obligations from Export Commitments		1.837	-	1.837	1.584	-	1.584
2.1.9. Commitments for Credit Card Limits		22.664.957	-	22.664.957	19.225.849	-	19.225.849
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		6.915	-	6.915	4.592	-	4.592
2.1.11. Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12. Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		508.127	5.312.562	5.820.689	308.020	4.968.618	5.276.638
2.2. Revocable Commitments		1.887.621	94.438	1.982.059	876.221	-	876.221
2.2.1. Revocable Loan Granting Commitments		1.887.062	94.438	1.981.500	875.662	-	875.662
2.2.2. Other Revocable Commitments		559	-	559	559	-	559
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.b)	21.977.077	111.260.410	133.237.487	24.510.068	101.539.558	126.049.626
3.1. Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2. Trading Purpose Derivatives		21.977.077	111.260.410	133.237.487	24.510.068	101.539.558	126.049.626
3.2.1. Forward Foreign Currency Purchases/Sales		1.255.779	4.154.693	5.410.472	2.721.070	4.761.386	7.482.456
3.2.1.1. Forward Foreign Currency Purchases		576.828	2.118.997	2.695.825	1.236.475	2.478.261	3.714.736
3.2.1.2. Forward Foreign Currency Sales		678.951	2.035.696	2.714.647	1.484.595	2.283.125	3.767.720
3.2.2. Currency and Interest Rate Swaps		17.003.685	93.778.024	110.781.709	13.733.466	83.753.085	97.486.551
3.2.2.1. Currency Swaps-Purchases		4.390.246	40.474.216	44.864.462	2.128.687	33.874.794	36.003.481
3.2.2.2. Currency Swaps-Sales		7.273.439	34.741.890	42.015.329	5.004.779	31.897.280	36.902.059
3.2.2.3. Interest Rate Swaps-Purchases		2.670.000	9.280.959	11.950.959	3.300.000	8.990.506	12.290.506
3.2.2.4. Interest Rate Swaps-Sales		2.670.000	9.280.959	11.950.959	3.300.000	8.990.505	12.290.505
3.2.3. Currency, Interest Rate and Security Options		3.654.667	7.266.307	10.920.974	7.949.933	10.666.955	18.616.888
3.2.3.1. Currency Options-Purchases		1.620.919	3.769.594	5.390.513	3.833.002	5.435.419	9.268.421
3.2.3.2. Currency Options-Sales		2.033.748	3.381.627	5.415.375	4.116.931	5.099.984	9.216.915
3.2.3.3. Interest Rate Options-Purchases		-	57.543	57.543	-	65.776	65.776
3.2.3.4. Interest Rate Options-Sales		-	57.543	57.543	-	65.776	65.776
3.2.3.5. Securities Options-Purchases		-	-	-	-	-	-
3.2.3.6. Securities Options-Sales		-	-	-	-	-	-
3.2.4. Currency Futures		62.946	56.418	119.364	78.768	72.355	151.123
3.2.4.1. Currency Futures-Purchases		62.946	-	62.946	6	72.350	72.356
3.2.4.2. Currency Futures-Sales		-	56.418	56.418	78.762	5	78.767
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Purchases		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sales		-	-	-	-	-	-
3.2.6. Others		-	6.004.968	6.004.968	26.831	2.285.777	2.312.608
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		593.890.750	240.125.578	834.016.328	562.778.979	207.384.353	770.163.332
IV. ITEMS HELD IN CUSTODY		74.555.931	11.018.883	85.574.814	81.167.104	9.015.106	90.182.210
4.1. Customers' Securities and Portfolios Held		-	-	-	139.814	-	137.780
4.2. Securities Held in Custody		71.741.449	8.494.938	80.236.387	78.009.150	6.886.818	84.895.968
4.3. Checks Received for Collection		1.488.707	1.996.891	3.485.598	1.451.819	1.609.409	3.061.228
4.4. Commercial Notes Received for Collection		1.184.713	335.302	1.520.015	1.567.103	384.389	1.951.492
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		1.248	191.752	193.000	1.252	134.490	135.742
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		518.395.181	228.151.837	746.547.018	481.305.305	196.994.274	678.299.579
5.1. Securities		2.718.694	62.184	2.780.878	3.116.269	55.289	3.171.558
5.2. Guarantee Notes		336.799.053	73.984.724	410.783.777	308.431.632	65.320.900	373.752.532
5.3. Commodities		15.967.774	10.139.026	26.106.800	16.082.123	9.287.813	25.369.936
5.4. Warrants		-	-	-	-	-	-
5.5. Immovables		99.845.858	71.451.449	171.297.307	95.095.000	64.695.435	159.790.435
5.6. Other Pledged Items		63.063.802	72.514.454	135.578.256	58.580.281	57.634.837	116.215.118
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		939.638	954.858	1.894.496	306.570	1.374.973	1.681.543
TOTAL OFF BALANCE SHEET ITEMS (A+B)		668.922.608	386.194.810	1.055.117.418	632.898.960	340.651.790	973.550.750

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 2019

(Currency: Thousands of TL - Turkish Lira)

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

INCOME STATEMENT		Footnote	CURRENT PERIOD (01/01- 31/12/2019)	PRIOR PERIOD (01/01- 31/12/2018)
I.	INTEREST INCOME	(5.IV.a)	20.042.379	17.876.835
1.1	Interest on loans		17.454.496	15.279.502
1.2	Interest received from reserve deposits		145.307	193.978
1.3	Interest received from banks		243.470	256.573
1.4	Interest received from money market transactions		81.945	13.579
1.5	Interest received from marketable securities portfolio		1.591.696	1.752.421
1.5.1	Financial assets at fair value through profit or loss		15.376	24.001
1.5.2	Financial assets at fair value through other comprehensive income		1.053.858	861.440
1.5.3	Financial assets measured at amortized cost		522.462	866.980
1.6	Financial lease income		246.778	251.393
1.7	Other interest income		278.687	129.389
II.	INTEREST EXPENSES (-)	(5.IV.b)	11.647.636	10.841.929
2.1	Interest on deposits		8.934.464	8.497.008
2.2	Interest on funds borrowed		1.542.835	1.310.826
2.3	Interest on money market transactions		102.141	386.020
2.4	Interest on securities issued		892.512	591.069
2.5	Lease expenses		150.650	-
2.6	Other interest expenses		25.034	57.006
III.	NET INTEREST INCOME/EXPENSE (I - II)		8.394.743	7.034.906
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		3.746.043	2.228.387
4.1	Fees and commissions received		5.004.170	3.150.681
4.1.1	Non-cash loans		455.247	316.958
4.1.2	Other	(5.IV.l)	4.548.923	2.833.723
4.2	Fees and commissions paid (-)		1.258.127	922.294
4.2.1	Non-cash loans		9.635	6.400
4.2.2	Other	(5.IV.l)	1.248.492	915.894
V.	DIVIDEND INCOME	(5.IV.c)	4.871	2.432
VI.	TRADING PROFIT/LOSS (Net)	(5.IV.d)	(335.785)	(430.271)
6.1	Profit/losses from capital market transactions		163.709	(401)
6.2	Profit/losses from derivative financial transactions		(178.916)	1.646.385
6.3	Foreign exchange profit/losses		(320.578)	(2.076.255)
VII.	OTHER OPERATING INCOME	(5.IV.e)	413.144	448.967
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		12.223.016	9.284.421
IX.	EXPECTED CREDIT LOSSES (-)	(5.IV.f)	6.061.063	2.665.250
X.	OTHER PROVISION EXPENSES (-)	(5.IV.f)	178.086	233.327
XI.	PERSONNEL EXPENSES (-)	(5.IV.g)	1.895.860	1.586.909
XII.	OTHER OPERATING EXPENSES (-)	(5.IV.g)	2.372.590	2.099.651
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		1.715.417	2.699.284
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	(5.IV.h)	1.715.417	2.699.284
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.IV.i)	(407.101)	(495.196)
18.1	Current tax provision		(158.057)	(390.081)
18.2	Expense effect of deferred tax (+)		(2.448.110)	(4.431.703)
18.3	Income effect of deferred tax (-)		2.199.066	4.326.588
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	(5.IV.j)	1.308.316	2.204.088
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±)(XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)	(5.IV.k)	1.308.316	2.204.088
25.1	Group's profit/loss		1.302.713	2.199.647
25.2	Minority shares profit / loss (-)		5.603	4.441
	Earnings / Losses per share (Per thousand share)		0,39	0,66

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 2019

(Currency: Thousands of TL - Turkish Lira)

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

	CURRENT PERIOD (01/01-31/12/2019)	PRIOR PERIOD (01/01-31/12/2018)
I. CURRENT PERIOD PROFIT OR LOSS	1.308.316	2.204.088
II. OTHER COMPREHENSIVE INCOME	932.553	204.912
2.1 Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(88.763)	165.392
2.1.1 Gains (Losses) on Revaluation of Property, Plant and Equipment	11.158	24.597
2.1.2 Gains (Losses) on Revaluation of Intangible Assets	-	-
2.1.3 Gains (Losses) on Remeasurements of Defined Benefit Plans	(56.716)	(38.690)
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(53.079)	176.702
2.1.5 Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	9.874	2.783
2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss	1.021.316	39.520
2.2.1 Exchange Differences on Translation	1.043.875	1.966.038
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive Income	924.582	(444.256)
2.2.3 Income (Loss) Related to Cash Flow Hedges	7.926	(37.704)
2.2.4 Income (Loss) Related to Hedges of Net Investments in Foreign Operations	(957.293)	(1.988.721)
2.2.5 Other Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-	-
2.2.6 Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	2.226	544.163
III. TOTAL COMPREHENSIVE INCOME/(LOSS) (I±II)	2.240.869	2.409.000

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 2019
(Currency: Thousands of TL - Turkish Lira)

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

CHANGES IN SHAREHOLDERS' EQUITY									
	Paid-In Capital	Share Premium	Share Cancellation	Share Profits	Other Capital Reserves	Tangible and Intangible Reserves	Accumulated Gains / Losses on Revaluation of Defined Benefit Plans	Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit and Loss	Other Accumulated Comprehensive Income That Will Be Reclassified in Profit and Loss
PRIOR PERIOD									
I. Balances at the Beginning of Period	3,316,100	15	15	67,561	64,304	(15,371)	601,351	2,151,546	(447,399)
II. Adjustments in accordance with TAS 8									
2.1 Effect of Changes in Accounting Policies									
III. New Balance (End)	3,316,100	15	15	67,561	64,304	(15,371)	601,351	2,151,546	(447,399)
IV. Capital Increase through Internal Reserves									
V. Capital Increase through Internal Reserves									
VI. Capital Increase through Internal Reserves									
VII. Capital Increase through Internal Reserves									
VIII. Capital Increase through Internal Reserves									
IX. Capital Increase through Internal Reserves									
X. Capital Increase through Internal Reserves									
XI. Capital Increase through Internal Reserves									
11.1 Dividends Paid									
11.2 Transfer to Legal Reserves									
11.3 Other									
Balances at the End of Period (Bilanço...)	3,316,100	15	15	67,561	64,304	(15,371)	601,351	2,151,546	(447,399)
CURRENT PERIOD									
I. Balances at the Beginning of Period	3,316,100	15	15	67,561	64,304	(15,371)	601,351	2,151,546	(447,399)
II. Adjustments in accordance with TAS 8									
2.1 Effect of Changes in Accounting Policies									
III. New Balance (End)	3,316,100	15	15	67,561	64,304	(15,371)	601,351	2,151,546	(447,399)
IV. Capital Increase through Internal Reserves									
V. Capital Increase through Internal Reserves									
VI. Capital Increase through Internal Reserves									
VII. Capital Increase through Internal Reserves									
VIII. Capital Increase through Internal Reserves									
IX. Capital Increase through Internal Reserves									
X. Capital Increase through Internal Reserves									
XI. Capital Increase through Internal Reserves									
11.1 Dividends Paid									
11.2 Transfer to Legal Reserves									
11.3 Other									
Balances at the End of Period (Bilanço...)	3,316,100	15	15	67,561	64,304	(15,371)	601,351	2,151,546	(447,399)

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

DENİZBANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

	Footnote	CURRENT PERIOD (01/01-31/12/2019)	PRIOR PERIOD (01/01-31/12/2018)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		2.110.686	2.776.840
1.1.1 Interest received (+)		18.144.309	16.231.267
1.1.2 Interest paid (-)		11.782.669	10.561.239
1.1.3 Dividends received (+)		4.871	2.432
1.1.4 Fees and commissions received (+)		5.004.170	3.150.681
1.1.5 Other income (+)		397.889	229.706
1.1.6 Collections from previously written off loans and other receivables (+)		1.748.403	1.335.215
1.1.7 Cash payments to personnel and service suppliers (-)		1.811.423	1.598.065
1.1.8 Taxes paid (-)		742.012	497.589
1.1.9 Other (+/-)	(5.VI.c)	(8.852.852)	(5.515.568)
1.2 Changes in operating assets and liabilities subject to banking operations		5.941.091	9.076.094
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		6.415	(37.092)
1.2.2 Net increase (decrease) in due from banks (+/-)		(13.716.762)	(73.987)
1.2.3 Net increase (decrease) in loans		(920.034)	(13.915.921)
1.2.4 Net increase (decrease) in other assets (+/-)		13.578.399	2.847.247
1.2.5 Net increase (decrease) in bank deposits (+/-)		877.823	(2.474.757)
1.2.6 Net increase (decrease) in other deposits (+/-)		11.839.295	16.751.892
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 (+/-)		(5.023.587)	2.694.904
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	(5.VI.c)	(700.458)	3.283.808
I. Net cash provided from banking operations(+/-)		8.051.777	11.852.934
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities(+/-)		(5.351.377)	(701.521)
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 (-)		694.012	444.820
2.4 Cash obtained from the sale of tangible and intangible asset (+)		205.335	180.964
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		7.647.139	1.713.761
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		2.790.439	914.571
2.7 Cash paid for the purchase of financial assets at amortized cost (-)		-	-
2.8 Cash obtained from sale of financial assets at amortized cost (+)		-	-
2.9 Other (+/-)		-	361.525
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities (+/-)		3.050.406	(4.024.514)
3.1 Cash obtained from funds borrowed and securities issued (+)		28.105.051	15.224.714
3.2 Cash outflow from funds borrowed and securities issued (-)		24.767.928	19.249.228
3.3 Equity instruments issued (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for lease liabilities (-)		286.717	-
3.6 Other (+/-)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-)	(5.VI.c)	2.578.740	3.695.321
V. Net increase in cash and cash equivalents	(5.VI.c)	8.329.546	10.822.220
VI. Cash and cash equivalents at beginning of the period (+)	(5.VI.a)	27.458.248	16.636.028
VII. Cash and Cash Equivalents at the End of Period	(5.VI.a)	35.787.794	27.458.248

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED PROFIT DISTRIBUTION TABLE
FOR THE PERIOD ENDED 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

	CURRENT PERIOD (01/01-31/12/2019)	PRIOR PERIOD (01/01-31/12/2018)
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 withholding 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 Authority ("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 the financial assets and liabilities indicated at their fair values.

The amounts in the consolidated financial statements and explanations and footnotes relating to these statements have been expressed in Thousand Turkish Liras 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. These assumptions and estimations include the fair value calculations and impairment of financial assets and are reviewed regularly, the necessary corrections are made and the effects of these corrections are reflected in the income statement. The assumptions and estimations used are explained in the related footnotes.

The Parent Bank and its consolidated subsidiaries are classified 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.

The DFS Group has applied TFRS 16 Leases (TFRS 16) standard issued by the POA for the first time on 1 January 2019 in the accompanying consolidated financial statements. In accordance with the transition rules of TFRS 16, the prior period financial statements and notes are not restated. Accounting policies, impacts and adoption of transition to TFRS 16 is disclosed in Section three notes XV.

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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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 evaluated with high yield financial assets. The majority of the funds are allocated to high yield, fixed or variable interest instruments, such as Turkish Lira and foreign currency public 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 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. In the period end 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 subjected to evaluation as of the period ends are as follows:

	31 December 2019	31 December 2018
US Dollar	5,9400 TL	5,2810 TL
Euro	6,6621 TL	6,0422 TL

Foreign exchange gains and losses included in the net profit and loss

As of 31 December 2019, net foreign exchange loss included in the income statement amounts to TL 320.578 (1 January - 31 December 2018: TL 2.076.255 net foreign exchange loss).

Total amount of valuation fund arising from foreign currency exchange rate differences

Parent Bank has converted 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. Conversion difference profit/loss amounts arising from the conversion of income statements of the consolidated subsidiaries to Turkish Lira and the Turkish Lira equivalent of their equities as well as the "Subsidiaries" amounts accounted at the Parent Bank are shown under consolidated financial tables in "Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss".

Total of the relevant conversion differences are TL 5.097.007 as of 31 December 2019 (31 December 2018: TL 4.048.506).

The foreign exchange difference of TL 64.452 (31 December 2018: TL 69.078) 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 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 exchange rate of these financial liabilities is recognised in hedge funds account under equity.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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) and CR Erdberg Eins GmbH & Co KG (CR Erdberg) which the Parent Bank owns the shares directly or indirectly 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"), Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş. (Hızlıöde) 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 in order for the company to operate as a payment and electronic money institution.

Important changes in consolidated subsidiaries during the period

None.

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 income statement.

The carrying amount of the Parent Bank's investment in each subsidiary have 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.

All financial statements used in consolidation are prepared as of 31 December 2019 and in order to ensure the application of the same accounting policies for similar transactions and events in similar circumstances, necessary adjustments were made on the financial statements of the subsidiaries considering the materiality level.

