

*(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 REVIEW REPORT,
CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND
NOTES FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2021**

- I. Independent Auditor's Review Report
- II. Publicly Disclosed Consolidated Financial Report

**LIMITED REVIEW REPORT
FOR THE INTERIM FINANCIAL INFORMATION**

To the Board of Directors of Denizbank A.Ş.

Introduction

We have reviewed the accompanying consolidated balance sheet of Denizbank A.Ş. (“the Bank”) and its consolidated subsidiaries (together “the Group”) as at 30 June 2021, and the consolidated statement of income, 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 six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of Denizbank A.Ş. and its consolidated subsidiaries as at 30 June 2021, and of the results of its operations and its cash flows for the six-month period then ended in accordance with the BRSA Accounting and Reporting Regulations.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the Management's interim report included in section seven of the accompanying consolidated financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed interim financial statements and the explanatory notes.

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Yaman Polat

Partner

Istanbul, 5 August 2021

DENİZBANK A.Ş.
CONSOLIDATED INTERIM FINANCIAL REPORT FOR
THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

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Büyükdere Caddesi No:141
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Telephone and Fax Numbers
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Website of the Bank
www.denizbank.com

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

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

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

Our structured entity and subsidiaries whose financial statements have been consolidated under this consolidated financial report are as follows:

| Subsidiaries |
|--|
| 1 Denizbank AG, Vienna |
| 2 Eurodeniz International Banking Unit Ltd. |
| 3 Deniz Yatırım Menkul Kıymetler A.Ş. |
| 4 JSC Denizbank, Moscow |
| 5 Deniz Portföy Yönetimi A.Ş. |
| 6 Deniz Finansal Kiralama A.Ş. |
| 7 Deniz Faktoring A.Ş. |
| 8 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. |
| 9 CR Erdberg Eins GmbH & Co KG |
| 10 Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş. |
| Structured Entity |
| 1 DFS Funding Corp. |

The consolidated financial statements and related disclosures and footnotes that were subject to independent review, 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**.

5 August 2021

HAKAN ELVERDİ

Senior Vice President
Financial Reporting
and Accounting

RUSLAN ABİL

Executive Vice President
Financial Affairs

HAKAN ATEŞ

Member of Board of Directors
and President and Chief
Executive Officer

**HESHAM ABDULLA
QASSIM ALQASSIM**
Chairman of Board of
Directors

BJORN LENZMANN

Member of Board of Directors
and Audit and Risk Committee

NIHAT SEVİNÇ

Member of Board of Directors
and Audit and Risk Committee

Contact information for questions on this financial report:

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SECTION ONE

GENERAL INFORMATION

I. History of the Parent Bank including its incorporation date, initial status, amendments to legal status

Denizbank A.Ş. ("the Bank") following the resolution of the High Council of Privatization numbered 97/5 and dated 20 March 1997 to privatize 100% of shares of Denizbank A.Ş., share sale agreement between Zorlu Holding A.Ş. and the Privatization Administration was signed on 29 May 1997 and the Bank started its activities on 25 August 1997 upon the receipt of its official authorisation. Bank's shares have been quoted on Borsa Istanbul ("BIST") on 1 October 2004.

Dexia Participation Belgique SA, owned 100% directly and indirectly by Dexia SA/NV, acquired 75% of the outstanding shares of the Bank from Zorlu Holding A.Ş. on 17 October 2006, and Dexia Participation Belgique SA's partnership share has reached 99,85% with subsequent acquisitions following the share transfer.

On 27 December 2012, 99,85% of the Bank's shares were transferred from Dexia Group to Sberbank of Russia ("Sberbank") with a total purchase price of TL 6,90 billion (Euro 2,98 billion).

On 22 May 2018, Emirates NBD Bank PJSC (Emirates NBD) and Sberbank of Russia (Sberbank) signed a definite contract regarding the sales of 99,85% share of the Bank held by Sberbank and with the "Renewed Contract" signed on 2 April 2019, the parties have reached an agreement to the amount of TL 15,48 billion within the rearranged framework regarding the total amount of the relevant shares based on the consolidated equity of the Bank amounting to TL 15,51 billion. Upon obtaining the approvals of the regulatory authorities of Turkey, Russia, United Arab Emirates and the other countries where the Bank operates, the share transfer was completed on 31 July 2019.

As of 31 July 2019, as a result of ENBD's acquisition of 99,85% of DenizBank's shares, obligations arose for ENBD to make mandatory tender offer (MTO) for the Bank as per the provisions of the Capital Markets Board's (CMB) Communiqué on Takeover Bids (II-26.1); and sell-out right; the Bank's shareholders other than ENBD got the right to sell their shares to ENBD as per the provisions of the CMB's Communiqué on Squeeze Out and Selling Rights (II-27.2).

Within the scope of the Communiqué on Squeeze Out and Selling Rights, the rights to sell were used by other shareholders within the three-month sell-out right-ending period between 1 August 2019 and 31 October 2019. Upon completion of the three-month sell-out right-ending period on 31 October 2019, ENBD applied to the Bank on 3 November 2019, requesting the exclusion of other shareholders, who did not use their right to sell. In this context, in the process of ENBD's exercising its right to squeeze out and removing it from the BIST; regarding the amendment of Article 6 of the Bank's articles of association and the capital decrease by canceling 1.426.214,154 public shares of other shareholders who do not use the Bank's right to sell, and making capital allocation to the ENBD simultaneously with the shares issued against these shares. Necessary regulatory approvals were obtained and were approved at the Extraordinary General Assembly Meeting held on 12 December 2019. The "Issuance Document" approved by the CMB with the decisions of the mentioned General Assembly Meeting was registered in the trade registry on 13 December 2019.

Within the scope of Central Registry Agency application, the shares of the shareholders other than the controlling shareholder were canceled, the newly issued shares were transferred to the controlling shareholder account and TL 21,2, which is the price determined in accordance with the CMB regulations, was paid to the shareholders on 13 December 2019. At the end of this transaction, the share of ENBD in the Bank has reached to 100%. Following the completion of the process, the Bank's shares were removed from the stock market as of 16 December 2019.

At the Board of Directors' meeting dated 9 January 2020, it has been decided to be submitted to the approval of the General Assembly for the increase of the full TL 3.316.100.000 paid-in capital of the Bank by full TL 2.380.000.000 in cash, and amending the Article 6 titled "Capital of the Bank" of the Articles of Association of the Bank. The amendment was approved in the Extraordinary General Assembly Meeting held on 3 February 2020. The total capital increase amounting to full TL 2.380.000.000 was paid in cash by ENBD before the registration of the capital increase.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2021
(Currency: Thousands of TL - Turkish Lira)

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

II. Capital structure of the Parent Bank, shareholders holding directly or indirectly, individually or collectively, the management and supervision of the Parent Bank changes in these matters during the year, if any and the explanation regarding the Group that the Bank is involved

| Name of the Shareholder | Current Period (*) | | Prior Period (*) | |
|-------------------------|----------------------|---------------|----------------------|---------------|
| | Amount (Full TL) | Share (%) | Amount (Full TL) | Share (%) |
| Emirates NBD Bank PJSC | 5.696.099.996 | 100,00 | 5.696.099.996 | 100,00 |
| Other | 4 | -- | 4 | -- |
| Total | 5.696.100.000 | 100,00 | 5.696.100.000 | 100,00 |

(*) Explanation is given in Section One, note I.

III. Explanations regarding the chairman and the members of board of directors, members of audit committee, general manager and executive vice presidents, if any, their shareholdings and areas of responsibility in the Parent Bank

| Name | Title | Shares owned (%) |
|---|---|------------------|
| Chairman of the Board of Directors | | |
| Hesham Abdulla Qassim Alqassim | Chairman | -- |
| Board of Directors | | |
| Mohamed Hadi Ahmed Abdulla Alhussaini | Deputy Chairman | -- |
| Nihat Sevinç | Deputy Chairman | -- |
| Hakan Ateş | Member and CEO | -- |
| Deniz Ülke Arıboğan | Member | -- |
| Derya Kumru ⁽²⁾ | Member | -- |
| Shayne Keith Nelson | Member | -- |
| Jonathan Edward Morris ⁽⁴⁾ | Member | -- |
| Tanju Kaya | Member | -- |
| Bjorn Lenzmann | Member | -- |
| Audit Committee | | |
| Nihat Sevinç | Member | -- |
| Bjorn Lenzmann ⁽³⁾ | Member | -- |
| Executive Vice Presidents | | |
| Bora Bötüçöz | Treasury and Financial Institutions | -- |
| Ruslan Abil | Financial Affairs | -- |
| Dilek Duman | Information Technologies and Support Operations | -- |
| Mustafa Özel | Branch and Central Operations | -- |
| Mehmet Aydoğdu | Corporate and Commercial Banking | -- |
| Cem Demirağ | Head of Internal Control Unit and Compliance | -- |
| Ali Murat Dizdar | Chief Legal Advisor | -- |
| Ayşenur Hıçkiran | 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 ⁽¹⁾ | Retail, SME, Agricultural Banking Credits Allocation and IFRS | -- |
| Verda Beril Yüzer Oğuz | Financial Institutions | -- |
| Hayri Cansever | Secretariat General and Foreign Subsidiaries | -- |
| Umut Özdoğan ⁽¹⁾ | Digital Transformation and Change Management | -- |
| Savaş Çıtak ⁽¹⁾ | Project Finance, Financial Restructuring and Credits International Coordination | -- |
| Kishore Swayamberdud Bhatt ⁽⁵⁾ | Credit Allocation | -- |
| Mustafa Okan Çetinkaya ⁽¹⁾ | Analytics, Data and Customer Value Management Policies | -- |

(1) With the decision of the Board of Directors of the Parent Bank dated 26 February 2021; Savaş Çıtak, who has been the Project Finance, Financial Restructuring and Credits International Coordination Group Manager of the Parent Bank is appointed to the newly established Project Finance, Financial Restructuring and Credits International Coordination Group as Executive Vice President, Mustafa Okan Çetinkaya who has been the Digital Transformation, CRM and Change Management Group Business Analytics and CRM Senior Vice President of the Parent Bank is appointed to Analytics, Data and Customer Value Management Policies as Executive Vice President. Edip Kürşad Başer, who has been the Parent Bank's Credit Policies and Retail, SME, Agricultural Banking Credits Allocation Group Executive Vice President is transferred to Retail, SME, Agricultural Banking Credits Allocation and IFRS Group Executive Vice President, Umut Özdoğan who has been the Parent Bank's Digital Transformation, CRM and Change Management Group Executive Vice President is transferred to Digital Transformation and Change Management Group Executive Vice President.

(2) İbrahim Şen, who has been the Executive Vice President of the Parent Bank's Credit Follow up and Risk Monitoring Group, has resigned from his position. The Credit Follow up and Risk Monitoring Group functions are undertaken by Derya Kumru, who has been Member of the Board of Directors and Credit Committee of the Parent Bank.

(3) Bjorn Lenzmann has been appointed to Member of the Board of Directors of at the Ordinary General Assembly of the Parent Bank held on 25 March 2021. Bjorn Lenzmann was appointed as a member of the Audit and Risk Committee with the decision of the Board of Directors regarding the establishment of the committees dated 25 March 2021 of the Parent Bank.

(4) With the decision of the Board of Directors of the Parent Bank on 13 April 2021, Jonathan Edward Morris has resigned from the Audit and Risk Committee membership, and the substitute membership of the Credit Committee was changed as a membership of the Credit Committee.

(5) With the decision of the Board of Directors of the Parent Bank, Kishore Swayamberdud Bhatt has been appointed to Executive Vice President of Credit Allocation Group as of 27 May 2021.

IV. Explanations regarding the persons and institutions that have qualified shares in the Parent Bank

| Commercial Title | Share Amounts | Share Percentages | Paid-in Capital | Unpaid Capital |
|------------------------|---------------|-------------------|-----------------|----------------|
| Emirates NBD Bank PJSC | 5.696.100 | 100% | 5.696.100 | -- |

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

As of 30 June 2021 the capital structure of ENBD is as follows:

| Shareholders | Share Percentages |
|---------------------------------|-------------------|
| Investment Corporation of Dubai | 55,76 % |
| Capital Assets LLC | 5,33 % |
| Publicly traded | 38,91 % |
| Total | 100,00 % |

V. Type of services of the Parent Bank and summary information including the areas of activity

The Parent Bank is a private sector deposit bank which provides banking services to its customers through 690 domestic branches and 1 foreign branch as of 30 June 2021.

Activities of the Parent Bank as stated in the 3rd clause of the Articles of Association are as follows:

In accordance with the Banking Law and regulations;

- Performing all kinds of banking activities,
- Dealing with transactions on all kinds of capital market instruments within the limits set by the related regulations and Capital Market Law regulations,
- Participating, undertaking the management and performing control activities in domestic and foreign entities and banks, financial institutions and all kinds of investment partnerships by obtaining the permission of the Banking Regulation and Supervision Agency in accordance with the Banking Law, by purchasing its shares or share certificates,
- Conducting all kinds of insurance agency transactions in domestic and abroad and signing insurance agency agreements with insurance companies for this purpose.

Apart from the above-mentioned activities, in case different activities deemed advantageous and necessary for the Parent Bank are to be undertaken in the future, they will be submitted to approval of the General Assembly based on Board of Director's decision and the Parent Bank will be able to implement activities after the relevant decision is made by General Assembly.

VI. A short explanation on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods.

Pursuant to "Communiqué on Preparation of Consolidated Financial Statements of Banks", Banks are obliged to prepare consolidated financial statements with their associates and subsidiaries qualifying as credit institution and financial institution by applying Turkish Accounting Standards. There is no difference between the consolidated financial statements based on the related Communiqué and those prepared in accordance with Turkish Accounting Standards except the scope difference regarding non-financial associates and subsidiaries. Information in regards to consolidated subsidiaries and consolidation methods are given in Section Three, note III.

VII. Existing or potential, actual and legal barriers to immediate transfer of capital or repayment of debts between the Parent Bank and its subsidiaries

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Statement of Financial Position (Balance Sheet)
- II. Consolidated Statement of Off-Balance Sheet Items
- III. Consolidated Statement of Profit or Loss
- IV. Consolidated Statement of Profit or Loss and Other Comprehensive Income
- V. Consolidated Statement of Changes in Shareholders' Equity
- VI. Consolidated Statement of Cash Flows

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT
OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 30 JUNE 2021

(Currency: Thousands of TL - Turkish Lira)

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

| ASSETS | Note | Reviewed CURRENT PERIOD (30/06/2021) | | | Audited PRIOR PERIOD (31/12/2020) | | |
|--|---------|--|--------------------|--------------------|---|--------------------|--------------------|
| | | TL | FC | Total | TL | FC | Total |
| I. FINANCIAL ASSETS (Net) | | 11.351.659 | 82.853.061 | 94.204.720 | 11.896.425 | 65.825.347 | 77.721.772 |
| 1.1 Cash and Cash Equivalents | | 3.376.826 | 66.496.181 | 69.873.007 | 4.522.486 | 48.982.926 | 53.505.412 |
| 1.1.1 Cash and Balances with Central Bank | (5.1.a) | 3.336.797 | 50.815.807 | 54.152.604 | 2.252.708 | 37.777.210 | 40.029.918 |
| 1.1.2 Banks | (5.1.a) | 14.546 | 15.682.790 | 15.697.336 | 506.687 | 11.208.727 | 11.715.414 |
| 1.1.3 Due From Money Markets | | 25.628 | - | 25.628 | 1.763.207 | - | 1.763.207 |
| 1.1.4 Expected Credit Loss (-) | | 145 | 2.416 | 2.561 | 116 | 3.011 | 3.127 |
| 1.2 Financial Assets at Fair Value Through Profit or Loss | (5.1.b) | 27.422 | 716.017 | 743.439 | 21.432 | 735.684 | 757.116 |
| 1.2.1 Government Debt Securities | | 8.398 | 62.690 | 71.088 | 14.094 | 63.953 | 78.047 |
| 1.2.2 Equity Instruments | | - | 276.490 | 276.490 | 1.731 | 219.080 | 220.811 |
| 1.2.3 Other Financial Assets | | 19.024 | 376.837 | 395.861 | 5.607 | 452.651 | 458.258 |
| 1.3 Financial Assets at Fair Value Through Other Comprehensive Income | (5.1.c) | 6.490.534 | 14.171.286 | 20.661.820 | 6.156.688 | 14.141.546 | 20.298.234 |
| 1.3.1 Government Debt Securities | | 6.490.068 | 13.429.573 | 19.919.641 | 6.156.222 | 13.383.870 | 19.540.092 |
| 1.3.2 Equity Instruments | | 466 | 352 | 818 | 466 | 311 | 777 |
| 1.3.3 Other Financial Assets | | - | 741.361 | 741.361 | - | 757.365 | 757.365 |
| 1.4 Derivative Financial Assets | | 1.456.877 | 1.469.577 | 2.926.454 | 1.195.819 | 1.965.191 | 3.161.010 |
| 1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss | (5.1.b) | 1.456.877 | 1.469.577 | 2.926.454 | 1.195.819 | 1.965.191 | 3.161.010 |
| 1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income | (5.1.j) | - | - | - | - | - | - |
| II. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net) | | 95.005.587 | 91.863.897 | 186.869.484 | 88.002.862 | 86.541.061 | 174.543.923 |
| 2.1 Loans | (5.1.d) | 101.161.061 | 91.820.664 | 192.981.725 | 91.488.281 | 86.152.949 | 177.641.230 |
| 2.2 Lease Receivables | (5.1.i) | 832.497 | 2.902.909 | 3.735.406 | 703.664 | 2.537.161 | 3.240.825 |
| 2.3 Factoring Receivables | | 2.122.216 | 539.819 | 2.662.035 | 2.128.967 | 575.347 | 2.704.314 |
| 2.4 Financial Assets Measured at Amortised Cost | (5.1.e) | 2.734.334 | 3.665.147 | 6.399.481 | 4.109.356 | 3.152.687 | 7.262.043 |
| 2.4.1 Government Debt Securities | | 2.734.334 | 3.665.147 | 6.399.481 | 4.109.356 | 3.152.687 | 7.262.043 |
| 2.4.2 Other Financial Assets | | - | - | - | - | - | - |
| 2.5 Expected Credit Loss (-) | | 11.844.521 | 7.064.642 | 18.909.163 | 10.427.406 | 5.877.083 | 16.304.489 |
| III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET) | (5.1.m) | - | - | - | - | - | - |
| 3.1 Held for Sale | | - | - | - | - | - | - |
| 3.2 Discontinued Operations | | - | - | - | - | - | - |
| IV. EQUITY INVESTMENTS | | 837.879 | 361 | 838.240 | 830.694 | 319 | 831.013 |
| 4.1 Investments in Associates (Net) | (5.1.f) | 20.781 | - | 20.781 | 13.596 | - | 13.596 |
| 4.1.1 Associates Valued Based on Equity Method | | - | - | - | - | - | - |
| 4.1.2 Unconsolidated Associates | | 20.781 | - | 20.781 | 13.596 | - | 13.596 |
| 4.2 Subsidiaries (Net) | (5.1.g) | 814.298 | 361 | 814.659 | 814.298 | 319 | 814.617 |
| 4.2.1 Unconsolidated Financial Subsidiaries | | - | - | - | - | - | - |
| 4.2.2 Unconsolidated Non-Financial Subsidiaries | | 814.298 | 361 | 814.659 | 814.298 | 319 | 814.617 |
| 4.3 Joint Ventures (Net) | (5.1.h) | 2.800 | - | 2.800 | 2.800 | - | 2.800 |
| 4.3.1 Joint Ventures Valued Based on Equity Method | | - | - | - | - | - | - |
| 4.3.2 Unconsolidated Joint Ventures | | 2.800 | - | 2.800 | 2.800 | - | 2.800 |
| V. PROPERTY AND EQUIPMENT (Net) | | 1.686.075 | 374.375 | 2.060.450 | 1.527.636 | 353.957 | 1.881.593 |
| VI. INTANGIBLE ASSETS (Net) | | 421.571 | 70.328 | 491.899 | 365.002 | 58.407 | 423.409 |
| 6.1 Goodwill | | - | - | - | - | - | - |
| 6.2 Other | | 421.571 | 70.328 | 491.899 | 365.002 | 58.407 | 423.409 |
| VII. INVESTMENT PROPERTIES (Net) | (5.1.k) | 373.151 | - | 373.151 | 355.990 | - | 355.990 |
| VIII. CURRENT TAX ASSET | | 1 | 195.213 | 195.214 | 313.744 | - | 313.744 |
| IX. DEFERRED TAX ASSET | (5.1.l) | 1.912.995 | 27 | 1.913.022 | 1.481.954 | 6.457 | 1.488.411 |
| X. OTHER ASSETS (Net) | (5.1.n) | 6.259.672 | 2.204.102 | 8.463.774 | 4.597.284 | 1.803.509 | 6.400.793 |
| TOTAL ASSETS | | 117.848.590 | 177.561.364 | 295.409.954 | 109.371.591 | 154.589.057 | 263.960.648 |

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT
OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 30 JUNE 2021

(Currency: Thousands of TL - Turkish Lira)

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

| LIABILITIES | Note | Reviewed CURRENT PERIOD (30/06/2021) | | | Audited PRIOR PERIOD (31/12/2020) | | |
|---|----------|--|--------------------|--------------------|---|--------------------|--------------------|
| | | TL | FC | Total | TL | FC | Total |
| I. DEPOSITS | (5.II.a) | 56.848.562 | 140.905.121 | 197.753.683 | 50.016.442 | 134.702.871 | 184.719.313 |
| II. FUNDS BORROWED | (5.II.c) | 2.275.254 | 31.100.551 | 33.375.805 | 2.399.832 | 23.585.722 | 25.985.554 |
| III. DUE TO MONEY MARKETS | | 3.784.341 | 3.180.258 | 6.964.599 | 1.207.341 | 3.305.635 | 4.512.976 |
| IV. SECURITIES ISSUED (Net) | (5.II.d) | 4.764.306 | 3.264.708 | 8.029.014 | 2.541.688 | 626.919 | 3.168.607 |
| 4.1 Bills | | 4.253.083 | 1.584.624 | 5.837.707 | 1.921.607 | 451.604 | 2.373.211 |
| 4.2 Assets Backed Securities | | - | - | - | - | - | - |
| 4.3 Bonds | | 511.223 | 1.680.084 | 2.191.307 | 620.081 | 175.315 | 795.396 |
| V. FUNDS | | - | - | - | - | - | - |
| 5.1 Borrower Funds | | - | - | - | - | - | - |
| 5.2 Other | | - | - | - | - | - | - |
| VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | | - | - | - | - | - | - |
| VII. DERIVATIVE FINANCIAL LIABILITIES | | 269.182 | 1.089.391 | 1.358.573 | 292.714 | 1.862.130 | 2.154.844 |
| 7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss | (5.II.b) | 269.182 | 1.089.391 | 1.358.573 | 292.714 | 1.862.130 | 2.154.844 |
| 7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income | (5.II.g) | - | - | - | - | - | - |
| VIII. FACTORING LIABILITIES | | - | - | - | - | - | - |
| IX. LEASE LIABILITIES | (5.II.f) | 538.246 | 52.812 | 591.058 | 540.733 | 70.093 | 610.826 |
| X. PROVISIONS | (5.II.h) | 2.266.035 | 266.565 | 2.532.600 | 2.070.724 | 238.443 | 2.309.167 |
| 10.1 Restructuring Provisions | | - | - | - | - | - | - |
| 10.2 Reserve for Employee Benefits | | 564.536 | 31.309 | 595.845 | 535.248 | 27.108 | 562.356 |
| 10.3 Insurance for Technical Provision (Net) | | - | - | - | - | - | - |
| 10.4 Other Provisions | | 1.701.499 | 235.256 | 1.936.755 | 1.535.476 | 211.335 | 1.746.811 |
| XI. CURRENT TAX LIABILITY | (5.II.i) | 412.839 | 57.297 | 470.136 | 285.800 | 106.782 | 392.582 |
| XII. DEFERRED TAX LIABILITIES | (5.II.i) | 5.560 | 121.463 | 127.023 | 3.823 | 60.891 | 64.714 |
| XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net) | (5.II.j) | - | - | - | - | - | - |
| 13.1 Held for Sale | | - | - | - | - | - | - |
| 13.2 Discontinued Operations | | - | - | - | - | - | - |
| XIV. SUBORDINATED DEBT INSTRUMENTS | | - | 6.882.487 | 6.882.487 | - | 5.917.420 | 5.917.420 |
| 14.1 Loans | | - | 6.882.487 | 6.882.487 | - | 5.917.420 | 5.917.420 |
| 14.2 Other Debt Instruments | | - | - | - | - | - | - |
| XV. OTHER LIABILITIES | (5.II.e) | 6.548.860 | 5.523.419 | 12.072.279 | 5.253.104 | 5.844.106 | 11.097.210 |
| XVI. SHAREHOLDERS' EQUITY | (5.II.k) | 10.262.917 | 14.989.780 | 25.252.697 | 9.940.534 | 13.086.901 | 23.027.435 |
| 16.1 Paid-in Capital | | 5.696.100 | - | 5.696.100 | 5.696.100 | - | 5.696.100 |
| 16.2 Capital Reserves | | 67.576 | - | 67.576 | 67.576 | - | 67.576 |
| 16.2.1 Share Premium | | 15 | - | 15 | 15 | - | 15 |
| 16.2.2 Share Cancellation Profits | | - | - | - | - | - | - |
| 16.2.3 Other Capital Reserves | | 67.561 | - | 67.561 | 67.561 | - | 67.561 |
| 16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss | | 363.700 | 79.255 | 442.955 | 364.227 | 69.986 | 434.213 |
| 16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss | | (9.174.248) | 11.623.935 | 2.449.687 | (7.675.597) | 9.989.501 | 2.313.904 |
| 16.5 Profit Reserves | | 10.072.575 | 1.562.572 | 11.635.147 | 8.279.350 | 1.562.572 | 9.841.922 |
| 16.5.1 Legal Reserves | | 612.404 | 5.019 | 617.423 | 522.743 | 5.019 | 527.762 |
| 16.5.2 Status Reserves | | - | - | - | - | - | - |
| 16.5.3 Extraordinary Reserves | | 9.460.171 | 1.557.553 | 11.017.724 | 7.756.607 | 1.557.553 | 9.314.160 |
| 16.5.4 Other Profit Reserves | | - | - | - | - | - | - |
| 16.6 Income or (Loss) | | 3.117.568 | 1.724.018 | 4.841.586 | 3.155.384 | 1.464.842 | 4.620.226 |
| 16.6.1 Prior Periods' Income or (Loss) | | 1.697.059 | 1.129.942 | 2.827.001 | 1.708.633 | 1.053.250 | 2.761.883 |
| 16.6.2 Current Period Income or (Loss) | | 1.420.509 | 594.076 | 2.014.585 | 1.446.751 | 411.592 | 1.858.343 |
| 16.7 Minority Shares | | 119.646 | - | 119.646 | 53.494 | - | 53.494 |
| TOTAL LIABILITIES | | 87.976.102 | 207.433.852 | 295.409.954 | 74.552.735 | 189.407.913 | 263.960.648 |

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF
OFF-BALANCE SHEET ITEMS
AS OF 30 JUNE 2021

(Currency: Thousands of TL - Turkish Lira)

