

*(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 THREE MONTH PERIOD ENDED
31 MARCH 2021**

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

*Convenience Translation of the Auditor's Report Originally Issued in Turkish
(See Note I in Section Three)*

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 31 March 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 three-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 31 March 2021, and of the results of its operations and its cash flows for the three-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, 29 April 2021

DENİZBANK A.Ş.
CONSOLIDATED INTERIM FINANCIAL REPORT FOR
THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

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

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

Website of the Bank
www.denizbank.com

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

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


- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- DISCLOSURES ON ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE CONSOLIDATED GROUP
- DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- 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.

29 April 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
			
BJÖRN LENZMANN Member of Board of Directors and Audit and Risk Committee	NİHAT SEVİNÇ Member of Board of Directors and Audit and Risk Committee		

Contact information for questions on this financial report:

Name/Title: İmge İhtiyar / Department Head, International Reporting and Consolidation Department

Tel No: 0 212 348 5997

Fax No: 0 212 336 6186

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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 31 MARCH 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	--
Jonathan Edward Morris ⁽⁴⁾	Member	--
Bjorn Lenzmann ⁽³⁾	Member	--
Executive Vice Presidents		
Bora Böcügöz	Treasury and Financial Institutions	--
Ruslan Abil	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Mustafa Özel	Branch and Central Operations	--
Mehmet Aydoğdu	Corporate and Commercial Banking	--
Cem Demirağ	Head of Internal Control Unit and Compliance	--
Ali Murat Dizdar	Chief Legal Advisor	--
Ayşenur Hıçkırın	Payment Systems and Non-Branch Channels	--
Selim Efe Teoman	Corporate and Commercial Credits	--
Ramazan Işık	Head of Internal Audit	--
Murat Kulaksız	SME Banking and Public Financing	--
Necip Yavuz Elkin	Human Resources and Deniz Academy	--
Burak Koçak	Agricultural Banking	--
Oğuzhan Özbek	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	--
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.

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

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

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

As of 31 March 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 693 domestic branches and 1 foreign branch as of 31 March 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 31 MARCH 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 (31/03/2021)			Audited PRIOR PERIOD (31/12/2020)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		11.134.466	74.869.288	86.003.754	11.896.425	65.825.347	77.721.772
1.1 Cash and Cash Equivalents		3.094.701	59.731.833	62.826.534	4.522.486	48.982.926	53.505.412
1.1.1 Cash and Balances with Central Bank	(5.1.a)	3.081.621	44.076.647	47.158.268	2.252.708	37.777.210	40.029.918
1.1.2 Banks	(5.1.a)	12.856	15.657.888	15.670.744	506.687	11.208.727	11.715.414
1.1.3 Due From Money Markets		346	-	346	1.763.207	-	1.763.207
1.1.4 Expected Credit Loss (-)		122	2.702	2.824	116	3.011	3.127
1.2 Financial Assets at Fair Value Through Profit or Loss	(5.1.b)	20.968	753.563	774.531	21.432	735.684	757.116
1.2.1 Government Debt Securities		3.915	84.316	88.231	14.094	63.953	78.047
1.2.2 Equity Instruments		-	241.059	241.059	1.731	219.080	220.811
1.2.3 Other Financial Assets		17.053	428.188	445.241	5.607	452.651	458.258
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.c)	6.388.911	10.819.760	17.208.671	6.156.688	14.141.546	20.298.234
1.3.1 Government Debt Securities		6.388.445	10.411.149	16.799.594	6.156.222	13.383.870	19.540.092
1.3.2 Equity Instruments		466	333	799	466	311	777
1.3.3 Other Financial Assets		-	408.278	408.278	-	757.365	757.365
1.4 Derivative Financial Assets		1.629.886	3.564.132	5.194.018	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)	1.629.886	3.564.132	5.194.018	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)		90.175.510	91.746.177	181.921.687	88.002.862	86.541.061	174.543.923
2.1 Loans	(5.1.d)	96.249.333	91.739.462	187.988.795	91.488.281	86.152.949	177.641.230
2.2 Lease Receivables	(5.1.i)	811.614	2.636.647	3.448.261	703.664	2.537.161	3.240.825
2.3 Factoring Receivables		1.830.948	474.813	2.305.761	2.128.967	575.347	2.704.314
2.4 Financial Assets Measured at Amortised Cost	(5.1.e)	2.605.292	3.472.598	6.077.890	4.109.356	3.152.687	7.262.043
2.4.1 Government Debt Securities		2.605.292	3.472.598	6.077.890	4.109.356	3.152.687	7.262.043
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Loss (-)		11.321.677	6.577.343	17.899.020	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	342	838.221	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	342	814.640	814.298	319	814.617
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		814.298	342	814.640	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)		1.676.626	355.806	2.032.432	1.527.636	353.957	1.881.593
VI. INTANGIBLE ASSETS (Net)		385.007	62.322	447.329	365.002	58.407	423.409
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		385.007	62.322	447.329	365.002	58.407	423.409
VII. INVESTMENT PROPERTIES (Net)	(5.1.k)	357.206	-	357.206	355.990	-	355.990
VIII. CURRENT TAX ASSET		114.660	1.917	116.577	313.744	-	313.744
IX. DEFERRED TAX ASSET	(5.1.l)	1.863.451	22.072	1.885.523	1.481.954	6.457	1.488.411
X. OTHER ASSETS (Net)	(5.1.n)	5.443.379	2.407.600	7.850.979	4.597.284	1.803.509	6.400.793
TOTAL ASSETS		111.988.184	169.465.524	281.453.708	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 31 MARCH 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 (31/03/2021)			Audited PRIOR PERIOD (31/12/2020)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.a)	52.717.529	138.826.091	191.543.620	50.016.442	134.702.871	184.719.313
II. FUNDS BORROWED	(5.II.c)	1.961.359	26.149.286	28.110.645	2.399.832	23.585.722	25.985.554
III. DUE TO MONEY MARKETS		1.495.324	4.535.842	6.031.166	1.207.341	3.305.635	4.512.976
IV. SECURITIES ISSUED (Net)	(5.II.d)	3.346.573	3.834.573	7.181.146	2.541.688	626.919	3.168.607
4.1 Bills		2.865.760	2.206.128	5.071.888	1.921.607	451.604	2.373.211
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		480.813	1.628.445	2.109.258	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		416.160	1.456.307	1.872.467	292.714	1.862.130	2.154.844
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.II.b)	416.160	1.456.307	1.872.467	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)	552.828	73.965	626.793	540.733	70.093	610.826
X. PROVISIONS	(5.II.h)	2.335.465	375.559	2.711.024	2.070.724	238.443	2.309.167
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		532.059	29.261	561.320	535.248	27.108	562.356
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.803.406	346.298	2.149.704	1.535.476	211.335	1.746.811
XI. CURRENT TAX LIABILITY	(5.II.i)	254.189	188.421	442.610	285.800	106.782	392.582
XII. DEFERRED TAX LIABILITIES	(5.II.i)	8.185	58.545	66.730	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		-	6.586.451	6.586.451	-	5.917.420	5.917.420
14.1 Loans		-	6.586.451	6.586.451	-	5.917.420	5.917.420
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(5.II.e)	6.235.839	6.618.214	12.854.053	5.253.104	5.844.106	11.097.210
XVI. SHAREHOLDERS' EQUITY	(5.II.k)	10.405.980	13.021.023	23.427.003	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		363.962	74.990	438.952	364.227	69.986	434.213
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(8.411.545)	10.049.686	1.638.141	(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)		2.563.474	1.333.775	3.897.249	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)		866.415	203.833	1.070.248	1.446.751	411.592	1.858.343
16.7 Minority Shares		53.838	-	53.838	53.494	-	53.494
TOTAL LIABILITIES		79.729.431	201.724.277	281.453.708	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 31 MARCH 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 (31/03/2021)			Audited PRIOR PERIOD (31/12/2020)		
		TL	FC	Total	TL	FC	Total
A. COMMITMENTS AND CONTINGENCIES (I+II+III)		111.179.112	215.856.611	327.035.723	105.577.021	195.655.581	301.232.602
I. GUARANTEES AND WARRANTIES	(5.III.a)	13.077.777	35.299.298	48.377.075	12.777.688	30.047.020	42.824.708
1.1. Letters of Guarantee		12.795.534	21.872.248	34.667.782	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	135.726	214.747	79.021	124.588	203.609
1.1.3. Other Letters of Guarantee		12.716.513	21.736.522	34.453.035	12.404.977	19.310.854	31.715.831
1.2. Bank Loans		11.536	113.942	125.478	15.250	94.990	110.240
1.2.1. Import Acceptances		11.536	113.942	125.478	15.250	94.990	110.240
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		5.273	6.939.593	6.944.866	13.006	4.882.246	4.895.252
1.3.1. Documentary Letters of Credit		-	4.773.010	4.773.010	-	3.544.938	3.544.938
1.3.2. Other Letters of Credit		5.273	2.166.583	2.171.856	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		265.434	6.373.515	6.638.949	265.434	5.634.342	5.899.776
1.9. Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.a)	58.109.068	10.195.742	68.304.810	53.867.502	10.172.595	64.040.097
2.1. Irrevocable Commitments		57.638.919	10.054.119	67.693.038	53.327.986	9.992.877	63.320.863
2.1.1. Forward Asset Purchase Commitments		922.560	4.979.074	5.901.634	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		17.885.697	-	17.885.697	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		2.684.987	-	2.684.987	2.226.643	-	2.226.643
2.1.8. Tax and Fund Liabilities from Export Commitments		2.070	-	2.070	2.023	-	2.023
2.1.9. Commitments for Credit Card Expenditure Limits		35.751.620	-	35.751.620	32.617.301	-	32.617.301
2.1.10. Commitments for Credit Cards and Banking Services Promotions		6.978	-	6.978	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		385.007	5.075.045	5.460.052	390.356	4.614.834	5.005.190
2.2. Revocable Commitments		470.149	141.623	611.772	539.516	179.718	719.234
2.2.1. Revocable Loan Granting Commitments		469.590	141.623	611.213	538.957	179.718	718.675
2.2.2. Other Revocable Commitments		559	-	559	559	-	559
III. DERIVATIVE FINANCIAL INSTRUMENTS		39.992.267	170.361.571	210.353.838	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		39.992.267	170.361.571	210.353.838	38.931.831	155.435.966	194.367.797
3.2.1. Forward Foreign Currency Buy/Sell Transactions		3.518.550	18.916.366	22.434.916	2.693.666	17.354.000	20.047.666
3.2.1.1. Forward Foreign Currency Transactions-Buy		1.612.769	9.744.366	11.357.135	1.830.015	8.414.678	10.244.693
3.2.1.2. Forward Foreign Currency Transactions-Sell		1.905.781	9.172.000	11.077.781	863.651	8.939.322	9.802.973
3.2.2. Currency and Interest Rate Swaps		32.717.059	135.779.347	168.496.406	33.029.575	124.567.079	157.596.654
3.2.2.1. Currency Swap-Buy		1.830.206	60.972.151	62.802.357	828.099	55.725.437	56.553.536
3.2.2.2. Currency Swap-Sell		22.716.853	42.867.689	65.584.542	22.551.476	39.320.239	61.871.715
3.2.2.3. Interest Rate Swap-Buy		4.085.000	15.969.754	20.054.754	4.825.000	14.760.702	19.585.702
3.2.2.4. Interest Rate Swap-Sell		4.085.000	15.969.753	20.054.753	4.825.000	14.760.701	19.585.701
3.2.3. Currency, Interest Rate and Marketable Securities Options		3.236.196	8.953.267	12.189.463	2.380.869	6.398.258	8.779.127
3.2.3.1. Currency Call Options		1.867.893	3.718.733	5.586.626	1.055.976	2.678.255	3.734.231
3.2.3.2. Currency Put Options		1.368.303	4.293.540	5.661.843	1.024.893	2.775.845	3.800.738
3.2.3.3. Interest Rate Call Options		-	470.497	470.497	-	472.079	472.079
3.2.3.4. Interest Rate Put Options		-	470.497	470.497	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		520.462	528.430	1.048.892	827.721	763.167	1.590.888
3.2.4.1. Currency Futures-Buy		9.628	520.104	529.732	-	763.167	763.167
3.2.4.2. Currency Futures-Sell		510.834	8.326	519.160	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		-	6.184.161	6.184.161	-	6.353.462	6.353.462
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)		685.532.726	362.498.807	1.048.031.533	651.466.576	325.639.811	977.106.387
IV. CUSTODIES		34.920.878	19.613.854	54.534.732	33.849.047	16.518.378	50.367.425
4.1. Assets Under Management		136.490	-	136.490	139.814	-	139.814
4.2. Custody Marketable Securities		31.885.941	14.932.292	46.818.233	30.857.690	12.412.991	43.270.681
4.3. Cheques in Collection Process		1.897.752	3.131.905	5.029.657	1.875.232	2.588.542	4.463.774
4.4. Commercial Notes in Collection Process		999.447	392.546	1.391.993	975.063	352.162	1.327.225
4.5. Other Assets in Collection Process		-	-	-	-	-	-
4.6. Underwritten Securities		-	-	-	-	-	-
4.7. Other Custodies		1.248	1.157.111	1.158.359	1.248	1.164.683	1.165.931
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ASSETS		649.534.760	341.670.015	991.204.775	616.467.629	307.983.358	924.450.987
5.1. Marketable Securities		3.916.083	88.468	4.004.551	3.991.203	75.724	4.066.927
5.2. Collateral Notes		437.765.623	119.438.450	557.204.073	413.307.798	108.475.879	521.783.677
5.3. Commodity		23.113.321	17.442.487	40.555.808	19.430.706	13.496.225	32.926.931
5.4. Warranty		-	-	-	-	-	-
5.5. Land and Buildings		107.137.841	99.577.997	206.715.838	104.252.159	90.110.884	194.363.043
5.6. Other Pledged Assets		77.601.892	105.122.613	182.724.505	75.485.763	95.824.646	171.310.409
5.7. Pledges		-	-	-	-	-	-
VI. ACCEPTED BILL GUARANTEES AND SURETIES		1.077.088	1.214.938	2.292.026	1.149.900	1.138.075	2.287.975
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		796.711.838	578.355.418	1.375.067.256	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 31 MARCH 2021

