

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

## **DENİZBANK ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES**

**INDEPENDENT AUDITOR'S REPORT, CONSOLIDATED  
FINANCIAL STATEMENTS AND NOTES FOR THE YEAR  
ENDED 31 DECEMBER 2020**

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

## **INDEPENDENT AUDITOR'S REPORT**

**To the General Assembly of Denizbank AŞ.**

### **A) Report on the Audit of the Financial Statements**

#### **1) Opinion**

We have audited the financial statements of Denizbank AŞ (the "Bank") and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated statement of income, consolidated statement of income and expense items accounted for under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

#### **2) Basis for Opinion**

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **3) Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
<p><b><i>Impairment of loans in accordance with TFRS 9</i></b></p> <p>Impairment of loans is a key area of judgment for the management. The Group has the total loans, receivables from leasing transactions and factoring receivables amounting to TL 183.586.369 thousands, which comprise 70% of the Group's total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 16.303.807 as at 31 December 2020.</p> <p>As of 1 January 2018, the Group has started to recognize provisions for impairment in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750.</p> <p>In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies has been changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Group exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans.</p> <p>In addition, the impairment of loans and receivables includes important estimates and assumptions about the effects of the COVID 19 pandemic.</p> <p>A significant part of the Group's corporate loan portfolio has assessed individually. This situation requires significant judgments in the calculation of the expected loan loss provision.</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have assessed and analysed the relevant contract terms to assess management's accounting policy and classification of the instrument for selected samples.</p> <p>We have performed loan review procedures on selected samples of loans and receivables by taking into account the effects of COVID 19 pandemic with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p>We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the renewed assumptions are appropriately reflected with the COVID 19 effect, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p>We have tested whether the model is applied to appropriate groupings of assets which share identical credit risk characteristics.</p> <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p>

Key Audit Matters	How the matter was addressed in the audit
<p>Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter</p> <p>Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.d.</p>	<p>Based on our discussions with the Group Management, we evaluated whether the key assumptions and other judgements, including COVID 19 impact, those are the basis for the impairment estimations are reasonable.</p> <p>We assessed whether the expected credit losses determined based on individual assessment per Group's policy are reasonable by means of supporting data including COVID 19 impact and evaluated appropriateness within the framework of our discussions with management.</p> <p>Our specialists are involved in all procedures regarding assumptions of collective model and individual assessments.</p> <p>We have reviewed disclosures presented in the consolidated financial statements within the framework of TFRS 9 with respect to loans and receivables and related impairment provisions.</p>
<p><b><i>Information Technologies Audit</i></b></p> <p>The Group and its finance functions are dependent on the IT-infrastructure for the continuity of its operations and the demand for technology-enabled business services is rapidly growing in the Group and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Group means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> <li>• We identified and tested the Group's controls over information systems with risk based approach as part of our audit procedures.</li> <li>• Information generation comprise layers of information systems that are important for financial statements (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> <li>• Access Security</li> <li>• Change Management</li> <li>• Data Center and Network Operations</li> </ul> </li> <li>• We selected high-risk areas as log management for database and change management control activities, to prevent and detect whether accesses to financial data had been identified on a timely manner.</li> </ul>

Key Audit Matters	How the matter was addressed in the audit
	<ul style="list-style-type: none"> <li>• We tested the accesses management and log management controls underlying all applications that have direct or indirect impacts on financial data generation.</li> <li>• Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.</li> <li>• We also tested the completeness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.</li> <li>• Also, we understood and tested the controls over database, network, application and operating system layers of applications.</li> </ul>

#### 4) Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2019 was audited by another auditor who expressed an unqualified opinion on 20 February 2020.

#### 5) Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **6) Auditor's Responsibilities for the Audit of the Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## **B) Other Responsibilities Arising From Regulatory Requirements**

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 (“TCC”), nothing has come to our attention that may cause us to believe that the Group’s set of accounts for the period 1 January - 31 December 2020 does not comply with TCC and the provisions of the Bank’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Yaman Polat.

## **Additional Paragraph for English Translation**

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Yaman Polat  
Partner

İstanbul, 18 February 2021

**DENİZBANK A.Ş.**  
**CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2020**

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Website of the Bank  
www.denizbank.com

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

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

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

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

<b>Subsidiaries</b>
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 Hızlıröde Elektronik Para ve Ödeme Hizmetleri A.Ş.
<b>Structured Entity</b>
1 DFS Funding Corp.

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

18 February 2021

**HAKAN ELVERDİ**

Senior Vice President  
Financial Reporting  
And Accounting

**RUSLAN ABİL**

Executive Vice President  
Financial Affairs

**HAKAN ATEŞ**

Member of Board of Directors  
and President and Chief  
Executive Officer

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

**JONATHAN EDWARD MORRIS**  
Member of Board of Directors  
and Audit Committee

**NIHAT SEVİNÇ**  
Member of Board of Directors  
and Audit Committee

Contact information for questions on this financial report:

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## **SECTION ONE**

### **GENERAL INFORMATION**

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

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

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

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

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

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

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

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

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

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2020**

(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**

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

<b>Prior Period (*)</b>		
<b>Name of the Shareholder</b>	<b>Amount (Full TL)</b>	<b>Share (%)</b>
Emirates NBD Bank PJSC	3.316.099.996	100,00
Other	4	--
<b>Total</b>	<b>3.316.100.000</b>	<b>100,00</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**III. Explanations regarding the chairman and the members of board of directors, members of audit committee, general manager and executive vice presidents, if any, their shareholdings and areas of responsibility in the Parent Bank**

<b>Name</b>	<b>Title</b>	<b>Shares owned (%)</b>
<b>Chairman of the Board of Directors</b>		
Hesham Abdulla Qassim Alqassim	Chairman	--
<b>Board of Directors <sup>(1) (2)</sup></b>		
Mohamed Hadi Ahmed Abdulla Alhussaini	Deputy Chairman	--
Nihat Sevinç	Deputy Chairman	--
Hakan Ateş	Member and CEO	--
Deniz Ülke Arıboğan	Member	--
Derya Kumru	Member	--
Shayne Keith Nelson	Member	--
Jonathan Edward Morris	Member	--
Tanju Kaya <sup>(1)</sup>	Member	--
<b>Audit Committee <sup>(2)</sup></b>		
Nihat Sevinç	Member	--
Jonathan Edward Morris	Member	--
<b>Executive Vice Presidents</b>		
Bora Böküçöz	Treasury and Financial Institutions	--
Ruslan Abil	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Mustafa Özel	Branch and Central Operations	--
İbrahim Şen	Credit Follow-up and Risk Monitoring	--
Mehmet Aydoğdu	Corporate and Commercial Banking	--
Cem Demirağ	Head of Internal Control Unit and Compliance	--
Ali Murat Dizdar	Chief Legal Advisor	--
Ayşenur Hıçkiran	Payment Systems and Non-Branch Channels	--
Selim Efe Teoman	Corporate and Commercial Credits	--
Ramazan Işık	Head of Internal Audit	--
Murat Kulaksız	SME Banking and Public Financing	--
Necip Yavuz Elkin	Human Resources and Deniz Academy	--
Burak Koçak	Agricultural Banking	--
Oğuzhan Özark	Retail Banking	--
Cemil Cem Önenç	Private Banking and Investment Group	--
Sinan Yılmaz	Head of Risk Management Group	--
Edip Kürşad Başer	Credit Policy and Retail, SME, Agricultural Banking Credits Allocation	--
Verda Beril Yüzer Oğuz	Financial Institutions	--
Hayri Cansever	Secretariat General and Foreign Subsidiaries	--
Umut Özdoğan	Digital Transformation, CRM and Process Management	--

<sup>(1)</sup> Timur Kozinstev, previously acting as member of Board of Director of the Parent Bank, has resigned as of 14 February 2020. Tanju Kaya, who has been the Executive Vice President responsible for the Administrative Services and Investment Group, is appointed to the vacant membership of the Board of Directors as of 1 April 2020.

<sup>(2)</sup> Wouter G.M. Van Roste is appointed as the General Manager of Denizbank AG, one of the subsidiaries of the Parent Bank, has resigned from his membership of the Audit and Risk Committee position.

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

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

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

As of 31 December 2020 the capital structure of ENBD is as follows:

Shareholders	Share Percentages
Investment Corporation of Dubai	55,76 %
Capital Assets LLC	5,33 %
Publicly traded	38,91 %
<b>Total</b>	<b>100,00 %</b>

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

The Parent Bank is a private sector deposit bank which provides banking services to its customers through 695 domestic branches and 1 foreign branch as of 31 December 2020.

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

In accordance with the Banking Law and regulations;

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

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

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

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

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

None.

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

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



**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT**  
**OF FINANCIAL POSITION (BALANCE SHEET)**  
**AS OF 31 DECEMBER 2020**  
(Currency: Thousands of TL - Turkish Lira)

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

ASSETS	Note	Audited CURRENT PERIOD (31/12/2020)			Audited PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>11.896.425</b>	<b>65.825.347</b>	<b>77.721.772</b>	<b>11.849.972</b>	<b>48.127.729</b>	<b>59.977.701</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>4.522.486</b>	<b>48.982.926</b>	<b>53.505.412</b>	<b>4.695.803</b>	<b>38.938.309</b>	<b>43.634.112</b>
1.1.1 Cash and Balances with Central Bank	(5.1.a)	2.252.708	37.777.210	40.029.918	1.530.609	34.141.244	35.671.853
1.1.2 Banks	(5.1.a)	506.687	11.208.727	11.715.414	1.903.476	4.801.906	6.705.382
1.1.3 Due From Money Markets		1.763.207	-	1.763.207	1.261.789	-	1.261.789
1.1.4 Expected Credit Loss (-)		116	3.011	3.127	71	4.841	4.912
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	(5.1.b)	<b>21.432</b>	<b>735.684</b>	<b>757.116</b>	<b>20.633</b>	<b>485.623</b>	<b>506.256</b>
1.2.1 Government Debt Securities		14.094	63.953	78.047	18.389	3.051	21.440
1.2.2 Equity Instruments		1.731	219.080	220.811	44	153.472	153.516
1.2.3 Other Financial Assets		5.607	452.651	458.258	2.200	329.100	331.300
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(5.1.c)	<b>6.156.688</b>	<b>14.141.546</b>	<b>20.298.234</b>	<b>6.147.636</b>	<b>8.026.934</b>	<b>14.174.570</b>
1.3.1 Government Debt Securities		6.156.222	13.383.870	19.540.092	6.069.466	7.242.150	13.311.616
1.3.2 Equity Instruments		466	311	777	78.170	227	78.397
1.3.3 Other Financial Assets		-	757.365	757.365	-	784.557	784.557
<b>1.4 Derivative Financial Assets</b>		<b>1.195.819</b>	<b>1.965.191</b>	<b>3.161.010</b>	<b>985.900</b>	<b>676.863</b>	<b>1.662.763</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss	(5.1.b)	1.195.819	1.965.191	3.161.010	985.900	676.863	1.662.763
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.j)	-	-	-	-	-	-
<b>II. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>88.002.862</b>	<b>86.541.061</b>	<b>174.543.923</b>	<b>69.796.431</b>	<b>79.761.375</b>	<b>149.557.806</b>
<b>2.1 Loans</b>	(5.1.d)	<b>91.488.281</b>	<b>86.152.949</b>	<b>177.641.230</b>	<b>72.255.743</b>	<b>76.632.862</b>	<b>148.888.605</b>
<b>2.2 Lease Receivables</b>	(5.1.i)	<b>703.664</b>	<b>2.537.161</b>	<b>3.240.825</b>	<b>513.049</b>	<b>2.197.532</b>	<b>2.710.581</b>
<b>2.3 Factoring Receivables</b>		<b>2.128.967</b>	<b>575.347</b>	<b>2.704.314</b>	<b>1.388.379</b>	<b>186.547</b>	<b>1.574.926</b>
<b>2.4 Financial Assets Measured at Amortised Cost</b>	(5.1.e)	<b>4.109.356</b>	<b>3.152.687</b>	<b>7.262.043</b>	<b>4.037.660</b>	<b>2.735.394</b>	<b>6.773.054</b>
2.4.1 Government Debt Securities		4.109.356	3.152.687	7.262.043	4.037.660	2.735.394	6.773.054
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Loss (-)</b>		<b>10.427.406</b>	<b>5.877.083</b>	<b>16.304.489</b>	<b>8.398.400</b>	<b>1.990.960</b>	<b>10.389.360</b>
<b>III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>	(5.1.o)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale		-	-	-	-	-	-
3.2 Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>830.694</b>	<b>319</b>	<b>831.013</b>	<b>761.971</b>	<b>233</b>	<b>762.204</b>
<b>4.1 Investments in Associates (Net)</b>	(5.1.f)	<b>13.596</b>	<b>-</b>	<b>13.596</b>	<b>13.596</b>	<b>-</b>	<b>13.596</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		13.596	-	13.596	13.596	-	13.596
<b>4.2 Subsidiaries (Net)</b>	(5.1.g)	<b>814.298</b>	<b>319</b>	<b>814.617</b>	<b>745.575</b>	<b>233</b>	<b>745.808</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		814.298	319	814.617	745.575	233	745.808
<b>4.3 Joint Ventures (Net)</b>	(5.1.h)	<b>2.800</b>	<b>-</b>	<b>2.800</b>	<b>2.800</b>	<b>-</b>	<b>2.800</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		2.800	-	2.800	2.800	-	2.800
<b>V. PROPERTY AND EQUIPMENT (Net)</b>	(5.1.k)	<b>1.527.636</b>	<b>353.957</b>	<b>1.881.593</b>	<b>1.364.090</b>	<b>288.076</b>	<b>1.652.166</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(5.1.l)	<b>365.002</b>	<b>58.407</b>	<b>423.409</b>	<b>301.199</b>	<b>38.779</b>	<b>339.978</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		365.002	58.407	423.409	301.199	38.779	339.978
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(5.1.m)	<b>355.990</b>	<b>-</b>	<b>355.990</b>	<b>218.680</b>	<b>-</b>	<b>218.680</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>313.744</b>	<b>-</b>	<b>313.744</b>	<b>260.787</b>	<b>57.865</b>	<b>318.652</b>
<b>IX. DEFERRED TAX ASSET</b>	(5.1.n)	<b>1.481.954</b>	<b>6.457</b>	<b>1.488.411</b>	<b>1.037.985</b>	<b>7.360</b>	<b>1.045.345</b>
<b>X. OTHER ASSETS (Net)</b>	(5.1.p)	<b>4.597.284</b>	<b>1.803.509</b>	<b>6.400.793</b>	<b>2.386.842</b>	<b>1.054.699</b>	<b>3.441.541</b>
<b>TOTAL ASSETS</b>		<b>109.371.591</b>	<b>154.589.057</b>	<b>263.960.648</b>	<b>87.977.957</b>	<b>129.336.116</b>	<b>217.314.073</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT**  
**OF FINANCIAL POSITION (BALANCE SHEET)**  
**AS OF 31 DECEMBER 2020**

(Currency: Thousands of TL - Turkish Lira)

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

LIABILITIES	Note	Audited CURRENT PERIOD (31/12/2020)			Audited PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.II.a)	<b>50.016.442</b>	<b>134.702.871</b>	<b>184.719.313</b>	<b>51.860.131</b>	<b>106.349.053</b>	<b>158.209.184</b>
<b>II. FUNDS BORROWED</b>	(5.II.c)	<b>2.399.832</b>	<b>23.585.722</b>	<b>25.985.554</b>	<b>941.524</b>	<b>14.245.904</b>	<b>15.187.428</b>
<b>III. DUE TO MONEY MARKETS</b>		<b>1.207.341</b>	<b>3.305.635</b>	<b>4.512.976</b>	<b>113.392</b>	<b>345.656</b>	<b>459.048</b>
<b>IV. SECURITIES ISSUED (Net)</b>	(5.II.d)	<b>2.541.688</b>	<b>626.919</b>	<b>3.168.607</b>	<b>3.935.477</b>	<b>279.296</b>	<b>4.214.773</b>
4.1 Bills		1.921.607	451.604	2.373.211	3.626.080	-	3.626.080
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		620.081	175.315	795.396	309.397	279.296	588.693
<b>V. FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>		<b>292.714</b>	<b>1.862.130</b>	<b>2.154.844</b>	<b>188.257</b>	<b>692.618</b>	<b>880.875</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.II.b)	292.714	1.862.130	2.154.844	188.257	692.618	880.875
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.II.g)	-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. LEASE LIABILITIES</b>	(5.II.f)	<b>540.733</b>	<b>70.093</b>	<b>610.826</b>	<b>547.355</b>	<b>71.247</b>	<b>618.602</b>
<b>X. PROVISIONS</b>	(5.II.h)	<b>2.070.724</b>	<b>238.443</b>	<b>2.309.167</b>	<b>1.734.174</b>	<b>123.552</b>	<b>1.857.726</b>
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		535.248	27.108	562.356	337.981	21.938	359.919
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.535.476	211.335	1.746.811	1.396.193	101.614	1.497.807
<b>XI. CURRENT TAX LIABILITY</b>	(5.II.i)	<b>285.800</b>	<b>106.782</b>	<b>392.582</b>	<b>331.211</b>	<b>3.857</b>	<b>335.068</b>
<b>XII. DEFERRED TAX LIABILITIES</b>	(5.II.i)	<b>3.823</b>	<b>60.891</b>	<b>64.714</b>	<b>3.172</b>	<b>78.927</b>	<b>82.099</b>
<b>XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(5.II.j)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>		<b>-</b>	<b>5.917.421</b>	<b>5.917.421</b>	<b>-</b>	<b>7.037.253</b>	<b>7.037.253</b>
14.1 Loans	(5.II.k)	-	5.917.421	5.917.421	-	7.037.253	7.037.253
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(5.II.e)	<b>5.253.104</b>	<b>5.844.105</b>	<b>11.097.209</b>	<b>4.071.344</b>	<b>6.611.761</b>	<b>10.683.105</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.l)	<b>9.940.534</b>	<b>13.086.901</b>	<b>23.027.435</b>	<b>8.230.177</b>	<b>9.518.735</b>	<b>17.748.912</b>
16.1 Paid-in Capital		5.696.100	-	5.696.100	3.316.100	-	3.316.100
16.2 Capital Reserves		67.576	-	67.576	67.576	-	67.576
16.2.1 Share Premium		15	-	15	15	-	15
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		67.561	-	67.561	67.561	-	67.561
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		364.227	69.986	434.213	679.604	47.309	726.913
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(7.675.597)	9.989.501	2.313.904	(4.166.463)	5.178.209	1.011.746
16.5 Profit Reserves		8.279.350	1.562.572	9.841.922	7.278.139	16.192	7.294.331
16.5.1 Legal Reserves		522.743	5.019	527.762	455.936	5.019	460.955
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		7.756.607	1.557.553	9.314.160	6.822.203	11.173	6.833.376
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Income or (Loss)		3.155.384	1.464.842	4.620.226	1.032.449	4.277.025	5.309.474
16.6.1 Prior Periods' Income or (Loss)		1.708.633	1.053.250	2.761.883	568.878	3.437.883	4.006.761
16.6.2 Current Period Income or (Loss)		1.446.751	411.592	1.858.343	463.571	839.142	1.302.713
16.7 Minority Shares		53.494	-	53.494	22.772	-	22.772
<b>TOTAL LIABILITIES</b>		<b>74.552.735</b>	<b>189.407.913</b>	<b>263.960.648</b>	<b>71.956.214</b>	<b>145.357.859</b>	<b>217.314.073</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF**  
**OFF-BALANCE SHEET ITEMS**  
**AS OF 31 DECEMBER 2020**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
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*See Note 3.1.c*

Note	Audited CURRENT PERIOD (31/12/2020)			Audited PRIOR PERIOD (31/12/2019)		
	TL	FC	Total	TL	FC	Total
<b>A. COMMITMENTS AND CONTINGENCIES (I+II+III)</b>	<b>105.577.021</b>	<b>195.655.581</b>	<b>301.232.602</b>	<b>75.031.858</b>	<b>146.069.232</b>	<b>221.101.090</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>12.777.688</b>	<b>30.047.020</b>	<b>42.824.708</b>	<b>10.606.904</b>	<b>23.866.157</b>	<b>34.473.061</b>
(5.III.a) Letters of Guarantee	12.483.998	19.435.442	31.919.440	10.585.358	15.812.386	26.397.744
1.1.1. Guarantees Subject to Public Procurement Law	-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations	79.021	124.588	203.609	79.021	105.025	184.046
1.1.3. Other Letters of Guarantee	12.404.977	19.310.854	31.715.831	10.506.337	15.707.361	26.213.698
1.2. Bank Loans	15.250	94.990	110.240	8.000	91.876	99.876
1.2.1. Import Acceptances	15.250	94.990	110.240	8.000	91.876	99.876
1.2.2. Other Bank Acceptances	-	-	-	-	-	-
1.3. Letters of Credit	13.006	4.882.246	4.895.252	13.546	4.135.611	4.149.157
1.3.1. Documentary Letters of Credit	-	3.544.938	3.544.938	5.730	3.077.979	3.083.709
1.3.2. Other Letters of Credit	13.006	1.337.308	1.350.314	7.816	1.057.632	1.065.448
1.4. Guaranteed Refinancing	-	-	-	-	-	-
1.5. Endorsements	-	-	-	-	-	-
1.5.1. Endorsements to Central Bank of the Republic of Turkey	-	-	-	-	-	-
1.5.2. Other Endorsements	-	-	-	-	-	-
1.6. Purchase Guarantees on Marketable Security Issuance	-	-	-	-	-	-
1.7. Factoring Guarantees	-	-	-	-	-	-
1.8. Other Guarantees	265.434	5.634.342	5.899.776	-	3.826.284	3.826.284
1.9. Other Sureties	-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>53.867.502</b>	<b>10.172.595</b>	<b>64.040.097</b>	<b>42.447.877</b>	<b>10.942.665</b>	<b>53.390.542</b>
(5.III.a) Irrevocable Commitments	53.327.986	9.992.877	63.320.863	40.560.256	10.848.227	51.408.483
2.1.1. Forward Asset Purchase Commitments	841.692	5.378.043	6.219.735	1.674.676	5.189.236	6.863.912
2.1.2. Forward Deposit Purchase and Sale Commitments	-	-	-	-	346.429	346.429
2.1.3. Capital Commitments to Subsidiaries and Associates	4.000	-	4.000	4.000	-	4.000
2.1.4. Loan Granting Commitments	17.234.415	-	17.234.415	13.726.695	-	13.726.695
2.1.5. Securities Underwriting Commitments	-	-	-	-	-	-
2.1.6. Payment Commitments for Reserve Deposits	-	-	-	-	-	-
2.1.7. Payment Commitments for Cheques	2.226.643	-	2.226.643	1.973.049	-	1.973.049
2.1.8. Tax and Fund Liabilities from Export Commitments	2.023	-	2.023	1.837	-	1.837
2.1.9. Commitments for Credit Card Expenditure Limits	32.617.301	-	32.617.301	22.664.957	-	22.664.957
2.1.10. Commitments for Credit Cards and Banking Services Promotions	11.556	-	11.556	6.915	-	6.915
2.1.11. Receivables from Short Sale Commitments	-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments	-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments	390.356	4.614.834	5.005.190	508.127	5.312.562	5.820.689
2.2. Revocable Commitments	539.516	179.718	719.234	1.887.621	94.438	1.982.059
2.2.1. Revocable Loan Granting Commitments	538.957	179.718	718.675	1.887.062	94.438	1.981.500
2.2.2. Other Revocable Commitments	559	-	559	559	-	559
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>38.931.831</b>	<b>155.435.966</b>	<b>194.367.797</b>	<b>21.977.077</b>	<b>111.260.410</b>	<b>133.237.487</b>
(5.III.b) 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	38.931.831	155.435.966	194.367.797	21.977.077	111.260.410	133.237.487
3.2.1. Forward Foreign Currency Buy/Sell Transactions	2.693.666	17.354.000	20.047.666	1.255.779	4.154.693	5.410.472
3.2.1.1. Forward Foreign Currency Transactions-Buy	1.830.015	8.414.678	10.244.693	576.828	2.118.997	2.695.825
3.2.1.2. Forward Foreign Currency Transactions-Sell	863.651	8.939.322	9.802.973	678.951	2.035.696	2.714.647
3.2.2. Currency and Interest Rate Swaps	33.029.575	124.567.079	157.596.654	17.003.685	93.778.024	110.781.709
3.2.2.1. Currency Swap-Buy	828.099	55.725.437	56.553.536	4.390.246	40.474.216	44.864.462
3.2.2.2. Currency Swap-Sell	22.551.476	39.320.239	61.871.715	7.273.439	34.741.890	42.015.329
3.2.2.3. Interest Rate Swap-Buy	4.825.000	14.760.702	19.585.702	2.670.000	9.280.959	11.950.959
3.2.2.4. Interest Rate Swap-Sell	4.825.000	14.760.701	19.585.701	2.670.000	9.280.959	11.950.959
3.2.3. Currency, Interest Rate and Marketable Securities Options	2.380.869	6.398.258	8.779.127	3.654.667	7.266.307	10.920.974
3.2.3.1. Currency Call Options	1.055.976	2.678.255	3.734.231	1.620.919	3.769.594	5.390.513
3.2.3.2. Currency Put Options	1.024.893	2.775.845	3.800.738	2.033.748	3.381.627	5.415.375
3.2.3.3. Interest Rate Call Options	-	472.079	472.079	-	57.543	57.543
3.2.3.4. Interest Rate Put Options	300.000	472.079	772.079	-	57.543	57.543
3.2.3.5. Marketable Securities Call Options	-	-	-	-	-	-
3.2.3.6. Marketable Securities Put Options	-	-	-	-	-	-
3.2.4. Currency Futures	827.721	763.167	1.590.888	62.946	56.418	119.364
3.2.4.1. Currency Futures-Buy	-	763.167	763.167	62.946	-	62.946
3.2.4.2. Currency Futures-Sell	827.721	-	827.721	-	56.418	56.418
3.2.5. Interest Rate Buy/Sell Futures	-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6. Other	-	6.353.462	6.353.462	-	6.004.968	6.004.968
<b>B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)</b>	<b>651.466.576</b>	<b>325.639.811</b>	<b>977.106.387</b>	<b>593.890.750</b>	<b>240.125.578</b>	<b>834.016.328</b>
<b>IV. CUSTODIES</b>	<b>33.849.047</b>	<b>16.518.378</b>	<b>50.367.425</b>	<b>74.555.931</b>	<b>11.018.883</b>	<b>85.574.814</b>
4.1. Assets Under Management	139.814	-	139.814	139.814	-	139.814
4.2. Custody Marketable Securities	30.857.690	12.412.991	43.270.681	71.741.449	8.494.938	80.236.387
4.3. Cheques in Collection Process	1.875.232	2.588.542	4.463.774	1.488.707	1.996.891	3.485.598
4.4. Commercial Notes in Collection Process	975.063	352.162	1.327.225	1.184.713	335.302	1.520.015
4.5. Other Assets in Collection Process	-	-	-	-	-	-
4.6. Underwritten Securities	-	-	-	-	-	-
4.7. Other Custodies	1.248	1.164.683	1.165.931	1.248	191.752	193.000
4.8. Custodians	-	-	-	-	-	-
<b>V. PLEDGED ASSETS</b>	<b>616.467.629</b>	<b>307.983.358</b>	<b>924.450.987</b>	<b>518.395.181</b>	<b>228.151.837</b>	<b>746.547.018</b>
5.1. Marketable Securities	3.991.203	75.724	4.066.927	2.718.694	62.184	2.780.878
5.2. Collateral Notes	413.307.798	108.475.879	521.783.677	336.799.053	73.984.724	410.783.777
5.3. Commodity	19.430.706	13.496.225	32.926.931	15.967.774	10.139.026	26.106.800
5.4. Warranty	-	-	-	-	-	-
5.5. Land and Buildings	104.252.159	90.110.884	194.363.043	99.845.858	71.451.449	171.297.307
5.6. Other Pledged Assets	75.485.763	95.824.646	171.310.409	63.063.802	72.514.454	135.578.256
5.7. Pledges	-	-	-	-	-	-
<b>VI. ACCEPTED BILL GUARANTEES AND SURETIES</b>	<b>1.149.900</b>	<b>1.138.075</b>	<b>2.287.975</b>	<b>939.638</b>	<b>954.858</b>	<b>1.894.496</b>
<b>TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)</b>	<b>757.043.597</b>	<b>521.295.392</b>	<b>1.278.338.989</b>	<b>668.922.608</b>	<b>386.194.810</b>	<b>1.055.117.418</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Currency: Thousands of TL - Turkish Lira)

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

			Audited CURRENT PERIOD (01/01- 31/12/2020)	Audited PRIOR PERIOD (01/01- 31/12/2019)
INCOME AND EXPENSES		Note		
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.a)	<b>18.711.843</b>	<b>20.042.379</b>
1.1	Interest on Loans		16.091.531	17.454.496
1.2	Interest on Reserve Requirements		29.693	145.307
1.3	Interest on Banks		204.678	243.470
1.4	Interest on Money Market Transactions		148.228	81.945
1.5	Interest on Marketable Securities Portfolio		1.762.997	1.591.696
1.5.1	Fair Value Through Profit or Loss		21.908	15.376
1.5.2	Fair Value Through Other Comprehensive Income		1.098.681	1.053.858
1.5.3	Measured at Amortized Cost		642.408	522.462
1.6	Financial Lease Interest Income		252.599	246.778
1.7	Other Interest Income		222.117	278.687
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	(5.IV.b)	<b>7.739.184</b>	<b>11.647.636</b>
2.1	Interest on Deposits		5.290.433	8.934.464
2.2	Interest on Funds Borrowed		1.576.839	1.542.835
2.3	Interest Expense on Money Market Transactions		231.675	102.141
2.4	Interest on Securities Issued		417.875	892.512
2.5	Interest on Leases		140.590	150.650
2.6	Other Interest Expenses		81.772	25.034
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>10.972.659</b>	<b>8.394.743</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>3.053.031</b>	<b>3.746.043</b>
4.1	Fees and Commissions Received		3.895.026	5.004.170
4.1.1	Non-Cash Loans		479.667	455.247
4.1.2	Other	(5.IV.I)	3.415.359	4.548.923
4.2	Fees and Commissions Paid (-)		841.995	1.258.127
4.2.1	Non-Cash Loans		7.417	9.635
4.2.2	Other	(5.IV.I)	834.578	1.248.492
<b>V.</b>	<b>DIVIDEND INCOME</b>	(5.IV.c)	<b>2.537</b>	<b>4.871</b>
<b>VI.</b>	<b>TRADING INCOME / LOSS (Net)</b>	(5.IV.d)	<b>571.422</b>	<b>(335.785)</b>
6.1	Trading Gains / (Losses) on Securities		161.288	163.709
6.2	Gains / (Losses) on Derivate Financial Transactions		(787.206)	(178.916)
6.3	Foreign Exchange Gains / (Losses)		1.197.340	(320.578)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.e)	<b>470.422</b>	<b>395.597</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>15.070.071</b>	<b>12.205.469</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	(5.IV.f)	<b>7.184.737</b>	<b>6.061.063</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	(5.IV.f)	<b>451.414</b>	<b>178.086</b>
<b>XI.</b>	<b>PERSONNEL EXPENSE (-)</b>	(5.IV.g)	<b>2.176.596</b>	<b>1.895.860</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.g)	<b>2.894.546</b>	<b>2.355.043</b>
<b>XIII.</b>	<b>NET OPERATING INCOME /LOSS (VIII-IX-X-XI-XII)</b>		<b>2.362.778</b>	<b>1.715.417</b>
<b>XIV.</b>	<b>INCOME AFTER MERGER</b>		-	-
<b>XV.</b>	<b>INCOME / (LOSS ) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-
<b>XVI.</b>	<b>INCOME / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVII.</b>	<b>PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	(5.IV.h)	<b>2.362.778</b>	<b>1.715.417</b>
<b>XVIII.</b>	<b>TAX PROVISIONS FOR CONTINUED OPERATIONS (±)</b>	(5.IV.i)	<b>(496.986)</b>	<b>(407.101)</b>
18.1	Current Tax Provision		(340.305)	(158.057)
18.2	Deferred Tax Income Effect (+)		(3.383.565)	(2.448.110)
18.3	Deferred Tax Expense Effect (-)		3.226.884	2.199.066
<b>XIX.</b>	<b>CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	(5.IV.j)	<b>1.865.792</b>	<b>1.308.316</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
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		-	-
<b>XXI.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-
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		-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)</b>		-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
<b>XXIV.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV.</b>	<b>NET PROFIT/(LOSS) (XIX+XXIV)</b>	(5.IV.k)	<b>1.865.792</b>	<b>1.308.316</b>
25.1	Profit / (Loss) of Group		1.858.343	1.302.713
25.2	Profit / (Loss) of Minority Shares (-)		7.449	5.603
	Profit / (Loss) Per Share (full TRY)		0,33	0,39