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 forward foreign currency purchase/sale 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 liabilities and receivables arising from the derivative transactions are recorded in off-balance sheet items at their contractual amounts.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

The 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 recognized in the income statement. Fair values of derivatives are calculated by considering 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 recognized by applying the effective interest method. As of 1 January 2018, DFS Group has started to calculate accruals for non-performing loans. The net book value of the non-performing loans (Gross Book Value - Provision for Expected Loss) is discounted with effective interest rate and recorded over the gross carrying amount of the non-performing loan.

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, excluding fee and commission incomes in respect of certain banking transactions in which 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 derecognized 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 financial position statement when only it becomes a party to the contractual terms of the financial instrument. During the first recognition of a financial asset into the financial statements, 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 the ones that 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 at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

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 are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized 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 income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement 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 income statement.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 amortized cost

When the financial assets is holding 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 amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using "effective interest rate (internal rate of return) method" following their recognition. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

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 Secretary 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 ago.

VIII. Explanations on expected credit loss

As of 1 January 2018, the Bank allocates provision for expected credit loss on financial assets measured at amortized 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 a 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 checked whether there is a significant increase in loan risk at each reporting date after the first 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 since the first recognition:

Stage 1: Financial instruments for which a 12-months 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.

The financial instruments in Stage 1 are financial instruments that has been recognized 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-months default risk from the reporting date.

After the initial reporting period, 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 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Loans belonging to customers included in the scope of the "Financial Restructuring Framework Agreement" are classified without taking into account the past due days criterion.

The provision for expected credit loss is calculated as whole (collective) or separate (individual).

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 separation 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
- ME loans
- 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 default amount (DA), default probability (DP), loss given default (LGD) and effective interest rate of the loan.

Default amount

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 DA 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 DA 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 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 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Internal rating systems used for non-retail customers are mainly divided into Corporate/Commercial, ME, SE and Agriculture model groups. The 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 habits 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. Basket generation analysis has been performed for the default data obtained to calculate reasonable and valid accumulated default rates.

PD curves have been generated by regression method using the suitable statistical distribution from the data obtained for the baskets 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 that 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 2019.

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 is 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.

Effective interest rate

The effective interest rate is the discount rate that equals the future expected cash payments and collections that 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 amortized cost of the financial liability.

In addition to the provision for expected credit loss collectively calculated, the 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 made 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

Low credit risk

In accordance with TFRS 9, due to the fact that the default risk of the financial instrument is low, that 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, the financial instrument's credit risk is considered to be low.

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 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 offset and the net amount is reported in the balance sheet when the DFS Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. Explanations on sale and repurchase agreements and transactions related to the lending of securities

Government bonds and treasury bills sold to customers under repurchase agreements are classified under "Financial Assets at Fair Value through Profit or Loss", "Financial Assets at Fair Value through Other Comprehensive Income" and "Financial Assets Measured at Amortized Cost" according to the purpose of retaining the asset in the accompanying consolidated balance sheet portfolio and are subjected to valuation as per the valuation principles of the relevant portfolio. Funds obtained from repurchase agreements are presented on the liability side of the consolidated balance sheet within the account of "Receivables from money market". The accrual amounts corresponding to the period is calculated over the sell and repurchase price difference determined in repurchase agreements. Accrued interest expenses calculated for funds obtained from repurchase agreements are presented in "Due to money markets" account in liability part of the consolidated balance sheet.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Securities received 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

Property and equipment held-for-sale consist of tangible assets acquired due to non-performing loans, and are recognised in the financial statements in accordance with the regulations of "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 2019, 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 represented with fair values of tangible assets (credit card brand equity, customer portfolio etc.) and/or contingent liabilities to financial statements in process of acquisition.

In accordance with "TFRS 3 - Business Combinations", the goodwill is not subjected to amortization instead it is subject to impairment test yearly or more frequently when they indicate that changes in circumstances may result in impairment according to "Turkish Accounting Standard 36 (TAS 36) - Impairment of Assets".

b. Other intangible assets

Intangible assets are initially recognized 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 valued 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 amortized according to straight-line method, whereas those received between these dates are amortized 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 they occur.

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 income statement.

	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 %

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Maintenance and repair costs incurred for a tangible asset are recognized 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 derecognized through disposal or withdrawal from use and when no future economic benefit is expected from its disposal. Gains or losses arising from the disposal of investment property are 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 Payables" under liabilities. Interest expenses and foreign exchange differences related to leasing activities are reflected to the income statement.

DFS Group has finance lease transactions as "Lessor" via its subsidiary, Deniz Leasing. The lease receivables related to leased assets are recorded as finance lease receivables. The asset subject to the financial leasing is presented in the balance sheet as receivable equal to the net leasing amount. Interest income is recognised over the term of the lease using the net investment method which reflects a constant periodic rate of return and the unrecognized portion is followed under unearned interest income account.

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 notes XXVI.

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.

XVII. Explanations on obligations for employee benefits

The Parent Bank recognizes 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 the 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 equities in accordance with revised TAS 19.

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

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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).

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 income statement.

In accordance with the Corporate Tax Law, financial 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 recognised in equity either.

b. Deferred tax

The Group calculates and recognizes 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 1.045.345 as of 31 December 2019 (31 December 2018: TL 1.213.623) and deferred tax liabilities amounting to TL 82.099 (31 December 2018: TL 25.828) have been recognized in the accompanying financial statements.

As the deferred tax liability is calculated for all taxable temporary differences, deferred tax assets arising from deductible temporary differences are calculated provided that it is strongly possible to benefit from these differences in the future by obtaining profit subject to taxation. As of 1 January 2018, with the provisions of TFRS 9, deferred tax asset has been started to be calculated over the provision for expected loss that constitute temporary difference. As of 1 January 2019, pursuant to the provisions of TFRS 16 as well as the rental depreciation and interest expenses which constitute temporary difference and tax laws, deferred tax asset has begun to be calculated over the difference between the rental expenses spread over the rental period.

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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, profits shall be deemed to have been wholly or partially distributed in a disguised manner through transfer pricing if companies engage in the sales or purchases of goods or services with related parties at prices or amounts defined contrary to the arm's length principle. Buying, selling, manufacturing and construction operations and services, renting and leasing transactions, borrowing or lending money, bonuses, wages and similar payments are deemed as purchase of goods and services in any case and under any condition.

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

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

XIX. Additional explanations on borrowings

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

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

XX. Explanations on issuance of share certificates

In 2019 and 2018, 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.

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 Note XII of Section Four.

XXIV. Explanations on other matters

None.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

XXV. Classifications

In order to comply with the presentation of the financial statements as of 31 December 2019, reclassifications have been made on statement of financial position, statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flow as of and for the period ended 31 December 2018.

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 recognized by cost method and includes:

- The first 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 alternative 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.

Transition to TFRS 16

"TFRS 16 Leases" Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826, to be applied in the accounting periods beginning after 31 December 2018. The Group has applied TFRS 16 "Leases" standard as of 1 January 2019 that is the first application date, instead TAS 17 "Leasing Transactions".

The Group applied TFRS 16 with a simplified transition application approach and did not rearrange comparable amounts for the previous year.

Lease agreements for vehicles and ATMs, which are determined as low-value by the Group, with short term lease agreements that is 12 months and less, have been evaluated under the exception granted by the standard, and payments for these contracts are recorded as expense in the period in which they are incurred.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

As of 1 January 2019, when the TFRS 16 is effective, information on the right-of-use and the lease liability is as follows:

	1 January 2019
Properties	703.772
Total right-of-use	703.772
	1 January 2019
Operational lease commitments	1.499.631
Contracts excluded from TFRS 16 (-)	139.261
Total lease liability	1.360.370
Discounted lease liabilities	690.718

As of 31 December 2019, the net right of use assets in the consolidated financial statements is TL 565.353 and the net lease liability is TL 618.602.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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 is TL 24.591.442 (31 December 2018: TL 22.751.004) while its capital adequacy standard ratio is 14,33% as of 31 December 2019 (31 December 2018: 14,93%).

a. Components of consolidated equity items

	Current Period 31 December 2019	Prior Period 31 December 2018
COMMON EQUITY TIER I CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.316.100	3.316.100
Share issue premiums	15	15
Reserves	7.294.331	5.111.808
Gains recognized in equity as per TAS ⁽¹⁾	2.408.593	2.295.369
Profit	5.309.474	6.189.284
Current Period Profit	1.302.713	2.199.647
Prior Period Profit	4.006.761	3.989.637
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	778	708
Minorities' Share	22.772	14.396
Common Equity Tier I Capital Before Deductions	18.352.063	16.927.680
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	178.993	858.359
Improvement costs for operating leasing	71.630	90.968
Goodwill (net of related tax liability)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	339.978	271.191
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	--	296.702
Differences are not recognized 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	--	--
Unrealized 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	590.601	1.517.220
Total Common Equity Tier I Capital	17.761.462	15.410.460

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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)	17.761.462	15.410.460
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.889.713	5.606.183
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)	1.951.821	1.749.362
Tier II Capital Before Deduction	6.841.534	7.355.545
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	6.841.534	7.355.545
Total Capital (The sum of Tier I Capital and Tier II Capital)	24.602.996	22.766.005
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 (-)	11.554	15.001
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)	24.591.442	22.751.004
Total risk weighted amounts	171.601.009	152.368.431
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	10,35	10,11
Tier I Capital Adequacy Ratio (%)	10,35	10,11
Capital Adequacy Ratio (%)	14,33	14,93

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

BUFFERS

Total additional Common Equity Tier I Capital requirement ratio	2,662	1,989
Bank specific total common equity tier I capital ratio (%)	2,500	1,875
Capital conservation buffer requirement (%)	0,162	0,114
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 (%)	0,883	1,063
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)	5.137.201	3.221.135
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.951.821	1.749.362
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 60% of the portion after deduction of the tax amount resulting from the difference (31 December 2018: 80%).

(2) There are no credits included in Tier II capital related to "Temporary Article 4".

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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

Issuer	ENBD PJSC	ENBD PJSC	ENBD PJSC	ENBD PJSC	ENBD PJSC
Unique identifier (eg CUSIP, ISIN)	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Governing law(s) of the instrument	"Regulations on Banks' Equity" dated 5 September 2013.	"Regulations on Banks' Equity" dated 5 September 2013.	"Regulations on Banks' Equity" dated 5 September 2013.	"Regulations on Banks' Equity" dated 1 November 2006.	"Regulations on Banks' Equity" dated 1 November 2006.
Regulatory treatment					
Subject to 10% deduction as of 1/1/2015	Not Deducted	Not Deducted	Not Deducted	Not Deducted	Not Deducted
Eligible at solo/group/group&solo	Eligible	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	613	713	1.426	1.069	1.069
Par value of instrument (Currency in mil)	766	891	1.782	1.782	1.782
Accounting classification	3470102	3470102	3470102	3470102	3470102
Original date of issuance	30.09.2014	30.04.2014	31.01.2014	30.09.2013	28.06.2013
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.
Subsequent call dates, if applicable	None.	None.	None.	None.	None.
Coupons/Dividends					
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	First five year 6.2%, after irs +5.64	First five year 7.93%, after irs +6.12	7.50%	7.49%	6.10%
Existence of a dividend stopper	None.	None.	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	--	--	--	--	--
Existence of step up or other incentive to redeem	None.	None.	None.	None.	None.
Noncumulative or cumulative	--	--	--	--	--
Convertible or non-convertible					
If convertible, conversion trigger (s)	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognized or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognized or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognized or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.
If convertible, fully or partially	Convertible fully.	Convertible fully.	Convertible fully.	Convertible fully.	Convertible fully.
If convertible, conversion rate	--	--	--	--	--
If convertible, mandatory or optional conversion	--	--	--	--	--
If convertible, specify instrument type convertible into	--	--	--	--	--
If convertible, specify issuer of instrument it converts into	--	--	--	--	--
Write-down features					
If write-down, write-down trigger(s)	None.	None.	None.	None.	None.
If write-down, full or partial	--	--	--	--	--
If write-down, permanent or temporary	--	--	--	--	--
If temporary write-down, description of write-up mechanism	--	--	--	--	--
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.
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.

- c. Main differences between "Equity" amount mentioned in the prior tables' equity statements and "Equity" amount in consolidated 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

d. Explanations on provisional article 5 of the regulation on the equity of banks

EQUITY COMPONENTS	T-1	T-2	T-3	T-4
Core Capital	17.761.462	17.761.462	17.761.462	17.761.462
<i>Transition Process Unapplied Core Capital</i>	<i>17.360.480</i>	<i>17.494.140</i>	<i>17.627.801</i>	<i>17.761.462</i>
Tier I Capital	17.761.462	17.761.462	17.761.462	17.761.462
<i>Transition Process Unapplied Main Capital</i>	<i>17.360.480</i>	<i>17.494.140</i>	<i>17.627.801</i>	<i>17.761.462</i>
Equity	24.591.442	24.591.442	24.591.442	24.591.442
<i>Transition Process Unapplied Equity</i>	<i>24.190.460</i>	<i>24.324.120</i>	<i>24.457.781</i>	<i>24.591.442</i>
TOTAL RISK WEIGHTED AMOUNTS				
Total Risk Weighted Amounts	171.601.009	171.601.009	171.601.009	171.601.009
CAPITAL ADEQUACY RATIO				
Core Capital Adequacy Ratio (%)	10,35	10,35	10,35	10,35
<i>Transition Process Unapplied Core Capital Adequacy Ratio (%)</i>	<i>10,12</i>	<i>10,19</i>	<i>10,27</i>	<i>10,35</i>
Main Capital Adequacy Ratio (%)	10,35	10,35	10,35	10,35
<i>Transition Period Unapplied Main Capital Adequacy Ratio (%)</i>	<i>10,12</i>	<i>10,19</i>	<i>10,27</i>	<i>10,35</i>
Capital Adequacy Ratio (%)	14,33	14,33	14,33	14,33
<i>Transition Process Unapplied Capital Adequacy Ratio (%)</i>	<i>14,10</i>	<i>14,17</i>	<i>14,25</i>	<i>14,33</i>
LEVERAGE RATIO				
Total Leverage Ratio Risk Exposure	293.086.136	293.086.136	293.086.136	293.086.136
Leverage Ratio	6,04	6,04	6,04	6,04
<i>Transition Process Unapplied Leverage Ratio</i>	<i>5,90</i>	<i>5,95</i>	<i>5,99</i>	<i>6,04</i>

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 weekly basis.

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

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

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

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

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

It is preferred to obtain highly liquid collaterals such as bank guarantees, real estate and ship mortgages, pledges on securities 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 Note VIII-c-4-i of Section Four.

Methods and approaches to valuation adjustments and provisions

Explanation is given in Note VIII of Section Three.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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	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.

Risk classifications	Prior Period (*)	Average (**)
1 Receivables from central governments and Central Banks	41.876.261	38.227.389
2 Receivables from regional or local governments	1.018.511	612.779
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	11.622.897	10.202.865
7 Receivables from corporate portfolio	95.561.669	85.268.271
8 Receivables from retail portfolio	49.916.206	50.837.383
9 Receivables secured by residential mortgages	4.123.178	4.859.318
10 Receivables secured by commercial mortgages	12.834.523	12.132.297
11 Past due receivables	2.584.577	1.855.675
12 Receivables defined in high risk category by BRSA	38.486	17.834
13 Securities collateralized by mortgages	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--
15 Investments similar to collective investment funds	488	3.152
16 Other receivables	5.064.284	5.714.855
17 Equity investments	810.272	855.268
18 Total	225.451.352	210.587.086

(*) 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 realized at maturity. However, if it is required, reverse positions of the current positions are purchased to decrease the risk.

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

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

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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

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

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

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

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

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

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

f. DFS Group's

1. The share of 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 40% and 49% of the total cash loans portfolio (31 December 2018: 39%, 47%).

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 64% of the total non-cash loans portfolio (31 December 2018: 50%, 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 DFS Group from top 100 and 200 loan customers constitute 25% and 31% of the total balance sheet and off-balance sheet assets (31 December 2018: 26%, 33%).

g. Provisions for expected loss for credit risk undertaken by DFS Group

As at 31 December 2019, stage 1 and stage 2 provisions for expected loss for credit risk undertaken by DFS Group amounts to TL 5.137.201.

As at 31 December 2018, stage 1 and stage 2 provisions for expected loss for credit risk undertaken by DFS Group amounts to TL 3.221.135.

h. Information on loans and provisions for expected loss

Current Period - 31 December 2019	Balance	Provision
Loans	153.503.212	10.388.506
Stage 1	116.251.125	1.258.205
Stage 2	25.367.397	3.192.042
Stage 3	11.555.590	5.938.259
Financial assets at fair value through profit or loss	329.100	--
Financial Assets	66.755.667	5.766
Other	3.444.696	3.155
Non-cash Loans	80.653.262	927.819
Stage 1 and 2	80.011.082	678.033
Stage 3	642.180	249.786
Total	304.356.837	11.325.246

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 2019)	1.107.349	1.856.903	4.081.111	7.045.363
Transfers	(99.388)	(203.549)	302.937	--
Stage 1	103.640	(103.599)	(41)	--
Stage 2	(152.925)	331.427	(178.502)	--
Stage 3	(50.103)	(431.377)	481.480	--
Loans addition in the period	234.515	211.357	166.957	612.829
Disposals from loans in the period	(686.502)	(325.157)	(1.832.767)	(2.844.426)
Provisions changes during the period (*)	669.211	1.621.814	5.463.612	7.754.637
Loans written off (**)	--	--	(1.806.332)	(1.806.332)
Loans sold	--	--	(443.603)	(443.603)
Foreign exchange differences	33.020	30.674	6.344	70.038
Balance at the end of the period (31 December 2019)	1.258.205	3.192.042	5.938.259	10.388.506

(*) The related amounts include the changes in the provision for expected loss for the period of the loans remaining at the same stage during the year and the provisions for expected loss created by the transfers between the stages within the year.