(Currency: Thousands of TL - Turkish Lira)

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

INCOME AND EXPENSES		Note	Reviewed CURRENT PERIOD (01/01-31/03/2021)	Reviewed PRIOR PERIOD (01/01-31/03/2020)
I.	INTEREST INCOME	(5.IV.a)	5.230.307	4.524.392
1.1	Interest on Loans		4.554.223	3.954.428
1.2	Interest on Reserve Requirements		47.754	-
1.3	Interest on Banks		57.267	30.462
1.4	Interest on Money Market Transactions		20.186	8.517
1.5	Interest on Marketable Securities Portfolio		412.304	409.484
1.5.1	Fair Value Through Profit or Loss		12.836	3.260
1.5.2	Fair Value Through Other Comprehensive Income		276.655	268.606
1.5.3	Measured at Amortized Cost		122.813	137.618
1.6	Financial Lease Interest Income		72.430	57.546
1.7	Other Interest Income		66.143	63.955
II.	INTEREST EXPENSE (-)	(5.IV.b)	2.576.904	1.882.925
2.1	Interest on Deposits		1.888.320	1.322.032
2.2	Interest on Funds Borrowed		406.046	373.542
2.3	Interest Expense on Money Market Transactions		89.743	18.971
2.4	Interest on Securities Issued		133.792	98.650
2.5	Interest on Leases		31.488	35.859
2.6	Other Interest Expenses		27.515	33.871
III.	NET INTEREST INCOME (I - II)		2.653.403	2.641.467
IV.	NET FEES AND COMMISSIONS INCOME		1.065.165	982.483
4.1	Fees and Commissions Received		1.550.189	1.264.804
4.1.1	Non-Cash Loans		120.690	113.441
4.1.2	Other		1.429.499	1.151.363
4.2	Fees and Commissions Paid (-)		485.024	282.321
4.2.1	Non-Cash Loans		2.101	1.606
4.2.2	Other		482.923	280.715
V	DIVIDEND INCOME		-	245
VI.	TRADING INCOME / LOSS (Net)	(5.IV.c)	620.050	361.983
6.1	Trading Gains / (Losses) on Securities		287.644	31.235
6.2	Gains / (Losses) on Derivate Financial Transactions		2.843.331	763.916
6.3	Foreign Exchange Gains / (Losses)		(2.510.925)	(433.168)
VII.	OTHER OPERATING INCOME	(5.IV.d)	119.446	117.462
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		4.458.064	4.103.640
IX.	EXPECTED CREDIT LOSS (-)	(5.IV.e)	1.588.627	1.949.126
X.	OTHER PROVISION EXPENSES (-)		107.785	118.973
XI.	PERSONNEL EXPENSE (-)	(5.IV.f)	578.920	533.327
XII.	OTHER OPERATING EXPENSES (-)	(5.IV.f)	763.990	652.907
XIII.	NET OPERATING INCOME /LOSS (VIII-IX-X-XI-XII)		1.418.742	849.307
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		-	-
XVII.	(XIII+...+XVI)	(5.IV.g)	1.418.742	849.307
XVIII.	TAX PROVISIONS FOR CONTINUED OPERATIONS (±)	(5.IV.h)	(348.150)	(230.599)
18.1	Current Tax Provision		(256.809)	(70.102)
18.2	Deferred Tax Income Effect (+)		(1.172.295)	(671.512)
18.3	Deferred Tax Expense Effect (-)		1.080.954	511.015
XIX.	CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)		1.070.592	618.708
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)	1.070.592	618.708
25.1	Profit / (Loss) of Group		1.070.248	615.997
25.2	Profit / (Loss) of Minority Shares (-)		344	2.711
	Profit / (Loss) Per Share (full TRY)		0,19	0,11

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 31 MARCH 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 (01/01-31/03/2021)	Reviewed PRIOR PERIOD (01/01-31/03/2020)
I. CURRENT PERIOD INCOME/LOSS	1.070.592	618.708
II. OTHER COMPREHENSIVE INCOME	(671.024)	(499.022)
2.1 Not Reclassified Through Profit or Loss	4.739	(349.117)
2.1.1 Property and Equipment Revaluation Increase/Decrease	6.341	4.878
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	-	(352.764)
2.1.5 Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(1.602)	(1.231)
2.2 Reclassified Through Profit or Loss	(675.763)	(149.905)
2.2.1 Foreign Currency Translation Differences	1.215.661	1.124.330
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(1.289.580)	(737.582)
2.2.3 Cash Flow Hedge Income/Loss	5.541	(2.994)
2.2.4 Foreign Net Investment Hedge Income/Loss	(1.097.944)	(903.767)
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	490.559	370.108
III. TOTAL COMPREHENSIVE INCOME (I+II)	399.568	119.686

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 31 MARCH 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 (Share of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss Other (Cash Flow Hedge Gain/Loss, Share of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss) Audited (1 January - 31 December 2019)	Total Equity Expect Minority Shares	Minority Shares	Total Equity
PRIOR PERIOD																
I. 01/01-31/03/2020																
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	-	-	-	-	3.647	-	(352.764)	1.124.330	(566.959)	(707.276)	-	-	615.997	116.975	2.711	119.886
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Profit Distribution	-	-	-	-	-	-	-	-	-	-	1.336.113	(33.400)	(1.302.713)	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1.336.113	(33.400)	(1.302.713)	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)	5.696.100	15	-	67.561	95.387	(89.801)	372.210	6.285.789	(654.254)	(4.769.694)	8.630.444	3.973.361	615.997	20.223.116	25.483	20.248.598
CURRENT PERIOD																
I. 01/01-31/03/2021																
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	-	-	-	-	4.739	-	-	1.215.661	(1.017.501)	(873.923)	-	-	1.070.248	399.224	344	399.568
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Profit Distribution	-	-	-	-	-	-	-	-	-	-	1.793.225	65.118	(1.858.343)	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1.793.225	65.118	(1.858.343)	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)	5.696.100	15	-	67.561	121.703	(133.631)	450.880	10.728.019	(827.621)	(8.262.257)	11.635.147	2.827.001	1.070.248	23.373.165	53.838	23.427.003