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Currency: Thousands of TL - Turkish Lira)

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

	Audited CURRENT PERIOD (01/01-31/12/2020)	Audited PRIOR PERIOD (01/01-31/12/2019)
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>1.865.792</b>	<b>1.308.316</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>1.009.458</b>	<b>932.555</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>(292.700)</b>	<b>(88.764)</b>
2.1.1 Property and Equipment Revaluation Increase/Decrease	32.586	11.158
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(51.979)	(56.716)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(274.029)	(53.079)
2.1.5 Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	722	9.873
<b>2.2 Reclassified Through Profit or Loss</b>	<b>1.302.158</b>	<b>1.021.319</b>
2.2.1 Foreign Currency Translation Differences	4.350.899	1.043.878
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	362.829	924.582
2.2.3 Cash Flow Hedge Income/Loss	(7.386)	7.926
2.2.4 Foreign Net Investment Hedge Income/Loss	(4.033.678)	(957.293)
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6 Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss	629.494	2.226
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>2.875.250</b>	<b>2.240.871</b>

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

# DENİZBANK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

### FOR THE PERIOD ENDED 31 DECEMBER 2020

(Currency: Thousands of TL - Turkish Lira)

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

Audited CHANGES IN SHAREHOLDERS' EQUITY ITEMS		Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss							Accumulated Other Comprehensive Income or Expenses Reclassified through Profit or Loss							Current Period Profit or (Loss) Audited (1 January - 31 December 2019)	Total Equity Expect Minority Shares	Minority Shares	Total Equity
		Paid in Capital	Share Premiums	Share Cancellation Profits	Other capital reserves	Accumulate d Revaluation Increase/De crease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit reserves	Prior Period Profit or (Loss)						
PRIOR PERIOD 01/01-31/12/2019																			
I.	Prior Period End Balance	3,316.100	15	--	67,561	83,193	(45,570)	778,053	4,117,584	(805,242)	(3,321,912)	5,111,808	3,989,637	2,199,647	15,490,874	14,396	15,505,270		
II.	Corrections and Accounting Policy Changes Made According to TAS 8	(5.V.c)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
2.1	Effects of Corrections	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
2.2	Effects of the Changes in Accounting Policies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
III.	Adjusted Beginning Balance (I+II)	3,316.100	15	--	67,561	83,193	(45,570)	778,053	4,117,584	(805,242)	(3,321,912)	5,111,808	3,989,637	2,199,647	15,490,874	14,396	15,505,270		
IV.	Total Comprehensive Income	(5.V.e)	--	--	--	8,547	(44,231)	(53,079)	1,043,875	717,947	(740,506)	--	--	1,302,713	2,235,286	5,803	2,240,889		
V.	Capital Increase by Cash	(5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
VI.	Capital Increase by Internal Sources	(5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
VII.	Paid in Capital Inflation Adjustment Difference	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
VIII.	Convertible Bonds to Share	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
IX.	Subordinated Debt Instruments	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
X.	Increase / Decrease by Other Changes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	2,773	2,773		
XI.	Profit Distribution	(5.V.d)	--	--	--	--	--	--	--	--	--	2,182,523	17,124	(2,199,647)	--	--	--		
11.1	Dividends Paid	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
11.2	Transfers to Reserves	(5.V.f)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
11.3	Other	--	--	--	--	--	--	--	--	--	--	2,182,523	17,124	(2,199,647)	--	--	--		
Period End Balance (III+IV+.....+X+XI)		3,316.100	15	--	67,561	91,740	(89,801)	724,974	5,161,459	(87,295)	(4,062,418)	7,294,331	4,006,761	1,302,713	17,726,140	22,772	17,748,912		
CURRENT PERIOD 01/01-31/12/2020																			
I.	Prior Period End Balance	3,316.100	15	--	67,561	91,740	(89,801)	724,974	5,161,459	(87,295)	(4,062,418)	7,294,331	4,006,761	1,302,713	17,726,140	22,772	17,748,912		
II.	Corrections and Accounting Policy Changes Made According to TAS 8	(5.V.c)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
2.1	Effects of Corrections	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
2.2	Effects of the Changes in Accounting Policies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
III.	Adjusted Beginning Balance (I+II)	3,316.100	15	--	67,561	91,740	(89,801)	724,974	5,161,459	(87,295)	(4,062,418)	7,294,331	4,006,761	1,302,713	17,726,140	22,772	17,748,912		
IV.	Total Comprehensive Income	(5.V.e)	--	--	--	25,224	(43,830)	(274,094)	4,360,899	277,175	(3,325,916)	--	--	1,858,343	2,867,801	7,449	2,875,250		
V.	Capital Increase by Cash	(5.V.a)	2,380,000	--	--	--	--	--	--	--	--	--	--	--	2,380,000	23,273	2,403,273		
VI.	Capital Increase by Internal Sources	(5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
VII.	Paid in Capital Inflation Adjustment Difference	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
VIII.	Convertible Bonds to Share	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
IX.	Subordinated Debt Instruments	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
X.	Increase / Decrease by Other Changes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
XI.	Profit Distribution	(5.V.d)	--	--	--	--	--	--	--	--	--	2,547,591	(1,244,878)	(1,302,713)	--	--	--		
11.1	Dividends Paid	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
11.2	Transfers to Reserves	(5.V.f)	--	--	--	--	--	--	--	--	--	2,547,591	(1,244,878)	(1,302,713)	--	--	--		
11.3	Other	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
Period End Balance (III+IV+.....+X+XI)		5,696,100	15	--	67,561	116,964	(133,631)	450,880	9,512,358	189,880	(7,388,334)	9,841,922	2,761,883	1,858,343	22,973,941	53,494	23,027,435		

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Currency: Thousands of TL - Turkish Lira)

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

	Footnote	Audited CURRENT PERIOD (01/01-31/12/2020)	Audited PRIOR PERIOD (01/01-31/12/2019)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities (+)</b>		<b>560.617</b>	<b>2.110.686</b>
1.1.1 Interest received (+)		17.648.739	18.144.309
1.1.2 Interest paid (-)		7.581.753	11.782.669
1.1.3 Dividends received (+)		2.537	4.871
1.1.4 Fees and commissions received (+)		3.895.026	5.004.170
1.1.5 Other income (+)		352.523	380.342
1.1.6 Collections from previously written off loans and other receivables (+)		3.868.685	1.748.403
1.1.7 Cash payments to personnel and service suppliers (-)		2.007.262	1.811.423
1.1.8 Taxes paid (-)		482.047	742.012
1.1.9 Other (+/-)	(5.VI.c)	(15.135.831)	(8.835.305)
<b>1.2 Changes in operating assets and liabilities subject to banking operations</b>		<b>(5.081.427)</b>	<b>5.941.091</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		(190.203)	6.415
1.2.2 Net (increase) decrease in due from banks (+/-)		(2.369.307)	(13.716.762)
1.2.3 Net (increase) decrease in loans		(10.513.310)	(920.034)
1.2.4 Net (increase) decrease in other assets (+/-)		(4.924.271)	13.578.399
1.2.5 Net increase (decrease) in bank deposits (+/-)		12.737.876	877.823
1.2.6 Net increase (decrease) in other deposits (+/-)		(4.202.709)	11.839.295
1.2.7 Net increase (decrease) in financial liabilities at fair value through profit or loss (+/-)		-	-
1.2.8 Net increase (decrease) in funds borrowed (+/-)		(15.109)	(5.023.587)
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	(5.VI.c)	4.395.606	(700.458)
<b>I. Net cash provided from banking operations(+/-)</b>		<b>(4.520.810)</b>	<b>8.051.777</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from / used in investing activities(+/-)</b>		<b>(5.014.029)</b>	<b>(5.351.377)</b>
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-)		-	6.000
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures (+)		-	-
2.3 Cash paid for the purchase of tangible and intangible asset (-)		1.781.305	694.012
2.4 Cash obtained from the sale of tangible and intangible asset (+)		364.248	205.335
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		10.045.008	7.647.139
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		6.079.843	2.790.439
2.7 Cash paid for the purchase of financial assets at amortised cost (-)		-	-
2.8 Cash obtained from sale of financial assets at amortised cost (+)		-	-
2.9 Other (+/-)		368.193	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flows from financing activities (+/-)</b>		<b>5.717.270</b>	<b>3.050.406</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		31.779.660	28.105.051
3.2 Cash outflow from funds borrowed and securities issued (-)		25.755.488	24.767.928
3.3 Equity instruments issued (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for lease liabilities (-)		306.902	286.717
3.6 Other (+/-)		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-)</b>	(5.VI.c)	<b>8.929.322</b>	<b>2.578.740</b>
<b>V. Net increase in cash and cash equivalents</b>	(5.VI.c)	<b>5.111.753</b>	<b>8.329.546</b>
<b>VI. Cash and cash equivalents at the beginning of the period (+)</b>	(5.VI.a)	<b>35.787.794</b>	<b>27.458.248</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>	(5.VI.a)	<b>40.899.547</b>	<b>35.787.794</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED PROFIT DISTRIBUTION TABLE**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Currency: Thousands of TL - Turkish Lira)

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

	Audited CURRENT PERIOD (01/01-31/12/2020)	Audited PRIOR PERIOD (01/01-31/12/2019)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME (*)</b>		
1.1 CURRENT YEAR INCOME	-	-
1.2 TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1 Corporate Tax (Income Tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	-	-
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	-	-
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owner of ordinary shares	-	-
1.6.2 To owner of preferred shares	-	-
1.6.3 To owner of preferred shares (preem private rihgts)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit or loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owner of ordinary shares	-	-
1.9.2 To owner of preferred shares	-	-
1.9.3 To owner of preferred shares (preem private rihgts)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit or loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owner of ordinary shares	-	-
2.3.2 To owner of preferred shares	-	-
2.3.3 To owner of preferred shares (preem private rihgts)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit or loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PRIVILAGED SHARES	-	-
3.4 TO OWNERS OF PRIVILAGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILAGED SHARES	-	-
4.4 TO OWNERS OF PRIVILAGED SHARES (%)	-	-

(\*) According to Turkish Commercial Code, profit distribution table is prepared based on unconsolidated financial statements and not on consolidated financial statements.



## **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:

	<b>31 December 2020</b>	<b>31 December 2019</b>
US Dollar	TL 7,4194	TL 5,9400
Euro	TL 9,1164	TL 6,6621

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

As of 31 December 2020, net foreign exchange gain included in the statement of profit or loss amounts to TL 1.197.340 (1 January - 31 December 2019: TL 320.578 net foreign exchange loss).

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

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

Total of the relevant conversion differences are TL 9.502.391 as of 31 December 2020 (31 December 2019: TL 5.097.007).

The foreign exchange difference of TL 9.967 (31 December 2019: TL 64.452) arising from the translation of the financial statements of Bahrain branch of the Parent Bank to Turkish Lira in accordance with TAS 21 has been recorded under "Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss".

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

### **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**

At the meeting of the Board of Directors dated 16 January 2020, it was decided for Denizbank to purchase 51% of the shares of Deniz Finansal Kiralama A.Ş., owned by Denizbank AG. EUR 98,5 million, corresponding to the shares subject to the sale, over the company value of EUR 193,1 million determined as a result of the valuation made, was paid by Denizbank on 24 January 2020 and the transfer of these shares to Denizbank was realised.

#### **Consolidation principles of the subsidiaries**

Subsidiaries are the entities whose capital or management is controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated through the full consolidation method.

Control is considered as possessing power of the Bank over an investment in a legal entity, being exposed to variable returns due to its relationship with the legal entity invested, or having the right to use in these returns, and having the ability to use its power over the investee to influence the amount of returns.

This method aims to combine hundred percent of the assets, liabilities, income, expenses and off-balance sheet items of the subsidiaries included in the consolidated financial statements with the assets, liabilities, income, expenses and off-balance sheet items of the Parent Bank and to present minority rights as separate items in the balance sheet and the statement of profit or loss.

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

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

Financial statements used in the consolidation are prepared as of 31 December 2020 and in order to ensure the application of the identical accounting policies for similar transactions and events in similar circumstances, necessary adjustments were made on these financial statements of the subsidiaries considering the materiality level.

**IV. Explanations on forward and option contracts and derivative instruments**

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

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

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

**V. Explanations on interest income and expenses**

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

**VI. Explanations on fee and commission income and expenses**

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

**VII. Explanations on financial assets**

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

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

**a. Financial assets at fair value through profit or loss**

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

**b. Financial assets at fair value through other comprehensive income**

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

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

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

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

**c. Financial assets measured at amortised cost**

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

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

Parent Bank's portfolio of financial assets at fair value through other comprehensive income and the financial assets measured at amortised cost includes CPI indexed government bonds with a maturity of 5 - 10 years and which the real coupon rates of 6 months are fixed throughout the maturity. As stated by the undersecretariat of Treasury in CPI indexed investor guide, the reference indexes used in the calculation of the actual coupon payment amounts of these securities are formed according to the CPI indexes of two months prior to the coupon payment date.

**VIII. Explanations on expected credit loss**

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

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

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

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

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

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

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

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

#### **Significant increase in credit risk**

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

##### *Qualitative evaluation:*

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

As of the reporting date,

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

##### *Quantitative evaluation:*

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

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

Due to the disruptions in economic and commercial activities resulting from the COVID-19 outbreak, the BRSA has taken the following decisions, effective from 17 March 2020 onwards, the implementation period of the decisions taken has been extended from 31 December 2020 to 30 June 2021 with the regulation numbered 9312 dated 8 December 2020.

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

As of the reporting period ended on 31 December 2020, the effects of COVID-19 on financial results and asset quality have been evaluated and reflected to the calculation of the expected loan loss provisions in the light of the information and developments with maximum effort. In this process, the Parent Bank reviewed the cash flow expectations and scenario weights for its commercial and corporate loans, that evaluated individually, and reflected the related effects to the expected credit loss with the best estimation approach. At the same time, as the legal change predicts, the 180-day rule, which is the upper limit of the number of delay days set for Stage 2, has been applied; however, an expected loan loss provision close to Stage 3 levels is recognized for loans in the 90 to 180 day delay range. Taking into account the conditions of COVID-19, forward-looking macroeconomic expectations were also updated for the entire loan portfolio.

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

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

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

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

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

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

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

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

The credit risk classification is as follows:

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

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

- Corporate / Commercial loans
- Medium 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 DFS Group has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

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

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

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

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

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

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

As 31 December 2020, DFS Group does not have non-current assets held for sale and discontinued operations.

**XII. Explanations on goodwill and other intangible assets**

**a. Goodwill**

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

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

**b. Other intangible assets**

Intangible assets are initially recognised in accordance with TAS 38 “Intangible Fixed Assets” at the cost value including acquisition costs and other direct expenses necessary to make the asset usable. Intangible assets are valued at amounts remaining after deducting accumulated depreciation and any accumulated impairment losses from the cost value in the period following their recognition.

Intangible fixed assets consist of software programs, license rights, data/telephone lines and the customer portfolio values of credit cards and individual loans.

Intangible fixed assets acquired before 1 January 2003 and after 31 December 2006 are amortised according to straight-line method, whereas those received between these dates are amortised according to declining balance method. The useful life of the assets is determined by assessing the expected useful life of the asset, technical, technological or other types of obsolescence and maintenance costs necessary to obtain the expected economic benefit from the asset.

Maintenance costs related to the computer software currently in use are expensed in the period in which they occur.

### **XIII. Explanations on tangible assets**

DFS Group has passed to revaluation model from cost model in the framework of TAS 16 “Tangible Fixed Assets” in valuation of properties in use as of 31 December 2016, while it tracks all of its remaining tangible fixed assets by cost model in accordance with TAS 16. Positive differences between property value in expertise reports prepared by licensed valuation firms and net carrying amount of the related property are recorded under equity accounts while negative differences are posted to the statement of profit or loss.

	<b>Estimated Economic Life (Year)</b>	<b>Depreciation Rate</b>
<b>Movables</b>		
- 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 %
<b>Real estate</b>	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 Parent Bank.

### **XVI. Explanations on provisions and contingent liabilities**

Specific and general provisions for loans and other receivables as well as the provisions and contingent liabilities other than the provisions for possible risks are recognised in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets” standard; provisions are recognised immediately when they arise as a result of past events and DFS Group estimates the amount of the liability and reflects this amount in the consolidated financial statements. It is considered “Contingent” in cases where the amount of the obligation cannot be estimated. For contingent liabilities; if the probability of the realisation of the condition is higher than the probability of non-realisation and can be measured reliably, a provision is recognised; and where they are not able to be measured reliably or there is no probability of realisation of the condition or less than the probability of non-realisation, such liabilities are disclosed in the footnotes.

**XVII. Explanations on obligations for employee benefits**

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

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

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

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

**XVIII. Explanations on tax applications**

**a. Current tax**

With the provisional article added to the Corporate Tax Law numbered 5520 by the Clause 91 of law no.7061, it is determined that the tax rate will be applied as 22% for the corporate earnings of the taxation periods of 2018, 2019 and 2020 (accounting periods starting in the related year for the institutions designated as special accounting period). In 2021, the old corporate tax rate will continue to be applied as 20%.

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

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

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

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

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

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

**b. Deferred tax**

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

The deferred tax assets and liabilities of the entities included in the consolidation have been netted within themselves and have not been netted in the consolidated balance sheet. As a result of this, deferred tax asset amounting to TL 1.488.411 as of 31 December 2020 (31 December 2019: TL 1.045.345) and deferred tax liabilities amounting to TL 64.714 (31 December 2019: TL 82.099) have been recognised in the accompanying financial statements.

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

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

**c. Transfer pricing**

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

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

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

**XIX. Additional explanations on borrowings**

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

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

**XX. Explanations on issuance of share certificates**

In 2020 and 2019, the Parent Bank does not have issuance of share certificates.

**XXI. Explanations on bill of guarantee and acceptances**

Bill of guarantee and acceptances are followed-up as off-balance sheet liabilities as possible debts and commitments. Cash transactions regarding guarantee and acceptances are realised simultaneously with the customer payments.

As of the balance sheet date, there are no bill of guarantee and acceptances shown as liability against assets.

**XXII. Explanations on government incentives**

As of the balance sheet date, DFS Group does not have any government incentives used.

**XXIII. Explanations on segment reporting**

Segment reporting is presented in Section Four, note XII.

**XXIV. Explanations on other matters**

None.

**XXV. Classifications**

In order to comply with the presentation of the financial statements as of 31 December 2020, reclassifications have been made on statement of profit or loss and and statement of cash flows as of 31 December 2019.

**XXVI. Explanations on TFRS 16 Leases standard**

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

**Right-of-use asset**

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

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

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

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

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

**Lease obligation**

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

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

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

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

## **SECTION FOUR**

### **INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT**

#### **I. Explanations related to the consolidated shareholders' equity**

Capital and capital adequacy ratio are calculated in accordance with the "Regulation on Equities of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The current period equity of the Group amounts to TL 30. 943.998 (31 December 2019: TL 24.591.442) while its capital adequacy standard ratio is 16,23% as of 31 December 2020 (31 December 2019: 14,33%).

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

#### **a. Components of consolidated equity items**

	Current Period 31 December 2020	Prior Period 31 December 2019
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.696.100	3.316.100
Share issue premiums	15	15
Reserves	9.841.922	7.294.331
Gains recognised in equity as per TAS <sup>(1)</sup>	3.593.747	2.408.593
Profit	4.620.226	5.309.474
Current Period Profit	1.858.343	1.302.713
Prior Period Profit	2.761.883	4.006.761
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	778	778
Minorities' Share	53.494	22.772
<b>Common Equity Tier I Capital Before Deductions</b>	<b>23.806.282</b>	<b>18.352.063</b>
<b>Deductions from Common Equity Tier I Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	--	--
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	356.488	178.993
Improvement costs for operating leasing	54.004	71.630
Goodwill (net of related tax liability)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	423.409	339.978
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	--	--
Differences are not recognised at the fair value of assets and liabilities subject to hedge of cash flow risk	--	--
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	--	--
Gains arising from securitization transactions	--	--
Unrealised gains and losses due to changes in own credit risk on fair valued liabilities	--	--
Defined-benefit pension fund net assets	--	--
Direct and indirect investments of the Bank in its own Common Equity	--	--
Shares obtained contrary to the 4th clause of the 56th Article of the Law	--	--
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	--	--
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	--	--
Portion of mortgage servicing rights exceeding 10% of the Common Equity	--	--
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	--	--
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	--	--
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	--	--
Excess amount arising from mortgage servicing rights	--	--
Excess amount arising from deferred tax assets based on temporary differences	--	--
Other items to be defined by the BRSA	--	--
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	--	--
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>833.901</b>	<b>590.601</b>
<b>Total Common Equity Tier I Capital</b>	<b>22.972.381</b>	<b>17.761.462</b>

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<b>ADDITIONAL TIER I CAPITAL</b>		
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)	--	--
<b>Additional Tier I Capital before Deductions</b>	--	--
<b>Deductions from Additional Tier I Capital</b>		
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	--	--
<b>Transition from the Core Capital to Continue to deduce Components</b>		
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 (-)	--	--
<b>Total Deductions From Additional Tier I Capital</b>	--	--
<b>Total Additional Tier I Capital</b>	--	--
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>22.972.381</b>	<b>17.761.462</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.870.996	4.889.713
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	--
Third parties' share in the Tier II Capital	--	--
Third parties' share in the Tier II Capital (Temporary Article 3)	--	--
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.120.251	1.951.821
<b>Tier II Capital Before Deduction</b>	<b>7.991.247</b>	<b>6.841.534</b>
<b>Deductions From Tier II Capital</b>		
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 (-)	--	--
<b>Total Deductions from Tier II Capital</b>	--	--
<b>Total Tier II Capital</b>	<b>7.991.247</b>	<b>6.841.534</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>30.963.628</b>	<b>24.602.996</b>
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	--	--
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	--	--
Other items to be defined by the BRSA	19.630	11.554
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
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	--	--
<b>TOTAL CAPITAL</b>		
Total Capital ((The sum of Tier I Capital and Tier II Capital)	30.943.998	24.591.442
Total risk weighted amounts	190.709.237	171.601.009
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	12,05	10,35
Tier I Capital Adequacy Ratio (%)	12,05	10,35
Capital Adequacy Ratio (%)	16,23	14,33



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**BUFFERS**

Total additional Common Equity Tier I Capital requirement ratio	2,672	2,662
Bank specific total common equity tier I capital ratio (%)	2,500	2,500
Capital conservation buffer requirement (%)	0,172	0,162
Systemic significant bank buffer ratio (%)	--	--
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	1,514	0,883
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
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	--	--
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before one hundred twenty five in ten thousand limitation)	8.292.896	5.137.201
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.120.251	1.951.821
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	--	--
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	--	--
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
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 <sup>(2)</sup>	--	--
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	--	--

(1) As of May 2018, the difference between the provision for expected credit loss calculated in accordance with TFRS 9 and the total provision amount calculated before the application of TFRS 9 has been recorded in "Prior Years' Profit and Loss" account. Therefore, in accordance with Provisional Article 5 of the "Regulation on Equity of Banks", this amount has started to be shown net in the calculation of equity by adding 40% of the portion after deduction of the tax amount resulting from the difference (31 December 2019: 60%).

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

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

Issuer	ENBD PJSC	ENBD PJSC	ENBD PJSC	ENBD PJSC
Unique identifier (eg CUSIP, ISIN)	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Governing law(s) of the instrument	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 1 November 2006.
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	Not Deducted	Not Deducted	Not Deducted	Not Deducted
Eligible at solo/group/group&solo	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	1048	1113	2226	1484
Par value of instrument (Currency in mil)	1048	1113	2226	1484
Accounting classification	3470102	3470102	3470102	3470102
Original date of issuance	30/09/2014	30/04/2014	31/01/2014	30/09/2013
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	15 years	15 years	15 years	15 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.
Subsequent call dates, if applicable	None.	None.	None.	None.
<b>Coupons/Dividends</b>				
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	--	--	--	--
<b>Convertible or non-convertible</b>				
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	--	--	--	--
<b>Write-down features</b>				
If write-down, write-down trigger(s)	None.	None.	None.	None.
If write-down, full or partial	--	--	--	--
If write-down, permanent or temporary	--	--	--	--
If temporary write-down, description of write-up mechanism	--	--	--	--
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	--	--	--	--

Following the transfer of the shares of the Parent Bank on 31 July 2019, subordinated loans used by the Parent Bank from Sberbank have been transferred to ENBD.

On 23 June 2020, the maturity of subordinated loans used by the Parent Bank from ENBD was extended for 5 years.

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

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

<b>EQUITY ITEMS</b>	<b>T-2</b>	<b>T-3</b>	<b>T-4</b>
Core Capital	22.972.381	22.972.381	22.972.381
<i>Transition Process Unapplied Core Capital</i>	<i>22.705.059</i>	<i>22.838.720</i>	<i>22.972.381</i>
Tier I Capital	22.972.381	22.972.381	22.972.381
<i>Transition Process Unapplied Main Capital</i>	<i>22.705.059</i>	<i>22.838.720</i>	<i>22.972.381</i>
Equity	30.943.998	30.943.998	30.943.998
<i>Transition Process Unapplied Equity</i>	<i>30.676.676</i>	<i>30.810.337</i>	<i>30.943.998</i>
<b>TOTAL RISK WEIGHTED AMOUNTS</b>			
Total Risk Weighted Amounts	190.709.237	190.709.237	190.709.237
<b>CAPITAL ADEQUACY RATIO</b>			
Core Capital Adequacy Ratio (%)	12,05	12,05	12,05
<i>Transition Process Unapplied Core Capital Adequacy Ratio (%)</i>	<i>11,91</i>	<i>11,98</i>	<i>12,05</i>
Main Capital Adequacy Ratio (%)	12,05	12,05	12,05
<i>Transition Period Unapplied Main Capital Adequacy Ratio (%)</i>	<i>11,91</i>	<i>11,98</i>	<i>12,05</i>
Capital Adequacy Ratio (%)	16,23	16,23	16,23
<i>Transition Process Unapplied Capital Adequacy Ratio (%)</i>	<i>16,09</i>	<i>16,16</i>	<i>16,23</i>
<b>LEVERAGE RATIO</b>			
Total Leverage Ratio Risk Exposure	372.903.328	372.903.328	372.903.328
Leverage Ratio	6,09	6,09	6,09
<i>Transition Process Unapplied Leverage Ratio</i>	<i>6,01</i>	<i>6,05</i>	<i>6,08</i>

**II. Explanations related to the consolidated credit risk**

**a. Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals**

Credit risk is the risk and losses likely to incur due to the counterparties of the Parent Bank and/or its consolidated subsidiaries and associates not meeting in full or in part their commitments arising from the contracts.

Credit risk limits of the customers are allocated based on the customers' financial strength and the credit requirement, within the credit authorization limits of the branches, the credit evaluation group, the regional directorates, the executive vice presidents responsible from loans, the general manager, the credit committee and the Board of Directors; on condition that they are in compliance with the related regulations.

Credit risk limits are determined for debtors or group of debtors. Credit risk limits of the debtors, group of debtors and sectors are monitored on a monthly basis.

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

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

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

The Group targets a healthy loan portfolio and in order to meet its target there are process instructions, follow-up and control procedures, close monitoring procedures and risk classifications for loans in accordance with the banking legislation.

In order to prevent the loans becoming non-performing either due to cyclical changes or structural problems, the potential problematic customers are determined through the analysis of early warning signals, and the probable performance problems are aimed to be resolved at an early stage.

It is preferred to obtain highly liquid collaterals such as bank guarantees, real estate and ship mortgages, pledges on securities and deposits, bills of exchange and sureties of the persons and companies.

**Explanations related to the definitions of the loans, which have been overdue and impaired, value adjustments and provisions**

Explanation is given in Section Four, note VIII-c-4-i.

**Methods and approaches to valuation adjustments and provisions**

Explanation is given in Section Three, note VIII.

**Total amount of exposures after offsetting transactions but before applying credit risk reductions and the average exposure amounts that are classified in different risk groups and types**

<b>Risk classifications</b>	<b>Current Period (*)</b>	<b>Average (**)</b>
1 Receivables from central governments and Central Banks	62.477.046	55.564.826
2 Receivables from regional or local governments	3.974.352	3.250.118
3 Receivables from administrative bodies and non-commercial enterprises	--	--
4 Receivables from multilateral development banks	--	--
5 Receivables from international organizations	--	--
6 Receivables from banks and brokerage houses	18.471.644	15.194.391
7 Receivables from corporate portfolio	102.991.779	98.154.588
8 Receivables from retail portfolio	64.355.964	59.238.214
9 Receivables secured by residential mortgages	3.223.317	3.293.543
10 Receivables secured by commercial mortgages	17.064.856	15.801.300
11 Past due receivables	3.889.122	4.241.107
12 Receivables defined in high risk category by BRSA	187.154	61.546
13 Securities collateralized by mortgages	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--
15 Investments similar to collective investment funds	1.181	3.264
16 Other receivables	9.374.453	8.752.355
17 Equity investments	831.790	825.791
<b>18 Total</b>	<b>286.842.658</b>	<b>264.381.043</b>

(\*) Includes the risks included in the total banking book before the credit risk reduction and after the credit conversion rate.

(\*\*) Arithmetical average of the quarterly reported amounts.

<b>Risk classifications</b>	<b>Prior Period (*)</b>	<b>Average (**)</b>
1 Receivables from central governments and Central Banks	55.393.580	50.536.250
2 Receivables from regional or local governments	2.864.278	1.829.890
3 Receivables from administrative bodies and non-commercial enterprises	--	--
4 Receivables from multilateral development banks	--	--
5 Receivables from international organizations	--	--
6 Receivables from banks and brokerage houses	11.357.769	11.447.777
7 Receivables from corporate portfolio	95.557.477	96.962.866
8 Receivables from retail portfolio	48.927.327	48.633.501
9 Receivables secured by residential mortgages	3.487.895	3.777.875
10 Receivables secured by commercial mortgages	15.290.486	14.633.408
11 Past due receivables	5.747.555	3.893.272
12 Receivables defined in high risk category by BRSA	22.102	38.412
13 Securities collateralized by mortgages	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--
15 Investments similar to collective investment funds	6.365	2.764
16 Other receivables	6.975.102	6.420.925
17 Equity investments	840.146	835.970
<b>18 Total</b>	<b>246.470.082</b>	<b>239.012.910</b>

(\*) Includes the risks included in the total banking book before the credit risk reduction and after the credit conversion rate.

(\*\*) Arithmetical average of the quarterly reported amounts.

**b. Information on the control limits of the Group for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions**

The Group has control limits defined for the positions arising from forward transactions, options and similar contracts. Credit risk for these instruments is managed together with those arising from market conditions.

**c. Information on whether the Group decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not**

Forward transactions can be realised at maturity. However, if it is required, reverse positions of the current positions are purchased to decrease the risk.

**d. Information on whether the indemnified non-cash loans are evaluated as having the same risk weight as non-performing loans or not**

Indemnified non-cash loans are treated as having the same risk weight as non-performing loans.

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

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

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

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

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

**Evaluation of the significant credit risk concentration when evaluated together with the financial activities of other financial institutions as an active participant in the international banking market**

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

**f. DFS Group's**

**1. The share of receivables from the top 100 and 200 cash loan customers in the total cash loans portfolio**

The receivables of DFS Group from the top 100 and 200 cash loan customers constitute 38% and 47% of the total cash loans portfolio (31 December 2019: 40%, 49%).