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

| Note | Reviewed CURRENT PERIOD (30/06/2021) | | | Audited PRIOR PERIOD (31/12/2020) | | |
|--|--|--------------------|----------------------|---|--------------------|----------------------|
| | TL | FC | Total | TL | FC | Total |
| A. COMMITMENTS AND CONTINGENCIES (I+II+III) | 106.714.347 | 216.132.389 | 322.846.736 | 105.577.021 | 195.655.581 | 301.232.602 |
| I. GUARANTEES AND WARRANTIES | 13.124.405 | 38.973.796 | 52.098.201 | 12.777.688 | 30.047.020 | 42.824.708 |
| (5.III.a) 1.1. Letters of Guarantee | 12.943.237 | 24.110.594 | 37.053.831 | 12.483.998 | 19.435.442 | 31.919.440 |
| 1.1.1. Guarantees Subject to Public Procurement Law | - | - | - | - | - | - |
| 1.1.2. Guarantees Given for Foreign Trade Operations | 79.021 | 142.624 | 221.645 | 79.021 | 124.588 | 203.609 |
| 1.1.3. Other Letters of Guarantee | 12.864.216 | 23.967.970 | 36.832.186 | 12.404.977 | 19.310.854 | 31.715.831 |
| 1.2. Bank Loans | 16.400 | 78.910 | 95.310 | 15.250 | 94.990 | 110.240 |
| 1.2.1. Import Acceptances | 16.400 | 78.910 | 95.310 | 15.250 | 94.990 | 110.240 |
| 1.2.2. Other Bank Acceptances | - | - | - | - | - | - |
| 1.3. Letters of Credit | 7.154 | 9.495.611 | 9.502.765 | 13.006 | 4.882.246 | 4.895.252 |
| 1.3.1. Documentary Letters of Credit | 7.154 | 6.493.069 | 6.500.223 | - | 3.544.938 | 3.544.938 |
| 1.3.2. Other Letters of Credit | - | 3.002.542 | 3.002.542 | 13.006 | 1.337.308 | 1.350.314 |
| 1.4. Guaranteed Refinancing | - | - | - | - | - | - |
| 1.5. Endorsements | - | - | - | - | - | - |
| 1.5.1. Endorsements to Central Bank of the Republic of Turkey | - | - | - | - | - | - |
| 1.5.2. Other Endorsements | - | - | - | - | - | - |
| 1.6. Purchase Guarantees on Marketable Security Issuance | - | - | - | - | - | - |
| 1.7. Factoring Guarantees | - | - | - | - | - | - |
| 1.8. Other Guarantees | 157.614 | 5.288.681 | 5.446.295 | 265.434 | 5.634.342 | 5.899.776 |
| 1.9. Other Sureties | - | - | - | - | - | - |
| II. COMMITMENTS | 61.177.402 | 8.806.052 | 69.983.454 | 53.867.502 | 10.172.595 | 64.040.097 |
| (5.III.a) 2.1. Irrevocable Commitments | 60.530.883 | 8.663.613 | 69.194.496 | 53.327.986 | 9.992.877 | 63.320.863 |
| 2.1.1. Forward Asset Purchase Commitments | 1.836.157 | 5.260.442 | 7.096.599 | 841.692 | 5.378.043 | 6.219.735 |
| 2.1.2. Forward Deposit Purchase and Sale Commitments | - | - | - | - | - | - |
| 2.1.3. Capital Commitments to Subsidiaries and Associates | - | - | - | 4.000 | - | 4.000 |
| 2.1.4. Loan Granting Commitments | 18.721.846 | - | 18.721.846 | 17.234.415 | - | 17.234.415 |
| 2.1.5. Securities Underwriting Commitments | - | - | - | - | - | - |
| 2.1.6. Payment Commitments for Reserve Deposits | - | - | - | - | - | - |
| 2.1.7. Payment Commitments for Cheques | 2.672.115 | - | 2.672.115 | 2.226.643 | - | 2.226.643 |
| 2.1.8. Tax and Fund Liabilities from Export Commitments | 2.117 | - | 2.117 | 2.023 | - | 2.023 |
| 2.1.9. Commitments for Credit Card Expenditure Limits | 36.778.028 | - | 36.778.028 | 32.617.301 | - | 32.617.301 |
| 2.1.10. Commitments for Credit Cards and Banking Services Promotions | 8.430 | - | 8.430 | 11.556 | - | 11.556 |
| 2.1.11. Receivables from Short Sale Commitments | - | - | - | - | - | - |
| 2.1.12. Payables for Short Sale Commitments | - | - | - | - | - | - |
| 2.1.13. Other Irrevocable Commitments | 512.190 | 3.403.171 | 3.915.361 | 390.356 | 4.614.834 | 5.005.190 |
| 2.2. Revocable Commitments | 646.519 | 142.439 | 788.958 | 539.516 | 179.718 | 719.234 |
| 2.2.1. Revocable Loan Granting Commitments | 645.960 | 142.439 | 788.399 | 538.957 | 179.718 | 718.675 |
| 2.2.2. Other Revocable Commitments | 559 | - | 559 | 559 | - | 559 |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | 32.412.540 | 168.352.541 | 200.765.081 | 38.931.831 | 155.435.966 | 194.367.797 |
| 3.1. Derivative Financial Instruments Held for Risk Management | - | - | - | - | - | - |
| 3.1.1. Fair Value Risk Hedging Transactions | - | - | - | - | - | - |
| 3.1.2. Cash Flow Risk Hedging Transactions | - | - | - | - | - | - |
| 3.1.3. Net Foreign Investment Risk Hedging Transactions | - | - | - | - | - | - |
| 3.2. Transactions for Trading | 32.412.540 | 168.352.541 | 200.765.081 | 38.931.831 | 155.435.966 | 194.367.797 |
| 3.2.1. Forward Foreign Currency Buy/Sell Transactions | 2.336.985 | 16.906.530 | 19.243.515 | 2.693.666 | 17.354.000 | 20.047.666 |
| 3.2.1.1. Forward Foreign Currency Transactions-Buy | 695.079 | 8.962.210 | 9.657.289 | 1.830.015 | 8.414.678 | 10.244.693 |
| 3.2.1.2. Forward Foreign Currency Transactions-Sell | 1.641.906 | 7.944.320 | 9.586.226 | 863.651 | 8.939.322 | 9.802.973 |
| 3.2.2. Currency and Interest Rate Swaps | 27.574.589 | 137.654.803 | 165.229.392 | 33.029.575 | 124.567.079 | 157.596.654 |
| 3.2.2.1. Currency Swap-Buy | 1.508.732 | 59.494.776 | 61.003.508 | 828.099 | 55.725.437 | 56.553.536 |
| 3.2.2.2. Currency Swap-Sell | 19.015.857 | 45.939.780 | 64.955.637 | 22.551.476 | 39.320.239 | 61.871.715 |
| 3.2.2.3. Interest Rate Swap-Buy | 3.525.000 | 16.110.124 | 19.635.124 | 4.825.000 | 14.760.702 | 19.585.702 |
| 3.2.2.4. Interest Rate Swap-Sell | 3.525.000 | 16.110.123 | 19.635.123 | 4.825.000 | 14.760.701 | 19.585.701 |
| 3.2.3. Currency, Interest Rate and Marketable Securities Options | 2.481.097 | 7.897.822 | 10.378.919 | 2.380.869 | 6.398.258 | 8.779.127 |
| 3.2.3.1. Currency Call Options | 1.268.455 | 3.463.589 | 4.732.044 | 1.055.976 | 2.678.255 | 3.734.231 |
| 3.2.3.2. Currency Put Options | 1.212.642 | 3.548.895 | 4.761.537 | 1.024.893 | 2.775.845 | 3.800.738 |
| 3.2.3.3. Interest Rate Call Options | - | 442.669 | 442.669 | - | 472.079 | 472.079 |
| 3.2.3.4. Interest Rate Put Options | - | 442.669 | 442.669 | 300.000 | 472.079 | 772.079 |
| 3.2.3.5. Marketable Securities Call Options | - | - | - | - | - | - |
| 3.2.3.6. Marketable Securities Put Options | - | - | - | - | - | - |
| 3.2.4. Currency Futures | 19.869 | 18.264 | 38.133 | 827.721 | 763.167 | 1.590.888 |
| 3.2.4.1. Currency Futures-Buy | 18.952 | 903 | 19.855 | - | 763.167 | 763.167 |
| 3.2.4.2. Currency Futures-Sell | 917 | 17.361 | 18.278 | 827.721 | - | 827.721 |
| 3.2.5. Interest Rate Buy/Sell Futures | - | - | - | - | - | - |
| 3.2.5.1. Interest Rate Futures-Buy | - | - | - | - | - | - |
| 3.2.5.2. Interest Rate Futures-Sell | - | - | - | - | - | - |
| 3.2.6. Other | - | 5.875.122 | 5.875.122 | - | 6.353.462 | 6.353.462 |
| B. CUSTODY AND PLEDGED ASSETS (IV+V+VI) | 879.441.010 | 401.744.160 | 1.281.185.170 | 651.466.576 | 325.639.811 | 977.106.387 |
| IV. CUSTODIES | 36.294.912 | 21.976.261 | 58.271.173 | 33.849.047 | 16.518.378 | 50.367.425 |
| 4.1. Assets Under Management | 139.874 | - | 139.874 | - | - | 139.874 |
| 4.2. Custody Marketable Securities | 33.146.428 | 17.041.876 | 50.188.304 | 30.857.690 | 12.412.991 | 43.270.681 |
| 4.3. Cheques in Collection Process | 2.000.161 | 3.271.831 | 5.271.992 | 1.875.232 | 2.588.542 | 4.463.774 |
| 4.4. Commercial Notes in Collection Process | 1.007.201 | 400.872 | 1.408.073 | 975.063 | 352.162 | 1.327.225 |
| 4.5. Other Assets in Collection Process | - | - | - | - | - | - |
| 4.6. Underwritten Securities | - | - | - | - | - | - |
| 4.7. Other Custodies | 1.248 | 1.261.682 | 1.262.930 | 1.248 | 1.164.683 | 1.165.931 |
| 4.8. Custodians | - | - | - | - | - | - |
| V. PLEDGED ASSETS | 841.973.329 | 378.333.930 | 1.220.307.259 | 616.467.629 | 307.983.358 | 924.450.987 |
| 5.1. Marketable Securities | 3.746.622 | 105.475 | 3.852.097 | 3.991.203 | 75.724 | 4.066.927 |
| 5.2. Collateral Notes | 468.959.694 | 124.181.807 | 593.141.501 | 413.307.798 | 108.475.879 | 521.783.677 |
| 5.3. Commodity | 24.418.602 | 19.117.416 | 43.536.018 | 19.430.706 | 13.496.225 | 32.926.931 |
| 5.4. Warranty | - | - | - | - | - | - |
| 5.5. Land and Buildings | 224.094.117 | 131.136.463 | 355.230.580 | 104.252.159 | 90.110.884 | 194.363.043 |
| 5.6. Other Pledged Assets | 120.754.294 | 103.792.769 | 224.547.063 | 75.485.763 | 95.824.646 | 171.310.409 |
| 5.7. Pledges | - | - | - | - | - | - |
| VI. ACCEPTED BILL GUARANTEES AND SURETIES | 1.172.769 | 1.433.969 | 2.606.738 | 1.149.900 | 1.138.075 | 2.287.975 |
| TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B) | 986.155.357 | 617.876.549 | 1.604.031.906 | 757.043.597 | 521.295.392 | 1.278.338.989 |

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2021

(Currency: Thousands of TL - Turkish Lira)

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

| | | | Reviewed CURRENT PERIOD (01/01- 30/06/2021) | Reviewed PRIOR PERIOD (01/01- 30/06/2020) | Reviewed CURRENT PERIOD (01/04- 30/06/2021) | Reviewed PRIOR PERIOD (01/04- 30/06/2020) |
|--|----------|--|---|---|---|---|
| INCOME AND EXPENSES | Note | | | | | |
| I. INTEREST INCOME | (5.IV.a) | | 11.183.099 | 8.966.437 | 5.952.792 | 4.442.045 |
| 1.1 Interest on Loans | | | 9.695.080 | 7.800.946 | 5.140.857 | 3.846.518 |
| 1.2 Interest on Reserve Requirements | | | 128.639 | - | 80.885 | - |
| 1.3 Interest on Banks | | | 85.030 | 82.607 | 27.763 | 52.145 |
| 1.4 Interest on Money Market Transactions | | | 34.857 | 24.134 | 14.671 | 15.617 |
| 1.5 Interest on Marketable Securities Portfolio | | | 963.312 | 821.720 | 551.008 | 412.236 |
| 1.5.1 Fair Value Through Profit or Loss | | | 19.635 | 7.627 | 6.799 | 4.367 |
| 1.5.2 Fair Value Through Other Comprehensive Income | | | 652.493 | 537.074 | 375.838 | 268.468 |
| 1.5.3 Measured at Amortized Cost | | | 291.184 | 277.019 | 168.371 | 139.401 |
| 1.6 Financial Lease Interest Income | | | 149.251 | 123.351 | 76.821 | 65.805 |
| 1.7 Other Interest Income | | | 126.930 | 113.679 | 60.787 | 49.724 |
| II. INTEREST EXPENSE (-) | (5.IV.b) | | 5.562.238 | 3.691.679 | 2.985.334 | 1.808.754 |
| 2.1 Interest on Deposits | | | 4.050.437 | 2.528.708 | 2.162.117 | 1.206.676 |
| 2.2 Interest on Funds Borrowed | | | 831.261 | 752.391 | 425.215 | 378.849 |
| 2.3 Interest Expense on Money Market Transactions | | | 207.707 | 78.396 | 117.964 | 59.425 |
| 2.4 Interest on Securities Issued | | | 363.569 | 218.160 | 229.777 | 119.510 |
| 2.5 Interest on Leases | | | 63.671 | 70.660 | 32.183 | 34.801 |
| 2.6 Other Interest Expenses | | | 45.593 | 43.364 | 18.078 | 9.493 |
| III. NET INTEREST INCOME (I - II) | | | 5.620.861 | 5.274.758 | 2.967.458 | 2.633.291 |
| IV. NET FEES AND COMMISSIONS INCOME | | | 1.980.816 | 1.619.737 | 915.651 | 637.254 |
| 4.1 Fees and Commissions Received | | | 2.821.100 | 2.052.509 | 1.270.911 | 787.705 |
| 4.1.1 Non-Cash Loans | | | 242.376 | 229.331 | 121.686 | 115.890 |
| 4.1.2 Other | | | 2.578.724 | 1.823.178 | 1.149.225 | 671.815 |
| 4.2 Fees and Commissions Paid (-) | | | 840.284 | 432.772 | 355.260 | 150.451 |
| 4.2.1 Non-Cash Loans | | | 4.970 | 3.011 | 2.869 | 1.405 |
| 4.2.2 Other | | | 835.314 | 429.761 | 352.391 | 149.046 |
| V. DIVIDEND INCOME | | | 822 | 1.489 | 822 | 1.244 |
| VI. TRADING INCOME / LOSS (Net) | (5.IV.c) | | (213.852) | 549.375 | (833.902) | 187.392 |
| 6.1 Trading Gains / (Losses) on Securities | | | 333.807 | 99.634 | 46.163 | 68.399 |
| 6.2 Gains / (Losses) on Derivate Financial Transactions | | | 2.720.164 | 420.182 | (123.167) | (343.734) |
| 6.3 Foreign Exchange Gains / (Losses) | | | (3.267.823) | 29.559 | (756.898) | 462.727 |
| VII. OTHER OPERATING INCOME | (5.IV.d) | | 361.096 | 184.917 | 241.650 | 67.455 |
| VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII) | | | 7.749.743 | 7.630.276 | 3.291.679 | 3.526.636 |
| IX. EXPECTED CREDIT LOSS (-) | (5.IV.e) | | 2.078.514 | 3.564.601 | 489.887 | 1.615.475 |
| X. OTHER PROVISION EXPENSES (-) | | | 118.308 | 239.276 | 10.523 | 120.303 |
| XI. PERSONNEL EXPENSE (-) | (5.IV.f) | | 1.239.983 | 1.105.953 | 661.063 | 572.626 |
| XII. OTHER OPERATING EXPENSES (-) | (5.IV.f) | | 1.628.047 | 1.261.239 | 864.057 | 608.332 |
| XIII. NET OPERATING INCOME /LOSS (VIII-IX-X-XI-XII) | | | 2.684.891 | 1.459.207 | 1.266.149 | 609.900 |
| XIV. INCOME AFTER MERGER | | | - | - | - | - |
| XV. INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD | | | - | - | - | - |
| XVI. INCOME / (LOSS) ON NET MONETARY POSITION PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI) | (5.IV.g) | | 2.684.891 | 1.459.207 | 1.266.149 | 609.900 |
| XVII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±) | (5.IV.h) | | (662.132) | (393.751) | (313.982) | (163.152) |
| 18.1 Current Tax Provision | | | (462.225) | (395.045) | (205.416) | (324.943) |
| 18.2 Deferred Tax Income Effect (+) | | | (1.812.230) | (976.457) | (639.935) | (304.945) |
| 18.3 Deferred Tax Expense Effect (-) | | | 1.612.323 | 977.751 | 531.369 | 466.736 |
| XIX. CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII) | | | 2.022.759 | 1.065.456 | 952.167 | 446.748 |
| XX. INCOME FROM DISCONTINUED OPERATIONS | | | - | - | - | - |
| 20.1 Income from Non-Current Assets Held for Sale | | | - | - | - | - |
| 20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures | | | - | - | - | - |
| 20.3 Income from Other Discontinued Operations | | | - | - | - | - |
| XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-) | | | - | - | - | - |
| 21.1 Expenses for Non-current Assets Held for Sale | | | - | - | - | - |
| 21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures | | | - | - | - | - |
| 21.3 Expenses for Other Discontinued Operations | | | - | - | - | - |
| XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI) | | | - | - | - | - |
| XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±) | | | - | - | - | - |
| 23.1 Current Tax Provision | | | - | - | - | - |
| 23.2 Deferred Tax Expense Effect (+) | | | - | - | - | - |
| 23.3 Deferred Tax Income Effect (-) | | | - | - | - | - |
| XXIV. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XXII±XXIII) | | | - | - | - | - |
| XXV. NET PROFIT/(LOSS) (XIX+XXIV) | (5.IV.i) | | 2.022.759 | 1.065.456 | 952.167 | 446.748 |
| 25.1 Profit / (Loss) of Group | | | 2.014.585 | 1.059.140 | 944.337 | 443.143 |
| 25.2 Profit / (Loss) of Minority Shares (-) | | | 8.174 | 6.316 | 7.830 | 3.605 |
| Profit / (Loss) Per Share (full TRY) | | | 0,36 | 0,19 | 0,17 | 0,08 |

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2021

(Currency: Thousands of TL - Turkish Lira)

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

| | Reviewed CURRENT PERIOD (01/01-30/06/2021) | Reviewed PRIOR PERIOD (01/01-30/06/2020) |
|---|--|--|
| I. CURRENT PERIOD INCOME/LOSS | 2.022.759 | 1.065.456 |
| II. OTHER COMPREHENSIVE INCOME | 144.525 | 268.367 |
| 2.1 Not Reclassified Through Profit or Loss | 8.742 | (345.112) |
| 2.1.1 Property and Equipment Revaluation Increase/Decrease | 11.696 | 8.934 |
| 2.1.2 Intangible Assets Revaluation Increase/Decrease | - | - |
| 2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss | - | - |
| 2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss | - | (351.793) |
| 2.1.5 Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss | (2.954) | (2.253) |
| 2.2 Reclassified Through Profit or Loss | 135.783 | 613.479 |
| 2.2.1 Foreign Currency Translation Differences | 2.264.292 | 1.940.479 |
| 2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income | (677.758) | (34.448) |
| 2.2.3 Cash Flow Hedge Income/Loss | 16.819 | (7.032) |
| 2.2.4 Foreign Net Investment Hedge Income/Loss | (2.030.732) | (1.661.888) |
| 2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss | - | - |
| 2.2.6 Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss | 563.162 | 376.368 |
| III. TOTAL COMPREHENSIVE INCOME (I+II) | 2.167.284 | 1.333.823 |

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021
(Currency: Thousands of TL - Turkish Lira)

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

| Reviewed CHANGES IN ITEMS | Paid In Capital | Share Premiums | Share Cancellation Profits | Other capital reserves | Accumulated Revaluation Increase/Decrease of Fixed Assets | Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan | Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Profit or Loss) | Foreign Currency Translation Differences | Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income | Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Profit or Loss) | Profit reserves | Prior Period Profit or (Loss) | Current Period Profit or (Loss) Audited (1 January - 31 December 2019) | Total Equity Expect Minority Shares | Minority Shares | Total Equity |
|--|------------------|-------------------|----------------------------------|------------------------------|---|---|--|---|---|---|--------------------|----------------------------------|---|---|--------------------|-------------------|
| | | | | | | | | | | | | | | | | |
| PRIOR PERIOD | | | | | | | | | | | | | | | | |
| I. 01/01-30/09/2020 | | | | | | | | | | | | | | | | |
| II. Prior Period End Balance | 3,316,100 | 15 | -- | 67,561 | 91,740 | (89,801) | 724,974 | 5,161,459 | (87,295) | (4,062,418) | 7,294,331 | 4,006,761 | 1,302,713 | 17,726,140 | 22,772 | 17,748,912 |
| III. Corrections and Accounting Policy Changes Made According to TAS 8 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 2.1 Effects of Corrections | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 2.2 Effects of the Changes in Accounting Policies | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| IV. Adjusted Beginning Balance (I+II) | 3,316,100 | 15 | -- | 67,561 | 91,740 | (89,801) | 724,974 | 5,161,459 | (87,295) | (4,062,418) | 7,294,331 | 4,006,761 | 1,302,713 | 17,726,140 | 22,772 | 17,748,912 |
| V. Total Comprehensive Income | -- | -- | -- | -- | 6,881 | -- | (351,793) | 1,940,479 | (25,243) | (1,301,757) | -- | -- | 1,059,140 | 1,327,507 | 6,318 | 1,333,823 |
| VI. Capital Increase by Cash | 2,380,000 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 2,380,000 | -- | 2,380,000 |
| VII. Capital Increase by Internal Sources | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| VIII. Paid in Capital Inflation Adjustment Difference | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| IX. Convertible Bonds to Share | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| X. Subordinated Debt Instruments | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| XI. Increase / Decrease by Other Changes | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 11.1 Profit Distribution | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 1,336,113 | (33,400) | (1,302,713) | -- | -- | -- |
| 11.2 Dividends Paid | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 11.3 Transfers to Reserves | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 1,336,113 | (33,400) | (1,302,713) | -- | -- | -- |
| Other | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Period End Balance (III+IV+...+XI) | 5,696,100 | 15 | -- | 67,561 | 98,421 | (89,801) | 373,181 | 7,101,938 | (112,538) | (5,364,175) | 8,630,444 | 3,973,361 | 1,059,140 | 21,433,647 | 28,088 | 21,462,735 |
| CURRENT PERIOD | | | | | | | | | | | | | | | | |
| I. 01/01-30/09/2021 | | | | | | | | | | | | | | | | |
| II. Prior Period End Balance | 5,696,100 | 15 | -- | 67,561 | 116,964 | (133,631) | 450,880 | 9,512,358 | 189,880 | (7,388,334) | 9,841,922 | 2,761,883 | 1,858,343 | 22,973,941 | 53,494 | 23,027,435 |
| III. Corrections and Accounting Policy Changes Made According to TAS 8 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 2.1 Effects of Corrections | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 2.2 Effects of the Changes in Accounting Policies | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| IV. Adjusted Beginning Balance (I+II) | 5,696,100 | 15 | -- | 67,561 | 116,964 | (133,631) | 450,880 | 9,512,358 | 189,880 | (7,388,334) | 9,841,922 | 2,761,883 | 1,858,343 | 22,973,941 | 53,494 | 23,027,435 |
| V. Total Comprehensive Income | -- | -- | -- | -- | 8,742 | -- | -- | 2,264,292 | (517,800) | (1,610,709) | -- | -- | 2,014,685 | 2,159,110 | 8,174 | 2,167,284 |
| VI. Capital Increase by Cash | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| VII. Capital Increase by Internal Sources | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| VIII. Paid in Capital Inflation Adjustment Difference | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| IX. Convertible Bonds to Share | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| X. Subordinated Debt Instruments | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| XI. Increase / Decrease by Other Changes | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 11.1 Profit Distribution | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 1,793,225 | 65,118 | (1,858,343) | -- | -- | -- |
| 11.2 Dividends Paid | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 11.3 Transfers to Reserves | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 1,793,225 | 65,118 | (1,858,343) | -- | -- | -- |
| Other | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Period End Balance (III+IV+...+XI) | 5,696,100 | 15 | -- | 67,561 | 125,706 | (133,631) | 450,880 | 11,776,650 | (327,920) | (8,999,043) | 11,635,147 | 2,827,001 | 2,014,685 | 25,133,051 | 119,646 | 25,252,697 |

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021

(Currency: Thousands of TL - Turkish Lira)

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

| | Footnote | Reviewed CURRENT PERIOD (01/01-30/06/2021) | Reviewed PRIOR PERIOD (01/01-30/06/2020) |
|--|----------|--|--|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating profit before changes in operating assets and liabilities (+) | | 1.382.535 | (1.001.598) |
| 1.1.1 Interest received (+) | | 11.000.443 | 8.040.342 |
| 1.1.2 Interest paid (-) | | 5.153.718 | 3.573.544 |
| 1.1.3 Dividends received (+) | | 822 | 1.489 |
| 1.1.4 Fees and commissions received (+) | | 2.821.100 | 2.052.509 |
| 1.1.5 Other income (+) | | 279.625 | 192.204 |
| 1.1.6 Collections from previously written off loans and other receivables (+) | | 2.867.448 | 1.011.637 |
| 1.1.7 Cash payments to personnel and service suppliers (-) | | 1.210.662 | 1.149.917 |
| 1.1.8 Taxes paid (-) | | 359.465 | 206.828 |
| 1.1.9 Other (+/-) | | (8.863.058) | (7.369.490) |
| 1.2 Changes in operating assets and liabilities subject to banking operations | | 5.231.703 | (3.342.545) |
| 1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-) | | 7.303 | (175.105) |
| 1.2.2 Net (increase) decrease in due from banks (+/-) | | (1.023.185) | (4.155.720) |
| 1.2.3 Net (increase) decrease in loans | | (7.188.608) | (13.321.540) |
| 1.2.4 Net (increase) decrease in other assets (+/-) | | (3.952.515) | (4.360.461) |
| 1.2.5 Net increase (decrease) in bank deposits (+/-) | | (3.383.716) | 12.851 |
| 1.2.6 Net increase (decrease) in other deposits (+/-) | | 9.432.605 | 6.394.970 |
| 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 (+/-) | | 7.914.965 | 4.096.598 |
| 1.2.9 Net increase (decrease) in matured payables (+/-) | | - | - |
| 1.2.10 Net increase (decrease) in other liabilities (+/-) | | 3.424.854 | 8.165.862 |
| I. Net cash provided from banking operations(+/-) | | 6.614.238 | (4.344.143) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. Net cash provided from / used in investing activities(+/-) | | (647.127) | (5.359.439) |
| 2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-) | | 7.193 | - |
| 2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures (+) | | - | - |
| 2.3 Cash paid for the purchase of tangible and intangible asset (-) | | 1.835.305 | 1.013.576 |
| 2.4 Cash obtained from the sale of tangible and intangible asset (+) | | 352.691 | 169.798 |
| 2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-) | | 9.270.390 | 9.098.958 |
| 2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+) | | 9.412.761 | 4.394.111 |
| 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 (+/-) | | 700.309 | 189.186 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net cash flows from financing activities (+/-) | | 495.754 | 3.500.622 |
| 3.1 Cash obtained from funds borrowed and securities issued (+) | | 19.740.081 | 15.614.307 |
| 3.2 Cash outflow from funds borrowed and securities issued (-) | | 19.083.812 | 11.960.060 |
| 3.3 Equity instruments issued (+) | | - | - |
| 3.4 Dividends paid (-) | | - | - |
| 3.5 Payments for lease liabilities (-) | | 160.515 | 153.625 |
| 3.6 Other (+/-) | | - | - |
| IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-) | | 5.544.144 | 4.063.419 |
| V. Net increase in cash and cash equivalents | | 12.007.009 | (2.139.541) |
| VI. Cash and cash equivalents at the beginning of the period (+) | | 40.899.547 | 35.787.794 |
| VII. Cash and Cash Equivalents at the End of the Period | | 52.906.556 | 33.648.253 |

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

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on the presentation principles

a. Preparation of the consolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks

Consolidated financial statements have been prepared in accordance with the regulations, communiqués, explanations and circulars published with respect to accounting and financial reporting principles by the Banking Regulation and Supervision Agency ("BRSA") within the framework of the provisions of the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks published in the Official Gazette no. 26333 dated 1 November 2006 in relation with the Banking Law no. 5411, as well as the Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") enforced by the Public Oversight Accounting and Auditing Standards Authority ("POA") (hereinafter collectively referred to as "BRSA Accounting and Financial Reporting Legislation"). The form and contents of the consolidated financial statements which have been prepared and which will be disclosed to public have been prepared in accordance with the "Communiqué on the Financial Statements and Related Explanations and Footnotes to be Announced to Public by the Banks" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks" as well as the communiqués that introduce amendments and additions to these. Parent Bank keeps its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Code of Commerce and Turkish Tax legislation.

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

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

In the preparation of consolidated financial statements according to TAS, the management of the Parent Bank should make assumptions and estimations regarding the assets and liabilities in the balance sheet and the contingent issues as of the balance sheet date. These assumptions and estimations include the fair value calculations and impairment of financial assets and are reviewed regularly, necessary corrections are made and the effects of these corrections are reflected in the statement of profit or loss. The assumptions and estimations used are explained in the related footnotes.

The Parent Bank and its consolidated subsidiaries are referred to as "DFS Group" in the footnotes related to the consolidated financial statements.

b. Accounting policies and changes in the presentation of financial statements

Accounting policies and valuation principles used in the preparation of the consolidated financial statements are determined in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by BRSA, and in cases where a specific regulation is not made, TAS/TFRS (hereinafter collectively referred to as "BRSA Accounting and Financial Reporting Legislation") put into effect by POA shall be valid.

c. Additional paragraph for convenience translation:

The differences between the standards set out by BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

II. Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies

a. Strategy for the use of financial instruments

DFS Group's external sources of funds are comprised of deposits with various maturity periods, and external borrowings. Funds provided are generally fixed rate and are interested in high yield financial assets. The majority of the funds are allocated to high yield, fixed or floating interest instruments, such as Turkish Lira and foreign currency Government debt securities and eurobonds in order to diversify the assets and support liquidity as well as being allocated to loans with a selective approach. The liquidity structure that ensures meeting all liabilities falling due, is formed by keeping sufficient levels of cash and cash equivalents by diversifying the sources of funds. The Bank assesses the maturity structure of the sources, and the maturity structure and yield of assets at market conditions and adopts a high yield policy in long-term assets.

DFS Group carries risks within pre-determined risk limits in short-term currency, interest and price movements in money and capital markets and due to changes in market conditions. These positions are closely monitored by the Risk Management System of the Parent Bank and the necessary precautions are taken if the limits are exceeded or should there be a change in the market environment. In order to avoid interest rate risk, assets and liabilities with fixed and floating interests are monitored, taking the maturity structure into consideration. The asset-liability balance is monitored on a daily basis in accordance with the maturity structure and foreign currency type. The risks associated with short-term positions are hedged through derivatives such as forwards, swaps and options.

The net foreign currency position of DFS Group in foreign enterprises is evaluated together with the Parent Bank's net foreign currency position and all positions are evaluated within the framework of risk limits.

b. Transactions denominated in foreign currencies

Foreign currency exchange rates used in converting transactions denominated in foreign currencies and their presentation in the financial statements

The DFS Group recognises the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates" and the foreign exchange gains and losses arising from transactions that are completed as of the end of the period are converted to TL by using historical foreign currency exchange rates. As at the end of the reporting dates, balances of the foreign currency denominated assets and liabilities are converted into TL by using foreign currency exchange rates of the Parent Bank and the resulting exchange differences are recorded as foreign exchange gains and losses. The Parent Bank's foreign currency exchange rates used in valuations as of the period ends are as follows:

| | 30 June 2021 | 31 December 2020 | 30 June 2020 |
|-----------|---------------------|-------------------------|---------------------|
| US Dollar | TL 8,6803 | TL 7,4194 | TL 6,8432 |
| Euro | TL 10,3249 | TL 9,1164 | TL 7,6720 |

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

As of 30 June 2021, net foreign exchange loss included in the statement of profit or loss amounts to TL 3.267.823 (1 January - 30 June 2020: TL 29.559 net foreign exchange profit).

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

Parent Bank has translated the assets and liabilities of its FC subsidiaries within the scope of consolidation from the period-end closure exchange rate and has converted the income and expense items to Turkish Lira using annual average Parent Bank rates. Translation difference profit/loss amounts arising from the conversion of statements of profit or loss of the consolidated subsidiaries to Turkish Lira and the Turkish Lira equivalent of their equities as well as the "Subsidiaries" amounts accounted for at the Parent Bank are accounted in the consolidated financial statements under "Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss".