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

DENİZBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 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 (01/01-31/03/2021)	Reviewed PRIOR PERIOD (01/01-31/03/2020)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		(491.779)	(1.479.725)
1.1.1 Interest received (+)		5.580.058	3.703.076
1.1.2 Interest paid (-)		2.376.992	1.830.667
1.1.3 Dividends received (+)		-	245
1.1.4 Fees and commissions received (+)		1.550.189	1.264.804
1.1.5 Other income (+)		118.727	101.544
1.1.6 Collections from previously written off loans and other receivables (+)		1.752.823	653.755
1.1.7 Cash payments to personnel and service suppliers (-)		582.563	469.211
1.1.8 Taxes paid (-)		68.023	97.483
1.1.9 Other (+/-)		(6.465.998)	(4.805.788)
1.2 Changes in operating assets and liabilities subject to banking operations		3.487.930	(11.093.806)
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		(36.266)	(185.010)
1.2.2 Net (increase) decrease in due from banks (+/-)		272.247	(2.323.922)
1.2.3 Net (increase) decrease in loans		(4.879.344)	(8.054.111)
1.2.4 Net (increase) decrease in other assets (+/-)		(1.491.024)	(2.654.028)
1.2.5 Net increase (decrease) in bank deposits (+/-)		(2.548.928)	(1.218.696)
1.2.6 Net increase (decrease) in other deposits (+/-)		5.607.208	2.258.283
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 (+/-)		3.368.054	(762.149)
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)		3.195.983	1.845.827
I. Net cash provided from banking operations(+/-)		2.996.151	(12.573.531)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from / used in investing activities(+/-)		(98.697)	(1.206.067)
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 (-)		952.909	132.645
2.4 Cash obtained from the sale of tangible and intangible asset (+)		152.435	121.558
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		4.256.676	4.373.741
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		4.265.337	3.115.354
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	63.407
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities (+/-)		564.661	2.244.610
3.1 Cash obtained from funds borrowed and securities issued (+)		10.085.096	8.286.234
3.2 Cash outflow from funds borrowed and securities issued (-)		9.470.424	5.963.907
3.3 Equity instruments issued (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for lease liabilities (-)		50.011	77.717
3.6 Other (+/-)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-)		2.814.801	2.680.875
V. Net increase in cash and cash equivalents		6.276.916	(8.854.113)
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		47.176.463	26.933.681

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:

	31 March 2021	31 December 2020	31 March 2020
US Dollar	TL 8,3258	TL 7,4194	TL 6,5696
Euro	TL 9,7688	TL 9,1164	TL 7,2107

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

As of 31 March 2021, net foreign exchange loss included in the statement of profit or loss amounts to TL 2.510.925 (1 January - 31 March 2020: TL 433.168 net foreign exchange loss).

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

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

Total of the relevant conversion differences are TL 10.681.506 as of 31 March 2021 (31 December 2020: TL 9.502.391).

The foreign exchange difference of TL 46.513 (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.; 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 31 March 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 31 March 2021, the valuation of these securities was made according to the annual forecast of 13,37% 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 31 December 2020 to 30 June 2021 with the regulation numbered 9312 dated 8 December 2020.

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

As of the reporting period ended on 31 March 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.

Internal validation of the process described above was carried out at the end of 2020.

Loss given default

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

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

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

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

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

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

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

Internal validation of the process described above was carried out at the end of 2020.

Effective interest rate

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

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

Low credit risk

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

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

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

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

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

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

Participation of senior management in TFRS 9 processes

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

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

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

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

IX. Explanations on offsetting financial instruments

Financial assets and liabilities are presented on a net basis on the balance sheet when the 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 31 March 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2021

(Currency: Thousands of TL - Turkish Lira)

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

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 in the first quarter of 2021, the corporate tax rate was re-applied as 20%.

With Tax Procedure Law Circular/115, the deadlines for some tax returns to be submitted as of 1 April 2019 have been extended until a new determination is made. With the said circular, the corporation tax declaration can be declared from the first day of the fourth month to the evening of the last day following the month in which the relevant accounting period is closed.

The provision for corporate tax for the period is reflected as the “Current Tax Liability” in the liabilities and “Current Tax Provision” in the statement of profit or loss.

In accordance with the Corporate Tax Law, carry forward tax losses shown on the declaration can be deducted from the corporate tax base for up to five years. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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

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

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

b. Deferred tax

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

The deferred tax assets and liabilities of the entities included in the consolidation have been netted within themselves and have not been netted in the consolidated balance sheet. As a result of this, deferred tax asset amounting to TL 1.885.523 as of 31 March 2021 (31 December 2020: TL 1.488.411) and deferred tax liabilities amounting to TL 66.730 (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.

The rate of 20% has been used for the deferred tax calculations for the institutions in Turkey (31 December 2020: 20%). 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.

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 31 March 2021 the equity of the Group amounts to TL 31.995.021 (31 December 2020: TL 30.943.998) while its capital adequacy standard ratio is 15,40% as of 31 December 2020 (31 December 2020: 16,23%).

As a result of the fluctuations in the financial markets arising from COVID-19 pandemic, The BRSA issued a press release on 23 March 2020, announcing measures, which will remain in effect until 31 December 2020. With the regulation numbered 9312 dated 8 December 2020, the announced measures were extended until 30 June 2021. Accordingly, banks may use the foreign exchange buying rates valid for 31 December 2019 when calculating the amounts valued in accordance with Turkish Accounting Standards and the bank's relevant specific reserve amounts of monetary and non-monetary assets under the "Regulation on Assessment and Evaluation of the Capital Adequacy of Banks". Additionally, when calculating their capital adequacy ratio under the "Regulation on Equities of Banks", banks may disregard negative net valuation differences of securities in "Fair Value Through Other Comprehensive Income" portfolio, in determination of their equities, for securities held by the bank as of 23 March 2020.

a. Components of consolidated equity items

	Current Period	Prior Period
	31 March 2021	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⁾	3.532.845	3.593.747
Profit	3.897.249	4.620.226
Current Period Profit	1.070.248	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	53.838	53.494
Common Equity Tier I Capital Before Deductions	24.815.972	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	963.600	356.488
Improvement costs for operating leasing	48.525	54.004
Goodwill (net of related tax liability)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	447.329	423.409
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	134.227	--
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	1.593.681	833.901
Total Common Equity Tier I Capital	23.222.291	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)	23.222.291	22.972.381
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	6.535.182	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)	2.254.765	2.120.251
Tier II Capital Before Deduction	8.789.947	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	8.789.947	7.991.247
Total Capital (The sum of Tier I Capital and Tier II Capital)	32.012.238	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	17.217	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)	31.995.021	30.943.998
Total risk weighted amounts	207.829.025	190.709.237
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	11,17	12,05
Tier I Capital Adequacy Ratio (%)	11,17	12,05
Capital Adequacy Ratio (%)	15,40	16,23

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BUFFERS

Total additional Common Equity Tier I Capital requirement ratio	2,628	2,672
Bank specific total common equity tier I capital ratio (%)	2,500	2,500
Capital conservation buffer requirement (%)	0,128	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 (%)	1,208	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)	9.789.401	8.292.896
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.254.765	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".

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

Issuer	ENBD PJSC	ENBD PJSC	ENBD PJSC	ENBD PJSC
Unique identifier (eg CUSIP, ISIN)	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Governing law(s) of the instrument	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 1 November 2006.
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	Not Deducted	Not Deducted	Not Deducted	Not Deducted
Eligible at solo/group/group&solo	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	1123	1249	2498	1665
Par value of instrument (Currency in mil)	1123	1249	2498	1665
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	23.222.291	23.222.291
<i>Transition Process Unapplied Core Capital</i>	<i>23.088.630</i>	<i>23.222.291</i>
Tier I Capital	23.222.291	23.222.291
<i>Transition Process Unapplied Main Capital</i>	<i>23.088.630</i>	<i>23.222.291</i>
Equity	31.995.021	31.995.021
<i>Transition Process Unapplied Equity</i>	<i>31.861.360</i>	<i>31.995.021</i>
TOTAL RISK WEIGHTED AMOUNTS		
Total Risk Weighted Amounts	207.829.025	207.829.025
CAPITAL ADEQUACY RATIO		
Core Capital Adequacy Ratio (%)	11,17	11,17
<i>Transition Process Unapplied Core Capital Adequacy Ratio (%)</i>	<i>11,11</i>	<i>11,17</i>
Main Capital Adequacy Ratio (%)	11,17	11,17
<i>Transition Period Unapplied Main Capital Adequacy Ratio (%)</i>	<i>11,11</i>	<i>11,17</i>
Capital Adequacy Ratio (%)	15,40	15,40
<i>Transition Process Unapplied Capital Adequacy Ratio (%)</i>	<i>15,33</i>	<i>15,40</i>
LEVERAGE RATIO		
Total Leverage Ratio Risk Exposure	378.931.728	378.931.728
Leverage Ratio	6,01	6,01
<i>Transition Process Unapplied Leverage Ratio</i>	<i>5,96</i>	<i>6,01</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 8,3258
Euro purchase rate at the balance sheet date TL 9,7688

Date	US Dollar	Euro
25 March 2021	7,9409	9,3778
26 March 2021	7,9893	9,4150
29 March 2021	8,1192	9,5618
30 March 2021	8,3260	9,7741
31 March 2021	8,3258	9,7688

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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 March 2021 are TL 7,6477 and TL 9,0989 respectively.