**2. The share of receivables from the top 100 and 200 non-cash loan customers in the total non-cash loans portfolio**

The receivables of DFS Group from the top 100 and 200 non-cash loan customers constitute 52% and 63% of the total non-cash loans portfolio (31 December 2019: 52%, 64%).

**3. The share of the cash and non-cash receivables from the top 100 and 200 loan customers in the total balance sheet and off-balance sheet assets**

The share of the cash and non-cash receivables of DFS Group from top 100 and 200 loan customers constitute 23% and 29% of the total balance sheet and off-balance sheet assets (31 December 2019: 25%, 31%).

**g. Expected credit loss for credit risk undertaken by DFS Group**

As at 31 December 2020, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by DFS Group amounts to TL 8.293.291.

As at 31 December 2019, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by DFS Group amounts to TL 5.137.201.

**h. Information on loans and provisions for expected loss**

Current Period - 31 December 2020	Balance	Provision
Loans	184.033.781	16.303.807
Stage 1	140.687.698	1.469.687
Stage 2	30.005.150	6.306.466
Stage 3	12.893.521	8.527.654
Financial Assets	84.986.942	3.809
Other	6.408.395	7.602
Non-cash Loans	100.645.070	878.732
Stage 1 and 2	99.637.120	505.727
Stage 3	1.007.950	373.005
<b>Total</b>	<b>375.626.776</b>	<b>17.193.950</b>

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**i. Information on provisions for expected loss for loans**

	Stage 1	Stage 2	Stage 3	Total
<b>Balance at the beginning of the period (1 January 2020)</b>	<b>1.258.205</b>	<b>3.192.042</b>	<b>5.938.259</b>	<b>10.388.506</b>
<b>Transfers</b>	<b>53.810</b>	<b>(616.600)</b>	<b>562.790</b>	<b>--</b>
Stage 1	237.975	(236.910)	(1.065)	--
Stage 2	(176.852)	227.155	(50.303)	--
Stage 3	(7.313)	(606.845)	614.158	--
Loans addition in the period	240.225	164.687	127.715	532.627
Disposals from loans in the period	(120.101)	(922.595)	(345.205)	(1.387.901)
Provisions changes during the period (*)	(88.292)	4.354.476	3.515.338	7.781.522
Loans written off (**)	--	--	(1.922.602)	(1.922.602)
Loans sold	--	--	--	--
Foreign exchange differences	125.840	134.456	651.359	911.655
<b>Balance at the end of the period (31 December 2020)</b>	<b>1.469.687</b>	<b>6.306.466</b>	<b>8.527.654</b>	<b>16.303.807</b>

(\*) The related amounts include the changes in the provision for expected credit loss for the period of the loans remaining at the same stage during the year and the provisions for expected credit loss created by the transfers between the stages within the year.

(\*\*) As of 31 December 2020, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the DFS Group, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, loans amounting to TL 1.922.602 were written-off from the records.

**j. Information on loan movements (\*)**

	Stage 1	Stage 2	Stage 3	Total
<b>Balance at the beginning of the period (1 January 2020)</b>	<b>116.251.125</b>	<b>25.367.397</b>	<b>11.555.590</b>	<b>153.174.112</b>
<b>Transfers</b>	<b>(4.693.292)</b>	<b>1.769.066</b>	<b>2.924.226</b>	<b>--</b>
Stage 1	3.019.499	(3.017.230)	(2.269)	--
Stage 2	(7.463.917)	7.564.465	(100.548)	--
Stage 3	(248.874)	(2.778.169)	3.027.043	--
Loans addition in the period	48.022.583	6.945.400	543.947	55.511.930
Disposals from loans in the period	(34.000.989)	(4.829.770)	(1.192.613)	(40.023.372)
Loans written off (**)	--	--	(1.922.602)	(1.922.602)
Loans sold	--	--	--	--
Foreign exchange differences	15.108.271	753.057	984.973	16.846.301
<b>Balance at the end of the period (31 December 2020)</b>	<b>140.687.698</b>	<b>30.005.150</b>	<b>12.893.521</b>	<b>183.586.369</b>

(\*) The balances of loans at fair value through profit or loss are not included.

(\*\*) As of 31 December 2020, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the DFS Group, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, loans amounting to TL 1.922.602 were written-off from the records. The effect of this accounting treatment on the non-performing loans ratio of the DFS Group is 96 basis points.

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**k. Profile of significant exposures in major regions**

Current Period	Risk Classifications (*) (**)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Domestic	42.824.727	3.954.932	-	-	-	1.645.291	59.922.436	60.162.325	2.853.728	14.978.500	3.509.341	187.457	-	-	-	8.831.055	466	198.870.258
European Union Countries	19.167.964	-	-	-	-	6.497.298	11.996.124	66.490	18.430	56.082	79.396	(355)	-	-	-	407.102	311	38.288.842
OECD Countries (**)	-	-	-	-	-	579.523	2.155.075	2.454	1.101	-	-	-	-	-	-	-	-	2.738.153
Off-Shore Banking Regions	-	-	-	-	-	176.041	1.531.874	3.663	5.121	566.262	2	-	-	-	-	-	-	2.282.963
USA, Canada	92.138	-	-	-	-	1.525.421	70.511	3.812	1.938	1.247	-	-	-	-	-	-	-	1.695.067
Other Countries	198.481	-	-	-	-	4.263.035	3.261.655	552.799	31.750	40.260	46.588	-	-	-	-	136.296	-	8.530.864
Subsidiaries, Associates and jointly controlled companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	831.013	831.013
Unallocated Assets/Liabilities	193.736	19.420	-	-	-	3.785.035	24.054.104	3.564.421	311.249	1.422.505	253.795	52	-	-	1.181	-	-	33.605.498
<b>Total</b>	<b>62.477.046</b>	<b>3.974.352</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18.471.644</b>	<b>102.991.779</b>	<b>64.355.964</b>	<b>3.223.317</b>	<b>17.064.856</b>	<b>3.889.122</b>	<b>187.154</b>	<b>-</b>	<b>-</b>	<b>1.181</b>	<b>9.374.453</b>	<b>831.790</b>	<b>286.842.658</b>

Prior Period	Risk Classifications (*) (**)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Domestic	35.198.773	2.774.335	-	-	-	2.958.610	51.020.549	45.525.486	3.211.067	12.935.319	5.519.783	22.102	-	-	-	6.265.019	77.942	165.508.985
European Union Countries	20.097.622	80.335	-	-	-	1.478.300	15.112.757	85.702	21.822	260.663	71.506	-	-	-	-	475.577	-	37.684.284
OECD Countries (**)	-	-	-	-	-	47.060	4.163.175	3.324	1.452	-	61	-	-	-	-	-	-	4.215.072
Off-Shore Banking Regions	-	-	-	-	-	369	1.129.981	3.069	1.222	572.055	-	-	-	-	-	149.234	-	1.855.930
USA, Canada	-	-	-	-	-	1.348.588	339.215	5.017	2.795	106	1	-	-	-	-	-	-	1.695.722
Other Countries	7.360	-	-	-	-	2.720.874	4.031.292	43.321	33.388	45.657	2.563	-	-	-	-	85.272	-	6.969.727
Subsidiaries, Associates and jointly controlled companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	762.204	762.204
Unallocated Assets/Liabilities	89.825	9.608	-	-	-	2.803.968	19.760.508	3.261.408	216.149	1.476.686	153.641	-	-	-	6.365	-	-	27.778.158
<b>Total</b>	<b>55.393.580</b>	<b>2.864.278</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.357.769</b>	<b>95.557.477</b>	<b>48.927.327</b>	<b>3.487.895</b>	<b>15.290.486</b>	<b>5.747.555</b>	<b>22.102</b>	<b>-</b>	<b>-</b>	<b>6.365</b>	<b>6.975.102</b>	<b>840.146</b>	<b>246.470.082</b>

(\*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

- |  |   |
|--|---|
| 1: Receivables from central governments and Central Banks                | 10: Receivables secured by commercial mortgages                                 |
| 2: Receivables from regional or local governments                        | 11: Past due receivables  |
| 3: Receivables from administrative bodies and non-commercial enterprises | 12: Receivables defined in high risk category by BRSA                           |
| 4: Receivables from multilateral development banks                       | 13: Securities collateralized by mortgages                                      |
| 5: Receivables from international organizations                          | 14: Short-term receivables from banks, brokerage houses and corporate portfolio |
| 6: Receivables from banks and brokerage houses                           | 15: Investments similar to collective investment funds                          |
| 7: Receivables from corporate portfolio                                  | 16: Other receivables   |
| 8: Receivables from retail portfolio                                     | 17: Equity investments  |
| 9: Receivables secured by residential mortgages                          |   |

(\*\*) OECD countries except for EU countries, USA and Canada

(\*\*\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

(Currency: Thousands of TL - Turkish Lira)

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## I. Risk Profile by Sectors or Counterparties

Current Period: 31 December 2020	Risk Classifications (**)(**)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agricultural	123.982	--	--	--	--	--	2,043.210	12,650.872	215.909	1,954.099	253.940	93	--	--	--	686.800	--	16,456.209	1,472.696	17,928.905
Farming and Cattle	123.982	--	--	--	--	--	2,035.789	12,632.388	213.627	1,953.382	251.601	93	--	--	--	686.800	--	16,427.779	1,469.883	17,897.662
Forestry	--	--	--	--	--	--	--	3.818	1,662	--	549	23	--	--	--	--	--	5,481	571	6,052
Fishing	--	--	--	--	--	--	7,421	14,666	620	--	168	2,316	--	--	--	--	--	22,949	2,242	25,191
Manufacturing	--	--	--	--	--	--	25,530.703	2,728.036	314.651	2,218.361	649.820	1,045	--	--	--	15	--	8,185.585	23,257.046	31,442.631
Mining	--	--	--	--	--	--	1,327.537	194.242	16.593	--	23,335	17	--	--	--	--	--	678.600	938.394	1,616.994
Production	--	--	--	--	--	--	18,435.591	2,347.674	290.951	1,665.345	509.975	1,028	--	--	--	15	--	6,821.648	16,428.931	23,250.579
Electric, Gas, Water	--	--	--	--	--	--	5,767.575	186.120	7,107	497.746	116.510	--	--	--	--	--	--	685.337	5,889.721	6,575.058
Construction	--	1,955.548	--	--	--	--	19,148.699	1,848.224	289.872	1,084.224	530.713	125.448	--	--	--	17	2,800	7,709.933	17,276.004	24,985.937
Services	22.077	32.221	--	--	--	10,211.426	37,936.367	8,993.101	808.794	10,037.970	1,595.631	57,286	--	--	182	22,290	823.638	21,023.934	49,517.049	70,540.983
Wholesale and Retail Trade	28	6,240	--	--	--	--	14,317.140	7,064.827	540.871	1,828.790	458.554	996	--	--	--	54	--	10,964.551	13,252.949	24,217.500
Hotel and Restaurant Services	--	--	--	--	--	--	10,539.510	315.894	105.291	6,844.151	945.323	56,106	--	--	--	--	--	2,239.994	16,566.281	18,806.275
Transportation and telecommunication	--	--	--	--	--	--	6,793.045	1,081.772	112.923	504.754	156.613	170	--	--	--	267	--	2,936.133	5,713.411	8,649.544
Financial institution	22,049	--	--	--	--	10,211.426	623.466	112.126	7,538	23,497	1,523	1	--	--	182	21,966	817,638	2,305.692	9,535.720	11,841.412
Real estate and letting services	--	15,486	--	--	--	--	207.867	90.597	7,492	33.136	4,449	13	--	--	--	2	6,000	122.789	142.253	365.042
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	--	7,586	--	--	--	--	716.284	179.370	19,237	494.293	25,452	--	--	--	--	1	--	1,239.004	203.219	1,442.223
Health and social services	--	2,909	--	--	--	--	4,739.055	148.515	15,442	309.349	3,717	--	--	--	--	--	--	1,115.771	4,103.216	5,218.987
Other	62,330.987	1,986.583	--	--	--	8,260.218	18,332.800	38,135.339	1,594.091	1,770.202	859.018	3,282	--	--	999	8,665.331	5,352	70,315.584	71,628.618	141,944.202
Total	62,477.046	3,974.352	--	--	--	18,471.644	102,991.779	64,355.964	3,223.317	17,064.856	3,889.122	187,154	--	--	1,181	9,374.453	831.790	123,691.245	163,151.413	286,842.658

(\*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

- |  |   |
|--|---|
| 1: Receivables from central governments and Central Banks                | 10: Receivables secured by commercial mortgages                                 |
| 2: Receivables from regional or local governments                        | 11: Past due receivables  |
| 3: Receivables from administrative bodies and non-commercial enterprises | 12: Receivables defined in high risk category by BRSA                           |
| 4: Receivables from multilateral development banks                       | 13: Securities collateralized by mortgages                                      |
| 5: Receivables from international organizations                          | 14: Short-term receivables from banks, brokerage houses and corporate portfolio |
| 6: Receivables from banks and brokerage houses                           | 15: Investments similar to collective investment funds                          |
| 7: Receivables from corporate portfolio                                  | 16: Other receivables   |
| 8: Receivables from retail portfolio                                     | 17: Equity investments  |
| 9: Receivables secured by residential mortgages                          |   |

(\*\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.



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Prior Period: 31 December 2019	Risk Classifications (*) (**)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
<b>Agricultural</b>	<b>66.779</b>	--	--	--	--	--	<b>2.782.941</b>	<b>11.586.967</b>	<b>167.301</b>	<b>1.600.460</b>	<b>351.113</b>	<b>165</b>	--	--	--	<b>420.998</b>	--	<b>14.599.791</b>	<b>2.376.933</b>	<b>16.976.724</b>
Farming and Cattle	66.779	--	--	--	--	--	2.780.739	11.573.495	166.067	1.600.020	347.622	165	--	--	--	420.998	--	14.582.806	2.373.079	16.955.885
Forestry	--	--	--	--	--	--	--	4.465	549	284	102	--	--	--	--	--	--	4.575	825	5.400
Fishing	--	--	--	--	--	--	2.202	9.007	685	156	3.389	--	--	--	--	--	--	12.410	3.029	15.439
<b>Manufacturing</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>20.477.677</b>	<b>2.218.760</b>	<b>274.925</b>	<b>2.678.094</b>	<b>836.351</b>	<b>3.249</b>	--	--	--	<b>8</b>	--	<b>5.487.464</b>	<b>21.001.600</b>	<b>26.489.064</b>
Mining	--	--	--	--	--	--	--	1.075.657	141.384	12.974	93.013	76.001	115	--	--	--	--	616.734	782.410	1.399.144
Production	--	--	--	--	--	--	13.340.908	2.026.375	256.757	2.550.654	701.085	3.134	--	--	--	8	--	4.047.638	14.831.283	18.878.921
Electric, Gas, Water	--	--	--	--	--	--	6.061.112	51.001	5.194	34.427	59.265	--	--	--	--	--	--	823.092	5.387.907	6.210.999
<b>Construction</b>	<b>--</b>	<b>980.975</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>52</b>	<b>18.357.743</b>	<b>1.346.104</b>	<b>327.938</b>	<b>962.438</b>	<b>611.539</b>	<b>6.990</b>	--	--	--	<b>12</b>	<b>2.800</b>	<b>5.565.575</b>	<b>17.031.016</b>	<b>22.596.591</b>
<b>Services</b>	<b>28.231</b>	<b>28.845</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5.681.386</b>	<b>34.398.054</b>	<b>6.667.310</b>	<b>736.068</b>	<b>8.136.817</b>	<b>2.588.639</b>	<b>2.717</b>	--	--	<b>5.173</b>	<b>32.951</b>	<b>748.913</b>	<b>17.935.480</b>	<b>41.119.624</b>	<b>59.055.104</b>
Wholesale and Retail Trade	29	9.238	--	--	--	57	15.105.821	5.178.730	477.822	1.640.093	726.304	1.833	--	--	--	317	--	8.692.126	14.448.118	23.140.244
Hotel and Restaurant Services	--	--	--	--	--	--	8.445.552	288.706	111.071	5.136.505	1.651.940	54	--	--	--	--	--	1.974.586	13.659.242	15.633.828
Transportation and telecommunication	--	--	--	--	--	8	5.230.625	852.785	97.342	417.863	98.256	732	--	--	--	221	--	2.104.599	4.593.233	6.697.832
Financial institution	28.202	--	--	--	--	5.681.321	423.405	58.477	7.082	12.136	6.028	19	--	--	5.173	32.413	742.913	3.075.085	3.922.084	6.997.169
Real estate and letting services	--	8.526	--	--	--	--	312.497	57.316	12.554	74.172	8.142	29	--	--	--	--	6.000	197.305	281.931	479.236
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	--	9.711	--	--	--	--	647.403	105.758	17.961	620.314	48.270	14	--	--	--	--	--	1.045.553	403.878	1.449.431
Health and social services	--	1.370	--	--	--	--	4.232.751	125.538	12.236	235.734	49.699	36	--	--	--	--	--	846.226	3.811.138	4.657.364
<b>Other</b>	<b>55.298.570</b>	<b>1.854.458</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5.676.331</b>	<b>19.541.062</b>	<b>27.108.186</b>	<b>1.981.663</b>	<b>1.912.677</b>	<b>1.359.913</b>	<b>8.981</b>	--	--	<b>1.192</b>	<b>6.521.133</b>	<b>88.433</b>	<b>55.598.997</b>	<b>65.753.602</b>	<b>121.352.599</b>
<b>Total</b>	<b>55.393.580</b>	<b>2.864.278</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>11.357.769</b>	<b>95.557.477</b>	<b>48.927.327</b>	<b>3.487.895</b>	<b>15.290.486</b>	<b>5.747.555</b>	<b>22.102</b>	--	--	<b>6.365</b>	<b>6.975.102</b>	<b>840.146</b>	<b>99.187.307</b>	<b>147.282.775</b>	<b>246.470.082</b>

(\*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

- |  |   |
|--|---|
| 1: Receivables from central governments and Central Banks                | 10: Receivables secured by commercial mortgages                                 |
| 2: Receivables from regional or local governments                        | 11: Past due receivables  |
| 3: Receivables from administrative bodies and non-commercial enterprises | 12: Receivables defined in high risk category by BRSA                           |
| 4: Receivables from multilateral development banks                       | 13: Securities collateralized by mortgages                                      |
| 5: Receivables from international organizations                          | 14: Short-term receivables from banks, brokerage houses and corporate portfolio |
| 6: Receivables from banks and brokerage houses                           | 15: Investments similar to collective investment funds                          |
| 7: Receivables from corporate portfolio                                  | 16: Other receivables   |
| 8: Receivables from retail portfolio                                     | 17: Equity investments  |
| 9: Receivables secured by residential mortgages                          |   |

(\*\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

**m. Analysis of maturity-bearing exposures according to remaining maturities**

**Current Period**

<b>Risk classifications</b>	<b>Undistributed (*)</b>	<b>1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 Year</b>
1 Receivables from central governments and Central Banks	10.486.353	10.615.962	15.231.738	2.455	9.974	26.130.564
2 Receivables from regional or local governments	--	1.753	8.116	2.867	978.627	2.982.989
3 Receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	--
4 Receivables from multilateral development banks	--	--	--	--	--	--
5 Receivables from international organizations	--	--	--	--	--	--
6 Receivables from banks and brokerage houses	3.007.551	3.258.484	3.684.671	1.619.613	1.546.407	5.354.918
7 Receivables from corporate portfolio	--	7.550.228	7.181.531	7.383.405	11.886.129	68.990.486
8 Receivables from retail portfolio	--	15.080.534	2.595.320	3.302.477	13.102.797	30.274.836
9 Receivables secured by residential mortgages	14	150.530	170.520	231.243	465.195	2.205.815
10 Receivables secured by commercial mortgages	1	870.207	515.626	672.956	1.591.588	13.414.478
11 Past due receivables	3.889.122	--	--	--	--	--
12 Receivables defined in high risk category by BRSA	187.154	--	--	--	--	--
13 Securities collateralized by mortgages	--	--	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--	--	--
15 Investments similar to collective investment funds	--	1.169	12	--	--	--
16 Other receivables	8.807.976	22.768	1	--	--	543.708
17 Equity investments	831.790	--	--	--	--	--
<b>18 Total</b>	<b>27.209.961</b>	<b>37.551.635</b>	<b>29.387.535</b>	<b>13.215.016</b>	<b>29.580.717</b>	<b>149.897.794</b>

(\*) Amounts without maturities are included.

**Prior Period**

<b>Risk classifications</b>	<b>Undistributed (*)</b>	<b>1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 Year</b>
1 Receivables from central governments and Central Banks	6.930.702	9.092.682	18.809.822	--	--	20.560.374
2 Receivables from regional or local governments	--	548	1.069	4.342	168.242	2.690.077
3 Receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	--
4 Receivables from multilateral development banks	--	--	--	--	--	--
5 Receivables from international organizations	--	--	--	--	--	--
6 Receivables from banks and brokerage houses	1.992.160	3.539.202	1.069.824	762.191	379.507	3.614.885
7 Receivables from corporate portfolio	281	5.571.920	5.523.386	5.296.086	12.207.200	66.958.604
8 Receivables from retail portfolio	1.112	11.145.073	2.293.308	2.814.992	8.692.220	23.980.622
9 Receivables secured by residential mortgages	--	132.287	139.409	191.425	310.503	2.714.271
10 Receivables secured by commercial mortgages	--	794.079	593.754	551.611	1.446.461	11.904.581
11 Past due receivables	5.747.555	--	--	--	--	--
12 Receivables defined in high risk category by BRSA	22.102	--	--	--	--	--
13 Securities collateralized by mortgages	--	--	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--	--	--
15 Investments similar to collective investment funds	--	144	5.718	--	503	--
16 Other receivables	6.482.726	65.693	--	--	--	426.683
17 Equity investments	840.146	--	--	--	--	--
<b>18 Total</b>	<b>22.016.784</b>	<b>30.341.628</b>	<b>28.436.290</b>	<b>9.620.647</b>	<b>23.204.636</b>	<b>132.850.097</b>

(\*) Amounts without maturities are included.

**n. Information on risk class**

Ratings issued by Fitch, international credit rating agency, are being used in determining risk weights for the regulatory calculation of capital adequacy.

The scope of asset classes that the credit ratings are considered are receivables from central governments or central bank, receivables from banks and brokerage houses as being limited with those residing abroad and corporate receivables from residing abroad.

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**Current Period**

Credit Quality Grade	Risk Rating Fitch	Receivables from Central Governments or Central Banks	Risk Classifications		
			Receivables from Banks and Brokerage Houses		Corporate Receivables
			Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months	
1	AAA	0%	20%	20%	20%
	AA+				
	AA				
	AA-				
2	A+	20%	20%	50%	50%
	A				
	A-				
	BBB+				
3	BBB	50%	20%	50%	100%
	BBB-				
	BB+				
	BB				
4	BB-	100%	50%	100%	100%
	B+				
	B				
	B-				
5	CCC	100%	50%	100%	150%
	CC				
	C				
	D				
6	CC	150%	150%	150%	150%
	C				
	D				
	D				

**Prior Period**

Credit Quality Grade	Risk Rating Fitch	Receivables from Central Governments or Central Banks	Risk Classifications		
			Receivables from Banks and Brokerage Houses		Corporate Receivables
			Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months	
1	AAA	0%	20%	20%	20%
	AA+				
	AA				
	AA-				
2	A+	20%	20%	50%	50%
	A				
	A-				
	BBB+				
3	BBB	50%	20%	50%	100%
	BBB-				
	BB+				
	BB				
4	BB-	100%	50%	100%	100%
	B+				
	B				
	B-				
5	CCC	100%	50%	100%	150%
	CC				
	C				
	D				
6	CC	150%	150%	150%	150%
	C				
	D				
	D				

**o. Exposures by risk weights**

**Current Period**

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Equity Deduction
Exposures before Credit Risk Mitigation	62.337.266	--	10.339.198	--	14.776.128	69.371.971	129.467.646	550.449	--	--	--	853.531
Exposures after Credit Risk Mitigation	71.017.569	--	10.354.225	3.072.830	28.325.158	58.690.725	106.948.063	91.258	--	--	--	853.531

**Prior Period**

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Equity Deduction
Exposures before Credit Risk Mitigation	46.856.224	--	7.157.907	--	8.294.308	54.035.151	127.759.793	2.366.699	--	--	--	602.155
Exposures after Credit Risk Mitigation	54.101.854	--	7.174.102	3.242.179	19.846.516	44.825.468	105.731.294	2.361.409	--	--	--	602.155

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**p. Information by major sectors and type of counterparties (\*)**

Current Period

Important Sectors/Counterparties	Loans (**)		Provisions
	Impaired (IFRS 9)		Provision for Expected
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	Credit Loss (IFRS 9) (***)
<b>Agricultural</b>	<b>4.299.059</b>	<b>1.801.518</b>	<b>1.615.890</b>
Farming and Cattle	4.281.375	1.800.513	1.602.346
Forestry	17.302	359	12.871
Fishing	382	646	673
<b>Manufacturing</b>	<b>5.404.753</b>	<b>2.847.218</b>	<b>2.873.603</b>
Mining	690.421	90.616	93.326
Production	2.248.872	1.492.521	1.521.300
Electric, Gas, Water	2.465.460	1.264.081	1.258.977
<b>Construction</b>	<b>2.123.469</b>	<b>1.313.690</b>	<b>1.929.985</b>
<b>Services</b>	<b>10.768.403</b>	<b>6.210.018</b>	<b>6.682.718</b>
Wholesale and Retail Trade	2.951.618	1.184.162	1.563.790
Hotel and Restaurant Services	4.899.310	2.967.711	2.708.756
Transportation & telecommunication	1.078.316	441.833	712.281
Financial institutions	15.293	7.011	7.182
Real estate and letting services	506.366	1.382.618	1.345.845
Self-employment services	125.639	125.730	135.106
Education services	171.635	36.937	68.804
Health and social services	1.020.226	64.016	140.954
<b>Other</b>	<b>7.409.466</b>	<b>721.077</b>	<b>1.731.924</b>
<b>Total</b>	<b>30.005.150</b>	<b>12.893.521</b>	<b>14.834.120</b>

(\*) The balances of loans at fair value through profit or loss are not included.

(\*\*) Cash loans are given.

(\*\*\*) Includes the stage 2 and stage 3 provisions.

Prior Period

Important Sectors/Counterparties	Loans (**)		Provisions
	Impaired (IFRS 9)		Provision for Expected
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	Credit Loss (IFRS 9) (***)
<b>Agricultural</b>	<b>4.267.931</b>	<b>1.624.320</b>	<b>769.524</b>
Farming and Cattle	4.229.366	1.619.058	760.697
Forestry	28.779	2.140	7.617
Fishing	9.786	3.122	1.210
<b>Manufacturing</b>	<b>3.585.741</b>	<b>2.023.916</b>	<b>1.686.635</b>
Mining	514.538	158.714	116.863
Production	2.356.529	1.046.778	999.680
Electric, Gas, Water	714.674	818.424	570.092
<b>Construction</b>	<b>2.376.737</b>	<b>1.265.844</b>	<b>978.257</b>
<b>Services</b>	<b>9.329.391</b>	<b>5.404.732</b>	<b>4.276.834</b>
Wholesale and Retail Trade	2.325.329	1.790.108	1.097.326
Hotel and Restaurant Services	3.693.209	1.974.985	1.576.123
Transportation & telecommunication	1.342.514	219.729	491.529
Financial institutions	78.749	88.678	39.423
Real estate and letting services	530.350	1.115.059	730.238
Self-employment services	216.685	94.936	100.578
Education services	367.897	54.536	50.573
Health and social services	774.658	66.701	191.044
<b>Other</b>	<b>5.807.597</b>	<b>1.236.778</b>	<b>1.419.051</b>
<b>Total</b>	<b>25.367.397</b>	<b>11.555.590</b>	<b>9.130.301</b>

(\*) The balances of loans at fair value through profit or loss are not included.

(\*\*) Cash loans are given.

(\*\*\*) Includes the stage 2 and stage 3 provisions.

**q. Information on movements in valuation adjustments and provisions**

<b>Current Period:</b> <b>31 December 2020</b>	<b>Opening Balance</b> <b>(After TFRS 9)</b> <b>1 January 2020</b>	<b>Charge for the</b> <b>period</b>	<b>Other Adjustments (*)</b>	<b>Closing Balance</b>
Default (Stage 3 / Specific Provision)	5.938.259	4.027.741	(1.438.346)	8.527.654
12 Months Provision for Expected Credit Loss (Stage 1)	1.258.205	128.661	82.819	1.469.685
Significant Increase in Credit Risk (Stage 2)	3.192.042	2.438.116	676.308	6.306.466

(\*) Includes sales made from non-performing loans, write-off and foreign exchange differences.

<b>Prior Period:</b> <b>31 December 2019</b>	<b>Opening Balance</b> <b>(After TFRS 9)</b> <b>1 January 2019</b>	<b>Charge for the</b> <b>period</b>	<b>Other Adjustments (*)</b>	<b>Closing Balance</b>
Default (Stage 3 / Specific Provision)	4.081.111	4.084.557	(2.227.409)	5.938.259
12 Months Provision for Expected Credit Loss (Stage 1)	1.107.348	112.726	38.131	1.258.205
Significant Increase in Credit Risk (Stage 2)	1.856.902	1.273.561	61.579	3.192.042

(\*) Includes sales made from non-performing loans, write-off and foreign exchange differences.

**r. Information on cyclical capital buffer calculation:**

**Current Period**

<b>Private sector credit exposure in</b>			
<b>Country of ultimate risk</b>	<b>banking book</b>	<b>Risk weighted equivalent trading book</b>	<b>Total</b>
Turkey	150.548.810	225.907	150.774.717
England	3.346.831	--	3.346.831
Switzerland	2.637.474	--	2.637.474
Netherlands	2.328.800	--	2.328.800
Germany	4.293.748	--	4.293.748
United Arab Emirates	1.854.649	--	1.854.649
Other	13.207.049	--	13.207.049

**Prior Period**

<b>Private sector credit exposure in</b>			
<b>Country of ultimate risk</b>	<b>banking book</b>	<b>Risk weighted equivalent trading book</b>	<b>Total</b>
Turkey	115.435.714	756.021	116.191.735
England	4.985.230	--	4.985.230
Switzerland	4.335.396	--	4.335.396
Netherlands	2.940.088	--	2.940.088
Germany	2.690.285	--	2.690.285
United Arab Emirates	1.865.689	--	1.865.689
Other	8.250.990	--	8.250.990

**III. Explanations related to the consolidated foreign currency exchange rate risk**

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

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

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

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

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

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

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

**c. Foreign currency risk management policy**

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

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

US Dollar purchase rate at the balance sheet date	TL 7,4194
Euro purchase rate at the balance sheet date	TL 9,1164

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
25 December 2020	7,5517	9,2037
28 December 2020	7,4738	9,1370
29 December 2020	7,4063	9,0697
30 December 2020	7,3405	9,0079
31 December 2020	7,4194	9,1164

**e. The simple arithmetic average of the Parent Bank's current foreign exchange buying rate for the last thirty days from the date of the financial statements**

The arithmetical average US Dollar and Euro purchase rates for December 2020 are TL 7,7138 and TL 9,3887 respectively.

