

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

DENİZBANK ANONİM ŞİRKETİ

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

I. Independent Auditor's Report

II. Publicly Disclosed Unconsolidated Financial Report

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Denizbank AŞ.

A) Report on the Audit of the Unconsolidated Financial Statements

1) Opinion

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

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

2) Basis for Opinion

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

3) Key Audit Matters

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

Key Audit Matters	How the matter was addressed in the audit
<p><i>Impairment of loans in accordance with TFRS 9</i></p> <p>Impairment of loans is a key area of judgment for the management. The Bank has the total loans amounting to TL 135.018.497 thousands, which comprise 68% of the Bank's total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 14.111.444 as at 31 December 2020.</p> <p>As of 1 January 2018, the Bank has started to recognize provisions for impairment in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750</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 Bank exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans.</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 Bank's corporate loan portfolio has been assessed individually. This situation requires significant judgments in the calculation of the expected loan loss provision.</p> <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>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 Bank 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 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>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 Bank Management, we evaluated whether the key assumptions and other judgements, including COVID 19 impact, those are the basis for the impairment estimations are reasonable.</p> <p>We assessed whether the expected credit losses determined based on individual assessment per Bank's policy are reasonable by means of supporting data including COVID 19 impact and evaluated appropriateness within the framework of our discussions with management.</p> <p>Our specialists are involved in all procedures regarding assumptions of collective model and individual assessment.</p> <p>We have reviewed disclosures presented in the unconsolidated financial statements within the framework of TFRS 9 with respect to loans and receivables and related impairment provisions.</p>
<p><i>Information Technologies Audit</i></p> <p>The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> • We identified and tested the Banks' controls over information systems with risk based approach as part of our audit procedures. • Information generation comprise layers of information systems that are important for unconsolidated financial statements (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> • Access Security • Change Management • Data Center and Network Operations • We selected high-risk areas as log management for database and change management control activities, to prevent and detect whether accesses to financial data had been identified on a timely manner.

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

4) Other Matter

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

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

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

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

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

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

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

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

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

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

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

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

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

B) Other Responsibilities Arising From Regulatory Requirements

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

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

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

Additional Paragraph for English Translation

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

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

Yaman Polat
Partner

İstanbul, 18 February 2021

DENİZBANK A.Ş.
UNCONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2020

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Telephone and Fax Numbers
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Fax: 0.212.336 61 86

Website of the Bank
www.denizbank.com

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

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

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

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

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

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	PAGE
SECTION ONE	
General Information	
I. History of the Bank including its incorporation date, initial status, amendments to legal status	1
II. Capital structure of the Bank, shareholders holding directly or indirectly, individually or collectively, the management and supervision of the Bank, changes in these matters during the year, if any and the explanation regarding the Group that the Bank is involved	2
III. Explanations regarding the chairman and the members of board of directors, members of audit committee, general manager and executive vice presidents, if any, their shareholdings and areas of responsibility in the Bank	3
IV. Explanations regarding the persons and institutions that have qualified shares in the Bank	4
V. Type of service of the Bank and summary information including the areas of activity	4
VI. Existing or potential, actual and legal barriers to immediate transfer of capital or repayment of debts between the Bank and its subsidiaries	4
SECTION TWO	
Unconsolidated Financial Statements	
I. Unconsolidated statement of financial position (balance sheet)	6
II. Unconsolidated statement of off-balance sheet items	8
III. Unconsolidated statement of profit or loss	9
IV. Unconsolidated statement of profit or loss and other comprehensive income	10
V. Unconsolidated statement of changes in shareholders' equity	11
VI. Unconsolidated statement of cash flows	12
VI. Unconsolidated profit distribution table	13
SECTION THREE	
Accounting Policies	
I. Explanations on the presentation principles	14
II. Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies	15
III. Explanations on investments in associates, subsidiaries and joint ventures	15
IV. Explanations on forward and option contracts and derivative instruments	16
V. Explanations on interest income and expenses	16
VI. Explanations on fee and commission income and expenses	16
VII. Explanations on financial assets	16
VIII. Explanations on expected credit loss	17
IX. Explanations on offsetting financial instruments	21
X. Explanations on sale and repurchase agreements and transactions related to the lending of securities	22
XI. Explanations on non-currents assets held for sale and from discontinued operations and liabilities related to these assets	22
XII. Explanations on goodwill and other intangible assets	22
XIII. Explanations on tangible assets	23
XIV. Explanations on investment property	23
XV. Explanations on leasing transactions	23
XVI. Explanations on provisions and contingent liabilities	23
XVII. Explanations on obligations for employee benefits	24
XVIII. Explanations on tax applications	24
XIX. Additional explanations on borrowings	25
XX. Explanations on issuance of share certificates	25
XXI. Explanations on bill of guarantee and acceptances	25
XXII. Explanations on government incentives	26
XXIII. Explanations on segment reporting	26
XXIV. Explanations on other matters	26
XXV. Classifications	26
XXVI. Explanations on TFRS 16 Leases standard	26
SECTION FOUR	
Information on Financial Structure and Risk Management	
I. Explanations related to the shareholders' equity	27
II. Explanations related to the credit risk	31
III. Explanations related to the foreign currency exchange rate risk	42
IV. Explanations related to the interest rate risk	44
V. Position risk of equity shares arising from banking accounts	47
VI. Explanations related to the liquidity risk	47
VII. Explanations related to leverage ratio	51
VIII. Explanations related to risk management	51
IX. Explanations related to presentation of financial assets and liabilities at their fair value	69
X. Explanations related to transactions carried out on behalf and account of other parties and fiduciary transactions	71
XI. Explanations related to hedging transactions	71
XII. Explanations related to the segment reporting	72
SECTION FIVE	
Disclosures and Footnotes to Unconsolidated Financial Statements	
I. Explanations and disclosures related to unconsolidated assets	74
II. Explanations and disclosures related to unconsolidated liabilities	86
III. Explanations and disclosures related to unconsolidated off-balance sheet items	92
IV. Explanations and disclosures related to unconsolidated statement of profit or loss	95
V. Explanations related to unconsolidated statement of changes in shareholders' equity	99
VI. Explanations related to unconsolidated statement of cash flows	100
VII. Explanations and disclosures related to the Bank's risk group	101
VIII. Domestic, foreign and off-shore banking branches or associates and foreign representatives of the Bank	102
SECTION SIX	
Other Disclosures and Footnotes	
I. Other explanations related to the Bank's operations	103
SECTION SEVEN	
Independent Auditor's Report	
I. Matters to be disclosed related to Independent Auditor's Report	104
II. Explanations and notes prepared by Independent Auditor	104

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

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

(Currency: Thousands of TL - Turkish Lira)

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

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

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

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

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

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

(Currency: Thousands of TL - Turkish Lira)

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

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

Name	Title	Shares owned (%)
Chairman of the Board of Directors		
Hesham Abdulla Qassim Alqassim	Chairman	--
Board of Directors ^{(1) (2)}		
Mohamed Hadi Ahmed Abdulla Alhussaini	Deputy Chairman	--
Nihat Sevinç	Deputy Chairman	--
Hakan Ateş	Member and CEO	--
Deniz Ülke Arıboğan	Member	--
Derya Kumru	Member	--
Shayne Keith Nelson	Member	--
Jonathan Edward Morris	Member	--
Tanju Kaya ⁽¹⁾	Member	--
Audit Committee ⁽²⁾		
Nihat Sevinç	Member	--
Jonathan Edward Morris	Member	--
Executive Vice Presidents		
Bora 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 Hıçkran	Payment Systems and Non-Branch Channels	--
Selim Efe Teoman	Corporate and Commercial Credits	--
Ramazan Işık	Head of Internal Audit	--
Murat Kulaksız	SME Banking and Public Financing	--
Necip Yavuz Elkin	Human Resources and Deniz Academy	--
Burak Koçak	Agricultural Banking	--
Oğuzhan Özark	Retail Banking	--
Cemil Cem Önenç	Private Banking and Investment Group	--
Sinan Yılmaz	Head of Risk Management Group	--
Edip Kürşad Başer	Credit Policy and Retail, SME, Agricultural Banking Credits Allocation	--
Verda Beril Yüzer Oğuz	Financial Institutions	--
Hayri Cansever	Secretariat General and Foreign Subsidiaries	--
Umut Özdoğan	Digital Transformation, CRM and Process Management	--

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

⁽²⁾ Wouter G.M. Van Roste is appointed as the General Manager of Denizbank AG, one of the subsidiaries of the Bank, has resigned from his membership of the Board of Directors and membership of the Audit and Risk Committee positions.

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

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

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

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

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

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

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

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

In accordance with the Banking Law and regulations;

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

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

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

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

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

ASSETS	Note	Audited CURRENT PERIOD (31/12/2020)			Audited PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		11.849.445	31.678.181	43.527.626	11.569.921	22.663.741	34.233.662
1.1 Cash and Cash Equivalents		4.597.347	22.224.882	26.822.229	4.453.603	16.872.090	21.325.693
1.1.1 Cash and Balances with Central Bank	(5.1.a)	2.252.630	20.337.667	22.590.297	1.530.563	15.176.907	16.707.470
1.1.2 Banks	(5.1.a)	506.117	1.887.215	2.393.332	1.902.789	1.695.183	3.597.972
1.1.3 Due From Money Markets		1.838.716	-	1.838.716	1.020.321	-	1.020.321
1.1.4 Expected Credit Loss (-)		116	-	116	70	-	70
1.2 Financial Assets at Fair Value Through Profit or Loss	(5.1.b)	55.175	735.685	790.860	2.196	485.622	487.818
1.2.1 Government Debt Securities		14.539	63.953	78.492	1.649	3.050	4.699
1.2.2 Equity Instruments		-	219.080	219.080	-	153.472	153.472
1.2.3 Other Financial Assets		40.636	452.652	493.288	547	329.100	329.647
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.c)	6.156.688	7.058.091	13.214.779	6.147.636	4.585.646	10.733.282
1.3.1 Government Debt Securities		6.156.222	6.695.407	12.851.629	6.069.466	4.368.825	10.438.291
1.3.2 Equity Instruments		466	-	466	78.170	-	78.170
1.3.3 Other Financial Assets		-	362.684	362.684	-	216.821	216.821
1.4 Derivative Financial Assets		1.040.235	1.659.523	2.699.758	966.486	720.383	1.686.869
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss	(5.1.b)	1.040.235	1.659.523	2.699.758	966.486	720.383	1.686.869
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.j)	-	-	-	-	-	-
II. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		87.198.723	40.969.691	128.168.414	68.905.450	34.640.139	103.545.589
2.1 Loans	(5.1.d)	92.499.646	42.518.851	135.018.497	72.540.303	33.260.324	105.800.627
2.2 Lease Receivables	(5.1.i)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Financial Assets Measured at Amortised Cost	(5.1.e)	4.109.356	3.152.687	7.262.043	4.037.660	2.553.542	6.591.202
2.4.1 Government Debt Securities		4.109.356	3.152.687	7.262.043	4.037.660	2.553.542	6.591.202
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Loss (-)		9.410.279	4.701.847	14.112.126	7.672.513	1.173.727	8.846.240
III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(5.1.o)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		2.692.212	16.108.882	18.801.094	1.997.473	11.298.506	13.295.979
4.1 Investments in Associates (Net)	(5.1.f)	12.102	-	12.102	12.102	-	12.102
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		12.102	-	12.102	12.102	-	12.102
4.2 Subsidiaries (Net)	(5.1.g)	2.677.310	16.108.882	18.786.192	1.982.571	11.298.506	13.281.077
4.2.1 Unconsolidated Financial Subsidiaries		1.858.688	16.108.882	17.967.570	1.238.673	11.298.506	12.537.179
4.2.2 Unconsolidated Non-Financial Subsidiaries		818.622	-	818.622	743.898	-	743.898
4.3 Joint Ventures (Net)	(5.1.h)	2.800	-	2.800	2.800	-	2.800
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		2.800	-	2.800	2.800	-	2.800
V. PROPERTY AND EQUIPMENT (Net)	(5.1.k)	1.051.130	165	1.051.295	993.744	266	994.010
VI. INTANGIBLE ASSETS (Net)	(5.1.l)	346.815	-	346.815	284.468	-	284.468
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		346.815	-	346.815	284.468	-	284.468
VII. INVESTMENT PROPERTIES (Net)	(5.1.m)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		296.166	-	296.166	204.524	-	204.524
IX. DEFERRED TAX ASSET	(5.1.n)	1.349.707	-	1.349.707	944.376	-	944.376
X. OTHER ASSETS (Net)	(5.1.p)	3.786.277	1.928.342	5.714.619	1.739.574	1.235.846	2.975.420
TOTAL ASSETS		108.570.475	90.685.261	199.255.736	86.639.530	69.838.498	156.478.028