- f. **Information on currency risk**

Current Period	EURO	USD	Other FC ⁽⁵⁾	Total
Assets				
Cash Equivalents and Central Bank	28.327.377	11.374.292	4.374.978	44.076.647
Banks	3.143.850	12.311.815	202.223	15.657.888
Financial Assets at Fair Value through Profit or Loss (Net) ⁽¹⁾	705.237	988.613	--	1.693.850
Due from Money Markets	--	--	--	--
Financial Assets at Fair Value through Other Comprehensive				
Income	2.021.222	8.440.817	357.721	10.819.760
Loans ⁽³⁾	60.595.711	29.203.770	2.119.470	91.918.951
Investments in Associates, Subsidiaries and Joint Ventures	342	--	--	342
Financial Assets Measured at Amortised Cost ⁽²⁾	--	3.472.598	--	3.472.598
Hedging Derivative Financial Assets	--	--	--	--
Tangible Fixed Assets	344.798	187	10.821	355.806
Intangible Fixed Assets ⁽³⁾	--	--	--	--
Other Assets ⁽⁴⁾	893.165	1.165.530	314.135	2.372.830
Total Assets	96.031.702	66.957.622	7.379.348	170.368.672
Liabilities				
Bank Deposits	10.620.005	2.369.890	1.721.890	14.711.785
Foreign Currency Deposits	65.834.242	46.416.240	11.863.824	124.114.306
Due to Money Markets	--	4.535.842	--	4.535.842
Funds Borrowed	11.227.579	20.236.293	1.271.865	32.735.737
Securities Issued	1.823.909	41.667	1.968.997	3.834.573
Miscellaneous Payables	--	--	--	--
Hedging Derivative Financial Liabilities	--	--	--	--
Other Liabilities ⁽⁶⁾	4.050.128	4.028.800	257.191	8.336.119
Total Liabilities	93.555.863	77.628.732	17.083.767	188.268.362
Net on Balance Sheet Position	2.475.839	(10.671.110)	(9.704.419)	(17.899.690)
Net off-Balance Sheet Position ⁽⁷⁾	218.739	11.997.944	10.194.773	22.411.456
Financial Derivative Assets	17.852.993	47.873.316	16.356.064	82.082.373
Financial Derivative Liabilities	(17.634.254)	(35.875.372)	(6.161.291)	(59.670.917)
Net Positions	2.694.578	1.326.834	490.354	4.511.766
Non Cash Loans	17.110.970	16.804.177	1.384.151	35.299.298
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 2.623.845 are excluded.

(2) : Foreign currency indexed loans amounting to TL 796.527 are included. Stage 1 and Stage 2 loan provisions amounting to TL (2.848.847) are not included. There are no provisions for financial assets measured at amortised cost.

(3) : Intangible assets amounting to TL 62.322 are not included.

(4) : Prepaid expenses amounting to TL 58.842 and stage 1 and stage 2 provisions for financial assets amounting to TL (2.785) are not included.

(5) : There are gold balances amounting to TL 5.510.637 under total assets and TL 8.148.477 in total liabilities.

(6) : FX equity amounting to TL 13.021.023, foreign exchange rate differences related to derivative financial liabilities amounting to TL 415.816 and stage 1 and stage 2 provisions amounting to TL 19.076 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⁾	982.481	--	--	--	--	46.175.787	47.158.268
Financial Assets at Fair Value through Profit or Loss	2.667.301	9.855.844	2.371.865	37.779	--	735.131	15.667.920
Due from Money Markets	50.994	4.047	381.199	53.359	43.873	5.435.077	5.968.549
Financial Assets at Fair Value through Other Comprehensive Income	346	--	--	--	--	--	346
Loans	1.346.799	2.730.520	4.462.848	3.046.257	5.621.448	799	17.208.671
Financial Assets Measured at Amortised Cost ⁽²⁾	55.518.012	19.974.548	30.354.876	49.884.449	15.906.069	4.206.526	175.844.480
Other Assets ⁽³⁾	314.989	--	1.911.674	3.850.544	--	--	6.077.207
	--	--	--	517.505	--	13.010.762	13.528.267
Total Assets	60.880.922	32.564.959	39.482.462	57.389.893	21.571.390	69.564.082	281.453.708
Liabilities							
Bank Deposits	3.712.867	4.617.958	2.200.927	3.899.393	--	583.701	15.014.846
Other Deposits	62.861.980	21.375.679	19.687.294	15.440.418	1.013.271	56.150.132	176.528.774
Due to Money Markets	3.907.440	1.303.809	819.917	--	--	--	6.031.166
Miscellaneous Payables	--	--	--	--	--	--	--
Securities Issued	3.716.602	1.081.958	2.213.511	--	169.075	--	7.181.146
Funds Borrowed	3.052.443	16.186.216	7.544.612	1.496.286	6.417.539	--	34.697.096
Other Liabilities ⁽⁴⁾	686.228	238.511	5.338.140	2.241.002	167.488	33.329.311	42.000.680
Total Liabilities	77.937.560	44.804.131	37.804.401	23.077.099	7.767.373	90.063.144	281.453.708
Balance Sheet Long Position	--	--	1.678.061	34.312.794	13.804.017	--	49.794.872
Balance Sheet Short Position	(17.056.638)	(12.239.172)	--	--	--	(20.499.062)	(49.794.872)
Off-balance Sheet Long Position	1.922.045	2.777.721	--	246.416	--	--	4.946.182
Off-balance Sheet Short Position	--	--	(1.647.378)	--	(2.055.000)	--	(3.702.378)
Total Position	(15.134.593)	(9.461.451)	30.683	34.559.210	11.749.017	(20.499.062)	1.243.804

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (2.824).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (683).

(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 1.514.928, TL 447.329, TL 357.206, TL 838.221, TL 2.002.100, TL 2.237.994, TL (5.340) and TL 5.618.324, 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 23.427.003, TL 442.610, TL 66.730, TL 2.711.024, TL 1.872.467 and TL 4.809.477, 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 - 31 March 2021	EURO %	USD %	Yen %	TL %
Assets				
Cash Equivalents and Central Bank	--	--	--	12,66
Banks	(0,54)	0,52	--	--
Financial Assets at Fair Value through Profit or Loss	3,05	7,10	--	19,24
Due from Money Markets	--	--	--	17,33
Financial Assets at Fair Value through Other Comprehensive Income	1,88	5,83	--	13,46
Loans	4,45	5,19	5,77	18,01
Financial Assets Measured at Amortised Cost	--	4,73	--	13,38
Liabilities				
Bank Deposits	0,74	1,62	--	17,40
Other Deposits	0,70	1,79	0,01	16,72
Due to Money Markets	--	2,27	--	18,88
Miscellaneous Payables	--	--	--	--
Securities Issued	1,60	1,70	--	8,50
Funds Borrowed	2,42	4,04	--	16,91
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 31 March 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 377,36 in January, the highest 410,31 in February, and the total lowest liquidity coverage ratio has been calculated as 157,71 in February and 162,65 in January 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			54.120.928	46.615.807
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which				
3 Stable deposits	131.373.598	88.707.407	12.269.984	8.870.741
4 Less stable deposits	17.347.532	--	867.377	--
5 Unsecured wholesale funding, of which	114.026.066	88.707.407	11.402.607	8.870.741
6 Operational deposits	39.431.952	26.559.949	23.350.765	14.545.431
7 Non-operational deposits	8.398.237	6.243.798	2.099.559	1.560.949
8 Unsecured debt	21.972.271	16.878.669	12.194.466	9.549.899
9 Secured wholesale funding	9.061.444	3.437.482	9.056.740	3.434.583
10 Other cash outflows	--	--	1.866	--
11 Outflows related to derivative exposures and other collateral requirements	2.718.708	4.487.325	1.683.710	3.303.750
12 Outflows related to loss of funding on debt products	993.712	2.514.699	993.712	2.514.699
13 Credit and liquidity facilities	--	--	--	--
14 Other contractual funding obligations	1.724.996	1.972.626	689.998	789.051
15 Other contingent funding obligations	1.066.911	1.066.351	1.066.379	1.066.351
	101.169.112	33.584.922	7.402.729	3.329.754
16 TOTAL CASH OUTFLOWS			45.775.433	31.116.027
CASH INFLOWS				
17 Secured lending	310.745	--	--	--
18 Unsecured lending	14.713.902	9.086.085	11.386.942	7.930.133
19 Other cash inflows	641.330	11.268.990	641.330	11.268.990
20 TOTAL CASH INFLOWS	15.665.977	20.355.075	12.028.272	19.199.123
			Total Adjusted Value	
21 TOTAL HQLA			54.120.928	46.615.807
22 TOTAL NET CASH OUTFLOWS			33.747.161	11.916.904
23 LIQUIDITY COVERAGE RATIO (%)			160,5	395,3

(*) 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
	98.875.445	36.303.535	7.472.509	3.586.182
16 TOTAL CASH OUTFLOWS			45.813.421	32.105.975
CASH INFLOWS				
17 Secured lending	2.407.129	--	--	--
18 Unsecured lending	13.705.330	7.298.975	10.428.178	6.254.659
19 Other cash inflows	494.895	15.377.474	494.895	15.377.474
20 TOTAL CASH INFLOWS	16.607.354	22.676.449	10.923.073	21.632.133
			Total adjusted value	
21 TOTAL HQLA			54.672.733	43.743.176
22 TOTAL NET CASH OUTFLOWS			34.890.348	10.473.842
23 LIQUIDITY COVERAGE RATIO (%)			158,0	431,3