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**f. Information on currency risk**

Current Period	EURO	USD	Other FC <sup>(6)</sup>	Total
<b>Assets</b>				
Cash Equivalents and Central Bank	24.339.176	9.792.105	3.645.929	37.777.210
Banks	3.214.053	7.550.808	443.866	11.208.727
Financial Assets at Fair Value through Profit or Loss (Net) <sup>(1)</sup>	509.214	898.218	1	1.407.433
Due from Money Markets	--	--	--	--
Financial Assets at Fair Value through Other Comprehensive Income <sup>(2)</sup>	6.463.824	7.292.911	398.702	14.155.437
Loans <sup>(3)</sup>	58.039.159	26.266.244	2.251.398	86.556.801
Investments in Associates, Subsidiaries and Joint Ventures	319	--	--	319
Financial Assets Measured at Amortised Cost <sup>(3)</sup>	--	3.152.687	--	3.152.687
Hedging Derivative Financial Assets	--	--	--	--
Tangible Fixed Assets	343.843	183	9.931	353.957
Intangible Fixed Assets <sup>(4)</sup>	--	--	--	--
Other Assets <sup>(5)</sup>	394.554	1.034.141	316.239	1.744.934
<b>Total Assets</b>	<b>93.304.142</b>	<b>55.987.297</b>	<b>7.066.066</b>	<b>156.357.505</b>
<b>Liabilities</b>				
Bank Deposits	9.486.807	4.285.960	1.105.139	14.877.906
Foreign Currency Deposits	64.875.253	42.291.235	12.658.477	119.824.965
Due to Money Markets	--	3.305.635	--	3.305.635
Funds Borrowed	11.532.470	16.767.326	1.203.347	29.503.143
Securities Issued	175.315	37.348	414.256	626.919
Miscellaneous Payables	--	--	--	--
Hedging Derivative Financial Liabilities	--	--	--	--
Other Liabilities <sup>(7)</sup>	3.629.818	3.084.217	259.417	6.973.452
<b>Total Liabilities</b>	<b>89.699.663</b>	<b>69.771.721</b>	<b>15.640.636</b>	<b>175.112.020</b>
<b>Net on Balance Sheet Position</b>	<b>3.604.479</b>	<b>(13.784.424)</b>	<b>(8.574.570)</b>	<b>(18.754.515)</b>
<b>Net off-Balance Sheet Position <sup>(8)</sup></b>	<b>(1.836.850)</b>	<b>14.404.473</b>	<b>8.947.534</b>	<b>21.515.157</b>
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)
<b>Net Positions</b>	<b>1.767.629</b>	<b>620.049</b>	<b>372.964</b>	<b>2.760.642</b>
Non Cash Loans	14.484.745	14.209.051	1.353.224	30.047.020
<b>Prior Period</b>				
Total Assets	78.405.699	46.831.702	5.772.984	131.010.385
Total Liabilities	73.805.256	57.546.501	4.173.129	135.524.886
<b>Net on Balance Sheet Position</b>	<b>4.600.443</b>	<b>(10.714.799)</b>	<b>1.599.855</b>	<b>(4.514.501)</b>
<b>Net off-Balance Sheet Position</b>	<b>(4.898.673)</b>	<b>10.481.671</b>	<b>(1.203.826)</b>	<b>4.379.172</b>
Financial Derivative Assets	22.935.455	34.632.769	2.846.185	60.414.409
Financial Derivative Liabilities	(27.834.128)	(24.151.098)	(4.050.011)	(56.035.237)
<b>Net Positions</b>	<b>(298.230)</b>	<b>(233.128)</b>	<b>396.029</b>	<b>(135.329)</b>
Non Cash Loans	10.789.614	11.648.961	1.427.582	23.866.157

- (1) : Foreign currency differences of derivative financial assets amounting to TL 1.293.442 are excluded.
- (2) : Negative valuation differences of securities acquired prior to 23 March 2020 amounting to TL 13.891 are not included.
- (3) : Foreign currency indexed loans amounting to TL 856.907 are included. Stage 1 and Stage 2 loan provisions amounting to TL (2.311.520) are not included. There are no provisions for financial assets measured at amortised cost.
- (4) : Intangible assets amounting to TL 58.407 are not included.
- (5) : Prepaid expenses amounting to TL 65.088 and stage 1 and stage 2 provisions for financial assets amounting to TL (3.067) are not included.
- (6) : There are gold balances amounting to TL 5.017.893 under total assets and TL 8.566.342 in total liabilities.
- (7) : FX equity amounting to TL 13.086.901, foreign exchange rate differences related to derivative financial liabilities amounting to TL 1.206.215 and stage 1 and stage 2 provisions amounting to TL 2.777 are not included.
- (8) : Net amount of receivables and liabilities from financial derivatives is shown on the table. Spot foreign exchange buy/sale transactions that are reported under the "Asset Purchase Commitments" are included in "Net Off-Balance Sheet Position".

**g. Information on currency risk exposed**

In the event TL loses 10% in value against the currencies below, the increase and decrease in equities and statement of profit or loss (excluding tax effect) as of 31 December 2020 and 2019 are shown in the table below. This analysis has been prepared under the assumption that all other variables, especially interest rates, to be constant.

	Current Period		Prior Period	
	Period Profit/Loss	Equity	Period Profit/Loss	Equity
USD	(57.633)	(37.938)	(30.746)	(32.062)
Euro	54.393	36.439	(62.338)	(68.567)
<b>Total (Net)</b>	<b>(3.240)</b>	<b>(1.499)</b>	<b>(93.084)</b>	<b>(100.629)</b>

#### IV. Explanations related to the consolidated interest rate risk

Interest rate risk arises from mismatch between the repricing dates of the assets, liabilities and off-balance sheet items (for floating-rate products) or maturities (for fixed-rate products). Although this mismatch is a structural situation in the banking system, it may affect the bank's interest income and expense and the economic value of the balance sheet if there are unexpected changes in interest rates.

The ultimate responsibility for managing the interest rate risk is in the Asset and Liability Committee (ALCO). However, the Treasury and Asset Liability and Capital Management units are responsible for identifying the most appropriate strategies for interest rate risk management and recommending them to decision makers. There are limits approved by the Board of Directors for the control of interest rate risk.

##### a. Interest rate sensitivity of assets, liabilities and off-balance sheet items (In terms of time remaining for repricing):

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

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

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

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

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



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End of The Prior Period	Up to 1 Month	1 - 3 Month	3 - 12 Month	1 - 5 Year	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash Equivalents and Central Bank Banks <sup>(1)</sup>	46.058 3.183.418	-- 712.787	-- 978.151	-- --	-- --	35.625.795 1.826.114	<b>35.671.853</b> <b>6.700.470</b>
Financial Assets at Fair Value through Profit or Loss (Net)	46.814	14.832	475.779	57.145	136.540	1.437.909	<b>2.169.019</b>
Due from Money Markets	1.261.789	--	--	--	--	--	<b>1.261.789</b>
Financial Assets at Fair Value through Other Comprehensive Income	634.298	2.507.112	2.238.267	6.328.363	2.388.133	78.397	<b>14.174.570</b>
Loans	38.462.319	11.640.957	26.094.592	45.387.812	15.582.595	5.617.331	<b>142.785.606</b>
Financial Assets Measured at Amortised Cost <sup>(2)</sup>	2.582.011	494.018	503.134	1.724.146	1.468.891	--	<b>6.772.200</b>
Other Assets <sup>(3)</sup>	68	29.290	30	503.632	--	7.245.546	<b>7.778.566</b>
<b>Total Assets</b>	<b>46.216.775</b>	<b>15.398.996</b>	<b>30.289.953</b>	<b>54.001.098</b>	<b>19.576.159</b>	<b>51.831.092</b>	<b>217.314.073</b>
<b>Liabilities</b>							
Bank Deposits	696.179	1.812.433	690.190	4.078	--	547.701	<b>3.750.581</b>
Other Deposits	68.161.278	14.727.896	17.561.879	17.171.246	999.617	35.836.687	<b>154.458.603</b>
Due to Money Markets	459.048	--	--	--	--	--	<b>459.048</b>
Miscellaneous Payables	--	--	--	--	--	--	<b>--</b>
Securities Issued	2.721.949	1.213.528	--	279.296	--	--	<b>4.214.773</b>
Funds Borrowed	3.024.417	5.073.284	6.231.232	7.892.899	2.849	--	<b>22.224.681</b>
Other Liabilities <sup>(4)</sup>	45.310	297.564	4.318.164	848.160	160.462	26.536.727	<b>32.206.387</b>
<b>Total Liabilities</b>	<b>75.108.181</b>	<b>23.124.705</b>	<b>28.801.465</b>	<b>26.195.679</b>	<b>1.162.928</b>	<b>62.921.115</b>	<b>217.314.073</b>
Balance Sheet Long Position	--	--	1.488.488	27.805.419	18.413.231	--	<b>47.707.138</b>
Balance Sheet Short Position	(28.891.406)	(7.725.709)	--	--	--	(11.090.023)	<b>(47.707.138)</b>
Off-balance Sheet Long Position	2.076.690	216.265	--	625.179	--	--	<b>2.918.134</b>
Off-balance Sheet Short Position	--	--	(1.317.470)	--	(416.963)	--	<b>(1.734.433)</b>
<b>Total Position</b>	<b>(26.814.716)</b>	<b>(7.509.444)</b>	<b>171.018</b>	<b>28.430.598</b>	<b>17.996.268</b>	<b>(11.090.023)</b>	<b>1.183.701</b>

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (4.912).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (854).

(3) Other assets / non-interest bearing column includes; tangible assets, intangible assets, investment properties, investments in associates and joint ventures, tax assets, investments in subsidiaries, assets to be disposed, the provisions for expected credit loss of other assets and other assets with balances of TL 1.652.166, TL 339.978, TL 218.680, TL 16.396, TL 1.363.997, TL 745.808, TL 486.980, TL (3.155) and TL 2.424.696, respectively.

(4) Other liabilities / non-interest bearing column includes; shareholders' equity, current tax liabilities, deferred tax liabilities, provisions, derivative financial liabilities and other liabilities amounting to TL 17.748.912, TL 335.068, TL 82.099, TL 1.857.726, TL 880.075 and TL 5.632.847 respectively.

**b. Average interest rates applied to monetary financial instruments**

Current Period - 31 December 2020	EURO %	USD %	Yen %	TL %
<b>Assets</b>				
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
<b>Liabilities</b>				
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
<b>Prior Period - 31 December 2019</b>	<b>EURO %</b>	<b>USD %</b>	<b>Yen %</b>	<b>TL %</b>
<b>Assets</b>				
Cash Equivalents and Central Bank	--	--	--	--
Banks	1,40	3,27	--	11,35
Financial Assets at Fair Value through Profit or Loss	2,57	8,18	--	15,13
Due from Money Markets	--	--	--	12,26
Financial Assets at Fair Value through Other Comprehensive Income	1,60	4,87	--	13,29
Loans	4,53	5,87	5,51	19,62
Financial Assets Measured at Amortised Cost	1,35	5,06	--	12,90
<b>Liabilities</b>				
Bank Deposits	0,21	2,41	--	11,34
Other Deposits	0,69	2,38	--	11,12
Due to Money Markets	--	3,18	--	13,48
Miscellaneous Payables	--	--	--	--
Securities Issued	2,19	--	--	10,02
Funds Borrowed	1,94	5,48	--	12,61

**c. Interest rate risk arising from banking accounts**

The interest rate risk arising from banking accounts is managed according to the principles stated in the "Interest Rate Risk Management Policy".

Sensitivity limits are determined by the Parent Bank for possible negative developments in the market. Among the metrics; the sensitivity of the net present value of the balance sheet to certain interest rate shocks, the sensitivity of the net interest income, Financial Assets at Fair Value Difference to Other Comprehensive Income has impact and interest rate gap analysis on the CAR. These criteria are not only monitored in weekly ALCOs, but are also submitted to the senior management and the Board of Directors due to the limits set forth in the risk appetite declaration.

Interest rate risk calculation and reporting arising from banking accounts according to the "Regulation on Measurement and Assessment of the Interest Rate Risk from Banking Accounts" published in the Official Gazette no. 28034 dated 23 August 2011. The related ratio is prepared monthly as the other interest rate metrics that the Parent Bank follows. In addition, it is provided with close monitoring by weekly estimation studies and submitted to ALCO.

Cross currency swaps or interest swaps are used for the purpose of hedging up to 10 years of maturity in order to avoid the negative effects of interest risk.

The Group's economic value differences arising from the interest rate fluctuations pursuant to the "Regulation on the Measurement and Assessment of Interest Rate Risk Arising from Banking Accounts According to the Standard Shock Method" in a manner separated by different currencies are demonstrated in the following table as of 31 December 2020.

Current Period: 31 December 2020		Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency		(+/- x basis points)		-Losses/Equity
1	TL	(+) 500 bps	(2.145.225)	(6,93%)
2	TL	(-) 400 bps	1.896.675	6,13%
3	Euro	(+) 200 bps	(673.884)	(2,18%)
4	Euro	(-) 200 bps	806.854	2,61%
5	US Dollar	(+) 200 bps	(103.783)	(0,34%)
6	US Dollar	(-) 200 bps	148.782	0,48%
Total (of positive shocks)			<b>(2.922.892)</b>	<b>(9,45%)</b>
Total (of negative shocks)			<b>2.852.311</b>	<b>9,22%</b>

Prior Period: 31 December 2019		Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency		(+/- x basis points)		-Losses/Equity
1	TL	(+) 500 bps	(2.306.331)	(9,38%)
2	TL	(-) 400 bps	2.079.362	8,46%
3	Euro	(+) 200 bps	(701.070)	(2,85%)
4	Euro	(-) 200 bps	845.526	3,44%
5	US Dollar	(+) 200 bps	(36.222)	(0,15%)
6	US Dollar	(-) 200 bps	72.037	0,29%
Total (of positive shocks)			<b>(3.043.623)</b>	<b>(12,38%)</b>
Total (of negative shocks)			<b>2.996.925</b>	<b>12,19%</b>

**V. Position risk of equity shares arising from banking accounts**

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

DFS Group does not have unconsolidated associates and subsidiaries traded at BIST markets as of 31 December 2020 and 2019.

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

None.

## **VI. Explanations related to the consolidated liquidity risk**

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

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

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

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

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

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

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

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

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

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

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

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

#### **Information on liquidity risk mitigation techniques used**

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

#### **Explanations related to using the stress test**

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

#### **General information on the liquidity emergency and contingency plan**

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

#### **a. Liquidity coverage ratio**

Liquidity coverage ratios calculated in accordance with the Regulation on Calculation of Liquidity Coverage Ratio of Banks published in the Official Gazette dated 21 March 2014 and numbered 28948 are as follows. The lowest monthly consolidated foreign currency ratio for the last three months was 406,53 in October, the highest 468,32 in December, and the total lowest liquidity coverage ratio has been calculated as 150,37 in November and 162,86 in December as the highest.

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

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

LCR is considered as an important liquidity management measure for the Bank. The Bank carried out the LCR management by increasing by 10% parts and managed to reach 80% for foreign currency in 2020 and as 100% in total within the framework of minimum limits. In the Risk Appetite Statement, internal limits above the legal minimum limits have been determined for LCR and the related ratio is reported and monitored at ALCO, senior management and the Board of Directors level.

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Current Period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 Total High Quality Liquid Assets			54.672.733	43.743.176
<b>CASH OUTFLOWS</b>				
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
<b>16 TOTAL CASH OUTFLOWS</b>			<b>45.813.421</b>	<b>32.105.975</b>
<b>CASH INFLOWS</b>				
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
<b>20 TOTAL CASH INFLOWS</b>	<b>16.607.354</b>	<b>22.676.449</b>	<b>10.923.073</b>	<b>21.632.133</b>
			Total Adjusted Value	
<b>21 TOTAL HQLA</b>			<b>54.672.733</b>	<b>43.743.176</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>34.890.348</b>	<b>10.473.842</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>158,0</b>	<b>431,3</b>

(\*) 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
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 Total High Quality Liquid Assets			52.439.200	39.172.679
<b>CASH OUTFLOWS</b>				
2 Retail deposits and deposits from small business customers, of which				
3 Stable deposits	114.414.739	74.270.310	10.691.213	7.427.031
4 Less stable deposits	15.005.209	--	750.260	--
5 Unsecured wholesale funding, of which	99.409.530	74.270.310	9.940.953	7.427.031
6 Operational deposits	35.876.036	21.769.802	19.613.215	10.291.503
7 Non-operational deposits	6.518.552	4.399.584	1.629.638	1.099.896
8 Unsecured debt	22.246.178	14.844.213	10.876.661	6.667.809
9 Secured wholesale funding	7.111.306	2.526.005	7.106.916	2.523.798
10 Other cash outflows	--	--	144.190	143.867
11 Outflows related to derivative exposures and other collateral requirements	1.744.288	3.069.723	1.109.468	2.313.347
12 Outflows related to loss of funding on debt products	686.254	1.809.097	686.254	1.809.097
13 Credit and liquidity facilities	--	--	--	--
14 Other contractual funding obligations	1.058.034	1.260.626	423.214	504.250
15 Other contingent funding obligations	304.682	304.120	304.148	304.120
	76.816.648	23.152.603	5.731.835	2.262.386
<b>16 TOTAL CASH OUTFLOWS</b>			<b>37.594.069</b>	<b>22.742.254</b>
<b>CASH INFLOWS</b>				
17 Secured lending	1.619.697	--	--	--
18 Unsecured lending	11.293.770	5.581.633	8.018.709	4.211.418
19 Other cash inflows	251.281	4.913.503	251.281	4.913.503
<b>20 TOTAL CASH INFLOWS</b>	<b>13.164.748</b>	<b>10.495.136</b>	<b>8.269.990</b>	<b>9.124.921</b>
			Total adjusted value	
<b>21 TOTAL HQLA</b>			<b>52.439.200</b>	<b>39.172.679</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>29.324.079</b>	<b>13.617.333</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>179,3</b>	<b>289,5</b>

(\*) 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
<b>Assets</b>								
Cash Equivalents and Central Bank Deposits	27.864.462	12.165.456	--	--	--	--	--	40.029.918
Financial Assets at Fair Value through Profit or Loss (Net)	2.868.484	2.191.650	4.109.912	2.198.050	344.191	--	--	11.712.287
Due from Money Markets	3.381.821	50.454	4.606	452.899	--	28.346	--	3.918.126
Financial Assets at Fair Value through Other Comprehensive Income	--	1.763.207	--	--	--	--	--	1.763.207
Loans	777	1.251.306	485.024	1.718.729	8.934.862	7.907.536	--	20.298.234
Financial Assets Measured at Amortised Cost (2)	--	20.034.260	6.269.076	32.608.318	72.161.124	31.843.917	4.365.867	167.282.562
Other Assets	--	2.181.461	261.277	711.468	4.107.155	--	--	7.261.361
	5.237.034	40	3.362	249	799.576	--	5.654.692	11.694.953
<b>Total Assets</b>	<b>39.352.578</b>	<b>39.637.834</b>	<b>11.133.257</b>	<b>37.689.713</b>	<b>86.346.908</b>	<b>39.779.799</b>	<b>10.020.559</b>	<b>263.960.648</b>
<b>Liabilities</b>								
Bank Deposits	952.956	8.337.932	4.110.954	205.045	3.645.177	--	--	17.252.064
Other Deposits	51.549.596	60.863.842	23.102.298	15.518.839	15.444.183	988.491	--	167.467.249
Fund Borrowed	--	2.510.112	5.321.598	15.805.833	1.862.757	6.402.675	--	31.902.975
Due to Money Markets	--	2.207.320	199.160	2.106.496	--	--	--	4.512.976
Securities Issued	--	248.514	1.587.017	644.702	688.374	--	--	3.168.607
Miscellaneous Payables	--	--	--	--	--	--	--	--
Other Liabilities	4.615.000	1.531.672	849.739	4.628.098	1.550.425	638.701	25.843.142	39.656.777
<b>Total Liabilities</b>	<b>57.117.552</b>	<b>75.699.392</b>	<b>35.170.766</b>	<b>38.909.013</b>	<b>23.190.916</b>	<b>8.029.867</b>	<b>25.843.142</b>	<b>263.960.648</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(17.764.974)</b>	<b>(36.061.558)</b>	<b>(24.037.509)</b>	<b>(1.219.300)</b>	<b>63.155.992</b>	<b>31.749.932</b>	<b>(15.822.583)</b>	<b>--</b>
<b>Net Off-balance sheet Position</b>	<b>--</b>	<b>(598.136)</b>	<b>80.393</b>	<b>469.674</b>	<b>158.958</b>	<b>--</b>	<b>--</b>	<b>110.889</b>
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
<b>End of The Prior Period</b>								
Total Assets	30.824.290	29.010.420	8.362.467	28.163.705	70.586.863	39.972.103	10.394.225	217.314.073
Total Liabilities	41.885.007	73.573.493	21.145.523	31.050.693	28.145.594	1.353.821	20.159.942	217.314.073
<b>Net Liquidity Excess/ (Gap)</b>	<b>(11.060.717)</b>	<b>(44.563.073)</b>	<b>(12.783.056)</b>	<b>(2.886.988)</b>	<b>42.441.269</b>	<b>38.618.282</b>	<b>(9.765.717)</b>	<b>--</b>
<b>Net Off-balance sheet Position</b>	<b>--</b>	<b>(193.168)</b>	<b>(86.360)</b>	<b>265.948</b>	<b>398.687</b>	<b>--</b>	<b>--</b>	<b>385.107</b>
Financial Derivative Assets	--	29.655.120	8.316.361	16.106.650	3.508.501	9.224.665	--	66.811.297
Financial Derivative Liabilities	--	(29.848.288)	(8.402.721)	(15.840.702)	(3.109.814)	(9.224.665)	--	(66.426.190)
Non Cash Loans	--	3.427.759	3.811.221	8.569.057	--	18.665.024	--	34.473.061

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

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

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

**c. Representation of financial liabilities according to their remaining maturities in accordance with their contracts**

The undiscounted maturity breakdown of the maturity values of the Group's non-derivative financial liabilities that are subject to a contract are presented in the table below. The interest to be paid on the relevant assets and liabilities have been included to the relevant maturity buckets.

End of The Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Liabilities</b>							
Deposits	52.502.552	69.221.230	27.498.972	15.811.947	19.104.166	988.482	185.127.349
Funds borrowed (*)	--	2.562.047	5.371.556	16.109.723	3.603.578	7.801.498	35.448.402
Interbank money markets	--	2.207.320	200.577	2.106.577	--	--	4.514.474
Securities issued	--	250.308	1.725.096	733.823	818.891	--	3.528.118
<b>Total</b>	<b>52.502.552</b>	<b>74.240.905</b>	<b>34.796.201</b>	<b>34.762.070</b>	<b>23.526.635</b>	<b>8.789.980</b>	<b>228.618.343</b>

(\*) It includes subordinated loans.

End of The Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Liabilities</b>							
Deposits	36.384.388	69.007.841	16.294.990	8.043.539	29.355.278	548.103	159.634.139
Funds borrowed (*)	--	1.904.491	2.430.903	8.657.750	11.238.956	10	24.232.110
Interbank money markets	--	459.048	--	--	--	--	459.048
Securities issued	--	2.033.573	1.917.110	117.671	170.024	--	4.238.378
<b>Total</b>	<b>36.384.388</b>	<b>73.404.953</b>	<b>20.643.003</b>	<b>16.818.960</b>	<b>40.764.258</b>	<b>548.113</b>	<b>188.563.675</b>

(\*) It includes subordinated loans.

## VII. Explanations related to leverage ratio

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

As of 31 December 2020, the leverage ratio of the DFS Group is calculated as 6,09% (31 December 2019: 6,04%). This rate is above the minimum rate. The main reason for the difference between the current period and the prior period leverage ratio is the increase in the balance sheet assets.

### Summary comparison table of total asset amount and total risk amount in the financial statements prepared in accordance with TAS :

	Current Period (**)	Prior Period (**)
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	268.253.610	213.956.768
2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	(6.522.227)	(3.834.550)
3 Differences between the balances of derivative financial instruments and the loan derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	1.239.988	849.548
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the 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	109.932.460	82.114.873
7 <b>Total Risk</b>	<b>372.903.328</b>	<b>293.086.136</b>

(\*) 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 (*)
<b>On-balance sheet exposures</b>		
1 On-balance sheet items (exclude derivatives and SFTs; include collateral)	261.731.383	210.122.218
2 (Assets deducted in determining Basel III Tier I capital)	(616.992)	(395.279)
3 <b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>261.114.391</b>	<b>209.726.939</b>
<b>Derivative exposures</b>		
4 Replacement cost	3.791.087	1.663.765
5 Add-on amount	1.239.988	849.548
6 <b>Total derivative exposures (sum of lines 4 and 5)</b>	<b>5.031.075</b>	<b>2.513.313</b>
<b>Securities or commodity collateral financing transaction exposures</b>		
7 Gross SFT assets (with no recognition of accounting netting)	1.878.287	99.827
8 Agent transaction exposures		
9 <b>Total securities financing transaction exposures (sum of lines 7 and 8)</b>	<b>1.878.287</b>	<b>99.827</b>
<b>Other off-balance sheet exposures</b>		
10 Off-balance sheet exposures with gross nominal amount	104.880.078	80.746.560
11 (Adjustment amount off-balance sheet exposures with credit conversion factor)	(503)	(503)
12 <b>Total off-balance sheet exposures (sum of lines 10 and 11)</b>	<b>104.879.575</b>	<b>80.746.057</b>
<b>Capital and total exposures</b>		
13 Tier I Capital	22.691.879	17.694.615
14 <b>Total exposures (sum of lines 3,6,9 and 12)</b>	<b>372.903.328</b>	<b>293.086.136</b>
<b>Leverage ratio</b>		
15 <b>Leverage ratio</b>	<b>6,09</b>	<b>6,04</b>

(\*) Quarterly average amounts.

## VIII. Explanations related to risk management

The footnotes and explanations prepared in accordance with the “Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks” published in the Official Gazette dated 23 October 2015 and number ed 29511 and entered into force as of 31 March 2016 are given in this section. Since standard approach is used in the capital adequacy calculation of the Parent Bank, the tables to be prepared within the scope of Internal Rating Based Approach (IR) are not presented as of 31 December 2020.

Risk management explanations are prepared in accordance with the internal control process adopted by the Board of Directors.

**a. Risk management approach and risk weighted assets**

**1. Explanations related to the risk management approach**

Risks exposed as a result of the Bank's business model are determined on a consolidated basis through the Bank's risk identification and important evaluation process. Risk mitigation factors and monitoring activities are implemented for the important risks determined. In the Risk Appetite Statement of the Bank, limits are determined for the risks that are deemed important and the declaration is approved by the Board of Directors. Developments regarding the risk limits determined in the Risk Appetite Statement are monitored on a monthly basis and the actions foreseen in the risk appetite statement are applied in the event these limits are exceeded.

Denizbank Risk Management Group Department is an internal systems unit that operates under the Board of Directors and that are assigned to carry out risk management activities. Reports directly to the Board of Directors. Risk Management Group is responsible for the identification and measurement of risks, establishment and implementation of risk policies and implementation procedures, analysis and monitoring as well as reporting of risks within the framework of the principles determined by the Senior Management of the Bank and the Risk Management Group and approved by the Board of Directors.

In the Bank, the delegation levels generated by the customers are determined pursuant to the risk categories determined according to the limit and loan rating components within the bank.

The rating process carried out by the Credit Allocation unit is audited regularly by the Credit Risk Control, within the direction of the rule sets determined and the results are submitted to the Rating Committee.

**Main components and scope of the risk measurement systems**

Bank has a comprehensive risk definition process, including its subsidiaries. Process aims to define the important risks specific to the bank from a broad list, including those exposed by the banking naturally. In the determination stage of the importance level of the risks, the opinions and evaluations of the persons who are expert in this subject are taken. Evaluation results are updated every year and linked to the report and form the basis for the bank's internal capital assessment processes.

The purpose of the activities carried out within the scope of the measurement of the risks involves the preparation of internal and legal reports and the measuring the financial risks to which banks and subsidiaries are exposed in order to establish a relationship between the risks carried and estimated profitability and evaluating the validity of the parameters and assumptions subject to risk measurement.

Bank determines what kind of reports will be prepared as consolidated and as solo and to whom these reports will be communicated. Ensures that an active internal audit system to be established which will prevent taking risks above the targeted risk level and limits set by the regulatory authority. When the control and reporting of the risks are made, the risk levels that are approved by the Board of Directors are taken into consideration for each risk type.

Risk Management Group ensures the coordination of the internal capital adequacy evaluation process (ICAAP) and the measurement of the risks undertaken by the bank. Within the scope of the ICAAP report, which is a result of the ICAAP process and within the framework of the 3 year strategic plan, the annual stress test report, which presents the effects of the scenarios in which macroeconomic variables are taken into consideration on the bank's capital and liquidity, is reported to the BRSA. Bank monitors the capital adequacy level internally on a monthly basis.

**Disclosures on risk reporting processes provided to Board of Directors and senior management, especially the scope and main content of the reporting**

Risk Management Group performs reporting to Senior Management and Board of Directors through Audit and Risk Committee, ALCO and Rating Committees.

Audit and Risk Committee holds quarterly meetings in ordinary situations. Activities performed by the Risk Management Group and risk indicators are presented to the Committee.

ALCO holds weekly meetings. Risk-limit follow-up and detailed analysis related to indicators such as interest and liquidity risk, capital adequacy are presented.

Rating Committee: Rating Committee holds meetings on a quarterly basis. It is the Committee to which the Risk Management presents its evaluation, analysis and findings regarding Internal Rating processes.

Model Risk Management and Validation Committee: It is the committee that the Risk model validation results, prepared within the frame of annual plan, are presented to and approved.



**Risk management, hedging and mitigation strategies of the Bank sourcing from business model and monitoring process with respect to continuing effectiveness of hedging and mitigating components**

Limits, which are defined for risks considered to be significant, are monitored on a monthly basis and actions included in risk appetite statement are taken, if required.

Additionally, taking into consideration the stress conditions of the Bank, an emergency plan regarding capital adequacy has been created in order to fulfil its strategic goals.

**2. Overview of risk weighted amounts**

	Risk Weighted Amount		Minimum Capital Requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	165.702.724	154.042.234	13.256.218
2 <i>Standardized approach (SA)</i>	165.702.724	154.042.234	13.256.218
3 <i>Internal rating-based (IRB) approach</i>	--	--	--
4 Counterparty credit risk	3.911.167	2.095.419	312.893
5 <i>Standardized approach for counterparty credit risk (SA-CCR)</i>	3.911.167	2.095.419	312.893
6 <i>Internal model method (IMM)</i>	--	--	--
7 Basic risk weight approach to internal models equity position in the banking account	--	--	--
8 Investments made in collective investment companies - look-through approach	--	--	--
9 Investments made in collective investment companies - mandate-based approach	6.200	8.019	496
10 Investments made in collective investment companies - %1250 weighted risk approach	--	--	--
11 Settlement risk	--	--	--
12 Securitization positions in banking accounts	--	--	--
13 <i>IRB ratings-based approach (RBA)</i>	--	--	--
14 <i>IRB Supervisory Formula Approach (SFA)</i>	--	--	--
15 <i>SA/simplified supervisory formula approach (SSFA)</i>	--	--	--
16 Market risk	3.240.138	1.327.588	259.211
17 <i>Standardized approach (SA)</i>	3.240.138	1.327.588	259.211
18 <i>Internal model approaches (IMM)</i>	--	--	--
19 Operational Risk	17.849.008	14.127.749	1.427.921
20 <i>Basic Indicator Approach</i>	17.849.008	14.127.749	1.427.921
21 <i>Standard Approach</i>	--	--	--
22 <i>Advanced measurement approach</i>	--	--	--
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>190.709.237</b>	<b>171.601.009</b>	<b>15.256.739</b>

**b. Connections between the financial statements and risk amounts**

**1. Mapping and differences between accounting consolidation and regulatory consolidation**

Regulatory consolidation refers to the consolidation that includes the consolidation of subsidiaries which are credit institutions or financial institutions in accordance with Article 5 paragraph 1 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks published in the Official Gazette dated 8 November 2006 and numbered 26340. Accounting consolidation refers to the consolidation in which all of the subsidiaries are included in the scope of consolidation in accordance with the Article 5 paragraph 6 of the same communiqué, irrespective of whether these subsidiaries are credit institutions or financial institutions, or not.