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

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

(Currency: Thousands of TL - Turkish Lira)

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

LIABILITIES	Note	Audited CURRENT PERIOD (31/12/2020)			Audited PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.a)	50.006.943	73.359.272	123.366.215	51.877.216	48.421.704	100.298.920
II. FUNDS BORROWED	(5.II.c)	434.148	22.942.361	23.376.509	322.346	14.044.833	14.367.179
III. DUE TO MONEY MARKETS		1.173.512	3.305.635	4.479.147	79.496	345.656	425.152
IV. SECURITIES ISSUED (Net)	(5.II.d)	2.273.039	451.604	2.724.643	2.460.981	-	2.460.981
4.1 Bills		1.523.711	451.604	1.975.315	2.460.981	-	2.460.981
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		749.328	-	749.328	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES		283.384	1.867.142	2.150.526	188.867	673.129	861.996
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.II.b)	283.384	1.867.142	2.150.526	188.867	673.129	861.996
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.II.g)	-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES	(5.II.f)	618.305	2.915	621.220	511.464	3.844	515.308
X. PROVISIONS	(5.II.h)	2.016.427	206.982	2.223.409	1.689.920	97.036	1.786.956
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		516.109	-	516.109	322.514	-	322.514
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.500.318	206.982	1.707.300	1.367.406	97.036	1.464.442
XI. CURRENT TAX LIABILITY	(5.II.i)	252.567	-	252.567	307.039	-	307.039
XII. DEFERRED TAX LIABILITIES	(5.II.i)	-	-	-	-	-	-
XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.II.j)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS		-	5.917.420	5.917.420	-	7.037.253	7.037.253
14.1 Loans	(5.II.k)	-	5.917.420	5.917.420	-	7.037.253	7.037.253
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(5.II.e)	5.145.877	6.109.451	11.255.328	3.965.649	6.731.747	10.697.396
XVI. SHAREHOLDERS' EQUITY	(5.II.l)	22.607.184	281.568	22.888.752	17.707.723	12.125	17.719.848
16.1 Paid-in Capital		5.696.100	-	5.696.100	3.316.100	-	3.316.100
16.2 Capital Reserves		77.068	-	77.068	77.068	-	77.068
16.2.1 Share Premium		15	-	15	15	-	15
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		77.053	-	77.053	77.053	-	77.053
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		416.092	-	416.092	733.398	-	733.398
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		2.100.673	281.568	2.382.241	1.057.131	12.125	1.069.256
16.5 Profit Reserves		11.278.754	-	11.278.754	9.942.641	-	9.942.641
16.5.1 Legal Reserves		521.738	-	521.738	454.932	-	454.932
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		10.757.016	-	10.757.016	9.487.709	-	9.487.709
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Income or (Loss)		3.038.497	-	3.038.497	2.581.385	-	2.581.385
16.6.1 Prior Periods' Income or (Loss)		1.245.272	-	1.245.272	1.245.272	-	1.245.272
16.6.2 Current Period Income or (Loss)		1.793.225	-	1.793.225	1.336.113	-	1.336.113
16.7 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		84.811.386	114.444.350	199.255.736	79.110.701	77.367.327	156.478.028

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

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

(Currency: Thousands of TL - Turkish Lira)

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

Note	Audited CURRENT PERIOD (31/12/2020)			Audited PRIOR PERIOD (31/12/2019)		
	TL	FC	Total	TL	FC	Total
A. COMMITMENTS AND CONTINGENCIES (I+II+III)	106.642.949	177.641.492	284.284.441	76.718.312	131.284.648	208.002.960
I. GUARANTEES AND WARRANTIES	12.860.576	29.868.791	42.729.367	10.685.392	23.470.167	34.155.559
(5.III.a) 1.1. Letters of Guarantee	12.566.878	19.307.776	31.874.654	10.663.838	15.520.265	26.184.103
1.1.1. Guarantees Subject to Public Procurement Law	-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations	79.021	124.588	203.609	79.021	105.025	184.046
1.1.3. Other Letters of Guarantee	12.487.857	19.183.188	31.671.045	10.584.817	15.415.240	26.000.057
1.2. Bank Loans	15.250	94.990	110.240	8.000	91.876	99.876
1.2.1. Import Acceptances	15.250	94.990	110.240	8.000	91.876	99.876
1.2.2. Other Bank Acceptances	-	-	-	-	-	-
1.3. Letters of Credit	13.006	4.831.683	4.844.689	13.546	4.031.742	4.045.288
1.3.1. Documentary Letters of Credit	-	3.570.421	3.570.421	5.730	3.079.293	3.085.023
1.3.2. Other Letters of Credit	13.006	1.261.262	1.274.268	7.816	952.449	960.265
1.4. Guaranteed Refinancing	-	-	-	-	-	-
1.5. Endorsements	-	-	-	-	-	-
1.5.1. Endorsements to Central Bank of the Republic of Turkey	-	-	-	-	-	-
1.5.2. Other Endorsements	-	-	-	-	-	-
1.6. Purchase Guarantees on Marketable Security Issuance	-	-	-	-	-	-
1.7. Factoring Guarantees	-	-	-	-	-	-
1.8. Other Guarantees	265.442	5.634.342	5.899.784	8	3.826.284	3.826.292
1.9. Other Sureties	-	-	-	-	-	-
II. COMMITMENTS	53.867.533	10.314.327	64.181.860	42.440.606	10.606.960	53.047.566
(5.III.a) 2.1. Irrevocable Commitments	53.328.017	10.314.327	63.642.344	40.552.985	10.606.960	51.159.945
2.1.1. Forward Asset Purchase Commitments	841.692	4.987.988	5.829.680	1.667.373	4.303.969	5.971.342
2.1.2. Forward Deposit Purchase and Sale Commitments	-	-	-	-	346.429	346.429
2.1.3. Capital Commitments to Subsidiaries and Associates	4.000	-	4.000	4.000	-	4.000
2.1.4. Loan Granting Commitments	17.234.415	-	17.234.415	13.726.695	-	13.726.695
2.1.5. Securities Underwriting Commitments	-	-	-	-	-	-
2.1.6. Payment Commitments for Reserve Deposits	-	-	-	-	-	-
2.1.7. Payment Commitments for Cheques	2.226.674	-	2.226.674	1.973.081	-	1.973.081
2.1.8. Tax and Fund Liabilities from Export Commitments	2.023	-	2.023	1.837	-	1.837
2.1.9. Commitments for Credit Card Expenditure Limits	32.617.301	-	32.617.301	22.664.957	-	22.664.957
2.1.10. Commitments for Credit Cards and Banking Services Promotions	11.556	-	11.556	6.915	-	6.915
2.1.11. Receivables from Short Sale Commitments	-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments	-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments	390.356	5.326.339	5.716.695	508.127	5.956.562	6.464.689
2.2. Revocable Commitments	539.516	-	539.516	1.887.621	-	1.887.621
2.2.1. Revocable Loan Granting Commitments	538.957	-	538.957	1.887.062	-	1.887.062
2.2.2. Other Revocable Commitments	559	-	559	559	-	559
III. DERIVATIVE FINANCIAL INSTRUMENTS	39.914.840	137.458.374	177.373.214	23.592.314	97.207.521	120.799.835
(5.III.b) 3.1. Derivative Financial Instruments Held for Risk Management	-	-	-	-	-	-
3.1.1. Fair Value Risk Hedging Transactions	-	-	-	-	-	-
3.1.2. Cash Flow Risk Hedging Transactions	-	-	-	-	-	-
3.1.3. Net Foreign Investment Risk Hedging Transactions	-	-	-	-	-	-
3.2. Transactions for Trading	39.914.840	137.458.374	177.373.214	23.592.314	97.207.521	120.799.835
3.2.1. Forward Foreign Currency Buy/Sell Transactions	2.693.627	17.354.000	20.047.627	1.255.779	4.154.693	5.410.472
3.2.1.1. Forward Foreign Currency Transactions-Buy	1.829.976	8.414.678	10.244.654	576.828	2.118.997	2.695.825
3.2.1.2. Forward Foreign Currency Transactions-Sell	863.651	8.939.322	9.802.973	678.951	2.035.696	2.714.647
3.2.2. Currency and Interest Rate Swaps	34.012.623	106.589.487	140.602.110	18.618.922	79.745.667	98.364.589
3.2.2.1. Currency Swap-Buy	279.519	44.574.432	44.853.951	4.412.464	32.008.058	36.420.522
3.2.2.2. Currency Swap-Sell	24.083.104	26.669.500	50.752.604	8.866.458	24.587.758	33.454.216
3.2.2.3. Interest Rate Swap-Buy	4.825.000	17.672.778	22.497.778	2.670.000	11.574.926	14.244.926
3.2.2.4. Interest Rate Swap-Sell	4.825.000	17.672.777	22.497.777	2.670.000	11.574.925	14.244.925
3.2.3. Currency, Interest Rate and Marketable Securities Options	2.380.869	6.398.258	8.779.127	3.654.667	7.245.775	10.900.442
3.2.3.1. Currency Call Options	1.055.976	2.678.255	3.734.231	1.620.919	3.759.328	5.380.247
3.2.3.2. Currency Put Options	1.024.893	2.775.845	3.800.738	2.033.748	3.371.361	5.405.109
3.2.3.3. Interest Rate Call Options	-	472.079	472.079	-	57.543	57.543
3.2.3.4. Interest Rate Put Options	300.000	472.079	772.079	-	57.543	57.543
3.2.3.5. Marketable Securities Call Options	-	-	-	-	-	-
3.2.3.6. Marketable Securities Put Options	-	-	-	-	-	-
3.2.4. Currency Futures	827.721	763.167	1.590.888	62.946	56.418	119.364
3.2.4.1. Currency Futures-Buy	-	763.167	763.167	62.946	-	62.946
3.2.4.2. Currency Futures-Sell	827.721	-	827.721	-	56.418	56.418
3.2.5. Interest Rate Buy/Sell Futures	-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6. Other	-	6.353.462	6.353.462	-	6.004.968	6.004.968
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)	638.290.491	275.298.400	913.588.891	583.806.369	201.436.164	785.242.533
IV. CUSTODIES	29.193.410	15.113.581	44.306.991	70.740.745	10.090.258	80.831.003
4.1. Assets Under Management	-	-	-	-	-	-
4.2. Custody Marketable Securities	28.334.566	12.412.991	40.747.557	69.683.795	8.494.938	78.178.733
4.3. Cheques in Collection Process	62.224	1.424.934	1.487.158	20.780	1.303.540	1.324.320
4.4. Commercial Notes in Collection Process	796.620	112.437	909.057	1.036.170	101.300	1.137.470
4.5. Other Assets in Collection Process	-	-	-	-	-	-
4.6. Underwritten Securities	-	-	-	-	-	-
4.7. Other Custodies	-	1.163.219	1.163.219	-	190.480	190.480
4.8. Custodians	-	-	-	-	-	-
V. PLEDGED ASSETS	607.947.181	259.046.744	866.993.925	512.125.986	190.391.048	702.517.034
5.1. Marketable Securities	3.928.766	21.880	3.950.646	2.656.257	19.306	2.675.563
5.2. Collateral Notes	413.307.798	108.475.879	521.783.677	336.799.053	73.984.724	410.783.777
5.3. Commodity	19.430.706	13.496.225	32.926.931	15.967.774	10.139.026	26.106.800
5.4. Warranty	-	-	-	-	-	-
5.5. Land and Buildings	103.075.634	85.250.728	188.326.362	99.100.001	66.712.578	165.812.579
5.6. Other Pledged Assets	68.204.277	51.802.032	120.006.309	57.602.901	39.535.414	97.138.315
5.7. Pledges	-	-	-	-	-	-
VI. ACCEPTED BILL GUARANTEES AND SURETIES	1.149.900	1.138.075	2.287.975	939.638	954.858	1.894.496
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)	744.933.440	452.939.892	1.197.873.332	660.524.681	332.720.812	993.245.493