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

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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	33.178.988	13.979.280	--	--	--	--	--	47.158.268
Banks ⁽¹⁾	735.131	8.576.771	3.913.073	2.058.727	384.218	--	--	15.667.920
Financial Assets at Fair Value through Profit or Loss (Net)	5.435.077	51.278	4.047	380.915	53.359	43.873	--	5.968.549
Due from Money Markets	--	346	--	--	--	--	--	346
Financial Assets at Fair Value through Other Comprehensive Income	799	136.913	696.680	1.545.823	7.400.565	7.427.891	--	17.208.671
Loans	--	22.648.155	8.490.590	33.342.010	73.264.831	33.892.368	4.206.526	175.844.480
Financial Assets Measured at Amortised Cost ⁽²⁾	--	183.099	--	1.911.674	3.982.434	--	--	6.077.207
Other Assets	6.074.745	32	8.402	--	1.083.544	--	6.361.544	13.528.267
Total Assets	45.424.740	45.575.874	13.112.792	39.239.149	86.168.951	41.364.132	10.568.070	281.453.708
Liabilities								
Bank Deposits	583.701	3.711.994	4.616.004	2.200.927	3.902.220	--	--	15.014.846
Other Deposits	56.150.132	62.793.973	21.366.247	19.714.953	15.488.022	1.015.447	--	176.528.774
Fund Borrowed	--	3.384.270	3.042.785	15.388.095	5.350.689	7.531.257	--	34.697.096
Due to Money Markets	--	3.907.440	1.303.809	819.917	--	--	--	6.031.166
Securities Issued	--	1.674.733	1.472.011	3.865.327	169.075	--	--	7.181.146
Miscellaneous Payables	--	--	--	--	--	--	--	--
Other Liabilities	4.576.970	3.346.611	817.665	5.270.259	2.406.725	733.216	24.849.234	42.000.680
Total Liabilities	61.310.803	78.819.021	32.618.521	47.259.478	27.316.731	9.279.920	24.849.234	281.453.708
Net Liquidity Excess/ (Gap)	(15.886.063)	(33.243.147)	(19.505.729)	(8.020.329)	58.852.220	32.084.212	(14.281.164)	--
Net Off-balance sheet Position	--	743.290	774.666	466.710	35.316	--	--	2.019.982
Financial Derivative Assets	--	44.852.726	25.576.096	15.581.162	2.402.232	17.774.694	--	106.186.910
Financial Derivative Liabilities	--	(44.109.436)	(24.801.430)	(15.114.452)	(2.366.916)	(17.774.694)	--	(104.166.928)
Non Cash Loans	--	4.126.217	4.647.703	13.747.147	--	25.856.008	--	48.377.075
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 (2.824).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (683).

(*) 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 31 March 2021, the leverage ratio of the DFS Group is calculated as 6,01% (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 (*)	266.964.158	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	(3.601.641)	(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	1.253.489	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	114.316.225	109.932.460
7 Total Risk	378.931.728	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)	263.362.517	261.731.383
2 (Assets deducted in determining Basel III Tier I capital)	(532.290)	(616.992)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	262.830.227	261.114.391
Derivative exposures		
4 Replacement cost	3.639.874	3.791.087
5 Add-on amount	1.253.489	1.239.988
6 Total derivative exposures (sum of lines 4 and 5)	4.893.363	5.031.075
Securities or commodity collateral financing transaction exposures		
7 Gross SFT assets (with no recognition of accounting netting)	1.438.990	1.878.287
8 Agent transaction exposures		
9 Total securities financing transaction exposures (sum of lines 7 and 8)	1.438.990	1.878.287
Other off-balance sheet exposures		
10 Off-balance sheet exposures with gross nominal amount	109.769.651	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)	109.769.148	104.879.575
Capital and total exposures		
13 Tier I Capital	22.734.409	22.691.879
14 Total exposures (sum of lines 3,6,9 and 12)	378.931.728	372.903.328
Leverage ratio		
15 Leverage ratio	6,01	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 31 March 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)	175.784.607	165.702.724	14.062.769
2 Standardized approach (SA)	175.784.607	165.702.724	14.062.769
3 Internal rating-based (IRB) approach	--	--	--
4 Counterparty credit risk	4.576.718	3.911.167	366.137
5 Standardized approach for counterparty credit risk (SA-CCR)	4.576.718	3.911.167	366.137
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	19.872	6.200	1.590
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	4.895.325	3.240.138	391.626
17 Standardized approach (SA)	4.895.325	3.240.138	391.626
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)	207.829.025	190.709.237	16.626.322

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

On the other hand, as of 1 April 2014, the Parent Bank stopped applying net investment hedge accounting due to its net investment to hedge against the currency risk on the subsidiary of JSC Denizbank, and the total hedging fund which is booked under equity for that subsidiary is amounting to TL (57.744).

Total abroad net investment hedging funds recognised under equity is amounting to TL (8.237.549) as of 31 March 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 (24.708) which is accounted under shareholders' equity as cash flow hedge accounting as of 31 March 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.

Information on business segments are presented in the following tables:

Current Period (01/01/2021-31/03/2021)	Wholesale Banking	SME & Agricultural Banking	Retail Banking	Treasury	Other	Total
Net interest income	609.570	267.920	317.680	1.458.422	(189)	2.653.403
Net fees and commission income	122.714	299.902	382.773	12.336	247.440	1.065.165
Other income/loss, net	325.604	217.701	233.934	317.388	(355.131)	739.496
Total segment income	1.057.888	785.523	934.387	1.788.146	(107.880)	4.458.064
Other operational expenses (*)	(216.410)	(422.548)	(577.784)	(118.559)	(7.609)	(1.342.910)
Provisions for expected credit loss and other provisions	(896.405)	(479.109)	(219.517)	(100.898)	(483)	(1.696.412)
Taxation						(348.150)
Net profit from continuing operations	(54.927)	(116.134)	137.086	1.568.689	(115.972)	1.070.592
Net profit from discontinued operations						—
Net profit for the period	(54.927)	(116.134)	137.086	1.568.689	(115.972)	1.070.592
Current Period (31/03/2021)						
Segment assets	95.002.820	47.266.667	33.485.597	92.170.357	—	267.925.441
Subsidiaries and associates						838.221
Undistributed assets						12.690.046
Total assets						281.453.708
Segment liabilities	35.664.477	33.237.976	64.821.109	110.939.750	—	244.663.312
Undistributed liabilities						13.363.393
Equity						23.427.003
Total liabilities						281.453.708

(*) It also includes personnel expenses.

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Prior Period (01/01/2020-31/03/2020)	Wholesale Banking	SME & Agricultural Banking	Retail Banking	Treasury	Other	Total
Net interest income	644.625	513.804	408.411	1.074.625	2	2.641.467
Net fees and commission income	118.404	572.653	309.034	15.810	(33.418)	982.483
Other income/loss, net	62.195	33.142	9.820	493.010	(118.477)	479.690
Total segment income	825.224	1.119.599	727.265	1.583.445	(151.893)	4.103.640
Other operational expenses (*)	(197.019)	(387.934)	(476.072)	(108.934)	(16.275)	(1.186.234)
Provisions for expected credit loss and other provisions	(1.100.449)	(660.226)	(172.407)	(134.943)	(74)	(2.068.099)
Taxation						(230.599)
Net profit from continuing operations	(472.244)	71.439	78.786	1.339.568	(168.242)	618.708
Net profit from discontinued operations	--	--	--	--	--	--
Net profit for the period	(472.244)	71.439	78.786	1.339.568	(168.242)	618.708
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	593.869	2.730.971	591.769	961.480
Central Bank of the Republic of Turkey	2.487.752	22.507.066	1.660.939	19.522.982
Other (*)	--	18.838.610	--	17.292.748
Total	3.081.621	44.076.647	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	2.439.998	8.592.961	1.636.327	7.467.293
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	47.754	13.914.105	24.612	12.055.689
Total	2.487.752	22.507.066	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 31 March 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 47.754 (1 January - 31 March 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	12.473	1.524.784	506.227	20.427
Foreign	383	14.133.104	460	11.188.300
Foreign head offices and branches	--	--	--	--
Total	12.856	15.657.888	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	17.119	--	5.156	--
Other	--	--	--	--
Total	17.119	--	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 413.846 (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	18.109	288.153	90.016	207.034
Swap Transactions	1.611.737	3.147.317	1.103.455	1.706.368
Futures Transactions	--	31.137	--	5.322
Options	40	97.525	2.348	46.467
Other	--	--	--	--
Total	1.629.886	3.564.132	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 3.999.568 (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	1.668.429	2.331.139	1.413.426	874.083
Other	--	--	--	--
Total	1.668.429	2.331.139	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	1.385.996	3.057.724	49.224	2.699.928
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bank Bills and Bank Guaranteed Bills	--	--	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
Total	1.385.996	3.057.724	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	17.207.872	20.297.457
Quoted on Stock Exchange (*)	17.207.872	20.297.457
Unquoted on Stock Exchange	--	--
Share Certificates	799	777
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange (**)	799	777
Impairment Provisions (-)	--	--
Total	17.208.671	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	--	5.868	--	4.963
Corporate Shareholders	--	5.868	--	4.963
Individual Shareholders	--	--	--	--
Indirect Loans Granted to Shareholders	--	--	--	--
Loans Granted to Employees	79.268	216	78.025	216
Total	79.268	6.084	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	Changes in conditions of contract	Refinancing
Non-specialized loans	132.536.045	14.863.786	7.431.662	3.462.983
Corporate loans	36.308.996	2.300.154	2.584.647	383.646
Export loans	3.072.545	568.119	--	145.430
Import loans	--	--	--	--
Financial sector loans	1.296.675	--	--	--
Consumer loans	20.815.028	2.194.009	747.305	200.618
Credit cards	12.951.322	671.436	349.379	52.261
Others	58.091.479	9.130.068	3.750.331	2.681.028
Specialized loans	12.657.910	1.274.178	521.120	1.964.677
Other receivables	4.117.140	538.641	1.392.220	--
Total	149.311.095	16.676.605	9.345.002	5.427.660