(**) As of 31 December 2019, 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, the Group is eligible to write-off part of the loans for which the Group has 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 1.806.332 were deducted from the records.

j. Information on loan movements (*)

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the period (1 January 2019)	116.110.592	23.018.105	6.649.644	145.778.341
Transfers	(7.498.024)	2.302.797	5.195.227	--
Stage 1	3.290.270	(3.290.191)	(79)	--
Stage 2	(8.804.062)	9.181.505	(377.443)	--
Stage 3	(1.984.232)	(3.588.517)	5.572.749	--
Loans addition in the period	33.455.604	4.844.690	2.807.000	41.107.294
Disposals from loans in the period	(30.433.964)	(5.189.369)	(847.236)	(36.470.569)
Loans written off (**)	--	--	(1.806.332)	(1.806.332)
Loans sold	--	--	(443.603)	(443.603)
Foreign exchange differences	4.616.917	391.174	890	5.008.981
Balance at the end of the period (31 December 2019)	116.251.125	25.367.397	11.555.590	153.174.112

(*) The balances of loans at fair value through profit or loss are not included.

(**) As of 31 December 2019, 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, the Group is eligible to write-off part of the loans for which the Group has 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 1.806.332 were deducted from the records. The effect of this accounting treatment on the non-performing loans ratio of the DFS Group is 108 basis points.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

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	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	--	--	--	--	--	--	339,215	5,017	2,795	106	1	--	--	--	--	--	--	1,695,722
Other Countries	7,360	--	--	--	--	1,348,588	4,031,292	43,321	33,388	45,657	2,563	--	--	--	--	85,272	--	6,969,727
Subsidiaries, Associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Unallocated/Assets/Liabilities	89,825	9,608	--	--	--	2,803,968	19,760,508	3,261,408	216,149	1,476,686	153,641	--	--	--	--	--	762,204	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

Prior Period	Risk Classifications (*) (**)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	27,172,689	939,627	-	-	-	1,134,849	51,769,092	45,902,619	3,740,822	9,921,337	2,501,089	38,593	-	-	-	4,681,197	3,771	147,705,685
European Union Countries	13,992,398	72,751	-	-	-	3,107,219	15,073,779	330,047	24,219	5,837	12,188	-	-	-	-	324,810	-	32,943,248
OECD Countries (*)	-	-	-	-	-	121,017	3,740,920	3,070	2,325	-	199	-	-	-	-	-	-	3,867,531
Off-Shore Banking Regions	-	-	-	-	-	295	1,056,432	12,358	458	1,511	1	-	-	-	-	-	-	1,071,055
USA, Canada	685,523	-	-	-	-	3,423,564	317,790	5,995	2,513	-	261	-	-	-	-	-	-	4,435,646
Other Countries	-	-	-	-	-	688,001	3,946,729	490,772	59,003	1,631,802	12,781	(107)	-	-	-	58,277	-	6,887,258
Subsidiaries/Associates and jointly controlled companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated/Assets/Liabilities	25,651	6,133	-	-	-	3,147,952	19,656,927	3,271,345	293,838	1,274,036	58,058	-	-	-	-	-	806,501	27,734,428
Total	41,876,261	1,018,511	-	-	-	11,622,897	95,561,669	49,916,206	4,123,178	12,834,523	2,584,577	38,486	-	-	488	5,064,284	810,272	225,451,352

(*) 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	10: Receivables secured by commercial mortgages
2: Receivables from regional or local governments	11: Past due receivables
3: Receivables from administrative bodies and non-commercial enterprises	12: Receivables defined in high risk category by BRSA
4: Receivables from multilateral development banks	13: Securities collateralized by mortgages
5: Receivables from international organizations	14: Short-term receivables from banks, brokerage houses and corporate portfolio
6: Receivables from banks and brokerage houses	15: Investments similar to collective investment funds
7: Receivables from corporate portfolio	16: Other receivables
8: Receivables from retail portfolio	17: Equity investments
9: Receivables secured by residential mortgages	

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

I. Risk Profile by Sectors or Counterparties

Current Period: 31 December 2019	Risk Classifications (%) ^(*)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Agricultural	66.779						2.782.941	11.586.967	167.301	1.600.460	351.113	165				420.998		16.976.724
Farming and Cattle	66.779						2.780.739	11.573.495	166.067	1.600.020	347.622	165				420.998		16.955.885
Forestry								4.465	549	284	102						825	5.400
Fishing							2.202	9.007	685	156	3.389						3.029	15.439
Manufacturing							20.477.677	2.218.760	274.925	2.678.094	836.351	3.249				8		26.489.064
Production							13.340.908	2.026.375	256.757	2.550.654	701.085	3.134						1.399.144
Mining							1.075.657	141.384	12.974	93.013	76.001	115						18.878.921
Electric Gas, Water							6.061.112	51.001	5.194	34.427	59.265							14.831.283
Construction		980.975					52	18.357.743	327.938	962.438	611.539	6.990				12	2.800	22.596.591
Wholesale and Retail Trade							57	15.105.821	5.178.730	477.822	1.640.893	1.833						17.031.016
Hotel and Restaurant Services							8	8.445.552	288.706	111.071	5.136.505	1.653.940						5.565.575
Transportation and telecommunication								5.681.386	34.398.054	6.687.310	2.598.639	2.717						17.935.480
Financial institution								57	15.105.821	5.178.730	477.822	1.640.893	1.833					17.935.480
Real estate and letting services								8	5.230.625	882.785	97.342	417.863	98.256					17.935.480
Self-employment services								8	423.405	58.477	7.062	12.136	6.028					17.935.480
Education services								312.497	57.316	74.172	8.142	19						17.935.480
Health and social services																		17.935.480
Other																		17.935.480
Total	55.298.570						55.298.570	19.541.062	27.108.186	1.981.663	1.912.677	1.359.913	8.981			6.521.133	88.433	55.598.997
	55.393.590	2.864.278					11.357.769	95.557.477	49.927.327	3.487.895	15.290.486	5.747.555	22.102			6.365	6.975.102	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	10: Receivables secured by commercial mortgages
2: Receivables from regional or local governments	11: Past due receivables
3: Receivables from administrative bodies and non-commercial enterprises	12: Receivables defined in high risk category by BRSA
4: Receivables from multilateral development banks	13: Securities collateralized by mortgages
5: Receivables from international organizations	14: Short-term receivables from banks, brokerage houses and corporate portfolio
6: Receivables from banks and brokerage houses	15: Investments similar to collective investment funds
7: Receivables from corporate portfolio	16: Other receivables
8: Receivables from retail portfolio	17: Equity investments
9: Receivables secured by residential mortgages	

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Prior Period: 31 December 2018																				
Risk Classifications (*)(**)																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total	
Agricultural	--	--	--	--	--	--	4,882,272	11,358,744	165,831	1,683,882	153,929	2,045	--	--	--	4	--	13,787,786	4,438,931	18,227,717
Farming and Cattle	--	--	--	--	--	--	3,115,717	11,343,002	165,721	1,662,494	153,014	1,731	--	--	--	4	--	13,771,589	2,670,084	16,441,683
Forestry	--	--	--	--	--	--	1,765,995	4,396	57	1,075	57	53	--	--	--	--	--	1,771,633	1,766,826	1,771,633
Manufacturing	--	--	--	--	--	--	53	12,346	560	323	888	261	--	--	--	--	--	11,380	3,021	14,401
Mining	--	--	--	--	--	--	21,381,966	2,458,174	255,398	1,800,417	230,477	2,741	--	--	--	6	--	4,898,382	21,210,797	26,109,179
Production	--	--	--	--	--	--	760,464	159,845	15,035	37,941	85,621	612	--	--	--	--	--	453,437	608,081	1,059,518
Electric, Gas, Water	--	--	--	--	--	--	11,345,519	2,216,622	231,393	1,709,339	143,665	2,129	--	--	--	6	--	3,867,094	11,781,579	15,648,673
Construction	--	--	--	--	--	--	9,255,983	81,707	8,970	53,137	1,191	--	--	--	--	--	--	5,77,851	8,823,137	9,400,988
Wholesale and Retail Trade	--	10,215	--	--	--	50	9,977,272	2,003,182	355,574	1,103,807	194,372	15,404	--	--	--	3,316	2,800	5,651,421	8,014,571	13,665,992
Hotel and Restaurant Services	12	21,846	--	--	--	11,459,204	34,266,868	779,452	6,034,163	1,302,265	12,655	--	31	324,885	795,978	324,885	22,387,265	55,133,985	77,521,250	
Transportation and telecommunication	--	--	--	--	--	--	7,503,645	6,181,851	485,876	1,456,186	418,398	6,936	--	--	--	205	9,308,655	6,755,656	16,064,311	
Financial institution	--	--	--	--	--	--	8,997,968	611,794	102,689	3,396,090	592,115	138	--	--	--	--	2,030,599	11,670,195	13,700,794	
Real estate and letting services	84	--	--	--	--	--	9,813,821	1,332,702	111,229	319,945	63,592	5,320	--	--	--	201	2,191,169	9,455,641	11,646,810	
Self-employment services	169	--	--	--	--	11,459,204	1,919,945	1,216,593	19,245	88,486	177,037	11	--	31	324,479	795,978	2,432,342	28,741,586		
Education services	--	--	--	--	--	--	743,087	145,655	35,622	62,212	2,956	125	--	--	--	--	6,740,019	715,807	989,826	
Health and social services	--	9,359	--	--	--	--	1,163,469	169,165	13,428	544,310	2,523	--	--	--	--	--	1,445,283	457,043	1,902,326	
Other	29,135,756	986,450	--	--	--	163,643	25,073,291	24,311,714	2,566,912	1,668,924	45,644	53	--	--	--	--	725,296	3,750,301	4,775,597	
Total	41,876,261	1,018,511	--	--	--	11,622,897	95,561,069	49,916,206	4,123,178	12,834,523	2,584,577	38,486	--	488	5,064,294	810,272	92,506,436	132,944,916	225,451,352	

(*) 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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	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.

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	20.265.169	7.282.469	324.395	528	1.194.405	12.809.295
2 Receivables from regional or local governments	--	206	1.276	5.025	44.380	967.624
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	4.589.598	1.570.269	1.834.424	265.008	744.120	2.619.478
7 Receivables from corporate portfolio	95.874	7.931.111	5.110.722	6.107.771	11.767.957	64.548.234
8 Receivables from retail portfolio	1.473	9.205.421	2.475.997	3.040.373	8.785.860	26.407.082
9 Receivables secured by residential mortgages	21	180.349	144.002	234.706	329.810	3.234.290
10 Receivables secured by commercial mortgages	7	370.521	519.028	606.513	1.067.568	10.270.886
11 Past due receivables	2.584.577	--	--	--	--	--
12 Receivables defined in high risk category by BRSA	38.486	--	--	--	--	--
13 Securities collateralized by mortgages	--	--	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--	--	--
15 Investments similar to collective investment funds	--	488	--	--	--	--
16 Other receivables	4.836.678	13.363	--	--	--	214.243
17 Equity investments	810.272	--	--	--	--	--
18 Total	33.222.155	26.554.197	10.409.844	10.259.924	23.934.100	121.071.132

(*) Amounts without maturities are included.

n. Informations 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Current Period

Credit Quality Grade	Risk Rating Fitch	Receivables from Central Governments or Central Banks	Risk Classifications		
			Receivables from Banks and Brokerage Houses		Corporate Receivables
			Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months	
1	AAA	0%	20%	20%	20%
	AA+				
	AA				
	AA-				
2	A+	20%	20%	50%	50%
	A				
	A-				
	BBB+				
3	BBB	50%	20%	50%	100%
	BBB-				
	BB+				
	BB				
4	BB-	100%	50%	100%	100%
	B+				
	B				
	B-				
5	CCC	100%	50%	100%	150%
	CC				
	C				
	D				

Prior Period

Credit Quality Grade	Risk Rating Fitch	Receivables from Central Governments or Central Banks	Risk Classifications		
			Receivables from Banks and Brokerage Houses		Corporate Receivables
			Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months	
1	AAA	0%	20%	20%	20%
	AA+				
	AA				
	AA-				
2	A+	20%	20%	50%	50%
	A				
	A-				
	BBB+				
3	BBB	50%	20%	50%	100%
	BBB-				
	BB+				
	BB				
4	BB-	100%	50%	100%	100%
	B+				
	B				
	B-				
5	CCC	100%	50%	100%	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	46.856.224	--	7.157.907	--	8.294.308	54.035.151	127.759.793	2.366.699	--	--	--	602.155
Exposures after												
Credit Risk Mitigation	54.101.854	--	7.174.102	3.242.179	19.846.516	44.825.468	105.731.294	2.361.409	--	--	--	602.155

Prior Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Equity Deduction
Exposures before												
Credit Risk Mitigation	39.398.817	--	7.805.957	--	4.607.344	55.683.825	116.961.828	993.581	--	--	--	1.532.221
Exposures after												
Credit Risk Mitigation	48.897.774	--	8.512.133	3.847.135	13.694.444	44.459.096	94.246.904	991.999	--	--	--	1.532.221

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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	4.267.931	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 institution	78.749	88.678	39.423
Real estate and letting services	530.350	1.115.059	730.238
Self-employment 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 second and third stage 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	274.278	162.308	111.055
Farming and Cattle	258.062	155.814	105.647
Forestry	2.877	2.546	1.828
Fishing	13.339	3.948	3.580
Manufacturing	3.048.274	606.372	660.505
Mining	479.846	191.888	145.923
Production	1.751.487	406.668	474.112
Electric, Gas, Water	816.941	7.816	40.470
Construction	1.634.125	552.706	512.486
Services	11.237.943	3.090.510	2.699.583
Wholesale and Retail Trade	2.340.540	1.241.069	1.034.664
Hotel and Restaurant Services	5.205.794	1.005.250	1.030.443
Transportation & telecommunication	383.264	448.291	179.378
Financial institution	794.939	16.699	29.503
Real estate and letting services	397.309	92.950	108.606
Self-employment services	25.119	3.422	4.488
Education services	102.206	20.746	20.162
Health and social services	1.988.772	262.083	292.339
Other	6.823.485	2.237.748	1.954.385
Total	23.018.105	6.649.644	5.938.014

(*) 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

q. Informations on movements in valuation adjustments and provisions

Current Period: 31 December 2019	Opening Balance (After TFRS 9) 1 January 2019	Charge for the period	Other Adjustments (*)	Ending Balance
Default (Third Stage / Specific Provision)	4.081.111	4.084.557	(2.227.409)	5.938.259
12 Months Provision for Expected Loss (First Stage) (**)	1.107.348	112.726	38.131	1.258.205
Significant Increase in Credit Risk (Second Stage)	1.856.902	1.273.561	61.579	3.192.042

(*) Includes sales made from non-performing loans, write-offs and foreign exchange differences.

Prior Period: 31 December 2018	Opening Balance (Before TFRS 9) 31 December 2017	Remeasurements	Opening Balance (After TFRS 9) 1 January 2018	Charge for the period	Other Adjustments (*)	Ending Balance
Default (Third Stage / Specific Provision)	3.121.676	(20.305)	3.101.371	2.200.573	(1.220.833)	4.081.111
12 Months Provision for Expected Loss (First Stage) (**)	1.406.808	(279.965)	1.126.843	(107.018)	87.524	1.107.349
Significant Increase in Credit Risk (Second Stage)	299.763	1.184.549	1.484.312	279.724	92.867	1.856.903

(*) Includes sales made from non-performing loans, write-offs and foreign exchange differences.

(**) The provisions of the Bank in the financial statements as at 31 December 2017, stated under liabilities 12.5 Other Provisions (in the balance sheet, for the future risks of certain risks that may arise in the loan portfolio are included in the provisions 12-Month Provision for Expected Loss (Stage One).

r. Informations on cyclical capital buffer calculation:

Current Period

Country of ultimate risk	Private sector credit exposure in		Total
	banking book	Risk weighted equivalent trading book	
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

Prior Period

Country of ultimate risk	Private sector credit exposure in		Total
	banking book	Risk weighted equivalent trading book	
Turkey	109.455.126	109.001	109.564.127
England	4.762.969	--	4.762.969
Switzerland	4.019.126	--	4.019.126
Netherlands	3.830.546	--	3.830.546
Germany	2.716.302	--	2.716.302
United Arab Emirates	1.532.767	--	1.532.767
Other	6.349.217	--	6.349.217

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 retranslation 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 Note VIII-a of Section Four.