Total of the relevant conversion differences are TL 11.716.410 as of 30 June 2021 (31 December 2020: TL 9.502.391).

The foreign exchange difference of TL 60.240 (31 December 2020: TL 9.967) arising from the translation of the financial statements of Bahrain branch of the Parent Bank to Turkish Lira in accordance with TAS 21 has been recorded under "Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss".

In order to hedge the foreign exchange rate risk arising from the foreign currency subsidiaries of the DFS Group, a net investment hedging strategy is applied. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the change in exchange rate of these financial liabilities is recognised in hedge funds account under equity.

III. Information regarding the consolidated subsidiaries

Consolidated financial statements have been prepared in accordance with TFRS 10, the “Turkish Accounting Standard for Consolidated Financial Statements”.

Deniz Yatırım Menkul Değerler A.Ş. (Deniz Yatırım), Eurodeniz International Banking Unit Ltd. (Eurodeniz), Deniz Portföy Yönetimi A.Ş. (Deniz Portföy), Denizbank AG, JSC Denizbank, Deniz Finansal Kiralama A.Ş. (Deniz Leasing), Deniz Faktoring A.Ş. (Deniz Faktoring), Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. (Deniz GYO) CR Erdberg Eins GmbH & Co KG (CR Erdberg) and Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş. (“Hızlıöde”) shares of which are owned directly or indirectly by the Parent Bank are the subsidiaries included to the full scope consolidation.

DFS Funding Corp., which is a structured entity, is also included in the scope of consolidation.

Among the subsidiaries of the Parent Bank, Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. (“Intertech”) and Deniz Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. (“Deniz Kültür”) and its affiliate controlled together, Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (“Bantaş”); Intertech’s subsidiary Açık Deniz Radyo ve Televizyon İletişim Yayıncılık Ticaret ve Sanayi A.Ş. and Neohub Teknoloji Yazılım Pazarlama ve Danışmanlık A.Ş.; Deniz Yatırım’s subsidiary Ekspres Bilgi İşlem ve Ticaret Anonim Şirketi (“Ekspres Bilgi İşlem”); Denizbank AG’s subsidiary Deniz Immobilien Service GmbH (“Deniz Immobilien”) have not been included to the consolidation since they are non-financial subsidiaries.

The title, purpose, field of activity and capital of “Deniz Kartlı Ödeme Sistemleri Anonim Şirketi” (the Company) which is a 100% subsidiary of the Parent Bank has been changed with the approval of the amendment of the related articles described in the Articles of Association held on General Assembly dated on 1 November 2019 and by registering the General Assembly resolutions on 12 November 2019. The new title of the company has become “Hızlıöde Elektronik Para ve Ödeme Hizmetleri Anonim Şirketi” and its capital has been increased from TL 300 to TL 10.000. An operating permit application was made to the Banking Regulation and Supervision Agency on 14 November 2019 for the company to operate as a payment and electronic money institution and the operating permit was granted on 24 December 2020.

Important changes in consolidated subsidiaries during the period

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 the statement of profit or loss.

The carrying amount of the Parent Bank’s investment in each subsidiary has been settled with the portion of the Parent Bank in the equity of the subsidiaries.

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

Financial statements used in the consolidation are prepared as of 30 June 2021 and in order to ensure the application of the identical accounting policies for similar transactions and events in similar circumstances, necessary adjustments were made on these financial statements of the subsidiaries considering the materiality level.

IV. Explanations on forward and option contracts and derivative instruments

DFS Group's derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and foreign currency forward contracts.

In accordance with TFRS 9, forward foreign currency purchase/sale contracts, swaps, options and futures are classified as "Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss". Derivative transactions are recorded with their fair values at contract date. Also, the notional amounts of liabilities and assets arising from the derivative transactions are recorded in off-balance sheet items at their contractual amounts.

Derivative transactions are valued at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss" items of the consolidated balance sheet depending on the positive or negative fair value amounts. Gains and losses arising from the change in the fair value are recognised in the statement of profit or loss. Fair value of derivatives are calculated either by marking the fair values in the market or by using the discounted cash flow model.

V. Explanations on interest income and expenses

Interest income and expenses are recognised by applying the effective interest method. DFS Group accrues interest based on expected cash flows for its non-performing loans.

VI. Explanations on fee and commission income and expenses

Fee and commission income and expenses are recognised on an accrual basis or via effective interest method and in accordance with TFRS 15 "Revenue from Customer Contracts Standard" and with their nature, other than the fee and commission incomes in respect of certain banking transactions which are recognized as income as they are collected. Incomes gained through contracts or through services related to transactions such as the purchase or sale of assets for a third real or legal person are recognised as income at the time of collection.

VII. Explanations on financial assets

DFS Group classifies and recognises its financial assets as "Financial Assets at Fair Value through Profit / Loss", "Financial Assets at Fair Value through Other Comprehensive Income" or "Financial Assets measured at amortised cost". These financial assets are recognised or derecognised in accordance with the "Recognition and Derecognition from Financial Statements" under the third section of TFRS 9 regarding the classification and measurement of financial instruments, published in the Official Gazette dated 19 January 2017 and numbered 29953 by POA. Financial assets are measured at their fair values at initial recognition in the financial statements. In the initial measurement of financial assets other than "Financial Assets at Fair Value through Profit / Loss", transaction costs are added to the fair value or deducted from the fair value.

DFS Group includes a financial asset in the statement of financial position only when it becomes a party to the contractual terms of the financial instrument. During the initial recognition of a financial asset the business model determined by the Parent Bank management and the nature of the contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Parent Bank management is changed, all affected financial assets are reclassified and reclassification is applied prospectively. In such cases, no adjustments are made to the gain, loss or interest previously recognised in the financial statements.

a. Financial assets at fair value through profit or loss

"Financial assets at fair value through profit or loss" are financial assets other than those are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets the fair value through profit or loss are initially recognised at fair value and remeasured at their fair value after initial recognition. All gain and loss arising from these valuations are reflected in the statement of profit or loss.

b. Financial assets at fair value through other comprehensive income

In addition to Financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows those are solely payments of principal and interest at certain dates are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognised by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "Unrealised gains and losses" arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Other Accumulated Comprehensive Income or Expense to be Reclassified through Profit or Loss" under shareholders' equity. When these securities are collected or disposed, the accumulated fair value differences reflected in the equity are reflected to the statement of profit or loss.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition, the entity may make an irrevocable decision to present subsequent changes in the fair value of the investment in an equity instrument that is not held for trading purposes under the other comprehensive income. If this decision is made, dividends received from such investment are recognised under profit or loss in the financial statements.

c. Financial assets measured at amortised cost

When the financial assets are held under business model aimed to collect contractual cash flows and contractual terms of the financial assets include solely payments of principal and interest in certain dates, the financial asset is classified as financial assets measured at amortised cost.

Financial assets measured at amortised cost are initially recognised at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognised at amortised cost by using "effective interest rate (internal rate of return) method" following their recognition. Interest income obtained from financial assets measured at amortised cost is accounted in the statement of profit or loss.

Parent Bank's portfolio of financial assets at fair value through other comprehensive income and the financial assets measured at amortised cost includes CPI indexed government bonds with a maturity of 5 - 10 years and which the real coupon rates of 6 months are fixed throughout the maturity. As stated by the undersecretariat of Treasury in CPI indexed investor guide, the reference indexes used in the calculation of the actual coupon payment amounts of these securities are formed according to the CPI indexes of two months prior to the coupon payment date. The Parent Bank predicts the estimated inflation rate in parallel to those. The estimated inflation rate used is updated when necessary during the year. In this context, as of 30 June 2021, the valuation of these securities was made according to the annual forecast of 16% inflation.

VIII. Explanations on expected credit loss

As of 1 January 2018, the Bank allocates provision for expected credit loss on financial assets measured at amortised cost and measured at fair value through other comprehensive income, also loan commitments and non-cash loans that are not carried at fair value through profit or loss in accordance with TFRS 9 'Financial Instruments' standard requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750.

The provision for expected credit loss is weighted according to the probabilities determined by taking into consideration possible results and reflects the time value of money as an unbiased amount, past events, current conditions and forecasts of future economic conditions as reasonable and supportable information that can be obtained without incurring excessive cost or effort at the reporting date.

According to TFRS 9, it is evaluated whether there is a significant increase in credit risk at each reporting date after the initial recognition of each financial instrument for which impairment is required to be evaluated.

The provision for expected credit loss calculation is performed to estimate the loss that the financial instrument will incur in the case of default.

Financial instruments are allocated to one of the following stages due to the deterioration in loan quality at initial recognition:

Stage 1: Financial instruments for which a 12-month provision for expected credit loss is calculated and no significant increase in credit risk is detected;

Stage 2: Financial instruments with a significant increase in credit risk and the provision for expected credit loss calculated for lifetime;

Stage 3: Impaired, non-performing (defaulted) loans.

Significant increase in credit risk

Qualitative and quantitative evaluations are made in determining the significant increase in credit risk.

Qualitative evaluation:

If any of the following conditions are met as a result of qualitative evaluation, the relevant financial asset is classified as Stage 2 (significant increase in credit risk).

As of the reporting date,

- Lifetime expected credit losses are applied on an account basis for customers whose delay reaches 30 days. The Bank does not enforce this estimate only when it has positive, reasonable and supportable information about the customer repayment.
- In case a loan is restructured, it is monitored in Stage 2 during the monitoring period specified in the relevant regulations starting from the date of structuring. At the end of the monitoring period, if there is no significant deterioration in the loan, the transaction can be moved back to Stage 1.
- Existence of indemnified non-cash loans are considered as a significant risk increase.

Quantitative evaluation:

The significant increase in credit risk is quantitatively based on comparing the probability of default calculated at the opening of the loan with the probability of default on the same reporting date.

The COVID-19 pandemic, which has had a significant impact on most of 2020, has led to disruptions in operations in many countries, creating uncertainties both in regional and global economic conditions. As a result of the spread of COVID-19 worldwide, various measures have been taken to minimize the economic effects on individuals and businesses in our country as well as in the world.

Due to the disruptions in economic and commercial activities resulting from the COVID-19 outbreak, the BRSA has taken the following decisions, effective from 17 March 2020 onwards, the implementation period of the decisions taken has been extended from 30 June 2021 to 30 September 2021 with the regulation numbered 9624 dated 17 June 2021.

- The 90-day delay period envisaged for the classification of non-performing loans is 180 days for the loans monitored in the stage 1 and stage 2 until 30 September 2021,
- The 30-day delay period envisaged for the classification of loans in the stage 2 is 90 days for the loans monitored in the stage 1 until 30 September 2021.
- In the calculation of the expected loan loss provision in accordance with TFRS 9, the banks would continue to allocate the reserves to be set aside, as per their risk models, for the loans that continue to be classified in the stage 2 despite the 90-day delay and in the stage 1 despite the 30-day delay.

As of the reporting period ended on 30 June 2021, the effects of COVID-19 on financial results and asset quality have been evaluated and reflected to the calculation of the expected loan loss provisions in the light of the information and developments with maximum effort. In this process, the Parent Bank reviewed the cash flow expectations and scenario weights for its commercial and corporate loans, that evaluated individually, and reflected the related effects to the expected credit loss with the best estimation approach. At the same time, as the legal change predicts, the 180-day rule, which is the upper limit of the number of delay days set for Stage 2, has been applied; however, an expected loan loss provision close to Stage 3 levels is recognized for loans in the 90 to 180 day delay range. Taking into account the conditions of COVID-19, forward-looking macroeconomic expectations were also updated for the entire loan portfolio.

Due to COVID-19, the Parent Bank has granted the right to postpone the principal, interest and installment payments for its individual and corporate customers if they request, and the postponement within this scope has been applied and the postponement opportunity will continue until the end of the year.

The financial instruments in Stage 1 are financial instruments that has been recognised for the first time in the financial statements or do not have a significant increase in the credit risk after the initial recognition in the financial statements. For these instruments, credit risk impairment provision is calculated as the provision for expected credit loss for 12-month default risk from the reporting date.

After the initial recognition, if a significant increase is observed in the credit risk and result of the provision for credit risk impairment for the financial instruments mentioned in Stage 2 is calculated as the provision for expected credit loss over the default risk through the remaining life from the reporting date.

Financial instruments in Stage 3 are assumed to be defaulted and therefore impaired. For such financial instruments, provision is calculated based on the expected lifetime credit loss.

Loans belonging to customers included in the scope of the "Financial Restructuring Framework Agreement" are classified regardless of the past due days criterion.

The provision for expected credit loss is calculated either as collectively or individually.

Financial instruments bearing common credit risk characteristics are grouped for provision for expected credit loss calculated collectively.

In the Parent Bank, grouping of credit risks according to common characteristics was made according to their 'risk segments'. The standards for the classification of credit risks by risk segments have been prepared in accordance with the Basel II recommendations for the assessment of capital adequacy based on credit risk in the context of the standard internal rating-based approach ("IRB"). The purpose of classifying credit risks according to risk segments is to determine the approach for analyzing and evaluating credit risk for the relevant risk segment.

The credit risk classification is as follows:

- Segment classification for non-retail loans are made based on all risks of the counterparty and the loan products requested by the counterparty, at the counterparty level and it is ensured that a counterparty is classified in a single risk segment;
- Segment classification for retail loans is based on both product level and counterparty characteristics. This means that counterparty's credit risks can be classified into different risk segments.

The main groupings on the basis of risk segment for the calculation of provision for expected credit loss are as follows:

- Corporate / Commercial loans
- Medium 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 of the probability of default within 12 months after the reporting date of the financial instrument.
- Lifetime default probability: Estimation of the probability of default over the remaining life of the financial instrument.

The credit ratings, which are the outputs of the internal rating systems used by the Parent Bank in the loan allocation processes are used to classify customers in the calculation of provision for expected credit loss.

Internal rating systems used for non-retail customers are mainly divided into Corporate/Commercial, ME, SE and Agriculture model groups. Internal ratings in the Corporate/Commercial and ME model groups take into account the qualitative evaluation elements along with the quantitative characteristics of the customer such as indebtedness, liquidity and size. Internal ratings in the SE and Agriculture model groups reflect behavioural information, such as the trend of the customer's total limit utilisation rate within the banking sector, overdraft product life at the Parent Bank, or the recent frequency of delays in loan payments.

Internal rating systems for individual customers also differ at the level of Consumer, Mortgage, Vehicle Loans, Overdraft and Credit Card product groups. In order to generate these scores, behavioural data such as customer's trend in limit utilisation rate in the Bank and sector, frequency of current delays, cross-product ownership and payment routine of other products are used.

In the first step, the outputs of internal rating systems for PD calculations in accordance with TFRS 9 are grouped on the basis of risk segments according to common characteristics of credit risks. Retrospective historical default data of these groups have been prepared. In order to generate reasonable and valid accumulated default rates, a bucket generation analysis has been performed for the default data obtained from the model.

PD curves have been generated by regression method using the suitable statistical distribution from the data obtained for the buckets generated. The resulting PD values have been converted into 'point-in-time' PD values in accordance with TFRS 9 since they represent PD values 'throughout the life cycle'. In the last step, prospective macroeconomic expectations have been reflected in the PD.

For credit risk groups those do not have sufficient historical default data, external default statistics or minimum PD rates in Basel documentation are used.

Loss given default

Loss given default define the economic loss to be incurred by the debtor in case of default, proportionally.

For the purpose of calculating the provision for expected credit loss, two types of LGD rate are calculated: LGD ratio for the unsecured credit risk and LGD ratio for the secured credit risk.

LGD ratio for unsecured credit risk is calculated by using the Parent Bank's collection data in the previous periods and is grouped on the basis of risk segments according to the common characteristics of credit risks.

The following TFRS 9 requirements have been taken into consideration for the LGD ratio calculation for unsecured credit risk:

- Long-term LGD is used (excluding regression effect is excluded)
- Conservative approach is excluded, if any
- Indirect costs are excluded, if any
- The figures obtained are discounted by the effective interest rate

The LGD ratio for secured loan risk is calculated by considering the collateral structure for each loan. To calculate this ratio, the consideration rates and liquidation periods for each type of collateral and effective interest rates of the loan to which the collateral belongs are used are determined by the Parent Bank for each type of collateral. Historical data have been used to determine the relevant consideration rates and liquidation periods; if these data are not available, the best estimates are used.

For unsecured credit risk groups that do not have sufficient historical collection data, the standard rate in Basel documentation is used.

Effective interest rate

The effective interest rate is the discount rate that equals the future expected cash payments and collections those are expected to occur over the expected life of the financial asset or liability to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

In addition to the provision for expected credit loss collectively calculated, a provision for expected credit loss based on the individual evaluation of the financial instruments exceeding a certain risk or within the scope determined by the Parent Bank management are calculated. The calculation has been performed using at least two scenarios for each financial instrument in accordance with the discounted cash flow method in accordance with the “Guidelines on the Calculation of Provision for Expected Credit Loss under TFRS 9” announced by BRSA to banks on 26 February 2018 and the internal policies. The final provision for expected credit loss of the financial instrument is calculated by weighing the provision for expected credit loss calculated for the related scenarios with the probability of occurrence of these scenarios.

Low credit risk

In accordance with TFRS 9, the financial instrument’s credit risk is considered to be low given the fact that the default risk of the financial instrument is low, the borrower has a strong structure to meet the contractual cash flow obligations in the short term, and the negative changes in the economic conditions and operating conditions in the longer term reduce the borrower’s ability to fulfil the contractual cash flow obligations, but this is not considered to be happening in a large context.

It has not been concluded that financial instruments have a low credit risk only if the risk of loss of the financial instruments is considered low because of the value of the collateral and if the credit risk of the related financial instrument is not considered low without this collateral.

Furthermore, it is not considered that the financial instruments have low credit risk just because the establishment has less risk than other financial instruments or the credit risk of the region in which it operates.

In the case of low risk determination of any financial instrument and also assuming that the loan risk does not increase significantly after the first recognition in the financial statements, the relevant financial instrument is evaluated in Stage 1.

Financial instruments considered as having low credit risk under TFRS 9 are as below:

- Receivables from CBRT.
- Risks where the counterparty is the Republic of Turkey’s Treasury
- Loans granted to subsidiaries of the main shareholder
- Transactions with banks with AAA rating

Participation of senior management in TFRS 9 processes

Within the scope of the internal systems, risk management, corporate governance and regulations on the classification of loans and reliable loan risk applications issued in accordance with Banking Law No. 5411 and pursuant to the Article 20 of the “Regulation on Procedures and Principles Regarding Classification of Loans and Provisions to be Reserved” published in the Official Gazette dated 22 June 2016 and No. 29750, ‘TFRS 9 Management Committee’ has been established in accordance with the “Guidelines on the the Calculation of Provision for Expected Credit Loss under TFRS 9” (‘Good Practice Guide’) prepared by BRSA.

In accordance with TFRS 9, the Committee is responsible for the control of the classification and measurement of financial instruments, the approval of business models, and the control of an adequate calculation of the provision for expected credit loss. Committee is also responsible for controlling the establishment and maintenance of the Parent Bank’s current policies and processes in accordance with TFRS 9 and related good practice guidelines.

The Committee is responsible for ensuring that the provision for expected credit loss are based on reliable and robust methods, that these methods are documented, developed, timely updated and are properly accounted.

The members of the Committee are Executive Board Member responsible for Loans, Assistant General Manager responsible for Financial Affairs, Assistant General Managers responsible for the duties of the Board Member responsible for loans and Assistant General Manager responsible for Risk.

IX. Explanations on offsetting financial instruments

Financial assets and liabilities are presented on a net basis on the balance sheet when the Group has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

X. Explanations on sale and repurchase agreements and transactions related to the lending of securities

Government bonds and treasury bills sold to customers under repurchase agreements are classified under “Financial Assets at Fair Value through Profit or Loss”, “Financial Assets at Fair Value through Other Comprehensive Income” and “Financial Assets Measured at Amortised Cost” according to the purpose of retaining the asset in the accompanying consolidated balance sheet and are subjected to valuation as per the valuation principles of the relevant portfolio. Funds obtained from repurchase agreements are presented in the liabilities of the consolidated balance sheet in “Receivables from money market” line. The accrual amounts corresponding to the period is calculated for the part of the difference between the sales and repurchase prices determined by the relevant repo agreements.. Accrued interest expenses calculated for funds obtained from repurchase agreements are presented in “Due to money markets” account in liability part of the consolidated balance sheet.

Securities purchased with resale commitments are presented under “Due from money markets” line in the balance sheet. The accrual amounts for the corresponding part to the period of the resale and repurchase price difference determined in reverse repurchase agreements are calculated using the effective interest method. The Parent Bank has no securities which are subject to borrowing activities.

XI. Explanations on non-current assets held for sale and from discontinued operations and liabilities related to these assets

Non-current asset held-for-sale consist of tangible assets acquired with respect to non-performing loans, and are recognised in the financial statements in accordance with “TFRS 5 Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations”.

A discontinued operation is a part of a bank that is either disposed of or classified as held for sale. It refers to a separate main line of business or geographical region of activities. It is part of the sale of a separate main line of business or geographical area of activities under a coordinated plan alone or a subsidiary acquired exclusively with a view to resale.

As of 30 June 2021, DFS Group does not have non-current assets held for sale and discontinued operations.

XII. Explanations on goodwill and other intangible assets

a. Goodwill

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

In accordance with “TFRS 3 - Business Combinations”, the goodwill is not amortised, instead it is annually tested for impairment or more frequently when changes in circumstances indicate impairment according to “Turkish Accounting Standard 36 (TAS 36) - Impairment of Assets”.

b. Other intangible assets

Intangible assets are initially recognised in accordance with TAS 38 “Intangible Fixed Assets” at the cost value including acquisition costs and other direct expenses necessary to make the asset usable. Intangible assets are 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 in which 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 statement of profit or loss.

| | Estimated Economic Life (Year) | Depreciation Rate |
|--------------------------|--------------------------------|-------------------|
| Movables | | |
| - Office machinery | 4 Years | 10 % - 50 % |
| - Furniture and fixtures | 5 Years | 10 % - 50 % |
| - Motor vehicles | 5 Years | 20 % - 50 % |
| - Other equipment | 10 Years | 2,50 % - 50 % |
| Real estate | 50 Years | 2 % - 3,03 % |

Maintenance and repair costs incurred for a tangible asset are recognised as expense. The capital expenditures which expand the capacity of the tangible asset or increase the future benefit of the asset are capitalized on the cost of the tangible asset.

There are no pledges, mortgages and other measures or commitments given for the purchase of tangible fixed assets.

XIV. Explanations on investment property

Property, and land and buildings held for the purpose of earning rent or appreciation or for both, rather than being used in the production of goods and services or sold for administrative purposes or during the normal course of business are classified as "investment property" and they are valued with fair value method. Any gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they are incurred.

Investment property is derecognised through disposal or withdrawal from use and when no future economic benefit is expected from its disposal. Gains or losses arising from the disposal of investment property are recognised in profit or loss in the period in which they occur.

XV. Explanations on leasing transactions

Fixed assets acquired through financial leasing are classified as tangible assets and depreciated in line with the related fixed assets group. The obligations arising from the lease contracts are presented under "Lease Liabilities" under liabilities. Interest expenses and foreign exchange differences related to leasing activities are reflected to the statement of profit or loss.

DFS Group has finance lease transactions as "Lessor" via its subsidiary, Deniz Leasing. The lease receivables related to leased assets are recorded as finance lease receivables. The asset subject to the financial leasing is presented in the balance sheet as receivable equal to the net leasing amount. Interest income is recognised over the term of the lease using the net investment method which reflects a constant periodic rate of return and the unrecognised portion is followed under unearned interest income account.

With the "TFRS 16 Leases" standard effective from 1 January 2019, the difference between operating leases and financial leases has been eliminated and the leasing transactions have been presented under "Liabilities from Leasing Operations". Impacts and adoption of transition to TFRS 16 is disclosed in Section Three, note XXVI.

On 5 June 2020, Public Oversight Accounting and Auditing Standards Authority ("POA") has changed to TFRS 16 "Leases" standard by publishing Privileges Granted in Lease Payments - "Amendments to TFRS 16 Leases" concerning Covid-19. With this change, tenants are exempted from whether there has been a change in the rental privileges in lease payments due to Covid19. This change did not have a significant impact on the financial status or performance of the DFS Group.

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 recognises employee benefits in accordance with TAS 19 “Employee Benefits” standard.

The Parent Bank in accordance with existing legislation in Turkey, is liable to pay retirement and notice payments to each employee whose employment is terminated due to reasons other than resignation or misconduct. Except to this extents, the Parent Bank is liable to pay severance payment to each employee whose employment is terminated due to retirement, death, military service and to female employees following their marriage within one year leave the job of their own accords pursuant to Article 14 of the Labour Law.

In accordance with TAS 19, DFS Group recognises provision by estimating the present value of the probable future obligation of severance pay. Actuarial gains and losses arising after 1 January 2013 are accounted for under equity in accordance with revised TAS 19.

DFS Group has recognised vacation pay liability amount which is calculated from unused vacation to financial statement as a provision.

XVIII. Explanations on tax applications

a. Current tax

With the provisional article added to the Corporate Tax Law numbered 5520 by the Clause 91 of law no.7061, the tax rate 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) and according to the Law No. 7316 published in the Official Gazette dated 22 April 2021, the declaration to be given starting from 1/7/2021 and to be valid for the taxation period starting from 1/1/2021 while the corporate tax rate for corporate earnings in Turkey has been increased to 25% for the 2021 taxation period, this rate will be applied as 23% for the 2022 taxation 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, carry forward tax losses shown on the declaration can be deducted from the corporate tax base for up to five years. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Besides institutions reside in Turkey, dividends paid to the offices or the institutions earning through their permanent representatives in Turkey are not subject to withholding tax. According to the decision no. 2006/10731 of the Council of Ministers published in the Official Gazette no. 26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. In this respect, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the institutions residing in Turkey is 15%. While applying the withholding tax rates on dividend payments to the foreign based institutions and the real persons, the withholding tax rates covered in the related Avoidance of Double Taxation Treaty are taken into account. Addition of profit to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

Current tax effects related to transactions recognised directly in equity are also recognised in equity.

b. Deferred tax

The Group calculates and recognises deferred tax in accordance with TAS 12 “Income Taxes” for the temporary differences between the accounting policies and valuation principles applied and the tax basis determined in accordance with the tax legislation.

The deferred tax assets and liabilities of the entities included in the consolidation have been netted within themselves and have not been netted in the consolidated balance sheet. As a result of this, deferred tax asset amounting to TL 1.913.022 as of 30 June 2021 (31 December 2020: TL 1.488.411) and deferred tax liabilities amounting to TL 127.023 (31 December 2020: TL 64.714) have been recognised in the accompanying financial statements.

The deferred tax liability is calculated for all taxable temporary differences whereas deferred tax assets arising from deductible temporary differences are calculated provided that it is highly likely to benefit from these differences in the future by generating taxable profit.

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

In the deferred tax calculations, 25% rate is used for the transactions that will be valid in the calculation of corporate tax until the end of 2021 for the companies in Turkey, 23% for the transactions that will be valid in the year of 2022, and 20% for the transactions that will be valid after 2022 (31 December 2020: 20%).

c. Transfer pricing

In the framework of the provisions on "Disguised Profit Distribution Through Transfer Pricing" regulated under article 13 of Corporate Tax Law no. 5520, pursuant to the Corporate Tax Law General Communiqué no. 1, which became effective upon its promulgation in the Official Gazette dated 3 April 2007 and numbered 26482, Corporate Tax Law General Communiqué no. 3, which became effective upon its promulgation in the Official Gazette dated 20 November 2008 and numbered 27060, Council of Ministers Decree no. 2007/12888, which became effective upon its promulgation in the Official Gazette dated 6 December 2007 and numbered 26722, Council of Minister Decree no. 2008/13490, which became effective upon its promulgation in the Official Gazette dated 13 April 2008 and numbered 26846, "General Communiqué No. 1 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 18 November 2007 and numbered 26704 and "General Communiqué No. 2 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 22 April 2008 and numbered 26855, "General Communiqué No. 3 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 7 December 2017 and numbered 30263 and the Communiqué on the Amendment of the "General Communiqué on Disguised Profit Distribution through Transfer Pricing" no. 1, which became effective after being published in the Official Gazette dated 01 September 2020 and numbered 31231, profits shall be deemed to have been wholly or partially distributed in a disguised manner through transfer pricing if companies engage in the sales or purchases of goods or services with related parties at prices or amounts defined contrary to the arm's length principle. Buying, selling, manufacturing and construction operations and services, renting and leasing transactions, borrowing or lending money, bonuses, wages and similar payments are deemed as purchase of goods and services in any case and under any condition.

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

The taxpayers registered in the Large Taxpayers Tax Administration (Büyük Mükellefler Vergi Dairesi Başkanlığı) must prepare the "Annual Transfer Pricing Report" in line with the designated format for their domestic and cross-border transactions performed with related parties during a fiscal period until the filing deadline of the corporate tax return, and if requested after the expiration of this period, they must submit the report to the Administration or those authorized to conduct tax inspection. The organizational structure of corporate taxpayers, who are affiliated to the multinational business group and whose asset size in the balance sheet and net sales amount in the income statement are both TL 500 million and above, which are attached to the corporate tax declaration for the previous accounting period, the definition of the business activities, the intangible rights they have, it is obligatory to prepare the general report containing the financial transactions of the group and the financial and tax status of the group for the previous year until the end of the current year and submit it to the Administration or those authorized to conduct tax inspections, if requested. According to the consolidated financial statements of the previous accounting period from the reported accounting period, total consolidated group income of EUR 750 million and over multinational enterprises resident group in Turkey ultimate parent company or proxy business, the reported accounting period's income until the end of twelfth month, before tax it prepares a country-based report including profit / loss, accrued and paid corporate tax, capital, previous year profits, number of employees and tangible assets other than cash and cash equivalents, and submits it to the Administration electronically.

XIX. Additional explanations on borrowings

Borrowings are initially recognised at cost representing their fair value and remeasured at amortised cost based on the internal rate of return at next periods. Foreign currency borrowings have been translated using the foreign currency buying rates of the Parent Bank at the balance sheet date. Interest expense incurred for the period has been recognised in the accompanying financial statements.