(*) 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	1.629.376	--	1.469.687	--
Significant increase in credit risk	--	7.493.032	--	6.306.466
Total	1.629.376	7.493.032	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	882.378	20.950.228	21.832.606
Real estate Loans	2.068	1.874.010	1.876.078
Vehicle Loans	585	62.615	63.200
General Purpose Loans	877.998	19.013.603	19.891.601
Other	1.727	--	1.727
Consumer Loans-Indexed to FC	--	9.680	9.680
Real estate Loans	--	9.079	9.079
Vehicle Loans	--	--	--
General Purpose Loans	--	601	601
Other	--	--	--
Consumer Loans-FC	1.979	72.581	74.560
Real estate Loans	--	1.917	1.917
Vehicle Loans	--	--	--
General Purpose Loans	--	154	154
Other	1.979	70.510	72.489
Individual Credit Cards-TL	9.864.750	712.125	10.576.875
Installment	4.296.625	712.125	5.008.750
Non installment	5.568.125	--	5.568.125
Individual Credit Cards-FC	1.978	--	1.978
Installment	--	--	--
Non installment	1.978	--	1.978
Loans Given to Employees-TL	4.692	38.268	42.960
Real estate Loans	--	736	736
Vehicle Loans	--	--	--
General Purpose Loans	4.692	37.532	42.224
Other	--	--	--
Loans Given to Employees - Indexed to FC	--	--	--
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Loans Given to Employees - FC	34	174	208
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	34	174	208
Personnel Credit Cards - TL	33.340	320	33.660
Installment	11.659	320	11.979
Non installment	21.681	--	21.681
Personnel Credit Cards - FC	55	--	55
Installment	--	--	--
Non installment	55	--	55
Overdraft Loans-TL (Real Persons) (*)	1.993.776	--	1.993.776
Overdraft Loans-FC (Real Persons)	3.133	37	3.170
Total	12.786.115	21.783.413	34.569.528

(*) The overdraft account used by the personnel of the Parent Bank amounts to TL 2.385 (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	1.477.017	16.109.775	17.586.792
Real estate Loans	--	86.070	86.070
Vehicle Loans	8.023	254.069	262.092
General Purpose Loans	1.468.994	15.761.905	17.230.899
Other	--	7.731	7.731
Installment Commercial Loans - Indexed to FC	--	511.481	511.481
Real estate Loans	--	2.103	2.103
Vehicle Loans	--	--	--
General Purpose Loans	--	509.378	509.378
Other	--	--	--
Installment Commercial Loans - FC	4.948.033	43.821.238	48.769.271
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	57.125	4.516.797	4.573.922
Other	4.890.908	39.304.441	44.195.349
Corporate Credit Cards - TL	3.260.987	150.604	3.411.591
Installment	1.121.649	150.604	1.272.253
Non installment	2.139.338	--	2.139.338
Corporate Credit Cards - FC	239	--	239
Installment	--	--	--
Non installment	239	--	239
Overdraft Loans-TL (Legal Entities)	1.890.620	--	1.890.620
Overdraft Loans-FC (Legal Entities)	3.597	--	3.597
Total	11.580.493	60.593.098	72.173.591

5. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	155.787.349	147.364.421
Foreign Loans	24.973.013	23.328.427
Total	180.760.362	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	539.220	762.722
Loans with Doubtful Collectability	2.596.178	2.363.814
Uncollectible Loans	5.640.531	5.401.118
Total	8.775.929	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	8.138	752.710	1.324.719
(Gross amounts before the provisions)			
Restructured loans	8.138	752.710	1.324.719
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 (+)	528.582	659.970	653.205
Transfers from Other Categories of Non-Performing Loans (+)	--	580.240	843.957
Transfers from Other Categories of Non-Performing Loans (-)	580.240	843.957	--
Collections (-)	52.823	160.182	1.539.818
Write-offs (-)	--	--	--
Sales (-)	--	--	--
Corporate and Commercial Loans	--	--	--
Retail Loans	--	--	--
Credit Cards	--	--	--
Other	--	--	--
Balances at End of the Period	1.113.517	3.818.849	8.050.089
Specific Provisions (-)	539.220	2.596.178	5.640.531
Net Balance on Balance Sheet	574.297	1.222.671	2.409.558

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period: 31 March 2021			
Balance as of the Period End	857.231	2.748.203	1.896.677
Provisions (-)	362.589	2.031.174	1.334.735
Net Balance on Balance Sheet	494.642	717.029	561.942
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): 31 March 2021	574.297	1.222.671	2.409.558
Loans Granted to Real Persons and Legal Entities (Gross)	1.113.517	3.818.849	8.050.089
Provisions (-)	539.220	2.596.178	5.640.531
Loans Granted to Real Persons and Legal Entities (Net)	574.297	1.222.671	2.409.558
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)	33.905	131.565	409.663
Interest accruals and rediscount and valuation differences	55.898	314.669	1.315.583
Amount of provision (-)	21.993	183.104	905.920
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 3.104.862 (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 2.696.074 (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	6.077.890	7.262.043
Treasury Bills	--	--
Other Government Debt Securities	--	--
Total	6.077.890	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	6.077.890	7.262.043
Quoted on Stock Exchange	6.077.890	7.262.043
Unquoted on Stock Exchange	--	--
Impairment provisions (-)	--	--
Total	6.077.890	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	7.262.042	6.773.054
Foreign exchange differences in monetary assets (*)	(483.843)	857.182
Purchases during the year	--	--
Disposals by sale and redemption	(700.309)	(368.193)
Impairment provisions (-)	--	--
Total	6.077.890	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. ⁽¹⁾	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	493.445	292.956	230.392	7.847	--	76.416	22.180	--
2	963.633	560.909	19.801	44.582	--	95.447	55.708	--
3	15.257	14.163	8.133	549	--	2.461	2.461	--

⁽¹⁾ Information on the financial statements is presented as of the period ended 31 December 2020.

⁽²⁾ Information on the financial statements is presented as of the period ended 31 December 2019.

2. Investments in consolidated associates

There are no investments in consolidated associates.

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 31 March 2021 prepared in accordance with the legislation to which Denizbank AG is subject to.

	Denizbank AG
Paid-in capital	2.264.711
Share premium	3.327.507
Reserves	10.093.622
Deductions from capital	11.572
Total Common Equity	15.674.268
Total additional Tier I capital	--
Deductions from capital	46.288
Total Core Capital	15.627.980
Total supplementary capital	249.945
Capital	15.877.925
Deductions from capital	--
SHAREHOLDERS' EQUITY	15.877.925

2. Information on unconsolidated subsidiaries

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
1	581.465	418.726	372.916	838	--	36.668	5.995	--
2	967	933	23	--	--	(36)	(62)	--
3	438	436	--	--	--	9	5	--
4	168	168	--	--	--	(36)	(12)	--
5	25.919	12.268	12.950	39	--	(527)	(184)	--

The financial statements of the above subsidiaries for the period ended on 31 March 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	78.653.883	16.520.828	156.207	496.126	29.707	173.956	180.404	--	--
2	1.085.786	60.735	40	11.506	--	237	(514)	--	--
3	1.561.692	1.030.018	19.744	32.168	--	86.169	55.534	--	--
4	2.541.702	772.711	14.723	30.251	5.566	16.291	3.363	--	--
5	42.956	35.341	3.547	727	712	1.505	3.607	--	--
6	3.744.924	820.311	601.564	78.715	1.136	183.647	13.747	--	--
7	2.256.227	418.015	14.990	75.556	1.476	14.507	25.397	--	--
8	1.089.053	376.387	6.594	136	--	2.100	960	--	--
9	319.431	278.027	246.455	--	--	397	946	--	--
10	9.524	9.149	10	276	--	(63)	8	--	--

Includes financial statement details subject to 31 March 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	169.137	255.415
Purchases	4.000	82.727
Bonus Shares Received	--	--
Dividends from Current Year Profit	--	--
Sales (*)	--	(17.394)
Revaluation Increase, Effect of Inflation and F/X Difference	165.137	190.082
Other	--	--
Provision for Impairment	--	--
Balance at the End of the Period	3.835.826	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	2.030.438	2.019.704
Insurance Companies	--	--
Factoring Companies	138.107	138.107
Leasing Companies	801.217	801.217
Finance Companies	--	--
Other Subsidiaries	866.064	707.661
Total	3.835.826	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	517.989	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	113.101	44.605	29.065	63.114	(53.705)

Information on the unaudited financial statements is presented as of the period ended 31 March 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	206.576	191.590	169.371	154.927
Between 1-4 years	1.253.757	934.192	925.974	681.780
Over 4 years	2.886.335	2.161.435	2.895.430	2.228.442
Total	4.346.668	3.287.217	3.990.775	3.065.149

(*) Non-performing lease receivables of TL 161.044 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	4.346.668	3.990.775
Unearned finance income from finance lease (-)	1.059.451	925.626
Cancelled leasing amounts (-)	--	--
Net investment on finance leases	3.287.217	3.065.149

(*) Non-performing lease receivables of TL 161.044 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 31 March 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	8.636	8.016
Between 1-5 years	--	--
5 years and over	--	--
Total	8.636	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 31 March 2021, the DFS Group's investment properties amount to TL 357.206 (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 1.885.523 (31 December 2020: TL 1.488.411) and deferred tax liability amounts to TL 66.730 (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	1.758.151	1.458.416
Valuation Differences of Financial Assets	197.672	--
Tax Losses	134.227	--
Provision for Employee Benefits	101.830	94.614
Unearned Revenue	101.041	63.552
Other	82.972	115.835
Deferred Tax Assets	2.375.893	1.732.417
Valuation Differences of Derivatives	(533.097)	(92.891)
Valuation Differences of Tangible Assets	(24.003)	(112.197)
Valuation Differences of Financial Assets	--	(103.632)
Other	--	--
Deferred Tax Liabilities	(557.100)	(308.720)
Net Deferred Tax Assets	1.818.793	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 1.024.036 (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 - 31 March 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	5.424.162	--	4.956.389	25.711.565	1.542.775	788.444	683.948	5.283	39.112.566
Foreign Currency Deposits (*)	39.033.230	--	8.123.255	28.330.819	3.253.178	6.203.743	29.313.781	1.617	114.259.623
Residents in Turkey	16.544.512	--	7.868.379	25.787.550	2.295.419	1.343.665	2.060.107	1.567	55.901.199
Residents Abroad	22.488.718	--	254.876	2.543.269	957.759	4.860.078	27.253.674	50	58.358.424
Public Sector Deposits	1.033.465	--	9.439	119.224	15.309	378	1.602	--	1.179.417
Commercial Deposits	3.644.948	--	3.797.867	3.041.404	285.536	60.289	18.721	--	10.848.765
Other Ins. Deposits	173.634	--	270.930	441.148	70.528	52.443	265.037	--	1.273.720
Precious Metal Deposits	6.840.693	--	284.382	1.821.023	220.783	336.173	341.476	10.153	9.854.683
Bank Deposits	583.701	--	4.241.656	6.901.407	1.584.148	1.471.808	232.126	--	15.014.846
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	60.437	--	26.307	227.956	--	4.166	--	--	318.866
Foreign Banks	522.654	--	4.215.349	6.673.451	1.584.148	1.467.642	232.126	--	14.695.370
Special Finan. Inst.	610	--	--	--	--	--	--	--	610
Other	--	--	--	--	--	--	--	--	--
Total	56.733.833	--	21.683.918	66.366.590	6.972.257	8.913.278	30.856.691	17.053	191.543.620

(*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 80.217.027 and Commercial Deposit customers at the amount of TL 34.042.596.