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

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

(Currency: Thousands of TL - Turkish Lira)

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

			Audited CURRENT PERIOD (01/01- 31/12/2020)	Audited PRIOR PERIOD (01/01- 31/12/2019)
INCOME AND EXPENSES	Note			
I. INTEREST INCOME	(5.IV.a)		15.840.279	16.868.322
1.1 Interest on Loans			13.656.421	14.641.520
1.2 Interest on Reserve Requirements			29.693	145.307
1.3 Interest on Banks			178.016	208.440
1.4 Interest on Money Market Transactions			134.254	79.547
1.5 Interest on Marketable Securities Portfolio			1.626.935	1.524.018
1.5.1 Fair Value Through Profit or Loss			16.349	15.266
1.5.2 Fair Value Through Other Comprehensive Income			968.825	988.512
1.5.3 Measured at Amortized Cost			641.761	520.240
1.6 Financial Lease Interest Income			-	-
1.7 Other Interest Income			214.960	269.490
II. INTEREST EXPENSE (-)	(5.IV.b)		6.755.453	10.415.043
2.1 Interest on Deposits			4.652.171	8.255.300
2.2 Interest on Funds Borrowed			1.359.902	1.289.985
2.3 Interest Expense on Money Market Transactions			214.788	101.207
2.4 Interest on Securities Issued			317.337	603.212
2.5 Interest on Leases			129.483	140.300
2.6 Other Interest Expenses			81.772	25.039
III. NET INTEREST INCOME (I - II)			9.084.826	6.453.279
IV. NET FEES AND COMMISSIONS INCOME			2.739.282	3.595.876
4.1 Fees and Commissions Received			3.550.494	4.838.230
4.1.1 Non-Cash Loans			460.908	432.230
4.1.2 Other	(5.IV.I)		3.089.586	4.406.000
4.2 Fees and Commissions paid (-)			811.212	1.242.354
4.2.1 Non-Cash Loans			2.120	1.538
4.2.2 Other	(5.IV.I)		809.092	1.240.816
V. DIVIDEND INCOME	(5.IV.c)		1.782	4.585
VI. TRADING INCOME / LOSS (Net)	(5.IV.d)		569.182	(304.052)
6.1 Trading Gains / (Losses) on Securities			137.964	74.662
6.2 Gains / (Losses) on Derivate Financial Transactions			(321.459)	75.666
6.3 Foreign Exchange Gains / (Losses)			752.677	(454.380)
VII. OTHER OPERATING INCOME	(5.IV.e)		158.209	192.926
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)			12.553.281	9.942.614
IX. EXPECTED CREDIT LOSS (-)	(5.IV.f)		6.294.948	5.449.503
X. OTHER PROVISION EXPENSES (-)	(5.IV.f)		386.105	158.752
XI. PERSONNEL EXPENSE (-)	(5.IV.g)		1.815.650	1.610.208
XII. OTHER OPERATING EXPENSES (-)	(5.IV.g)		2.556.418	2.035.591
XIII. NET OPERATING INCOME /LOSS (VIII-IX-X-XI-XII)			1.500.160	688.560
XIV. INCOME AFTER MERGER			-	-
XV. INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD			590.862	788.801
XVI. INCOME / (LOSS) ON NET MONETARY POSITION			-	-
XVII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(5.IV.h)		2.091.022	1.477.361
XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)	(5.IV.i)		(297.797)	(141.248)
18.1 Current Tax Provision			(20.237)	(86.017)
18.2 Deferred Tax Income Effect (+)			(3.380.785)	(2.278.971)
18.3 Deferred Tax Expense Effect (-)			3.103.225	2.223.740
XIX. CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(5.IV.j)		1.793.225	1.336.113
XX. INCOME FROM DISCONTINUED OPERATIONS			-	-
20.1 Income from Non-Current Assets Held for Sale			-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures			-	-
20.3 Income from Other Discontinued Operations			-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)			-	-
21.1 Expenses for Non-current Assets Held for Sale			-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures			-	-
21.3 Expenses for Other Discontinued Operations			-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)			-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)			-	-
23.1 Current Tax Provision			-	-
23.2 Deferred Tax Expense Effect (+)			-	-
23.3 Deferred Tax Income Effect (-)			-	-
XXIV. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XXII±XXIII)			-	-
XXV. NET PROFIT/(LOSS) (XIX+XXIV)	(5.IV.k)		1.793.225	1.336.113
Profit / (Loss) Per Share (full TRY)			0,31	0,40

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

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

(Currency: Thousands of TL - Turkish Lira)

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

	Audited CURRENT PERIOD (01/01-31/12/2020)	Audited PRIOR PERIOD (01/01-31/12/2019)
I. CURRENT PERIOD INCOME/LOSS	1.793.225	1.336.113
II. OTHER COMPREHENSIVE INCOME	995.679	939.085
2.1 Not Reclassified Through Profit or Loss	(317.306)	(88.549)
2.1.1 Property and Equipment Revaluation Increase/Decrease	32.195	11.262
2.1.2 Intangible Assets Revaluation Increase/Decrease	--	--
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(52.034)	(56.604)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(298.621)	(53.079)
2.1.5 Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	1.154	9.872
2.2 Reclassified Through Profit or Loss	1.312.985	1.027.634
2.2.1 Foreign Currency Translation Differences	4.360.343	1.050.193
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	362.826	924.582
2.2.3 Cash Flow Hedge Income/Loss	(7.390)	7.926
2.2.4 Foreign Net Investment Hedge Income/Loss	(4.033.675)	(957.293)
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	--	--
2.2.6 Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss	630.881	2.226
III. TOTAL COMPREHENSIVE INCOME (I+II)	2.788.904	2.275.198

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

Audited CHANGES IN SHAREHOLDERS' EQUITY ITEMS		Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss							Accumulated Other Comprehensive Income or Expense 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	Accumulated Revaluation Increases/Decreases of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	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	--	77.053	69.796	(45.559)	797.710	3.705.028	(805.242)	(2.858.164)	7.760.118	1.245.272	2.182.523	15.444.650	--	15.444.650						
II.	Corrections and Accounting Policy Changes Made According to TAS 8	(5.V.c)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
2.1	Effects of Corrections	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
2.2	Effects of the Changes in Accounting Policies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
III.	Adjusted Beginning Balance (I+II)	3,316.100	15	--	77.053	69.796	(45.559)	797.710	3.705.028	(805.242)	(2.858.164)	7.760.118	1.245.272	2.182.523	15.444.650	--	15.444.650						
IV.	Total Comprehensive Income	(5.V.a)	--	--	--	8.541	(44.011)	(53.079)	1.050.193	717.947	(740.506)	--	--	1.336.113	2.275.198	--	2.275.198						
V.	Capital Increase by Cash	(5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
VI.	Capital Increase by Internal Sources	(5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
VII.	Paid in Capital Inflation Adjustment Difference	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
VIII.	Convertible Bonds to Share	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
IX.	Subordinated Debt Instruments	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
X.	Increase / Decrease by Other Changes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
XI.	Profit Distribution	(5.V.d)	--	--	--	--	--	--	--	--	--	2.182.523	--	(2.182.523)	--	--	--						
11.1	Dividends Paid	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
11.2	Transfers to Reserves	(5.V.f)	--	--	--	--	--	--	--	--	--	2.182.523	--	(2.182.523)	--	--	--						
11.3	Other	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
Period End Balance (III+IV+.....+X+XI)		3,316.100	15	--	77.053	78.337	(89.570)	744.831	4.755.221	(87.295)	(3.598.670)	9.942.641	1.245.272	1.336.113	17.719.848	--	17.719.848						
CURRENT PERIOD 01/01-31/12/2020																							
I.	Prior Period End Balance	3,316.100	15	--	77.053	78.337	(89.570)	744.831	4.755.221	(87.295)	(3.598.670)	9.942.641	1.245.272	1.336.113	17.719.848	--	17.719.848						
II.	Corrections and Accounting Policy Changes Made According to TAS 8	(5.V.c)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
2.1	Effects of Corrections	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
2.2	Effects of the Changes in Accounting Policies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
III.	Adjusted Beginning Balance (I+II)	3,316.100	15	--	77.053	78.337	(89.570)	744.831	4.755.221	(87.295)	(3.598.670)	9.942.641	1.245.272	1.336.113	17.719.848	--	17.719.848						
IV.	Total Comprehensive Income	(5.V.a)	--	--	--	25.225	(43.845)	(298.686)	4.360.343	277.173	(3.324.531)	--	--	1.793.225	2.788.904	--	2.788.904						
V.	Capital Increase by Cash	(5.V.a)	2.380.000	--	--	--	--	--	--	--	--	--	--	--	2.380.000	--	2.380.000						
VI.	Capital Increase by Internal Sources	(5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
VII.	Paid in Capital Inflation Adjustment Difference	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
VIII.	Convertible Bonds to Share	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
IX.	Subordinated Debt Instruments	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
X.	Increase / Decrease by Other Changes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
XI.	Profit Distribution	(5.V.d)	--	--	--	--	--	--	--	--	--	1.336.113	--	(1.336.113)	--	--	--						
11.1	Dividends Paid	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
11.2	Transfers to Reserves	(5.V.f)	--	--	--	--	--	--	--	--	--	1.336.113	--	(1.336.113)	--	--	--						
11.3	Other	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
Period End Balance (III+IV+.....+X+XI)		5.696.100	15	--	77.053	103.562	(133.415)	445.945	9.115.564	189.878	(6.923.201)	11.278.754	1.245.272	1.793.225	22.888.752	--	22.888.752						

(*) Includes the amounts recognised due to the associates and subsidiaries within the scope of TAS 27.

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

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

(Currency: Thousands of TL - Turkish Lira)

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

	Footnote	Audited CURRENT PERIOD (01/01-31/12/2020)	Audited PRIOR PERIOD (01/01-31/12/2019)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		961.099	1.193.215
1.1.1 Interest received (+)		14.692.448	15.352.085
1.1.2 Interest paid (-)		6.599.107	10.587.183
1.1.3 Dividends received (+)		1.782	4.585
1.1.4 Fees and commissions received (+)		3.529.278	4.838.230
1.1.5 Other income (+)		87.076	181.275
1.1.6 Collections from previously written off loans and other receivables (+)		3.692.693	1.625.986
1.1.7 Cash payments to personnel and service suppliers (-)		1.663.783	1.537.533
1.1.8 Taxes paid (-)		254.173	508.644
1.1.9 Other (+/-)	(5.VI.c)	(12.525.115)	(8.175.586)
1.2 Changes in operating assets and liabilities subject to banking operations		(3.589.024)	(503.230)
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		(252.373)	5.539
1.2.2 Net (increase) decrease in due from banks (+/-)		24.266	(530)
1.2.3 Net (increase) decrease in loans		(25.054.379)	(11.729.111)
1.2.4 Net (increase) decrease in other assets (+/-)		(4.428.628)	(609.816)
1.2.5 Net increase (decrease) in bank deposits (+/-)		11.188.675	119.875
1.2.6 Net increase (decrease) in other deposits (+/-)		11.956.937	16.379.434
1.2.7 Net increase (decrease) in financial liabilities at fair value through profit or loss (+/-)		-	-
1.2.8 Net increase (decrease) in funds borrowed (+/-)		(1.677.343)	(4.098.743)
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	(5.VI.c)	4.653.821	(569.878)
I. Net cash provided from banking operations(+/-)		(2.627.925)	689.985
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from / used in investing activities(+/-)		(3.075.128)	(2.314.210)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-)		645.888	6.000
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures (+)		-	-
2.3 Cash paid for the purchase of tangible and intangible asset (-)		1.586.089	504.971
2.4 Cash obtained from the sale of tangible and intangible asset (+)		346.913	137.674
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		7.052.381	4.613.981
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		5.673.131	2.673.068
2.7 Cash paid for the purchase of financial assets at amortised cost (-)		-	-
2.8 Cash obtained from sale of financial assets at amortised cost (+)		-	-
2.9 Other (+/-)		189.186	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities (+/-)		6.971.880	2.912.553
3.1 Cash obtained from funds borrowed and securities issued (+)		28.457.497	23.336.408
3.2 Cash outflow from funds borrowed and securities issued (-)		21.224.497	20.159.260
3.3 Equity instruments issued (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for lease liabilities (-)		261.120	264.595
3.6 Other (+/-)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-)	(5.VI.c)	2.051.882	878.440
V. Net increase in cash and cash equivalents	(5.VI.c)	3.320.709	2.166.768
VI. Cash and cash equivalents at the beginning of the period (+)	(5.VI.a)	13.347.799	11.181.031
VII. Cash and Cash Equivalents at the End of the Period	(5.VI.a)	16.668.508	13.347.799