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 5,9400
Euro purchase rate at the balance sheet date	TL 6,6621

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
25 December 2019	5,9293	6,5755
26 December 2019	5,9302	6,5759
27 December 2019	5,9370	6,6117
30 December 2019	5,9402	6,6506
31 December 2019	5,9400	6,6621

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 2019 are TL 5,8421 and TL 6,4925 respectively.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

f. Information on currency risk

Current Period	EURO	USD	Other FC ⁽⁵⁾	Total
Assets				
Cash Equivalents and Central Bank	23.577.506	7.447.553	3.116.185	34.141.244
Banks	632.353	3.981.313	188.240	4.801.906
Financial Assets at Fair Value through Profit or Loss (Net) ⁽¹⁾	323.480	547.799	--	871.279
Due from Money Markets	--	--	--	--
Financial Assets at Fair Value through Other Comprehensive				
Income	3.489.646	4.202.730	334.558	8.026.934
Loans ⁽²⁾	49.749.091	27.467.290	1.949.537	79.165.918
Investments in Associates, Subsidiaries and Joint Ventures	233	--	--	233
Financial Assets Measured at Amortized Cost ⁽²⁾	181.852	2.553.542	--	2.735.394
Hedging Derivative Financial Assets	--	--	--	--
Tangible Assets (Net)	285.869	76	2.131	288.076
Intangible Assets (Net) ⁽³⁾	--	--	--	--
Other Assets ⁽⁴⁾	165.669	631.399	182.333	979.401
Total Assets	78.405.699	46.831.702	5.772.984	131.010.385
Liabilities				
Bank Deposits	2.472.327	591.937	103.655	3.167.919
Foreign Currency Deposits	62.946.240	36.967.922	3.266.972	103.181.134
Due to Money Markets	--	345.656	--	345.656
Funds Borrowed	6.602.616	14.135.651	544.890	21.283.157
Securities Issued	279.296	--	--	279.296
Miscellaneous Payables	--	--	--	--
Hedging Derivative Financial Liabilities	--	--	--	--
Other Liabilities ⁽⁶⁾	1.504.777	5.505.335	257.612	7.267.724
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 ⁽⁷⁾	(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
Prior Period				
Total Assets	68.296.873	44.561.598	4.680.518	117.538.989
Total Liabilities	66.947.498	48.341.640	5.009.649	120.298.787
Net on Balance Sheet Position	1.349.375	(3.780.042)	(329.131)	(2.759.798)
Net off-Balance Sheet Position	(623.461)	3.309.689	775.877	3.462.105
Financial Derivative Assets	22.861.903	29.344.079	2.172.181	54.378.163
Financial Derivative Liabilities	(23.485.364)	(26.034.390)	(1.396.304)	(50.916.058)
Net Positions	725.914	(470.353)	446.746	702.307
Non Cash Loans	10.210.179	11.937.016	772.376	22.919.571

- (1) : Foreign currency differences of derivative financial assets amounting to TL 291.207 are excluded.
- (2) : Foreign currency indexed loans amounting to TL 1.459.494 are included. Stage 1 and Stage 2 loan provisions amounting to TL (680.425) and financial assets measured at amortized cost amounting to TL (18) are not included.
- (3) : Intangible assets amounting to TL 38.779 are not included.
- (4) : Prepaid expenses amounting to TL 140.523 and stage 1 and stage 2 provisions for financial assets amounting to TL (4.841) are not included.
- (5) : There are gold balances amounting to TL 4.260.477 under total assets and TL 1.830.976 in total liabilities.
- (6) : FX equity amounting to TL 9.518.735, foreign exchange rate differences related to derivative financial liabilities amounting to TL 309.694 and stage 1 and stage 2 provisions amounting to TL 4.544 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. Informations on currency risk exposed

In the event TL loses 10% in value against the currencies below, the increase and decrease in equities and income statements (excluding tax effect) as of 31 December 2019 and 2018 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	(30.746)	(32.062)	(34.292)	(48.155)
Euro	(62.338)	(68.567)	43.529	27.120
Total (Net)	(93.084)	(100.629)	9.237	(21.035)

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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 Banks ⁽¹⁾	46.058 3.183.418	-- 712.787	-- 978.151	-- --	-- --	35.625.795 1.826.114	35.671.853 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 Amortized 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 loss amounting of TL (4.912).

(2) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (854).

(3) Other assets/non-interest bearings include; tangible assets, intangible assets, investment properties, investments in associates and joint ventures, tax assets, investments in subsidiaries, assets to be disposed, the provisions for expected 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 bearings include; shareholders' equity, current tax liabilities, deferred tax liabilities, provisions, other liabilities and TFRS 16 net lease liabilities amounting to TL 17.748.912, TL 335.068, TL 82.099, TL 1.857.726, TL 5.894.320 and TL 618.602, respectively.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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	4.233.671	--	--	--	--	23.890.538	28.124.209
Banks ⁽¹⁾	983.336	96.199	527.740	186.845	33.955	4.793.276	6.621.351
Financial Assets at Fair Value through Profit or Loss (Net)	119.853	298.373	394.415	885.344	388.474	97.336	2.183.795
Due from Money Markets	9.780	--	--	--	--	--	9.780
Financial Assets at Fair Value through Other Comprehensive Income	386.432	1.164.414	3.064.311	2.450.417	847.937	978	7.914.489
Loans	17.557.607	7.775.527	19.591.598	52.771.747	38.791.593	2.568.533	139.056.605
Financial Assets Measured at Amortized Cost ⁽²⁾	2.323.225	429.124	459.381	1.371.287	1.655.675	--	6.238.692
Other Assets ⁽³⁾	--	96	--	--	--	7.162.419	7.162.515
Total Assets	25.613.904	9.763.733	24.037.445	57.665.640	41.717.634	38.513.080	197.311.436
Liabilities							
Bank Deposits	1.659.705	80.899	337.395	428.113	--	171.775	2.677.887
Other Deposits	52.954.581	17.912.576	17.089.241	18.115.713	1.003.194	30.188.284	137.263.589
Due to Money Markets	1.415.797	--	--	--	--	--	1.415.797
Miscellaneous Payables	--	--	--	--	--	--	--
Securities Issued	1.202.731	2.382.535	402.593	--	--	--	3.987.859
Funds Borrowed	7.650.209	12.047.615	2.418.843	459.638	60.305	--	22.636.610
Other Liabilities ⁽⁴⁾	259.771	531.103	922.026	116.850	222.891	27.277.053	29.329.694
Total Liabilities	65.142.794	32.954.728	21.170.098	19.120.314	1.286.390	57.637.112	197.311.436
Balance Sheet Long Position	--	--	2.867.347	38.545.326	40.431.244	--	81.843.917
Balance Sheet Short Position	(39.528.890)	(23.190.995)	--	--	--	(19.124.032)	(81.843.917)
Off-balance Sheet Long Position	2.032.518	--	799.309	--	--	--	2.831.827
Off-balance Sheet Short Position	--	(1.217.285)	--	(1.709.835)	(457.257)	--	(3.384.377)
Total Position	(37.496.372)	(24.408.280)	3.666.656	36.835.491	39.973.987	(19.124.032)	(552.550)

(1) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (4.417).

(2) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (1.118).

(3) Other assets/non-interest bearings include; tangible assets, intangible assets, investment properties, investments in associates and joint ventures, deferred tax assets, investments in subsidiaries, assets to be disposed, the provisions for expected loss of financial assets and other assets and other assets with balances of TL 881.784, TL 271.191, TL 202.001, TL 13.633, TL 1.213.623, TL 792.868, TL 269.830, (9.986) and TL 3.527.476, respectively.

(4) Other liabilities/non-interest bearings include; shareholders' equity, tax liabilities, deferred tax liabilities, provisions and other liabilities with balances of TL 15.505.270, TL 362.949, TL 25.828, TL 945.168 and TL 10.437.838, respectively.

b. Average interest rates applied to monetary financial instruments

Current 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 (Net)	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	16,95
Financial Assets Measured at Amortized 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
Prior Period - 31 December 2018	EURO %	USD %	Yen %	TL %
Assets				
Cash Equivalents and Central Bank	--	1,90	--	13,00
Banks	1,59	2,24	--	23,85
Financial Assets at Fair Value through Profit or Loss (Net)	3,98	6,39	--	20,14
Due from Money Markets	--	--	--	--
Financial Assets at Fair Value through Other Comprehensive Income	2,89	3,96	--	14,85
Loans	4,59	6,57	5,46	22,04
Financial Assets Measured at Amortized Cost	1,33	5,05	--	22,34
Liabilities				
Bank Deposits	1,31	4,35	--	23,16
Other Deposits	1,51	3,96	0,65	22,70
Due to Money Markets	--	--	--	16,72
Miscellaneous Payables	--	--	--	--
Securities Issued	2,14	--	--	26,98
Funds Borrowed	3,16	5,79	--	24,38

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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 2019.

Current Period: 31 December 2019		Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency		(+/- x basis points)		-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%

Prior Period: 31 December 2018		Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency		(+/- x basis points)		-Losses/Equity
1 TL	(+)	500 bps	(1.700.918)	(7,48%)
2 TL	(-)	400 bps	1.534.786	6,75%
3 Euro	(+)	200 bps	(554.954)	(2,44%)
4 Euro	(-)	200 bps	654.163	2,88%
5 US Dollar	(+)	200 bps	68.445	0,30%
6 US Dollar	(-)	200 bps	(57.231)	(0,25%)
Total (of positive shocks)			(2.187.427)	(9,62%)
Total (of negative shocks)			2.131.718	9,38%

V. Position risk of equity shares arising from banking accounts

a. Comparison of balance sheet 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 2019 and 2018.

b. Information on realized gains/losses, revaluation surpluses and unrealized gains/losses on equity shares and their amounts included in the Ties I and Tier II capitals

None.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

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 partnerships is carried out by the related partnership, they are closely monitored by the Parent Bank. Limits are allocated by the Parent Bank in order to meet the liquidity needs of partnerships 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 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 and longer in 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 distributed deposit source 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 280,77 in November, the highest 294,16 in December, and the total lowest liquidity coverage ratio has been calculated as 175,34 in December and 187,7 in October 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. In 2019, the Bank carried out the LCR management by increasing by 10% parts and managed to reach 80% for foreign currency in 2019 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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			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 of the values calculated for the last three months by taking the simple arithmetic average monthly

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			35.257.953	25.374.179
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which	107.685.131	68.141.659	10.198.065	6.814.166
3 Stable deposits	11.408.948	--	570.447	--
4 Less stable deposits	96.276.183	68.141.659	9.627.618	6.814.166
5 Unsecured wholesale funding, of which	27.723.684	16.292.370	15.464.540	8.027.212
6 Operational deposits	5.274.702	3.486.291	1.318.676	871.573
7 Non-operational deposits	15.235.213	10.060.646	6.939.247	4.416.212
8 Unsecured debt	7.213.769	2.745.433	7.206.617	2.739.427
9 Secured wholesale funding			587.624	--
10 Other cash outflows	3.789.886	4.479.668	2.437.655	3.464.444
11 Outflows related to derivative exposures and other collateral requirements	1.536.168	2.787.628	1.536.168	2.787.628
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	2.253.718	1.692.040	901.487	676.816
14 Other contractual funding obligations	1.033.153	1.032.593	1.032.621	1.032.593
15 Other contingent funding obligations	73.717.589	24.714.358	5.656.597	2.392.594
16 TOTAL CASH OUTFLOWS			35.377.102	21.731.009
CASH INFLOWS				
17 Secured lending	4.088	--	--	--
18 Unsecured lending	13.895.332	9.802.605	10.927.647	8.685.132
19 Other cash inflows	288.559	5.409.314	288.559	5.409.314
20 TOTAL CASH INFLOWS	14.187.979	15.211.919	11.216.206	14.094.446
			Total adjusted value	
21 TOTAL HQLA			35.257.953	25.374.179
22 TOTAL NET CASH OUTFLOWS			24.160.896	7.636.563
23 LIQUIDITY COVERAGE RATIO (%)			146,1	339,5

(*) Simple arithmetic average of the values calculated for the last three months by taking the simple arithmetic average monthly

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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 Deposits	26.297.611	9.374.242	--	--	--	--	--	35.671.853
Financial Assets at Fair Value through Profit or Loss (Net)	1.826.114	2.273.592	712.788	1.055.244	832.732	--	--	6.700.470
Due from Money Markets	153.516	284.219	187.944	728.896	464.325	350.119	--	2.169.019
Financial Assets at Fair Value through Other Comprehensive Income	--	1.261.789	--	--	--	--	--	1.261.789
Loans	78.397	336.776	1.580.821	1.417.493	7.442.330	3.318.753	--	14.174.570
Financial Assets Measured at Amortized Cost (2)	--	14.221.292	5.548.968	24.510.473	58.053.202	34.834.340	5.617.331	142.785.606
Other Assets	--	1.258.442	302.656	451.569	3.290.642	1.468.891	--	6.772.200
	2.468.652	68	29.290	30	503.632	--	4.776.894	7.778.566
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
Liabilities								
Bank Deposits	547.701	695.185	1.813.427	690.190	4.078	--	--	3.750.581
Other Deposits	35.836.687	68.096.346	14.726.466	17.606.236	17.192.497	1.000.371	--	154.458.603
Fund Borrowed	--	1.791.010	2.356.496	8.318.515	9.749.983	8.677	--	22.224.681
Due to Money Markets	--	459.048	--	--	--	--	--	459.048
Securities Issued	--	2.031.995	1.903.482	--	279.296	--	--	4.214.773
Miscellaneous Payables	--	--	--	--	--	--	--	--
Other Liabilities	5.500.619	499.909	345.652	4.435.752	919.740	344.773	20.159.942	32.206.387
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
End of The Prior Period								
Total Assets	28.920.999	23.511.766	5.843.887	27.189.108	63.463.416	41.972.634	6.409.626	197.311.436
Total Liabilities	35.677.748	59.936.339	28.051.468	27.682.275	24.823.397	4.412.931	16.727.278	197.311.436
Net Liquidity Excess/ (Gap)	(6.756.749)	(36.424.573)	(22.207.581)	(493.167)	38.640.019	37.559.703	(10.317.652)	--
Net Off-balance sheet Position	--	(186.998)	(234.751)	(582.544)	503.145	--	--	(501.148)
Financial Derivative Assets	--	25.156.430	12.314.445	10.634.366	5.923.855	8.745.143	--	62.774.239
Financial Derivative Liabilities	--	(25.343.428)	(12.549.196)	(11.216.910)	(5.420.710)	(8.745.143)	--	(63.275.387)
Non Cash Loans	--	2.939.168	2.945.626	10.076.704	4.606.259	13.110.297	--	33.678.054

(1) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (4.192).

(2) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (854).

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

c. Representation of financial liabilities according to their remaining maturities in accordance with their contracts

The maturity breakdown of the maturity values of the Group's non-derivative financial liabilities that are subject to a contract is given in the table below. The interest to be paid on the relevant assets and liabilities have been included to the relevant maturity segments.

End of The Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	105.392.229	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	109.789.341	20.643.003	16.818.960	40.764.258	548.113	188.563.675

(*) It includes subordinated loans.

End of The Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	84.992.060	18.553.168	17.948.122	19.302.364	1.260.757	142.056.471
Funds borrowed (*)	2.819.225	7.896.499	6.878.981	7.638.624	3.174.585	28.407.914
Interbank money markets	1.415.797	--	--	--	--	1.415.797
Securities issued	1.103.190	1.639.007	723.220	617.389	--	4.082.806
Total	90.330.272	28.088.674	25.550.323	27.558.377	4.435.342	175.962.988

(*) It includes subordinated loans.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

VII. Explanations related to leverage ratio

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

As of 31 December 2019, the leverage ratio of the DFS Group is calculated as 6,04%. (31 December 2018: 5,59%). 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 (*)	213.956.768	196.991.243
2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	(3.834.550)	(2.918.813)
3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	849.548	1.275.094
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	--	--
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(503)	(503)
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	82.114.873	77.105.726
7 Total Risk	293.086.136	272.452.747

(*) These consolidated financial statements are prepared in accordance with the sixth paragraph of the Article 5 of the Communiqué 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)	210.122.218	194.072.430
2 (Assets deducted in determining Basel III Tier I capital)	(395.279)	(542.344)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines)	209.726.939	193.530.086
Derivative exposures		
4 Replacement cost	1.663.765	2.256.385
5 Add-on amount	849.548	1.275.094
6 Total derivative exposures (sum of 4 and 5 lines)	2.513.313	3.531.479
Securities financing transaction exposures		
7 Gross SFT assets (with no recognition of accounting netting)	99.827	384.514
8 Agent transaction exposures	-	-
9 Total securities financing transaction exposures (sum of 7 and 8 lines)	99.827	384.514
Other off-balance sheet exposures		
10 Off-balance sheet exposures with gross nominal amount	80.746.560	75.007.171
11 (Adjustment amount off-balance sheet exposures with credit conversion factor)	(503)	(503)
12 Total off-balance sheet exposures (sum of 10 and 11 lines)	80.746.057	75.006.668
Capital and total exposures		
13 Tier I capital	17.694.615	15.211.405
14 Total exposures (sum of 3,6,9 and 12 lines)	293.086.136	272.452.747
Leverage ratio		
15 Leverage ratio	6,04	5,59

(*) 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 2019.

Risk management explanations are prepared in accordance with the internal control process adopted by the Board of Directors.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

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 and is carried out once a year. 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 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.

There is a control system 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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.