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

	a	b	c	d	e	f	g
	Carrying values of items under scope of TAS						Not subject to capital requirements or subject to deduction from capital
Current Period	Carrying values as reported in published financial statements	Carrying values as reported in regulatory scope of consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	
<b>Assets</b>							
Cash and balances at central bank	40.029.929	40.029.918	40.029.918	--	--	--	--
Banks	11.712.310	11.712.287	11.715.414	--	--	--	--
Due from money markets	1.763.207	1.763.207	2.305	1.760.902	--	--	--
Financial assets at fair value through profit or loss	757.499	757.116	--	--	--	78.492	--
Financial assets at fair value through other comprehensive income	20.298.234	20.298.234	20.298.234	--	--	--	--
Financial assets measured at amortised cost	7.261.361	7.261.361	7.262.043	--	--	--	--
Derivative financial assets	3.161.010	3.161.010	--	3.161.010	--	--	--
Loans (net)	167.283.553	167.282.562	175.058.715	--	--	--	19.630
Non-currents assets or disposal groups "held for sale" and "from discontinued operations (net)	--	--	--	--	--	--	--
Investments in associates, subsidiaries and joint ventures	49.579	831.013	831.013	--	--	--	--
Tangible assets (net)	1.935.642	1.881.593	1.881.593	--	--	--	54.004
Intangible assets (net)	410.087	423.409	423.409	--	--	--	423.409
Investment properties (net)	355.990	355.990	355.990	--	--	--	--
Current tax assets	316.572	313.744	313.744	--	--	--	--
Deferred tax assets	1.488.411	1.488.411	1.488.411	--	--	--	--
Other assets	6.496.012	6.400.793	6.400.793	--	--	--	--
<b>Total assets</b>	<b>263.319.396</b>	<b>263.960.648</b>	<b>266.061.582</b>	<b>4.921.912</b>	<b>--</b>	<b>78.492</b>	<b>497.043</b>
<b>Liabilities</b>							
Deposits	184.617.512	184.719.313	--	--	--	--	184.719.313
Funds borrowed	25.985.554	25.985.554	--	--	--	--	25.985.554
Due to money markets	4.512.976	4.512.976	--	4.512.976	--	--	4.512.976
Securities issued (net)	3.163.334	3.168.607	--	--	--	--	3.168.607
Funds	--	--	--	--	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--	--
Derivative financial liabilities	2.154.844	2.154.844	--	--	--	--	2.154.844
Factoring payables	--	--	--	--	--	--	--
Leases payables	650.587	610.826	--	--	--	--	610.826
Provisions	2.336.542	2.309.167	--	--	--	--	2.309.167
Current tax liabilities	403.925	392.582	--	--	--	--	392.582
Deferred tax liabilities	64.878	64.714	--	--	--	--	64.714
Liabilities related to non-current assets "held for sale" and "discontinued operations" (net)	--	--	--	--	--	--	--
Subordinated debts	5.917.421	5.917.421	--	--	--	--	5.917.421
Other liabilities	11.147.482	11.097.209	--	--	--	--	11.097.209
Equity	22.364.341	23.027.435	--	--	--	--	23.027.435
<b>Total liabilities</b>	<b>263.319.396</b>	<b>263.960.648</b>	<b>--</b>	<b>4.512.976</b>	<b>--</b>	<b>--</b>	<b>263.960.648</b>

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Prior Period	a	b	c	d	e	f	g
	Carrying values of items under scope of TAS						Not subject to capital requirement s or subject to deduction from capital
	Carrying values as reported in published financial statements	Carrying values as reported in regulatory scope of consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	
<b>Assets</b>							
Cash and balances at central bank	35.671.853	35.671.853	35.671.853	--	--	--	--
Banks	6.700.515	6.700.470	6.700.518	--	--	--	--
Due from money markets	1.261.789	1.261.789	241.468	1.020.321	--	--	--
Financial assets at fair value through profit or loss	506.623	506.256	--	--	--	4.699	--
Financial assets at fair value through other comprehensive income	14.174.570	14.174.570	14.174.570	--	--	--	--
Financial assets measured at amortised cost	6.772.200	6.772.200	6.773.054	--	--	--	--
Derivative financial assets	1.662.763	1.662.763	--	1.662.763	--	--	--
Loans (net)	142.784.751	142.785.606	142.784.704	--	--	--	11.554
Non-currents assets or disposal groups "held for sale" and "from discontinued operations (net)	--	--	--	--	--	--	--
Investments in associates, subsidiaries and joint ventures	42.120	762.204	762.208	--	--	--	--
Tangible assets (net)	1.704.966	1.652.166	1.652.166	--	--	--	71.630
Intangible assets (net)	341.310	339.978	339.978	--	--	--	339.978
Investment properties (net)	218.680	218.680	218.680	--	--	--	--
Current tax assets	318.653	318.652	318.652	--	--	--	--
Deferred tax assets	1.047.571	1.045.345	1.047.335	--	--	--	--
Other assets	3.529.985	3.441.541	3.441.536	--	--	--	--
<b>Total assets</b>	<b>216.738.349</b>	<b>217.314.073</b>	<b>214.126.722</b>	<b>2.683.084</b>	<b>--</b>	<b>4.699</b>	<b>423.162</b>
<b>Liabilities</b>							
Deposits	158.133.166	158.209.184	--	--	--	--	158.209.184
Funds borrowed	15.187.427	15.187.428	--	--	--	--	15.187.428
Due to money markets	459.048	459.048	--	425.152	--	--	459.048
Securities issued (net)	4.214.773	4.214.773	--	--	--	--	4.214.773
Funds	--	--	--	--	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--	--
Derivative financial liabilities	880.875	880.875	--	--	--	--	880.875
Factoring payables	--	--	--	--	--	--	--
Leases payables	656.042	618.602	--	--	--	--	618.602
Provisions	1.880.090	1.857.726	--	--	--	--	1.857.726
Current tax liabilities	344.695	335.068	--	--	--	--	335.068
Deferred tax liabilities	84.253	82.099	--	--	--	--	82.099
Liabilities related to non-current assets "held for sale" and "discontinued operations" (net)	--	--	--	--	--	--	--
Subordinated debts	7.037.254	7.037.253	--	--	--	--	7.037.253
Other liabilities	10.736.342	10.683.105	--	--	--	--	10.683.105
Equity	17.124.384	17.748.912	--	--	--	--	17.748.912
<b>Total liabilities</b>	<b>216.738.349</b>	<b>217.314.073</b>	<b>--</b>	<b>425.152</b>	<b>--</b>	<b>--</b>	<b>217.314.073</b>

**2. Main sources of differences between risk exposures and valued amounts in accordance with TAS in financial statements**

Current Period	a	b	c	d	e
	Total	Items subject to credit risk framework	Items subject to securitization framework	Items subject to counterparty credit risk framework	Items subject to market risk framework (*)
<b>1 Asset carrying value amount under scope of TAS</b>	<b>263.960.648</b>	<b>266.061.582</b>	<b>--</b>	<b>4.921.912</b>	<b>78.492</b>
<b>2 Liabilities carrying value amount under scope of TAS</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>4.512.976</b>	<b>--</b>
<b>3 Total net amount under regulatory scope of consolidation</b>	<b>263.960.648</b>	<b>266.061.582</b>	<b>--</b>	<b>408.936</b>	<b>78.492</b>
4 Off-balance sheet amounts (**)	100.645.070	29.686.713	--	--	--
5 Differences in valuations	--	--	--	--	--
6 Differences due to different netting rules (other than those already included in row 2)	--	--	--	--	--
7 Differences due to consideration of provisions	--	--	--	--	--
8 Differences due to prudential filters	--	--	--	--	3.161.646
9 Differences resulted from considering of the financial guarantees	--	(8.342.831)	--	--	--
<b>10 Risk exposures</b>	<b>364.605.718</b>	<b>287.405.464</b>	<b>--</b>	<b>408.936</b>	<b>3.240.138</b>

(\*) Financial instruments included in trading accounts according to "Communique on Measurement and Evaluation of Bank's Capital Adequacy" and principal amount subject to market risk sourcing from capital requirement calculated for foreign exchange risk are included in line of risk amounts.

(\*\*) It includes risk which are included in credit risk calculation.

	a	b	c	d	e
Prior Period	Total	Items subject to credit risk framework	Items subject to securitization framework	Items subject to counterparty credit risk framework	Items subject to market risk framework (*)
<b>1 Asset carrying value amount under scope of TAS</b>	<b>217.316.062</b>	<b>214.126.722</b>	<b>--</b>	<b>2.683.084</b>	<b>4.699</b>
2 Liabilities carrying value amount under scope of TAS		--	--	425.152	--
<b>3 Total net amount under regulatory scope of consolidation</b>	<b>217.316.062</b>	<b>214.126.722</b>	<b>--</b>	<b>2.257.932</b>	<b>4.699</b>
4 Off-balance sheet amounts (**)	80.999.691	25.372.003	--	--	--
5 Differences in valuations		--	--	--	--
6 Differences due to different netting rules (other than those already included in row 2)		--	--	--	--
7 Differences due to consideration of provisions		--	--	--	--
8 Differences due to prudential filters		--	--	--	1.343.651
9 Differences resulted from considering of the financial guarantees		(9.187.261)	--	--	--
<b>10 Risk exposures</b>	<b>298.315.753</b>	<b>230.311.464</b>	<b>--</b>	<b>2.257.932</b>	<b>1.348.350</b>

(\*) Financial instruments included in trading accounts according to "Communique on Measurement and Evaluation of Bank's Capital Adequacy" and principal amount subject to market risk sourcing from capital requirement calculated for foreign Exchange risk are included in line of risk amounts.

(\*\*) It includes risk which are included in credit risk calculation.

### 3. Explanations on differences between amounts determined in accordance with TAS and risk exposures

#### Differences between amounts determined in accordance with TAS and risk exposures:

In the derivative transactions subject to counterparty credit risk, it is calculated with the addition of the potential risk amounts to the renewal costs according to transaction type and term; and in repo and reverse repo transactions, it is calculated by netting the volatility adjusted amount made to the subject security with the cash amount subject to the transaction.

Amounts of items which are valued in accordance with TAS and subject to market risk indicate fair value of financial instruments held for trade. Amounts in line of risk amount related to aforementioned transactions indicate principal amount subject to market risk sourcing from capital requirement calculated related to potential losses which can be caused by interest rate risk, share price risk, exchange rate risks in scope of "Communique on Measurement and Evaluation of Bank's Capital Adequacy".

**Pursuant to the prudent valuation principles and procedures under Annex-3 to the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks, the explanations on the systems and controls used to ensure the prudence and reliability of the Bank's valuation estimates:**

The market prices in the valuation of the financial instruments recognised with the fair value are valued taking into account the indicative values announced by official institutions or data such as interest and volatility observed in the market. Bank does not carry out transactions in the markets without depth. As the discounted cash flow models are used in the valuation of over-the-counter derivative instruments in general, the valuation models that are suitable with the nature of the transactions and that are generally accepted are used for derivative transactions that include optionality.

Within the scope of the independent price determination process, the activities below are carried out for the purpose of ensuring the valuation methods and the accuracy of the data used:

- The entry of the prices of bills, bonds, stocks and the derivative products traded in organised markets and the data to be used for the valuation of the derivative products that are traded over-the-counter transactions are made independently of the executive units.
- The models to be used in the valuation of derivative products as well as the interest and volatility data are determined independently of the executive units.
- Second level controls are made periodically for market data and valuation results used in valuations.
- Valuation process validation is carried out for the models and data entries used in product valuations.
- Differences between counterparty valuations and bank valuations are regularly monitored.

**c. Credit risk**

**1. General information about credit risk**

**How the bank's business model transformed into components in the credit risk profile**

Credit risk within the body of the Parent Bank is managed within the framework of Credit Risk Management Policy approved by Board of Directors. Risk, related to credit, are defined, duties of departments are determined and main principles of credit risk management are brought in aforementioned policy document. Departments assigned in credit management and their authorization/responsibilities are defined in aforementioned document.

Loan allocation is made within the limits determined on the basis of each debtor and the group of debtors. In the credit allocation process, a lot of financial and non-financial criteria are taken into consideration within the framework of the internal rating process of the Bank. Customer segments and sectors are included in these criterias. The sectoral distribution of loans are monitored closely. According to the bank's credit policy, the rating of the companies are assessing together considering loan limits and collateralization process and the monitoring of the credit risk exposed is carried out.

In this regard, the loan portfolio of the Parent Bank shows a diversified profile in terms of customer segments and sectors.

**Criteria and approach used while determining credit risk policy and credit risk limits**

In the monitoring of the credit risks, the risk limits defined to all counterparties are monitored based on product, customer and risk groups and the risk is not allowed to exceed the limits defined. When the loan limits are determined, the payment ability of the counterparty, the characteristics of the sector, the potential impacts of geographical and economic conditions etc. factors are taken into account. When deemed appropriate, the necessary risk mitigation techniques are utilized to minimize the Bank's possible losses. During the credit research, the documents which the relevant legislation requires are taken into consideration. For limits that are extended as multi-use, the creditworthiness of the counterparty is checked regularly and the limits are revised according to the changes in the creditworthiness of the counterparty. Credit allocation authorities are determined pursuant to the customer classes and are changed where deemed necessary.

**Structure and organization of credit risk management and control function**

Credit allocation and management are carried out within the scope of the segregation of duties by different units; therefore it is ensured that the loan is evaluated objectively throughout its lifespan. In order for the accurate and objective measurement of the customer credit risk in the allocation and monitoring groups, risk models are being used. The Early Warning Systems defined in the system are used to monitor the risks of credit customers and the signals received from these systems are continuously monitored by the monitoring groups; in the event pre-determined triggers are determined, pre-determined action plans are put into practice along with the allocation groups.

**Relation between credit risk management, risk control, legal compliance and internal audit functions**

Before the newly developed credit risk models are implemented, they are subjected to a validation process and are used in the risk management processes after the approval of the Bank's Model Risk Management and Validation Committee. The validation process of the applicable credit risk models are repeated at least once a year and the results are presented to Model Risk Management and Validation Committee.

Credit Risk Control, in order to ensure the compliance of the Bank's credit risk processes to Basel regulations, operates the functioning of internal rating systems, the development of credit ratings, the documentation on the changes in credit ratings, and the analysis of compliance with internal restrictions and regularly submits the results to the Rating Committee, Compliance of the Credit Risk Control activities to the internal bank regulations and guidelines is audited regularly by the bank's internal audit units and the matters that must be improved are determined and monitored.

**Scope and main content of reporting which shall be made to the senior management and the members of board of directors regarding credit risk management function and exposed credit risk**

Risk appetite statement is approved and reviewed by the Bank's Board of Directors every year. With the risk appetite statement, the Bank combines its current risk management instruments, processes, principles and policies with a consistent approach and ensures that risk taking activities are managed within the limits agreed. Therefore, the consistency of the risk applications throughout the Bank is improved.

## 2. Credit quality of assets

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

(\*) It doesn't include revocable commitments and asset purchase - sales commitments.

Prior Period	A	b	c	d
	Gross carrying values of (according to TAS)		Specific provisions	Net values (a+b-c)
	Defaulted	Non-defaulted		
1 Loans	11.555.590	141.618.522	10.388.506	142.785.606
2 Borrowing instruments	--	20.869.227	854	20.868.373
3 Off-balance sheet receivables (*)	642.180	78.375.452	927.819	78.089.813
<b>4 Total</b>	<b>12.197.770</b>	<b>240.863.201</b>	<b>11.317.179</b>	<b>241.743.792</b>

(\*) It doesn't include revocable commitments and asset purchase - sales commitments.

## 3. Changes in stock of impaired loans and debt securities

	Current Period	Prior Period
	a (*)	a (*)
1 Impaired loans and debt securities at end of the previous reporting period	11.555.590	6.649.644
2 Loans and debt securities that have impaired since the last reporting period	7.129.218	9.178.142
3 Receivables that returned to non-impaired status	16.052	274.325
4 Amounts written off (**)	1.922.602	2.249.935
5 Other changes	(3.852.633)	(1.747.936)
<b>6 Impaired loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)</b>	<b>12.893.521</b>	<b>11.555.590</b>

(\*) It doesn't include off-balance sheet receivables.

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

## 4. Additional explanations related to the credit quality of assets

### (i) Scope and definitions of "overdue" receivables and "provisioned" receivables used for accounting purpose

The Parent Bank considers loans that have overdue principal and interest payments and they are classified as second group according to the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days<sup>(\*)</sup> or the debtor of which are deemed unworthy by the Bank are considered as "impaired loans".

(\*) In accordance with the decision of the Banking Regulation and Supervision Board dated 17 March 2020 and numbered 8948 and the decision numbered 8950 dated 19 March 2020, the delay periods required to pass the loans to the follow-up accounts were extended to 180 days and the implementation was extended until 30 June 2021 with decision numbered 9312 dated 8 December 2020 notified by the BRSA.

### (ii) The part of overdue receivables (over 90 days) which are not considered as "provisioned" and the reasons for the implementation

Loans that have overdue principal and interest payments for more than 90 days<sup>(\*)</sup> are transferred to "Nonperforming loans" accounts and the Bank calculates "specific provisions" for such loans in compliance with the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made".

(\*) In accordance with the decision of the Banking Regulation and Supervision Board dated 17 March 2020 and numbered 8948 and the decision numbered 8950 dated 19 March 2020, the delay periods required to pass the loans to the follow-up accounts were extended to 180 days and the implementation was extended until 30 June 2021 with decision numbered 9312 dated 8 December 2020 notified by the BRSA.

### (iii) Definitions of the methods used while determining amount of provision

The methods used in the calculation of the provision amount are presented in Section Three, note VIII.

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(iv) **Definitions of restructured receivables**

The Bank is able to restructure both first and second group loans and other receivables, as well as non-performing loans and receivables. The restructuring in first and second group loans and other receivables include the restructuring to facilitate the repayment for the customer and the changes in the agreement conditions made with the request of the customer, independent of the credit risk of the customer. The restructuring made in non-performing loans and receivables refer to linking the loan to a new payment plan to provide the collection of the receivable.

(v) **Breakdown of receivables by geographical area**

Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
1 Domestic	12.407.407	148.098.444	--	22.473.801	1.007.950	92.116.949	8.221.673	1.922.602
2 EU Countries	320.929	13.686.036	--	4.589.688	--	1.552.576	206.712	--
3 OECD Countries	--	2.391.407	--	--	--	1.283.021	--	--
4 Off Shore Zones	118	2.329.777	--	--	--	6.332	116	--
5 USA, Canada	89	81.855	--	97.450	--	280.709	90	--
6 Other Countries	164.978	4.105.329	--	398.610	--	3.678.299	99.063	--
<b>7 Total</b>	<b>12.893.521</b>	<b>170.692.848</b>	<b>--</b>	<b>27.559.549</b>	<b>1.007.950</b>	<b>98.917.886</b>	<b>8.527.654</b>	<b>1.922.602</b>

(\*) It includes sales made from non-performing loans portfolio and amounts of write-off.

Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
1 Domestic	11.308.415	115.952.162	--	19.064.797	642.180	71.825.748	5.765.499	2.249.935
2 EU Countries	242.001	15.480.645	--	1.469.880	--	518.979	170.210	--
3 OECD Countries	210	4.167.952	--	--	--	911.846	150	--
4 Off Shore Zones	2	1.706.327	--	--	--	3.612	2	--
5 USA, Canada	73	347.133	--	--	--	2.290	72	--
6 Other Countries	4.889	3.964.303	--	334.550	--	5.112.977	2.326	--
<b>7 Total</b>	<b>11.555.590</b>	<b>141.618.522</b>	<b>--</b>	<b>20.869.227</b>	<b>642.180</b>	<b>78.375.452</b>	<b>5.938.259</b>	<b>2.249.935</b>

(\*) It includes sales made from non-performing loans portfolio and amounts of write-off.

(vi) **Breakdown of receivables by sectors**

Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
<b>Agricultural</b>	<b>1.802.078</b>	<b>17.622.862</b>	<b>--</b>	<b>--</b>	<b>5.290</b>	<b>4.556.606</b>	<b>1.039.802</b>	<b>100.155</b>
Farming and Cattle	1.801.192	17.568.757	--	--	5.150	4.530.124	1.039.017	99.310
Forestry	240	42.520	--	--	6	5.852	156	472
Fishing	646	11.585	--	--	134	20.630	629	373
<b>Manufacturing</b>	<b>2.795.856</b>	<b>26.011.772</b>	<b>--</b>	<b>103.102</b>	<b>165.622</b>	<b>15.418.023</b>	<b>1.939.556</b>	<b>61.372</b>
Mining	89.503	2.065.850	--	--	3.602	543.062	85.946	8.499
Production	1.490.202	16.235.865	--	39.106	152.978	13.817.606	1.012.942	52.517
Electric, Gas, Water	1.216.151	7.710.057	--	63.996	9.042	1.057.355	840.668	356
<b>Construction</b>	<b>1.541.934</b>	<b>18.622.717</b>	<b>--</b>	<b>--</b>	<b>467.551</b>	<b>10.943.453</b>	<b>993.636</b>	<b>67.449</b>
<b>Services</b>	<b>5.707.106</b>	<b>61.515.936</b>	<b>--</b>	<b>230.417</b>	<b>291.789</b>	<b>25.288.625</b>	<b>3.858.655</b>	<b>637.947</b>
Wholesale and Retail Trade	1.199.384	21.718.569	--	--	69.301	18.490.986	794.482	380.563
Hotel and Restaurant Services	2.469.876	16.524.441	--	--	214.189	1.948.740	1.371.999	15.878
Transportation and telecommunication	442.655	8.068.151	--	73.565	5.777	2.898.455	320.500	92.680
Financial institution	6.857	1.091.157	--	156.852	144	1.313.692	5.347	6.723
Real estate and letting services	1.363.744	1.953.140	--	--	727	125.186	1.181.983	7.084
Self-employment services	125.728	1.102.438	--	--	--	--	113.033	85
Education services	36.821	1.407.026	--	--	1.053	145.806	23.220	132.140
Health and social services	62.041	9.651.014	--	--	598	365.760	48.091	2.794
<b>Other</b>	<b>1.046.547</b>	<b>46.919.561</b>	<b>--</b>	<b>27.226.030</b>	<b>77.698</b>	<b>42.711.179</b>	<b>696.005</b>	<b>1.055.679</b>
<b>Total</b>	<b>12.893.521</b>	<b>170.692.848</b>	<b>--</b>	<b>27.559.549</b>	<b>1.007.950</b>	<b>98.917.886</b>	<b>8.527.654</b>	<b>1.922.602</b>

(\*) It includes sales made from non-performing loans portfolio and amounts of write-off.

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Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific Provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
<b>Agricultural</b>	<b>639.950</b>	<b>15.835.584</b>	--	--	<b>3.870</b>	<b>3.750.944</b>	<b>289.450</b>	<b>100.779</b>
Farming and Cattle	635.064	15.823.033	--	--	3.668	3.733.074	288.017	95.538
Forestry	209	3.799	--	--	31	5.474	113	2.318
Fishing	4.677	8.752	--	--	171	12.396	1.320	2.923
<b>Manufacturing</b>	<b>1.688.103</b>	<b>16.202.115</b>	--	<b>135.121</b>	<b>131.206</b>	<b>12.771.468</b>	<b>880.928</b>	<b>134.487</b>
Mining	214.836	1.068.351	--	--	6.521	468.516	140.435	24.543
Production	1.383.481	9.788.924	--	89.812	123.954	11.281.117	709.706	103.673
Electric, Gas, Water	89.786	5.344.840	--	45.309	731	1.021.835	30.787	6.271
<b>Construction</b>	<b>1.176.148</b>	<b>16.526.923</b>	--	--	<b>331.374</b>	<b>9.736.643</b>	<b>644.798</b>	<b>142.937</b>
<b>Services</b>	<b>4.987.676</b>	<b>43.421.611</b>	--	<b>188.329</b>	<b>125.503</b>	<b>20.610.763</b>	<b>2.421.297</b>	<b>692.626</b>
Wholesale and Retail Trade	1.507.735	17.852.314	--	--	86.557	15.939.650	795.505	545.078
Hotel and Restaurant Services	3.018.029	12.798.800	--	--	28.209	1.676.420	1.372.943	24.612
Transportation and telecommunication	263.903	5.851.129	--	31.103	6.897	1.691.403	166.265	81.701
Financial institution	23.714	805.585	--	157.226	205	811.898	17.712	2.812
Real estate and letting services	19.593	445.040	--	--	990	93.947	11.654	11.215
Self-employment services	--	--	--	--	--	--	--	--
Education services	85.197	1.369.101	--	--	1.840	103.094	37.288	3.365
Health and social services	69.505	4.299.642	--	--	805	294.351	19.930	23.843
<b>Other</b>	<b>3.063.713</b>	<b>49.632.289</b>	--	<b>20.545.777</b>	<b>50.227</b>	<b>31.505.634</b>	<b>1.701.786</b>	<b>1.179.106</b>
<b>Total</b>	<b>11.555.590</b>	<b>141.618.522</b>	--	<b>20.869.227</b>	<b>642.180</b>	<b>78.375.452</b>	<b>5.938.259</b>	<b>2.249.935</b>

(\*) It includes sales made from non-performing loans portfolio and amounts of write-off.

(vii) **Breakdown of receivables by remaining maturity**

Current Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
<b>Non-defaulted receivables</b>	--	74.112.183	13.068.951	14.909.306	33.466.343	161.613.502	297.170.283
1 Loans	--	20.278.983	8.086.784	10.307.471	22.910.842	109.108.768	170.692.848
2 Borrowings instruments	--	50.416	--	--	--	27.509.133	27.559.549
3 Off-balance sheet receivables	--	53.782.784	4.982.166	4.601.834	10.555.501	24.995.601	98.917.886
<b>Defaulted receivables</b>	13.901.471	--	--	--	--	--	13.901.471
1 Loans	12.893.521	--	--	--	--	--	12.893.521
2 Borrowings instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	1.007.950	--	--	--	--	--	1.007.950
<b>Specific Provision</b>	<b>8.527.654</b>	--	--	--	--	--	<b>8.527.654</b>
<b>Total</b>	<b>5.373.817</b>	<b>74.112.183</b>	<b>13.068.951</b>	<b>14.909.306</b>	<b>33.466.343</b>	<b>161.613.502</b>	<b>302.544.102</b>

Prior Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
<b>Non-defaulted receivables</b>	--	54.605.181	11.222.337	11.527.324	26.979.254	136.529.097	240.863.193
1 Loans	--	13.368.872	6.433.332	7.095.802	18.693.453	96.027.063	141.618.522
2 Borrowings instruments	--	117.636	196.796	94.631	94.023	20.366.141	20.869.227
3 Off-balance sheet receivables	--	41.118.673	4.592.209	4.336.891	8.191.778	20.135.893	78.375.444
<b>Defaulted receivables</b>	12.197.770	--	--	--	--	--	12.197.770
1 Loans	11.555.590	--	--	--	--	--	11.555.590
2 Borrowings instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	642.180	--	--	--	--	--	642.180
<b>Specific Provision</b>	<b>5.938.259</b>	--	--	--	--	--	<b>5.938.259</b>
<b>Total</b>	<b>6.259.511</b>	<b>54.605.181</b>	<b>11.222.337</b>	<b>11.527.324</b>	<b>26.979.254</b>	<b>136.529.097</b>	<b>247.122.704</b>

(viii) **Ageing analysis of overdue receivables**

Current Period	1-30 days	31-60 days	61-90 days	Over 90 days	Total
Loans	4.830.230	1.370.313	1.158.396	1.854.133	9.213.072
Borrowing instruments	--	--	--	--	--
Off-balance sheet receivables	--	--	--	--	--

  

Prior Period	1-30 days	31-60 days	61-90 days	Total
Loans	4.955.504	1.931.861	2.460.530	9.347.895
Borrowing instruments	--	--	--	--
Off-balance sheet receivables	--	--	--	--



(ix) **Breakdown of restructured receivables according to their provisioning status**

	Current Period	Prior Period
Restructured from loans under close monitoring	13.659.978	10.580.300
Restructured from non-performing loans	920.019	1.053.414

**5. Credit risk mitigation techniques**

Financial collaterals are valued with their up to date values as of the reporting date and involved in the credit risk mitigation process. While allocating the collateral amount to the credit extended, taking into consideration the possible losses of value that may occur in the collateral value with a prudent approach, risk mitigation effects are calculated based on collateral values and credit risk mitigation is made according to comprehensive financial collateral method. Legal validity of the real estate mortgages are ensured with the timely and duly registration of the pledge; and the changes in the market conditions that possess importance are monitored.

Parent Bank makes the credit risk mitigation according to the comprehensive financial collateral method pursuant to the "Communiqué on the Credit Risk Mitigation Techniques". The currency rate nonconformities between the receivable and the collateral is taken into account based on the standard deduction rates specified in the communiqué, while the maturity nonconformity between the receivable and the collateral are taken into account based on the method specified under Article 40. In the credit risk mitigation, cash, financial debt securities, real estate mortgages and Credit Guarantee Fund sureties with Treasury support are used.

Credit policies establish an operational link between the Bank's activities and risk capacity and includes the main areas of activity in line with the target portfolio structure, risk targets for expected and unexpected losses in line with risk capacity, and limits on risk concentration. It must be ensured that limits are in compliance with the restrictions determined by the relevant legislation and regulatory and supervisory authorities. In the management of the concentration risk, the Bank uses a holistic approach in which all risk concentrations are determined, monitored and evaluated. Therefore, the concentrations in the market, sector, country and the area of activity must be taken into account as well as the loans extended to persons and companies. The Bank shows utmost care so that credit and market risk do not concentrate in a specific counterparty or risk category in accordance with its policies and internal procedures.

**6. Credit risk mitigation techniques - overview**

	A	b	c	d	e	f	g
Current Period	Exposures unsecured: revaluation amount according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	121.761.694	36.391.904	24.980.294	9.128.963	7.716.197	--	--
2 Borrowing instruments	27.558.867	--	--	--	--	--	--
3 Total	149.320.561	36.391.904	24.980.294	9.128.963	7.716.197	--	--
4 Of which defaulted (*)	8.313.093	4.052.549	1.966.267	1.535.829	858.275	--	--

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

	a	b	c	d	e	f	g
Prior Period	Exposures unsecured: revaluation amount according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	97.334.907	38.217.324	24.403.452	7.233.375	5.784.944	--	--
2 Borrowing instruments	20.868.373	--	--	--	--	--	--
3 Total	118.203.280	38.217.324	24.403.452	7.233.375	5.784.944	--	--
4 Of which defaulted (*)	9.013.984	3.183.786	1.325.679	--	--	--	--

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

**7. Explanations on rating notes used while calculating credit risk with standard approach**

In determination of the risk weights to be applied in the capital adequacy calculation, the ratings given by Fitch rating agency are used. The scope in which the rating notes are taken into consideration is the receivables from central governments or central banks, and in order to be valid for those resident abroad, the receivables from banks and intermediary institutions and corporate receivables. In the event there is no rating regarding the receivable while determining the risk weight, the rating of the issuer must be taken into consideration.

The matching of risk ratings with risk weights according to credit quality level and risk classes are shown in the table below.