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

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

(Currency: Thousands of TL - Turkish Lira)

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

	Audited CURRENT PERIOD ⁽³⁾ (01/01-31/12/2020)	Audited PRIOR PERIOD ⁽³⁾ (01/01-31/12/2019)
I. DISTRIBUTION OF CURRENT YEAR INCOME ⁽¹⁾		
1.1 CURRENT YEAR INCOME	2.091.022	1.477.361
1.2 TAXES AND DUTIES PAYABLE (-)	(297.797)	(141.248)
1.2.1 Corporate Tax (Income Tax)	(20.237)	(86.017)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties ⁽²⁾	(277.560)	(55.231)
A. NET INCOME FOR THE YEAR (1.1-1.2)	1.793.225	1.336.113
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	66.806
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	1.793.225	1.269.307
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owner of ordinary shares	-	-
1.6.2 To owner of preferred shares	-	-
1.6.3 To owner of preferred shares (preem private rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit or loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owner of ordinary shares	-	-
1.9.2 To owner of preferred shares	-	-
1.9.3 To owner of preferred shares (preem private rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit or loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES	-	1.269.307
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owner of ordinary shares	-	-
2.3.2 To owner of preferred shares	-	-
2.3.3 To owner of preferred shares (preem private rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit or loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	0,003	0,004
3.2 TO OWNERS OF ORDINARY SHARES (%)	0,31	0,40
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(1) Profit distribution has not been decided yet since the General Assembly meeting of the Bank has not been held as of the date on which the financial statements are published; only the amount of distributable profit is specified in the profit distribution table.

(2) It is considered that the amount of income related to deferred tax assets by the BRSA can not be qualified as cash or internal resources and therefore should not be subject to the distribution of the profit for the period. The Bank has a deferred tax expense amounting to TL 277.560 as of 31 December 2020 (31 December 2019: TL 55.231 deferred tax expense).

(3) It includes effects of TAS 27 standard.

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

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on the presentation principles

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

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

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

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

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

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

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

c. Additional paragraph for convenience translation:

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

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

a. Strategy for the use of financial instruments

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

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

b. Transactions denominated in foreign currencies

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

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

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

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

As of 31 December 2020, net foreign exchange loss included in the statement of profit or loss amounts to TL 752.677 (1 January - 31 December 2019: TL 454.380 net foreign exchange loss).

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

The foreign exchange differences of TL 9.967 (31 December 2019: TL 64.452), arising from the translation of the financial statements of Bahrain branch of the Bank to Turkish Lira in accordance with TAS 21, and TL 9.105.597 (31 December 2019: TL 4.690.769), arising from the accounting of the Bank's foreign currency subsidiaries Denizbank AG, JSC Denizbank and Eurodeniz with equity method, has been recorded under "Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss".

The Bank applies net investment hedge accounting as of 1 July 2015 in order to hedge exchange difference sourcing from equity method implementation for its net investment at a total amount of Euro 1.639 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the exchange rate of these financial liabilities is recognised in hedge funds account under equity.

III. Explanations on investments in associates, subsidiaries and joint ventures

Financial subsidiaries are recognised in accordance with equity method in the framework of TAS 28 Communique on Investments in Associates and Joint Ventures with respect to amendment in TAS 27 Communique on Separate Financial Statements in unconsolidated financial statements.

Equity method is the accounting treatment which prescribes to increase or decrease the book value of share included in subsidiary as quota per participant from change amount occurring in period in the shareholder's equity of the participated partnership and to deduct/set off dividends received from participated associate from the amended value of the associate.

Accordance with the TAS 27, in the unconsolidated financial statements, associates, jointly controlled entities and non-financial subsidiaries are recognised at cost, after deducting the provision for impairment, if any. However, in accordance with the "TFRS 9 Financial Instruments" standard (TFRS 9), which is effective as at 1 January 2018, the Bank has started to recognise "Intertech", its unconsolidated and non-financial subsidiary, at fair value.

IV. Explanations on forward and option contracts and derivative instruments

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

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

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

V. Explanations on interest income and expenses

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

VI. Explanations on fee and commission income and expenses

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

VII. Explanations on financial assets

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

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

a. Financial assets at fair value through profit or loss

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

b. Financial assets at fair value through other comprehensive income

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

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

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

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

c. Financial assets measured at amortised cost

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

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

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

VIII. Explanations on expected credit loss

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

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

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

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

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

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

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

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

Significant increase in credit risk

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

Qualitative evaluation:

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

As of the reporting date,

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

Quantitative evaluation:

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

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

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

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

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

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

The financial instruments in Stage 1 are financial instruments that has been recognised for the first time in the financial statements or do not have a significant increase in the credit risk after the initial recognition in the

financial statements. For these instruments, credit risk impairment provision is calculated as the provision for expected credit loss for 12-month default risk from the reporting date.

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

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

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

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

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

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

The credit risk classification is as follows:

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

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

- Corporate / Commercial loans
- Medium 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 Bank in the loan allocation processes are used to classify customers in the calculation of provision for expected credit loss.

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

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

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

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

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

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

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

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

Effective interest rate

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

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

Low credit risk

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

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

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

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

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

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

Participation of senior management in TFRS 9 processes

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

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

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

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

IX. Explanations on offsetting financial instruments

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

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

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

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

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

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

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

As 31 December 2020 and 31 December 2019, the Bank does not have non-current assets held for sale and discontinued operations.

XII. Explanations on goodwill and other intangible assets

a. Goodwill

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

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

b. Other intangible assets

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

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

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

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

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

XIV. Explanations on investment property

None.

XV. Explanations on leasing transactions

The term of financial leasing contracts is mostly 4 years. Fixed assets acquired through financial leasing are classified as tangible assets and depreciated in line with the related fixed assets group. The obligations arising from the lease contracts are presented under “Financial Lease Liabilities” under liabilities. Interest expenses and foreign exchange differences related to leasing activities are reflected to the statement of profit or loss.

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

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

XVI. Explanations on provisions and contingent liabilities

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

XVII. Explanations on obligations for employee benefits

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

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

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

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

XVIII. Explanations on tax applications

a. Current tax

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

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

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

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

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

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

b. Deferred tax

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

Deferred tax assets and liabilities of the Bank have been netted in the unconsolidated balance sheet. As a result of netting, as of 31 December 2020 deferred tax assets of TL 349.707 (31 December 2019: TL 944.376) have been recognised in the accompanying financial statements.

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

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

The rate of 20% has been used in deferred tax calculations (31 December 2019: 20% -22%).

c. Transfer pricing

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

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

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

XIX. Additional explanations on borrowings

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

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

XX. Explanations on issuance of share certificates

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

XXI. Explanations on bill of guarantee and acceptances

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

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

XXII. Explanations on government incentives

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

XXIII. Explanations on segment reporting

Segment reporting is presented in Section Four, note XII.

XXIV. Explanations on other matters

None.

XXV. Classifications

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

XXVI. Explanations on TFRS 16 Leases standard

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

Right-of-use asset

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

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

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

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

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

Lease obligation

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

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

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

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

SECTION FOUR

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the unconsolidated shareholders' equity

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

The current period equity of the Bank amounts to TL 30.330.271 (31 December 2019: TL 24.019.049) while its capital adequacy standard ratio is 18,67% as of 31 December 2020 (31 December 2019: 17,69%).

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

a. Components of equity items

	Current Period 31 December 2020	Prior Period 31 December 2019
COMMON EQUITY TIER I CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.696.100	3.316.100
Share issue premiums	15	15
Reserves	11.278.754	9.942.641
Gains recognised in equity as per TAS ⁽¹⁾	3.652.878	2.473.097
Profit	3.038.497	2.581.385
Current Period Profit	1.793.225	1.336.113
Prior Period Profit	1.245.272	1.245.272
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	778	778
Common Equity Tier I Capital Before Deductions	23.667.022	18.314.016
Deductions from Common Equity Tier I Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	--	--
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	361.206	177.898
Improvement costs for operating leasing	53.967	71.307
Goodwill (net of related tax liability)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	346.815	284.468
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	--	--
Differences are not recognised at the fair value of assets and liabilities subject to hedge of cash flow risk	--	--
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	--	--
Gains arising from securitization transactions	--	--
Unrealised gains and losses due to changes in own credit risk on fair valued liabilities	--	--
Defined-benefit pension fund net assets	--	--
Direct and indirect investments of the Bank in its own Common Equity	--	--
Shares obtained contrary to the 4th clause of the 56th Article of the Law	--	--
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	--	--
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	--	--
Portion of mortgage servicing rights exceeding 10% of the Common Equity	--	--
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	--	--
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	--	--
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	--	--
Excess amount arising from mortgage servicing rights	--	--
Excess amount arising from deferred tax assets based on temporary differences	--	--
Other items to be defined by the BRSA	--	--
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	--	--
Total Deductions From Common Equity Tier I Capital	761.988	533.673
Total Common Equity Tier I Capital	22.905.034	17.780.343

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

(Currency: Thousands of TL - Turkish Lira)

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

ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	--	--
Debt instruments and premiums approved by BRSA	--	--
Debt instruments and premiums approved by BRSA (Temporary Article 4)	--	--
Additional Tier I Capital before Deductions	--	--
Deductions from Additional Tier I Capital	--	--
Direct and indirect investments of the Bank in its own Additional Tier I Capital	--	--
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7. -	--	--
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital -	--	--
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital -	--	--
Other items to be defined by the BRSA	--	--
Transition from the Core Capital to Continue to deduce Components	--	--
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	--	--
Total Deductions From Additional Tier I Capital	--	--
Total Additional Tier I Capital	--	--
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	22.905.034	17.780.343
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.870.996	4.889.713
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	--
Provisions (Article 8 of the Regulation on the Equity of Banks)	1.816.485	1.554.785
Tier II Capital Before Deduction	7.687.481	6.444.498
Deductions From Tier II Capital	--	--
Direct and indirect investments of the Bank on its own Tier II Capital (-)	242.614	194.238
Investments of Bank to Banks that invest on Bank's Tier II and components of equity issued by financial institutions with the conditions declared in Article 8.	--	--
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	--	--
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	--	--
Other items to be defined by the BRSA (-)	--	--
Total Deductions from Tier II Capital	242.614	194.238
Total Tier II Capital	7.444.867	6.250.260
Total Capital (The sum of Tier I Capital and Tier II Capital)	30.349.901	24.030.603
Deductions from Total Capital	--	--
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	--	--
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	--	--
Other items to be defined by the BRSA	19.630	11.554
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	--	--
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
The Sum of net long positions of investments in the Additional Tier I capital and Tier II capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
TOTAL CAPITAL	--	--
Total Capital ((The sum of Tier I Capital and Tier II Capital)	30.330.271	24.019.049
Total risk weighted amounts	162.458.536	135.814.656
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	14,10	13,09
Tier I Capital Adequacy Ratio (%)	14,10	13,09
Capital Adequacy Ratio (%)	18,67	17,69

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

(Currency: Thousands of TL - Turkish Lira)