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

XX. Explanations on issuance of share certificates

In 2021 and 2020, 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 Section Four, note IX.

XXIV. Explanations on other matters

None.

XXV. Classifications

None.

XXVI. Explanations on TFRS 16 Leases standard

At the beginning of a contract, the Group assesses whether the contract has a lease qualification or include a lease transaction. In the event that the contract is transferred for a certain period of time to the right to control the use of the asset defined for a price, this contract is of a rental nature or includes a lease transaction. The Group reflects the existence of a right of use and a lease obligation to the financial statements at the date the lease is commenced.

Right-of-use asset

The right-of-use asset is initially recognised by cost method and includes:

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all rental incentives received from all lease payments made at or before the date of the rental,
- All initial direct costs incurred by the Group

When applying the cost method, the right of use is measured:

- After deducting accumulated depreciation and accumulated impairment losses, and
- From the adjusted cost according to the remeasurement of the rent obligation.

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

Lease obligation

At the effective date of the lease, the Group measures the leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the implied interest rate at the lease if this rate can be easily determined. The Group uses the Group's incremental borrowing interest rate if this rate cannot be easily determined.

Lease payments included in the measurement of the lease liability at the date of the lease's actual start date shall be made for the right of use during the lease term of the underlying asset and consists of the payments which have not been paid at the date of the rental. After the effective date of the lease, the Group measures the lease obligation as follows:

- Increases the book value to reflect the interest in the lease obligation,
- Decreases the book value to reflect the lease payments made and
- Remeasures the book value to reflect revaluations and reconstructions, or to reflect rental payments that are fixed at the revised basis.

The interest on the lease liability for each period of the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liability.

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".

As of 30 June 2021 the equity of the Group amounts to TL 34.032.764 (31 December 2020: TL 30.943.998) while its capital adequacy standard ratio is 15,77% as of 30 June 2021 (31 December 2020: 16,23%).

As a result of the volatility in the financial markets arising from COVID-19 pandemic, the BRSA issued a press release on 23 March 2020, announcing measures, which will remain in effect until 31 December 2020. With the regulation numbered 9312 dated 8 December 2020, and extended until 30 June 2021 were extended until 30 September 2021 with the regulation numbered 9624 dated 17 June 2021. Accordingly;

-In the calculation of the amount subject to credit risk, in accordance with the "Regulation on Assessment and Evaluation of the Capital Adequacy of Banks"; banks may use the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date, when determining the amounts of monetary assets and non-monetary assets, other than items in foreign currency measured in historical cost, in accordance with Turkish Accounting Standards and the relevant special provision amounts.

-As of 23 March 2020, if the net valuation differences of the securities in the portfolio of "Financial Assets at Fair Value Through Other Comprehensive Income" are negative, these differences will not be taken into account in the amount of equity to be used for capital adequacy ratio, which will be calculated in accordance with the "Regulation on Equities of Banks".

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a. Components of consolidated equity items

| | Current Period 30 June 2021 | Prior Period 31 December 2020 |
|---|--------------------------------|----------------------------------|
| COMMON EQUITY TIER I CAPITAL | | |
| Paid-in capital following all debts in terms of claim in liquidation of the Bank | 5.696.100 | 5.696.100 |
| Share issue premiums | 15 | 15 |
| Reserves | 11.635.147 | 9.841.922 |
| Gains recognised in equity as per TAS ⁽¹⁾ | 3.842.222 | 3.593.747 |
| Profit | 4.841.586 | 4.620.226 |
| Current Period Profit | 2.014.585 | 1.858.343 |
| Prior Period Profit | 2.827.001 | 2.761.883 |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period | 778 | 778 |
| Minorities' Share | 119.646 | 53.494 |
| Common Equity Tier I Capital Before Deductions | 26.135.494 | 23.806.282 |
| 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 | 733.877 | 356.488 |
| Improvement costs for operating leasing | 44.154 | 54.004 |
| Goodwill (net of related tax liability) | -- | -- |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | 491.899 | 423.409 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | -- | -- |
| Differences are not recognised at the fair value of assets and liabilities subject to hedge of cash flow risk | -- | -- |
| Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision | -- | -- |
| Gains arising from securitization transactions | -- | -- |
| Unrealised gains and losses due to changes in own credit risk on fair valued liabilities | -- | -- |
| Defined-benefit pension fund net assets | -- | -- |
| Direct and indirect investments of the Bank in its own Common Equity | -- | -- |
| Shares obtained contrary to the 4th clause of the 56th Article of the Law | -- | -- |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank | -- | -- |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | -- | -- |
| Portion of mortgage servicing rights exceeding 10% of the Common Equity | -- | -- |
| Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity | -- | -- |
| Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks | -- | -- |
| Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital | -- | -- |
| Excess amount arising from mortgage servicing rights | -- | -- |
| Excess amount arising from deferred tax assets based on temporary differences | -- | -- |
| Other items to be defined by the BRSA | -- | -- |
| Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital | -- | -- |
| Total Deductions From Common Equity Tier I Capital | 1.269.930 | 833.901 |
| Total Common Equity Tier I Capital | 24.865.564 | 22.972.381 |

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| | | |
|---|-------------------|-------------------|
| ADDITIONAL TIER I CAPITAL | | |
| Preferred Stock not Included in Common Equity and the Related Share Premiums | -- | -- |
| Debt instruments and premiums approved by BRSA | -- | -- |
| Debt instruments and premiums approved by BRSA (Temporary Article 4) | -- | -- |
| Third parties' share in the Additional Tier I capital | -- | -- |
| Third parties' share in the Additional Tier I capital (Temporary Article 3) | -- | -- |
| Additional Tier I Capital before Deductions | -- | -- |
| Deductions from Additional Tier I Capital | | |
| Direct and indirect investments of the Bank in its own Additional Tier I Capital | -- | -- |
| Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7. - | -- | -- |
| Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital - | -- | -- |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital - | -- | -- |
| Other items to be defined by the BRSA | -- | -- |
| Transition from the Core Capital to Continue to deduce Components | | |
| Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | -- | -- |
| Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | -- | -- |
| Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-) | -- | -- |
| Total Deductions From Additional Tier I Capital | -- | -- |
| Total Additional Tier I Capital | -- | -- |
| Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital) | 24.865.564 | 22.972.381 |
| TIER II CAPITAL | | |
| Debt instruments and share issue premiums deemed suitable by the BRSA | 6.829.559 | 5.870.996 |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4) | -- | -- |
| Third parties' share in the Tier II Capital | -- | -- |
| Third parties' share in the Tier II Capital (Temporary Article 3) | -- | -- |
| Provisions (Article 8 of the Regulation on the Equity of Banks) | 2.354.039 | 2.120.251 |
| Tier II Capital Before Deduction | 9.183.598 | 7.991.247 |
| 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 | 9.183.598 | 7.991.247 |
| Total Capital (The sum of Tier I Capital and Tier II Capital) | 34.049.162 | 30.963.628 |
| 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 | 16.398 | 19.630 |
| 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) | 34.032.764 | 30.943.998 |
| Total risk weighted amounts | 215.819.443 | 190.709.237 |
| CAPITAL ADEQUACY RATIOS | | |
| Core Capital Adequacy Ratio (%) | 11,52 | 12,05 |
| Tier I Capital Adequacy Ratio (%) | 11,52 | 12,05 |
| Capital Adequacy Ratio (%) | 15,77 | 16,23 |

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BUFFERS

| | | |
|--|-----------|-----------|
| Total additional Common Equity Tier I Capital requirement ratio | 2,632 | 2,672 |
| Bank specific total common equity tier I capital ratio (%) | 2,500 | 2,500 |
| Capital conservation buffer requirement (%) | 0,132 | 0,172 |
| 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 (%) | 1,338 | 1,514 |
| 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) | 9.746.657 | 8.292.896 |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used | 2.354.039 | 2.120.251 |
| 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 20% of the portion after deduction of the tax amount resulting from the difference (31 December 2020: 40%).

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

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

| Issuer | ENBD PJSC | ENBD PJSC | ENBD PJSC | ENBD PJSC |
|---|---|---|---|---|
| Unique identifier (eg CUSIP, ISIN) | Subordinated Loans | Subordinated Loans | Subordinated Loans | Subordinated Loans |
| Governing law(s) of the instrument | "Regulations on Banks' Equity " dated 5 September 2013. | "Regulations on Banks' Equity " dated 5 September 2013. | "Regulations on Banks' Equity " dated 5 September 2013. | "Regulations on Banks' Equity " dated 1 November 2006. |
| Regulatory treatment | | | | |
| Subject to 10% deduction as of 1/1/2015 | Not Deducted | Not Deducted | Not Deducted | Not Deducted |
| Eligible at solo/group/group&solo | Eligible | Eligible | Eligible | Eligible |
| Instrument type | Loan | Loan | Loan | Loan |
| Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date) | 1187 | 1302 | 2604 | 1737 |
| Par value of instrument (Currency in mil) | 1187 | 1302 | 2604 | 1737 |
| Accounting classification | 3470102 | 3470102 | 3470102 | 3470102 |
| Original date of issuance | 30/09/2014 | 30/04/2014 | 31/01/2014 | 30/09/2013 |
| Perpetual or dated | Dated | Dated | Dated | Dated |
| Original maturity date | 15 years | 15 years | 15 years | 15 years |
| Issuer call subject to prior supervisory approval | Yes | Yes | Yes | Yes |
| Optional call date, contingent call dates and redemption amount | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given. |
| Subsequent call dates, if applicable | None. | None. | None. | None. |
| Coupons/Dividends | | | | |
| Fixed or floating dividend/coupon | Fixed | Fixed | Fixed | Fixed |
| Coupon rate and any related index | First five year 6,2%, after irs +5,64 | First five year 7,93%, after irs +6,12 | 7,50% | 7,49% |
| Existence of a dividend stopper | None. | None. | None. | None. |
| Fully discretionary, partially discretionary or mandatory | -- | -- | -- | -- |
| Existence of step up or other incentive to redeem | None. | None. | None. | None. |
| Noncumulative or cumulative | -- | -- | -- | -- |
| Convertible or non-convertible | | | | |
| If convertible, conversion trigger (s) | May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. | May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. | May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. | May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. |
| If convertible, fully or partially | Convertible fully. | Convertible fully. | Convertible fully. | Convertible fully. |
| If convertible, conversion rate | -- | -- | -- | -- |
| If convertible, mandatory or optional conversion | -- | -- | -- | -- |
| If convertible, specify instrument type convertible into | -- | -- | -- | -- |
| If convertible, specify issuer of instrument it converts into | -- | -- | -- | -- |
| Write-down features | | | | |
| If write-down, write-down trigger(s) | None. | None. | None. | None. |
| If write-down, full or partial | -- | -- | -- | -- |
| If write-down, permanent or temporary | -- | -- | -- | -- |
| If temporary write-down, description of write-up mechanism | -- | -- | -- | -- |
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants. | In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants. | In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants. | Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts. |
| Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not | Possessed for Article 8. | Possessed for Article 8. | Possessed for Article 8. | Possessed for Article 8. |
| According to article 7 and 8 of Banks' shareholders equity law that are not possessed | -- | -- | -- | -- |

- c. Main differences between "Equity" amount mentioned in the prior tables' equity statements and "Equity" amount in consolidated balance sheet arise from stage 1 and stage 2 loss provisions. The portion of main amount to credit risk of stage 1 and stage 2 loss provisions up to 1,25% considered as supplementary capital in the calculation of "Equity" amount included in equity statement as result of deductions mentioned in scope of Regulation on Equity of Banks. Additionally, Losses reflected to equity are determined through excluding losses sourcing from cash flow hedge reflected in equity in accordance with TAS which are subjects of discount from Core Capital. On the other hand, leasehold improvement costs monitored under Plant, Property and Equipment in balance sheet, intangible assets and deferred tax liabilities related to intangible assets, net carrying value of properties acquired in return for receivables and kept for over three years and certain other accounts determined by the Board are taken into consideration in the calculation as assets deducted from capital.**

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

| EQUITY ITEMS | T-3 | T-4 |
|---|-------------------|-------------------|
| Core Capital | 24.865.564 | 24.865.564 |
| <i>Transition Process Unapplied Core Capital</i> | <i>24.731.903</i> | <i>24.865.564</i> |
| Tier I Capital | 24.865.564 | 24.865.564 |
| <i>Transition Process Unapplied Main Capital</i> | <i>24.731.903</i> | <i>24.865.564</i> |
| Equity | 34.032.764 | 34.032.764 |
| <i>Transition Process Unapplied Equity</i> | <i>33.899.103</i> | <i>34.032.764</i> |
| TOTAL RISK WEIGHTED AMOUNTS | | |
| Total Risk Weighted Amounts | 215.819.443 | 215.819.443 |
| CAPITAL ADEQUACY RATIO | | |
| Core Capital Adequacy Ratio (%) | 11,52 | 11,52 |
| <i>Transition Process Unapplied Core Capital Adequacy Ratio (%)</i> | <i>11,46</i> | <i>11,52</i> |
| Main Capital Adequacy Ratio (%) | 11,52 | 11,52 |
| <i>Transition Period Unapplied Main Capital Adequacy Ratio (%)</i> | <i>11,46</i> | <i>11,52</i> |
| Capital Adequacy Ratio (%) | 15,77 | 15,77 |
| <i>Transition Process Unapplied Capital Adequacy Ratio (%)</i> | <i>15,71</i> | <i>15,77</i> |
| LEVERAGE RATIO | | |
| Total Leverage Ratio Risk Exposure | 407.050.020 | 407.050.020 |
| Leverage Ratio | 5,94 | 5,94 |
| <i>Transition Process Unapplied Leverage Ratio</i> | <i>5,91</i> | <i>5,94</i> |

II. Explanations related to the consolidated foreign currency exchange rate risk

a. Foreign exchange rate risk the Group is exposed to, related impact estimations, and the limits set by the Board of Directors of the Parent Bank for positions which are monitored daily

Foreign currency risk arises from the DFS Group's net foreign exchange position arising from foreign currency in balance sheet and off-balance sheet assets and liabilities. Against foreign currency risk, the Bank performs foreign currency transactions, as well as foreign currency transactions. Foreign currency indexed transactions are also accepted in foreign currency in the management of exchange rate risk.

The management and follow-up of currency risk has been handled through separate processes for trading and banking accounts. In the management of the position arising from trading accounts, risk-based value-at-risk limit, position limits, option sensitivity limits and stop loss limits are defined and monitored daily. The limit system was formed in two levels by the Board of Directors and the Asset-Liability Committee.

The ultimate responsibility for the management of currency risk arising from banking accounts lies in the Asset-Liability Committee ("ALCO"). Positions are constantly monitored and transactions are carried out in line with the strategy determined by ALCO. In addition to the legal limits, the limits determined by the Board of Directors on the basis of total and foreign currency are taken into account in managing the exchange rate risk.

b. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives

In accordance with TFRS 9, DFS Group applies net investment hedge accounting to avoid foreign currency exchange rate risk arising from translation of its foreign investments in its consolidated financial statements.

Information relating to investment hedge to avoid foreign currency exchange rate risk arising from retranslation of its foreign investments are explained in Section Four, note VIII-a.

c. Foreign currency risk management policy

The procedures and principles regarding the management of currency risk have been written down in the Currency Risk Policy. The limit system, which is the most important element of the Bank's risk management policy, is reviewed once a year and approved by the Board of Directors, considering the general economic situation and developments in the markets.

d. The Parent Bank's current foreign exchange buying rates announced to the public as of the financial statement date and for the last five working days before that date

US Dollar purchase rate at the balance sheet date TL 8,6803
Euro purchase rate at the balance sheet date TL 10,3249

| Date | US Dollar | Euro |
|--------------|------------------|-------------|
| 24 June 2021 | 8,6593 | 10,3356 |
| 25 June 2021 | 8,6772 | 10,3646 |
| 28 June 2021 | 8,7219 | 10,4077 |
| 29 June 2021 | 8,7052 | 10,3645 |
| 30 June 2021 | 8,6803 | 10,3249 |

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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 June 2021 are TL 8,6022 and TL 10,3617 respectively.

f. Information on currency risk

| Current Period | EURO | USD | Other FC ⁽⁵⁾ | Total |
|--|--------------------|---------------------|-------------------------|---------------------|
| Assets | | | | |
| Cash Equivalents and Central Bank | 35.206.522 | 11.490.554 | 4.118.731 | 50.815.807 |
| Banks | 4.225.686 | 11.075.375 | 381.729 | 15.682.790 |
| Financial Assets at Fair Value through Profit or Loss (Net) ⁽¹⁾ | 623.900 | 954.947 | 5.042 | 1.583.889 |
| Due from Money Markets | -- | -- | -- | -- |
| Financial Assets at Fair Value through Other Comprehensive Income | 2.540.283 | 11.110.552 | 520.451 | 14.171.286 |
| Loans ⁽³⁾ | 60.575.165 | 29.150.251 | 2.155.053 | 91.880.469 |
| Investments in Associates, Subsidiaries and Joint Ventures | 361 | -- | -- | 361 |
| Financial Assets Measured at Amortised Cost ⁽²⁾ | -- | 3.665.147 | -- | 3.665.147 |
| Hedging Derivative Financial Assets | -- | -- | -- | -- |
| Tangible Fixed Assets | 354.612 | 188 | 19.575 | 374.375 |
| Intangible Fixed Assets ⁽³⁾ | -- | -- | -- | -- |
| Other Assets ⁽⁴⁾ | 643.804 | 1.079.939 | 441.611 | 2.165.354 |
| Total Assets | 104.170.333 | 68.526.953 | 7.642.192 | 180.339.478 |
| Liabilities | | | | |
| Bank Deposits | 11.475.214 | 818.822 | 1.645.091 | 13.939.127 |
| Foreign Currency Deposits | 68.243.645 | 46.649.644 | 12.072.705 | 126.965.994 |
| Due to Money Markets | -- | 3.180.258 | -- | 3.180.258 |
| Funds Borrowed | 15.923.761 | 20.133.953 | 1.925.324 | 37.983.038 |
| Securities Issued | 366.002 | 1.796.787 | 1.101.919 | 3.264.708 |
| Miscellaneous Payables | -- | -- | -- | -- |
| Hedging Derivative Financial Liabilities | -- | -- | -- | -- |
| Other Liabilities ⁽⁶⁾ | 3.029.861 | 3.959.869 | 37.264 | 7.026.994 |
| Total Liabilities | 99.038.483 | 76.539.333 | 16.782.303 | 192.360.119 |
| Net on Balance Sheet Position | 5.131.850 | (8.012.380) | (9.140.111) | (12.020.641) |
| Net off-Balance Sheet Position ⁽⁷⁾ | (2.487.028) | 9.990.071 | 10.059.902 | 17.562.945 |
| Financial Derivative Assets | 19.390.538 | 44.985.607 | 14.444.531 | 78.820.676 |
| Financial Derivative Liabilities | (21.877.566) | (34.995.536) | (4.384.629) | (61.257.731) |
| Net Positions | 2.644.822 | 1.977.691 | 919.791 | 5.542.304 |
| Non Cash Loans | 18.619.116 | 18.912.221 | 1.442.459 | 38.973.796 |
| Prior Period | | | | |
| Total Assets | 93.304.142 | 55.987.297 | 7.066.066 | 156.357.505 |
| Total Liabilities | 89.699.663 | 69.771.721 | 15.640.636 | 175.112.020 |
| Net on Balance Sheet Position | 3.604.479 | (13.784.424) | (8.574.570) | (18.754.515) |
| Net off-Balance Sheet Position | (1.836.850) | 14.404.473 | 8.947.534 | 21.515.157 |
| Financial Derivative Assets | 19.267.278 | 43.480.914 | 13.078.101 | 75.826.293 |
| Financial Derivative Liabilities | (21.104.128) | (29.076.441) | (4.130.567) | (54.311.136) |
| Net Positions | 1.767.629 | 620.049 | 372.964 | 2.760.642 |
| Non Cash Loans | 14.484.745 | 14.209.051 | 1.353.224 | 30.047.020 |

(1) : Foreign currency differences of derivative financial assets amounting to TL 601.705 are excluded.

(2) : Foreign currency indexed loans amounting to TL 802.770 are included. Stage 1 and Stage 2 loan provisions amounting to TL (2.878.949) are not included. There are no provisions for financial assets measured at amortised cost.

(3) : Intangible assets amounting to TL 70.328 are not included.

(4) : Prepaid expenses amounting to TL 234.089 and stage 1 and stage 2 provisions for financial assets amounting to TL (2.517) are not included.

(5) : There are gold balances amounting to TL 5.543.709 under total assets and TL 8.270.154 in total liabilities.

(6) : FX equity amounting to TL 14.989.780, foreign exchange rate differences related to derivative financial liabilities amounting to TL 74.105 and stage 1 and stage 2 provisions amounting to TL 9.848 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".

III. 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⁾ | 2.406.277 | -- | -- | -- | -- | 51.746.327 | 54.152.604 |
| Financial Assets at Fair Value through Profit or Loss | 5.625.902 | 4.893.432 | 1.662.112 | 39.551 | -- | 3.473.778 | 15.694.775 |
| Due from Money Markets | 29.679 | -- | 356.303 | 22.802 | 58.165 | 3.202.944 | 3.669.893 |
| Financial Assets at Fair Value through Other Comprehensive Income | 25.628 | -- | -- | -- | -- | -- | 25.628 |
| Loans | 1.354.466 | 3.627.766 | 5.497.439 | 2.891.574 | 7.289.757 | 818 | 20.661.820 |
| Financial Assets Measured at Amortised Cost ⁽²⁾ | 59.010.609 | 13.477.038 | 35.991.458 | 51.789.079 | 16.472.539 | 3.729.923 | 180.470.646 |
| Other Assets ⁽³⁾ | 1.293.056 | 491.840 | 577.365 | 4.036.577 | -- | -- | 6.398.838 |
| | -- | -- | -- | 490.966 | -- | 13.844.784 | 14.335.750 |
| Total Assets | 69.745.617 | 22.490.076 | 44.084.677 | 59.270.549 | 23.820.461 | 75.998.574 | 295.409.954 |
| Liabilities | | | | | | | |
| Bank Deposits | 4.105.407 | 5.354.976 | 382.297 | 4.116.150 | -- | 492.021 | 14.450.851 |
| Other Deposits | 20.404.910 | 64.138.778 | 23.646.639 | 14.774.952 | 973.304 | 59.364.249 | 183.302.832 |
| Due to Money Markets | 5.326.029 | 383.651 | 1.254.919 | -- | -- | -- | 6.964.599 |
| Miscellaneous Payables | -- | -- | -- | -- | -- | -- | -- |
| Securities Issued | 3.447.103 | 3.755.410 | 826.501 | -- | -- | -- | 8.029.014 |
| Funds Borrowed | 6.486.865 | 15.651.850 | 9.338.902 | 1.832.981 | 6.942.011 | 5.683 | 40.258.292 |
| Other Liabilities ⁽⁴⁾ | 456.972 | 933.002 | 2.372.425 | 696.583 | 156.010 | 37.789.374 | 42.404.366 |
| Total Liabilities | 40.227.286 | 90.217.667 | 37.821.683 | 21.420.666 | 8.071.325 | 97.651.327 | 295.409.954 |
| Balance Sheet Long Position | 29.518.331 | -- | 6.262.994 | 37.849.883 | 15.749.136 | -- | 89.380.344 |
| Balance Sheet Short Position | -- | (67.727.591) | -- | -- | -- | (21.652.753) | (89.380.344) |
| Off-balance Sheet Long Position | -- | -- | 889.704 | 3.335.045 | -- | -- | 4.224.749 |
| Off-balance Sheet Short Position | (1.796.748) | (2.135.695) | -- | -- | (2.060.294) | -- | (5.992.737) |
| Total Position | 27.721.583 | (69.863.286) | 7.152.698 | 41.184.928 | 13.688.842 | (21.652.753) | (1.767.988) |

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (2.561).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (643).

(3) Other assets / non-interest bearing column includes; tangible assets, intangible assets, investment properties, investments in associates, subsidiaries and joint ventures, tax assets, assets to be disposed, the provisions for expected credit loss of other assets and other assets with balances of TL 1.569.484, TL 491.899, TL 373.151, TL 838.240, TL 2.108.236, TL 2.919.411, TL (4.574) and TL 5.548.937, respectively.

(4) Other liabilities / non-interest bearing column includes; shareholders' equity, current tax liabilities, deferred tax liabilities, provisions, derivative financial liabilities and other liabilities amounting to TL 25.252.698, TL 470.136, TL 127.023, TL 2.532.600, TL 1.358.573 and TL 8.048.344, respectively.

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| End of The Prior Period | Up to 1 Month | 1 - 3 Month | 3 - 12 Month | 1 - 5 Year | 5 Years and Over | Non-Interest Bearing | Total |
|---|---------------------|---------------------|-------------------|-------------------|-------------------|----------------------|---------------------|
| Assets | | | | | | | |
| Cash Equivalents and Central Bank | 982.481 | -- | -- | -- | -- | 39.047.437 | 40.029.918 |
| Banks ⁽¹⁾ | 3.101.385 | 3.720.020 | 1.988.845 | 33.553 | -- | 2.868.484 | 11.712.287 |
| Financial Assets at Fair Value through Profit or Loss (Net) | 49.365 | 4.606 | 453.988 | -- | 28.346 | 3.381.821 | 3.918.126 |
| Due from Money Markets | 1.763.207 | -- | -- | -- | -- | -- | 1.763.207 |
| Financial Assets at Fair Value through Other Comprehensive Income | 3.927.228 | 3.939.035 | 5.215.785 | 4.477.995 | 2.737.414 | 777 | 20.298.234 |
| Loans | 49.460.108 | 12.868.333 | 36.243.239 | 50.501.032 | 13.843.983 | 4.365.867 | 167.282.562 |
| Financial Assets Measured at Amortised Cost ⁽²⁾ | 2.725.105 | 452.644 | 299.725 | 3.783.887 | -- | -- | 7.261.361 |
| Other Assets ⁽³⁾ | 41 | 3.362 | 249 | 887.599 | -- | 10.803.702 | 11.694.953 |
| Total Assets | 62.008.920 | 20.988.000 | 44.201.831 | 59.684.066 | 16.609.743 | 60.468.088 | 263.960.648 |
| Liabilities | | | | | | | |
| Bank Deposits | 8.339.435 | 4.109.451 | 205.045 | 3.645.177 | -- | 952.956 | 17.252.064 |
| Other Deposits | 60.934.789 | 23.115.430 | 15.470.262 | 15.410.454 | 986.718 | 51.549.596 | 167.467.249 |
| Due to Money Markets | 2.207.320 | 199.160 | 2.106.496 | -- | -- | -- | 4.512.976 |
| Miscellaneous Payables | -- | -- | -- | -- | -- | -- | -- |
| Securities Issued | 248.514 | 679.885 | 907.133 | 515.453 | 817.622 | -- | 3.168.607 |
| Funds Borrowed | 5.297.764 | 13.611.266 | 6.013.042 | 1.238.652 | 5.742.251 | -- | 31.902.975 |
| Other Liabilities ⁽⁴⁾ | 571.591 | 205.483 | 4.606.364 | 1.725.581 | 170.587 | 32.377.171 | 39.656.777 |
| Total Liabilities | 77.599.413 | 41.920.675 | 29.308.342 | 22.535.317 | 7.717.178 | 84.879.723 | 263.960.648 |
| Balance Sheet Long Position | -- | -- | 14.893.489 | 37.148.749 | 8.892.565 | -- | 60.934.803 |
| Balance Sheet Short Position | (15.590.493) | (20.932.675) | -- | -- | -- | (24.411.635) | (60.934.803) |
| Off-balance Sheet Long Position | 3.304.376 | 1.746.694 | -- | -- | -- | -- | 5.051.070 |
| Off-balance Sheet Short Position | -- | -- | (751.249) | (2.185.858) | (1.471.353) | -- | (4.408.460) |
| Total Position | (12.286.117) | (19.185.981) | 14.142.240 | 34.962.891 | 7.421.212 | (24.411.635) | 642.610 |

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (3.127).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (682).

(3) Other assets / non-interest bearing column includes; tangible assets, intangible assets, investment properties, investments in associates, subsidiaries and joint ventures, tax assets, assets to be disposed, the provisions for expected credit loss of other assets and other assets with balances of TL 1.354.641, TL 423.409, TL 355.990, TL 831.013, TL 1.802.155, TL 1.572.819, TL (7.602) and TL 4.471.277, respectively.

(4) Other liabilities / non-interest bearing column includes; shareholders' equity, current tax liabilities, deferred tax liabilities, provisions, derivative financial liabilities and other liabilities amounting to TL 23.027.435, TL 392.582, TL 64.714, TL 2.309.167, TL 2.154.844 and TL 4.428.429, respectively

b. Average interest rates applied to monetary financial instruments

| Current Period - 30 June 2021 | EURO % | USD % | Yen % | TL % |
|---|---------------|--------------|--------------|-------------|
| Assets | | | | |
| Cash Equivalents and Central Bank | -- | -- | -- | 13,50 |
| Banks | (0,53) | 0,61 | -- | 20,30 |
| Financial Assets at Fair Value through Profit or Loss | 3,37 | 5,89 | -- | 19,74 |
| Due from Money Markets | -- | -- | -- | 17,33 |
| Financial Assets at Fair Value through Other Comprehensive Income | 1,47 | 5,86 | -- | 15,77 |
| Loans | 4,56 | 5,06 | 5,76 | 19,25 |
| Financial Assets Measured at Amortised Cost | -- | 4,72 | -- | 14,87 |
| Liabilities | | | | |
| Bank Deposits | 0,76 | 2,01 | -- | 18,46 |
| Other Deposits | 0,55 | 1,61 | 0,01 | 17,59 |
| Due to Money Markets | -- | 2,08 | -- | 18,98 |
| Miscellaneous Payables | -- | -- | -- | -- |
| Securities Issued | 1,60 | 1,66 | -- | 12,31 |
| Funds Borrowed | 2,32 | 3,91 | -- | 17,99 |
| Prior Period - 31 December 2020 | EURO % | USD % | Yen % | TL % |
| Assets | | | | |
| Cash Equivalents and Central Bank | -- | -- | -- | 9,94 |
| Banks | -- | 0,94 | -- | 17,75 |
| Financial Assets at Fair Value through Profit or Loss | 2,15 | 6,04 | -- | 12,20 |
| Due from Money Markets | -- | -- | -- | 17,89 |
| Financial Assets at Fair Value through Other Comprehensive Income | 1,15 | 5,92 | -- | 11,70 |
| Loans | 4,42 | 5,22 | 5,79 | 15,08 |
| Financial Assets Measured at Amortised Cost | -- | 4,84 | -- | 13,22 |
| Liabilities | | | | |
| Bank Deposits | 0,68 | 1,79 | -- | 5,11 |
| Other Deposits | 0,97 | 2,23 | 0,01 | 15,24 |
| Due to Money Markets | -- | 2,66 | -- | 16,91 |
| Miscellaneous Payables | -- | -- | -- | -- |
| Securities Issued | 1,60 | 1,95 | -- | 8,20 |
| Funds Borrowed | 2,40 | 3,96 | -- | 14,28 |

IV. Position risk of equity shares arising from banking accounts

a. Comparison of book value, fair value and market value of equity shares

The Group does not have unconsolidated associates and subsidiaries traded at BIST markets as of 30 June 2021 and 31 December 2020.

b. Information on realised gains/losses, revaluation surpluses and unrealised gains/losses on equity shares and their amounts included in the Tier I and Tier II capitals

None.