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)	154.042.234	137.470.531	12.323.379
2 <i>Standardized approach (SA)</i>	154.042.234	137.470.531	12.323.379
3 <i>Internal rating-based (IRB) approach</i>	--	--	--
4 Counterparty credit risk	2.095.419	2.476.534	167.634
5 <i>Standardized approach for counterparty credit risk (SA-CCR)</i>	2.095.419	2.476.534	167.634
6 <i>Internal model method (IMM)</i>	--	--	--
7 Basic risk weight approach to internal models equity position in the banking account	--	--	--
8 Investments made in collective investment companies - look-through approach	--	--	--
9 Investments made in collective investment companies - mandate-based approach	8.019	1.900	642
10 Investments made in collective investment companies - %1250 weighted risk approach	--	--	--
11 Settlement risk	--	--	--
12 Securitization positions in banking accounts	--	--	--
13 <i>IRB ratings-based approach (RBA)</i>	--	--	--
14 <i>IRB Supervisory Formula Approach (SFA)</i>	--	--	--
15 <i>SA/simplified supervisory formula approach (SSFA)</i>	--	--	--
16 Market risk	1.327.588	1.137.450	106.207
17 <i>Standardized approach (SA)</i>	1.327.588	1.137.450	106.207
18 <i>Internal model approaches (IMM)</i>	--	--	--
19 Operational Risk	14.127.749	11.282.016	1.130.220
20 <i>Basic Indicator Approach</i>	14.127.749	11.282.016	1.130.220
21 <i>Standard Approach</i>	--	--	--
22 <i>Advanced measurement approach</i>	--	--	--
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	171.601.009	152.368.431	13.728.082

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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Current Period	a	b	c	d	e	f	g
	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 amortized 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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

Prior Period	a	b	c	d	e	f	g
	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	28.124.209	28.124.209	28.124.209	--	--	--	--
Banks	6.625.721	6.625.768	6.625.768	--	--	--	--
Due from money markets	9.780	9.780	9.780	--	--	--	--
Financial assets at fair value through profit or loss	189.817	189.484	--	--	--	83.265	--
Financial assets at fair value through other comprehensive income	7.914.488	7.914.489	7.914.489	--	--	--	--
Financial assets measured at amortized cost	6.239.810	6.239.810	6.239.810	--	--	--	--
Derivative financial assets	1.994.311	1.994.311	--	1.994.311	--	--	--
Loans (net)	139.042.980	139.056.605	139.056.605	--	--	--	15.001
Non-currents assets or disposal groups "held for sale" and "from discontinued operations" (net)	--	--	--	--	--	--	--
Investments in associates, subsidiaries and joint ventures	809.918	806.501	806.502	--	--	--	--
Tangible assets (net)	949.089	881.784	881.784	--	--	--	90.968
Intangible assets (net)	293.773	271.191	271.191	--	--	--	271.191
Investment properties (net)	202.001	202.001	202.001	--	--	--	--
Current tax assets	10.024	9.539	9.539	--	--	--	--
Deferred tax assets	1.213.967	1.213.623	1.213.623	--	--	--	296.702
Other assets	3.817.382	3.772.341	3.772.341	--	--	--	--
Total assets	197.437.270	197.311.436	195.127.642	1.994.311	--	83.265	673.862
Liabilities							
Deposits	139.891.463	139.941.476	--	--	--	--	139.941.476
Funds borrowed	16.388.319	16.362.160	--	--	--	--	16.362.160
Due to money markets	1.415.797	1.415.797	--	1.385.878	--	--	1.415.797
Securities issued (net)	3.987.859	3.987.859	--	--	--	--	3.987.859
Funds	--	--	--	--	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--	--
Derivative financial liabilities	2.049.863	2.049.863	--	--	--	--	2.049.863
Factoring payables	--	--	--	--	--	--	--
Leases payables	--	--	--	--	--	--	--
Provisions	962.481	945.168	--	--	--	--	945.168
Current tax liabilities	369.512	362.949	--	--	--	--	362.949
Deferred tax liabilities	26.173	25.828	--	--	--	--	25.828
Liabilities related to non-current assets "held for sale" and "discontinued operations" (net)	--	--	--	--	--	--	--
Subordinated debts	6.274.450	6.274.450	--	--	--	--	6.274.450
Other liabilities	10.500.980	10.440.616	--	--	--	--	10.440.616
Equity	15.570.373	15.505.270	--	--	--	--	15.505.270
Total liabilities	197.437.270	197.311.436	--	1.385.878	--	--	197.311.436

2. Main sources of differences between risk exposures and valued amounts in accordance with TAS in financial statements

Current Period	a	b	c	d	e
	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 TAS		--	--	425.152	--
3 Total net amount under regulatory scope of consolidation	217.316.062	214.126.722	--	3.108.236	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	--	3.108.236	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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

	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	197.311.437	195.127.642	--	1.994.311	83.265
2 Liabilities carrying value amount under TAS		--	--	1.385.878	--
3 Total net amount under regulatory scope of consolidation	197.311.437	195.127.642	--	3.380.189	83.265
4 Off-balance sheet amounts (**)	72.173.142	24.969.603	--	--	--
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		--	--	--	1.054.185
9 Differences resulted from considering of the financial guarantees		(10.801.867)	--	--	--
10 Risk exposures	269.484.579	209.295.378	--	3.380.189	1.137.450

(*) 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 value 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 in 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 distributed 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. Where suitable, by applying the necessary risk decrease techniques, the Bank's potential losses are tried to be minimised. 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 presents the functioning of internal rating systems, the development of credit ratings, the documentation on the changes in credit ratings, and the analysis and results of compliance with internal restrictions to the Rating Committee, in order to ensure compliance of the Bank's credit risk to Basel regulations. 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

2. Credit quality of assets

Current Period	a	b	c	d
	Gross carrying values of (according to TAS)		Specific provisions	Net values (a+b-c)
	Defaulted	Non-defaulted		
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.

Prior Period	A	b	c	d
	Gross carrying values of (according to TAS)		Specific provisions	Net values (a+b-c)
	Defaulted	Non-defaulted		
1 Loans	6.649.644	139.452.324	7.045.363	139.056.605
2 Borrowing instruments	--	14.153.321	1.117	14.152.204
3 Off-balance sheet receivables (*)	283.499	71.013.422	329.466	70.967.455
4 Total	6.933.143	224.619.067	7.375.946	224.176.264

(*) It doesn't include revocable commitments and asset purchase - sales commitments.

3. Changes in stock of impaired loans and debt securities

	Current Period	Prior Period
	a (*)	a (*)
1 Impaired loans and debt securities at end of the previous reporting period	6.649.644	4.024.614
2 Loans and debt securities that have impaired since the last reporting period	9.178.142	5.552.785
3 Receivables that returned to non-impaired status	274.325	2.095
4 Amounts written off (**)	2.249.935	1.279.573
5 Other changes	(1.747.936)	(1.646.087)
6 Impaired loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)	11.555.590	6.649.644

(*) 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 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 after the maturity date or the debtor of which are deemed unworthy by the Bank are considered as "impaired loans."

(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 after the maturity date 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".

(iii) Definitions of the methods used while determining amount of provision

The methods used in the calculation of the provision amount are presented in Note VIII of Section Three.

(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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

(v) Breakdown of receivables by geographical area

Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific provisions	Write-Offs (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
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-offs.

Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific provisions	Write-Offs (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
1 Domestic	6.537.727	112.816.126	--	13.204.399	279.258	63.137.362	3.995.990	1.279.573
2 EU Countries	81.801	15.435.766	--	164.840	--	946.031	69.339	--
3 OECD Countries	336	3.746.315	--	--	--	1.560.446	137	--
4 Off Shore Zones	4	1.070.760	--	--	--	36.519	3	--
5 USA, Canada	1.189	326.297	--	685.523	--	6.927	928	--
6 Other Countries	28.587	6.057.060	--	98.559	4.241	5.326.137	14.714	--
7 Total	6.649.644	139.452.324	--	14.153.321	283.499	71.013.422	4.081.111	1.279.573

(*) It indicates sales made from non-performing loans portfolio.

(vi) Breakdown of receivables by sectors

Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific provisions	Write-Offs (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
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-employment 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-offs/deleted from assets.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific Provisions	Write-Offs (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
Agricultural	384.915	17.683.032	--	--	3.166	3.576.791	229.486	7.622
Farming and Cattle	379.835	15.905.718	--	--	2.989	3.556.834	225.603	7.431
Forestry	431	1.769.007	--	--	25	6.038	325	108
Fishing	4.649	8.307	--	--	152	13.919	3.558	83
Manufacturing	552.504	16.144.497	--	99.803	25.082	13.428.251	325.228	48.252
Mining	183.446	710.108	--	--	5.747	499.615	98.528	14.808
Production	364.933	7.010.564	--	76.017	16.916	11.526.341	223.163	31.866
Electric, Gas, Water	4.125	8.423.825	--	23.786	2.419	1.402.295	3.537	1.578
Construction	462.771	8.919.556	--	--	78.343	8.770.931	277.712	26.382
Services	3.178.697	45.194.359	--	423.080	110.268	14.253.563	1.884.329	580.828
Wholesale and Retail Trade	1.285.869	12.277.147	--	--	63.999	8.793.375	871.969	290.463
Hotel and Restaurant								
Services	998.552	12.574.507	--	--	27.138	857.856	411.967	8.066
Transportation and telecommunication	283.110	10.301.450	--	200	16.408	2.256.512	218.295	273.296
Financial institution	503.395	3.137.818	--	422.880	190	1.714.594	325.196	1.217
Real estate and letting services	13.641	960.602	--	--	789	107.117	10.757	3.640
Self-employment services	--	--	--	--	--	--	--	--
Education services	19.313	1.804.466	--	--	980	214.024	16.884	1.631
Health and social services	74.817	4.138.369	--	--	764	310.085	29.261	2.515
Other	2.070.757	51.510.880	--	13.630.438	66.640	30.983.886	1.364.356	616.489
Total	6.649.644	139.452.324	--	14.153.321	283.499	71.013.422	4.081.111	1.279.573

(*) It indicates sales made from non-performing loans portfolio.

(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	--	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

Prior Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
Non-defaulted receivables	--	46.878.762	13.185.454	12.175.506	26.738.042	125.641.302	224.619.066
1 Loans	--	14.029.749	6.408.448	7.304.146	17.724.703	93.985.278	139.452.324
2 Borrowings instruments	--	--	444.500	--	1.408.423	12.300.398	14.153.321
3 Off-balance sheet receivables	--	32.849.013	6.332.506	4.871.360	7.604.916	19.355.626	71.013.421
Defaulted receivables	6.933.143	--	--	--	--	--	6.933.143
1 Loans	6.649.644	--	--	--	--	--	6.649.644
2 Borrowings instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	283.499	--	--	--	--	--	283.499
Specific Provision	4.081.111	--	--	--	--	--	4.081.111
Total	2.852.032	46.878.762	13.185.454	12.175.506	26.738.042	125.641.302	227.471.098

(viii) **Ageing analysis of overdue receivables**

Current 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	--	--	--	--

Prior Period	1-30 days	31-60 days	61-90 days	Total
Loans	3.908.956	1.753.278	1.525.569	7.187.803
Borrowing instruments	--	--	--	--
Off-balance sheet receivables	--	--	--	--

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

(ix) **Breakdown of restructured receivables according to their provisioning status**

	Current Period	Prior Period
Restructured from loans under close monitoring	10.580.300	6.718.709
Restructured from non-performing loans	1.053.414	180.093

5. Credit risk mitigation techniques

Financial collateral are valued with their current values as of the reporting date and involved in the credit risk mitigation process. While distributing 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 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 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	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.

	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	107.605.654	23.257.047	10.057.270	8.193.904	--	--	--
2 Borrowing instruments	14.152.204	--	--	--	--	--	--
3 Total	121.757.858	23.257.047	10.057.270	8.193.904	--	--	--
4 Of which defaulted (*)	6.292.285	640.858	--	--	--	--	--

(*) It includes default figure belonging to amount before provision and off-balance sheet receivables.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

7. Explanations on rating notes used while calculating credit risk with standard approach

In the 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 exposed 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		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density			
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density		
Risk classifications												
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%						

Prior Period	a		b		c		d		e		f	
	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density			
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density		
Risk classifications												
1 Exposures to central governments or central banks	41.850.609	55.276	49.415.492	1.959.726	3.930.551	7,65%						
2 Exposures to regional governments or local authorities	1.012.379	12.639	1.009.128	5.056	507.092	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	8.474.947	3.630.218	8.399.016	3.143.643	3.859.644	33,44%						
7 Exposures to corporates	75.904.742	33.936.737	64.559.663	17.377.292	81.372.014	99,31%						
8 Retail exposures	46.644.862	34.871.051	42.244.370	2.749.950	33.879.566	75,30%						
9 Exposures secured by residential property	3.829.340	526.299	3.587.202	259.932	1.346.497	35,00%						
10 Exposures secured by commercial real estate	11.560.488	1.752.197	10.469.714	975.279	6.870.154	60,03%						
11 Past-due loans	2.527.687	162.803	2.525.675	54.831	2.752.705	106,67%						
12 Higher-risk categories by the Agency Board	38.486	--	38.472	--	35.231	91,58%						
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)	--	488	--	488	488	100,00%						
16 Other assets	5.064.284	--	5.064.284	--	3.611.158	71,31%						
17 Investments in equities	810.272	--	810.272	--	810.272	100,00%						
18 Total	197.718.096	74.947.708	188.123.288	26.526.197	138.975.372	64,75%						

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

9. Standardised Approach - Exposures by risk classes and risk weights

Current Period		a	b	c	k	d	l	e	f	g	h	i	j
Risk Weight	Classifications/Risk	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

Prior Period		a	b	c	k	d	l	e	f	g	h	i	j
Risk Weight	Classifications/Risk	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	47.444.667	--	--	--	--	--	--	3.930.551	--	--	--	51.375.218
2	Exposures to regional governments or local authorities	--	--	--	--	--	1.014.184	--	--	--	--	--	1.014.184
3	Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to institutions	--	--	7.805.957	--	--	2.876.499	--	860.203	--	--	--	11.542.659
7	Exposures to corporates	--	--	706.176	--	--	--	--	81.230.779	--	--	--	81.936.955
8	Retail exposures	--	--	--	--	--	--	44.459.017	535.303	--	--	--	44.994.320
9	Exposures secured by residential property	--	--	--	3.847.134	--	--	--	--	--	--	--	3.847.134
10	Exposures secured by commercial real estate	--	--	--	--	9.149.677	--	--	2.295.316	--	--	--	11.444.993
11	Past-due loans	--	--	--	--	--	647.602	--	940.905	991.999	--	--	2.580.506
12	Higher-risk categories by the Agency Board	--	--	--	--	--	6.482	--	31.990	--	--	--	38.472
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)	--	--	--	--	--	--	--	488	--	--	--	488
16	Investments in equities	--	--	--	--	--	--	--	810.272	--	--	--	810.272
17	Other assets	1.453.107	--	--	--	--	--	79	3.611.098	--	--	--	5.064.284
18	Total	48.897.774	--	8.512.133	3.847.134	9.149.677	4.544.767	44.459.096	94.246.905	991.999	--	--	214.649.485

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

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.

Parent 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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

2. Analysis of counterparty credit risk exposed 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)(*)		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.

			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)(*)		1.988.615	825.124		-	2.783.613	1.487.869
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)						74.639	15.072
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							1.502.941

(*) Counterparty credit risk for derivatives is calculated by the fair value method.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

3. Capital requirement for credit valuation adjustment (CVA)

	a	b
	Exposure at default post-CRM	RWA
Current Period		
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
Prior Period		
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	2.783.613	973.593
4 Total subject to the CVA capital charge	2.783.613	973.593

4. Standard approach - Counterparty credit risk by risk classes and risk weights

Current Period	a	b	c	d	e	f	g	h	i
Risk Weights / 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.

Prior Period	a	b	c	d	e	f	g	h	i
Risk Weights / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Claims from central governments and central banks	6.213	--	--	--	--	--	--	--	--
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	--	--	844.544	1.336.093	--	--	--	--	836.955
Corporates	--	--	--	--	--	649.248	--	--	649.248
Retail portfolios	--	--	--	--	21.665	--	--	--	16.249
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	--	--	--	--	--	489	--	--	489
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
Total	6.213	--	844.544	1.336.093	21.665	649.737	--	--	1.502.941

(*) 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

5. Collaterals used for counterparty credit risk

	a	b	c	d	e	f
	Guarantees of Derivative		Financial Instrument		Guarantees of Other Transactions	
	Received Guarantees		Given Guarantees		Received	Given
Current Period	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

	a	b	c	d	e	f
	Guarantees of Derivative		Financial Instrument		Guarantees of Other Transactions	
	Received Guarantees		Given Guarantees		Received	Given
Prior Period	Appropriated	Unappropriated	Appropriated	Unappropriated	Guarantees	Guarantees
Cash-Domestic Currency	7.150	--	--	--	--	1.386.715
Cash-Foreign Currency	22.977	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	--	--
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
Total	30.127	--	--	--	--	1.386.715

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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

f. Market Risk

1. Explanations on market risk

Market risk refers to the risk arising from positions arising from trading transactions performed 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 RAT	Prior Period RAT
Outright products		
1 Interest rate risk (general and specific)	121.588	121.563
2 Equity risk (general and specific)	--	--
3 Foreign exchange risk	935.963	876.462
4 Commodity risk	192.799	110.512
Options		
5 Simplified approach	--	--
6 Delta-plus method	77.238	28.913
7 Scenario approach	--	--
8 Securitization	--	--
9 Total	1.327.588	1.137.450

3. Information on market risk calculated as of month-ends during the period

	Current 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
Emtia 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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

	Prior Period: 31 December 2018		
	Average	Highest	Lowest
Interest Rate Risk	7.182	11.559	2.970
Stock Risk	7	34	--
Currency Risk	87.371	138.031	51.046
Emtia Risk	13.266	19.049	8.841
Settlement Risk	--	--	--
Option Risk	3.114	7.753	324
Counterparty Risk	--	--	--
Total Risk Exposure Value	1.386.754	2.039.263	830.988

g. Operational risk

1. Explanations on operational risk calculation

Principal amount subject to operational risk is calculated through using year-end gross income of 2018, 2017 and 2016 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

	31/12/2016	31/12/2017	31/12/2018	Total/Positive GI year number	Ratio(%)	Total
Gross Income	6.104.710	7.247.218	9.252.471	7.534.800	15	1.130.220
Amount Subject to Operational Risk						14.127.749

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 amortized 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 Current Period	Fair Value Current 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 Amortized 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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

	Book Value	Fair Value
	Prior Period	Prior Period
Financial Assets	159.846.452	154.128.735
Interbank Money Market Placements	9.780	9.780
Banks	6.625.768	6.627.163
Financial Assets at Fair Value Through Other Comprehensive Income	7.914.489	7.914.489
Financial Assets Measured at Amortized Cost	6.239.810	5.819.732
Loans	139.056.605	133.757.571
Financial Liabilities	167.981.742	167.208.476
Bank Deposits	2.677.887	2.673.695
Other Deposits	137.263.589	137.068.134
Interbank Money Market Borrowings	1.415.797	1.415.797
Funds Borrowed From Other Financial Institutions	16.362.160	16.308.749
Subordinated Loans	6.274.450	5.777.019
Securities Issued	3.987.859	3.965.082

b. Classification of fair value

IFRS 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	177.156	--	--	177.156
Public Sector Debt Securities	21.440	--	--	21.440
Share Certificated	153.516	--	--	153.516
Trading Purpose Derivatives	2.200	--	--	2.200
Other Securities	--	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

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	189.484	--	--	189.484
Public Sector Debt Securities	92.148	--	--	92.148
Share Certificated	95.845	--	--	95.845
Trading Purpose Derivatives	1.491	--	--	1.491
Other Securities	--	1.994.311	--	1.994.311
Financial Assets at Fair Value Through Other Comprehensive Income	7.913.511	--	--	7.913.511
Public Sector Debt Securities	7.354.626	--	--	7.354.626
Other Securities	558.885	--	--	558.885
Loans at Fair Value Through Profit or Loss	--	--	323.627	323.627
Total Assets	8.102.995	1.994.311	323.627	10.420.933
Derivative Financial Liabilities at Fair Value Through Profit or Loss	--	2.049.863	--	2.049.863
Total Liabilities	--	2.049.863	--	2.049.863

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

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

Level 3: Unobservable inputs

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Movement table of financial assets at level 3

	Current period
Balance at the beginning of the period	323.627
Purchases	--
Amortization/sales	--
Valuation differences	82.866
Transfers	(77.393)
Balance at the end of the period	329.100

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 1.537 million and US Dollar 7 million of subsidiaries Denizbank AG and Eurodeniz. The part consisting of the same amounts of its foreign currency deposit has been defined as "hedging instrument". The effective part of the change in value of the foreign currency deposit arising from exchange rate has been recognized as "hedging funds" under equity.