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	22.300.001	21.224.127	16.705.881	15.182.523
Foreign Currency Saving Deposits	12.679.820	13.245.617	31.097.311	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	34.979.821	34.469.744	47.803.192	43.337.310

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(ii) Saving deposits of real persons which are not under the guarantee of insurance

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	25.335	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	177.609	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	43.293	182
Total	246.237	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	90.644	113.369	18.511	179.672
Swap Transactions	325.449	1.197.344	247.272	1.608.027
Futures Transactions	67	12.129	--	41.365
Options	--	133.465	26.931	33.066
Other	--	--	--	--
Total	416.160	1.456.307	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	1.961.359	2.669.105	2.199.782	1.908.386
Foreign Banks, Institutions and Funds	--	23.480.181	200.050	21.677.336
Total	1.961.359	26.149.286	2.399.832	23.585.722

2. Maturity information of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1.923.057	5.789.888	2.399.832	3.344.623
Medium and Long-Term	38.302	20.359.398	--	20.241.099
Total	1.961.359	26.149.286	2.399.832	23.585.722

d. Information on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	480.813	1.628.445	620.081	175.315
Bills	2.865.760	2.206.128	1.921.607	451.604
Asset Backed Securities	--	--	--	--
Total	3.346.573	3.834.573	2.541.688	626.919

The Parent Bank has repurchased the securities it has issued amounting to TL 375.515 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 "TFRS 16 Leases" standard effective from 1 January 2019, the difference between operating leases and financial leases has been eliminated and the leasing transactions have been presented under "Liabilities from Leasing Operations". Impacts and adoption of transition to TFRS 16 is disclosed in Section Three, note XXVI.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	209.361	116.023	247.759	141.311
Between 1-4 years	762.670	460.381	636.405	363.239
Over 4 years	61.759	50.389	153.585	106.276
Total	1.033.790	626.793	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 31 March 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 31 March 2021, TL 296.393 of provision for employee termination benefits (31 December 2020: TL 284.403) and TL 264.927 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	21.847	54.307
Actuarial loss/gain	--	53.581
Paid in the period	(10.502)	(33.596)
FX difference	645	2.903
Balance at the End of the Period	296.393	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 658.144 of other provisions represents stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 520.246 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 203.408 is the provisions for the litigations against the Bank and TL 767.906 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 31 March 2021, the corporate tax provision of DFS Group amounts to TL 291.224 (31 December 2020: TL 205.219), and it has been offset with advance taxes amounting to TL 92.847 (31 December 2020: TL 107.505).

(ii) Information on tax liabilities

	Current Period	Prior Period
Corporate tax payables	198.377	97.714
Taxation on securities	56.688	57.249
Taxes on real estate capital gain	1.301	2.176
Banking Insurance Transaction Tax (BITT)	91.910	96.266
Taxes on foreign exchange transactions	6.533	7.854
Value added tax payables	32.508	32.291
Other	17.677	56.480
Total	404.994	350.030

(iii) Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	12.915	14.011
Social security premiums- employer share	14.319	15.524
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	1.194	1.136
Pension fund membership fees and provisions- employer share	1.462	1.391
Unemployment insurance- employee share	932	1.012
Unemployment insurance- employer share	1.797	1.934
Other	4.997	7.544
Total	37.616	42.552

2. Information on deferred tax liability

Deferred tax liability calculated within the scope of the applicable regulations amounts to TL 66.730 (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	(195.904)	(631.717)	(297.334)	487.214
FX Gain or Loss	--	--	--	--
Total	254.976	(631.717)	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	344	7.449
Increase/(decrease) in minority shares due to disposals	--	--
Other	--	23.273
Balance at the End of the Period	53.838	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 121.703 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 31 March 2021, loan granting commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 17.885.697, TL 35.751.620 and TL 2.684.987 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 31 March 2021, DFS Group has letters of guarantee amounting to TL 34.667.782, bill of guarantee and acceptances amounting to TL 125.478, and guarantees and warranties on letters of credit amounting to TL 6.944.866 and other guarantees and warranties amounting to TL 6.638.949.

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	886.623	1.182.488
Final Letters of Guarantee	19.249.795	18.461.567
Letters of Guarantee for Advances	3.105.851	2.771.821
Letters of Guarantee given to Customs Offices	214.747	203.609
Other Letters of Guarantee	11.210.766	9.299.955
Total	34.667.782	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	18.927.499	16.257.542
With Original Maturity of 1 Year or Less	18.701.874	16.034.674
With Original Maturity of More Than 1 Year	225.625	222.868
Other Non-Cash Loans	29.449.576	26.567.166
Total	48.377.075	42.824.708

b. Explanations on contingent assets and liabilities

In accordance with the precautionary principle regarding the lawsuits filed against the Group, TL 203.408 (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	1.104.484	141.228	702.702	128.507
Medium and Long Term Loans	2.377.227	872.696	2.139.871	954.988
Loans Under Close Monitoring	58.588	--	28.360	--
Premiums Received from Resource Utilisation Support Fund	--	--	--	--
Total	3.540.299	1.013.924	2.870.933	1.083.495

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	--	--	--	--
Domestic Banks	49.759	5.261	16.181	7.669
Foreign Banks	146	2.101	57	6.555
Foreign Head Offices and Branches	--	--	--	--
Total	49.905	7.362	16.238	14.224

The interest income received from required reserves of the Parent Bank with the CBRT is TL 47.754 (1 January - 31 March 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	9.399	3.437	2.185	1.075
Financial Assets at Fair Value Through Other Comprehensive Income	186.454	90.201	185.517	83.089
Financial Assets Measured at Amortised Cost	95.344	27.469	115.449	22.169
Total	291.197	121.107	303.151	106.333

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 31 March 2021, the valuation of these securities was made according to the annual forecast of 13,37% inflation. If the valuation for these securities indexed to the CPI was made according to the reference index valid for 31 March 2021, the securities valuation differences under the equity would decrease by TL 22.631 and net profit for the period would increase by TL 53.324 to TL 1.123.916.

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	83.765	322.281	49.144	324.398
Central Bank of the Republic of Turkey	--	20.060	--	55.612
Domestic Banks	80.873	8.757	43.610	7.702
Foreign Banks	2.892	293.464	5.534	261.084
Foreign Head Offices and Branches	--	--	--	--
Other Institutions	--	--	--	--
Total	83.765	322.281	49.144	324.398

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

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Originally Issued in Turkish,
See Note 3.1.c*

2. Information on interest paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	1.059	1.904

3. Information on interest paid to securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid to Securities Issued	133.792	--	98.650	--

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	--	32.661	--	--	--	--	--	32.661
Saving Deposits	1.193	184.592	1.006.467	32.721	13.629	18.430	120	1.257.152
Public Sector Deposits	--	829	3.814	413	11	54	--	5.121
Commercial Deposits	--	113.210	140.813	5.195	1.915	475	--	261.608
Other Deposits	--	7.549	22.165	3.510	858	3.296	--	37.378
7 Days Call Account	--	--	--	--	--	--	--	--
Total	1.193	338.841	1.173.259	41.839	16.413	22.255	120	1.593.920
FC								
Deposits	3.952	132.984	98.388	13.687	4.202	5.629	--	258.842
Bank Deposits	704	30.522	--	--	--	--	--	31.226
7 Days Call Account	--	--	--	--	--	--	--	--
Precious Metal Deposits	3	272	2.002	307	811	917	20	4.332
Total	4.659	163.778	100.390	13.994	5.013	6.546	20	294.400
Grand Total	5.852	502.619	1.273.649	55.833	21.426	28.801	140	1.888.320

c. Explanations on trading income/loss

	Current Period	Prior Period
Income	271.032.388	148.314.955
Capital Market Transactions	349.903	99.042
Derivative Financial Instruments	5.659.182	2.856.226
Foreign Exchange Gains	265.023.303	145.359.687
Loss (-)	270.412.338	147.952.972
Capital Market Transactions	62.259	67.807
Derivative Financial Instruments	2.815.851	2.092.310
Foreign Exchange Losses	267.534.228	145.792.855
Net Trading Income / Loss	620.050	361.983

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments amounts to TL 2.340.739 (1 January - 31 March 2020: TL 1.060.419).