V. Explanations related to the consolidated liquidity risk

Liquidity risk can form as a result of significant changes which can happen in market liquidity or a general funding risk. Funding risk states the risk of not meeting cash outflows completely because of maturity mismatch between assets and liabilities while market liquidity risk states the risk of not liquidating assets because of a collision in market conditions or insufficient market depth.

Information on liquidity risk management, including the Parent Bank's risk capacity, responsibilities and structure of liquidity risk management, liquidity risk reporting in the Parent Bank, liquidity risk strategy, policy and practices, communication with the board of directors and business lines

The procedures and principles regarding the liquidity risk management within the Parent Bank are determined by the "Liquidity Risk Management Policy" approved by the Board of Directors. This policy includes the main duties and principles of liquidity risk management within the Parent Bank, including related methods, procedures, controls and reporting framework. Within the Liquidity Risk Management Policy, "Liquidity Emergency Action Plan" has been established and measures that can be taken against unexpected liquidity shortages have been included.

"Risk Appetite Statement" approved by the Board of Directors is reviewed annually in order to manage the risks in accordance with the Parent Bank's strategy and financial strength. Risk Appetite Statement includes limits for liquidity risk as well as other risk limits. Risk appetite limits are reported to the senior management on a monthly basis within the scope of risk management activities. In the risk appetite statement (RAS), limits are set on criteria such as credit/deposit ratio and LCR regarding liquidity risk. Other indicators followed by these metrics are; liquidity buffer, large deposits, core deposits.

The short-term liquidity management of the Parent Bank is the responsibility of the Treasury Group. The Treasury Group reports to the ALCO on a weekly basis regarding the liquidity structure. ALCO possesses the ultimate responsibility for structural liquidity and funding management. ALCO plays an active role in monitoring and decision-making processes as well as establishing systems related to liquidity and funding management. Monitoring the current liquidity status and legal and internal liquidity indicators, taking decisions regarding liquidity management by taking into consideration the Parent Bank's strategy and risk appetite framework are under the authority and responsibility of ALCO. Financial Institutions Group, Financial Affairs Group and Risk Management Group contribute to the liquidity management process of the Bank in accordance with the ALCO decisions and also provide the necessary support to the ALCO with the information, analysis and recommendations needed in the decision-making process.

Information on the degree of centralization of liquidity management and funding strategy and the functioning of the Parent Bank and the functioning between Parent Bank and its subsidiaries

Liquidity risk management is performed on unconsolidated and consolidated basis. In this context, although the liquidity monitoring and management of the affiliate is carried out by the related affiliate, they are closely monitored by the Parent Bank. Limits are allocated by the Parent Bank in order to meet the liquidity needs of affiliates in the event of emergencies.

Information on the Bank's funding strategy, including policies on the diversity of funding sources and durations

Liquidity risk management arising from funding forms the basis of the Bank's liquidity management activities. The source of deposits is the Bank's main funding source due to the more stable funding and diversification effect compared to the loans provided by the Banks and other sources. In addition, securities issuance and credit utilisation activities are carried out to extend the maturity of funding.

On the other hand, the securities portfolio of the Parent Bank carried for liquidity risk management arising from the market is structured in a way to consist of securities issued by Republic of Turkey Treasury in order to reduce liquidity risk sourcing from market to minimum level since they allow repurchase transactions carried out under CBRT/BIST. The criteria and principles regarding the securities investments to be included in this portfolio have been written and approved by the relevant committee.

Information on liquidity management in terms of currencies which constitute at least five percent of the total liabilities of the Parent Bank

Majority of the Parent Bank's liabilities consist of Turkish Lira, US Dollar, Euro and gold. The main foreign currency funding source of the Parent Bank consists of deposits and loans obtained from credit institutions. The foreign currency liquidity risk of the Parent Bank is low due to the fact that the foreign currency sources of the Parent Bank are higher level and longer term than FX loans. For this reason, Turkish Lira is generated through swap transactions by using the current foreign currency liquidity. In other words, foreign currency liabilities are used in the funding of Turkish Lira assets.

Information on liquidity risk mitigation techniques used

In order to mitigate the liquidity risk, a liquidity buffer is created and closely monitored to meet possible fund outflows. Securities required for repurchase used to manage short-term risks are kept at a certain level within the balance sheet. On the other hand, diversification of funding sources and extension of the maturity structure are aimed to reduce the structural liquidity risk. The strategy of wide spread deposit base is another important element.

Explanations related to using the stress test

In order to measure the liquidity level under stress conditions, scenario analyses are performed in which special conditions that are not experienced and likely to be experienced and which are important in terms of liquidity are included. Within the scope of the scenario analyses, the measures that can be taken are also evaluated and a sufficient level of liquidity is targeted to meet all liabilities even under stress conditions. Assumptions regarding liquidity stress tests are reviewed on an annual basis at minimum. Within the scenarios determined, the Risk Management Department regularly performs stress tests and monitors the liquidity situation, calculates the time the Bank can survive, compares the limits with the determined results and presents them to the relevant committees.

General information on the liquidity emergency and contingency plan

In order to be prepared for the liquidity crises that may be experienced and to be able to manage them in a healthy and planned way, the "Liquidity Unexpected Situation Plan Regulation" was prepared to guide the processes. In this document, early warning indicators, action plans, duties and responsibilities of the units within the Bank are used to determine the unexpected liquidity situation.

a. Liquidity coverage ratio

Liquidity coverage ratios calculated in accordance with the Regulation on Calculation of Liquidity Coverage Ratio of Banks published in the Official Gazette dated 21 March 2014 and numbered 28948 are as follows. The lowest monthly consolidated foreign currency ratio for the last three months was 439,94 in May, the highest 609,28 in June, and the total lowest liquidity coverage ratio has been calculated as 169,37 in May and 181,19 in June as the highest.

The liquidity coverage ratio calculation table is reported to the BRSA on a monthly basis and monitored on a daily basis within the Bank.

High quality liquid assets included in the ratio calculation consist of cash assets, reserves held in CBRT and free securities. Cash outflows consist of deposits, bank borrowings, non-cash loans, derivatives and other payables with no maturity date. However, some bank borrowings are presented as cash outflows regardless of their maturities due to the provision of conditional early payment. In addition, cash outflows include additional collateral requirements that may arise from changes in the fair value of derivative transactions. Cash inflows consist of loans with maturities less than 30 days with definite due dates and receivables from banks and derivative products.

LCR is considered as an important liquidity management measure for the Bank. The Bank carried out the LCR management by increasing by 10% parts and managed to reach 80% for foreign currency in 2021 and as 100% in total within the framework of minimum limits. In the Risk Appetite Statement, internal limits above the legal minimum limits have been determined for LCR and the related ratio is reported and monitored at ALCO, senior management and the Board of Directors level.

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| Current Period | Total unweighted value (*) | | Total weighted value (*) | |
|---|----------------------------|------------|-----------------------------|-------------------|
| | TL+FC | FC | TL+FC | FC |
| HIGH QUALITY LIQUID ASSETS (HQLA) | | | | |
| 1 Total High Quality Liquid Assets | | | 59.785.738 | 52.021.710 |
| CASH OUTFLOWS | | | | |
| 2 Retail deposits and deposits from small business customers, of which | | | | |
| 3 Stable deposits | 140.023.441 | 92.906.367 | 13.064.999 | 9.290.637 |
| 4 Less stable deposits | 18.746.914 | -- | 937.346 | -- |
| 5 Unsecured wholesale funding, of which | 121.276.527 | 92.906.367 | 12.127.653 | 9.290.637 |
| 6 Operational deposits | 42.312.355 | 29.185.281 | 23.814.472 | 15.119.887 |
| 7 Non-operational deposits | 9.352.688 | 6.895.756 | 2.338.172 | 1.723.939 |
| 8 Unsecured debt | 23.443.100 | 18.645.669 | 11.964.455 | 9.755.608 |
| 9 Secured wholesale funding | 9.516.567 | 3.643.856 | 9.511.845 | 3.640.340 |
| 10 Other cash outflows | | | 193.187 | -- |
| 11 Outflows related to derivative exposures and other collateral requirements | 2.742.630 | 5.024.696 | 1.341.279 | 3.405.613 |
| 12 Outflows related to loss of funding on debt products | 407.045 | 2.326.224 | 407.045 | 2.326.224 |
| 13 Credit and liquidity facilities | -- | -- | -- | -- |
| 14 Other contractual funding obligations | 2.335.585 | 2.698.472 | 934.234 | 1.079.389 |
| 15 Other contingent funding obligations | 2.265.990 | 2.265.430 | 2.265.458 | 2.265.430 |
| 16 TOTAL CASH OUTFLOWS | 110.280.063 | 39.044.701 | 8.240.339 | 3.907.202 |
| | | | 48.919.734 | 33.988.769 |
| CASH INFLOWS | | | | |
| 17 Secured lending | 139.724 | -- | -- | -- |
| 18 Unsecured lending | 18.376.982 | 13.574.294 | 14.362.351 | 11.735.729 |
| 19 Other cash inflows | 479.072 | 12.004.580 | 479.072 | 12.004.580 |
| 20 TOTAL CASH INFLOWS | 18.995.778 | 25.578.874 | 14.841.423 | 23.740.309 |
| | | | Total Adjusted Value | |
| 21 TOTAL HQLA | | | 59.785.738 | 52.021.710 |
| 22 TOTAL NET CASH OUTFLOWS | | | 34.078.311 | 10.248.460 |
| 23 LIQUIDITY COVERAGE RATIO (%) | | | 175,9 | 513,2 |

(*) Simple arithmetic average values of the the last three months by taking the weekly simple arithmetic average.

| Prior Period | Total unweighted value (*) | | Total weighted value (*) | |
|---|----------------------------|------------|-----------------------------|-------------------|
| | TL+FC | FC | TL+FC | FC |
| HIGH QUALITY LIQUID ASSETS (HQLA) | | | | |
| 1 Total High Quality Liquid Assets | | | 54.672.733 | 43.743.176 |
| CASH OUTFLOWS | | | | |
| 2 Retail deposits and deposits from small business customers, of which | | | | |
| 3 Stable deposits | 138.519.505 | 96.627.595 | 12.965.265 | 9.662.760 |
| 4 Less stable deposits | 17.733.704 | -- | 886.685 | -- |
| 5 Unsecured wholesale funding, of which | 120.785.801 | 96.627.595 | 12.078.580 | 9.662.760 |
| 6 Operational deposits | 41.428.893 | 27.748.563 | 23.597.219 | 14.956.163 |
| 7 Non-operational deposits | 8.662.186 | 6.511.419 | 2.165.547 | 1.627.855 |
| 8 Unsecured debt | 22.402.512 | 15.889.764 | 11.071.744 | 7.982.118 |
| 9 Secured wholesale funding | 10.364.195 | 5.347.380 | 10.359.928 | 5.346.190 |
| 10 Other cash outflows | | | -- | -- |
| 11 Outflows related to derivative exposures and other collateral requirements | 2.682.872 | 4.980.083 | 1.506.051 | 3.628.521 |
| 12 Outflows related to loss of funding on debt products | 721.504 | 2.727.480 | 721.504 | 2.727.480 |
| 13 Credit and liquidity facilities | -- | -- | -- | -- |
| 14 Other contractual funding obligations | 1.961.368 | 2.252.603 | 784.547 | 901.041 |
| 15 Other contingent funding obligations | 272.909 | 272.349 | 272.377 | 272.349 |
| 16 TOTAL CASH OUTFLOWS | 98.875.445 | 36.303.535 | 7.472.509 | 3.586.182 |
| | | | 45.813.421 | 32.105.975 |
| CASH INFLOWS | | | | |
| 17 Secured lending | 2.407.129 | -- | -- | -- |
| 18 Unsecured lending | 13.705.330 | 7.298.975 | 10.428.178 | 6.254.659 |
| 19 Other cash inflows | 494.895 | 15.377.474 | 494.895 | 15.377.474 |
| 20 TOTAL CASH INFLOWS | 16.607.354 | 22.676.449 | 10.923.073 | 21.632.133 |
| | | | Total adjusted value | |
| 21 TOTAL HQLA | | | 54.672.733 | 43.743.176 |
| 22 TOTAL NET CASH OUTFLOWS | | | 34.890.348 | 10.473.842 |
| 23 LIQUIDITY COVERAGE RATIO (%) | | | 158,0 | 431,3 |

(*) Simple arithmetic average values of the the last three months by taking the weekly simple arithmetic average.

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b. Presentation of assets and liabilities according to their remaining maturities

| End of The Current Period | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Undistributed (*) | Total |
|---|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|----------------------|
| Assets | | | | | | | | |
| Cash Equivalents and Central Bank | 39.667.295 | 14.485.309 | -- | -- | -- | -- | -- | 54.152.604 |
| Banks ⁽¹⁾ | 3.473.778 | 4.780.080 | 4.806.459 | 2.377.776 | 256.682 | -- | -- | 15.694.775 |
| Financial Assets at Fair Value through Profit or Loss (Net) | 276.490 | 489.508 | 730.087 | 969.952 | 200.250 | 1.003.606 | -- | 3.669.893 |
| Due from Money Markets | -- | 25.628 | -- | -- | -- | -- | -- | 25.628 |
| Financial Assets at Fair Value through Other Comprehensive Income | 818 | 165.071 | 538.242 | 1.986.343 | 7.716.195 | 10.255.151 | -- | 20.661.820 |
| Loans | -- | 45.782.303 | 9.437.697 | 31.265.974 | 63.501.755 | 26.752.994 | 3.729.923 | 180.470.646 |
| Financial Assets Measured at Amortised Cost ⁽²⁾ | -- | 1.293.055 | 300.473 | 636.842 | 4.168.468 | -- | -- | 6.398.838 |
| Other Assets | 6.696.081 | 2.045 | 10.511 | -- | 995.852 | -- | 6.631.261 | 14.335.750 |
| Total Assets | 50.114.462 | 67.022.999 | 15.823.469 | 37.236.887 | 76.839.202 | 38.011.751 | 10.361.184 | 295.409.954 |
| Liabilities | | | | | | | | |
| Bank Deposits | 492.021 | 4.105.135 | 5.355.248 | 382.297 | 4.116.150 | -- | -- | 14.450.851 |
| Other Deposits | 59.364.249 | 20.404.943 | 64.138.814 | 23.620.284 | 14.798.897 | 975.645 | -- | 183.302.832 |
| Fund Borrowed | 5.683 | 4.403.721 | 4.976.281 | 18.876.044 | 4.960.122 | 7.036.441 | -- | 40.258.292 |
| Due to Money Markets | -- | 5.326.028 | 383.651 | 1.254.920 | -- | -- | -- | 6.964.599 |
| Securities Issued | -- | 2.394.603 | 2.857.778 | 1.096.549 | 1.680.084 | -- | -- | 8.029.014 |
| Miscellaneous Payables | -- | -- | -- | -- | -- | -- | -- | -- |
| Other Liabilities | 7.618.581 | 3.659.227 | 1.074.398 | 2.419.816 | 727.007 | 546.733 | 26.358.604 | 42.404.366 |
| Total Liabilities | 67.480.534 | 40.293.657 | 78.786.170 | 47.649.910 | 26.282.260 | 8.558.819 | 26.358.604 | 295.409.954 |
| Net Liquidity Excess/ (Gap) | (17.366.072) | 26.729.342 | (62.962.701) | (10.413.023) | 50.556.942 | 29.452.932 | (15.997.420) | -- |
| Net Off-balance sheet Position | | | | | | | | |
| Financial Derivative Assets | -- | 181.435 | 430.947 | 121.872 | 21.711 | -- | -- | 755.965 |
| Financial Derivative Liabilities | -- | 40.688.538 | 23.671.517 | 15.035.160 | 3.365.081 | 18.000.227 | -- | 100.760.523 |
| Non Cash Loans | -- | (40.507.103) | (23.240.570) | (14.913.288) | (3.343.370) | (18.000.227) | -- | (100.004.558) |
| Non Cash Loans | -- | 5.661.882 | 5.439.687 | 15.772.705 | 7.144.121 | 18.079.806 | -- | 52.098.201 |
| End of The Prior Period | | | | | | | | |
| Total Assets | 39.352.578 | 39.637.834 | 11.133.257 | 37.689.713 | 86.346.908 | 39.779.799 | 10.020.559 | 263.960.648 |
| Total Liabilities | 57.117.552 | 75.699.392 | 35.170.766 | 38.909.013 | 23.190.916 | 8.029.867 | 25.843.142 | 263.960.648 |
| Net Liquidity Excess/ (Gap) | (17.764.974) | (36.061.558) | (24.037.509) | (1.219.300) | 63.155.992 | 31.749.932 | (15.822.583) | -- |
| Net Off-balance sheet Position | -- | (598.136) | 80.393 | 469.674 | 158.958 | -- | -- | 110.889 |
| Financial Derivative Assets | -- | 43.865.011 | 18.469.464 | 15.268.163 | 3.020.121 | 16.616.584 | -- | 97.239.343 |
| Financial Derivative Liabilities | -- | (44.463.147) | (18.389.071) | (14.798.489) | (2.861.163) | (16.616.584) | -- | (97.128.454) |
| Non Cash Loans | -- | 3.547.811 | 4.348.182 | 11.449.429 | -- | 23.479.286 | -- | 42.824.708 |

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (2.561).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (643).

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

VI. Explanations related to leverage ratio

Information on matters causing difference between leverage ratios of current period and previous period

As of 30 June 2021, the leverage ratio of the DFS Group is calculated as 5,94% (31 December 2020: 6,09%). 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 (*) | 287.769.504 | 268.253.610 |
| 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 | (3.312.233) | (6.522.227) |
| 3 Differences between the balances of derivative financial instruments and the loan 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 | 1.180.831 | 1.239.988 |
| 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 | 121.412.421 | 109.932.460 |
| 7 Total Risk | 407.050.020 | 372.903.328 |

(*) 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) | 284.457.271 | 261.731.383 |
| 2 (Assets deducted in determining Basel III Tier I capital) | (524.729) | (616.992) |
| 3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 283.932.542 | 261.114.391 |
| Derivative exposures | | |
| 4 Replacement cost | 3.531.119 | 3.791.087 |
| 5 Add-on amount | 1.180.831 | 1.239.988 |
| 6 Total derivative exposures (sum of lines 4 and 5) | 4.711.950 | 5.031.075 |
| Securities or commodity collateral financing transaction exposures | | |
| 7 Gross SFT assets (with no recognition of accounting netting) | 1.257.644 | 1.878.287 |
| 8 Agent transaction exposures | | |
| 9 Total securities financing transaction exposures (sum of lines 7 and 8) | 1.257.644 | 1.878.287 |
| Other off-balance sheet exposures | | |
| 10 Off-balance sheet exposures with gross nominal amount | 117.148.387 | 104.880.078 |
| 11 (Adjustment amount off-balance sheet exposures with credit conversion factor) | (503) | (503) |
| 12 Total off-balance sheet exposures (sum of lines 10 and 11) | 117.147.884 | 104.879.575 |
| Capital and total exposures | | |
| 13 Tier I Capital | 24.196.917 | 22.691.879 |
| 14 Total exposures (sum of lines 3,6,9 and 12) | 407.050.020 | 372.903.328 |
| Leverage ratio | | |
| 15 Leverage ratio | 5,94 | 6,09 |

(*) Quarterly average amounts.

VII. 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 numbered 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 30 June 2021.

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

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) | 184.702.002 | 165.702.724 | 14.776.160 |
| 2 Standardized approach (SA) | 184.702.002 | 165.702.724 | 14.776.160 |
| 3 Internal rating-based (IRB) approach | -- | -- | -- |
| 4 Counterparty credit risk | 3.599.619 | 3.911.167 | 287.970 |
| 5 Standardized approach for counterparty credit risk (SA-CCR) | 3.599.619 | 3.911.167 | 287.970 |
| 6 Internal model method (IMM) | -- | -- | -- |
| 7 Basic risk weight approach to internal models equity position in the banking account | -- | -- | -- |
| 8 Investments made in collective investment companies - look-through approach | -- | -- | -- |
| 9 Investments made in collective investment companies - mandate-based approach | 21.444 | 6.200 | 1.716 |
| 10 Investments made in collective investment companies - %1250 weighted risk approach | -- | -- | -- |
| 11 Settlement risk | -- | -- | -- |
| 12 Securitization positions in banking accounts | -- | -- | -- |
| 13 IRB ratings-based approach (RBA) | -- | -- | -- |
| 14 IRB Supervisory Formula Approach (SFA) | -- | -- | -- |
| 15 SA/simplified supervisory formula approach (SSFA) | -- | -- | -- |
| 16 Market risk | 4.943.875 | 3.240.138 | 395.510 |
| 17 Standardized approach (SA) | 4.943.875 | 3.240.138 | 395.510 |
| 18 Internal model approaches (IMM) | -- | -- | -- |
| 19 Operational Risk | 22.552.503 | 17.849.008 | 1.804.200 |
| 20 Basic Indicator Approach | 22.552.503 | 17.849.008 | 1.804.200 |
| 21 Standard Approach | -- | -- | -- |
| 22 Advanced measurement approach | -- | -- | -- |
| 23 The amount of the discount threshold under the equity (subject to a 250% risk weight) | -- | -- | -- |
| 24 Floor adjustment | -- | -- | -- |
| 25 Total (1+4+7+8+9+10+11+12+16+19+23+24) | 215.819.443 | 190.709.237 | 17.265.556 |

b. Credit risk explanations

1. Credit quality of assets:

| Current Period | | | | |
|-------------------------------------|---|---------------|---------------------|--------------------|
| | a | b | c | d |
| | Gross carrying values of (according to TAS) | | | |
| | Defaulted | Non-defaulted | Specific provisions | Net values (a+b-c) |
| 1 Loans | 13.442.687 | 185.936.479 | 18.908.520 | 180.470.646 |
| 2 Borrowing instruments | -- | 27.060.483 | 643 | 27.059.840 |
| 3 Off-balance sheet receivables (*) | 805.319 | 113.390.779 | 952.961 | 113.243.137 |
| 4 Total | 14.248.006 | 326.387.741 | 19.862.124 | 320.773.623 |

(*)Does not include revocable commitments and Forward Asset Purchase -Sales Commitments.

| Prior Period | | | | |
|-------------------------------------|---|---------------|---------------------|--------------------|
| | a | b | c | d |
| | Gross carrying values of (according to TAS) | | | |
| | Defaulted | Non-defaulted | Specific provisions | Net values (a+b-c) |
| 1 Loans | 12.893.521 | 170.692.848 | 16.303.808 | 167.282.561 |
| 2 Borrowing instruments | -- | 27.559.549 | 682 | 27.558.867 |
| 3 Off-balance sheet receivables (*) | 1.007.950 | 98.917.886 | 878.340 | 99.047.496 |
| 4 Total | 13.901.471 | 297.170.283 | 17.182.830 | 293.888.924 |

(*) Does not include revocable commitments and Forward Asset Purchase -Sales Commitments.

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2. 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 | 12.893.521 | 11.555.590 |
| 2 Loans and debt securities that have impaired since the last reporting period | 3.640.200 | 7.129.218 |
| 3 Receivables that returned to non-impaired status | 27.978 | 16.052 |
| 4 Amounts written off (**) | 208.658 | 1.922.602 |
| 5 Other changes | (2.854.398) | (3.852.633) |
| 6 Impaired loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5) | 13.442.687 | 12.893.521 |

(*) Does not include off-balance sheet receivables.

(**) It indicates sales made from non-performing loans portfolio and written off transactions.

3. 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 | 137.655.693 | 36.340.086 | 25.632.483 | 6.474.867 | 5.732.952 | -- | -- |
| 2 Borrowing instruments | 27.059.840 | -- | -- | -- | -- | -- | -- |
| 3 Total | 164.715.533 | 36.340.086 | 25.632.483 | 6.474.867 | 5.732.952 | -- | -- |
| 4 Of which defaulted (*) | 8.629.925 | 3.908.973 | 2.043.163 | 1.709.108 | 754.933 | -- | -- |

(*) 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 | 121.761.694 | 36.391.904 | 24.980.294 | 9.128.963 | 7.716.197 | -- | -- |
| 2 Borrowing instruments | 27.558.867 | -- | -- | -- | -- | -- | -- |
| 3 Total | 149.320.561 | 36.391.904 | 24.980.294 | 9.128.963 | 7.716.197 | -- | -- |
| 4 Of which defaulted (*) | 8.313.093 | 4.052.549 | 1.966.267 | 1.535.829 | 858.275 | -- | -- |

(*) It includes default figure belonging to amount before provision and off-balance sheet receivables.