On the other hand, as of 1 April 2014, the Parent Bank stopped applying net investment hedge accounting due to its net investment to hedge against the currency risk on the subsidiary of JSC Denizbank, and the total hedging fund which is booked under equity for that subsidiary is amounting to TL (57.744).

Total abroad net investment hedging funds recognized under equity is amounting to TL (4.039.191) as of 31 December 2019 (31 December 2018: TL (3.292.504)).

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, whose fair values are followed by 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 (23.227) which is accounted under shareholders' equity as cash flow hedge accounting as of 31 December 2019 (31 December 2018: TL (29.409)).

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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.

Informations on business segments are presented in the following tables:

Current 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	246.376	59.098	(585.891)	82.230
Total segment income	3.050.656	4.131.940	3.287.275	1.753.145	12.223.016
Other operational expenses (*)	(706.591)	(1.446.309)	(1.959.315)	(156.235)	(4.268.450)
Provisions for expected 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)	991.940	631.465	1.449.805	1.308.316
Net profit from discontinued operations					--
Net profit for the period	(1.357.793)	991.940	631.465	1.449.805	1.308.316
Current Period (31/12/2019)					
Segment assets	80.581.414	40.588.749	21.614.541	66.750.803	209.535.507
Subsidiaries and associates					762.204
Undistributed assets					7.016.362
Total assets					217.314.073
Segment liabilities	35.810.866	25.489.200	94.338.369	32.826.454	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.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Prior Period (01/01/2018-31/12/2018)	Wholesale Banking	SME & Agricultural Banking	Retail Banking	Treasury & Other	Total
Net interest income	2.001.994	1.898.727	1.403.567	1.730.618	7.034.906
Net fees and commission income	248.869	1.001.408	1.014.966	(36.856)	2.228.387
Other income/loss, net	538.577	385.745	217.928	(1.121.122)	21.128
Total segment income	2.789.440	3.285.880	2.636.461	572.640	9.284.421
Other operational expenses (*)	(677.019)	(1.299.698)	(1.596.303)	(113.540)	(3.686.560)
Provisions for expected loss and other provisions	(1.224.684)	(935.850)	(497.895)	(240.148)	(2.898.577)
Taxation					(495.196)
Net profit from continuing operations	887.737	1.050.332	542.263	218.952	2.204.088
Net profit from discontinued operations					--
Net profit for the period	887.737	1.050.332	542.263	218.952	2.204.088
Prior Period (31/12/2018)					
Segment assets	79.365.495	39.664.022	20.027.087	51.092.317	190.148.921
Subsidiaries and associates					806.501
Undistributed assets					6.356.014
Total assets					197.311.436
Segment liabilities	30.017.496	21.073.032	86.722.662	33.163.583	170.976.773
Undistributed liabilities					10.829.393
Equity					15.505.270
Total liabilities and shareholders' equity					197.311.436

(*) It also includes personnel expenses.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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	767.318	978.519	629.541	698.311
Central Bank of the Republic of Turkey	763.291	14.338.788	1.744.616	10.962.810
Other (*)	--	18.823.937	--	14.088.931
Total	1.530.609	34.141.244	2.374.157	25.750.052

(*) 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	762.933	5.023.346	1.683.477	3.764.264
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	358	9.315.442	61.139	7.198.546
Total	763.291	14.338.788	1.744.616	10.962.810

3. Explanations on reserve requirements

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Turkey ("CBRT"), banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué.

As of 31 December 2019, all banks operating in Turkey should provide a reserve in a range of 1% to 7% (31 December 2018: between 1,5% and 8%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 5% to 21% (31 December 2018: between 4% and 20%) 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 required reserves. The interest income received from required reserves of the Parent Bank with the CBRT is TL 145.307 (1 January - 31 December 2018: TL 193.978) and recognised under "interest received from reserve deposits".

4. Information on Banks

(i) Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	1.903.090	24.946	256.662	406.282
Foreign	386	4.776.960	1.500	5.961.324
Foreign head offices and branches	--	--	--	--
Total	1.903.476	4.801.906	258.162	6.367.606

(ii) Information on foreign banks

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	881.723	1.989.839	--	--
USA, Canada	1.348.588	3.438.865	--	--
OECD Countries(*)	27.458	46.214	--	--
Off shore zones	369	290	--	--
Other	2.519.208	487.616	--	--
Total	4.777.346	5.962.824	--	--

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

<i>given as collateral or blocked financial assets at fair value through profit or loss</i>	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	17.075	--	8.883	--
Other	--	--	--	--
Total	17.075	--	8.883	--

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 left out of the balance sheet and the restructured amount has been started to be followed as "financial asset at fair value through profit or loss" in accordance with TFRS 9. The capital of the special purpose company was increased in the general assembly on 23 September 2019 and the amount of TL 103.192 of the Parent Bank's credit receivable was converted into capital and started to be accounted under "financial assets at fair value through profit and loss". Following this transaction, the Bank's credit receivable carried by the fair value under other financial assets amounts to TL 329.100 (31 December 2018: TL 323.627).

4. Positive differences related to derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	9.723	19.262	48.376	107.499
Swap Transactions	975.844	616.518	1.229.876	325.928
Futures Transactions	--	--	--	--
Options	333	41.083	1.028	281.604
Other	--	--	--	--
Total	985.900	676.863	1.279.280	715.031

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 given 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 is TL 2.595.610 (31 December 2018: TL 238.181).

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

3. Information on financial assets at fair value through other comprehensive income given as collateral/blocked

<i>Given as collateral or blocked financial assets at fair value through other comprehensive income</i>	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bills, Bonds and Similar Securities	231.875	2.363.735	111.118	127.063
Other	--	--	--	--
Total	231.875	2.363.735	111.118	127.063

4. Financial assets at fair value through other comprehensive income subject to repurchase agreements

<i>Subject to repurchase agreements financial assets at fair value through other comprehensive income</i>	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	78.017	--	329.144	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bank Bills and Bank Guaranteed Bills	--	223.647	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
Total	78.017	223.647	329.144	--

5. Information on financial assets at fair value through other comprehensive income

<i>Financial assets at fair value through other comprehensive income</i>	Current Period	Prior Period
Debt Securities	14.096.173	7.913.511
Quoted on Stock Exchange (*)	14.096.173	7.913.511
Unquoted on Stock Exchange	--	--
Share Certificates	78.397	978
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange (**)	78.397	978
Impairment Provisions (-)	--	--
Total	14.174.570	7.914.489

(*) It includes bank and corporate bills.

(**) Details are explained in Notes I.b.3 of Section Five.

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	--	--
Corporate Shareholders	--	4.963	--	--
Individual Shareholders	--	--	--	--
Indirect Loans Granted to Shareholders	--	--	--	1.292
Loans Granted to Employees	73.757	216	59.454	166
Total	73.757	5.179	59.454	1.458

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	Refinancing
Non-specialized loans	105.013.409	11.763.272	2.651.280	4.897.565
Corporate loans	33.490.784	438.737	499.946	1.470.690
Export loans	2.244.573	780.048	1.000	78.965
Import loans	--	--	--	--
Commercial loans	10.379.311	991.259	283.897	292.336
Consumer loans	14.748.980	1.746.925	4.337	643.221
Credit cards	7.636.771	1.163.650	2.714	290.602
Others	36.512.990	6.642.653	1.859.386	2.121.751
Specialized loans	8.756.462	2.290.110	4.275	2.110.349
Other receivables	2.481.254	733.715	916.831	--
Total	116.251.125	14.787.097	3.572.386	7.007.914

(*) It includes loans measured at amortized cost.

(**) The balances of loans at fair value through profit or loss are not included. It includes Lease Receivables and Factoring Receivables balances.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

Stage 1 and Stage 2 Provisions for Expected Loss	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12-Month provision for expected loss	1.258.205	--	1.107.349	--
Significant increase in credit risk	--	3.192.042	--	1.856.903
Total	1.258.205	3.192.042	1.107.349	1.856.903

3. Distribution of cash loans according to maturity structure

	Standard Loans	Loans Under Close Monitoring	
		Not Restructured	Restructured
Short-Term Loans	26.833.953	4.358.287	565.097
Medium and Long-Term Loans	89.417.172	10.428.810	10.015.203
Total	116.251.125	14.787.097	10.580.300

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

	Short Term	Medium or Long Term	Total
Consumer Loans-TL	816.256	14.931.266	15.747.522
Real estate Loans	3.040	2.516.927	2.519.967
Vehicle Loans	414	46.115	46.529
General Purpose Loans	812.802	12.367.906	13.180.708
Other	--	318	318
Consumer Loans-Indexed to FC	--	12.872	12.872
Real estate Loans	--	12.416	12.416
Vehicle Loans	--	--	--
General Purpose Loans	--	456	456
Other	--	--	--
Consumer Loans-FC	--	68.149	68.149
Real estate Loans	--	1.624	1.624
Vehicle Loans	--	--	--
General Purpose Loans	--	181	181
Other	--	66.344	66.344
Individual Credit Cards-TL	6.695.707	641.564	7.337.271
Installment	3.299.447	641.564	3.941.011
Non installment	3.396.260	--	3.396.260
Individual Credit Cards-FC	2.499	--	2.499
Installment	--	--	--
Non installment	2.499	--	2.499
Loans Given to Employees-TL	8.003	32.759	40.762
Real estate Loans	--	845	845
Vehicle Loans	--	7	7
General Purpose Loans	8.003	31.907	39.910
Other	--	--	--
Loans Given to Employees - Indexed to FC	--	--	--
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Loans Given to Employees - FC	--	624	624
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	624	624
Personnel Credit Cards - TL	30.349	138	30.487
Installment	13.859	138	13.997
Non installment	16.490	--	16.490
Personnel Credit Cards - FC	40	--	40
Installment	--	--	--
Non installment	40	--	40
Overdraft Loans-TL (Real Persons) (*)	1.272.194	45	1.272.239
Overdraft Loans-FC (Real Persons)	1.273	22	1.295
Total	8.826.321	15.687.439	24.513.760

(*) The overdraft account used by the personnel of the Parent Bank is TL 1.844 (31 December 2018: TL 2.017).

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

5. Information on commercial installment loans and corporate credit cards

	Short Term	Medium or Long Term	Total
Installment Commercial Loans - TL	514.748	11.852.856	12.367.604
Real estate Loans	--	87.333	87.333
Vehicle Loans	1.168	91.176	92.344
General Purpose Loans	513.580	11.603.121	12.116.701
Other	--	71.226	71.226
Installment Commercial Loans - Indexed to FC	--	710.315	710.315
Real estate Loans	--	2.042	2.042
Vehicle Loans	--	12.233	12.233
General Purpose Loans	--	696.040	696.040
Other	--	--	--
Installment Commercial Loans - FC	6.636.582	38.388.878	45.025.460
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	17.570	2.559.365	2.576.935
Other	6.619.012	35.829.513	42.448.525
Corporate Credit Cards - TL	1.665.758	57.442	1.723.200
Installment	511.887	57.442	569.329
Non installment	1.153.871	--	1.153.871
Corporate Credit Cards - FC	240	--	240
Installment	--	--	--
Non installment	240	--	240
Overdraft Loans-TL (Legal Entities)	1.405.264	--	1.405.264
Overdraft Loans-FC (Legal Entities)	11.189	--	11.189
Total	10.233.781	51.009.491	61.243.272

6. Distribution of loans according to user

	Current Period	Prior Period
Public	4.139.126	2.998.784
Private	137.479.396	136.453.540
Total	141.618.522	139.452.324

7. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	116.134.195	114.747.583
Foreign Loans	25.484.327	24.704.741
Total	141.618.522	139.452.324

8. Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	--	13.334
Indirect loans granted to subsidiaries and associates	--	-
Total	--	13.334

9. Specific provisions for loans or provisions for stage 3 loans

	Current Period	Prior Period
Provisions for stage 3 loans		
Loans with Limited Collectability	1.930.413	696.699
Loans with Doubtful Collectability	1.237.429	1.243.369
Uncollectible Loans	2.770.417	2.141.043
Total	5.938.259	4.081.111

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	79.694	577.336	396.384
(Gross amounts before provisions)			
Restructured loans	79.694	577.336	396.384
Prior Period	21.949	41.748	116.396
(Gross amounts before provisions)			
Restructured loans	21.949	41.748	116.396

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

(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	1.701.091	2.240.807	2.707.746
Additions (+)	7.980.019	410.512	787.610
Transfers from Other Categories of Non-Performing Loans (+)	17.543	4.296.188	3.602.612
Transfers from Other Categories of Non-Performing Loans (-)	4.296.188	3.602.612	17.543
Collections (-)	572.022	772.108	678.130
Write-offs (-) (**)	--	--	1.806.332
Sales (-) (*)	97	1.645	441.861
Corporate and Commercial Loans	4	28	13.649
Retail Loans	78	1.107	179.887
Credit Cards	12	393	117.475
Other	3	117	130.850
Balances at End of the Period	4.830.346	2.571.142	4.154.102
Specific Provisions (-)	1.930.413	1.237.429	2.770.417
Net Balance on Balance Sheet	2.899.933	1.333.713	1.383.685

(*) In March and October 2019, retail loan portfolio, which is being followed in the legal follow-up accounts, amounting to TL 290.189 have been sold for TL 21.307, business loan portfolio amounting to TL 132.133 have been sold for TL 6.125 and corporate-commercial loan portfolio amounting to TL 21.281 has been sold for TL 170 to asset management companies.

(**) As of 31 December 2019, 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, the Group is eligible to write-off part of the loans for which the Group has 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 1.806.332 were deducted from the records. The effect of this accounting treatment on the non-performing loans ratio of the DFS Group is 108 basis points.

(iii) Information on non-performing loans utilized in foreign currencies

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current 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
Prior Period: 31 December 2018			
Balance as of the Period End	203.226	8.670	3.910
Provisions (-)	--	8.670	--
Net Balance on Balance Sheet	203.226	--	3.910

(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 2019	2.899.932	1.333.714	1.383.685
Loans Granted to Real Persons and Legal Entities (Gross)	4.830.345	2.364.925	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	--
Prior Period (Net): 31 December 2018	1.004.393	997.437	566.703
Loans Granted to Real Persons and Legal Entities (Gross)	1.701.091	2.240.649	2.707.746
Provisions (-)	696.698	1.243.212	2.141.043
Loans Granted to Real Persons and Legal Entities (Net)	1.004.393	997.437	566.703
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	158	--
Provisions (-)	--	158	--
Other Loan (Net)	--	--	--

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

- (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)	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
Prior Period (Net)	68.100	139.183	27.706
Interest accruals and rediscount and valuation differences	130.511	256.807	59.803
Amount of provision (-)	62.411	117.624	32.097

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 do 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-offs policy

The general policy of the Bank is to write-off the receivables that are documented as not possible to be collect 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 the Parent Bank has 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 application in accordance with the related change in the regulation and it does not result in waive from right to receive.

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 realized
- 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 amortized 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 amortized cost subject to repurchase agreement are TL 224.841 (31 December 2018: TL 1.111.654).

(ii) Information on securities subject to given as collateral or blocked

Collateralized financial assets measured at amortized cost are government bonds, whose book value amounts to TL 1.393.213 (31 December 2018: TL 951.233).

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

2. Information on government debt securities measured at amortized cost

<i>Government debt securities measured at amortized cost</i>	Current Period	Prior Period
Government Bonds	6.773.054	6.239.810
Treasury Bills	--	--
Other Government Debt Securities	--	--
Total	6.773.054	6.239.810

3. Information on financial assets measured at amortized cost

<i>Financial assets measured at amortized cost</i>	Current Period	Prior Period
Debt Securities	6.773.054	6.239.810
Quoted on Stock Exchange	6.773.054	6.239.810
Unquoted on Stock Exchange	--	--
Impairment provisions (-)	--	--
Total	6.773.054	6.239.810

4. The movements of financial assets measured at amortized cost during the period

	Current Period	Prior Period
Balance at the beginning of the period	6.239.810	5.335.638
Foreign exchange differences in monetary assets (*)	533.244	1.265.697
Purchases during the year	--	--
Disposals by sale and redemption	--	(361.525)
Impairment provisions (-)	--	--
Total	6.773.054	6.239.810

(*) Rediscounts of financial assets measured at amortized 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, 24 July, 26 December 2013, 24 January 2014 and 1 November 2016. Negative valuation differences amounting to TL 326.599 followed under equity until the classification date of the related securities will be amortised and transferred to the profit/loss accounts through effective interest method until the amortisation date of the related securities. As of the balance sheet date, the remaining negative valuation difference under equity is TL 130.616 (31 December 2018: TL 173.970).