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 (*)	1.588.627	1.949.126
12 months provision for expected credit loss (Stage 1)	148.214	168.020
Significant increase in credit risk (Stage 2)	1.260.029	525.131
NPL (Stage 3)	180.384	1.255.975
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	107.785	118.973
Total	1.696.412	2.068.099

(*) 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 (*)	568.164	517.292
Reserve for Employee Termination Benefits (*)	10.756	16.035
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	103.659	96.872
Impairment Losses on Intangible Assets	--	--
Goodwill for impairment loss	--	--
Amortisation Charges of Intangible Assets	57.087	38.979
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	9.235	2.468
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	384.415	311.858
Operational Lease Expenses (**)	23.349	18.366
Repair and Maintenance Expenses	21.801	19.456
Advertisement Expenses	25.820	17.225
Other Expenses (***)	313.445	256.811
Losses on Sale of Assets	553	5.546
Other	209.041	197.184
Total	1.342.910	1.186.234

(*) 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 25.136, TL 71.910, TL 8.795, TL 504, TL 16.418, TL 100.160 and TL 90.522 respectively (1 January - 31 March 2020: TL 20.445, TL 49.231, TL 6.602, TL 596, TL 15.600, TL 64.436 and TL 99.901 respectively).

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

As 1 January - 31 March 2021, DFS Group has a profit before tax from continued operations amounting to TL 1.418.742 (1 January - 31 March 2020: TL 849.307).

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 - 31 March 2021, the current tax charge on continued operations amounts to TL 256.809 (1 January - 31 March 2020: TL 70.102) while deferred tax charge amounts to TL 1.172.295 (1 January - 31 March 2020: TL 671.512) and deferred tax benefit amounts to TL 1.080.954 (1 January - 31 March 2020: TL 511.015).

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	344	2.711

- 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	30	47.523	174.914	5.868	414.537	--
Interest and Commission Income	6	5	262	--	--	--

(*) 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	2	28	817	--	1	--

(*) 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	118.397	148.929	15.289.023	15.518.492	124.537	28.010
Interest and Commission Expense Paid	1.095	1.904	128.319	97.435	935	220

(*) 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	--	--	121.781	101.455	--	18.129
Total Income/(Loss)	--	--	18.992	(2.142)	(92)	(548)
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 49.031 (31 March 2020: TL 35.587) to its key management as of 31 March 2021.

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

As of 31 March 2021, cash loans and other receivables of the risk group represent 0,34% of DFS Group's total cash loans and banks; deposits and borrowings represent 6,87% 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

According to the "Amending the Law on Collection Procedure of Public Receivables and Some Other Certain Laws" published in the Official Gazette dated 22 April 2021, numbered 7316, beginning with the declarations to be submitted by 1 July 2021, corporate tax rate of 20% will be applied as 25% for the taxation period 2021 and 23% for the taxation period 2022 for the corporate earnings.

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 29 April 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 continues its growth trajectory with strong support from its shareholder after having been a part of the ENBD family for a full year in 2020. The unity between DenizBank and ENBD has created a more powerful institution that promotes increased diversity, supported by global best-practice in digital banking. Thanks to its innovation-focused approach, agile structure and experienced management team, we are proud to play a key role in the development of the national economy.

The Turkish Government has continued to progress its economic recovery programmes in the first quarter of 2021, as the COVID-19 pandemic continues to affect the lives of many. DenizBank took additional measures for the safety of its people and customers, while providing secure and uninterrupted banking services through its branches, digital platforms and alternative distribution channels.

As the pandemic expanded further and countries introduced new restrictive measures, we continued to support our customers to help them overcome their financial challenges during this unprecedented situation.

We have developed a reputation as the trusted banking partner of the SME and agriculture sectors, the driving forces of the Turkish economy. DenizBank successfully raised competitive long-term funding through a seven-year securitisation loan and will extend this fresh funding to renewable energy, energy efficient and green projects as well as underbanked women entrepreneurs and farmers. We also support many of Turkey's critically important economic sectors such as tourism, education, infrastructure, sports, healthcare, municipalities and shipping.

Looking ahead, DenizBank will continue to set the benchmark for banking excellence in the MENAT region, supported by its strong capital base, innovative approach to products and services and customer-centric mindset. We will continue to focus on innovation, data and digitisation strategies, led by its experienced management team and with the full support of ENBD.

Message From The President and CEO

2020 has been a year when the challenges brought about by the pandemic were felt everywhere. The unfavourable conditions in the first quarter of 2021 continued to affect people's health, social life and the economy significantly. Turkish banking sector, authorities in the management of the economy and all institutions have continued to fight back against the pandemic and its adverse socioeconomic effects since the very beginning.

Through this process, our Bank continued to grow prudentially in assets, loans and deposits. Our assets were realised as TL 281,5 billion on a consolidated basis and TL 216,2 billion on an unconsolidated basis in the first three months of 2021. Customer deposits reached TL 176,5 billion on a consolidated basis, and TL 118,7 billion on an unconsolidated basis. DenizBank's service network reaching 720 branches in total including those in 81 provinces in Turkey and 34 subsidiary branches abroad and its customer base that has grown by 6,2% 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 three months of 2021 into the economy, and managed to carry its consolidated cash loan volume to TL 175,8 billion, unconsolidated cash loan volume to TL 126,6 billion and total of consolidated cash and non-cash loan book to TL 224,2 billion.

While our equity reached TL 23,4 billion, equity including subordinated loans was recorded as TL 30,0 billion. On the other hand, the Bank's consolidated net profit reached TL 1.071 million in the first three months of 2021 while its unconsolidated net profit was realised as TL 1.066 million.

We continue to stand by small and medium sized enterprises

Always prioritising the principle of serving its country and people while continuing its financial growth, our Bank has swiftly introduced relief measures to solve short-term financial problems encountered by retail and commercial customers with the pandemic.

Having shouldered the responsibility to secure long-term international funding at competitive terms, when providing fresh funds to the Turkish economy is more important than ever, our Bank obtained a USD 435 million securitisation loan to be extended to environmentally-friendly and sustainable projects. A testament of the increasing confidence in our country, the funding will be extended to renewable energy and energy efficiency projects and underbanked women entrepreneurs and the agricultural sector, which is strategically important to us.

We are delighted to have closed this landmark transaction in such a challenging period, while supporting small and medium-sized agribusinesses in Turkey and contributing to the continuity of their businesses as well as the growth of our economy.

We carry our stakeholders to the future thanks to our own innovative power

On the other hand, thanks to our infrastructure and business model, which were ready for digital transformation way before, we successfully managed the challenges created by the pandemic, social distance in particular.

An initiative established to gather our innovative works under one roof and focus on producing the future technology, Deniz Aquarium is the home where we work to support entrepreneurs from within or outside of our bank, contribute to the start-up ecosystem in our country and actualise Blockchain projects. We have also founded a venture fund, namely Deniz Ventures, having the vision to become the investment and growth platform of innovative technology start-ups that have a global growth potential in Europe and MENA region. Thanks to these initiatives that are very much valuable in terms of funding start-ups, we are more than happy to contribute to the growth and development of the entire ecosystem, to be able to carry our stakeholders to the future with our own innovative power, and more importantly, to provide comprehensive services to our customers, at an extent we cannot offer on our own.

Being the pioneer of initiatives that the sector could not undertake, our Bank will continue to work to create the technologies and business models that will shape the future with its agile organisational structure, enriched by our know-how in innovation as well as change and transformation. 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 and to work and produce for the future of our people and country.

Changes in DFSG Companies

There is no changes in DFSG Companies.

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 04 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:

Moody's*		Fitch Ratings**	
Outlook	Negative	Outlook	Negative
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	

DENİZBANK ANONİM ŞİRKETİ
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2021

(Currency: Thousands of TL - Turkish Lira)

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

Financial Information

a. General Outlook of the Banking Sector

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

-Loan volume (excluding financial sector loans)	TL 3.717 billion
TL Loan volume (excluding financial sector loans)	TL 2.402 billion
FX Loan volume (excluding financial sector loans)	USD 165 billion
-Deposit Volume (excluding interbank deposits)	TL 3.604 billion
TL Deposit Volume (excluding interbank deposits)	TL 1.639 billion
FX Deposit Volume (excluding interbank deposits)	USD 247 billion

In the first three months of 2021 the total loan volume of the banking sector reached TL 3.717 billion. Retail and commercial loans became the segments with priority impact on total loan increase. Total consumer loans reached TL 690 billion, while total credit card loans was TL 151 billion. SME loans reached TL 858 billion in the first two months. While completing the year of 2020 at level of 4,1%, the total NPL ratio realized as 3,9% as at March 2021.

Total deposits reached TL 3.604 billion as at March 2021. The sector's total equity rose TL 613 billion at the end of the first two months.

The net profit of the banking sector in the first two months was realized as TL 9,2 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	31/03/2021	31/12/2020
Securities ⁽¹⁾	24.061	28.317
Net Loans	175.844	167.283
Cash and Banks, net	62.827	53.505
Total Assets	281.454	263.961
Customer Deposits ⁽²⁾	176.529	167.467
Time	120.379	115.918
Demand	56.150	51.550
Borrowings	28.111	25.986
Securities Issued	7.181	3.169
Sub-ordinated Loans	6.586	5.917
Shareholders' Equity	23.427	23.027
Paid-in Capital	5.696	5.696
Non-cash Loans	48.377	42.825
Income Statements	31/03/2021	31/03/2020
Interest Income	5.230	4.524
Interest Expense	(2.577)	(1.883)
Net Interest Income after Provisions	1.065	692
Non-interest Income	2.290	1.744
Non-interest Expense	(1.936)	(1.588)
Tax Expense	(348)	(231)
Net Profit	1.071	619
Other Highlights	31/03/2021	31/12/2020
Number of Branches ⁽³⁾	720	730
Number of Employees	14.116	14.040
Number of ATMs	3.124	3.140
Number of POS Terminals	217.523	196.001
Number of Credit Cards	5.415.797	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

DENİZBANK ANONİM ŞİRKETİ
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c. Assessment of Financial Position and Risk Management

	Consolidated	
(TL millions)	31/03/2021	31/12/2020
Capital Adequacy Ratio (%)	15,40	16,23
Shareholders' Equity	23.427	23.027
Return on Equity (%)	18,69	8,87
Non-performing Loans/ Total Gross Cash Loans Ratio (%)	6,70	7,02