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

BUFFERS

Total additional Common Equity Tier I Capital requirement ratio	2,878	2,826
Bank specific total common equity tier I capital ratio (%)	2,500	2,500
Capital conservation buffer requirement (%)	0,378	0,326
Systemic significant bank buffer ratio (%)	--	--
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	2,119	1,802
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	--	--
Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	--	--
Amount arising from mortgage-servicing rights	--	--
Amount arising from deferred tax assets based on temporary differences	--	--
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before one hundred twenty five in ten thousand limitation)	6.693.432	3.941.547
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.816.485	1.554.785
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	--	--
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	--	--
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	--	--
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	--	--
Upper limit for Additional Tier II Capital subjected to temporary Article 4 ⁽²⁾	--	--
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	--	--

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

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

Issuer	ENBD PJSC	ENBD PJSC	ENBD PJSC	ENBD PJSC
Unique identifier (eg CUSIP, ISIN)	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Governing law(s) of the instrument	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 1 November 2006.
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	Not Deducted	Not Deducted	Not Deducted	Not Deducted
Eligible at solo/group/group&solo	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	1048	1113	2226	1484
Par value of instrument (Currency in mil)	1048	1113	2226	1484
Accounting classification	3470102	3470102	3470102	3470102
Original date of issuance	30/09/2014	30/04/2014	31/01/2014	30/09/2013
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	15 years	15 years	15 years	15 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.
Subsequent call dates, if applicable	None.	None.	None.	None.
Coupons/Dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	First five year 6,2%, after irs +5,64	First five year 7,93%, after irs +6,12	7,50%	7,49%
Existence of a dividend stopper	None.	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	--	--	--	--
Existence of step up or other incentive to redeem	None.	None.	None.	None.
Noncumulative or cumulative	--	--	--	--
Convertible or non-convertible				
If convertible, conversion trigger (s)	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.
If convertible, fully or partially	Convertible fully.	Convertible fully.	Convertible fully.	Convertible fully.
If convertible, conversion rate	--	--	--	--
If convertible, mandatory or optional conversion	--	--	--	--
If convertible, specify instrument type convertible into	--	--	--	--
If convertible, specify issuer of instrument it converts into	--	--	--	--
Write-down features				
If write-down, write-down trigger(s)	None.	None.	None.	None.
If write-down, full or partial	--	--	--	--
If write-down, permanent or temporary	--	--	--	--
If temporary write-down, description of write-up mechanism	--	--	--	--
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	--	--	--	--

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

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

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

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

EQUITY ITEMS	T-2	T-3	T-4
Core Capital	22.905.034	22.905.034	22.905.034
<i>Transition Process Unapplied Core Capital</i>	<i>22.643.005</i>	<i>22.774.019</i>	<i>22.905.034</i>
Tier I Capital	22.905.034	22.905.034	22.905.034
<i>Transition Process Unapplied Main Capital</i>	<i>22.643.005</i>	<i>22.774.019</i>	<i>22.905.034</i>
Equity	30.330.271	30.330.271	30.330.271
<i>Transition Process Unapplied Equity</i>	<i>30.068.242</i>	<i>30.199.256</i>	<i>30.330.271</i>
TOTAL RISK WEIGHTED AMOUNTS			
Total Risk Weighted Amounts	162.458.536	162.458.536	162.458.536
CAPITAL ADEQUACY RATIO			
Core Capital Adequacy Ratio (%)	14,10	14,10	14,10
<i>Transition Process Unapplied Core Capital Adequacy Ratio (%)</i>	<i>13,94</i>	<i>14,02</i>	<i>14,10</i>
Main Capital Adequacy Ratio (%)	14,10	14,10	14,10
<i>Transition Period Unapplied Main Capital Adequacy Ratio (%)</i>	<i>13,94</i>	<i>14,02</i>	<i>14,10</i>
Capital Adequacy Ratio (%)	18,67	18,67	18,67
<i>Transition Process Unapplied Capital Adequacy Ratio (%)</i>	<i>18,51</i>	<i>18,59</i>	<i>18,67</i>
LEVERAGE RATIO			
Total Leverage Ratio Risk Exposure	305.797.470	305.797.470	305.797.470
Leverage Ratio	7,41	7,41	7,41
<i>Transition Process Unapplied Leverage Ratio</i>	<i>7,33</i>	<i>7,37</i>	<i>7,41</i>

II. Explanations related to the credit risk

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

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

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

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

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

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

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

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

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

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

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

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

Methods and approaches to valuation adjustments and provisions

Explanation is given in Section Three, note VIII.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

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

Risk classifications	Current Period (*)	Average (**)
1 Receivables from central governments and Central Banks	40.550.434	37.051.689
2 Receivables from regional or local governments	3.968.611	3.203.929
3 Receivables from administrative bodies and non-commercial enterprises	--	--
4 Receivables from multilateral development banks	--	--
5 Receivables from international organizations	--	--
6 Receivables from banks and brokerage houses	10.249.397	9.347.155
7 Receivables from corporate portfolio	63.644.364	58.419.294
8 Receivables from retail portfolio	62.567.261	57.654.771
9 Receivables secured by residential mortgages	3.191.410	3.278.929
10 Receivables secured by commercial mortgages	14.984.482	13.777.319
11 Past due receivables	3.817.466	4.158.419
12 Receivables defined in high risk category by BRSA	--	--
13 Securities collateralized by mortgages	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--
15 Investments similar to collective investment funds	1.181	3.264
16 Other receivables	6.852.654	6.490.982
17 Equity investments	18.801.560	17.049.434
18 Total	228.628.820	210.435.185

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

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

Risk classifications	Prior Period (*)	Average (**)
1 Receivables from central governments and Central Banks	32.968.496	31.346.796
2 Receivables from regional or local governments	2.777.321	1.750.865
3 Receivables from administrative bodies and non-commercial enterprises	--	--
4 Receivables from multilateral development banks	--	--
5 Receivables from international organizations	--	--
6 Receivables from banks and brokerage houses	8.467.497	8.404.832
7 Receivables from corporate portfolio	52.656.966	51.253.475
8 Receivables from retail portfolio	48.109.742	47.729.210
9 Receivables secured by residential mortgages	3.480.632	3.759.188
10 Receivables secured by commercial mortgages	12.114.225	11.507.564
11 Past due receivables	5.616.549	3.781.502
12 Receivables defined in high risk category by BRSA	--	--
13 Securities collateralized by mortgages	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--
15 Investments similar to collective investment funds	6.365	2.764
16 Other receivables	5.081.915	5.579.315
17 Equity investments	13.374.148	11.763.754
18 Total	184.653.856	176.879.265

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

f. Bank's

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

The receivables of Bank from the top 100 and 200 cash loan customers constitute 31% and 37% of the total cash loans portfolio (31 December 2019: 29%, 35%).

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

The receivables of Bank from the top 100 and 200 non-cash loan customers constitute 51% and 62% of the total non-cash loans portfolio (31 December 2019: 51%, 62%).

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

The share of the cash and non-cash receivables of Bank from top 100 and 200 loan customers constitute 20% and 26% of the total balance sheet and off-balance sheet assets (31 December 2019: 20%, 25%).

g. Expected credit loss for credit risk undertaken by Bank

As at 31 December 2020, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by Bank amounts to TL 6.693.432.

As at 31 December 2019, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by Bank amounts to TL 3.941.547.

h. Information on loans and provisions for expected loss

Current Period - 31 December 2020	Balance	Provision
Loans	135.465.909	14.111.444
Stage 1	96.586.136	966.707
Stage 2	26.468.138	5.205.339
Stage 3	11.964.223	7.939.398
Financial Assets	50.337.133	798
Other	5.722.221	7.602
Non-cash Loans	101.077.547	885.854
Stage 1 and 2	100.069.597	512.986
Stage 3	1.007.950	372.868
Total	292.155.398	15.005.698

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

i. Information on provisions for expected loss for loans

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the period (1 January 2020)	876.527	2.378.120	5.590.757	8.845.404
Transfers	96.557	(561.818)	465.261	--
Stage 1	224.597	(223.532)	(1.065)	--
Stage 2	(121.486)	189.518	(68.032)	--
Stage 3	(6.554)	(527.804)	534.358	--
Loans addition in the period	238.804	164.687	127.715	531.206
Disposals from loans in the period	(49.533)	(122.834)	(263.108)	(435.475)
Provisions changes during the period (*)	(195.648)	3.347.184	3.287.944	6.439.480
Loans written off (**)	--	--	(1.854.976)	(1.854.976)
Loans sold	--	--	--	--
FX Differences	--	--	585.805	585.805
Balance at the end of the period (31 December 2020)	966.707	5.205.339	7.939.398	14.111.444

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

(**) In accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the Bank, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, as of 31 December 2020, the Bank written-off its loans amounting to TL 1.854.976 from the records.

j. Information on loan movements (*)

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the period (1 January 2020)	73.090.386	21.655.563	11.054.678	105.800.627
Transfers	(4.006.544)	1.618.347	2.388.197	--
Stage 1	2.977.324	(2.975.055)	(2.269)	--
Stage 2	(6.746.195)	6.846.743	(100.548)	--
Stage 3	(237.673)	(2.253.341)	2.491.014	--
Loans addition in the period	40.423.468	6.293.765	486.013	47.203.246
Disposals from loans in the period	(12.921.174)	(3.099.537)	(1.016.621)	(17.037.332)
Loans written off (**)	--	--	(1.854.976)	(1.854.976)
Loans sold	--	--	--	--
FX Differences	--	--	906.932	906.932
Balance at the end of the period (31 December 2020)	96.586.136	26.468.138	11.964.223	135.018.497

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

(**) As of 31 December 2020, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the Bank, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, loans amounting to TL 1.854.976 were written-off from the records. The effect of this accounting treatment on the non-performing loans ratio of the Bank is 124 basis points.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

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	40.264.561	3.949.191	--	--	--	1.408.186	37.312.658	59.078.502	2.821.821	13.184.296	3.485.153	--	--	--	--	6.852.654	466	168.357.488
European Union Countries	--	--	--	--	--	3.130.536	838.014	54.140	18.430	6.174	31.916	--	--	--	--	--	--	4.079.210
OECD Countries (**)	--	--	--	--	--	126.397	--	2.453	1.101	--	--	--	--	--	--	--	--	129.951
Off-Shore Banking Regions	--	--	--	--	--	302	919.683	3.661	5.121	364.443	2	--	--	--	--	--	--	1.293.212
USA, Canada	92.138	--	--	--	--	1.268.335	70.183	1.265	1.938	252	--	--	--	--	--	--	--	1.434.111
Other Countries	--	--	--	--	--	57.239	696.781	29.438	31.750	6.810	46.600	--	--	--	--	--	--	868.618
Subsidiaries, Associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	18.801.094	18.801.094
Unallocated Assets/Liabilities	193.735	19.420	--	--	--	4.258.402	23.807.045	3.397.802	311.249	1.422.507	253.795	--	--	--	1.181	--	--	33.665.136
Total	40.550.434	3.968.611	--	--	--	10.249.397	63.644.364	62.567.261	3.191.410	14.984.482	3.817.466	--	--	--	1.181	6.852.654	18.801.560	228.628.820

Prior Period	Risk Classifications (*) (***)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Domestic	32.878.671	2.767.713	--	--	--	2.552.880	29.515.068	44.799.474	3.203.803	10.428.488	5.458.912	--	--	--	--	4.930.321	78.169	136.613.499
European Union Countries	--	--	--	--	--	987.603	2.332.392	58.682	21.822	6.989	1.371	--	--	--	--	2.105	--	3.410.964
OECD Countries (**)	--	--	--	--	--	43.190	--	3.323	1.452	--	61	--	--	--	--	--	--	48.026
Off-Shore Banking Regions	--	--	--	--	--	369	724.080	3.069	1.222	203.113	--	--	--	--	--	149.218	--	1.081.071
USA, Canada	--	--	--	--	--	1.176.029	--	1.433	2.795	106	1	--	--	--	--	--	--	1.180.364
Other Countries	--	--	--	--	--	99.837	667.234	31.726	33.388	6.021	2.563	--	--	--	--	271	--	841.040
Subsidiaries, Associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	13.295.979	13.295.979
Unallocated Assets/Liabilities	89.825	9.608	--	--	--	3.607.589	19.418.192	3.212.035	216.150	1.469.508	153.641	--	--	--	6.365	--	--	28.182.913
Total	32.968.496	2.777.321	--	--	--	8.467.497	52.656.966	48.109.742	3.480.632	12.114.225	5.616.549	--	--	--	6.365	5.081.915	13.374.148	184.653.856