**8. Standardised approach - Credit risk exposed and credit risk mitigation (CRM) methods**

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

Prior Period	a	b	c	d	e	f
	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
<b>Risk classifications</b>						
1 Exposures to central governments or central banks	55.303.755	328.419	61.072.506	1.566.706	9.541.857	15,23%
2 Exposures to regional governments or local authorities	2.854.670	19.419	2.854.185	8.672	1.431.429	50,00%
3 Exposures to public sector entities	--	--	--	--	--	0,00%
4 Exposures to multilateral development banks	--	--	--	--	--	0,00%
5 Exposures to international organisations	--	--	--	--	--	0,00%
6 Exposures to institutions	8.553.800	3.259.180	8.553.801	2.802.113	4.588.119	40,40%
7 Exposures to corporates	75.796.968	35.768.773	65.782.805	18.334.121	84.103.970	99,98%
8 Retail exposures	45.665.919	41.089.329	42.379.978	2.882.236	34.055.865	75,24%
9 Exposures secured by residential property	3.271.746	405.811	3.055.989	186.190	1.134.762	35,00%
10 Exposures secured by commercial real estate	13.813.800	2.116.627	12.998.527	1.230.475	8.419.439	59,17%
11 Past-due loans	5.594.926	368.386	5.580.339	150.523	6.249.832	109,06%
12 Higher-risk categories by the Agency Board	22.102	--	22.043	--	19.844	90,02%
13 Exposures in the form of covered bonds	--	--	--	--	--	0,00%
14 Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	0,00%
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	6.365	--	6.365	6.365	100,00%
16 Other assets	6.975.102	--	6.975.102	--	4.993.720	71,59%
17 Investments in equities	840.146	--	840.146	--	840.146	100,00%
<b>18 Total</b>	<b>218.692.934</b>	<b>83.362.309</b>	<b>210.115.421</b>	<b>27.167.401</b>	<b>155.385.348</b>	<b>65,49%</b>

**9. Standardised Approach - Exposures by risk classes and risk weights**

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

Prior Period		a	b	c	k	d	l	e	f	g	h	i	j
Risk Weight	Classifications/Risk	0%	10%	20%	35% Secured with property mortgage	50% Secured with property mortgage	50%	75%	100%	150%	200%	Others	Total risk exposure (after CCF and CRM )
1	Exposures to central governments or central banks	52.178.610	--	903.871	--	--	391.290	--	9.165.441	--	--	--	62.639.212
2	Exposures to regional governments or local authorities	--	--	--	--	--	2.862.857	--	--	--	--	--	2.862.857
3	Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to institutions	--	--	6.181.386	--	--	3.645.372	--	1.529.156	--	--	--	11.355.914
7	Exposures to corporates	--	--	16.195	--	--	--	--	84.100.731	--	--	--	84.116.926
8	Retail exposures	--	--	--	--	--	--	44.825.394	436.820	--	--	--	45.262.214
9	Exposures secured by residential property	--	--	--	3.242.179	--	--	--	--	--	--	--	3.242.179
10	Exposures secured by commercial real estate	--	--	--	--	11.619.128	--	--	2.609.874	--	--	--	14.229.002
11	Past-due loans	--	--	--	--	--	1.323.105	--	2.046.714	2.361.043	--	--	5.730.862
12	Higher-risk categories by the Agency Board	--	--	--	--	--	4.764	--	16.913	366	--	--	22.043
13	Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--	--
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	--	6.365	--	--	--	6.365
16	Investments in equities	--	--	--	--	--	--	--	840.146	--	--	--	840.146
17	Other assets	1.923.244	--	72.650	--	--	--	74	4.979.134	--	--	--	6.975.102
<b>18</b>	<b>Total</b>	<b>54.101.854</b>	<b>--</b>	<b>7.174.102</b>	<b>3.242.179</b>	<b>11.619.128</b>	<b>8.227.388</b>	<b>44.825.468</b>	<b>105.731.294</b>	<b>2.361.409</b>	<b>--</b>	<b>--</b>	<b>237.282.822</b>

**d. Counterparty credit risk**

**1. Explanations related to counterparty credit risk (CCR)**

Policies regarding counterparty risk management are determined by the Board of Directors in accordance with the Turkish Banking Legislation, regulations of the Banking Regulation and Supervision Authority and the Board of Directors in a way to comply with international standards.

Counterparty credit risk includes derivative financial products and repo transactions. Counterparties have been separated to segments as; financial institutions, corporate-commercial customers, SME-Micro-Golden-Agriculture customers and individual customers. For the determination of the products and services to be presented to the customers, a "Compliance Test" is applied according to the product information, financial status and the transaction frequency of the customer. For customers that are classified as professional, there is no need to make a Compliance Test.

Before the transactions to be made with counterparties, the creditworthiness of the counterparty is analysed and are re-evaluated with regular intervals. Limits are determined separately for counterparties as separate and as a group for those under the same risk group. Limits are approved in the relevant credit committees according to the segments of the counterparties. Revision of the limits are made at least once a year. Where necessary, the approved limits are suspended with the approval of the Credit Committee/Credit Allocation Department.

Risk monitoring of the transactions with the scope of CCR are made according to the type, maturity and currency of the transaction, by monitoring the potential risk calculated by multiplying the changing rates by the nominal amount of the transaction and the current risk calculated through the daily valuation method. In transactions made with financial institutions, the risk mitigation methods under international agreements such as ISDA, CSA, GMRA and EMA signed with the counterparty are used. For other counterparties, collateral adequacy ratios are monitored daily within the scope of the Bank's existing credit policies and procedures and the risk mitigation is carried out through additional collateral and margin completion where necessary. The margins to be used in the collateral agreements are reviewed regularly. Margins are determined according to the volatility and liquidity of the collateral received. The risks of the transactions that are subjected to bilateral settlement agreements and that are settles are tracked together. In the event of a decrease in the credit rating note of the bank, the bank's obligation to provide additional collateral must be tracked.

**2. Analysis of counterparty credit risk exposed by measurement approaches**

			a	b	c	d	e	f
Current Period			Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1	Standardised Approach	(for derivatives) (*)	3.048.886	1.099.448		-	4.105.763	2.363.688
2	Internal Model Method	(for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			--	--	--	--
3	Simple Approach for credit risk mitigation	(for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
4	Comprehensive Approach for credit risk mitigation	(for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					1.698.517	339.295
5	VaR for	for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
<b>6</b>	<b>Total</b>							<b>2.702.983</b>

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

			a	b	c	d	e	f
Prior Period			Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1	Standardised Approach	(for derivatives) (*)	1.603.659	934.221		-	2.487.544	1.308.837
2	Internal Model Method	(for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			--	--	--	--
3	Simple Approach for credit risk mitigation	(for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
4	Comprehensive Approach for credit risk mitigation	(for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					131.292	26.258
5	VaR for	for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
<b>6</b>	<b>Total</b>							<b>1.335.095</b>

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

**3. Capital requirement for credit valuation adjustment (CVA)**

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

	a	b
Prior Period	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 Value at Risk (VaR) component (including the 3×multiplier)	--	--
2 Stressed VaR component (including the 3×multiplier)	--	--
3 All portfolios subject to the Standardised CVA capital charge	2.487.544	760.324
<b>4 Total subject to the CVA capital charge</b>	<b>2.487.544</b>	<b>760.324</b>

**4. Standard approach - Counterparty credit risk by risk classes and risk weights**

Current Period	a	b	c	d	e	f	g	h	i
Risk Weights / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Claims from central governments and central banks	170.026	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	2.918.723	1.111.939	--	--	--	--	1.139.714
Corporates	--	--	--	--	--	1.441.189	--	--	1.441.189
Retail portfolios	--	--	--	--	161.292	--	--	--	120.969
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	1.111	--	--	1.111
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>170.026</b>	<b>--</b>	<b>2.918.723</b>	<b>1.111.939</b>	<b>161.292</b>	<b>1.442.300</b>	<b>--</b>	<b>--</b>	<b>2.702.983</b>

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

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

Prior Period	a	b	c	d	e	f	g	h	i
Risk Weights / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Claims from central governments and central banks	--	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	1.025.239	910.913	--	--	--	--	660.504
Corporates	--	--	--	--	--	643.949	--	--	643.949
Retail portfolios	--	--	--	--	32.369	--	--	--	24.277
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	6.365	--	--	6.365
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>--</b>	<b>--</b>	<b>1.025.239</b>	<b>910.913</b>	<b>32.369</b>	<b>650.314</b>	<b>--</b>	<b>--</b>	<b>1.335.095</b>

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

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

**5. Collaterals used for counterparty credit risk**

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

	a	b	c	d	e	f
	Guarantees of Derivative		Financial Instrument		Guarantees of Other Transactions	
	Received Guarantees		Given Guarantees		Received	Given
Prior Period	Appropriated	Unappropriated	Appropriated	Unappropriated	Guarantees	Guarantees
Cash-Domestic Currency	11.949	--	--	--	1.020.545	153.520
Cash-Foreign Currency	38.388	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	--	--
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
<b>Total</b>	<b>50.337</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.020.545</b>	<b>153.520</b>

**6. Credit derivatives**

None.

**7. Exposures to central counterparty (CCP)**

None.

**e. Securitization**

**1. Explanations on securitization positions**

None.

**2. Securitization positions in banking accounts**

None.

**3. Securitization positions in trading accounts**

None.

**4. Securitization positions in banking positions and capital requirements related to those - in which the Bank is the founder or the sponsor**

None.

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

None.

**f. Market Risk**

**1. Explanations on market risk**

Market risk refers to the risk arising from positions arising from trading transactions executed in financial markets and market movements that affect the value of these positions. Within the framework of financial risk management, in order to protect from market risk, market risk management activities were determined within the scope of "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process" and "Regulation on Measurement and Evaluation of Capital Adequacy of the Bank".

Risk policies and risk limits regarding the management of market risk have been approved by the Board of Directors. Strategies for trading activities in financial markets are created and implemented within this framework.

In the management of market risk, the principle of triple defense line is applied. While there is a first level responsibility for the management of the market risk regarding the position carried by the relevant Treasury units, the monitoring and control activities at the second level are carried out independently by the Risk Management and at the third level by the Inspection Board.

In order to measure and monitor market risk, risk measurement is done daily using the internal model. In this context, in addition to the value at risk calculations made using the parametric method, various risk indicators such as interest sensitivity and option sensitivities are followed, and risk calculations are supported by scenario analysis. Market risk measurement results and all monitored risk indicators are shared daily with relevant units and senior managers.

A limit structure consisting of various risk indicators has been established in order to control market risk. These limits include the risk limits set for the monitored risk indicators, as well as various position limits and stop loss limits. The upper level limits are determined by the Board of Directors. In addition, there are various limits set by the lower level Asset-Liability Committee. The risk indicators and limit uses are reported to the Audit Committee and the Asset-Liability Committee by the Risk Management unit.

In the calculation of capital adequacy, the measurement of market risk is made using the standard method. The standard method is a method whose calculation criteria are clearly determined by the BRSA and is calculated monthly. The calculation results are given in the table below. Positions subject to market risk measurements are determined by taking into account the definition of "Trading Accounts" in legal regulations.

**2. Standardised approach**

	Current Period RWA	Prior Period RWA
<b>Outright products</b>		
1 Interest rate risk (general and specific)	166.188	121.588
2 Equity risk (general and specific)	--	--
3 Foreign exchange risk	1.265.813	935.963
4 Commodity risk	1.501.787	192.799
<b>Options</b>		
5 Simplified approach	--	--
6 Delta-plus method	306.350	77.238
7 Scenario approach	--	--
8 Securitization	--	--
<b>9 Total</b>	<b>3.240.138</b>	<b>1.327.588</b>

**3. Information on market risk calculated as of month-ends during the period**

	Current Period: 31 December 2020		
	Average	Highest	Lowest
Interest Rate Risk	10.870	17.515	5.608
Stock Risk	--	--	--
Currency Risk	220.149	351.388	101.265
Commodity Risk	65.007	125.219	13.977
Settlement Risk	--	--	--
Option Risk	4.811	24.508	235
Counterparty Risk	--	--	--
<b>Total Risk Exposure Value</b>	<b>3.760.455</b>	<b>6.032.975</b>	<b>1.720.063</b>



	Prior Period: 31 December 2019		
	Average	Highest	Lowest
Interest Rate Risk	7.784	10.838	4.497
Stock Risk	--	--	--
Currency Risk	54.534	83.737	37.565
Commodity Risk	9.725	19.213	5.580
Settlement Risk	--	--	--
Option Risk	1.908	6.179	317
Counterparty Risk	--	--	--
<b>Total Risk Exposure Value</b>	<b>924.392</b>	<b>1.352.150</b>	<b>668.625</b>

**g. Operational risk**

**1. Explanations on operational risk calculation**

Principal amount subject to operational risk is calculated through using year-end gross income of 2019, 2018 and 2017 of DFS Group belonging to last 3 years via "Basic Indicators Approach" dated in accordance with "Communique on Measurement and Evaluation of Bank's Capital Adequacy" published on Official Gazette dated 23 October 2015 numbered 29511.

**2. Basic indicators approach**

	31/12/2017	31/12/2018	31/12/2019	Total/Positive Gf year number	Ratio(%)	Total
Gross Income	7.247.218	9.252.471	12.058.723	9.519.471	15	1.427.921
Amount Subject to Operational Risk						17.849.008

**IX. Explanations related to presentation of financial assets and liabilities at their fair value**

**a. Fair value calculations of financial assets and liabilities**

The fair value of financial assets measured at amortised cost are determined based on market prices, or when they are not available, based on market prices quoted for other securities subject to similar terms of interest, maturity and other conditions.

The estimated fair value of demand deposits represents the amount to be paid upon request. The fair value of overnight deposits and the variable rate placements represent the book value. The estimated fair value of the fixed interest deposits is calculated by finding the discounted cash flows using market interest rates applied to similar loans and other debts.

The fair value of the loans are calculated by the discounted cash flows using current market interest rates.

Estimated fair value of banks, funds obtained from other financial institutions, securities issued and deposits is calculated by finding the discounted cash flows using current market interest rates.

The following table summarizes the carrying value and fair value of financial assets and liabilities. The carrying value represents the sum of the acquisition costs and interest accruals of financial assets and liabilities.

	Book Value	Fair Value
	Current Period	Current Period
<b>Financial Assets</b>	<b>224.625.267</b>	<b>229.657.788</b>
Interbank Money Market Placements	1.763.207	1.763.207
Banks	11.715.414	11.616.039
Financial Assets at Fair Value Through Other Comprehensive Income	20.298.234	20.298.234
Financial Assets Measured at Amortised Cost	7.262.043	7.332.576
Loans	183.586.369	188.647.732
<b>Financial Liabilities</b>	<b>224.303.871</b>	<b>224.128.591</b>
Bank Deposits	17.252.064	17.254.467
Other Deposits	167.467.249	167.298.608
Interbank Money Market Borrowings	4.512.976	4.512.976
Funds Borrowed From Other Financial Institutions	25.985.554	26.108.732
Subordinated Loans	5.917.421	5.825.046
Securities Issued	3.168.607	3.128.762

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	<b>Book Value</b>	<b>Fair Value</b>
	<b>Prior Period</b>	<b>Prior Period</b>
<b>Financial Assets</b>	<b>182.088.907</b>	<b>187.112.503</b>
Interbank Money Market Placements	1.261.789	1.261.789
Banks	6.705.382	6.436.658
Financial Assets at Fair Value Through Other Comprehensive Income	14.174.570	14.174.570
Financial Assets Measured at Amortised Cost	6.773.054	6.730.693
Loans	153.174.112	158.508.793
<b>Financial Liabilities</b>	<b>185.107.686</b>	<b>184.926.584</b>
Bank Deposits	3.750.581	3.752.984
Other Deposits	154.458.603	154.289.962
Interbank Money Market Borrowings	459.048	459.048
Funds Borrowed From Other Financial Institutions	15.187.428	15.318.827
Subordinated Loans	7.037.253	6.944.878
Securities Issued	4.214.773	4.160.885

**b. Classification of fair value**

TFRS 7 sets classification of valuation techniques according to the inputs used in valuation techniques based on fair value calculations which are whether observable or not.

Fair value levels of financial assets and liabilities that are carried at fair value in DFS Group's financial statements are given below:

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss	304.465	--	--	<b>304.465</b>
Public Sector Debt Securities	78.047	--	--	<b>78.047</b>
Share Certificated	220.811	--	--	<b>220.811</b>
Other Securities	5.607	--	--	<b>5.607</b>
Derivative Financial Assets at Fair Value Through Profit or Loss	--	3.161.010	--	<b>3.161.010</b>
Financial Assets at Fair Value Through Other Comprehensive Income	20.297.457	--	--	<b>20.297.457</b>
Public Sector Debt Securities	19.540.092	--	--	<b>19.540.092</b>
Other Securities	757.365	--	--	<b>757.365</b>
Loans at Fair Value Through Profit or Loss	--	--	447.412	<b>447.412</b>
<b>Total Assets</b>	<b>20.601.922</b>	<b>3.161.010</b>	<b>447.412</b>	<b>24.210.344</b>
Derivative Financial Liabilities at Fair Value Through Profit or Loss	--	2.154.844	--	<b>2.154.844</b>
<b>Total Liabilities</b>	<b>--</b>	<b>2.154.844</b>	<b>--</b>	<b>2.154.844</b>

<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss	177.156	--	--	<b>177.156</b>
Public Sector Debt Securities	21.440	--	--	<b>21.440</b>
Share Certificated	153.516	--	--	<b>153.516</b>
Other Securities	2.200	--	--	<b>2.200</b>
Derivative Financial Assets at Fair Value Through Profit or Loss	--	1.662.763	--	<b>1.662.763</b>
Financial Assets at Fair Value Through Other Comprehensive Income	14.096.173	--	--	<b>14.096.173</b>
Public Sector Debt Securities	13.311.616	--	--	<b>13.311.616</b>
Other Securities	784.557	--	--	<b>784.557</b>
Loans at Fair Value Through Profit or Loss	--	--	329.100	<b>329.100</b>
<b>Total Assets</b>	<b>14.273.329</b>	<b>1.662.763</b>	<b>329.100</b>	<b>16.265.192</b>
Derivative Financial Liabilities at Fair Value Through Profit or Loss	--	880.875	--	<b>880.875</b>
<b>Total Liabilities</b>	<b>--</b>	<b>880.875</b>	<b>--</b>	<b>880.875</b>

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

**Level 3:** Inputs not based on observable market data regarding assets or liabilities

**Movement table of financial assets at level 3**

	<b>Current period</b>
Balance at the beginning of the period	329.100
Purchases	--
Amortisation/sales	--
Valuation differences	118.312
Transfers	--
<b>Balance at the end of the period</b>	<b>447.412</b>

Investment property of DFS Group and property held under tangible fixed assets that are recorded at fair value are classified as level 3.

**X. Explanations related to transactions carried out on behalf and account of other parties and fiduciary transactions**

**a. Whether the Group performs purchase, sales, custody, management and consultancy services on behalf and account of others, or not**

DFS Group performs purchase, sales, custody, management and consultancy services on behalf and account of others.

**b. Whether there are transactions with other financial institutions within the scope of fiduciary transaction contracts and whether there are financial services provided directly within this scope; whether such services are likely to significantly affect the Bank's financial status**

There are no fiduciary transaction contracts.

**XI. Explanations related to hedging transactions**

**a. Net investment risk**

DFS Group applies net investment hedge strategy to hedge against the currency risk arising on a consolidated basis from the net investments amounting to a total of Euro 1.639 million and US Dollar 7 million of subsidiaries Denizbank AG and Eurodeniz. A part consisting of the same amounts of its foreign currency deposit of the Group has been defined as "hedging instrument". The effective part of the change in value of the foreign currency deposit arising from change in exchange rate has been recognised as "hedging funds" under equity.

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

Total abroad net investment hedging funds recognised under equity is amounting to TL (7.359.195) as of 31 December 2020 (31 December 2019: TL (4.039.191)).

**b. Cash flow risk**

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

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

Profit/ (loss) after tax TL (29.139) which is accounted under shareholders' equity as cash flow hedge accounting as of 31 December 2020 (31 December 2019: TL (23.227)).

## **XII. Explanations related to the consolidated segment reporting**

DFS Group operates in four main areas; wholesale banking, SME and agricultural banking, retail banking, and treasury.

Wholesale banking provides financial solutions and banking services to large-scale national and international corporate and commercial customers. Short and long term business loans, investment loans, financial and operational leasing services and factoring loan products, non-cash loans, foreign exchange purchase-sales, foreign trade financing, project financing, structured financing, corporate finance, deposits and cash management services are provided in order to meet the needs of customers for investment, working capital and projects.

Within the scope of retail banking, loan products (consumer, mortgage, vehicle, workplace, tractor, agricultural equipment and investment loans), credit cards with different features, producer cards, investment products (mutual funds, stocks, treasury bills/government bonds, repurchase), deposit products (demand, term, protected), insurance products as well as financial and operational leasing services and factoring loan products are provided to SME and agricultural customers. Alternative distribution channels allow customers to meet their banking needs without the need to physically visit the branches. Among products that meet every day needs of customers are overdraft loans, automated bill payment, chequebooks and rental safes.

Treasury covers the Group's short, medium and long-term price strategies and maturity nonconformities, as well as spot and forward TL and foreign exchange trading, treasury bills, bonds and other domestic and international securities trading and derivative products. Bank also performs activities to provide medium and long-term funding, diversification of funding sources and establishment of an international investor base in this field.

Information on business segments has been prepared in accordance with the data provided from the Parent Bank's Management Reporting System and the previous period information has been revised on the same basis.

Information on business segments are presented in the following tables:

<b>Current Period (01/01/2020-31/12/2020)</b>	<b>Wholesale Banking</b>	<b>SME &amp; Agricultural Banking</b>	<b>Retail Banking</b>	<b>Treasury &amp; Other</b>	<b>Total</b>
Net interest income	2.533.437	1.980.139	1.980.863	4.478.220	<b>10.972.659</b>
Net fees and commission income	495.549	1.407.512	1.115.369	34.601	<b>3.053.031</b>
Other income/loss, net	284.530	144.587	(3.585)	618.849	<b>1.044.381</b>
<b>Total segment income</b>	<b>3.313.516</b>	<b>3.532.238</b>	<b>3.092.647</b>	<b>5.131.670</b>	<b>15.070.071</b>
Other operational expenses (*)	(798.732)	(1.601.971)	(2.064.661)	(605.778)	<b>(5.071.142)</b>
Provisions for expected credit loss and other provisions	(4.503.899)	(2.364.566)	(294.553)	(473.133)	<b>(7.636.151)</b>
Taxation					<b>(496.986)</b>
<b>Net profit from continuing operations</b>	<b>(1.989.115)</b>	<b>(434.299)</b>	<b>733.433</b>	<b>4.052.759</b>	<b>1.865.792</b>
Net profit from discontinued operations					<b>-</b>
<b>Net profit for the period</b>	<b>(1.989.115)</b>	<b>(434.299)</b>	<b>733.433</b>	<b>4.052.759</b>	<b>1.865.792</b>
<b>Current Period (31/12/2020)</b>					
Segment assets	91.159.787	45.958.234	30.088.381	85.059.293	<b>252.265.695</b>
Subsidiaries and associates					<b>831.013</b>
Undistributed assets					<b>10.863.940</b>
<b>Total assets</b>					<b>263.960.648</b>
Segment liabilities	30.171.668	31.179.926	62.262.846	105.764.268	<b>229.378.708</b>
Undistributed liabilities					<b>11.554.505</b>
Equity					<b>23.027.435</b>
<b>Total liabilities and shareholders' equity</b>					<b>263.960.648</b>

(\*) It also includes personnel expenses.

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<b>Prior Period (01/01/2019-31/12/2019)</b>	<b>Wholesale Banking</b>	<b>Agricultural Banking</b>	<b>SME &amp; Banking</b>	<b>Retail Banking</b>	<b>Treasury &amp; Other</b>	<b>Total</b>
Net interest income	2.183.594	2.062.355	1.768.797	2.379.997		<b>8.394.743</b>
Net fees and commission income	504.415	1.823.209	1.459.380	(40.961)		<b>3.746.043</b>
Other income/loss, net	362.647	244.970	42.957	(585.891)		<b>64.683</b>
<b>Total segment income</b>	<b>3.050.656</b>	<b>4.130.534</b>	<b>3.271.134</b>	<b>1.753.145</b>		<b>12.205.469</b>
Other operational expenses (*)	(706.591)	(1.444.902)	(1.943.175)	(156.235)		<b>(4.250.903)</b>
Provisions for expected credit loss and other provisions	(3.701.858)	(1.693.691)	(696.495)	(147.105)		<b>(6.239.149)</b>
Taxation						<b>(407.101)</b>
<b>Net profit from continuing operations</b>	<b>(1.357.793)</b>	<b>991.941</b>	<b>631.464</b>	<b>1.449.805</b>		<b>1.308.316</b>
Net profit from discontinued operations						<b>-</b>
<b>Net profit for the period</b>	<b>(1.357.793)</b>	<b>991.941</b>	<b>631.464</b>	<b>1.449.805</b>		<b>1.308.316</b>
<b>Prior Period (31/12/2019)</b>						
Segment assets	80.583.031	40.588.749	21.543.600	66.820.127		<b>209.535.507</b>
Subsidiaries and associates						<b>762.204</b>
Undistributed assets						<b>7.016.362</b>
<b>Total assets</b>						<b>217.314.073</b>
Segment liabilities	35.860.825	25.489.402	51.274.877	75.839.785		<b>188.464.889</b>
Undistributed liabilities						<b>11.100.272</b>
Equity						<b>17.748.912</b>
<b>Total liabilities and shareholders' equity</b>						<b>217.314.073</b>

(\*) 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	591.769	961.480	767.318	978.519
Central Bank of the Republic of Turkey	1.660.939	19.522.982	763.291	14.338.788
Other (*)	--	17.292.748	--	18.823.937
<b>Total</b>	<b>2.252.708</b>	<b>37.777.210</b>	<b>1.530.609</b>	<b>34.141.244</b>

(\*) This includes the balances of foreign subsidiaries in foreign central banks subject to consolidation.

##### **2. Information on balances with the Central Bank of the Republic of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1.636.327	7.467.293	762.933	5.023.346
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	24.612	12.055.689	358	9.315.442
<b>Total</b>	<b>1.660.939</b>	<b>19.522.982</b>	<b>763.291</b>	<b>14.338.788</b>

##### **3. Explanations on reserve requirements**

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

As of 31 December 2020, all banks operating in Turkey should provide a reserve in a range of 1% to 6% (31 December 2019: between 1% and 7%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 5% to 22% (31 December 2019: between 5% and 21%) in US Dollars or standard gold for their liabilities in foreign currencies.

According to the principles of communiqué No. 2019/19 dated 9 December 2019, the CBRT pays interest to banks that provide credit growth for Turkish Lira reserve requirements. The interest income received from reserve requirements of the Parent Bank with the CBRT is amounting to TL 29.693 (1 January - 31 December 2019: TL 145.307). The related interest income recognised under "Interest on Reserve Requirements".

##### **4. Information on Banks**

##### **(i) Information on Banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	506.227	20.427	1.903.090	24.946
Foreign	460	11.188.300	386	4.776.960
Foreign head offices and branches	--	--	--	--
<b>Total</b>	<b>506.687</b>	<b>11.208.727</b>	<b>1.903.476</b>	<b>4.801.906</b>

##### **(ii) Information on foreign banks**

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	4.163.595	881.723	--	--
USA, Canada	1.613.634	1.348.588	--	--
OECD Countries(*)	510.153	27.458	--	--
Off shore zones	320	369	--	--
Other	4.901.058	2.519.208	--	--
<b>Total</b>	<b>11.188.760</b>	<b>4.777.346</b>	<b>--</b>	<b>--</b>

(\*) OECD countries except for EU countries, USA and Canada.

**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	5.156	--	17.075	--
Other	--	--	--	--
<b>Total</b>	<b>5.156</b>	<b>--</b>	<b>17.075</b>	<b>--</b>

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

None.

**3. Other financial assets**

Within the context of the existing loan agreements, all creditors including the Parent Bank have reached an agreement on restructuring the loans granted to a company operating in telecommunication sector and shares owned by the company, representing 55% of its issued share capital corresponding to shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors on 21 December 2018. As a result of the transfer of this liability, the risk balance amounting to TL 237.211 has been derecognised from the balance sheet and the Bank's credit receivable carried at fair value under other financial assets amounted to TL 447.412 (31 December 2019: TL 329.100).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	90.016	207.034	9.723	19.262
Swap Transactions	1.103.455	1.711.690	975.844	616.518
Futures Transactions	--	--	--	--
Options	2.348	46.467	333	41.083
Other	--	--	--	--
<b>Total</b>	<b>1.195.819</b>	<b>1.965.191</b>	<b>985.900</b>	<b>676.863</b>

**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 İstanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank), for interbank money market, foreign exchange market and other transactions. These financial assets include government bonds and Eurobonds, and their total book value amounts to TL 2.287.509 (31 December 2019: TL 2.595.610).

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

<i>Given as collateral or blocked</i>	<b>Current Period</b>		<b>Prior Period</b>	
<i>Financial assets at fair value through other comprehensive income</i>	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Share Certificates	--	--	--	--
Bills, Bonds and Similar Securities	1.413.426	874.083	231.875	2.363.735
Other	--	--	--	--
<b>Total</b>	<b>1.413.426</b>	<b>874.083</b>	<b>231.875</b>	<b>2.363.735</b>

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

<i>Subject to repurchase agreements</i>	<b>Current Period</b>		<b>Prior Period</b>	
<i>Financial assets at fair value through other comprehensive income</i>	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Government Bonds	49.224	2.699.928	78.017	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bank Bills and Bank Guaranteed Bills	--	--	--	223.647
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>49.224</b>	<b>2.699.928</b>	<b>78.017</b>	<b>223.647</b>

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

<i>Financial assets at fair value through other comprehensive income</i>	<b>Current Period</b>	<b>Prior Period</b>
<b>Debt Securities</b>	<b>20.297.457</b>	<b>14.096.173</b>
Quoted on Stock Exchange (*)	20.297.457	14.096.173
Unquoted on Stock Exchange	--	--
<b>Share Certificates</b>	<b>777</b>	<b>78.397</b>
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange (**)	777	78.397
<b>Impairment Provisions (-)</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>20.298.234</b>	<b>14.174.570</b>

(\*) 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**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
<b>Direct Loans Granted to Shareholders</b>	<b>--</b>	<b>4.963</b>	<b>--</b>	<b>4.963</b>
Corporate Shareholders	--	4.963	--	4.963
Individual Shareholders	--	--	--	--
<b>Indirect Loans Granted to Shareholders</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Loans Granted to Employees</b>	<b>78.025</b>	<b>216</b>	<b>73.757</b>	<b>216</b>
<b>Total</b>	<b>78.025</b>	<b>5.179</b>	<b>73.757</b>	<b>5.179</b>

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

<b>Cash loans (*) (**)</b>	<b>Standard Loans</b>	<b>Loans Under Close Monitoring</b>		
		<b>Not included in restructured loans</b>	<b>Restructured Loans</b>	
			<b>Changes in conditions of contract</b>	<b>Refinancing</b>
<b>Non-specialized loans</b>	<b>126.049.640</b>	<b>14.046.186</b>	<b>6.820.406</b>	<b>3.273.802</b>
Corporate loans	34.723.227	2.027.105	2.324.043	562.340
Export loans	3.009.961	620.719	--	132.693
Import loans	--	--	--	--
Commercial loans	1.116.216	--	--	--
Consumer loans	19.772.286	1.954.942	667.954	242.044
Credit cards	11.367.706	629.501	305.210	69.617
Others	56.060.244	8.813.919	3.523.199	2.267.108
<b>Specialized loans</b>	<b>10.372.139</b>	<b>1.475.893</b>	<b>419.134</b>	<b>2.145.278</b>
<b>Other receivables</b>	<b>4.265.919</b>	<b>823.093</b>	<b>1.001.358</b>	<b>--</b>
<b>Total</b>	<b>140.687.698</b>	<b>16.345.172</b>	<b>8.240.898</b>	<b>5.419.080</b>

(\*) It includes loans measured at amortised cost.