4. Standardised approach - Credit risk exposure and credit risk mitigation (CRM) effects:

| | a | b | c | d | e | f |
|--|---|---|---|---|---------------------|---------------|
| Current Period | 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 | |
| Risk classifications | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | RWA | RWA density |
| 1 Exposures to central governments or central banks | 72.147.128 | 367.804 | 77.880.078 | 1.297.673 | 692.784 | 0,87% |
| 2 Exposures to regional governments or local authorities | 4.063.853 | 81.253 | 4.058.781 | 40.488 | 2.049.635 | 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 | 16.968.588 | 5.077.160 | 16.953.589 | 4.551.920 | 7.658.315 | 35,61% |
| 7 Exposures to corporates | 81.779.425 | 44.833.962 | 73.334.241 | 26.668.439 | 99.990.895 | 99,99% |
| 8 Retail exposures | 70.139.813 | 60.725.324 | 66.774.599 | 3.395.086 | 52.758.942 | 75,19% |
| 9 Exposures secured by residential property | 3.010.484 | 598.343 | 2.876.518 | 311.415 | 1.115.777 | 35,00% |
| 10 Exposures secured by commercial real estate | 16.440.502 | 1.929.177 | 16.440.502 | 1.393.468 | 10.429.018 | 58,48% |
| 11 Past-due loans | 3.127.137 | 313.976 | 2.368.320 | 127.890 | 1.744.929 | 69,90% |
| 12 Higher-risk categories by the Agency Board | 33.521 | -- | 33.519 | -- | 17.545 | 52,34% |
| 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) | -- | 6.373 | -- | 1.398 | 1.398 | 100,00% |
| 16 Other assets | 13.781.626 | -- | 13.781.625 | -- | 9.779.810 | 70,96% |
| 17 Investments in equities | 826.258 | -- | 826.258 | -- | 826.258 | 100,00% |
| 18 Total | 282.318.335 | 113.933.372 | 275.328.030 | 37.787.777 | 187.065.306 | 59,74% |

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| Prior Period | a | | b | | c | | d | | e | f |
|--|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------|-------------|
| | Exposures before credit | | Exposures post-credit | | Exposures post-credit | | Exposures post-credit | | RWA and RWA density | |
| | conversion factor and CRM | | conversion factor and CRM | | conversion factor and CRM | | conversion factor and CRM | | RWA and RWA density | |
| Risk classifications | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | RWA | RWA density |
| 1 Exposures to central governments or central banks | 62.283.310 | 226.706 | 69.999.507 | 1.157.842 | 684.671 | 0,96% | | | | |
| 2 Exposures to regional governments or local authorities | 3.954.932 | 39.181 | 3.948.690 | 19.334 | 1.984.012 | 50,00% | | | | |
| 3 Exposures to public sector entities | -- | -- | -- | -- | -- | 0,00% | | | | |
| 4 Exposures to multilateral development banks | -- | -- | -- | -- | -- | 0,00% | | | | |
| 5 Exposures to international organisations | -- | -- | -- | -- | -- | 0,00% | | | | |
| 6 Exposures to institutions | 14.686.609 | 4.208.597 | 14.686.608 | 3.784.256 | 7.026.212 | 38,04% | | | | |
| 7 Exposures to corporates | 78.937.675 | 39.226.986 | 69.444.993 | 22.736.553 | 92.169.470 | 99,99% | | | | |
| 8 Retail exposures | 60.791.545 | 54.686.402 | 55.925.537 | 3.250.958 | 44.503.841 | 75,21% | | | | |
| 9 Exposures secured by residential property | 2.912.068 | 555.012 | 2.776.045 | 296.785 | 1.075.491 | 35,00% | | | | |
| 10 Exposures secured by commercial real estate | 15.642.349 | 1.986.173 | 15.642.349 | 1.422.507 | 10.218.914 | 59,88% | | | | |
| 11 Past-due loans | 3.637.282 | 539.549 | 2.770.217 | 243.203 | 2.132.849 | 70,78% | | | | |
| 12 Higher-risk categories by the Agency Board | 187.102 | 104 | 187.090 | -- | 183.261 | 97,95% | | | | |
| 13 Exposures in the form of covered bonds | -- | -- | -- | -- | -- | 0,00% | | | | |
| 14 Exposures to institutions and corporates with a short-term credit assessment | -- | -- | -- | -- | -- | 0,00% | | | | |
| 15 Exposures in the form of units or shares in collective investment undertakings (CIUs) | -- | 1.181 | -- | 1.111 | 1.111 | 100,00% | | | | |
| 16 Other assets | 9.387.166 | -- | 9.387.166 | -- | 7.612.999 | 81,10% | | | | |
| 17 Investments in equities | 819.077 | -- | 819.077 | -- | 819.076 | 100,00% | | | | |
| 18 Total | 253.239.115 | 101.469.891 | 245.587.279 | 32.912.549 | 168.411.907 | 60,47% | | | | |

5. Standardised approach - Exposures by asset classes and risk weights

| Current Period | | a | b | c | k | d | l | e | f | g | h | i | j |
|--|--|-------------------|-----------|-------------------|------------------------------------|------------------------------------|-------------------|-------------------|--------------------|---------------|-----------|-----------|---|
| Risk Classifications/Risk Weight* | | %0 | %10 | %20 | %35 Secured with property mortgage | %50 Secured with property mortgage | %50 | %75 | %100 | %150 | %200 | Others | Total risk exposure (after CCF and CRM) |
| 1 Exposures to central governments or central banks | | 77.998.290 | -- | 295.728 | -- | -- | 500.190 | -- | 383.543 | -- | -- | -- | 79.177.751 |
| 2 Exposures to regional governments or local authorities | | -- | -- | -- | -- | -- | 4.099.269 | -- | -- | -- | -- | -- | 4.099.269 |
| 3 Exposures to public sector entities | | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 4 Exposures to multilateral development banks | | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 5 Exposures to international organisations | | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 6 Exposures to institutions | | -- | -- | 11.740.212 | -- | -- | 8.910.048 | -- | 855.249 | -- | -- | -- | 21.505.509 |
| 7 Exposures to corporates | | -- | -- | 14.730 | -- | -- | -- | -- | 99.987.950 | -- | -- | -- | 100.002.680 |
| 8 Retail exposures | | -- | -- | -- | -- | -- | -- | 69.642.975 | 526.710 | -- | -- | -- | 70.169.685 |
| 9 Exposures secured by residential property | | -- | -- | -- | 3.187.933 | -- | -- | -- | -- | -- | -- | -- | 3.187.933 |
| 10 Exposures secured by commercial real estate | | -- | -- | -- | -- | 14.809.904 | -- | -- | 3.024.066 | -- | -- | -- | 17.833.970 |
| 11 Past-due loans | | -- | -- | -- | -- | -- | 1.520.201 | -- | 958.371 | 17.638 | -- | -- | 2.496.210 |
| 12 Higher-risk categories by the Agency Board | | -- | -- | -- | -- | -- | 31.948 | -- | 1.571 | -- | -- | -- | 33.519 |
| 13 Exposures in the form of covered bonds | | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 14 Exposures to institutions and corporates with a short-term credit assessment | | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 15 Exposures in the form of units or shares in collective investment undertakings (CIUs) | | -- | -- | -- | -- | -- | -- | -- | 1.398 | -- | -- | -- | 1.398 |
| 16 Investments in equities | | -- | -- | -- | -- | -- | -- | -- | 826.258 | -- | -- | -- | 826.258 |
| 17 Other receivables | | 3.965.620 | -- | 45.206 | -- | -- | -- | 118 | 9.770.681 | -- | -- | -- | 13.781.625 |
| 18 Total | | 81.963.910 | -- | 12.095.876 | 3.187.933 | 14.809.904 | 15.061.656 | 69.643.093 | 116.335.797 | 17.638 | -- | -- | 313.115.807 |

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| Prior Period | a | b | c | k | d | l | e | f | g | h | i | j |
|--|-------------------|-----------|-------------------|------------------------------------|------------------------------------|-------------------|-------------------|--------------------|---------------|-----------|-----------|--|
| Risk Classifications/Risk Weight* | %0 | %10 | %20 | %35 Secured with property mortgage | %50 Secured with property mortgage | %50 | %75 | %100 | %150 | %200 | Others | Total risk exposure (after CCF and CRM) |
| 1 Exposures to central governments or central banks | 69.261.623 | -- | 1.201.628 | -- | -- | 499.506 | -- | 194.592 | -- | -- | -- | 71.157.349 |
| 2 Exposures to regional governments or local authorities | -- | -- | -- | -- | -- | 3.968.024 | -- | -- | -- | -- | -- | 3.968.024 |
| 3 Exposures to public sector entities | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 4 Exposures to multilateral development banks | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 5 Exposures to international organisations | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 6 Exposures to institutions | -- | -- | 9.114.762 | -- | -- | 8.305.687 | -- | 1.050.415 | -- | -- | -- | 18.470.864 |
| 7 Exposures to corporates | -- | -- | 15.094 | -- | -- | -- | -- | 92.166.452 | -- | -- | -- | 92.181.546 |
| 8 Retail exposures | -- | -- | -- | -- | -- | -- | 58.690.614 | 485.881 | -- | -- | -- | 59.176.495 |
| 9 Exposures secured by residential property | -- | -- | -- | 3.072.830 | -- | -- | -- | -- | -- | -- | -- | 3.072.830 |
| 10 Exposures secured by commercial real estate | -- | -- | -- | -- | 13.691.884 | -- | -- | 3.372.972 | -- | -- | -- | 17.064.856 |
| 11 Past-due loans | -- | -- | -- | -- | -- | 1.852.393 | -- | 1.069.775 | 91.252 | -- | -- | 3.013.420 |
| 12 Higher-risk categories by the Agency Board | -- | -- | -- | -- | -- | 7.664 | -- | 179.420 | 6 | -- | -- | 187.090 |
| 13 Exposures in the form of covered bonds | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 14 Exposures to institutions and corporates with a short-term credit assessment | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 15 Exposures in the form of units or shares in collective investment undertakings (CIUs) | -- | -- | -- | -- | -- | -- | -- | 1.111 | -- | -- | -- | 1.111 |
| 16 Investments in equities | -- | -- | -- | -- | -- | -- | -- | 819.077 | -- | -- | -- | 819.077 |
| 17 Other receivables | 1.755.946 | -- | 22.741 | -- | -- | -- | 111 | 7.608.368 | -- | -- | -- | 9.387.166 |
| 18 Total | 71.017.569 | -- | 10.354.225 | 3.072.830 | 13.691.884 | 14.633.274 | 58.690.725 | 106.948.063 | 91.258 | -- | -- | 278.499.828 |

c. Counterparty credit risk

1. Analysis of counterparty credit risk exposure by measurement approaches

| Current Period | a | b | c | d | e | f |
|--|------------------|---------------------------|------|--|------------------------------|------------------|
| | Replacement cost | Potential future exposure | EEPE | Alpha used for computing regulatory exposure at default) | Exposure at default post CRM | RWA |
| 1 Standardised Approach (for derivatives) (*) | 2.890.546 | 1.183.176 | | - | 4.012.625 | 2.132.426 |
| 2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | -- | -- | -- | -- |
| 3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | -- | -- |
| 4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | 1.153.973 | 209.434 |
| 5 VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit | | | | | -- | -- |
| 6 Total | | | | | | 2.341.860 |

(*) Counterparty credit risk for derivatives is calculated by the fair value method.

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| | | | 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) (*) | | 3.048.886 | 1.099.448 | | -- | 4.105.763 | 2.363.688 |
| 2 | Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | -- | -- | -- | -- |
| 3 | Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | | -- | -- |
| 4 | Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | | 1.698.517 | 339.295 |
| 5 | VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | | -- | -- |
| 6 | Total | | | | | | | 2.702.983 |

(*) Counterparty credit risk for derivatives is calculated by the fair value method.

2. Credit valuation adjustment (CVA) capital charge

| | | | a | b |
|---|---|--|------------------------------|------------------|
| Current Period | | | Exposure at default post-CRM | RWA |
| Total portfolios subject to the Advanced CVA capital charge | | | | |
| 1 | Value at Risk (VaR) component (including the 3×multiplier) | | -- | -- |
| 2 | Stressed VaR component (including the 3×multiplier) | | -- | -- |
| 3 | All portfolios subject to the Standardised CVA capital charge | | 4.012.625 | 1.257.759 |
| 4 | Total subject to the CVA capital charge | | 4.012.625 | 1.257.759 |

| | | | a | b |
|---|---|--|------------------------------|------------------|
| Prior Period | | | Exposure at default post-CRM | RWA |
| Total portfolios subject to the Advanced CVA capital charge | | | | |
| 1 | Value at Risk (VaR) component (including the 3×multiplier) | | -- | -- |
| 2 | Stressed VaR component (including the 3×multiplier) | | -- | -- |
| 3 | All portfolios subject to the Standardised CVA capital charge | | 4.105.763 | 1.208.184 |
| 4 | Total subject to the CVA capital charge | | 4.105.763 | 1.208.184 |

3. Standardised approach - Counterparty credit risk with respect to risk classes and 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 | 413.113 | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims from regional and local governments | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims from administration and non commercial entity | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims from multilateral development banks | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims from international organizations | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims from institutions | -- | -- | 2.321.374 | 1.078.558 | -- | -- | -- | -- | 1.003.554 |
| Corporates | -- | -- | -- | -- | -- | 1.291.169 | -- | -- | 1.291.169 |
| Retail portfolios | -- | -- | -- | -- | 60.985 | -- | -- | -- | 45.739 |
| Claims on landed real estate | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Past due loans | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims which are determined as high risk by the board of BRSA | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Mortgage securities | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Securitization positions | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims from corporates, banks and financial intermediaries which have short term credit rating | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Investments which are qualified as collective investment institutions | -- | -- | -- | -- | -- | 1.398 | -- | -- | 1.398 |
| Stock investment | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other claims | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other assets (**) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 413.113 | -- | 2.321.374 | 1.078.558 | 60.985 | 1.292.567 | -- | -- | 2.341.860 |

(*)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 | 170.026 | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims from regional and local governments | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims from administration and non commercial entity | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims from multilateral development banks | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims from international organizations | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims from institutions | -- | -- | 2.918.723 | 1.111.939 | -- | -- | -- | -- | 1.139.714 |
| Corporates | -- | -- | -- | -- | -- | 1.441.189 | -- | -- | 1.441.189 |
| Retail portfolios | -- | -- | -- | -- | 161.292 | -- | -- | -- | 120.969 |
| Claims on landed real estate | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Past due loans | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims which are determined as high risk by the board of BRSA | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Mortgage securities | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Securitization positions | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Claims from corporates, banks and financial intermediaries which have short term credit rating | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Investments which are qualified as collective investment institutions | -- | -- | -- | -- | -- | 1.111 | -- | -- | 1.111 |
| Stock investment | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other claims | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other assets (**) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 170.026 | -- | 2.918.723 | 1.111.939 | 161.292 | 1.442.300 | -- | -- | 2.702.983 |

(*)Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(**)Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

4. Collaterals used for counterparty credit risk

| | a | b | c | d | e | f |
|--------------------------|---|----------------|------------------|----------------|----------------------------------|------------------|
| Current Period | Guarantees of Derivative Financial Instrument | | | | Guarantees of Other Transactions | |
| | Received Guarantees | | Given Guarantees | | Received | Given |
| | Appropriated | Unappropriated | Appropriated | Unappropriated | Guarantees | Guarantees |
| Cash-Domestic Currency | 5.025 | -- | -- | -- | 4.121.706 | -- |
| Cash-Foreign Currency | 56.073 | -- | -- | -- | -- | -- |
| Government Bond-Domestic | -- | -- | -- | -- | -- | 4.290.026 |
| Government Bond-Other | -- | -- | -- | -- | -- | -- |
| Public Bond | -- | -- | -- | -- | -- | -- |
| Corporate Bond | -- | -- | -- | -- | -- | -- |
| Stock | -- | -- | -- | -- | -- | -- |
| Other Guarantee | -- | -- | -- | -- | -- | -- |
| Total | 61.098 | -- | -- | -- | 4.121.706 | 4.290.026 |

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| | a | b | c | d | e | f |
|--------------------------|---|----------------|------------------|----------------|----------------------------------|------------------|
| Prior Period | Guarantees of Derivative Financial Instrument | | | | Guarantees of Other Transactions | |
| | Received Guarantees | | Given Guarantees | | Received | Given |
| | Appropriated | Unappropriated | Appropriated | Unappropriated | Guarantees | Guarantees |
| Cash-Domestic Currency | 14.814 | -- | -- | -- | 1.343.940 | 1.840.928 |
| Cash-Foreign Currency | 27.757 | -- | -- | -- | -- | -- |
| Government Bond-Domestic | -- | -- | -- | -- | 1.838.716 | 1.567.847 |
| Government Bond-Other | -- | -- | -- | -- | -- | -- |
| Public Bond | -- | -- | -- | -- | -- | -- |
| Corporate Bond | -- | -- | -- | -- | -- | -- |
| Stock | -- | -- | -- | -- | -- | -- |
| Other Guarantee | -- | -- | -- | -- | -- | -- |
| Total | 42.571 | -- | -- | -- | 3.182.656 | 3.408.775 |

5. Credit derivatives

None.

6. Exposures to central counterparties (CCP)

None.

d. Securitization

1. Securitization positions in banking accounts

None.

2. Securitization positions in trading accounts

None.

3. Securitization positions in banking positions and capital requirements related to those - whose sponsorship or founder is the bank

None.

4. Securitization positions in banking positions and capital requirements related to those- in which the Bank is an investor

None.

e. Market risk

Standardised approach

| | Current Period RAT | Prior Period RAT |
|---|-----------------------|---------------------|
| Outright products | | |
| 1 Interest rate risk (general and specific) | 193.413 | 166.188 |
| 2 Equity risk (general and specific) | -- | -- |
| 3 Foreign exchange risk | 3.113.563 | 1.265.813 |
| 4 Commodity risk | 1.614.036 | 1.501.787 |
| Options | | |
| 5 Simplified approach | -- | -- |
| 6 Delta-plus method | 22.863 | 306.350 |
| 7 Scenario approach | -- | -- |
| 8 Securitisation | -- | -- |
| 9 Total | 4.943.875 | 3.240.138 |

VIII. 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 1.673 million and US Dollar 7 million of subsidiaries Denizbank AG and Eurodeniz. A part consisting of the same amounts of its foreign currency deposit of the Group has been defined as "hedging instrument". The effective part of the change in value of the foreign currency deposit arising from change in exchange rate has been recognised as "hedging funds" under equity.

On the other hand, as of 1 April 2014, the Parent Bank stopped applying net investment hedge accounting due to its net investment to hedge against the currency risk on the subsidiary of JSC Denizbank, and the total hedging fund which is booked under equity for that subsidiary is amounting to TL (58.164).

Total abroad net investment hedging funds recognised under equity is amounting to TL (8.983.781) as of 30 June 2021 (31 December 2020: TL (7.359.195)).

b. Cash flow risk

Within the scope of foreign exchange risk management, Deniz Leasing started to apply cash flow hedge accounting as of 1 April 2018 by matching the future Euro lease receivables and the estimated future sales of used cars, fair values of which are followed in Euro, in accordance with the agreements.

In the cash flow hedge accounting initiated by Deniz Leasing; receivables from current operating leases and their fair values as a hedged item have determined the estimated future used vehicle sales that are followed up in Euro and the loans received in Euro has been determined as hedging instrument.

Profit/ (loss) after tax TL (15.262) which is accounted under shareholders' equity as cash flow hedge accounting as of 30 June 2021 (31 December 2020: TL (29.139)).

IX. 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.

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Information on business segments are presented in the following tables:

| Current Period (01/01/2021-30/06/2021) | Wholesale Banking | SME & Agricultural Banking | Retail Banking | Treasury | Other | Total |
|--|------------------------------|---|---------------------------|------------------|----------------|--------------------|
| Net interest income | 1.354.677 | 1.044.460 | 1.141.280 | 2.081.175 | (731) | 5.620.861 |
| Net fees and commission income | 260.111 | 611.891 | 794.691 | 21.241 | 292.882 | 1.980.816 |
| Other income/loss, net | 226.174 | 123.668 | 27.254 | (206.758) | (22.272) | 148.066 |
| Total segment income | 1.840.962 | 1.780.019 | 1.963.225 | 1.895.658 | 269.879 | 7.749.743 |
| Other operational expenses (*) | (539.869) | (899.795) | (1.197.425) | (213.415) | (17.526) | (2.868.030) |
| Provisions for expected credit loss and other provisions | (629.936) | (743.129) | (541.893) | (107.029) | (174.835) | (2.196.822) |
| Taxation | | | | | | (662.132) |
| Net profit from continuing operations | 671.157 | 137.095 | 223.907 | 1.575.214 | 77.518 | 2.022.759 |
| Net profit from discontinued operations | -- | -- | -- | | -- | -- |
| Net profit for the period | 671.157 | 137.095 | 223.907 | 1.575.214 | 77.518 | 2.022.759 |
| Current Period (30/06/2021) | | | | | | |
| Segment assets | 95.115.555 | 49.280.604 | 35.985.039 | 100.693.006 | -- | 281.074.204 |
| Subsidiaries and associates | | | | | | 838.240 |
| Undistributed assets | | | | | | 13.497.510 |
| Total assets | | | | | | 295.409.954 |
| Segment liabilities | 35.439.077 | 35.927.938 | 68.851.157 | 117.269.647 | -- | 257.487.819 |
| Undistributed liabilities | | | | | | 12.669.438 |
| Equity | | | | | | 25.252.697 |
| Total liabilities | | | | | | 295.409.954 |

(*) It also includes personnel expenses.

| Prior Period (01/01/2020-30/06/2020) | Wholesale Banking | SME & Agricultural Banking | Retail Banking | Treasury | Other | Total |
|--|------------------------------|---|---------------------------|------------------|------------------|--------------------|
| Net interest income | 1.347.385 | 1.113.620 | 931.004 | 1.883.116 | (367) | 5.274.758 |
| Net fees and commission income | 224.449 | 817.002 | 582.922 | 29.857 | (34.493) | 1.619.737 |
| Other income/loss, net | 124.941 | 68.243 | 18.733 | 742.512 | (218.648) | 735.781 |
| Total segment income | 1.696.775 | 1.998.865 | 1.532.659 | 2.655.485 | (253.508) | 7.630.276 |
| Other operational expenses (*) | (399.750) | (780.476) | (974.419) | (193.258) | (19.289) | (2.367.192) |
| Provisions for expected credit loss and other provisions | (2.068.695) | (1.143.004) | (335.661) | (256.390) | (127) | (3.803.877) |
| Taxation | | | | | | (393.751) |
| Net profit from continuing operations | (771.670) | 75.385 | 222.579 | 2.205.837 | (272.924) | 1.065.456 |
| Net profit from discontinued operations | -- | -- | -- | | -- | -- |
| Net profit for the period | (771.670) | 75.385 | 222.579 | 2.205.837 | (272.924) | 1.065.456 |
| Prior Period (31/12/2020) | | | | | | |
| Segment assets | 91.159.787 | 45.958.234 | 30.088.381 | 85.059.293 | -- | 252.265.695 |
| Subsidiaries and associates | | | | | | 831.013 |
| Undistributed assets | | | | | | 10.863.940 |
| Total assets | | | | | | 263.960.648 |
| Segment liabilities | 30.171.668 | 31.179.926 | 62.262.846 | 105.764.267 | -- | 229.378.707 |
| Undistributed liabilities | | | | | | 11.554.506 |
| Equity | | | | | | 23.027.435 |
| Total liabilities | | | | | | 263.960.648 |

(*) It also includes personnel expenses.

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 | 669.984 | 3.314.954 | 591.769 | 961.480 |
| Central Bank of the Republic of Turkey | 2.666.813 | 27.545.880 | 1.660.939 | 19.522.982 |
| Other (*) | -- | 19.954.973 | -- | 17.292.748 |
| Total | 3.336.797 | 50.815.807 | 2.252.708 | 37.777.210 |

(*) 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 | 2.585.824 | 8.892.881 | 1.636.327 | 7.467.293 |
| Unrestricted Time Deposits | -- | 4.388.083 | -- | -- |
| Restricted Time Deposits | 80.989 | 14.264.916 | 24.612 | 12.055.689 |
| Total | 2.666.813 | 27.545.880 | 1.660.939 | 19.522.982 |

3. Explanations on reserve requirements

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Turkey ("CBRT"), the Parent Bank keeps reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué.

As of 30 June 2021, all banks operating in Turkey should provide a reserve in a range of 3% to 8% (31 December 2020: between 1% and 6%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 5% to 22% (31 December 2020: between 5% and 22%) in US Dollars or standard gold for their liabilities in foreign currencies.

According to the principles of communiqué No. 2019/19 dated 9 December 2019, the CBRT pays interest to banks that provide credit growth for Turkish Lira reserve requirements. The interest income received from reserve requirements of the Parent Bank with the CBRT is amounting to TL 128.639 (1 January - 30 June 2020: None). The related interest income recognised under "Interest on Reserve Requirements".

4. Information on Banks

| | Current Period | | Prior Period | |
|-----------------------------------|----------------|-------------------|----------------|-------------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 12.967 | 1.159.349 | 506.227 | 20.427 |
| Foreign | 1.579 | 14.523.441 | 460 | 11.188.300 |
| Foreign head offices and branches | -- | -- | -- | -- |
| Total | 14.546 | 15.682.790 | 506.687 | 11.208.727 |

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</i> <i>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 | 20.107 | -- | 5.156 | -- |
| Other | -- | -- | -- | -- |
| Total | 20.107 | -- | 5.156 | -- |

2. Financial assets at fair value through profit or loss subject to repurchase agreements

None.

3. Other financial assets

Within the context of the existing loan agreements, all creditors including the Parent Bank have reached an agreement on restructuring the loans granted to a company operating in telecommunication sector and shares owned by the company, representing 55% of its issued share capital corresponding to shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors on 21 December 2018. As a result of the transfer of this liability, the risk balance amounting to TL 237.211 has been derecognised from the balance sheet and the Bank's credit receivable carried at fair value under other financial assets amounted to TL 346.786 (31 December 2020: TL 447.412).

4. Positive differences related to derivative financial assets held for trading

| | Current Period | | Prior Period | |
|----------------------|------------------|------------------|------------------|------------------|
| | TL | FC | TL | FC |
| Forward Transactions | 3.250 | 161.519 | 90.016 | 207.034 |
| Swap Transactions | 1.453.252 | 1.021.570 | 1.103.455 | 1.706.368 |
| Futures Transactions | -- | 209.072 | -- | 5.322 |
| Options | 375 | 77.416 | 2.348 | 46.467 |
| Other | -- | -- | -- | -- |
| Total | 1.456.877 | 1.469.577 | 1.195.819 | 1.965.191 |

c. Information on financial assets at fair value through other comprehensive income

1. Major types of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income consist of share certificates, Government Debt Securities, Eurobonds and foreign currency bonds issued by the Turkish Treasury and foreign private sector debt securities.

2. Characteristics and book value of financial assets at fair value through other comprehensive income pledged as collateral

Financial assets at fair value through other comprehensive income which are given as collateral consist of securities issued to various financial institutions, primarily the Central Bank of the Republic of Turkey and Istanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank), for interbank money market, foreign exchange market and other transactions. These financial assets include government bonds and Eurobonds, and their total book value amounts to TL 3.485.501 (31 December 2020: TL 2.287.509).

3. Information on financial assets at fair value through other comprehensive income given as collateral/blocked

| <i>Given as collateral or blocked</i> <i>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 | 989.550 | 2.495.951 | 1.413.426 | 874.083 |
| Other | -- | -- | -- | -- |
| Total | 989.550 | 2.495.951 | 1.413.426 | 874.083 |

4. Financial assets at fair value through other comprehensive income subject to repurchase agreements

| <i>Subject to repurchase agreements</i> <i>Financial assets at fair value through other comprehensive income</i> | Current Period | | Prior Period | |
|---|------------------|------------------|---------------|------------------|
| | TL | FC | TL | FC |
| Government Bonds | 3.403.526 | 1.095.927 | 49.224 | 2.699.928 |
| Treasury Bills | -- | -- | -- | -- |
| Other Debt Securities | -- | -- | -- | -- |
| Bank Bills and Bank Guaranteed Bills | -- | -- | -- | -- |
| Asset Backed Securities | -- | -- | -- | -- |
| Other | -- | -- | -- | -- |
| Total | 3.403.526 | 1.095.927 | 49.224 | 2.699.928 |

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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 | 20.661.002 | 20.297.457 |
| Quoted on Stock Exchange (*) | 20.661.002 | 20.297.457 |
| Unquoted on Stock Exchange | -- | -- |
| Share Certificates | 818 | 777 |
| Quoted on Stock Exchange | -- | -- |
| Unquoted on Stock Exchange (**) | 818 | 777 |
| Impairment Provisions (-) | -- | -- |
| Total | 20.661.820 | 20.298.234 |

(*) 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 | -- | 6.740 | -- | 4.963 |
| Corporate Shareholders | -- | 6.740 | -- | 4.963 |
| Individual Shareholders | -- | -- | -- | -- |
| Indirect Loans Granted to Shareholders | -- | -- | -- | -- |
| Loans Granted to Employees | 79.574 | 296 | 78.025 | 216 |
| Total | 79.574 | 7.036 | 78.025 | 5.179 |

2. Information on standard loans and loans under close monitoring and loans under restructuring

| Cash loans (*) (**) | Standard Loans | Loans Under Close Monitoring | | |
|------------------------------|-----------------------|---|--|--------------------|
| | | Not included in restructured loans | Restructured Loans | |
| | | | Changes in conditions of contract | Refinancing |
| Non-specialized loans | 136.886.508 | 12.340.883 | 6.483.311 | 6.375.349 |
| Corporate loans | 33.610.495 | 2.151.926 | 2.539.590 | 780.072 |
| Export loans | 4.046.558 | 78.053 | -- | 130.947 |
| Import loans | -- | -- | -- | -- |
| Financial sector loans | 1.216.439 | -- | -- | -- |
| Consumer loans | 22.879.883 | 2.067.138 | 830.988 | 179.283 |
| Credit cards | 14.222.753 | 769.264 | 395.310 | 41.402 |
| Others | 60.910.380 | 7.274.502 | 2.717.423 | 5.243.645 |
| Specialized loans | 13.951.825 | 1.209.347 | 523.748 | 1.762.531 |
| Other receivables | 5.123.346 | 759.333 | 520.298 | -- |
| Total | 155.961.679 | 14.309.563 | 7.527.357 | 8.137.880 |

(*) It includes loans measured at amortised cost.

(**) The balances of loans at fair value through profit or loss are not included. It includes Lease Receivables and Factoring Receivables balances.

| | Current Period | | Prior Period | |
|--|-----------------------|---|-----------------------|---|
| | Standard Loans | Loans Under Close Monitoring | Standard Loans | Loans Under Close Monitoring |
| Stage 1 and Stage 2 Provisions for Expected Credit Loss | | | | |
| 12-Month provision for expected credit loss | 1.790.150 | -- | 1.469.687 | -- |
| Significant increase in credit risk | -- | 7.405.605 | -- | 6.306.466 |
| Total | 1.790.150 | 7.405.605 | 1.469.687 | 6.306.466 |

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3. Information on consumer loans, individual credit cards and personnel credit cards

| | Short Term | Medium or Long Term | Total |
|---|-------------------|---------------------|-------------------|
| Consumer Loans-TL | 1.055.047 | 22.540.233 | 23.595.280 |
| Real estate Loans | 951 | 1.754.060 | 1.755.011 |
| Vehicle Loans | 540 | 65.484 | 66.024 |
| General Purpose Loans | 1.053.556 | 20.720.689 | 21.774.245 |
| Other | -- | -- | -- |
| Consumer Loans-Indexed to FC | -- | 9.430 | 9.430 |
| Real estate Loans | -- | 8.810 | 8.810 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | 620 | 620 |
| Other | -- | -- | -- |
| Consumer Loans-FC | -- | 89.285 | 89.285 |
| Real estate Loans | -- | 16.800 | 16.800 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | 139 | 139 |
| Other | -- | 72.346 | 72.346 |
| Individual Credit Cards-TL | 10.850.757 | 761.951 | 11.612.708 |
| Installment | 4.591.434 | 761.951 | 5.353.385 |
| Non installment | 6.259.323 | -- | 6.259.323 |
| Individual Credit Cards-FC | 286 | -- | 286 |
| Installment | -- | -- | -- |
| Non installment | 286 | -- | 286 |
| Loans Given to Employees-TL | 4.442 | 37.702 | 42.144 |
| Real estate Loans | -- | 659 | 659 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | 4.442 | 37.043 | 41.485 |
| Other | -- | -- | -- |
| Loans Given to Employees - Indexed to FC | -- | -- | -- |
| Real estate Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Loans Given to Employees - FC | 26 | 254 | 280 |
| Real estate Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | 26 | 254 | 280 |
| Personnel Credit Cards - TL | 34.623 | 304 | 34.927 |
| Installment | 12.189 | 304 | 12.493 |
| Non installment | 22.434 | -- | 22.434 |
| Personnel Credit Cards - FC | 7 | -- | 7 |
| Installment | -- | -- | -- |
| Non installment | 7 | -- | 7 |
| Overdraft Loans-TL (Real Persons) (*) | 2.218.093 | -- | 2.218.093 |
| Overdraft Loans-FC (Real Persons) | 2.780 | -- | 2.780 |
| Total | 14.166.061 | 23.439.159 | 37.605.220 |

(*) The overdraft account used by the personnel of the Parent Bank amounts to TL 2.216 (31 December 2020: TL 2.043).