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⁾	Istanbul/Turkey	9	--
2-Kredi Garanti Fonu A.Ş. ⁽²⁾	Ankara/Turkey	2	--
3-Ege Tarım Ürünleri Lisanslı Dep. A.Ş. ⁽²⁾	Izmir/Turkey	9	--

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
1	321.197	213.805	212.133	5.920	--	16.401	23.681	--
2	476.692	392.969	22.805	57.263	--	64.893	135.818	--
3	12.481	11.701	8.103	186	--	1.729	(534)	--

⁽¹⁾ Information on the financial statements is presented as of the period ended 30 June 2019.

⁽²⁾ Information on the financial statements is presented as of the period ended 31 December 2018.

2. Investments in consolidated associates

There are no investments in consolidated associates.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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 2019 prepared in accordance with the legislation to which Denizbank AG is subject to.

	Denizbank AG
Paid-in capital	1.544.481
Share premium	2.269.284
Reserves	6.872.489
Deductions from capital	6.902
Total Common Equity	10.679.352
Total additional Tier I capital	--
Deductions from capital	27.608
Total Core Capital	10.651.744
Total supplementary capital	443.989
Capital	11.095.733
Deductions from capital	--
SHAREHOLDERS' EQUITY	11.095.733

2. Information on non-consolidated subsidiaries

Title	Address (City/Country)	Share percentage of the Parent Bank (%)	Share percentage of other shareholders (%)
1-Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.	Istanbul/Turkey	100	--
2-Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş.	Istanbul/Turkey	100	--
3-Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş. ⁽¹⁾	Istanbul/Turkey	100	--
4-Açık Deniz Radyo ve Televizyon İletişim Yayıncılık ve Sanayi A.Ş.	Istanbul/Turkey	--	100
5-Deniz Immobilien Service GmbH	Vienna/Austria	--	100
6-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	429.891	289.992	279.173	--	--	83.456	48.800	--
2	1.091	1.080	51	--	--	(87)	(72)	--
3	5.932	5.845	28	--	--	(46)	(12)	--
4	406	404	--	--	--	50	36	--
5	126	126	--	--	--	--	(2)	--
6	19.281	18.892	12.224	--	--	1.642	434	--

The financial statements of the above subsidiaries for the period ended on 31 December 2019 are not included in the consolidation since they are non-financial subsidiaries.

(1) 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. 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.

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	49	51	Full consolidation
7 Deniz Faktoring A.Ş.	Istanbul/Turkey	100	--	Full consolidation
8 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	--	86	Full consolidation
9 CR Erdberg Eins GmbH & Co KG	Vienna/Austria	--	100	Full consolidation

(*) Represents risk group share percentage of the Bank.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

	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	70.484.494	10.987.126	151.830	2.465.504	50.164	651.883	1.079.560	--	--
2	501.047	42.407	55	68.950	--	213	244	--	--
3	719.127	514.129	15.541	46.241	--	110.782	95.368	--	--
4	1.770.134	614.573	6.153	107.418	17.404	55.622	58.826	--	--
5	30.039	22.143	3.614	3.689	110	9.845	4.402	--	--
6	2.641.071	642.701	351.104	251.922	--	(49.671)	75.302	--	--
7	1.509.621	381.802	14.381	455.841	--	2.465	101.763	--	--
8	877.514	264.844	2.437	3.367	--	12.003	39.702	--	--
9	212.914	184.556	168.551	4	--	726	3.252	--	--

Includes financial statement details subject to 31 December 2019 consolidation.

(i) Movement of consolidated subsidiaries during the period

	Current Period	Prior Period
Balance at the Beginning of the Period	3.265.326	2.731.577
Movements During the Period	137.287	533.749
Purchases (**)	--	303.801
Bonus Shares Received	--	--
Dividends from Current Year Profit	--	--
Sales (*)	(2.773)	(2.809)
Revaluation Increase, Effect of Inflation and F/X Difference	140.060	232.757
Other	--	--
Provision for Impairment	--	--
Balance at the End of the Period	3.402.613	3.265.326
Capital Commitments	--	--
Share Percentage at the end of Period (%)	--	--

(*) Deniz Yatırım sold a 3,3% share in Deniz GYO, which it possesses a 88,9% share, against TL 2.773 (31 December 2018: TL 2.809).

(**) It is disclosed in Notes III of Section Three.

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

	Current Period	Prior Period
Banks	1.978.240	1.969.123
Insurance Companies	--	--
Factoring Companies	138.107	138.107
Leasing Companies	791.058	737.656
Finance Companies	--	--
Other Subsidiaries	495.208	420.440
Total	3.402.613	3.265.326

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	216.735	152.376
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 partnerships (joint ventures)

1. Information on jointly controlled partnerships (joint ventures)

Title	Share percentage of the Parent Bank (%)	Share percentage of the Group (%)	Current Assets	Non-Current Assets	Non-Current Liabilities	Income	Expense
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33	33	64.326	42.538	10.543	100.688	(83.218)

Information on the unaudited financial statements is presented as of the period ended 30 June 2019.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

2. Reasons of being non-consolidated for non-consolidated jointly controlled partnerships (joint ventures) and method used in the accounting of jointly controlled partnerships (joint ventures) in the Parent Bank's unconsolidated financial statements

The Parent Bank, although represents Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. ("Bantaş") with 33% of ownership rate as jointly controlled partnerships in its financial statements, it was not consolidated due to being 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	222.614	219.874	111.908	110.800
Between 1-4 years	1.948.182	1.430.915	2.226.843	1.721.109
Over 4 years	996.089	842.046	859.781	741.420
Total	3.166.885	2.492.835	3.198.532	2.573.329

(*) It doesn't include non-performing lease receivables amounting to TL 217.746 (31 December 2018: TL 486.781).

2. Information on net investments in lease transactions

	Current Period (*)	Prior Period (*)
Gross finance lease investment	3.166.885	3.198.532
Unearned finance income from finance lease (-)	674.050	625.203
Cancelled leasing amounts (-)	--	--
Net investment on finance leases	2.492.835	2.573.329

(*) It doesn't include non-performing lease receivables amounting to TL 217.746 (31 December 2018: TL 486.781).

3. Information on operating leasing

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

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

As of 31 December 2019, the Group's receivables which arise from its operational leasing agreements and will emerge in the future are distributed as follows by year:

	Current Period	Prior Period
Up to 1 year	7.177	146.063
Between 1-5 years	--	165.388
5 years and over	--	--
Total	7.177	311.451

j. Explanation on derivative financial instruments for hedging purpose

None.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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	218.776	176.941	269.183		1.148.984	1.813.884
Accumulated Depreciation	--	(150.204)	(28.914)		(752.982)	(932.100)
Net Book Value	218.776	26.737	240.269	--	396.002	881.784
Current Period						
Net Book Value at the Beginning of the Period	218.776	26.737	240.269	--	396.002	881.784
Changes In the Period (Net)	9.958	(8.181)	120.068	768.851	228.058	1.118.754
Depreciation Cost	(4.228)	(10.818)	(26.289)	(203.500)	(126.772)	(371.607)
Provision For Decrease In Value	(344)	--	--	--	--	(344)
FX Differences (Net)	15.280	--	25	3.689	4.585	23.579
Cost At the End of the Period	239.490	156.150	373.256	768.854	1.365.387	2.903.137
Accumulated Depreciation At the End of the Period	(48)	(148.412)	(39.183)	(199.814)	(863.514)	(1.250.971)
Net Book Value At The End Of The Period	239.442	7.738	334.073	569.040	501.873	1.652.166

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 income statement.

Revaluation difference amounting to TL 97.571 (31 December 2018: TL 86.413) is recognized under equity as a result of revaluation process, and impairment provision made in previous period for related properties amounting to TL 3.156 is cancelled and an impairment provision amounting to TL 3.082 is booked for related properties.

l. Information on intangible assets

	Other	Goodwill	Total
Prior Period			
Cost	944.054	--	944.054
Accumulated Depreciation	(672.863)	--	(672.863)
Net Book Value	271.191	--	271.191
Current Period			
Net Book Value at the Beginning of the Period	271.191	--	271.191
Differences During the Period (Net)	203.581	--	203.581
Depreciation Cost	(137.967)	--	(137.967)
Provision For Decrease In Value	--	--	--
FX Differences (Net)	3.173	--	3.173
Cost At the End of the Period	1.157.343	--	1.157.343
Accumulated Depreciation At the End of the Period	(817.365)	--	(817.365)
Net Book Value At The End Of The Period	339.978	--	339.978

m. Explanation on investment properties

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

As of 31 December 2019, the DFS Group's investment property amounts to TL 218.680 (31 December 2018: TL 202.001) which are carried by their fair value in the consolidated financial statements.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

n. Information on deferred tax asset

Deferred tax asset calculated within the scope of related regulation is TL 1.045.345 (31 December 2018: TL 1.213.623) and deferred tax liability is TL 82.099 (31 December 2018: TL 25.828). The mentioned value has been calculated by netting off the deductible and taxable temporary differences as of the balance sheet date.

The following table summarizes the distribution of deferred tax in terms of sources:

	Current Period	Prior Period
Miscellaneous Provisions	1.071.750	881.498
Unearned Revenue	73.548	71.869
Provision for Employee Benefits	72.099	35.275
Tax Losses Carried Forward (*)	--	296.702
Valuation Differences of Derivatives	--	26.358
Other	--	--
Deferred Tax Assets	1.217.397	1.311.702
Valuation Differences of Tangible Assets	(82.382)	(64.193)
Valuation Differences of Derivatives	(79.937)	--
Valuation Differences of Financial Assets	(18.531)	(59.675)
Other	(73.301)	(39)
Deferred Tax Liabilities	(254.151)	(123.907)
Net Deferred Tax Assets	963.246	1.187.795

(*) Tax losses carried forward mainly consist of valuation differences of financial assets in accordance with Tax Procedure Law in the calculation of 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 562.339 (31 December 2018: TL 503.592).

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

II. Explanations and disclosures related to consolidated liabilities

a. Information on deposits

1. Information on maturity structure of deposits

Current period - 31 December 2019:

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

Prior period - 31 December 2018:

	7 Demand	Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	2.639.350	--	2.935.189	25.744.233	1.535.696	1.081.992	794.810	13.340	34.744.610
Foreign Currency									
Deposits (*)	23.792.891	--	7.189.125	16.258.823	1.548.768	7.873.893	32.036.437	1.579	88.701.516
Residents in Turkey	8.521.239	--	6.333.878	14.185.768	852.219	1.225.391	4.279.197	1.417	35.399.109
Residents Abroad	15.271.652	--	855.247	2.073.055	696.549	6.648.502	27.757.240	162	53.302.407
Public Sector Deposits	772.601	--	32.122	49.246	19.336	1.314	913	--	875.532
Commercial Deposits	2.462.105	--	3.116.905	4.681.878	141.146	148.873	28.305	--	10.579.212
Other Ins. Deposits	118.976	--	77.692	987.865	167.608	17.511	68.481	--	1.438.133
Precious Metal									
Deposits	402.361	--	53.384	378.595	29.670	43.033	10.890	6.653	924.586
Bank Deposits	171.775	--	1.160.153	569.867	6	49.521	726.565	--	2.677.887
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	10.202	--	--	--	--	6.779	2.000	--	18.981
Foreign Banks	160.565	--	1.160.153	569.867	6	42.742	724.565	--	2.657.898
Special Finan. Inst.	1.008	--	--	--	--	--	--	--	1.008
Other	--	--	--	--	--	--	--	--	--
Total	30.360.059	--	14.564.570	48.670.507	3.442.230	9.216.137	33.666.401	21.572	139.941.476

(*) Foreign Exchange Deposit Account consists of Saving Deposit customers at the amount of TL 63.002.143 and Commercial Deposit customers at the amount of TL 25.699.373.

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	22.569.366	17.976.394	13.175.045	16.731.784
Foreign Currency Saving Deposits	8.297.097	4.608.101	19.243.489	15.279.925
Other Saving Deposits	--	--	--	--
Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Total	30.866.463	22.584.495	32.418.534	32.011.709

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

(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	146.033	113.615
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	32.315	74.037
Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of 5237 Numbered Turkish Penal Code dated on 26/09/2004	--	--
Deposits belong to Off-Shore Banks who are established in Turkey	118.555	303.889
Total	296.903	491.541

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

b. Information on 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	2.596	44.302	93.476	121.315
Swap Transactions	185.658	579.256	814.597	726.089
Futures Transactions	--	--	--	--
Options	3	69.060	32	294.354
Other	--	--	--	--
Total	188.257	692.618	908.105	1.141.758

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	941.509	1.199.240	1.829.916	1.012.863
Foreign Banks, Institutions and Funds	15	13.046.664	--	13.519.381
Total	941.524	14.245.904	1.829.916	14.532.244

2. Maturity information of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	498.524	4.550.206	1.829.916	9.231.621
Medium and Long-Term	443.000	9.695.698	--	5.300.623
Total	941.524	14.245.904	1.829.916	14.532.244

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 73% of total funding source (31 December 2018: 71%). Loans received, subordinated loans, debts to money markets and securities issued constitute 12% of total funding source (31 December 2018: 14%).

d. Information on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	309.397	279.296	7.164	901.682
Bills	3.626.080	--	3.079.013	--
Asset Backed Securities	--	--	--	--
Total	3.935.477	279.296	3.086.177	901.682

The Parent Bank has repurchased the securities it has issued amounting to TL 472 and netted them in its financial statements (31 December 2018: TL 9.976).

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

- 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 payables**

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 notes XXVI.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	229.812	120.316	--	--
Between 1-4 years	700.117	473.093	--	--
Over 4 years	34.055	25.193	--	--
Total	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 2019, the provision for foreign exchange differences on foreign currency loans indexed is none (31 December 2018: None). The amount of the provision for foreign exchange differences on foreign currency indexed loans are netted off against the loans and receivables under assets in the financial statements.

2. Liabilities on 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 reserve for employee termination benefits:

	Current Period	Prior Period
Discount rate	4,70%	5,45%
Interest rate	13,60%	16,00%
Estimated rate of increase in salary/severance pay limit	8,50%	10,00%

As of 31 December 2019, TL 207.208 of provision for employee termination benefits (31 December 2018: TL 130.477) and TL 152.711 of unused vacation accruals and other rights (31 December 2018: TL 92.583) were reflected to the consolidated financial statements.

Movement of the employee termination benefit provision during the period:

	Current Period	Prior Period
Balance at the Beginning of the Period	130.477	111.109
Changes in the period	50.265	18.502
Actuarial loss/gain	56.716	38.690
Paid in the period	(29.573)	(39.356)
FX difference	(677)	1.532
Balance at the End of the Period	207.208	130.477

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

3. Information on other provisions

- (i) Information on the items and amounts causing the excess if other provisions exceed 10% of total provisions

Current period:

TL 678.033 of other provisions represent the stage 1 and stage 2 provisions for expected loss for non-cash loans, TL 249.786 is related to stage 3 provision for expected loss for NPL customers' non-cash loans that are not converted into cash, TL 94.810 is the provisions for the litigations against the Bank and TL 475.178 includes other provisions.

Prior period:

TL 241.361 of other provisions represent the stage 1 and stage 2 provisions for expected loss for non-cash loans, TL 88.105 is related to stage 3 provision for expected loss for NPL customers' non-cash loans that are not converted into cash, TL 90.000 provision for possible developments in the overall economic and market conditions, TL 96.242 for provisions for the litigations against the Bank and TL 206.400 includes other provisions.

i. Explanations on tax liability

1. Information on current tax liability

- (i) Information on tax provision

As of 31 December 2019, the corporate tax provision of DFS Group is TL 158.057 (31 December 2018: TL 386.533), and it has been offset with prepaid taxes amounting to TL 150.466 (31 December 2018: TL 308.479).

- (ii) Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	7.591	78.054
Taxation on securities	107.718	80.451
Capital gains taxes on property	2.657	2.789
Banking Insurance Transaction Tax (BITT)	109.638	100.733
Taxes on foreign exchange transactions	3.999	--
Value added taxes payable	13.726	7.445
Other	51.698	62.682
Total	297.027	332.154

- (iii) Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	12.578	9.998
Social security premiums- employer share	13.876	11.112
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	842	694
Pension fund membership fees and provisions- employer share	1.030	850
Unemployment insurance- employee share	905	721
Unemployment insurance- employer share	1.737	1.382
Other	7.073	6.038
Total	38.041	30.795

2. Information on deferred tax liability

Deferred tax liability calculated within the scope of the related regulations is TL 82.099 (31 December 2018: TL 25.828). The detail of deferred tax is disclosed in Note "n" of explanations and disclosures related to consolidated assets.

j. Informations on liabilities related to non-current assets held for sale and discontinued operations

None.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

k. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	--	--	--	--
Other Domestic Institutions	--	--	--	--
Foreign Banks	--	7.037.253	--	6.274.450
Other Foreign Institutions	--	--	--	--
Total	--	7.037.253	--	6.274.450

Information on subordinated loans is disclosed in Notes I-b of Section Four.

I. Information on shareholders' equity

1. Representation of paid-in capital

	Current Period	Prior Period
Share	3.316.100	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

None.

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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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. At that date, the 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 issuance of new shares to the public.

(**) 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 is TL 3.910 and is followed under the related account in accordance with the regulation. TL 60 share premium has been 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.