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



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Stage 1 and Stage 2 Provisions for Expected Credit Loss	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12-Month provision for expected credit loss	1.469.685	--	1.258.205	--
Significant increase in credit risk	--	6.306.466	--	3.192.042
<b>Total</b>	<b>1.469.685</b>	<b>6.306.466</b>	<b>1.258.205</b>	<b>3.192.042</b>

**3. Distribution of cash loans according to maturity structure**

	Standard Loans	Loans Under Close Monitoring	
		Not Restructured	Restructured
Short-Term Loans	34.182.388	3.412.341	1.424.260
Medium and Long-Term Loans	106.505.310	12.932.831	12.235.718
<b>Total</b>	<b>140.687.698</b>	<b>16.345.172</b>	<b>13.659.978</b>

**4. Information on consumer loans, individual credit cards and personnel credit cards**

	Short Term	Medium or Long Term	Total
<b>Consumer Loans-TL</b>	<b>753.010</b>	<b>20.099.819</b>	<b>20.852.829</b>
Real estate Loans	3.217	2.002.371	2.005.588
Vehicle Loans	426	60.991	61.417
General Purpose Loans	749.367	18.036.100	18.785.467
Other	--	357	357
<b>Consumer Loans-Indexed to FC</b>	<b>--</b>	<b>9.405</b>	<b>9.405</b>
Real estate Loans	--	8.831	8.831
Vehicle Loans	--	--	--
General Purpose Loans	--	574	574
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>--</b>	<b>70.409</b>	<b>70.409</b>
Real estate Loans	--	1.934	1.934
Vehicle Loans	--	--	--
General Purpose Loans	--	165	165
Other	--	68.310	68.310
<b>Individual Credit Cards-TL</b>	<b>8.702.769</b>	<b>691.969</b>	<b>9.394.738</b>
Installment	4.111.715	691.969	4.803.684
Non installment	4.591.054	--	4.591.054
<b>Individual Credit Cards-FC</b>	<b>183</b>	<b>--</b>	<b>183</b>
Installment	--	--	--
Non installment	183	--	183
<b>Loans Given to Employees-TL</b>	<b>5.491</b>	<b>38.513</b>	<b>44.004</b>
Real estate Loans	--	805	805
Vehicle Loans	--	--	--
General Purpose Loans	5.491	37.708	43.199
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>55</b>	<b>175</b>	<b>230</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	55	--	55
Other	--	175	175
<b>Personnel Credit Cards - TL</b>	<b>31.394</b>	<b>351</b>	<b>31.745</b>
Installment	12.409	351	12.760
Non installment	18.985	--	18.985
<b>Personnel Credit Cards - FC</b>	<b>3</b>	<b>--</b>	<b>3</b>
Installment	--	--	--
Non installment	3	--	3
<b>Overdraft Loans-TL (Real Persons) (*)</b>	<b>1.656.590</b>	<b>--</b>	<b>1.656.590</b>
<b>Overdraft Loans-FC (Real Persons)</b>	<b>3.759</b>	<b>--</b>	<b>3.759</b>
<b>Total</b>	<b>11.153.254</b>	<b>20.910.641</b>	<b>32.063.895</b>

(\*) The overdraft account used by the personnel of the Parent Bank amounts to TL 2.043 (31 December 2019: TL 1.844).

**5. Information on commercial installment loans and corporate credit cards**

	Short Term	Medium or Long Term	Total
<b>Installment Commercial Loans - TL</b>	<b>2.081.141</b>	<b>16.185.690</b>	<b>18.266.831</b>
Real estate Loans	--	72.257	72.257
Vehicle Loans	5.559	207.959	213.518
General Purpose Loans	2.075.582	15.861.340	17.936.922
Other	--	44.134	44.134
<b>Installment Commercial Loans - Indexed to FC</b>	<b>--</b>	<b>575.372</b>	<b>575.372</b>
Real estate Loans	--	2.044	2.044
Vehicle Loans	--	8.056	8.056
General Purpose Loans	--	565.272	565.272
Other	--	--	--
<b>Installment Commercial Loans - FC</b>	<b>4.389.788</b>	<b>41.746.675</b>	<b>46.136.463</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	72.802	4.239.629	4.312.431
Other	4.316.986	37.507.046	41.824.032
<b>Corporate Credit Cards - TL</b>	<b>2.813.405</b>	<b>131.934</b>	<b>2.945.339</b>
Installment	1.029.094	131.934	1.161.028
Non installment	1.784.311	--	1.784.311
<b>Corporate Credit Cards - FC</b>	<b>26</b>	<b>--</b>	<b>26</b>
Installment	--	--	--
Non installment	26	--	26
<b>Overdraft Loans-TL (Legal Entities)</b>	<b>1.559.124</b>	<b>--</b>	<b>1.559.124</b>
<b>Overdraft Loans-FC (Legal Entities)</b>	<b>2.393</b>	<b>--</b>	<b>2.393</b>
<b>Total</b>	<b>10.845.877</b>	<b>58.639.671</b>	<b>69.485.548</b>

**6. Distribution of loans according to user**

	Current Period	Prior Period
Public	5.721.972	4.139.126
Private	164.970.876	137.479.396
<b>Total</b>	<b>170.692.848</b>	<b>141.618.522</b>

**7. Distribution of domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	147.364.421	116.134.195
Foreign Loans	23.328.427	25.484.327
<b>Total</b>	<b>170.692.848</b>	<b>141.618.522</b>

**8. Loans granted to subsidiaries and associates**

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	--	--
Indirect loans granted to subsidiaries and associates	--	--
<b>Total</b>	<b>--</b>	<b>--</b>

**9. Specific provisions for loans or provisions for stage 3 loans**

	Current Period	Prior Period
<b>Provisions related to loans or credit impaired lossess (stage 3)</b>		
Loans with Limited Collectability	762.722	1.930.413
Loans with Doubtful Collectability	2.363.814	1.237.429
Uncollectible Loans	5.401.118	2.770.417
<b>Total</b>	<b>8.527.654</b>	<b>5.938.259</b>

**10. Information on non-performing loans (Net)**

(i) Information on non-performing loans and restructured loans by the Group

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period</b>	<b>41.318</b>	<b>40.573</b>	<b>838.128</b>
(Gross amounts before the provisions)			
Restructured loans	41.318	40.573	838.128
<b>Prior Period</b>	<b>79.694</b>	<b>577.336</b>	<b>396.384</b>
(Gross amounts before the provisions)			
Restructured loans	79.694	577.336	396.384

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
<b>Balances at Beginning of Period</b>	<b>4.830.346</b>	<b>2.571.142</b>	<b>4.154.102</b>
Additions (+)	3.263.829	2.470.879	1.394.510
Transfers from Other Categories of Non-Performing Loans (+)	--	6.338.706	5.910.014
Transfers from Other Categories of Non-Performing Loans (-)	6.338.706	5.910.014	--
Collections (-)	537.471	1.887.935	1.443.279
Write-offs (-)(*)	--	--	1.922.602
Sales (-)	--	--	--
Corporate and Commercial Loans	--	--	--
Retail Loans	--	--	--
Credit Cards	--	--	--
Other	--	--	--
<b>Balances at End of the Period</b>	<b>1.217.998</b>	<b>3.582.778</b>	<b>8.092.745</b>
Specific Provisions (-)	762.722	2.363.814	5.401.118
<b>Net Balance on Balance Sheet</b>	<b>455.276</b>	<b>1.218.964</b>	<b>2.691.627</b>

(\*) As of 31 December 2020, in accordance with the Amendments to the Regulation published in the Official Gazette dated 27 November 2019 and numbered 30961 by the BRSA, the Parent Bank recovers the loans that are classified under the Fifth Group - Loans of Loss and are set aside due to the default of the debtor. Since the first reporting period following their classification in the fifth group, the part which does not have reasonable expectations can be deducted from the records within the scope of TFRS 9. In this context, loans amounting to TL 1.922.602 were deducted from the records. In accordance with the amendments made in the relevant Provisions Regulation within the period, the effect of the credits deducted from the record on the Bank's NPL ratio is 96 basis points.

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
<b>Current Period: 31 December 2020</b>			
Balance as of the Period End	754.040	2.473.158	2.181.072
Provisions (-)	421.503	1.810.019	1.334.041
<b>Net Balance on Balance Sheet</b>	<b>332.537</b>	<b>663.139</b>	<b>847.031</b>
<b>Prior Period: 31 December 2019</b>			
Balance as of the Period End	2.485.643	228.237	877
Provisions (-)	1.173.727	136.790	--
<b>Net Balance on Balance Sheet</b>	<b>1.311.916</b>	<b>91.447</b>	<b>877</b>

(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
<b>Current Period (Net): 31 December 2020</b>	<b>455.276</b>	<b>1.218.964</b>	<b>2.691.627</b>
Loans Granted to Real Persons and Legal Entities (Gross)	1.217.998	3.582.778	8.092.745
Provisions (-)	762.722	2.363.814	5.401.118
Loans Granted to Real Persons and Legal Entities (Net)	455.276	1.218.964	2.691.627
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan (Net)	--	--	--
<b>Prior Period (Net): 31 December 2019</b>	<b>2.899.932</b>	<b>1.333.714</b>	<b>1.383.685</b>
Loans Granted to Real Persons and Legal Entities (Gross)	4.830.345	2.364.924	4.154.102
Provisions (-)	1.930.413	1.109.808	2.770.417
Loans Granted to Real Persons and Legal Entities (Net)	2.899.932	1.255.117	1.383.685
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	206.218	--
Provisions (-)	--	127.621	--
Other Loan (Net)	--	78.597	--

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

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period (Net)</b>	<b>36.585</b>	<b>109.016</b>	<b>486.967</b>
Interest accruals and rediscount and valuation differences	89.683	264.107	1.447.590
Amount of provision (-)	53.098	155.091	960.623
<b>Prior Period (Net)</b>	<b>304.708</b>	<b>236.591</b>	<b>401.091</b>
Interest accruals and rediscount and valuation differences	497.537	394.049	769.321
Amount of provision (-)	192.829	157.458	368.230

#### 11. Outline of liquidation policy for uncollectible loans and other receivables

For uncollectible loans, first of all the Bank and the company try to reach an agreement; where these methods to not work and no results can be obtained from follow-up, all the procedures to be performed within the framework of legal legislation are carried out. These transactions last until the companies sign a pledge deficit document or a certificate of insolvency.

#### 12. Explanations on write-off policy

The general policy of the Bank is to write-off the receivables that are documented as not possible to be collected during the legal follow-up process.

Write-off policy:

In accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, the Parent Bank, in line with TFRS 9, may write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor, starting from the following reporting date that the loan is classified in group 5.

Write-off is only an accounting practice in accordance with the related change in the regulation and it does not result in giving up the right on the receivable.

The Bank uses the following indicators as to the absence of reasonable expectations regarding the collection of loans:

- For receivables subject to collective assessment,
  - ✓ Maximum attempts were made by the Bank regarding collection during the legal follow-up and remained inconclusive
  - ✓ Recovery horizon is reached
  - ✓ 100% provisioning is realised
- Certain data for those who will be subject to individual assessment that their collection ability has been completely lost as a result of customer analysis and interviews

Although the Bank has applied write-off, its policies for the loans that it follows are in line with the loans it actively pursues in terms of legal collection of borrowers, subjecting loans to the sale of non-performing loans and withdrawal decisions.

#### e. Information on financial assets measured at amortised cost

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

###### (i) Information on securities subject to repurchase agreement

Financial assets measured at amortised cost subject to repurchase agreement amounts to TL 3.141.841 (31 December 2019: TL 224.841).

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

Collateralized financial assets measured at amortised cost are government bonds, book value of which amounts to TL 1.774.043 (31 December 2019: TL 1.393.213).

**2. Information on government debt securities measured at amortised cost**

<i>Government debt securities measured at amortised cost</i>	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	7.262.043	6.773.054
Treasury Bills	--	--
Other Government Debt Securities	--	--
<b>Total</b>	<b>7.262.043</b>	<b>6.773.054</b>

**3. Information on financial assets measured at amortised cost**

<i>Financial assets measured at amortised cost</i>	<b>Current Period</b>	<b>Prior Period</b>
<b>Debt Securities</b>	<b>7.262.043</b>	<b>6.773.054</b>
Quoted on Stock Exchange	7.262.043	6.773.054
Unquoted on Stock Exchange	--	--
<b>Impairment provisions (-)</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>7.262.043</b>	<b>6.773.054</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the beginning of the period</b>	<b>6.773.054</b>	<b>6.239.810</b>
Foreign exchange differences in monetary assets (*)	857.182	533.244
Purchases during the year	--	--
Disposals by sale and redemption	(368.193)	--
<b>Impairment provisions (-)</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>7.262.043</b>	<b>6.773.054</b>

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

Parent Bank transferred its securities from "financial assets at fair value through other comprehensive income" portfolio, with a new cost amounting to TL 2.826.026 and USD 320.674 as of reclassification date, to the "financial assets measured at amortised cost" portfolio due to change in the intention of holding on 23 July 2013, 24 July 2013, 26 December 2013, 24 January 2014 and 1 November 2016.

**f. Information on investments in associates**

**1. Investments in unconsolidated associates**

<b>Title</b>	<b>Address (City/Country)</b>	<b>Share percentage of the Parent Bank(%)</b>	<b>Risk Group Share Percentage of the Parent Bank(%)</b>
1-Kredi Kayıt Bürosu A.Ş. <sup>(1)</sup>	Istanbul/Turkey	9	--
2-Kredi Garanti Fonu A.Ş. <sup>(2)</sup>	Ankara/Turkey	2	--
3-Ege Tarım Ürünleri Lisanslı Dep. A.Ş. <sup>(2)</sup>	İzmir/Turkey	9	--

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/(Loss)</b>	<b>Prior Period Profit/(Loss)</b>	<b>Fair Value</b>
1	411.660	265.464	213.605	3.531	--	48.549	26.579	--
2	586.812	463.692	23.597	57.601	--	55.708	64.893	--
3	15.257	14.163	8.133	549	--	2.461	1.729	--

<sup>(1)</sup> Information on the financial statements is presented as of the period ended 30 September 2020.

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

**2. Investments in consolidated associates**

There are no investments in consolidated associates.

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**g. Information on investments in subsidiaries**

**1. Information on shareholders' equity of major subsidiaries**

The Parent Bank does not need any capital requirement arising from its subsidiaries included in the consolidated capital adequacy standard ratio.

The amounts below are obtained from the financial data of 31 December 2020 prepared in accordance with the legislation to which Denizbank AG is subject to.

	<b>Denizbank AG</b>
Paid-in capital	2.113.464
Share premium	3.105.283
Reserves	9.443.469
Deductions from capital	10.849
<b>Total Common Equity</b>	<b>14.651.367</b>
Total additional Tier I capital	--
Deductions from capital	43.394
<b>Total Core Capital</b>	<b>14.607.973</b>
Total supplementary capital	222.878
<b>Capital</b>	<b>14.830.851</b>
Deductions from capital	--
<b>SHAREHOLDERS' EQUITY</b>	<b>14.830.851</b>

**2. Information on unconsolidated subsidiaries**

<b>Title</b>	<b>Address (City/Country)</b>	<b>Share percentage of the Parent Bank (%)</b>	<b>Share percentage of other shareholders (%)</b>
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

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/(Loss)</b>	<b>Prior Period Profit/(Loss)</b>	<b>Fair Value</b>
1	546.722	382.058	349.177	364	--	93.630	83.456	--
2	975	969	25	--	--	(117)	(87)	--
3	429	427	--	--	--	23	50	--
4	194	194	--	--	--	20	0	--
5	22.250	12.797	13.062	68	--	(6.050)	1.642	--

The financial statements of the above subsidiaries for the period ended on 31 December 2020 are not included in the consolidation since they are non-financial subsidiaries.

**3. Information on consolidated subsidiaries**

<b>Title</b>	<b>Address (City/Country)</b>	<b>Share percentage of the Parent Bank (%)</b>	<b>Share percentage of other shareholders (%)</b>	<b>Consolidation Method</b>
1 Denizbank AG	Vienna/Austria	100	--	Full consolidation
2 Eurodeniz International Banking Unit Ltd.	Nicosia / Cyprus	100	--	Full consolidation
3 Deniz Yatırım Menkul Kıymetler A.Ş.	Istanbul/Turkey	100	--	Full consolidation
4 JSC Denizbank Moskova	Moscow / Russia	49	51	Full consolidation
5 Deniz Portföy Yönetimi A.Ş.	Istanbul/Turkey	--	100	Full consolidation
6 Deniz Finansal Kiralama A.Ş.	Istanbul/Turkey	100	--	Full consolidation
7 Deniz Faktoring A.Ş.	Istanbul/Turkey	100	--	Full consolidation
8 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	--	76	Full consolidation
9 CR Erdberg Eins GmbH & Co KG	Vienna/Austria	--	100	Full consolidation
10 Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş.	Istanbul/Turkey	100	--	Full consolidation

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

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	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value	Capital requirement
1	77.490.679	15.451.057	166.524	2.292.527	111.183	268.342	651.883	--	--
2	922.060	53.885	42	5.329	--	864	213	--	--
3	1.101.858	830.938	19.875	51.147	--	240.559	110.782	--	--
4	2.441.163	686.308	14.076	113.920	19.320	62.141	55.622	--	--
5	39.907	33.836	3.359	972	30	14.215	9.845	--	--
6	3.234.585	632.233	452.153	255.624	2.529	(4.437)	(49.671)	--	--
7	2.649.070	403.507	12.739	231.070	3.000	21.867	2.465	--	--
8	946.335	374.287	6.553	617	--	9.355	12.003	--	--
9	298.007	258.882	231.557	4	--	1.112	726	--	--
10	5.600	5.211	14	591	--	(427)	(46)	--	--

Includes financial statement details subject to 31 December 2020 consolidation.

(i) Movement of consolidated subsidiaries during the period

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>3.411.274</b>	<b>3.265.326</b>
<b>Movements During the Period</b>	<b>249.415</b>	<b>145.948</b>
Purchases	76.727	--
Bonus Shares Received	--	--
Dividends from Current Year Profit	--	--
Sales (*)	(17.394)	(2.773)
Revaluation Increase, Effect of Inflation and F/X Difference	190.082	148.721
Other	--	--
Provision for Impairment	--	--
<b>Balance at the End of the Period</b>	<b>3.660.689</b>	<b>3.411.274</b>
<b>Capital Commitments</b>	<b>--</b>	<b>--</b>
<b>Share Percentage at the end of Period (%)</b>	<b>--</b>	<b>--</b>

(\*) Deniz Yatırım sold 9% of the shares with a cost of TL 17.394 (31 December 2019: TL 2.773) in Deniz GYO, which it owns 86% of total shares.

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

	Current Period	Prior Period
Banks	2.019.704	1.979.322
Insurance Companies	--	--
Factoring Companies	138.107	138.107
Leasing Companies	801.217	797.400
Finance Companies	--	--
Other Subsidiaries	701.661	496.445
<b>Total</b>	<b>3.660.689</b>	<b>3.411.274</b>

The balances of the consolidated subsidiaries mentioned in the above have been eliminated in the accompanying financial statements.

(iii) Quoted subsidiaries within the consolidation scope

	Current Period	Prior Period
Quoted on domestic markets	375.843	216.735
Quoted on foreign markets	--	--

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

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

**h. Information on jointly controlled entities (joint ventures)**

**1. Information on jointly controlled entities (joint ventures)**

Title	Share percentage of the Parent Bank (%)	Share percentage of the Group (%)	Current Assets	Non-Current Assets	Non-Current Liabilities	Income	Expenses
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33	33	113.710	47.576	25.018	215.676	(193.028)

Information on the unaudited financial statements is presented as of the period ended 31 December 2020.

**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	169.371	154.927	222.614	219.874
Between 1-4 years	925.974	681.780	1.948.182	1.430.915
Over 4 years	2.895.430	2.228.442	996.089	842.046
<b>Total</b>	<b>3.990.775</b>	<b>3.065.149</b>	<b>3.166.885</b>	<b>2.492.835</b>

(\*) Non-performing lease receivables of TL 175.676 are not included (31 December 2019: TL 217.746).

**2. Information on net investments in lease transactions**

	Current Period (*)	Prior Period (*)
Gross finance lease investment	3.990.775	3.166.885
Unearned finance income from finance lease (-)	925.626	674.050
Cancelled leasing amounts (-)	--	--
<b>Net investment on finance leases</b>	<b>3.065.149</b>	<b>2.492.835</b>

(\*) Non-performing lease receivables of TL 175.676 are not included (31 December 2019: TL 217.746).

**3. Information on operating lease**

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

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

As of 31 December 2020, the DFS Group's receivables which arise from its operational leasing agreements and will emerge in the future are distributed as follows by year:

	Current Period	Prior Period
Up to 1 year	8.016	7.177
Between 1-5 years	--	--
5 years and over	--	--
<b>Total</b>	<b>8.016</b>	<b>7.177</b>

**j. Explanation on derivative financial instruments for hedging purpose**

None.



**k. Information on tangible assets**

	Real Estate	Tangible Fixed Assets Retained With Financial Leasing	Vehicles	Other Tangible Fixed Assets	Tangible Fixed Assets Retained With Operational Leasing	Total
<b>Prior Period</b>						
Cost	239.490	156.150	373.256	768.854	1.365.387	2.903.137
Accumulated Depreciation	(48)	(148.412)	(39.183)	(199.814)	(863.514)	(1.250.971)
<b>Net Book Value</b>	<b>239.442</b>	<b>7.738</b>	<b>334.073</b>	<b>569.040</b>	<b>501.873</b>	<b>1.652.166</b>
<b>Current Period</b>						
Net Book Value at the Beginning of the Period	239.442	7.738	334.073	569.040	501.873	1.652.166
Changes In the Period (Net)	11.488	120.249	129.668	147.195	111.084	519.684
Depreciation Cost	(5.538)	(3.699)	(28.960)	(210.714)	(141.450)	(390.361)
Provision For Decrease In Value	--	--	--	--	--	--
FX Differences (Net)	61.486	--	(4)	21.430	17.192	100.104
Cost At the End of the Period	306.975	254.843	494.940	936.352	1.460.616	3.453.726
Accumulated Depreciation At the End of the Period	(97)	(130.555)	(60.163)	(409.401)	(971.917)	(1.572.133)
<b>Net Book Value At The End Of The Period</b>	<b>306.878</b>	<b>124.288</b>	<b>434.777</b>	<b>526.951</b>	<b>488.699</b>	<b>1.881.593</b>

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". The positive difference between the property values in the expertise reports prepared by the licensed appraisal companies and the net book value of the related properties is followed in the equity accounts and the negative differences are followed in the statement of profit or loss.

Revaluation difference amounting to TL 130.156 (31 December 2019: TL 97.571) is recognised under equity as a result of revaluation process, and impairment provision made in previous period for related properties amounting to TL 3.082 is cancelled.

**l. Information on intangible assets**

	Other	Goodwill	Total
<b>Prior Period</b>			
Cost	1.157.343	--	1.157.343
Accumulated Depreciation	(817.365)	--	(817.365)
<b>Net Book Value</b>	<b>339.978</b>	<b>--</b>	<b>339.978</b>
<b>Current Period</b>			
Net Book Value at the Beginning of the Period	339.978	--	339.978
Differences During the Period (Net)	259.916	--	259.916
Depreciation Cost	(186.758)	--	(186.758)
Provision For Decrease In Value	--	--	--
FX Differences (Net)	10.273	--	10.273
Cost At the End of the Period	1.452.061	--	1.452.061
Accumulated Depreciation At the End of the Period	(1.028.652)	--	(1.028.652)
<b>Net Book Value At The End Of The Period</b>	<b>423.409</b>	<b>--</b>	<b>423.409</b>

**m. Explanation on investment properties**

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

As of 31 December 2020, the DFS Group's investment properties amount to TL 355.990 (31 December 2019: TL 218.680) which are carried at fair value in the consolidated financial statements.

**n. Information on deferred tax asset**

Deferred tax asset calculated within the scope of related regulation amounts to TL 1.488.411 (31 December 2019: TL 1.045.345) and deferred tax liability amounts to TL 64.714 (31 December 2019: TL 82.099). The mentioned value has been calculated by netting off the deductible and taxable temporary differences as of the balance sheet date.

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The following table summarizes the distribution of deferred tax in terms of sources:

	<b>Current Period</b>	<b>Prior Period</b>
Miscellaneous Provisions	1.458.416	1.071.750
Provision for Employee Benefits	94.614	72.099
Unearned Revenue	63.552	73.548
Other	115.835	--
<b>Deferred Tax Assets</b>	<b>1.732.417</b>	<b>1.217.397</b>
Valuation Differences of Tangible Assets	(112.197)	(82.382)
Valuation Differences of Financial Assets	(103.632)	(18.531)
Valuation Differences of Derivatives	(92.891)	(79.937)
Other	--	(73.301)
<b>Deferred Tax Liabilities</b>	<b>(308.720)</b>	<b>(254.151)</b>
<b>Net Deferred Tax Assets</b>	<b>1.423.697</b>	<b>963.246</b>

(\*) Tax losses is mainly due to the valuation of financial instruments in accordance with the Tax Procedure Law in the calculation of the corporate tax.

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

None.

**p. Information on other assets**

**1. Information on prepaid expense, taxes and similar items**

DFS Group's total prepaid expenses are TL 932.372 (31 December 2019: TL 562.339).

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

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**II. Explanations and disclosures related to consolidated liabilities**

**a. Information on deposits**

**1. Information on maturity structure of deposits**

**Current period - 31 December 2020:**

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

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

**Prior period - 31 December 2019:**

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	3.934.947	--	4.389.874	25.765.464	519.328	366.814	820.791	6.163	35.803.381
Foreign Currency Deposits (*)	26.398.969	--	9.955.097	22.166.052	3.386.958	3.034.955	36.375.361	1.079	101.318.471
Residents in Turkey	10.252.438	--	8.410.938	20.297.378	2.633.835	787.597	3.530.498	1.079	45.913.763
Residents Abroad	16.146.531	--	1.544.159	1.868.674	753.123	2.247.358	32.844.863	--	55.404.708
Public Sector Deposits	937.627	--	44.196	42.630	35.061	215	2.327	--	1.062.056
Commercial Deposits	3.510.141	--	4.075.216	5.068.174	188.057	125.523	29.648	--	12.996.759
Other Ins. Deposits	133.076	--	229.374	555.587	295.664	160.317	41.255	--	1.415.273
Precious Metal Deposits	921.927	--	60.975	613.863	41.464	94.639	121.693	8.102	1.862.663
Bank Deposits	547.701	--	1.751.269	1.281.197	4.239	--	166.175	--	3.750.581
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	47.860	--	--	9.613	--	--	--	--	57.473
Foreign Banks	499.381	--	1.751.269	1.271.584	4.239	--	166.175	--	3.692.648
Special Finan. Inst.	460	--	--	--	--	--	--	--	460
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>36.384.388</b>	<b>--</b>	<b>20.506.001</b>	<b>55.492.967</b>	<b>4.470.771</b>	<b>3.782.463</b>	<b>37.557.250</b>	<b>15.344</b>	<b>158.209.184</b>

(\*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 69.299.214 and Commercial Deposit customers at the amount of TL 32.019.257.

**2. Information on deposit insurance**

**(i) Information on saving deposits under the guarantee of insurance and exceeding the limit of insurance**

Deposits owned by foreign subsidiaries in scope of consolidation are under insurance coverage according to legislations of countries in which they are located and are not included in following table.

	Saving Deposit Insurance Fund		Exceeding the Insurance Coverage Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	21.224.127	22.569.366	15.182.523	13.175.045
Foreign Currency Saving Deposits	13.245.617	8.297.097	28.154.787	19.243.489
Other Deposits in the form of Saving Deposits	--	--	--	--
Foreign Branches' Deposits under Foreign Authorities' Insurance	--	--	--	--
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	--	--	--	--
<b>Total</b>	<b>34.469.744</b>	<b>30.866.463</b>	<b>43.337.310</b>	<b>32.418.534</b>

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

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	137.627	146.033
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	--	--
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEO with Their Parents, Spouse and Children under Their Wardship	87.485	32.315
Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of 5237 Numbered Turkish Penal Code dated on 26/09/2004	--	--
Deposits belong to Off-Shore Banks which are established in Turkey	182	118.555
<b>Total</b>	<b>225.294</b>	<b>296.903</b>

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

**b. Information on derivative financial liabilities held for trading**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	18.511	179.672	2.596	44.302
Swap Transactions	247.272	1.649.392	185.658	579.256
Futures Transactions	--	--	--	--
Options	26.931	33.066	3	69.060
Other	--	--	--	--
<b>Total</b>	<b>292.714</b>	<b>1.862.130</b>	<b>188.257</b>	<b>692.618</b>

**c. Information on funds borrowed**

**1. Information on banks and other financial institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank Loans	--	--	--	--
Domestic Banks and Institutions	2.199.782	1.908.386	941.509	1.199.240
Foreign Banks, Institutions and Funds	200.050	21.677.336	15	13.046.664
<b>Total</b>	<b>2.399.832</b>	<b>23.585.722</b>	<b>941.524</b>	<b>14.245.904</b>

**2. Maturity information of funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	2.399.832	3.344.623	498.524	4.550.206
Medium and Long-Term	--	20.241.099	443.000	9.695.698
<b>Total</b>	<b>2.399.832</b>	<b>23.585.722</b>	<b>941.524</b>	<b>14.245.904</b>

**3. Additional explanations on the areas which the Group's liabilities are concentrated**

Deposits are the most important funding source of the Group and constitute 70% of total funding source (31 December 2019: 73%). Loans received, subordinated loans, debts to money markets and securities issued constitute 15% of total funding source (31 December 2019: 12%).

**d. Information on securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	620.081	175.315	309.397	279.296
Bills	1.921.607	451.604	3.626.080	--
Asset Backed Securities	--	--	--	--
<b>Total</b>	<b>2.541.688</b>	<b>626.919</b>	<b>3.935.477</b>	<b>279.296</b>

The Parent Bank has repurchased the securities it has issued amounting to TL 255.037 and netted them in its financial statements (31 December 2019: TL 472).

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

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

- f. **Information on lease liabilities**

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	247.759	141.311	229.812	120.316
Between 1-4 years	636.405	363.239	700.117	473.093
Over 4 years	153.585	106.276	34.055	25.193
<b>Total</b>	<b>1.037.749</b>	<b>610.826</b>	<b>963.984</b>	<b>618.602</b>

- g. **Information on derivative financial liabilities for hedging purpose**

None.

- h. **Explanation on provisions**

1. **Provision for foreign exchange differences on foreign currency indexed loans**

As of 31 December 2020, there is no provisions for foreign exchange differences on foreign currency indexed loans (31 December 2019: None). The amount of the provision for foreign exchange differences on foreign currency indexed loans are netted against loans and receivables under assets in the financial statements.

2. **Liabilities of provision for employee benefits**

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

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

	Current Period	Prior Period
Discount rate	4,16%	4,70%
Interest rate	12,70%	13,60%
Estimated rate of increase in salary/severance pay limit	8,20%	8,50%

As of 31 December 2020, TL 284.403 of provision for employee termination benefits (31 December 2019: TL 207.208) and TL 277.953 of unused vacation provisions and other rights (31 December 2019: TL 152.711) were reflected to the consolidated financial statements.

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

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>207.208</b>	<b>130.477</b>
Changes in the period	54.307	50.265
Actuarial loss/gain	53.581	56.716
Paid in the period	(33.596)	(29.573)
FX difference	2.903	(677)
<b>Balance at the End of the Period</b>	<b>284.403</b>	<b>207.208</b>

### 3. Information on other provisions

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

#### Current period:

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

#### Prior period:

TL 678.033 of other provisions represent stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 249.786 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 94.810 is the provisions for the litigations against the Bank and TL 475.178 includes other provisions.

### i. Explanations on tax liability

#### 1. Information on current tax liability

##### (i) Information on tax provision

As of 31 December 2020, the corporate tax provision of DFS Group amounts to TL 205.219 (31 December 2019: TL 158.057), and it has been offset with advance taxes amounting to TL 107.505 (31 December 2019: TL 150.466).

##### (ii) Information on tax liabilities

	Current Period	Prior Period
Corporate tax payables	97.714	7.591
Taxation on securities	57.249	107.718
Taxes on real estate capital gain	2.176	2.657
Banking Insurance Transaction Tax (BITT)	96.266	109.638
Taxes on foreign exchange transactions	7.854	3.999
Value added tax payables	32.291	13.726
Other	56.480	51.698
<b>Total</b>	<b>350.030</b>	<b>297.027</b>

##### (iii) Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	14.011	12.578
Social security premiums- employer share	15.524	13.876
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	1.136	842
Pension fund membership fees and provisions- employer share	1.391	1.030
Unemployment insurance- employee share	1.012	905
Unemployment insurance- employer share	1.934	1.737
Other	7.544	7.073
<b>Total</b>	<b>42.552</b>	<b>38.041</b>

#### 2. Information on deferred tax liability

Deferred tax liability calculated within the scope of the related regulations amounts to TL 64.714 (31 December 2019: TL 82.099). The detail of deferred tax is disclosed in Note "n" of explanations and disclosures related to consolidated assets.