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4. Information on commercial installment loans and corporate credit cards

| | Short Term | Medium or Long Term | Total |
|---|-------------------|---------------------|-------------------|
| Installment Commercial Loans - TL | 942.090 | 16.423.974 | 17.366.064 |
| Real estate Loans | -- | 87.428 | 87.428 |
| Vehicle Loans | 5.652 | 295.489 | 301.141 |
| General Purpose Loans | 936.438 | 16.033.556 | 16.969.994 |
| Other | -- | 7.501 | 7.501 |
| Installment Commercial Loans - Indexed to FC | -- | 506.692 | 506.692 |
| Real estate Loans | -- | 2.026 | 2.026 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | 504.666 | 504.666 |
| Other | -- | -- | -- |
| Installment Commercial Loans - FC | 3.623.292 | 42.101.491 | 45.724.783 |
| Real estate Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | 29.091 | 4.927.476 | 4.956.567 |
| Other | 3.594.201 | 37.174.015 | 40.768.216 |
| Corporate Credit Cards - TL | 3.598.516 | 182.260 | 3.780.776 |
| Installment | 1.133.122 | 182.260 | 1.315.382 |
| Non installment | 2.465.394 | -- | 2.465.394 |
| Corporate Credit Cards - FC | 25 | -- | 25 |
| Installment | -- | -- | -- |
| Non installment | 25 | -- | 25 |
| Overdraft Loans-TL (Legal Entities) | 2.057.732 | -- | 2.057.732 |
| Overdraft Loans-FC (Legal Entities) | 4.338 | -- | 4.338 |
| Total | 10.225.993 | 59.214.417 | 69.440.410 |

5. Distribution of domestic and foreign loans

| | Current Period | Prior Period |
|----------------|--------------------|--------------------|
| Domestic Loans | 161.951.461 | 147.364.421 |
| Foreign Loans | 23.985.018 | 23.328.427 |
| Total | 185.936.479 | 170.692.848 |

6. Loans granted to subsidiaries and associates

| | Current Period | Prior Period |
|---|----------------|--------------|
| Direct loans granted to subsidiaries and associates | -- | -- |
| Indirect loans granted to subsidiaries and associates | -- | -- |
| Total | -- | -- |

7. Specific provisions for loans or provisions for stage 3 loans

| | Current Period | Prior Period |
|---|------------------|------------------|
| Provisions related to loans or credit impaired lossess (stage 3) | | |
| Loans with Limited Collectability | 763.654 | 762.722 |
| Loans with Doubtful Collectability | 1.811.389 | 2.363.814 |
| Uncollectible Loans | 7.137.721 | 5.401.118 |
| Total | 9.712.764 | 8.527.654 |

8. 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 | 684.547 | 64.476 | 1.481.886 |
| (Gross amounts before the provisions) | | | |
| Restructured loans | 684.547 | 64.476 | 1.481.886 |
| Prior Period | 41.318 | 40.573 | 838.128 |
| (Gross amounts before the provisions) | | | |
| Restructured loans | 41.318 | 40.573 | 838.128 |

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(ii) Information on movement of total non-performing loans

| | Group III Loans with limited collectability | Group IV Loans with doubtful collectability | Group V Uncollectible loans |
|---|---|---|-----------------------------------|
| Balances at Beginning of the Period | 1.217.998 | 3.582.778 | 8.092.745 |
| Additions (+) | 1.098.550 | 1.308.124 | 1.233.526 |
| Transfers from Other Categories of Non-Performing Loans (+) | -- | 1.011.571 | 2.312.581 |
| Transfers from Other Categories of Non-Performing Loans (-) | 1.011.571 | 2.312.581 | -- |
| Collections (-) | 96.184 | 594.634 | 2.191.558 |
| Write-offs (-) | -- | -- | 208.658 |
| Sales (-) | -- | -- | -- |
| Corporate and Commercial Loans | -- | -- | -- |
| Retail Loans | -- | -- | -- |
| Credit Cards | -- | -- | -- |
| Other | -- | -- | -- |
| Balances at End of the Period | 1.208.793 | 2.995.258 | 9.238.636 |
| Specific Provisions (-) | 763.654 | 1.811.389 | 7.137.721 |
| Net Balance on Balance Sheet | 445.139 | 1.183.869 | 2.100.915 |

(iii) Information on non-performing loans utilised in foreign currencies

| | Group III Loans with limited collectability | Group IV Loans with doubtful collectability | Group V Uncollectible loans |
|---------------------------------------|---|---|-----------------------------------|
| Current Period: 30 June 2021 | | | |
| Balance as of the Period End | 826.952 | 1.623.730 | 3.344.014 |
| Provisions (-) | 349.037 | 1.076.397 | 2.760.259 |
| Net Balance on Balance Sheet | 477.915 | 547.333 | 583.755 |
| Prior Period: 31 December 2020 | | | |
| Balance as of the Period End | 754.040 | 2.473.158 | 2.181.072 |
| Provisions (-) | 421.503 | 1.810.019 | 1.334.041 |
| Net Balance on Balance Sheet | 332.537 | 663.139 | 847.031 |

(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): 30 June 2021 | 445.139 | 1.183.869 | 2.100.915 |
| Loans Granted to Real Persons and Legal Entities (Gross) | 1.208.793 | 2.995.258 | 9.238.636 |
| Provisions (-) | 763.654 | 1.811.389 | 7.137.721 |
| Loans Granted to Real Persons and Legal Entities (Net) | 445.139 | 1.183.869 | 2.100.915 |
| Banks (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Banks (Net) | -- | -- | -- |
| Other Loan (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Other Loan (Net) | -- | -- | -- |
| Prior Period (Net): 31 December 2020 | 455.276 | 1.218.964 | 2.691.627 |
| Loans Granted to Real Persons and Legal Entities (Gross) | 1.217.998 | 3.582.778 | 8.092.745 |
| Provisions (-) | 762.722 | 2.363.814 | 5.401.118 |
| Loans Granted to Real Persons and Legal Entities (Net) | 455.276 | 1.218.964 | 2.691.627 |
| Banks (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Banks (Net) | -- | -- | -- |
| Other Loans (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Other Loans (Net) | -- | -- | -- |

- (v) Information on interest accruals, rediscount and valuation differences for non-performing loans and their provisions

| | Group III Loans with Limited Collectability | Group IV Loans with Doubtful Collectability | Group V Uncollectible Loans |
|--|---|---|-----------------------------------|
| Current Period (Net) | 72.223 | 152.318 | 330.279 |
| Interest accruals and rediscount and valuation differences | 99.784 | 294.834 | 1.418.829 |
| Amount of provision (-) | 27.561 | 142.516 | 1.088.550 |
| Prior Period (Net) | 36.585 | 109.016 | 486.967 |
| Interest accruals and rediscount and valuation differences | 89.683 | 264.107 | 1.447.590 |
| Amount of provision (-) | 53.098 | 155.091 | 960.623 |

e. Information on financial assets measured at amortised cost

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

(i) Information on securities subject to repurchase agreement

Financial assets measured at amortised cost subject to repurchase agreement amounts to TL 3.598.153 (31 December 2020: TL 3.141.841).

(ii) Information on securities subject to given as collateral or blocked

Collateralized financial assets measured at amortised cost are government bonds, book value of which amounts to TL 2.553.343 (31 December 2020: TL 1.774.043).

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 | 6.399.481 | 7.262.043 |
| Treasury Bills | -- | -- |
| Other Government Debt Securities | -- | -- |
| Total | 6.399.481 | 7.262.043 |

3. Information on financial assets measured at amortised cost

| <i>Financial assets measured at amortised cost</i> | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Debt Securities | 6.399.481 | 7.262.043 |
| Quoted on Stock Exchange | 6.399.481 | 7.262.043 |
| Unquoted on Stock Exchange | -- | -- |
| Impairment provisions (-) | -- | -- |
| Total | 6.399.481 | 7.262.043 |

4. The movements of financial assets measured at amortised cost during the period

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Balance at the beginning of the period | 7.262.043 | 6.773.054 |
| Foreign exchange differences in monetary assets (*) | (162.253) | 857.182 |
| Purchases during the year | -- | -- |
| Disposals by sale and redemption | (700.309) | (368.193) |
| Impairment provisions (-) | -- | -- |
| Total | 6.399.481 | 7.262.043 |

(*) Accruals of financial assets measured at amortised cost are included in "foreign exchange differences in monetary assets".

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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⁾ | 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 | 469.637 | 306.989 | 235.415 | 7.788 | -- | 14.770 | 11.740 | -- |
| 2 | 963.633 | 560.909 | 19.801 | 44.582 | -- | 95.447 | 64.893 | -- |
| 3 | 17.818 | 16.667 | 8.054 | 584 | -- | 2.504 | 2.461 | -- |

⁽¹⁾ Information on the financial statements is presented as of the period ended 31 March 2021.

⁽²⁾ Information on the financial statements is presented as of the period ended 31 December 2020.

2. Investments in consolidated associates

There are no investments in consolidated associates.

g. Information on investments in subsidiaries

1. Information on shareholders' equity of major subsidiaries

The Parent Bank do not have 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 30 June 2021 prepared in accordance with the legislation to which Denizbank AG is subject to.

| | Denizbank AG |
|---------------------------------|-------------------|
| Paid-in capital | 2.393.632 |
| Share premium | 3.516.929 |
| Reserves | 10.695.326 |
| Deductions from capital | 13.106 |
| Total Common Equity | 16.592.781 |
| Total additional Tier I capital | -- |
| Deductions from capital | 52.426 |
| Total Core Capital | 16.540.355 |
| Total supplementary capital | 260.642 |
| Capital | 16.800.997 |
| Deductions from capital | -- |
| SHAREHOLDERS' EQUITY | 16.800.997 |

2. Information on unconsolidated subsidiaries

| Title | Address (City/Country) | Share percentage of the Parent Bank (%) | Share percentage of other shareholders (%) |
|---|---------------------------|---|--|
| 1-İntertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. | Istanbul/Turkey | 100 | -- |
| 2-Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. | Istanbul/Turkey | 100 | -- |
| 3-Açık Deniz Radyo ve Televizyon İletişim Yayıncılık ve Sanayi A.Ş. | Istanbul/Turkey | -- | 100 |
| 4-Deniz Immobilien Service GmbH | Vienna/Austria | -- | 100 |
| 5-Ekspres Bilgi İşlem ve Ticaret A.Ş. | Istanbul/Turkey | 71 | 29 |
| 6-Neohub Teknoloji Yazılım Pazarlama ve Danışmanlık A.Ş. | İstanbul/ Turkey | -- | 100 |

| | Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income on Securities Portfolio | Current Period Profit/(Loss) | Prior Period Profit/(Loss) | Fair Value |
|---|--------------|-------------------------|-----------------------|--------------------|--------------------------------------|------------------------------------|-------------------------------|------------|
| 1 | 644.058 | 454.854 | 395.354 | 2.259 | -- | 72.796 | 42.379 | -- |
| 2 | 872 | 861 | 19 | -- | -- | (107) | (106) | -- |
| 3 | 452 | 449 | -- | -- | -- | 22 | 7 | -- |
| 4 | 174 | 174 | -- | -- | -- | (43) | -- | -- |
| 5 | 27.837 | 10.567 | 10.842 | 100 | -- | (2.228) | (637) | -- |
| 6 | 8.750 | 8.870 | -- | -- | -- | -- | -- | -- |

The financial statements of the above subsidiaries for the period ended on 30 June 2021 are not included in the consolidation since they are non-financial subsidiaries.

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3. Information on consolidated subsidiaries

| Title | Address (City/Country) | Share percentage of the Parent Bank (%) | Share percentage of other shareholders (%) | Consolidation Method |
|---|---------------------------|---|--|-------------------------|
| 1 Denizbank AG | Vienna/Austria | 100 | -- | Full consolidation |
| 2 Eurodeniz International Banking Unit Ltd. | Nicosia / Cyprus | 100 | -- | Full consolidation |
| 3 Deniz Yatırım Menkul Kıymetler A.Ş. | Istanbul/Turkey | 100 | -- | Full consolidation |
| 4 JSC Denizbank Moskova | Moscow / Russia | 49 | 51 | Full consolidation |
| 5 Deniz Portföy Yönetimi A.Ş. | Istanbul/Turkey | -- | 100 | Full consolidation |
| 6 Deniz Finansal Kiralama A.Ş. | Istanbul/Turkey | 100 | -- | Full consolidation |
| 7 Deniz Faktoring A.Ş. | Istanbul/Turkey | 100 | -- | Full consolidation |
| 8 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. | Istanbul/Turkey | -- | 75 | Full consolidation |
| 9 CR Erdberg Eins GmbH & Co KG | Vienna/Austria | -- | 100 | Full consolidation |
| 10 Hızlıhede Elektronik Para ve Ödeme Hizmetleri A.Ş. | Istanbul/Turkey | 100 | -- | Full consolidation |

(*) Represents risk group share percentage of the Bank.

| | 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 | 80.991.059 | 17.886.598 | 161.235 | 1.023.004 | 56.288 | 509.107 | 158.091 | -- | -- |
| 2 | 1.486.624 | 64.018 | 34 | 23.505 | -- | 887 | (111) | -- | -- |
| 3 | 1.301.597 | 962.034 | 19.132 | 65.575 | -- | 138.298 | 111.105 | -- | -- |
| 4 | 2.956.309 | 862.582 | 23.869 | 64.929 | 13.082 | 33.146 | 25.118 | -- | -- |
| 5 | 46.459 | 37.572 | 3.299 | 1.528 | 1.513 | 3.736 | 6.343 | -- | -- |
| 6 | 4.374.911 | 939.559 | 665.124 | 162.368 | 2.284 | 293.450 | 64.658 | -- | -- |
| 7 | 3.341.947 | 444.328 | 15.304 | 165.443 | 2.969 | 40.821 | 58.621 | -- | -- |
| 8 | 1.033.573 | 624.400 | 7.488 | 559 | -- | (134) | 1.823 | -- | -- |
| 9 | 337.427 | 294.348 | 258.909 | 2 | -- | 770 | 637 | -- | -- |
| 10 | 11.587 | 9.038 | 2.236 | 697 | -- | (174) | (35) | -- | -- |

Includes financial statement details subject to 30 June 2021 consolidation.

(i) Movement of consolidated subsidiaries during the period

| | Current Period | Prior Period |
|--|------------------|------------------|
| Balance at the Beginning of the Period | 3.666.689 | 3.411.274 |
| Movements During the Period | 226.269 | 255.415 |
| Purchases | 192.682 | 82.727 |
| Bonus Shares Received | -- | -- |
| Dividends from Current Year Profit | -- | -- |
| Sales (*) | -- | (17.394) |
| Revaluation Increase, Effect of Inflation and F/X Difference | 33.587 | 190.082 |
| Other | -- | -- |
| Provision for Impairment | -- | -- |
| Balance at the End of the Period | 3.892.958 | 3.666.689 |
| Capital Commitments | -- | -- |
| Share Percentage at the end of Period (%) | -- | -- |

(*) Deniz Yatırım sold 9% of the shares with a cost of TL 17.394 in Deniz GYO, which it owns 86% of total shares as of 31.12.2020.

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

| | Current Period | Prior Period |
|---------------------|------------------|------------------|
| Banks | 2.039.588 | 2.019.704 |
| Insurance Companies | -- | -- |
| Factoring Companies | 138.107 | 138.107 |
| Leasing Companies | 801.217 | 801.217 |
| Finance Companies | -- | -- |
| Other Subsidiaries | 914.046 | 707.661 |
| Total | 3.892.958 | 3.666.689 |

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 | 555.524 | 375.843 |
| Quoted on foreign markets | -- | -- |

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

(v) Consolidated subsidiaries acquired during the current period: None.

h. Information on jointly controlled entities (joint ventures)

1. Information on jointly controlled entities (joint ventures)

| Title | Share percentage of the Parent Bank (%) | Share percentage of the Group (%) | Current Assets | Non- Current Assets | Non-Current Liabilities | Income | Expenses |
|---|--|--|-------------------|---------------------------|----------------------------|---------|-----------|
| Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. | 33 | 33 | 125.517 | 42.841 | 28.490 | 125.652 | (106.470) |

Information on the unaudited financial statements is presented as of the period ended 30 June 2021.

2. Reasons of being unconsolidated for unconsolidated jointly controlled entities (joint ventures) and method used in the accounting of jointly controlled entities (joint ventures) in the Parent Bank's unconsolidated financial statements

Although the Parent Bank represents Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. ("Bantaş") with %33 of ownership rate as jointly controlled affiliate in its financial statements, it was not consolidated since it is a non-financial entity. This investment is carried at cost.

i. Information on receivables from leasing transactions

1. Representation of investments in leasing transactions by remaining maturity

| | Current Period (*) | | Prior Period (*) | |
|-------------------|--------------------|------------------|------------------|------------------|
| | Gross | Net | Gross | Net |
| Less than 1 year | 223.675 | 202.586 | 169.371 | 154.927 |
| Between 1-4 years | 1.174.779 | 1.007.543 | 925.974 | 681.780 |
| Over 4 years | 2.887.025 | 2.178.948 | 2.895.430 | 2.228.442 |
| Total | 4.285.479 | 3.389.077 | 3.990.775 | 3.065.149 |

(*) Non-performing lease receivables of TL 346.329 are not included (31 December 2020: TL 175.676).

2. Information on net investments in lease transactions

| | Current Period (*) | Prior Period (*) |
|--|--------------------|------------------|
| Gross finance lease investment | 4.285.479 | 3.990.775 |
| Unearned finance income from finance lease (-) | 896.402 | 925.626 |
| Cancelled leasing amounts (-) | -- | -- |
| Net investment on finance leases | 3.389.077 | 3.065.149 |

(*) Non-performing lease receivables of TL 346.329 are not included (31 December 2020: TL 175.676).

3. Information on operating lease

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

Long-term receivables arising from leased assets are not recognised in the DFS Group's balance sheet. Receivables arising from the invoiced rents amounts within the period are recognised in the Group's balance sheet.

As of 30 June 2021, the DFS Group's receivables which arise from its operational leasing agreements and will emerge in the future are distributed as follows by year:

| | Current Period | Prior Period |
|-------------------|----------------|--------------|
| Up to 1 year | 9.343 | 8.016 |
| Between 1-5 years | -- | -- |
| 5 years and over | -- | -- |
| Total | 9.343 | 8.016 |

j. Explanation on derivative financial instruments for hedging purpose

None.

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k. Explanation on investment properties

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

As of 30 June 2021, the DFS Group's investment properties amount to TL 373.151 (31 December 2020: TL 355.990) which are carried at fair value in the consolidated financial statements.

l. Information on deferred tax asset

Deferred tax asset calculated within the scope of applicable regulation amounts to TL 1.913.022 (31 December 2020: TL 1.488.411) and deferred tax liability amounts to TL 127.023 (31 December 2020: TL 64.714). 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 | 1.907.402 | 1.458.416 |
| Provision for Employee Benefits | 118.396 | 94.614 |
| Unearned Revenue | 54.513 | 63.552 |
| Valuation Differences of Financial Assets | 49.762 | -- |
| Other | 116.589 | 115.835 |
| Deferred Tax Assets | 2.246.662 | 1.732.417 |
| Valuation Differences of Derivatives | (326.454) | (92.891) |
| Valuation Differences of Tangible Assets | (134.209) | (112.197) |
| Valuation Differences of Financial Assets | -- | (103.632) |
| Deferred Tax Liabilities | (460.663) | (308.720) |
| Net Deferred Tax Assets | 1.785.999 | 1.423.697 |

m. Explanation on non-current assets or disposal groups held for sale and from discontinued operations

None.

n. Information on other assets

1. Information on prepaid expense, taxes and similar items

DFS Group's total prepaid expenses are TL 1.114.443 (31 December 2020: TL 932.372).

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

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II. Explanations and disclosures related to consolidated liabilities

a. Information on deposits

1. Information on maturity structure of deposits

Current period - 30 June 2021:

| | Demand | 7 Days Notice | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Months-1 Year | 1 Year and Over | Accumulated Deposit Accounts | Total |
|-------------------------------|-------------------|---------------|-------------------|-------------------|------------------|------------------|-------------------|------------------------------|--------------------|
| Saving Deposits | 5.998.866 | -- | 5.154.231 | 28.286.144 | 1.364.701 | 1.283.934 | 757.745 | 5.330 | 42.850.951 |
| Foreign Currency Deposits (*) | 41.050.965 | -- | 9.144.159 | 27.621.210 | 4.153.892 | 6.549.806 | 28.210.141 | 1.711 | 116.731.884 |
| Residents in Turkey | 16.776.968 | -- | 8.735.930 | 25.074.861 | 3.612.299 | 1.580.023 | 1.694.028 | 1.658 | 57.475.767 |
| Residents Abroad | 24.273.997 | -- | 408.229 | 2.546.349 | 541.593 | 4.969.783 | 26.516.113 | 53 | 59.256.117 |
| Public Sector Deposits | 958.267 | -- | 20.068 | 70.045 | 25.049 | 22 | 1.370 | -- | 1.074.821 |
| Commercial Deposits | 4.084.046 | -- | 3.435.475 | 3.121.461 | 226.140 | 86.267 | 20.881 | -- | 10.974.270 |
| Other Ins. Deposits | 184.050 | -- | 219.991 | 658.287 | 50.335 | 28.226 | 295.907 | -- | 1.436.796 |
| Precious Metal Deposits | 7.088.055 | -- | 281.274 | 1.802.623 | 247.744 | 434.912 | 369.167 | 10.335 | 10.234.110 |
| Bank Deposits | 492.021 | -- | 4.398.531 | 6.594.194 | 1.164.859 | 1.557.238 | 244.008 | -- | 14.450.851 |
| Central Bank | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Domestic Banks | 32.841 | -- | 511 | 268.521 | -- | 4.354 | -- | -- | 306.227 |
| Foreign Banks | 458.548 | -- | 4.398.020 | 6.325.673 | 1.164.859 | 1.552.884 | 244.008 | -- | 14.143.992 |
| Special Finan. Inst. | 632 | -- | -- | -- | -- | -- | -- | -- | 632 |
| Other | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 59.856.270 | -- | 22.653.729 | 68.153.964 | 7.232.720 | 9.940.405 | 29.899.219 | 17.376 | 197.753.683 |

(*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 81.954.350 and Commercial Deposit customers at the amount of TL 34.777.534.

Prior period - 31 December 2020:

| | Demand | 7 Days Notice | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Months-1 Year | 1 Year and Over | Accumulated Deposit Accounts | Total |
|-------------------------------|-------------------|---------------|-------------------|-------------------|------------------|------------------|-------------------|------------------------------|--------------------|
| Saving Deposits | 5.118.848 | -- | 4.632.385 | 25.358.350 | 500.405 | 397.724 | 495.589 | 5.290 | 36.508.591 |
| Foreign Currency Deposits (*) | 35.192.824 | -- | 7.913.965 | 25.559.298 | 3.408.843 | 4.876.860 | 32.576.436 | 1.681 | 109.529.907 |
| Residents in Turkey | 15.022.887 | -- | 7.647.685 | 22.149.654 | 2.913.425 | 781.065 | 1.994.830 | 1.681 | 50.511.227 |
| Residents Abroad | 20.169.937 | -- | 266.280 | 3.409.644 | 495.418 | 4.095.795 | 30.581.606 | -- | 59.018.680 |
| Public Sector Deposits | 332.762 | -- | 87.706 | 77.422 | 13.194 | 487 | 2.622 | -- | 514.193 |
| Commercial Deposits | 3.398.550 | -- | 2.506.787 | 3.267.527 | 144.695 | 54.160 | 16.529 | -- | 9.388.248 |
| Other Ins. Deposits | 165.190 | -- | 213.279 | 482.088 | 78.775 | 26.533 | 265.387 | -- | 1.231.252 |
| Precious Metal Deposits | 7.341.422 | -- | 353.975 | 1.806.563 | 137.017 | 324.325 | 320.635 | 11.121 | 10.295.058 |
| Bank Deposits | 952.956 | -- | 7.162.709 | 8.923.507 | 3.014 | 4.841 | 205.037 | -- | 17.252.064 |
| Central Bank | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Domestic Banks | 50.385 | -- | 30 | 23.000 | -- | 3.721 | -- | -- | 77.136 |
| Foreign Banks | 902.018 | -- | 7.162.679 | 8.900.507 | 3.014 | 1.120 | 205.037 | -- | 17.174.375 |
| Special Finan. Inst. | 553 | -- | -- | -- | -- | -- | -- | -- | 553 |
| Other | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 52.502.552 | -- | 22.870.806 | 65.474.755 | 4.285.943 | 5.684.930 | 33.882.235 | 18.092 | 184.719.313 |

(*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 79.102.989 and Commercial Deposit customers at the amount of TL 30.426.918.

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 | 24.046.971 | 21.224.127 | 18.695.979 | 15.182.523 |
| Foreign Currency Saving Deposits | 12.449.015 | 13.245.617 | 32.653.818 | 28.154.787 |
| 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 | 36.495.986 | 34.469.744 | 51.349.797 | 43.337.310 |

(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 | 73.698 | 137.627 |
| 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 | 108.716 | 87.485 |
| Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of 5237 Numbered Turkish Penal Code dated on 26/09/2004 | -- | -- |
| Deposits belong to Off-Shore Banks which are established in Turkey | 54.300 | 182 |
| Total | 236.714 | 225.294 |

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

b. Information on derivative financial liabilities held for trading

1. Negative differences table for derivative financial liabilities held for trading

| | Current Period | | Prior Period | |
|----------------------|----------------|------------------|----------------|------------------|
| | TL | FC | TL | FC |
| Forward Transactions | 10.955 | 61.413 | 18.511 | 179.672 |
| Swap Transactions | 257.857 | 795.797 | 247.272 | 1.608.027 |
| Futures Transactions | -- | 171.862 | -- | 41.365 |
| Options | 370 | 60.319 | 26.931 | 33.066 |
| Other | -- | -- | -- | -- |
| Total | 269.182 | 1.089.391 | 292.714 | 1.862.130 |

c. Information on funds borrowed

1. Information on banks and other financial institutions

| | Current Period | | Prior Period | |
|---------------------------------------|------------------|-------------------|------------------|-------------------|
| | TL | FC | TL | FC |
| Central Bank Loans | -- | -- | -- | -- |
| Domestic Banks and Institutions | 2.275.254 | 2.923.927 | 2.199.782 | 1.908.386 |
| Foreign Banks, Institutions and Funds | -- | 28.176.624 | 200.050 | 21.677.336 |
| Total | 2.275.254 | 31.100.551 | 2.399.832 | 23.585.722 |

2. Maturity information of funds borrowed

| | Current Period | | Prior Period | |
|----------------------|------------------|-------------------|------------------|-------------------|
| | TL | FC | TL | FC |
| Short-Term | 2.152.047 | 7.202.177 | 2.399.832 | 3.344.623 |
| Medium and Long-Term | 123.207 | 23.898.374 | -- | 20.241.099 |
| Total | 2.275.254 | 31.100.551 | 2.399.832 | 23.585.722 |

d. Information on securities issued

| | Current Period | | Prior Period | |
|-------------------------|------------------|------------------|------------------|----------------|
| | TL | FC | TL | FC |
| Bonds | 511.223 | 1.680.084 | 620.081 | 175.315 |
| Bills | 4.253.083 | 1.584.624 | 1.921.607 | 451.604 |
| Asset Backed Securities | -- | -- | -- | -- |
| Total | 4.764.306 | 3.264.708 | 2.541.688 | 626.919 |

The Parent Bank has repurchased the securities it has issued amounting to TL 360.573 and netted them in its financial statements (31 December 2020: TL 255.037).

e. If other liabilities line of the balance sheet exceeds 10% of the total balance sheet excluding the off balance sheet commitments, the names and amounts of the sub-accounts constituting at least 20% of the other liabilities

Other liabilities do not exceed 10% of the balance sheet total excluding the off-balance sheet commitments.

f. Information on lease liabilities

With the "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.

| | Current Period | | Prior Period | |
|-------------------|----------------|----------------|------------------|----------------|
| | Gross | Net | Gross | Net |
| Less than 1 year | 142.774 | 80.190 | 247.759 | 141.311 |
| Between 1-4 years | 649.801 | 488.185 | 636.405 | 363.239 |
| Over 4 years | 28.383 | 22.683 | 153.585 | 106.276 |
| Total | 820.958 | 591.058 | 1.037.749 | 610.826 |

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 30 June 2021, there is no provisions for foreign exchange differences on foreign currency indexed loans (31 December 2020: None). The amount of the provision for foreign exchange differences on foreign currency indexed loans are netted against loans and receivables under assets in the financial statements.

2. Liabilities of provision for employee benefits

TAS 19 requires using the actuarial valuation method for calculation of liabilities.

Accordingly, the following actuarial assumptions were used in the calculation of the total provision for employee termination benefits:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Discount rate | 4,16% | 4,16% |
| Interest rate | 12,70% | 12,70% |
| Estimated rate of increase in salary/severance pay limit | 8,20% | 8,20% |

As of 30 June 2021, TL 307.220 of provision for employee termination benefits (31 December 2020: TL 284.403) and TL 288.625 of unused vacation provisions and other rights (31 December 2020: TL 277.953) were reflected to the consolidated financial statements.

Movement of the provision for employee termination benefits during the period is as follows:

| | Current Period | Prior Period |
|---|----------------|----------------|
| Balance at the Beginning of the Period | 284.403 | 207.208 |
| Changes in the period | 42.070 | 54.307 |
| Actuarial loss/gain | -- | 53.581 |
| Paid in the period | (20.447) | (33.596) |
| FX difference | 1.194 | 2.903 |
| Balance at the End of the Period | 307.220 | 284.403 |

3. Information on other provisions

Information on the items and amounts causing the excess if other provisions exceed 10% of total provisions:

Current period:

TL 543.122 of other provisions represents stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 409.839 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 207.104 is the provisions for the litigations against the Bank and TL 776.690 includes other provisions.

Prior period:

TL 505.727 of other provisions represents stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 373.005 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 200.384 is the provisions for the litigations against the Bank and TL 667.695 includes other provisions.

i. Explanations on tax liability

1. Information on current tax liability

(i) Information on tax provision

As of 30 June 2021, the corporate tax provision of DFS Group amounts to TL 467.217 (31 December 2020: TL 205.219), and it has been offset with advance taxes amounting to TL 297.610 (31 December 2020: TL 107.505).

(ii) Information on tax liabilities

| | Current Period | Prior Period |
|--|----------------|----------------|
| Corporate tax payables | 169.607 | 97.714 |
| Taxation on securities | 52.455 | 57.249 |
| Taxes on real estate capital gain | 1.374 | 2.176 |
| Banking Insurance Transaction Tax (BITT) | 96.634 | 96.266 |
| Taxes on foreign exchange transactions | 5.953 | 7.854 |
| Value added tax payables | 3.779 | 32.291 |
| Other | 42.481 | 56.480 |
| Total | 372.283 | 350.030 |

(iii) Information on premiums

| | Current Period | Prior Period |
|---|----------------|---------------|
| Social security premiums- employee share | 16.025 | 14.011 |
| Social security premiums- employer share | 17.711 | 15.524 |
| Bank pension fund premium- employee share | -- | -- |
| Bank pension fund premium- employer share | -- | -- |
| Pension fund membership fees and provisions- employee share | 2.193 | 1.136 |
| Pension fund membership fees and provisions- employer share | 2.685 | 1.391 |
| Unemployment insurance- employee share | 1.183 | 1.012 |
| Unemployment insurance- employer share | 2.244 | 1.934 |
| Other | 55.812 | 7.544 |
| Total | 97.853 | 42.552 |

2. Information on deferred tax liability

Deferred tax liability calculated within the scope of the applicable regulations amounts to TL 127.023 (31 December 2020: TL 64.714). The detail of deferred tax is disclosed in Note "I" of explanations and disclosures related to consolidated assets.

j. Information on liabilities related to non-current assets held for sale and discontinued operations

None.

k. Information on shareholders' equity

1. Presentation of paid-in capital

| | Current Period | Prior Period |
|-----------------|----------------|--------------|
| Share | 5.696.100 | 5.696.100 |
| 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.