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

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

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

I. Risk Profile by Sectors or Counterparties

Current Period: 31 December 2020	Risk Classifications (*)(**)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agricultural	585	--	--	--	--	--	831.633	12.607.869	215.772	1.953.472	252.844	--	--	--	--	3	--	15.599.430	262.748	15.862.178
Farming and Cattle	585	--	--	--	--	--	824.212	12.591.850	213.496	1.952.755	250.510	--	--	--	--	3	--	15.573.475	259.936	15.833.411
Forestry	--	--	--	--	--	--	--	3.388	1.662	549	18	--	--	--	--	--	--	5.045	572	5.617
Fishing	--	--	--	--	--	--	7.421	12.631	614	168	2.316	--	--	--	--	--	--	20.910	2.240	23.150
Manufacturing	--	--	--	--	--	--	19.068.557	2.327.945	295.479	1.871.422	644.889	--	--	--	--	15	--	6.840.593	17.367.714	24.208.307
Mining	--	--	--	--	--	--	922.574	175.898	15.355	55.145	22.564	--	--	--	--	--	--	376.268	815.268	1.191.536
Production	--	--	--	--	--	--	13.818.298	2.127.408	273.017	1.500.729	505.815	--	--	--	--	15	--	5.843.492	12.381.790	18.225.282
Electric, Gas, Water	--	--	--	--	--	--	4.327.685	24.639	7.107	315.548	116.510	--	--	--	--	--	--	620.833	4.170.656	4.791.489
Construction	--	1.955.548	--	--	--	--	11.439.319	1.442.255	287.482	1.005.116	525.257	--	--	--	--	17	2.800	7.504.083	9.153.711	16.657.794
Services	28	31.865	--	--	--	3.416.217	22.033.884	8.417.612	801.828	8.714.463	1.593.796	--	--	--	182	59	18.450.366	40.031.985	23.428.315	63.460.300
Wholesale and Retail Trade	28	6.240	--	--	--	--	7.640.260	6.576.787	539.223	1.815.301	457.432	--	--	--	--	54	--	10.645.594	6.389.731	17.035.325
Hotel and Restaurant Services	--	--	--	--	--	--	5.809.422	291.793	104.779	5.650.004	945.323	--	--	--	--	--	--	2.211.415	10.589.906	12.801.321
Transportation and telecommunication	--	--	--	--	--	--	4.292.833	1.039.205	108.361	432.933	156.431	--	--	--	--	1	--	2.791.858	3.237.906	6.029.764
Financial institution	--	--	--	--	--	3.416.217	2.058.388	111.713	7.517	23.497	1.373	--	--	--	182	1	18.444.366	21.939.034	2.124.220	24.063.254
Real estate and letting services	--	15.486	--	--	--	--	195.405	89.823	7.492	33.136	4.406	--	--	--	--	2	6.000	221.958	129.792	351.750
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	--	7.586	--	--	--	--	517.092	174.019	19.138	477.217	25.208	--	--	--	--	1	--	1.208.336	11.925	1.220.261
Health and social services	--	2.553	--	--	--	--	1.520.484	134.272	15.318	282.375	3.623	--	--	--	--	--	--	1.013.790	944.835	1.958.625
Other	40.549.821	1.981.198	--	--	--	6.833.180	10.270.971	37.771.580	1.590.849	1.440.009	800.680	--	--	--	999	6.852.560	348.394	68.250.378	40.189.863	108.440.241
Total	40.550.434	3.968.611	--	--	--	10.249.397	63.644.364	62.567.261	3.191.410	14.984.482	3.817.466	--	--	--	1.181	6.852.654	18.801.560	138.226.469	90.402.351	228.628.820

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

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

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			
Agricultural	--	--	--	--	--	--	602.032	11.550.059	166.918	1.600.124	349.463	--	--	--	--	4	--	14.083.582	185.018	14.268.600
Farming and Cattle	--	--	--	--	--	--	599.830	11.539.963	165.684	1.599.684	345.972	--	--	--	--	4	--	14.069.969	181.168	14.251.137
Forestry	--	--	--	--	--	--	--	4.465	549	284	102	--	--	--	--	--	--	4.575	825	5.400
Fishing	--	--	--	--	--	--	2.202	5.631	685	156	3.389	--	--	--	--	--	--	9.038	3.025	12.063
Manufacturing	--	--	--	--	--	--	15.016.318	2.071.373	272.962	2.434.693	830.986	--	--	--	--	8	--	5.081.529	15.544.811	20.626.340
Mining	--	--	--	--	--	--	736.719	126.625	12.973	92.851	74.377	--	--	--	--	--	--	364.758	678.787	1.043.545
Production	--	--	--	--	--	--	10.186.279	1.918.992	254.795	2.315.410	697.351	--	--	--	--	8	--	3.895.060	11.477.775	15.372.835
Electric, Gas, Water	--	--	--	--	--	--	4.093.320	25.756	5.194	26.432	59.258	--	--	--	--	--	--	821.711	3.388.249	4.209.960
Construction	--	980.975	--	--	--	2	9.993.380	1.155.820	326.477	891.996	587.652	--	--	--	--	12	2.800	5.371.266	8.567.848	13.939.114
Services	29	28.845	--	--	--	3.634.493	16.918.159	6.396.867	733.294	5.708.146	2.579.261	--	--	--	5.173	317	12.974.149	30.691.597	18.287.136	48.978.733
Wholesale and Retail Trade	--	9.238	--	--	--	--	6.469.881	5.018.336	475.765	1.569.334	719.535	--	--	--	--	317	--	8.433.986	5.828.420	14.262.406
Hotel and Restaurant Services	--	--	--	--	--	--	4.499.881	243.438	110.726	3.182.528	1.651.748	--	--	--	--	--	--	1.964.104	7.724.217	9.688.321
Transportation and telecommunication	--	--	--	--	--	--	2.991.605	813.390	97.116	356.344	97.390	--	--	--	--	--	--	2.011.396	2.344.449	4.355.845
Financial institution	29	--	--	--	--	3.634.493	915.262	58.354	7.002	12.136	5.984	--	--	--	5.173	--	12.968.149	16.304.826	1.301.756	17.606.582
Real estate and letting services	--	8.526	--	--	--	--	230.016	53.906	12.554	51.300	8.008	--	--	--	--	--	6.000	196.769	173.541	370.310
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	--	9.711	--	--	--	--	530.148	97.632	17.898	324.101	47.292	--	--	--	--	--	--	994.886	31.896	1.026.782
Health and social services	--	1.370	--	--	--	--	1.281.366	111.811	12.233	212.403	49.304	--	--	--	--	--	--	785.630	882.857	1.668.487
Other	32.968.467	1.767.501	--	--	--	4.833.002	10.127.077	26.935.623	1.980.981	1.479.266	1.269.187	--	--	--	1.192	5.081.574	397.199	53.650.129	33.190.940	86.841.069
Total	32.968.496	2.777.321	--	--	--	8.467.497	52.656.966	48.109.742	3.480.632	12.114.225	5.616.549	--	--	--	6.365	5.081.915	13.374.148	108.878.103	75.775.753	184.653.856

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

- | | |
|--|---|
| 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

Risk classifications	Undistributed (*)	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
1 Receivables from central governments and Central Banks	10.306.745	10.615.962	110.013	2.455	9.974	19.505.285
2 Receivables from regional or local governments	--	1.753	8.116	2.867	978.627	2.977.248
3 Receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	--
4 Receivables from multilateral development banks	--	--	--	--	--	--
5 Receivables from international organizations	--	--	--	--	--	--
6 Receivables from banks and brokerage houses	2.911.865	2.438.923	247.534	1.056.851	1.023.375	2.570.849
7 Receivables from corporate portfolio	--	6.607.074	4.650.160	5.524.757	8.190.146	38.672.227
8 Receivables from retail portfolio	--	15.045.838	1.972.866	2.978.795	12.784.939	29.784.823
9 Receivables secured by residential mortgages	14	149.172	159.794	230.870	464.511	2.187.049
10 Receivables secured by commercial mortgages	1	825.344	509.164	668.889	1.537.084	11.444.000
11 Past due receivables	3.817.466	--	--	--	--	--
12 Receivables defined in high risk category by BRSA	--	--	--	--	--	--
13 Securities collateralized by mortgages	--	--	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--	--	--
15 Investments similar to collective investment funds	--	1.169	12	--	--	--
16 Other receivables	6.829.886	22.768	--	--	--	--
17 Equity investments	18.801.560	--	--	--	--	--
18 Total	42.667.537	35.708.003	7.657.659	10.465.484	24.988.656	107.141.481

(*) Amounts without maturities are included.

Prior Period

Risk classifications	Undistributed (*)	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
1 Receivables from central governments and Central Banks	6.829.732	9.092.682	--	--	--	17.046.082
2 Receivables from regional or local governments	--	548	1.069	4.342	87.907	2.683.455
3 Receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	--
4 Receivables from multilateral development banks	--	--	--	--	--	--
5 Receivables from international organizations	--	--	--	--	--	--
6 Receivables from banks and brokerage houses	1.983.267	3.755.005	265.855	632.350	204.364	1.626.656
7 Receivables from corporate portfolio	281	5.877.122	3.837.379	3.139.443	5.654.180	34.148.561
8 Receivables from retail portfolio	1.112	11.092.610	1.911.184	2.784.913	8.651.561	23.668.362
9 Receivables secured by residential mortgages	--	131.844	135.761	190.716	309.894	2.712.417
10 Receivables secured by commercial mortgages	--	792.294	585.776	456.592	1.427.168	8.852.395
11 Past due receivables	5.616.549	--	--	--	--	--
12 Receivables defined in high risk category by BRSA	--	--	--	--	--	--
13 Securities collateralized by mortgages	--	--	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--	--	--
15 Investments similar to collective investment funds	--	144	5.718	--	503	--
16 Other receivables	5.016.222	65.693	--	--	--	--
17 Equity investments	13.374.148	--	--	--	--	--
18 Total	32.821.311	30.807.942	6.742.742	7.208.356	16.335.577	90.737.928

(*) Amounts without maturities are included.

n. Information on risk class

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

Current Period

Credit Quality Grade	Risk Rating Fitch	Receivables from Central Governments or Central Banks	Risk Classifications		
			Receivables from Banks and Brokerage Houses		Corporate Receivables
			Receivables with Remaining Maturities Less Than 3 Months	Receivables with Remaining Maturities More Than 3 Months	
1	AAA	0%	20%	20%	20%
	AA+				
	AA				
	AA-				
2	A+	20%	20%	50%	50%
	A				
	A-				
	BBB+				
3	BBB	50%	20%	50%	100%
	BBB-				
	BB+				
	BB				
4	BB-	100%	50%	100%	100%
	B+				
	B				
	B-				
5	CCC	100%	50%	100%	150%
	CC				
	C				
	D				
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	42.103.520	--	6.366.527	--	9.035.816	67.522.468	103.050.957	549.532	--	--	--	1.024.232
Exposures after Credit Risk Mitigation	50.783.823	--	6.366.460	3.040.923	20.795.520	56.923.127	88.426.298	90.347	--	--	--	1.024.232

Prior Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Equity Deduction
Exposures before Credit Risk Mitigation	27.742.539	--	5.474.771	--	5.696.399	53.198.107	90.176.474	2.365.566	--	--	--	739.465
Exposures after Credit Risk Mitigation	34.988.169	--	5.474.771	3.234.916	14.746.780	44.022.360	77.331.142	2.360.321	--	--	--	739.465

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

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

Current Period

Important Sectors/Counterparties	Loans (**)		Provisions
	Impaired (TFRS 9)		Provision for Expected
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	Credit Loss (TFRS 9) (***)
Agricultural	4.253.668	1.778.983	1.590.535
Farming and Cattle	4.236.909	1.778.110	1.577.054
Forestry	16.414	227	12.808
Fishing	345	646	673
Manufacturing	4.809.643	2.760.528	2.636.481
Mining	688.301	84.457	88.281
Production	2.060.710	1.459.964	1.428.712
Electric, Gas, Water	2.060.632	1.216.107	1.119.488
Construction	1.833.099	1.226.717	1.660.657
Services	8.340.436	5.541.597	5.627.673
Wholesale and Retail Trade	2.885.887	1.171.169	1.530.478
Hotel and Restaurant Services	3.122.923	2.343.897	1.920.182
Transportation & telecommunication	725.244	438.235	510.030
Financial institutions	15.293	5.824	6.155
Real estate and letting services	505.022	1.363.454	1.328.549
Self-employment services	125.633	125.728	135.104
Education services	161.039	33.614	65.621
Health and social services	799.395	59.676	131.554
Other	7.231.292	656.398	1.629.391
Total	26.468.138	11.964.223	13.144.737

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

(**) Cash loans are given.