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

None.

**k. Information on subordinated loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Debt Instruments subject to common equity</b>	--	--	--	--
Subordinated Loans	--	--	--	--
Subordinated Debt Instruments	--	--	--	--
<b>Debt Instruments subject to tier 2 equity</b>	--	5.917.421	--	7.037.253
Subordinated Loans	--	5.917.421	--	7.037.253
Subordinated Debt Instruments	--	--	--	--
<b>Total</b>	--	5.917.421	--	7.037.253

Information on subordinated loans is disclosed in Section Four, note I-b.

**I. Information on shareholders' equity**

**1. Representation of paid-in capital**

	Current Period	Prior Period
Share	5.696.100	3.316.100
Preferred Share	--	--

Paid-in capital of the Parent Bank is shown at nominal value.

**2. Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the upper limit of registered share capital**

The registered share capital system is not applied.

**3. Information on share capital increases and their sources and other information on any increase in capital shares during the current period**

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

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
3 February 2020	2.380.000	2.380.000	--	--

**4. Information on share capital increases from revaluation funds during the current period**

None.

**5. Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments**

The capital is totally paid in and there are no capital commitments.

**6. Prior period indicators of the Parent Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering uncertainty indicators**

Balance sheets of the entities under DFS Group are managed prudently, to minimize the negative effects of interest rate, foreign currency and credit risks. This policy contributes to the progress of DFS Group's profitability with a steady increasing trend.

**7. Summary information on the privileges given to stocks representing the capital**

The Parent Bank does not have any preferred stocks.

**8. Share premiums, shares and equity instruments**

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

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

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

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

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

**9. Information on marketable securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and JVs	450.880	--	778.053	--
Valuation Difference	(297.334)	487.214	(168.504)	81.208
FX Gain or Loss	--	--	--	--
<b>Total</b>	<b>153.546</b>	<b>487.214</b>	<b>609.549</b>	<b>81.208</b>

**10. Information on hedging funds**

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

**11. Explanations on minority shares**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>22.772</b>	<b>14.396</b>
Minority shares in net income of consolidated subsidiaries	7.449	5.603
Increase/(decrease) in minority shares due to disposals	--	2.773
Other	23.273	--
<b>Balance at the End of the Period</b>	<b>53.494</b>	<b>22.772</b>

**12. Explanations on revaluation differences of tangible fixed assets**

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". As a result of the revaluation made, the net revaluation difference after tax amounting to TL 116.964 has been accounted for in "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" under equities (31 December 2019: TL 91.740).

**13. Explanations on profit distribution**

At the Ordinary General Assembly Meeting held on 26 March 2020, according to the proposal of the Parent Bank's Board of Directors for profit distribution, TL 66.806 of the net profit for the period of 2019 amounting to TL 1.336.113 was allocated as legal reserves and the remaining TL 1.269.307 was allocated as extraordinary reserves.



### III. Explanations and disclosures related to consolidated off-balance sheet items

#### a. Explanation on liabilities in off-balance sheet accounts

##### 1. Type and amount of irrevocable loan commitments

All of DFS Group's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2020, loan granting commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 17.234.415, TL 32.617.301 and TL 2.226.643 respectively (31 December 2019: TL 13.726.695, TL 22.664.957 and TL 1.973.049 respectively). The details of these items are followed in the off-balance sheet accounts.

##### 2. Structure and amount of possible losses and commitments arising from off-balance sheet items

- (i) Non-cash loans including guarantees, bill of guarantee and acceptances of bank and other letters of credit and commitments which can be considered as financial collateral

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

As of 31 December 2019, DFS Group has letters of guarantee amounting to TL 26.397.744, bill of guarantee and acceptances amounting to TL 99.876, and guarantees and warranties on letters of credit amounting to TL 4.149.157 and other guarantees and warranties amounting to TL 3.826.284.

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

	Current Period	Prior Period
Provisional Letters of Guarantee	1.182.488	992.988
Final Letters of Guarantee	18.461.567	15.586.468
Letters of Guarantee for Advances	2.771.821	2.720.209
Letters of Guarantee given to Customs Offices	203.609	184.047
Other Letters of Guarantee	9.299.955	6.914.032
<b>Total</b>	<b>31.919.440</b>	<b>26.397.744</b>

##### 3. Information on non-cash loans

- (i) Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Obtaining Cash Loans	16.257.542	11.566.715
With Original Maturity of 1 Year or Less	16.034.674	11.072.182
With Original Maturity of More Than 1 Year	222.868	494.533
Other Non-Cash Loans	26.567.166	22.906.346
<b>Total</b>	<b>42.824.708</b>	<b>34.473.061</b>

- (ii) Information on risk concentration on sector basis within the non-cash loans account

	Current Period			
	TL	%	FC	%
<b>Agricultural</b>	<b>333.043</b>	<b>2,61</b>	<b>306.705</b>	<b>1,02</b>
Farming and Cattle	327.905	2,57	302.466	1,01
Forestry	410	--	649	--
Fishing	4.728	0,04	3.590	0,01
<b>Manufacturing</b>	<b>2.863.726</b>	<b>22,41</b>	<b>10.980.772</b>	<b>36,54</b>
Mining	120.158	0,94	318.573	1,06
Production	2.273.678	17,79	10.078.235	33,54
Electric, Gas, Water	469.890	3,68	583.964	1,94
<b>Construction</b>	<b>3.148.381</b>	<b>24,64</b>	<b>7.391.419</b>	<b>24,60</b>
<b>Services</b>	<b>4.585.418</b>	<b>35,89</b>	<b>8.037.690</b>	<b>26,75</b>
Wholesale and Retail Trade	2.714.290	21,24	4.766.419	15,86
Hotel and Restaurant Services	355.894	2,79	1.475.241	4,91
Transportation and telecommunication	763.719	5,98	1.069.368	3,56
Financial institutions	523.878	4,10	700.139	2,33
Real estate and letting services	26.791	0,21	2.066	0,01
Self-employment services	--	--	--	--
Education services	54.841	0,43	8.479	0,03
Health and social services	146.005	1,14	15.978	0,05
<b>Other</b>	<b>1.847.120</b>	<b>14,45</b>	<b>3.330.434</b>	<b>11,09</b>
<b>Total</b>	<b>12.777.688</b>	<b>100,00</b>	<b>30.047.020</b>	<b>100,00</b>

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	Prior Period			
	TL	%	FC	%
<b>Agricultural</b>	<b>207.896</b>	<b>1,95</b>	<b>195.670</b>	<b>0,82</b>
Farming and Cattle	204.143	1,92	193.513	0,81
Forestry	526	--	825	--
Fishing	3.227	0,03	1.332	0,01
<b>Manufacturing</b>	<b>1.918.887</b>	<b>18,09</b>	<b>9.673.093</b>	<b>40,54</b>
Mining	120.161	1,13	271.915	1,14
Production	1.457.215	13,74	8.726.831	36,57
Electric, Gas, Water	341.511	3,22	674.347	2,83
<b>Construction</b>	<b>2.820.480</b>	<b>26,59</b>	<b>6.616.965</b>	<b>27,73</b>
<b>Services</b>	<b>3.978.582</b>	<b>37,51</b>	<b>5.527.561</b>	<b>23,16</b>
Wholesale and Retail Trade	2.371.628	22,36	3.726.734	15,62
Hotel and Restaurant Services	397.768	3,75	1.050.700	4,40
Transportation and telecommunication	541.650	5,11	392.457	1,64
Financial institutions	430.343	4,06	333.735	1,40
Real estate and letting services	30.682	0,29	1.729	0,01
Self-employment services	--	--	--	--
Education services	48.142	0,45	7.177	0,03
Health and social services	158.369	1,49	15.029	0,06
<b>Other</b>	<b>1.681.059</b>	<b>15,86</b>	<b>1.852.868</b>	<b>7,75</b>
<b>Total</b>	<b>10.606.904</b>	<b>100,00</b>	<b>23.866.157</b>	<b>100,00</b>

(iii) Information about the non-cash loans classified first and second group

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	11.830.703	18.768.220	653.295	667.222
Bill of Guarantee and Acceptances	15.250	94.990	--	--
Letters of Credit	13.006	4.878.235	--	4.011
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Commitments	--	--	--	--
Other Commitments and Contingencies	265.434	5.584.202	--	50.140
<b>Total</b>	<b>12.124.393</b>	<b>29.325.647</b>	<b>653.295</b>	<b>721.373</b>

**b. Information related to derivative financial instruments**

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
<b>Hedging Purpose Derivative Transactions</b>						
<b>A. Total Hedging Purpose Derivative Transactions</b>	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
<b>Types of Trading Transactions</b>						
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>82.157.739</b>	<b>35.816.837</b>	<b>27.812.857</b>	<b>1.811.341</b>	--	<b>147.598.774</b>
Forward FC Call Transactions	2.576.522	4.576.059	2.888.645	203.467	--	10.244.693
Forward FC Pull Transactions	2.288.711	4.480.132	2.853.317	180.813	--	9.802.973
Swap FC Call Transactions	32.901.075	12.322.582	10.558.427	771.452	--	56.553.536
Swap FC Pull Transactions	38.518.951	12.332.603	10.371.971	648.190	--	61.871.715
Options FC Call Transactions	2.895.752	585.602	245.458	7.419	--	3.734.231
Options FC Pull Transactions	2.976.728	568.898	255.112	--	--	3.800.738
Futures FC Call Transactions	--	465.976	297.191	--	--	763.167
Futures FC Pull Transactions	--	484.985	342.736	--	--	827.721
<b>Total of Interest Derivative Transactions (II)</b>	<b>360.000</b>	<b>820.000</b>	<b>1.938.073</b>	<b>4.064.320</b>	<b>33.233.168</b>	<b>40.415.561</b>
Swap Interest Call Transactions	30.000	410.000	969.037	1.980.821	16.195.844	19.585.702
Swap Interest Pull Transactions	30.000	410.000	969.036	1.980.821	16.195.844	19.585.701
Options Interest Call Transactions	--	--	--	51.339	420.740	472.079
Options Interest Pull Transactions	300.000	--	--	51.339	420.740	772.079
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
<b>Other Types of Trading Transactions (III)</b>	<b>5.810.420</b>	<b>221.699</b>	<b>315.722</b>	<b>5.621</b>	--	<b>6.353.462</b>
<b>B. Total Types of Trading Transactions (I + II + III)</b>	<b>88.328.159</b>	<b>36.858.536</b>	<b>30.066.652</b>	<b>5.881.282</b>	<b>33.233.168</b>	<b>194.367.797</b>
<b>Total Derivatives Transactions (A+B)</b>	<b>88.328.159</b>	<b>36.858.536</b>	<b>30.066.652</b>	<b>5.881.282</b>	<b>33.233.168</b>	<b>194.367.797</b>

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Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
<b>Hedging Purpose Derivative Transactions</b>						
<b>A. Total Hedging Purpose Derivative Transactions</b>	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
<b>Types of Trading Transactions</b>						
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>56.895.282</b>	<b>15.857.138</b>	<b>28.114.322</b>	<b>2.348.773</b>	--	<b>103.215.515</b>
Forward FC Call Transactions	912.642	1.061.942	665.553	55.688	--	2.695.825
Forward FC Pull Transactions	899.228	1.074.144	681.167	60.108	--	2.714.647
Swap FC Call Transactions	25.383.918	5.810.975	12.351.527	1.318.042	--	44.864.462
Swap FC Pull Transactions	23.118.370	5.847.786	12.134.238	914.935	--	42.015.329
Options FC Call Transactions	3.268.627	1.011.708	1.110.178	--	--	5.390.513
Options FC Pull Transactions	3.312.497	1.050.449	1.052.429	--	--	5.415.375
Futures FC Call Transactions	--	69	62.877	--	--	62.946
Futures FC Pull Transactions	--	65	56.353	--	--	56.418
<b>Total of Interest Derivative Transactions (II)</b>	<b>--</b>	<b>600.000</b>	<b>2.272.264</b>	<b>2.695.410</b>	<b>18.449.330</b>	<b>24.017.004</b>
Swap Interest Call Transactions	--	300.000	1.136.132	1.290.162	9.224.665	11.950.959
Swap Interest Pull Transactions	--	300.000	1.136.132	1.290.162	9.224.665	11.950.959
Options Interest Call Transactions	--	--	--	57.543	--	57.543
Options Interest Pull Transactions	--	--	--	57.543	--	57.543
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
<b>Other Types of Trading Transactions (III)</b>	<b>2.608.125</b>	<b>261.944</b>	<b>1.560.766</b>	<b>1.574.133</b>	--	<b>6.004.968</b>
<b>B. Total Types of Trading Transactions (I + II + III)</b>	<b>59.503.407</b>	<b>16.719.082</b>	<b>31.947.352</b>	<b>6.618.316</b>	<b>18.449.330</b>	<b>133.237.487</b>
<b>Total Derivatives Transactions (A+B)</b>	<b>59.503.407</b>	<b>16.719.082</b>	<b>31.947.352</b>	<b>6.618.316</b>	<b>18.449.330</b>	<b>133.237.487</b>

**c. Information on credit derivatives and risk exposures on credit derivatives**

None.

**d. Explanations on contingent assets and liabilities**

In accordance with the precautionary principle regarding the lawsuits filed against the Group, TL 200.384 (31 December 2019: TL 94.810) provision has been set aside and these provisions are classified under "Other provisions" on the balance sheet. Except for those provisioned, other ongoing lawsuits are unlikely to result in a negative conclusion and cash outflow is not foreseen for them.

**e. Explanations on services carried out on behalf and account of other persons**

The Parent Bank provides purchase, sale, custody, management and consultancy services on behalf and account of other persons.

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

**a. Interest income**

**1. Information on interest income received from loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term Loans	2.882.015	598.962	4.041.456	554.098
Medium and Long Term Loans	8.700.008	3.816.267	8.546.442	3.637.781
Loans Under Follow-Up	94.279	--	674.719	--
Premiums Received from Resource Utilisation Support Fund	--	--	--	--
<b>Total</b>	<b>11.676.302</b>	<b>4.415.229</b>	<b>13.262.617</b>	<b>4.191.879</b>

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

**2. Information on interest income received from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	360	--	1.019	--
Domestic Banks	161.609	29.933	137.348	8.622
Foreign Banks	60	12.677	10.523	83.989
Foreign Head Offices and Branches	--	39	1.556	413
<b>Total</b>	<b>162.029</b>	<b>42.649</b>	<b>150.446</b>	<b>93.024</b>

The interest income received from required reserves of the Parent Bank with the CBRT is TL 29.693 (1 January - 31 December 2019: TL 145.307).

**3. Information on interest income received from securities**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	15.338	6.570	14.080	1.296
Financial Assets at Fair Value Through Other Comprehensive Income	690.333	408.348	831.225	222.633
Financial Assets Measured at Amortised Cost	522.895	119.513	414.736	107.726
<b>Total</b>	<b>1.228.566</b>	<b>534.431</b>	<b>1.260.041</b>	<b>331.655</b>

As stated in the chapter III footnote numbered VII, the Parent Bank has government securities in the financial assets at fair value through other comprehensive income and financial assets measured at amortised cost portfolios with a maturity of 5 to 10 years and having CPI indexed 6 months real coupon ratio fixed until maturity. As stated in the Undersecretariat of Treasury's securities indexed CPI Investors Guide, the reference indexes used in calculating the actual coupon payment amounts of these assets are based on the CPI of previous two months.

**4. Information on interest income received from associates and subsidiaries**

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	--	191

**b. Interest expense**

**1. Information on interest expense related to funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>195.058</b>	<b>1.381.781</b>	<b>237.443</b>	<b>1.305.392</b>
Central Bank of the Republic of Turkey	57	208.916	4	59.528
Domestic Banks	183.194	34.737	218.925	96.623
Foreign Banks	11.807	1.138.128	18.514	1.149.241
Foreign Head Offices and Branches	--	--	--	--
<b>Other Institutions</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>195.058</b>	<b>1.381.781</b>	<b>237.443</b>	<b>1.305.392</b>

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

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

**2. Information on interest expense paid to associates and subsidiaries**

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	4.454	14.524

**3. Information on interest expense paid to securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid to Securities Issued	417.875	--	892.512	--

**4. Maturity structure of the interest expense on deposits**

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		
<b>TL</b>								
Bank Deposits	16	67.407	--	--	--	--	--	67.423
Saving Deposits	4.461	487.228	2.520.759	47.028	33.978	85.672	596	3.179.722
Public Sector Deposits	--	5.505	6.463	2.183	42	272	--	14.465
Commercial Deposits	--	379.953	385.638	15.507	15.430	2.119	--	798.647
Other Deposits	--	13.408	59.539	20.895	8.645	10.508	--	112.995
7 Days Call Account	--	--	--	--	--	--	--	--
<b>Total</b>	<b>4.477</b>	<b>953.501</b>	<b>2.972.399</b>	<b>85.613</b>	<b>58.095</b>	<b>98.571</b>	<b>596</b>	<b>4.173.252</b>
<b>FC</b>								
Deposits	14.718	700.528	257.639	44.275	19.035	33.562	--	1.069.757
Bank Deposits	2.509	33.896	--	--	--	--	--	36.405
7 Days Call Account	--	--	--	--	--	--	--	--
Precious Metal Deposits	9	643	4.148	768	2.099	3.251	101	11.019
<b>Total</b>	<b>17.236</b>	<b>735.067</b>	<b>261.787</b>	<b>45.043</b>	<b>21.134</b>	<b>36.813</b>	<b>101</b>	<b>1.117.181</b>
<b>Grand Total</b>	<b>21.713</b>	<b>1.688.568</b>	<b>3.234.186</b>	<b>130.656</b>	<b>79.229</b>	<b>135.384</b>	<b>697</b>	<b>5.290.433</b>

**c. Explanations on dividend income**

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	1.538	586
Financial Assets at Fair Value Through Other Comprehensive Income	--	--
Other (*)	999	4.285
<b>Total</b>	<b>2.537</b>	<b>4.871</b>

(\*) Presents dividend income from unconsolidated subsidiaries and associates.

**d. Explanations on trading income/loss**

	Current Period	Prior Period
<b>Income</b>	<b>728.410.151</b>	<b>550.322.235</b>
Capital Market Transactions	352.406	274.296
Derivative Financial Instruments	9.876.206	11.420.688
Foreign Exchange Gains	718.181.539	538.627.251
<b>Loss (-)</b>	<b>727.838.729</b>	<b>550.658.020</b>
Capital Market Transactions	191.118	110.587
Derivative Financial Instruments	10.663.412	11.599.604
Foreign Exchange Losses	716.984.199	538.947.829
<b>Net Trading Income / Loss</b>	<b>571.422</b>	<b>(335.785)</b>

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments amounts to TL (777.815) (1 January - 31 December 2019: TL (311.717)).

**e. Information on other operating income**

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

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**f. Provisions for expected credit loss**

	<b>Current Period</b>	<b>Prior Period</b>
Expected credit loss (*)	7.184.737	6.061.063
12 months provision for expected credit loss (Stage 1)	205.571	189.636
Significant increase in credit risk (Stage 2)	2.798.963	1.634.408
NPL (Stage 3)	4.180.203	4.237.019
Provisions for securities impairment	--	--
Financial assets at fair value through profit or loss	--	--
Financial assets at fair value through other comprehensive income	--	--
Associates, subsidiaries and provisions for financial assets measured at amortised cost impairment	--	--
Associates	--	--
Subsidiaries	--	--
Joint ventures	--	--
Others	451.414	178.086
<b>Total</b>	<b>7.636.151</b>	<b>6.239.149</b>

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

**g. Information on other operating expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel Expenses (*)	2.143.191	1.877.281
Reserve for Employee Termination Benefits (*)	33.405	18.579
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	344
Depreciation Charges of Tangible Assets (**)	390.361	371.607
Impairment Losses on Intangible Assets	--	--
Goodwill for impairment loss	--	--
Amortisation Charges of Intangible Assets	186.758	137.967
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	40.522	--
Depreciation of Assets to be Disposed	20.866	6.544
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	1.449.148	1.203.734
Operational Lease Expenses (**)	87.677	85.496
Repair and Maintenance Expenses	92.927	90.042
Advertisement Expenses	83.161	87.989
Other Expenses (***)	1.185.383	940.207
Losses on Sale of Assets	38.445	3.080
Other	768.446	631.767
<b>Total</b>	<b>5.071.142</b>	<b>4.250.903</b>

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

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

(\*\*\*) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationary, representation, heating and lighting, credit card service fee and others amounting to TL 85.208, TL 238.564, TL 25.594, TL 2.842, TL 56.370, TL 460.367 and TL 316.438 respectively (1 January - 31 December 2019: TL 81.168, TL 170.357, TL 27.353, TL 4.593, TL 49.753, TL 245.295 and TL 361.688 respectively).

**h. Information on profit / loss before tax from continued operations**

As 1 January - 31 December 2020, DFS Group has a profit before tax from continued operations amounting to TL 2.362.778 (1 January - 31 December 2019: TL 1.715.417).

**i. Information on tax provision for continued and discontinued operations**

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

As 1 January - 31 December 2020, the current tax charge on continued operations amounts to TL 340.305 (1 January - 31 December 2019: TL 158.057) while deferred tax charge amounts to TL 3.383.565 (1 January - 31 December 2019: TL 2.448.110) and deferred tax benefit amounts to TL 3.226.884 (1 January - 31 December 2019: TL 2.199.066).

There are no current tax expense on discontinued operations.

**j. Information on continued and discontinued operations net profit/loss**

DFS Group has a net profit is amounting to TL 1.865.792 (31 December 2019: TL 1.308.316). DFS Group does not have discontinued operations.

**k. Explanations on net profit and loss for the period**

- 1. If the disclosure of the characteristic, dimension and repetition rate of the income and expense items arising from ordinary banking transactions is necessary for the understanding of the Bank's performance during the period, the characteristic and amount of these items**

DFS Group's income from ordinary banking transactions related to the current and previous period are interest income from loans and securities and other banking service income. The main sources of expenditure are interest expenses on deposits and similar borrowing items, which are the funding sources of loans and securities.

**2. Profit/(loss) attributable to minority shares**

	<b>Current Period</b>	<b>Prior Period</b>
Profit/(loss) attributable to minority shares	7.449	5.603

- 3. No changes have been made in the accounting estimates which may have a material effect in the current period and materially affect subsequent periods.**

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

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

**V. Explanations related to consolidated statement of changes in shareholders' equity**

**a. Explanations on capital increase**

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

<sup>(\*)</sup> The Subordinated Loan of USD 400.000.000, which the Parent Bank obtained from ENBD, was added to the capital in cash by 2.380.000.000 full TL on the capital increase date.

**b. Explanations on issuance of shares**

None.

**c. Adjustments in accordance with TAS 8**

None.

**d. Explanations on profit distribution**

The authorised body of the Parent Bank regarding profit distribution is the General Assembly. As of the preparation date of the financials, the annual ordinary General Assembly meeting has not been held yet.

**e. Other comprehensive income and expenses**

Unrealised profit/loss" generated by differences at fair values of financial assets at fair value through other comprehensive income is not reflected in the statement of profit or loss of the period till to realise one of the situations that collection of value that corresponds to a financial asset, the sale of the asset, the disposal or loss of the asset and accounted under shareholders' equity as "Securities Valuation Differences". The net amount after tax for the current period is TL 277.175.

As of 1 April 2018, Deniz Leasing from subsidiaries of Parent Bank started to use cash flow hedge accounting within the context of currency risk. After tax profit /(loss) accounted under equity in the current period through cash flow hedge accounting is TL (5.912).

The revaluation increase of tangible assets is netted off with net deferred tax effect of TL 25.224 and accounted under the equity.

In accordance with TFRS 9, Intertech's fair value change amounting to TL 74.723 have been accounted under the equity.

Net amount TL (43.830) after tax regarding the actuarial profit/loss have been accounted under the equity.

Net after tax TL (3.320.004) amount of foreign net investment hedge funds have been accounted for under equity.

Foreign currency translation differences amounting to TL 4.350.899 have been accounted under the equity.

**f. Explanations on amounts transferred to reserves**

The Parent Bank transferred profit for the previous year amounting to TL 1.269.307 (31 December 2019: TL 2.073.397) to extraordinary reserves in 2020. The amount transferred to legal reserves is TL 66.806 (31 December 2019: TL 109.126).



**VI. Explanations related to consolidated statement of cash flows**

**a. Information on cash and cash equivalents**

The components that constitute cash and cash equivalents and the accounting policy used in determining these items:

Cash, foreign currency, cash-in-transit, and demand deposits at banks including the Central Bank are defined as "Cash"; receivables from the money market with an original maturity of less than three months, term deposits in banks, investments in securities except shares are defined as "Cash Equivalent".

**1. Cash and cash equivalents at the beginning of the period**

	<b>Current Period</b>	<b>Prior Period</b>
	01/01/2020	01/01/2019
<b>Cash</b>	<b>3.584.245</b>	<b>6.124.317</b>
Cash in vault, foreign currencies and other	1.758.131	1.327.832
Banks demand deposits	1.826.114	4.796.485
<b>Cash and Cash Equivalent</b>	<b>32.203.549</b>	<b>21.333.931</b>
Interbank money market placements	1.261.349	9.774
Banks time deposits	29.319.941	20.776.941
Securities	1.622.259	547.216
<b>Total Cash and Cash Equivalents</b>	<b>35.787.794</b>	<b>27.458.248</b>

**2. Cash and cash equivalents at the end of the period**

	<b>Current Period</b>	<b>Prior Period</b>
	31/12/2020	31/12/2019
<b>Cash</b>	<b>4.439.087</b>	<b>3.584.245</b>
Cash in vault, foreign currencies and other	1.570.603	1.758.131
Banks demand deposits	2.868.484	1.826.114
<b>Cash and Cash Equivalent</b>	<b>36.460.460</b>	<b>32.203.549</b>
Interbank money market placements	1.762.304	1.261.349
Banks time deposits	32.675.170	29.319.941
Securities	2.022.986	1.622.259
<b>Total Cash and Cash Equivalents</b>	<b>40.899.547</b>	<b>35.787.794</b>

**b. Cash and cash equivalent assets owned by DFS Group but not in free use due to legal restrictions or other reasons**

DFS Group maintains a total reserve of TL 21.183.921, including the required reserve balances on average in the Central Bank and foreign central banks (31 December 2019: TL 15.102.079).

**c. "Other" items in the statement of cash flows and effect of change in foreign currency exchange rate on cash and cash equivalents**

The "other" item amounting to TL (15.135.831) (31 December 2019: TL (8.835.305)) within the "operating profit before change in assets and liabilities subject of banking operation", consists of other operating expenses, fees and commissions given and capital market transaction losses. With the effect of these changes in the cash flow table, the cash and cash equivalents amounting to TL 35.787.794 at the beginning of the period (31 December 2019: TL 27.458.248) has become TL 40.899.547 at the end of the period (31 December 2019: TL 35.787.794).

The TL 4.395.606 within the "change in assets and liabilities subject of banking operation" (31 December 2019: TL (700.458)); consists of changes in the "net increase (decrease) in other debts", miscellaneous payables, tax payables, fees, premiums and other liabilities.

The effect of change in foreign currency exchange rate on cash and cash equivalents consists of the rate difference arising from the conversion of the average of the cash and cash equivalent assets in foreign currency to TL with the rates from the beginning and the end of the period; and it amounts to TL 8.929.322 as of 31 December 2020 (31 December 2019: TL 2.578.740).

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

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

**Current Period**

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans</b>						
Balance at the Beginning of the Period	11	31.543	119.015	4.963	329.133	--
Balance at the End of the Period	--	48.031	154.778	4.963	447.926	--
Interest and Commission Income	143	53	2.611	--	2	--

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

**Prior Period**

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans</b>						
Balance at the Beginning of the Period	13.631	30.404	11.790	1.677	34	--
Balance at the End of the Period	11	31.543	119.015	4.963	329.133	--
Interest and Commission Income	225	186	699	--	18	--

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

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

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder (**)		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at the Beginning of the Period	155.491	137.535	8.130.445	11.965.213	35.172	16.720
Balance at the End of the Period	148.929	155.491	15.518.492	8.130.445	28.010	35.172
Interest and Commission Expense Paid	4.454	14.524	398.897	586.580	1.290	1.983

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

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

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

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions for Financial Assets at Fair Value through Profit or Loss Purposes:</b>						
Balance at the Beginning of the Period	--	--	594.000	--	--	--
Balance at the End of the Period	--	--	101.455	594.000	18.129	--
Total Income/(Loss)	--	--	628	(4.214)	923	--
<b>Transactions for Hedging Purposes:</b>						
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/(Loss)	--	--	--	--	--	--

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

**d. Information on benefits provided to top management**

DFS Group made payment amounting to TL 91.417 (31 December 2019: TL 95.979) to its key management as of 31 December 2020.

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

As of 31 December 2020, cash loans and other receivables of the risk group represent 0,36% of DFS Group's total cash loans and banks; deposits and borrowings represent 7,25% of DFS Group's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,12% of the total non-cash loans balance.

The risk group that the DFS Group is involved in, conducts financial and operational leasing transactions with Deniz Leasing. The Parent Bank provides agency services for Deniz Yatırım through its branches. Amounts related to these transactions have been eliminated from the accompanying financial statements enclosed within the scope of consolidation adjustments.

**VIII. Domestic, foreign and off-shore banking branches or associates and foreign representatives of the Parent Bank**

**a. Explanations relating to the Parent Bank's domestic and foreign branch and representatives**

	Number	Number of Employees			
Domestic branch	695	11.926			
			Country of Incorporations		
Foreign representation	-	-	-		
				Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off shore banking region branches	1	6	1-Bahreyn	15.280.240	-

**b. Explanations on the subject in case the Parent Bank opens and closes domestic and foreign branch and representative and changes the organization significantly**

The Parent Bank opened 3 new branches and closed 15 branches in 2020.

**c. The branches of associates and subsidiaries**

Denizbank AG, headquartered in Vienna, has a total of 34 branches, 19 in Austria and 15 in Germany. JSC Denizbank Moscow, headquartered in Moscow, operates in the centrum of Moscow.

## **SECTION SIX**

### **OTHER DISCLOSURES AND FOOTNOTES**

#### **I. Other explanations related to DFS Group's operations**

##### **a. Other explanations related to DFS Group's operations**

None.

##### **b. Summary information about ratings of the Banks which has been assigned by the international rating agencies**

<b>Moody's (*)</b>		<b>Fitch Ratings (**)</b>	
Outlook	Negative	Outlook	Stable
Long Term Foreign Currency Deposit	B3	Long Term Foreign Currency	B+
Short Term Foreign Currency Deposit	Not Prime	Short Term Foreign Currency	B
Long Term Local Currency Deposit	B3	Long Term Local Currency	BB-
Short Term Local Currency Deposit	Not Prime	Short Term Local Currency	B
Bank Financial Strength Rating (BCA)	caa1	Viability	b+
		Support	4
		National	AA
			(tur)(stable)

(\*) As of 10/12/2020

(\*\*) As of 01/09/2020

##### **c. Subsequent events**

On 18 February 2021, the Parent Bank secured a total of USD 435 million (USD 345.000.000 and EUR 73.582.062) funding under the Diversified Payment Rights (DPR) Securitization Programme backed by future flows, with maturities of up to 7 years, with 9 series signed by 13 investors in total in the transaction where Credit Suisse AG and Emirates NBD Capital Limited acted as Joint Coordinators and Book runners, and which received USD 150 million and 100 million USD investment from International Finance Corporation (IFC) and European Bank for Reconstruction and Development (EBRD), respectively. The financing is planned to be used for energy efficiency and renewable energy projects, supporting women entrepreneurs, the agricultural sector as well as working capital needs of businesses.

## **SECTION SEVEN**

### **INDEPENDENT AUDITOR'S REPORT**

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

Consolidated financial statements and notes of the DFS Group are subject to independent audit by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Deloitte Touche Tohmatsu Limited) and independent audit report dated 18 February 2021 is presented in front of the consolidated financial statements.

#### **II. Explanations and notes prepared by Independent Auditor**

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