As a result of 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	778.053	--	778.054	--
Valuation Difference	(168.504)	81.208	(662.813)	(142.428)
FX Difference	--	--	--	--
Total	609.549	81.208	115.241	(142.428)

10. Informations on hedging funds

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

11. Explanations on minority shares

	Current Period
Balance at the Beginning of the Period	14.396
Minority shares in net income of consolidated subsidiaries	5.603
Increase/(decrease) in minority shares due to disposals	2.773
Other	--
Balance at the End of the Period	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 91.740 has been accounted "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" under equities (31 December 2018: TL 83.193).

13. Explanations on profit distribution

At the Ordinary General Assembly Meeting held on 28 March 2019, according to the proposal of the Board of Directors for profit distribution, TL 109.126 of the net profit for the period of 2018 amounting to TL 2.182.523 was allocated as legal reserves and the remaining TL 2.073.397 was allocated as extraordinary reserves.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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 2019, non-cash loan commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 34.473.061, TL 22.664.957 and TL 1.973.049 respectively (31 December 2018: TL 33.678.054, TL 19.225.849 and TL 1.815.134 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 2019, DFS Groups 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.

As of 31 December 2018, DFS Group has letters of guarantee amounting to TL 26.328.530, bill of guarantee and acceptances amounting to TL 223.364, and guarantees and warranties on letters of credit amounting to TL 3.511.834 and other guarantees and warranties amounting to TL 3.614.326.

- (ii) Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	992.988	746.614
Final Letters of Guarantee	15.586.468	15.725.413
Letters of Guarantee for Advances	2.720.209	2.557.254
Letters of Guarantee given to Customs Offices	184.047	181.679
Other Letters of Guarantee	6.914.032	7.117.570
Total	26.397.744	26.328.530

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	11.566.715	12.334.499
With Original Maturity of 1 Year or Less	11.072.182	10.867.251
With Original Maturity of More Than 1 Year	494.533	1.467.248
Other Non-Cash Loans	22.906.346	21.343.555
Total	34.473.061	33.678.054

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

(ii) Information on risk concentration on sector basis within the non-cash loans account

	Current 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-employment 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

	Prior Period			
	TL	%	FC	%
Agricultural	186.307	1,74	290.968	1,26
Farming and Cattle	181.336	1,69	286.877	1,25
Forestry	1.640	0,02	1.070	--
Fishing	3.331	0,03	3.021	0,01
Manufacturing	1.832.731	17,04	10.439.048	45,54
Mining	97.822	0,91	339.793	1,48
Production	1.455.576	13,53	8.979.768	39,18
Electric, Gas, Water	279.333	2,60	1.119.487	4,88
Construction	3.086.413	28,69	5.161.328	22,52
Services	3.991.885	37,10	4.537.776	19,80
Wholesale and Retail Trade	2.251.076	20,92	2.529.304	11,04
Hotel and Restaurant Services	239.659	2,23	430.017	1,88
Transportation and telecommunication	503.609	4,68	1.096.103	4,78
Financial institutions	639.803	5,95	404.199	1,76
Real estate and letting services	43.989	0,41	3.143	0,01
Self-employment services	--	--	--	--
Education services	163.748	1,52	11.803	0,05
Health and social services	150.001	1,39	63.207	0,28
Other	1.661.147	15,43	2.490.451	10,88
Total	10.758.483	100,00	22.919.571	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	9.691.824	14.117.755	893.534	1.694.631
Bill of Guarantee and Acceptances	8.000	91.876	--	--
Letters of Credit	13.546	4.131.792	--	3.819
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Commitments	--	--	--	--
Other Commitments and Contingencies	--	3.790.042	--	36.242
Total	9.713.370	22.131.465	893.534	1.734.692

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
 (Currency: Thousands of TL - Turkish Lira)

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

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 Investment 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

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 Investment Hedge Transactions	--	--	--	--	--	--
Types of Trading Transactions						
Foreign Currency Related Derivative Transactions (I)	48.700.929	24.717.242	20.167.751	5.438.533	--	99.024.455
Forward FC Call Transactions	961.379	1.348.354	1.265.886	139.117	--	3.714.736
Forward FC Pull Transactions	926.116	1.424.524	1.274.604	142.476	--	3.767.720
Swap FC Call Transactions	20.402.402	7.147.941	5.621.416	2.831.722	--	36.003.481
Swap FC Pull Transactions	20.959.818	7.335.381	6.281.642	2.325.218	--	36.902.059
Options FC Call Transactions	2.690.523	3.672.596	2.905.302	--	--	9.268.421
Options FC Pull Transactions	2.760.690	3.637.324	2.818.901	--	--	9.216.915
Futures FC Call Transactions	1	72.355	--	--	--	72.356
Futures FC Pull Transactions	--	78.767	--	--	--	78.767
Total of Interest Derivative Transactions (II)	499.999	--	1.006.446	5.715.832	17.490.286	24.712.563
Swap Interest Call Transactions	250.000	--	503.223	2.792.140	8.745.143	12.290.506
Swap Interest Pull Transactions	249.999	--	503.223	2.792.140	8.745.143	12.290.505
Options Interest Call Transactions	--	--	--	65.776	--	65.776
Options Interest Pull Transactions	--	--	--	65.776	--	65.776
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
Other Types of Trading Transactions (III)	1.298.929	146.401	677.077	190.201	--	2.312.608
B. Total Types of Trading Transactions (I + II + III)	50.499.857	24.863.643	21.851.274	11.344.566	17.490.286	126.049.626
Total Derivatives Transactions (A+B)	50.499.857	24.863.643	21.851.274	11.344.566	17.490.286	126.049.626

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 94.810 (31 December 2018: TL 96.242) provision has been set aside and these provisions are classified under "Other provisions" in 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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	4.041.456	554.098	4.075.108	313.550
Medium and Long Term Loans	8.546.442	3.637.781	7.354.496	3.283.583
Loans Under Follow-Up	674.719	--	252.765	--
Premiums Received from Resource Utilization Support Fund	--	--	--	--
Total	13.262.617	4.191.879	11.682.369	3.597.133

Interest income received from loans also includes 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	1.019	--	78.254	15.535
Domestic Banks	137.348	8.622	79.532	24.835
Foreign Banks	10.523	83.989	1.620	56.797
Foreign Head Offices and Branches	1.556	413	--	--
Total	150.446	93.024	159.406	97.167

The interest income received from required reserves of the Parent Bank with the CBRT is TL 145.307 and recognised under "interest received from reserve deposits" account (1 January - 31 December 2018 TL 193.978).

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	14.080	1.296	23.061	940
Financial Assets at Fair Value Through Other Comprehensive Income	831.225	222.633	811.701	49.739
Financial Assets Measured at Amortized Cost	414.736	107.726	771.539	95.441
Total	1.260.041	331.655	1.606.301	146.120

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 amortized 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	660

b. Interest expense

1. Information on interest expense related to funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	237.443	1.305.392	359.684	951.142
Central Bank of the Republic of Turkey	4	59.528	28	36.131
Domestic Banks	218.925	96.623	264.907	88.412
Foreign Banks	18.514	1.149.241	94.749	826.599
Foreign Head Offices and Branches	--	--	--	--
Other Institutions	--	--	--	--
Total	237.443	1.305.392	359.684	951.142

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

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

2. Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	14.524	12.109

3. Information on interest expense paid to securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid to Securities Issued	892.512	--	591.069	--

4. Maturity structure of the interest expense on deposits

Account Name	Demand Deposits	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 Year		
TL								
Bank Deposits	108	90.746	--	--	--	--	--	90.854
Saving Deposits	2.284	537.417	4.540.484	149.928	139.684	197.913	1.054	5.568.764
Public Sector Deposits	--	3.086	8.170	4.252	139	316	--	15.963
Commercial Deposits	21	601.069	775.021	34.516	23.134	8.129	--	1.441.890
Other Deposits	1	37.256	167.356	20.492	5.839	9.990	--	240.934
7 Days Notice Deposits	--	--	--	--	--	--	--	--
Total	2.414	1.269.574	5.491.031	209.188	168.796	216.348	1.054	7.358.405
FC								
Foreign Currency Deposits	37.192	819.348	543.827	37.582	22.966	57.023	--	1.517.938
Bank Deposits	16.288	31.935	--	--	--	--	--	48.223
7 Days Notice Deposits	--	--	--	--	--	--	--	--
Precious Metal Deposits	11	602	5.551	987	499	2.133	115	9.898
Total	53.491	851.885	549.378	38.569	23.465	59.156	115	1.576.059
Grand Total	55.905	2.121.459	6.040.409	247.757	192.261	275.504	1.169	8.934.464

c. Explanations on dividend income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	586	900
Financial Assets at Fair Value Through Other Comprehensive Income	--	--
Other (*)	4.285	1.532
Total	4.871	2.432

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

d. Explanations on trading income/loss

	Current Period	Prior Period
Income	550.322.235	846.058.603
Capital Market Transactions	274.296	68.131
Derivative Financial Instruments	11.420.688	10.218.054
Foreign Exchange Gains	538.627.251	835.772.418
Loss (-)	550.658.020	846.488.874
Capital Market Transactions	110.587	68.532
Derivative Financial Instruments	11.599.604	8.571.669
Foreign Exchange Losses	538.947.829	837.848.673
Net Trading Income / Loss	(335.785)	(430.271)

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments is TL (311.717) (1 January - 31 December 2018: TL 2.355.949).

e. Information on other operating income

Other operating income consists of fees income from customers, fixed asset sales income, operating lease income and real estate appreciation increases for various banking services.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

f. Provisions for expected credit loss

	Current Period	Prior Period
Provision for expected credit loss (*)	6.061.063	2.665.250
12 months provision for expected loss (Stage 1)	189.636	(89.455)
Substantial increase in credit risk (Stage 2)	1.634.408	734.087
Default (Stage 3)	4.237.019	2.020.618
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 amortized cost impairment	--	--
Associates	--	--
Subsidiaries	--	--
Joint ventures	--	--
Others	178.086	233.327
Total	6.239.149	2.898.577

(*) Since 2018, DFS Group has reflected the provision for expected credit loss for loans and cancellations and collections made from loan provisions in its financial statements.

g. Information on other operating expenses

	Current Period	Prior Period
Personnel Expenses (*)	1.877.281	1.584.708
Reserve for Employee Termination Benefits (*)	18.579	2.201
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	344	243
Depreciation Charges of Tangible Assets (**)	371.607	146.825
Impairment Losses on Intangible Assets	--	--
Goodwill for impairment loss	--	869
Amortization Charges of Intangible Assets	137.967	115.445
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	6.544	2.144
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	1.221.281	1.347.731
Operational Lease Expenses (**)	85.496	352.879
Repair and Maintenance Expenses	90.042	86.689
Advertisement Expenses	87.989	88.828
Other Expenses (***)	957.754	819.335
Losses on Sale of Assets	3.080	2.338
Other	631.767	484.056
Total	4.268.450	3.686.560

(*) Personnel expenses and reserve for employee termination benefits are presented in "personnel expenses" in the consolidated statement of income.

(**) Includes the effect 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 81.168, TL 170.357, TL 27.353, TL 4.593, TL 49.753, TL 245.295 and TL 379.235 respectively (1 January - 31 December 2018: TL 68.382, TL 138.879, TL 26.173, TL 8.268, TL 38.369, TL 230.038 and TL 309.226 respectively).

h. Information on profit / loss before tax from continued operations

As 1 January - 31 December 2019, DFS Group has a profit before tax from continuing operations amounting to TL 1.715.417 (1 January-31 December 2018: TL 2.699.284).

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 2019, the current tax expense on continued operations is TL 158.057 (1 January - 31 December 2018: TL 390.081) while deferred tax expense is TL 2.448.110 (1 January - 31 December 2018: TL 4.431.703 and deferred tax income is TL 2.199.066 (1 January - 31 December 2018: TL 4.326.588).

There are not current tax expense on discontinued operations.

DENİZBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

j. Information on continued and discontinued operations net profit/loss

DFS Group has a net profit is amounting to TL 1.308.316 (31 December 2018: TL 2.204.088). 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	5.603	4.441

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.

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

Other Fees and Commissions Received	Current Period	Prior Period
Credit card clearing and other commissions	2.316.966	1.255.534
Filing fees provisions	485.458	344.229
Contracted merchant / POS commissions	483.914	461.883
Insurance services	458.730	301.180
Intermediary services	162.800	122.554
Remittance commissions	93.454	79.299
Account management fees	74.926	64.015
Expertise fees	15.620	16.364
Other	457.055	188.665
Total	4.548.923	2.833.723

Other Fees and Commissions Paid	Current Period	Prior Period
Credit card / POS commissions	1.100.013	667.394
EFT fees and commissions	19.247	16.377
Other	129.232	232.123
Total	1.248.492	915.894

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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

a. Explanations on capital increase

None.

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 preparation date of the financials, the annual ordinary General Assembly meeting has not been held yet.

e. Other comprehensive income and expenses

Unrealized profit/loss" generated by differences at fair values of financial assets at fair value through other comprehensive income is not reflected in the income statement of the period till to realize 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 717.947.

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 (6.182).

The revaluation increase of tangible assets is netted off with net deferred tax effect of TL 8.547 and accounted under the equity.

In accordance with TFRS 9, Intertech's fair value change amounting to TL (53.079) have been accounted under the equity.

Net amount TL (44.231) after tax regarding the actuarial profit/loss have been accounted under the equity.

Net after tax TL (734.324) amount of foreign net investment hedge funds have been accounted for under equity.

Foreign currency translation differences amounting to TL 1.043.875 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 2.073.397 (31 December 2018: TL 833.392) to extraordinary reserves in 2019. The amount transferred to legal reserves is TL 109.126 (31 December 2018: TL 93.990).

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

VI. Explanations related to consolidated statement of cash flow

a. Informations 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, monies transferred, 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
	01/01/2019	01/01/2018
Cash	6.124.317	6.692.605
Cash in vault, foreign currencies and other	1.327.832	1.896.119
Banks demand deposits	4.796.485	4.796.486
Cash and Cash Equivalent	21.333.931	9.943.423
Interbank money market placements	9.774	784.845
Banks time deposits	20.776.941	9.026.179
Securities	547.216	132.399
Total Cash and Cash Equivalents	27.458.248	16.636.028

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

	Current Period	Prior Period
	31/12/2019	31/12/2018
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

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 15.102.079, including the required reserve balances on average in the Central Bank and foreign central banks (31 December 2018: TL 12.707.426).

c. "Other" items in the statement of cash flow and effect of change in foreign currency exchange rate on cash and cash equivalents

The "other" item amounting to TL (8.852.852) (31 December 2018: TL (5.515.568)) 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 27.458.248 at the beginning of the period (31 December 2018: TL 16.636.028) has become TL 35.787.794 at the end of the period (31 December 2018: TL 27.458.248).

The TL (700.458) within the "change in assets and liabilities subject of banking operation" (31 December 2018: TL 3.283.808); 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 2.578.740 as of 31 December 2019 (31 December 2018: TL 3.695.321).

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019
(Currency: Thousands of TL - Turkish Lira)

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

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

a. Informations 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	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 Received	225	186	699	--	18	--

(*) 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	13.587	130.539	9.439	4.655	19.046	--
Balance at the End of the Period	13.631	30.404	11.790	1.677	34	--
Interest and Commission Income Received	672	155	683	3	8	--

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

b. Informations 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	137.535	60.929	11.965.213	8.811.959	16.720	18.991
Balance at the End of the Period	155.491	137.535	8.130.445	11.965.213	35.172	16.720
Interest and Commission Expense Paid	14.524	12.122	586.580	500.920	1.983	2.223

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

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes:						
Balance at the Beginning of the Period	--	--	--	51.000	--	--
Balance at the End of the Period	--	--	594.000	--	--	--
Total Income/(Loss)	--	--	(4.214)	(5.033)	--	--
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. Informations on benefits provided to top management

DFS Group made payment amounting to TL 95.979 (31 December 2018: TL 111.769) to its top management as of 31 December 2019.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

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

As of 31 December 2019, cash loans and other receivables of the risk group represent 0,31% of DFS Group's total cash loans and banks; deposits and borrowings represent 4,61% of DFS Group's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,11% 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	707	12.273			
			Country of Incorporations		
Foreign representation	-	-	-		
				Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off shore banking region branches	1	6	1-Bahreyn	13.833.820	-

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 9 new branches and closed 12 branches in 2019.

c. The branches of associates and subsidiaries

Denizbank AG, headquartered in Vienna, has a total of 43 branches, 27 in Austria and 16 in Germany.

JSC Denizbank Moscow, headquartered in Moscow, operates in the centrum of Moscow.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

SECTION SIX
OTHER DISCLOSURES AND FOOTNOTES

I. Other explanations related to DFS Group's operations

a. 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 (*)		Fitch Ratings (**)	
Outlook	Negative	Outlook	Stable
Long Term Foreign Currency Deposit	B3	Long Term Foreign Currency	B+
Short Term Foreign Currency Deposit	Not Prime	Short Term Foreign Currency	B
Long Term Local Currency Deposit	B3	Long Term Local Currency	BB-
Short Term Local Currency Deposit	Not Prime	Short Term Local Currency	B
Bank Financial Strenght Rating (BCA)	caa1	Viability	b+
		Support	4
		National	AA
			(tur)(stable)
(*) As of 18/06/2019		(**) As of 01/11/2019	

c. Subsequent events

At the Board of Directors' meeting dated 9 January 2020, it was decided to submit to the General Assembly approval 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.

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. Euro 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 realized.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2019

(Currency: Thousands of TL - Turkish Lira)

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

SECTION SEVEN
INDEPENDENT AUDITOR'S REPORT

I. Matters to be disclosed related to Independent Audit Report

Consolidated financial statements and notes of the DFS Group are subject to independent audit by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and audit report dated 20 February 2020 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by Independent Auditor

There exist no explanations or notes, deemed to be required, and no significant issues which are not mentioned above and related to 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 707 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

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