(***) Includes the second and third stage provisions.

Prior Period

Important Sectors/Counterparties	Loans (**)		Provisions
	Impaired (TFRS 9)		Provision for Expected
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	Credit Loss (TFRS 9) (***)
Agricultural	4.234.727	1.601.324	746.773
Farming and Cattle	4.197.029	1.596.585	738.255
Forestry	28.594	1.684	7.367
Fishing	9.104	3.055	1.151
Manufacturing	2.886.779	1.991.575	1.504.499
Mining	510.017	151.245	111.638
Production	2.116.741	1.022.277	911.068
Electric, Gas, Water	260.021	818.053	481.793
Construction	2.129.437	1.151.034	836.267
Services	6.907.610	5.158.476	3.602.486
Wholesale and Retail Trade	2.257.701	1.768.021	1.074.728
Hotel and Restaurant Services	1.849.023	1.784.853	1.089.218
Transportation & telecommunication	1.074.056	215.377	368.353
Financial institutions	28.156	86.304	34.558
Real estate and letting services	518.942	1.095.047	715.225
Self-employment services	216.669	94.766	100.442
Education services	341.468	51.136	46.624
Health and social services	621.595	62.972	173.338
Other	5.497.010	1.152.269	1.278.852
Total	21.655.563	11.054.678	7.968.877

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

(**) Cash loans are given.

(***) Includes the second and third stage provisions.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

q. Information on movements in valuation adjustments and provisions

Current Period: 31 December 2020	Opening Balance 1 January 2020	Charge for the period	Other Adjustments (*)	Closing Balance
Default (Third Stage / Specific Provision)	5.590.757	3.400.036	(1.051.395)	7.939.398
12 Months Provision for Expected Credit Loss (First Stage)	876.527	87.408	2.772	966.707
Significant Increase in Credit Risk (Second Stage)	2.378.120	2.824.593	2.626	5.205.339

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

Prior Period: 31 December 2019	Opening Balance 1 January 2019	Charge for the period	Other Adjustments (*)	Closing Balance
Default (Third Stage / Specific Provision)	3.578.774	3.890.508	(1.878.525)	5.590.757
12 Months Provision for Expected Credit Loss (First Stage)	758.141	117.019	1.367	876.527
Significant Increase in Credit Risk (Second Stage)	1.500.502	859.021	18.597	2.378.120

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

r. Information on cyclical capital buffer calculation:

Current Period

Country of ultimate risk	Private sector credit exposure in		Total
	banking book	Risk weighted equivalent trading book	
Turkey	128.825.109	229.140	129.054.249
Austria	15.725.826	--	15.725.826
Cyprus	1.091.295	--	1.091.295
Malta	806.076	--	806.076
Other	7.309.708	--	7.309.708

Prior Period

Country of ultimate risk	Private sector credit exposure in		Total
	banking book	Risk weighted equivalent trading book	
Turkey	95.785.074	670.548	96.455.622
Austria	10.949.465	--	10.949.465
England	1.624.093	--	1.624.093
United Arab Emirates	1.252.165	--	1.252.165
Other	2.928.657	--	2.928.657

III. Explanations related to the foreign currency exchange rate risk

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

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

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

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

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

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

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

c. Foreign currency risk management policy

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

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

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

<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 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.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

f. Information on currency risk

Current Period	EURO	USD	Other FC ⁽⁵⁾	Total
Assets				
Cash Equivalents and Central Bank	7.057.461	9.788.832	3.491.374	20.337.667
Banks	148.193	1.464.090	274.932	1.887.215
Financial Assets at Fair Value through Profit or Loss (Net) ⁽¹⁾	545.615	1.038.452	1	1.584.068
Due from Money Markets	--	--	--	--
Financial Assets at Fair Value through Other Comprehensive Income ⁽⁴⁾	1.549.284	5.522.603	--	7.071.887
Loans ⁽²⁾	25.185.658	13.744.432	1.256.566	40.186.656
Investments in Associates, Subsidiaries and Joint Ventures	15.720.203	388.679	--	16.108.882
Financial Assets Measured at Amortised Cost	--	3.152.687	--	3.152.687
Hedging Derivative Financial Assets	--	--	--	--
Tangible Fixed Assets	--	141	24	165
Intangible Fixed Assets	--	--	--	--
Other Assets ⁽³⁾	370.921	1.220.659	273.594	1.865.174
Total Assets	50.577.335	36.320.575	5.296.491	92.194.401
Liabilities				
Bank Deposits	5.144.184	5.426.659	1.193.004	11.763.847
Foreign Currency Deposits	16.870.147	33.072.149	11.653.129	61.595.425
Due to Money Markets	--	3.305.635	--	3.305.635
Funds Borrowed	10.990.543	16.690.519	1.178.719	28.859.781
Securities Issued	--	37.348	414.256	451.604
Miscellaneous Payables	--	--	--	--
Hedging Derivative Financial Liabilities	--	--	--	--
Other Liabilities ⁽⁶⁾	3.855.384	3.115.653	1.799	6.972.836
Total Liabilities	36.860.258	61.647.963	14.440.907	112.949.128
Net on Balance Sheet Position	13.717.077	(25.327.388)	(9.144.416)	(20.754.727)
Net off-Balance Sheet Position ⁽⁷⁾	(12.202.490)	26.205.516	9.020.887	23.023.913
Financial Derivative Assets	8.019.105	43.711.266	12.754.400	64.484.771
Financial Derivative Liabilities	(20.221.595)	(17.505.750)	(3.733.513)	(41.460.858)
Net Positions	1.514.587	878.128	(123.529)	2.269.186
Non Cash Loans	14.390.049	14.203.409	1.275.333	29.868.791
Prior Period				
Total Assets	39.196.807	27.016.954	4.708.144	70.921.905
Total Liabilities	23.227.228	50.340.338	3.496.167	77.063.733
Net on Balance Sheet Position	15.969.579	(23.323.384)	1.211.977	(6.141.828)
Net off-Balance Sheet Position	(16.038.756)	23.374.669	(1.242.411)	6.093.502
Financial Derivative Assets	13.317.894	38.108.486	2.376.116	53.802.496
Financial Derivative Liabilities	(29.356.650)	(14.733.817)	(3.618.527)	(47.708.994)
Net Positions	(69.177)	51.285	(30.434)	(48.326)
Non Cash Loans	10.661.989	11.570.957	1.237.221	23.470.167

- (1) : Foreign currency differences of derivative financial assets amounting to TL 811.140 are excluded.
(2) : Foreign currency indexed loans amounting to TL 856.907 are included. Stage 1 and Stage 2 loan provisions amounting to TL (1.512.745) are not included.
(3) : Prepaid expenses amounting to TL 63.224 and stage 1 and stage 2 provisions amounting to TL (56) are not included.
(4) : Negative valuation differences of securities acquired prior to 23 March 2020 amounting to TL 13.796 are not included.
(5) : There are gold balances amounting to TL 5.017.775 under total assets and TL 8.566.342 in total liabilities.
(6) : FX equity amounting to TL 281.568, foreign exchange rate differences related to derivative financial liabilities amounting to TL 1.213.654 are not included.
(7) : Net amount of receivables and liabilities from financial derivatives is shown on the table. Spot foreign exchange buy/sale transactions that are reported under the "Asset Purchase Commitments" are included in "Net Off-Balance Sheet Position".

g. Information on currency risk 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	(22.721)	4.828	(4.314)	(5.940)
Euro	118.573	119.181	20.662	23.500
Total (Net)	95.852	124.009	16.348	17.560

IV. Explanations related to the interest rate risk

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

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

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

End of The Current Period	Up to 1 Month	1 - 3 Month	3 - 12 Month	1 - 5 Year	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank Banks ⁽¹⁾	982.481	--	--	--	--	21.607.816	22.590.297
Financial Assets at Fair Value through Profit or Loss	530.838	--	--	--	--	1.862.378	2.393.216
Due from Money Markets	40.800	20.745	442.437	27.557	28.346	2.930.733	3.490.618
Financial Assets at Fair Value through Other Comprehensive Income	1.838.716	--	--	--	--	--	1.838.716
Loans ⁽⁴⁾	1.981.632	1.260.399	3.087.437	4.147.431	2.737.414	466	13.214.779
Financial Assets Measured at Amortised Cost ⁽²⁾	34.940.611	7.291.149	24.003.811	42.827.592	7.819.065	4.024.825	120.907.053
Other Assets ⁽³⁾	2.725.105	452.644	299.725	3.783.887	--	--	7.261.361
Total Assets	43.040.183	9.024.937	27.833.410	51.216.868	10.584.825	57.555.513	199.255.736
Liabilities							
Bank Deposits	8.479.621	5.010.675	370.438	--	--	298.067	14.158.801
Other Deposits	56.698.635	17.036.218	3.727.814	200.975	--	31.543.772	109.207.414
Due to Money Markets	2.173.491	199.160	2.106.496	--	--	--	4.479.147
Miscellaneous Payables	--	--	--	--	--	--	--
Securities Issued	--	530.503	907.132	644.701	642.307	--	2.724.643
Funds Borrowed	3.454.737	13.383.211	5.229.050	1.309.364	5.917.567	--	29.293.929
Other Liabilities ⁽⁵⁾	571.262	204.789	4.403.183	1.433.674	--	32.778.894	39.391.802
Total Liabilities	71.377.746	36.364.556	16.744.113	3.588.714	6.559.874	64.620.733	199.255.736
Balance Sheet Long Position	--	--	11.089.297	47.628.154	4.024.951	--	62.742.402
Balance Sheet Short Position	(28.337.563)	(27.339.619)	--	--	--	(7.065.220)	(62.742.402)
Off-balance Sheet Long Position	2.281.734	1.501.276	--	184.221	--	--	3.967.231
Off-balance Sheet Short Position	--	--	(1.059.330)	--	(2.845.955)	--	(3.905.285)
Total Position	(26.055.829)	(25.838.343)	10.029.967	47.812.375	1.178.996	(7.065.220)	61.946

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (116).

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

(3) Other assets / non-interest bearing column includes; tangible assets, intangible assets, investments in associates, deferred tax asset, assets to be disposed, the provisions for expected credit loss of other assets, current tax asset and other assets with balances of TL 620.894, TL 346.815, TL 18.801.094, TL 1.349.707, TL 1.520.654, TL (7.602), TL 296.166 and TL 4.201.567, respectively.

(4) Stage 3 loans are presented netted in "non-interest bearing" column.