8. Share premiums, shares and equity instruments

| | Current Period | Prior Period |
|----------------------------|----------------|--------------|
| Number of Shares (*) | 50.368.526 | 50.368.526 |
| Preferred Shares | -- | -- |
| Share Premium (**) | 15 | 15 |
| Share Cancellation Profits | -- | -- |
| Other Equity Instruments | -- | -- |
| Total Share Issued (*) | 50.369 | 50.369 |

(*) Related to the Parent Bank's capital increase on 27 September 2004. The Parent Bank's capital was increased from TL 202.000 to TL 290.000; and TL 50.369 of the increased TL 88.000 was received in cash through shares issued to the public on 27 September 2004.

(**) In the related period, the number of shares with nominal value of "one thousand" Turkish Lira was sold for "two thousand eight hundred seventy-five" Turkish Lira and TL 94.441 share premium was obtained. Inflation valuation difference until December 2004 amounts to TL 3.910 and is followed under the related account in accordance with the regulation. Share premium of TL 60 through obtained from the paid-in capital increase of TL 400.000 on 28 August 2008.

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

Through the capital increase of TL 1.500.000 realised on 28 June 2016, an emission premium of TL 15 was generated.

9. Information on marketable securities value increase fund

| | Current Period | | Prior Period | |
|----------------------------------|----------------|-----------------|----------------|----------------|
| | TL | FC | TL | FC |
| Associates, Subsidiaries and JVs | 450.880 | -- | 450.880 | -- |
| Valuation Difference | (235.548) | (92.370) | (297.334) | 487.214 |
| FX Gain or Loss | -- | -- | -- | -- |
| Total | 215.332 | (92.370) | 153.546 | 487.214 |

10. Information on hedging funds

Explanations about hedging funds are in Section Four, note VIII.

11. Explanations on minority shares

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Balance at the Beginning of the Period | 53.494 | 22.772 |
| Minority shares in net income of consolidated subsidiaries | 8.174 | 7.449 |
| Increase/(decrease) in minority shares due to disposals | -- | -- |
| Other | 57.978 | 23.273 |
| Balance at the End of the Period | 119.646 | 53.494 |

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 125.703 has been accounted for in "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" under equities (31 December 2020: TL 116.964).

13. Explanations on profit distribution

At the Ordinary General Assembly Meeting held on 25 March 2021, according to the proposal of the Parent Bank's Board of Directors for profit distribution, TL 89.661 of the net profit for the period of 2020 amounting to TL 1.793.225 was allocated as legal reserves and the remaining TL 1.703.564 was allocated as extraordinary reserves.

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 30 June 2021, loan granting commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 18.721.846, TL 36.778.028 and TL 2.672.115 respectively (31 December 2020: TL 17.234.415, TL 32.617.301 and TL 2.226.643 respectively). The details of these items are followed in the off-balance sheet accounts.

2. Structure and amount of probable 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 30 June 2021, DFS Group has letters of guarantee amounting to TL 37.053.831, bill of guarantee and acceptances amounting to TL 95.310, and guarantees and warranties on letters of credit amounting to TL 9.502.765 and other guarantees and warranties amounting to TL 5.446.295.

As of 31 December 2020, DFS Group has letters of guarantee amounting to TL 31.919.440, bill of guarantee and acceptances amounting to TL 110.240, and guarantees and warranties on letters of credit amounting to TL 4.895.252 and other guarantees and warranties amounting to TL 5.899.776.

- (ii) Final guarantees, provisional guarantees, sureties and similar transactions

| | Current Period | Prior Period |
|---|-------------------|-------------------|
| Provisional Letters of Guarantee | 791.643 | 1.182.488 |
| Final Letters of Guarantee | 19.689.002 | 18.461.567 |
| Letters of Guarantee for Advances | 3.262.979 | 2.771.821 |
| Letters of Guarantee given to Customs Offices | 221.645 | 203.609 |
| Other Letters of Guarantee | 13.088.562 | 9.299.955 |
| Total | 37.053.831 | 31.919.440 |

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 | 19.831.975 | 16.257.542 |
| With Original Maturity of 1 Year or Less | 19.543.430 | 16.034.674 |
| With Original Maturity of More Than 1 Year | 288.545 | 222.868 |
| Other Non-Cash Loans | 32.266.226 | 26.567.166 |
| Total | 52.098.201 | 42.824.708 |

b. Explanations on contingent assets and liabilities

In accordance with the precautionary principle regarding the lawsuits filed against the Group, TL 207.104 (31 December 2020: TL 200.384) provision has been set aside and these provisions are classified under "Other provisions" on the balance sheet. Except for those provisioned, other ongoing lawsuits are unlikely to result in a negative conclusion and cash outflow is not foreseen for them.

IV. Explanations and disclosures related to consolidated statement of profit or loss

a. Interest income

1. Information on interest income received from loans

| | Current Period | | Prior Period | |
|--|------------------|------------------|------------------|------------------|
| | TL | FC | TL | FC |
| Short Term Loans | 2.435.997 | 286.342 | 1.331.304 | 268.371 |
| Medium and Long Term Loans | 5.073.338 | 1.811.746 | 4.287.835 | 1.870.456 |
| Loans Under Close Monitoring | 86.931 | 726 | 42.980 | -- |
| Premiums Received from Resource Utilisation Support Fund | -- | -- | -- | -- |
| Total | 7.596.266 | 2.098.814 | 5.662.119 | 2.138.827 |

Interest income received from loans also include fees and commissions from cash loans.

2. Information on interest income received from banks

| | Current Period | | Prior Period | |
|--|----------------|---------------|---------------|---------------|
| | TL | FC | TL | FC |
| Central Bank of the Republic of Turkey | -- | -- | 360 | -- |
| Domestic Banks | 63.620 | 10.352 | 59.187 | 15.265 |
| Foreign Banks | 23 | 11.035 | 63 | 7.693 |
| Foreign Head Offices and Branches | -- | -- | -- | 39 |
| Total | 63.643 | 21.387 | 59.610 | 22.997 |

The interest income received from required reserves of the Parent Bank with the CBRT is TL 128.639 (1 January - 30 June 2020: TL None).

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 | 11.377 | 8.258 | 4.140 | 3.487 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 417.285 | 235.208 | 355.041 | 182.033 |
| Financial Assets Measured at Amortised Cost | 227.592 | 63.592 | 224.349 | 52.670 |
| Total | 656.254 | 307.058 | 583.530 | 238.190 |

As stated in the chapter III footnote numbered VII, the Parent Bank has government securities in the financial assets at fair value through other comprehensive income and financial assets measured at amortised cost portfolios with a maturity of 5 to 10 years and having CPI indexed 6 months real coupon ratio fixed until maturity. As stated in the Undersecretariat of Treasury's securities indexed CPI Investors Guide, the reference indexes used in calculating the actual coupon payment amounts of these assets are based on the CPI of previous two months. The Parent Bank predicts the estimated inflation rate in parallel to those. The estimated inflation rate used is updated when necessary during the year. In this context, as of 30 June 2021, the valuation of these securities was made according to the annual forecast of 16% inflation. If the valuation for these securities indexed to the CPI was made according to the reference index valid for 30 June 2021, the securities valuation differences under the equity would decrease by TL 17.384 and net profit for the period would increase by TL 25.571 to TL 2.048.330.

4. Information on interest income received from associates and subsidiaries

| | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Received from Associates and Subsidiaries | -- | -- |

b. Interest expense

1. Information on interest expense related to funds borrowed

| | Current Period | | Prior Period | |
|--|----------------|----------------|---------------|----------------|
| | TL | FC | TL | FC |
| Banks | 173.274 | 657.987 | 89.322 | 663.069 |
| Central Bank of the Republic of Turkey | -- | 42.465 | -- | 115.134 |
| Domestic Banks | 166.693 | 19.998 | 79.027 | 17.477 |
| Foreign Banks | 6.581 | 595.524 | 10.295 | 530.458 |
| Foreign Head Offices and Branches | -- | -- | -- | -- |
| Other Institutions | -- | -- | -- | -- |
| Total | 173.274 | 657.987 | 89.322 | 663.069 |

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

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2. Information on interest paid to associates and subsidiaries

| | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Paid to Associates and Subsidiaries | 2.868 | 2.904 |

3. Information on interest paid to securities issued

| | Current Period | | Prior Period | |
|------------------------------------|----------------|----|--------------|----|
| | TL | FC | TL | FC |
| Interest Paid to Securities Issued | 363.569 | -- | 218.160 | -- |

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 | -- | 49.710 | -- | -- | -- | -- | -- | 49.710 |
| Saving Deposits | 2.518 | 379.690 | 2.192.903 | 94.712 | 55.126 | 45.999 | 240 | 2.771.188 |
| Public Sector Deposits | -- | 2.157 | 7.309 | 1.132 | 12 | 106 | -- | 10.716 |
| Commercial Deposits | -- | 270.445 | 282.871 | 15.796 | 5.358 | 1.169 | -- | 575.639 |
| Other Deposits | -- | 16.482 | 44.790 | 6.266 | 2.212 | 6.898 | -- | 76.648 |
| 7 Days Call Account | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 2.518 | 718.484 | 2.527.873 | 117.906 | 62.708 | 54.172 | 240 | 3.483.901 |
| FC | | | | | | | | |
| Deposits | 8.716 | 261.954 | 187.088 | 23.579 | 9.933 | 9.577 | -- | 500.847 |
| Bank Deposits | 699 | 55.690 | -- | -- | -- | -- | -- | 56.389 |
| 7 Days Call Account | -- | -- | -- | -- | -- | -- | -- | -- |
| Precious Metal Deposits | 6 | 466 | 3.896 | 754 | 1.903 | 2.234 | 41 | 9.300 |
| Total | 9.421 | 318.110 | 190.984 | 24.333 | 11.836 | 11.811 | 41 | 566.536 |
| Grand Total | 11.939 | 1.036.594 | 2.718.857 | 142.239 | 74.544 | 65.983 | 281 | 4.050.437 |

c. Explanations on trading income/loss

| | Current Period | Prior Period |
|----------------------------------|--------------------|--------------------|
| Income | 467.412.594 | 292.479.951 |
| Capital Market Transactions | 406.805 | 167.887 |
| Derivative Financial Instruments | 6.738.397 | 4.436.062 |
| Foreign Exchange Gains | 460.267.392 | 287.876.002 |
| Loss (-) | 467.626.446 | 291.930.576 |
| Capital Market Transactions | 72.998 | 68.253 |
| Derivative Financial Instruments | 4.018.233 | 4.015.880 |
| Foreign Exchange Losses | 463.535.215 | 287.846.443 |
| Net Trading Income / Loss | (213.852) | 549.375 |

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments amounts to TL 1.527.440 (1 January - 30 June 2020: TL 880.171).

d. Information on other operating income

Other operating income consist of fee income from customers for various banking services, income from fixed asset sales and operating lease income increases.

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e. Provisions for expected credit loss

| | Current Period | Prior Period |
|--|------------------|------------------|
| Expected credit loss (*) | 2.078.514 | 3.564.601 |
| 12 months provision for expected credit loss (Stage 1) | 265.967 | 342.161 |
| Significant increase in credit risk (Stage 2) | 1.047.035 | 1.335.079 |
| NPL (Stage 3) | 765.512 | 1.887.361 |
| 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 | 118.308 | 239.276 |
| Total | 2.196.822 | 3.803.877 |

(*) DFS Group has reported the provision for expected credit loss for loans in its financial statements, by netting off the reversals and collections made from loan provisions.

f. Information on other operating expenses

| | Current Period | Prior Period |
|---|------------------|------------------|
| Personnel Expenses (*) | 1.218.710 | 1.071.979 |
| Reserve for Employee Termination Benefits (*) | 21.273 | 33.974 |
| Reserve for Bank's Social Aid Fund Deficit | -- | -- |
| Impairment Losses on Tangible Assets | -- | -- |
| Depreciation Charges of Tangible Assets | 209.039 | 195.357 |
| Impairment Losses on Intangible Assets | -- | -- |
| Goodwill for impairment loss | -- | -- |
| Amortisation Charges of Intangible Assets | 120.774 | 83.753 |
| Impairment Losses on Investment Accounted for under Equity Method | -- | -- |
| Impairment of Assets to be Disposed | -- | -- |
| Depreciation of Assets to be Disposed | -- | 5.391 |
| Impairment of Assets Held for Sale | -- | -- |
| Other Operating Expenses | 797.191 | 617.972 |
| Operational Lease Expenses (**) | 49.233 | 36.833 |
| Repair and Maintenance Expenses | 42.855 | 37.817 |
| Advertisement Expenses | 57.036 | 37.042 |
| Other Expenses (***) | 648.067 | 506.280 |
| Losses on Sale of Assets | 2.410 | 5.737 |
| Other | 498.633 | 353.029 |
| Total | 2.868.030 | 2.367.192 |

(*) Personnel expenses and reserve for employee termination benefits are presented in "personnel expenses" in the statement of profit or loss.

(**) Includes the rent expenses outside the scope of TFRS 16.

(***) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationary, representation, heating and lighting, credit card service fee and others amounting to TL 54.207, TL 149.938, TL 18.016, TL 1.355, TL 32.873, TL 201.542 and TL 190.136 respectively (1 January - 30 June 2020: TL 40.379, TL 103.423, TL 11.062, TL 817, TL 27.615, TL 240.379 and TL 82.605 respectively).

g. Information on profit / loss before tax from continued operations

As 1 January - 30 June 2021, DFS Group has a profit before tax from continued operations amounting to TL 2.684.891 (1 January - 30 June 2020: TL 1.459.207).

h. Information on tax provision for continued and discontinued operations

1. Calculated current tax income or expense and deferred tax income or expense

As of 1 January - 30 June 2021, the current tax charge on continued operations amounts to TL 462.225 (1 January - 30 June 2020: TL 395.045) while deferred tax charge amounts to TL 1.812.230 (1 January - 30 June 2020: TL 976.457) and deferred tax benefit amounts to TL 1.612.323 (1 January - 30 June 2020: TL 977.751).

There are no current tax expenses on discontinued operations.

i. 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 | 8.174 | 6.316 |

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

DFH Group has accounted for fees and commissions, transfer commissions, account operation fees and insurance brokerage commissions received from credit cards under the "Other" line under the "Fees and Commissions Received" account. Fees and commissions given to credit cards are accounted under the "Other" line under the "Fees and Commissions Given" account.

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

a. Information on loans and other receivables of DFS Group's risk group

Current Period

| DFS Group's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|--|---|----------|--|----------|---|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans | | | | | | |
| Balance at the Beginning of the Period | -- | 48.031 | 154.778 | 4.963 | 447.926 | -- |
| Balance at the End of the Period | 38 | 48.043 | 773.058 | 6.740 | 347.307 | -- |
| Interest and Commission Income | 61 | 6 | 709 | -- | -- | -- |

(*) 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 | 11 | 31.543 | 119.015 | 4.963 | 329.133 | -- |
| Balance at the End of the Period | -- | 48.031 | 154.778 | 4.963 | 447.926 | -- |
| Interest and Commission Income | 23 | 52 | 739 | -- | 2 | -- |

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

b. Information on deposits and funds borrowed from DFS Group's risk group

| DFS Group's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder (**) | | Other Real Persons and Legal Entities in Risk Group | |
|--|---|--------------|---|--------------|---|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Balance at the Beginning of the Period | 148.929 | 155.491 | 15.518.492 | 8.130.445 | 28.010 | 35.172 |
| Balance at the End of the Period | 157.462 | 148.929 | 19.387.294 | 15.518.492 | 35.845 | 28.010 |
| Interest and Commission Expense Paid | 2.940 | 2.904 | 299.373 | 178.649 | 1.653 | -- |

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

(**) Includes the subordinated loans of US Dollar 1.050 million and Euro 115 million received from ENBD.

c. Information on forward and option agreements and similar agreements made with DFS Group's risk group

| DFS Group's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|---|---|--------------|--|--------------|---|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Transactions for Financial Assets at Fair Value through Profit or Loss Purposes: | | | | | | |
| Balance at the Beginning of the Period | -- | -- | 101.455 | 594.000 | 18.129 | -- |
| Balance at the End of the Period | -- | -- | 100.000 | 101.455 | 87 | 18.129 |
| Total Income/(Loss) | -- | -- | 17.079 | 12 | 270 | 116 |
| Transactions for Hedging Purposes: | | | | | | |
| Balance at the Beginning of the Period | -- | -- | -- | -- | -- | -- |
| Balance at the End of the Period | -- | -- | -- | -- | -- | -- |
| Total Income/(Loss) | -- | -- | -- | -- | -- | -- |

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

d. Information on benefits provided to top management

DFS Group made payment amounting to TL 69.315 (30 June 2020: TL 49.435) to its key management as of 30 June 2021.

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e. Information on transactions with DFS Group's risk group

As of 30 June 2021, cash loans and other receivables of the risk group represent 0,62% of DFS Group's total cash loans and banks; deposits and borrowings represent 8,23% 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.

VI. Subsequent events

None.

SECTION SIX

INDEPENDENT AUDITOR'S REVIEW REPORT

I. Matters to be disclosed related to Independent Auditor's Review Report

Consolidated financial statements and notes of the DFS Group are subject to independent auditor's review by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Deloitte Touche Tohmatsu Limited) and independent audit review report dated 5 August 2021 is presented in front of the consolidated financial statements.

II. Explanations and notes prepared by Independent Auditor

There are no explanations or notes, deemed to be required, and no significant issues which are not mentioned in the prior sections above related to the activities of the DFS Group.

SECTION SEVEN

INTERIM ACTIVITY REPORT

(*) Amounts are expressed in TL in Section Seven.

Message From the Chairman

DenizBank has successfully maintained its solid trajectory with continued support from its shareholder for almost last two years. Deriving strength from this collaboration, our bank has continued to play a key role in the development of the national economy and in funding critical industries thanks to its innovation-focused approach, agile structure and experienced management team.

As the ongoing pandemic continues to impact the lives of many, the Turkish government has maintained its relief programmes in the second quarter of 2021 to support those in need. DenizBank had also continued to prioritize the safety of its people and customers, providing secure and uninterrupted banking services through all its channels. We also continue to fulfill our mission of supporting the country and its people, especially in the critical sectors of Small and Medium Enterprises (SMEs) and agriculture, both of which are key to ensuring the long-term prosperity of the Turkish economy.

DenizBank has taken the lead in securing fresh international funds adding ~USD 1 Billion to the national economy. We secured a USD 410 million syndicated loan with 1 year maturity in Dollar, Euro and Chinese Yuan Tranches, marking the first Turkish bank syndication that includes a Renminbi denominated tranche. The proceeds of the loan will be utilized to finance international trade transactions of DenizBank clients which primarily include tourism, shipping, export oriented industries and agriculture.

Looking ahead, DenizBank will continue to lead banking excellence in the MENAT (Middle East, North Africa and Turkey) region with its strong capital base, customer-oriented mindset and focus on digital transformation.

Message From The President and CEO

Challenges brought about by the pandemic in the second quarter of 2021 continued to affect people's health, social life and the economy significantly while the Turkish banking industry, authorities in the management of economy and all institutions have continued to fight back against the pandemic and its adverse socioeconomic effect. While the acceleration in vaccinations observed in June pointed out to a more positive note in all industries, the strong upwards trend in the economic confidence index data draws an affirmative picture for the second half of the year.

Through this process, our Bank continued to grow prudentially in assets, loans and deposits. Our assets were realised as TL 295,4 billion on a consolidated basis and TL 228,7 billion on an unconsolidated basis in the first six months of 2021. Customer deposits reached TL 183,3 billion on a consolidated basis, and TL 125,1 billion on an unconsolidated basis. DenizBank's service network reaching 717 branches in total including those in 81 provinces in Turkey and 26 subsidiary branches abroad and its customer base that has grown by 5,5% in the last one year have surely proven to be the major factors underlying this increase.

DenizBank continued to transfer the funds collected in the first six months of 2021 into the economy, and managed to carry its consolidated cash loan volume to TL 180,5 billion, unconsolidated cash loan volume to TL 134,8 billion and total of consolidated cash and non-cash loan book to TL 232,6 billion.

While our equity reached TL 25,3 billion, equity including subordinated loans was recorded as TL 32,1 billion. On the other hand, the Bank's consolidated net profit reached TL 2.023 million in the first six months of 2021 while its unconsolidated net profit was realised as TL 2.020 million.

We continue to boost our support to the economic development of our country

Our bank exerted intensive efforts to secure fresh funding for the national economy during such sensitive times and undersigned the first syndicated loan offered by a Turkish bank to include a Chinese Yuan tranche, through a syndicated loan worth USD 410 Million with 1-year maturity in Dollar, Euro and Chinese Yuan currencies. The funds that will primarily be used for the financing of foreign trade transactions of customers, which primarily include tourism, shipping, export oriented industries and agriculture, carries great importance for us as an indication of confidence not only in our bank but also in our industry and our national economy.

On the other hand, in February 2021, we secured a USD 435 Million equivalent debt facility to be utilized mostly in environmentally friendly and sustainable projects and proudly accepted the "Deal of the Year in Europe" award presented by The Banker, a prestigious media organ in the finance industry.

Another landmark development for our bank was the renewal of the EMTN program equivalent to USD 3 Billion, which was first established last year in relation to the issuance of debt instruments intended to be sold abroad, which diversified our sources of financing.

We are delighted to assume initiatives to contribute to the growth of our national economy by securing fresh funding worth USD 1 Billion in total within the first six months of the year through securitization, syndicated loans and other transactions.

NEOHUB, a new generation initiative reflecting the ecosystem approach

While banking evolves towards a more accessible and entirely digitalized world in terms of services, we continue to place innovations in the heart of our business to answer changing needs of our customers in relation to financial technologies, and to simplify the management of our processes.

With this understanding, we placed our focus on the ecosystem approach and established our new company NEOHUB as a platform and understanding to produce business models within its organization. Deniz Aquarium Innovation and Acceleration Center, Deniz Ventures Investment Fund and our electronic money company FastPay Hızlı Öde A.Ş. are managed under NEOHUB. We support all kinds of business models and initiatives in predetermined verticals that carry potential both within and outside of our bank with the said organization. This is how we put forward an approach where both deep-rooted companies and start-up's win and establish business models that enable our bank to win. Deriving strength from our ecosystem, we pursue our journey where we can evolve and grow through competition and prepare our bank for the future with new partnerships and business models. Our aim is to export this transformation abroad and create an international existence.

Since day one, DenizBank has been the pioneer of initiatives that the sector could not dare undertake thanks to the passion for innovation in the heart of our activities and has paved the way for innovation and digital transformation rather than follow. We work with extremely high motivation and a solid team that is fed by change and transformation in order to create technologies and business models that will shape the future of banking with our agile organisational structure. Boosted by the faith of Sailors in what we do and the confidence of our customers in our bank, we will continue to sail on our route as always.

Changes in DFSG Companies

Neohub (Neohub Teknoloji Yazılım Pazarlama ve Danışmanlık A.Ş.) was established with a paid-in capital of 35 million TL, with the 100% participation of InterTech, a 100% subsidiary of our Bank and registered on 29 June 2021. The main field of activity of the company is software development and marketing, research-development, innovation and innovation activities and consultancy. Under the management of Neohub, Deniz Aquarium Innovation and Acceleration Center, Deniz Ventures Investment Fund and our electronic money company fastPay Hızlı Öde A.Ş. exist.

With the decision of the Board of Directors of Deniz Real Estate and Investment Trust (Deniz REIT) dated 22 February 2021, the application to increase the paid-in capital of the Company from TL 150.000.000 to TL 400.000.000 by increasing TL 250.000.000 in cash was approved by the Capital Markets Board of Turkey (CMB) on 1 April 2021. The process of granting the right of existing shareholders of the company to receive new shares at the rate of their existing shares and at the nominal value to be issued through the capital increase was completed on 5 May 2021 and the capital increase process was completed. In this context, an application was made to the CMB on 10 June 2021 to declare that the capital increase process has been completed in accordance with the regulations and the amendment of Article 8 of the Company's Article of Association entitled "Issued Capital and Shares". The relevant application made to CMB on 10 June 2021 was approved by the CMB on 22 June 2021 and . After the approval of the CMB, the necessary registration and announcement procedures has been continuing at the Trade Registry Office, which is the last step of the capital increase process.

Amendments to Articles of Association

There is no amendment to Articles of Association.

Amendments to Rating Notes

The amendments to Ratings of Denizbank assigned by Fitch Ratings and Moody's in 2021 are below.

On 4 February 2021, International Rating Agency Fitch Ratings has affirmed DenizBank's long-term foreign currency IDR at "B+" and local currency IDR at "BB-" with outlook as "Negative". Fitch has affirmed Denizbank's viability rating at "b+", short-term local and foreign currency IDRs at "B", support rating at "4" and National Long-Term rating at "AA (tur)" with a "Stable" outlook.

On 26 February 2021, following the revision of the Outlook on Turkey's Long-Term IDRs to "Stable" from "Negative" on 19 February 2021, International Rating Agency Fitch Ratings has affirmed long-term foreign currency IDR of DenizBank at "B+" and long-term local currency IDR of DenizBank at "BB-" and changed the outlook to "Stable" from "Negative". Fitch has affirmed DenizBank's, short-term local and foreign currency IDRs at "B", viability rating at "b+", support rating at "4" and National Long-Term rating to "AA(tur)" with a "Stable" outlook.

Ratings are as follows:

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| Moody's* | | Fitch Ratings** | |
|--------------------------------------|------------------|-----------------------------|--------------------------|
| Outlook | Negative | Outlook | Stable |
| Long Term Foreign Currency Deposits | B3 | Long Term Foreign Currency | B+ |
| Short Term Foreign Currency Deposits | Not Prime | Short Term Foreign Currency | B |
| Long Term Local Currency Deposits | B3 | Long Term Local Currency | BB- |
| Short Term Local Currency Deposits | Not Prime | Short Term Local Currency | B |
| Baseline Credit Assessment (BCA) | caa1 | Viability | b+ |
| | | Support | 4 |
| | | National | AA (tur) (Stable) |
| *As of 10.12.2020 | | **As of 26.02.2021 | |

Financial Information

a. General Outlook of the Banking Sector

Evaluation of the banking sector according to the June 2021 data*:

| | |
|---|------------------|
| -Loan volume (excluding financial sector loans) | TL 3.937 billion |
| TL Loan volume (excluding financial sector loans) | TL 2.486 billion |
| FX Loan volume (excluding financial sector loans) | USD 167 billion |
| -Deposit Volume (excluding interbank deposits) | TL 3.893 billion |
| TL Deposit Volume (excluding interbank deposits) | TL 1.724 billion |
| FX Deposit Volume (excluding interbank deposits) | USD 250 billion |

In the first six months of 2021 the total loan volume of the banking sector reached TL 3.937 billion. Retail and commercial loans became the segments with priority impact on total loan increase. Total consumer loans reached TL 705 billion, while total credit card loans was TL 163 billion. SME loans reached TL 886 billion in the first six months. While completing the year of 2020 at level of 4,1%, the total NPL ratio realized as 3,7% as at June 2021.

Total deposits reached TL 3.893 billion as at June 2021. The sector's total equity rose TL 620 billion at the end of the first five months.

The net profit of the banking sector in the first five months was realized as TL 24,7 billion.

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

b. Summary Financial Highlights

Summary Consolidated Financial Highlights (TL millions)

| Balance Sheet | 30/06/2021 | 31/12/2020 |
|--------------------------------------|------------|------------|
| Securities ⁽¹⁾ | 27.805 | 28.317 |
| Net Loans | 180.471 | 167.283 |
| Cash and Banks, net | 69.873 | 53.505 |
| Total Assets | 295.410 | 263.961 |
| Customer Deposits ⁽²⁾ | 183.303 | 167.467 |
| Time | 123.939 | 115.918 |
| Demand | 59.364 | 51.550 |
| Borrowings | 33.376 | 25.986 |
| Securities Issued | 8.029 | 3.169 |
| Sub-ordinated Loans | 6.882 | 5.917 |
| Shareholders' Equity | 25.253 | 23.027 |
| Paid-in Capital | 5.696 | 5.696 |
| Non-cash Loans | 52.098 | 42.825 |
| Income Statements | 30/06/2021 | 30/06/2020 |
| Interest Income | 11.183 | 8.966 |
| Interest Expense | (5.562) | (3.692) |
| Net Interest Income after Provisions | 3.542 | 1.710 |
| Non-interest Income | 2.969 | 2.788 |
| Non-interest Expense | (3.827) | (3.039) |
| Tax Expense | (662) | (394) |
| Net Profit | 2.023 | 1.065 |

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| Other Highlights | 30/06/2021 | 31/12/2020 |
|-----------------------------------|-------------------|-------------------|
| Number of Branches ⁽³⁾ | 717 | 730 |
| Number of Employees | 14.097 | 14.040 |
| Number of ATMs | 3.125 | 3.140 |
| Number of POS Terminals | 232.943 | 196.001 |
| Number of Credit Cards | 5.577.837 | 5.255.685 |

⁽¹⁾ It is the sum of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost.

⁽²⁾ Excludes bank deposits

⁽³⁾ Includes subsidiaries' branches

c. Assessment of Financial Position and Risk Management

| | Consolidated | |
|--|---------------------|-------------------|
| (TL millions) | 30/06/2021 | 31/12/2020 |
| Capital Adequacy Ratio (%) | 15,77 | 16,23 |
| Shareholders' Equity | 25.253 | 23.027 |
| Return on Average Equity (%) | 17,07 | 8,87 |
| Non-performing Loans/ Total Cash Loans Ratio (%) | 6,74 | 7,02 |