(5) Other liabilities / non-interest bearing column includes; shareholders' equity, other liabilities, provisions, tax liabilities and derivative financial liabilities amounting to TL 22.888.752, TL 5.263.640, TL 2.223.409, TL 252.567 and TL 2.150.526, respectively.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

End of The Current Period	Up to 1 Month	1 - 3 Month	3 - 12 Month	1 - 5 Year	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank Banks ⁽¹⁾	--	--	--	--	--	16.707.470	16.707.470
Financial Assets at Fair Value through Profit or Loss (Net)	2.132.966	--	--	--	--	1.464.936	3.597.902
Due from Money Markets	388	267	329.806	4.962	2.918	1.836.346	2.174.687
Financial Assets at Fair Value through Other Comprehensive Income	1.020.321	--	--	--	--	--	1.020.321
Loans ⁽⁴⁾	556.487	2.353.671	2.122.170	4.661.643	961.141	78.170	10.733.282
Financial Assets Measured at Amortised Cost ⁽²⁾	29.151.015	6.475.640	12.154.699	37.136.889	6.573.059	5.463.921	96.955.223
Other Assets ⁽³⁾	2.501.689	392.506	503.134	1.724.146	1.468.891	--	6.590.366
Total Assets	35.362.866	9.222.084	15.109.809	43.998.110	9.006.009	43.779.150	156.478.028
Liabilities							
Bank Deposits	1.815.712	813.118	219.951	--	--	121.746	2.970.527
Other Deposits	62.394.259	10.687.381	3.955.646	23.556	--	20.267.551	97.328.393
Due to Money Markets	425.152	--	--	--	--	--	425.152
Miscellaneous Payables	--	--	--	--	--	--	--
Securities Issued	2.161.569	299.412	--	--	--	--	2.460.981
Funds Borrowed	2.696.534	4.937.388	5.677.890	8.089.771	2.849	--	21.404.432
Other Liabilities ⁽⁵⁾	--	244.734	4.291.370	510.942	--	26.841.497	31.888.543
Total Liabilities	69.493.226	16.982.033	14.144.857	8.624.269	2.849	47.230.794	156.478.028
Balance Sheet Long Position	--	--	964.952	35.373.841	9.003.160	--	45.341.953
Balance Sheet Short Position	(34.130.360)	(7.759.949)	--	--	--	(3.451.644)	(45.341.953)
Off-balance Sheet Long Position	2.091.992	257.832	--	625.179	--	--	2.975.003
Off-balance Sheet Short Position	--	--	(1.271.273)	--	(416.963)	--	(1.688.236)
Total Position	(32.038.368)	(7.502.117)	(306.321)	35.999.020	8.586.197	(3.451.644)	1.286.767

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (70).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (836).

(3) Other assets / non-interest bearing column includes; tangible assets, intangible assets, investments in associates, deferred tax asset, investments in subsidiaries, joint ventures, assets to be disposed, current tax asset, the provisions for expected credit loss of other assets and other assets with balances of TL 994.010, TL 284.468, TL 12.102, TL 944.376, TL 13.281.077, TL 2.800, TL 477.673, TL 204.524, TL (3.155) and TL 2.030.432, respectively.

(4) Stage 3 loans are presented netted in "non-interest bearing" column.

(5) Other liabilities / non-interest bearing column includes; shareholders' equity, other liabilities, provisions, tax liabilities and derivative financial liabilities amounting to TL 17.719.848, TL 6.165.658, TL 1.786.956, TL 307.039 and TL 861.996, respectively.

b. Average interest rates applied to monetary financial instruments

Current Period - 31 December 2020	EURO %	USD %	Yen %	TL %
Assets				
Cash Equivalents and Central Bank	--	--	--	9,94
Banks	--	--	--	8,45
Financial Assets at Fair Value through Profit or Loss	2,15	6,04	--	12,20
Due from Money Markets	--	--	--	17,89
Financial Assets at Fair Value through Other Comprehensive Income	2,82	6,14	--	11,70
Loans	5,00	5,74	5,77	15,09
Financial Assets Measured at Amortised Cost	--	4,84	--	13,22
Liabilities				
Bank Deposits	0,69	2,01	--	5,14
Other Deposits	1,14	1,90	0,01	15,24
Due to Money Markets	--	2,66	--	16,90
Miscellaneous Payables	--	--	--	--
Securities Issued	--	1,94	--	11,25
Funds Borrowed	2,08	2,42	--	10,50

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

Prior Period - 31 December 2019	EURO %	USD %	Yen %	TL %
Assets				
Cash Equivalents and Central Bank	--	--	--	--
Banks	--	1,40	--	11,35
Financial Assets at Fair Value through Profit or Loss	2,57	8,18	--	15,13
Due from Money Markets	--	--	--	11,58
Financial Assets at Fair Value through Other Comprehensive Income	2,79	4,72	--	13,29
Loans	4,94	7,01	5,49	19,63
Financial Assets Measured at Amortised Cost	--	5,06	--	12,90
Liabilities				
Bank Deposits	1,37	2,59	--	11,34
Other Deposits	0,34	2,02	--	11,12
Due to Money Markets	--	3,18	--	10,67
Miscellaneous Payables	--	--	--	--
Securities Issued	--	--	--	14,00
Funds Borrowed	1,35	4,26	--	12,08

c. Interest rate risk arising from banking accounts

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

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

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

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

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

Current Period: 31 December 2020	Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency	(+/- x basis points)		-Losses/Equity
1 TL	(+) 500 bps	(2.083.461)	(6,88%)
2 TL	(-) 400 bps	1.840.759	6,08%
3 Euro	(+) 200 bps	12.450	0,04%
4 Euro	(-) 200 bps	14.155	0,05%
5 US Dollar	(+) 200 bps	(25.079)	(0,08%)
6 US Dollar	(-) 200 bps	62.576	0,21%
Total (of positive shocks)		(2.096.090)	(6,92%)
Total (of negative shocks)		1.917.490	6,34%

Prior Period: 31 December 2019	Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency	(+/- x basis points)		-Losses/Equity
1 TL	(+) 500 bps	(2.266.192)	(9,43%)
2 TL	(-) 400 bps	2.043.031	8,51%
3 Euro	(+) 200 bps	(372.049)	(1,55%)
4 Euro	(-) 200 bps	435.657	1,81%
5 US Dollar	(+) 200 bps	14.235	0,06%
6 US Dollar	(-) 200 bps	5.770	0,02%
Total (of positive shocks)		(2.624.006)	(10,92%)
Total (of negative shocks)		2.484.458	10,34%

V. Position risk of equity shares arising from banking accounts

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

Bank does not have associates and subsidiaries traded at BIST markets and shown in the unconsolidated financial statements at fair value as of 31 December 2020 and 2019.

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

None.

VI. Explanations related to the liquidity risk

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

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

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

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

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

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

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

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

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

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

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

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

Information on liquidity risk mitigation techniques used

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

Explanations related to using the stress test

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

General information on the liquidity emergency and contingency plan

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

a. Liquidity coverage ratio

Liquidity coverage ratios calculated in accordance with the Regulation on Calculation of Liquidity Coverage Ratio of Banks published in the Official Gazette dated 21 March 2014 and numbered 28948 are as follows. The lowest weekly unconsolidated foreign currency ratio for the last three months was 316,94 in November, the highest 448,29 in December, and the total lowest liquidity coverage ratio has been calculated as 104,86 in November and 133,60 in September as the highest.

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

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

Current Period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 Total High Quality Liquid Assets			34.272.159	23.163.144
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which				
3 Stable deposits	88.485.246	46.631.911	7.960.987	4.663.191
4 Less stable deposits	17.750.757	--	887.538	--
5 Unsecured wholesale funding, of which	70.734.489	46.631.911	7.073.449	4.663.191
6 Operational deposits	34.738.931	22.545.109	19.699.387	12.580.965
7 Non-operational deposits	8.828.546	6.657.470	2.207.136	1.664.368
8 Unsecured debt	17.225.158	10.690.998	8.811.359	5.721.214
9 Secured wholesale funding	8.685.227	5.196.641	8.680.892	5.195.383
10 Other cash outflows	--	--	--	--
11 Outflows related to derivative exposures and other collateral requirements	3.279.054	4.621.650	1.676.785	3.305.930
12 Outflows related to loss of funding on debt products	608.605	2.428.783	608.605	2.428.783
13 Credit and liquidity facilities	--	--	--	--
14 Other contractual funding obligations	2.670.449	2.192.867	1.068.180	877.147
15 Other contingent funding obligations	274.939	274.379	274.407	274.379
16 TOTAL CASH OUTFLOWS	98.575.293	36.222.394	7.493.311	3.586.674
			37.104.877	24.411.139
CASH INFLOWS				
17 Secured lending	2.503.717	--	--	--
18 Unsecured lending	10.727.794	4.209.988	7.844.513	3.397.688
19 Other cash inflows	485.075	17.177.138	485.074	17.177.138
20 TOTAL CASH INFLOWS	13.716.586	21.387.126	8.329.587	20.574.826
			Total Adjusted Value	
21 TOTAL HQLA			34.272.159	23.163.144
22 TOTAL NET CASH OUTFLOWS			28.775.289	6.144.768
23 LIQUIDITY COVERAGE RATIO (%)			120,0	380,8

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

Prior Period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 Total High Quality Liquid Assets			33.302.261	20.016.440
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which				
3 Stable deposits	70.159.048	30.088.077	6.267.251	3.008.808
4 Less stable deposits	14.973.076	--	748.654	--
5 Unsecured wholesale funding, of which	55.185.972	30.088.077	5.518.597	3.008.808
6 Operational deposits	30.552.305	17.476.191	17.176.881	8.768.191
7 Non-operational deposits	6.489.094	4.371.115	1.622.274	1.092.779
8 Unsecured debt	18.608.439	11.207.256	10.104.245	5.779.795
9 Secured wholesale funding	5.454.772	1.897.820	5.450.362	1.895.617
10 Other cash outflows	--	--	141.545	141.215
11 Outflows related to derivative exposures and other collateral requirements	2.366.254	3.026.035	1.329.231	2.273.679
12 Outflows related to loss of funding on debt products	637.882	1.772.108	637.882	1.772.108
13 Credit and liquidity facilities	--	--	--	--
14 Other contractual funding obligations	1.728.372	1.253.927	691.349	501.571
15 Other contingent funding obligations	305.142	304.582	304.610	304.582
16 TOTAL CASH OUTFLOWS	75.351.335	22.518.813	5.596.443	2.201.630
			30.815.961	16.698.105
CASH INFLOWS				
17 Secured lending	1.628.159	--	--	--
18 Unsecured lending	9.982.706	4.059.553	7.276.751	3.145.432
19 Other cash inflows	225.692	5.739.498	225.691	5.739.498
20 TOTAL CASH INFLOWS	11.836.557	9.799.051	7.502.442	8.884.930
			Total adjusted value	
21 TOTAL HQLA			33.302.261	20.016.440
22 TOTAL NET CASH OUTFLOWS			23.313.518	7.815.895
23 LIQUIDITY COVERAGE RATIO (%)			143,3	262,6

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

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

End of The Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Assets								
Cash Equivalents and Central Bank Deposits	10.509.996	12.080.301	--	--	--	--	--	22.590.297
Financial Assets at Fair Value through Profit or Loss (Net)	1.862.411	530.805	--	--	--	--	--	2.393.216
Due from Money Markets	219.080	503.861	459.009	962.250	562.197	784.221	--	3.490.618
Financial Assets at Fair Value through Other Comprehensive Income	--	1.838.716	--	--	--	--	--	1.838.716
Loans	466	1.200.629	467.657	1.718.729	5.980.158	3.847.140	--	13.214.779
Financial Assets Measured at Amortised Cost (2)	--	19.168.488	4.534.385	25.435.513	51.832.443	15.911.399	4.024.825	120.907.053
Other Assets	--	2.181.461	261.277	711.468	4.107.155	--	--	7.261.361
Total Assets	17.885.256	37.504.261	5.722.328	28.827.960	62.912.354	20.542.760	25.860.817	199.255.736
Liabilities								
Bank Deposits	298.098	8.478.087	5.012.178	370.438	--	--	--	14.158.801
Other Deposits	31.543.824	56.662.662	17.022.913	3.760.302	217.589	124	--	109.207.414
Fund Borrowed	--	681.044	5.165.753	15.150.206	1.894.250	6.402.676	--	29.293.929
Due to Money Markets	--	2.173.491	199.160	2.106.496	--	--	--	4.479.147
Securities Issued	--	--	1.437.635	644.701	642.307	--	--	2.724.643
Miscellaneous Payables	--	--	--	--	--	--	--	--
Other Liabilities	5.148.669	1.522.925	646.612	4.627.355	1.580.407	638.701	25.227.133	39.391.802
Total Liabilities	36.990.591	69.518.209	29.484.251	26.659.498	4.334.553	7.041.501	25.227.133	199.255.736
Net Liquidity Excess/ (Gap)	(19.105.335)	(32.013.948)	(23.761.923)	2.168.462	58.577.801	13.501.259	633.684	--
Net Off-balance sheet Position	--	(625.085)	(165.025)	161.592	158.994	--	--	(469.524)
Financial Derivative Assets	--	42.043.057	14.608.669	9.251.339	5.932.196	16.616.584	--	88.451.845
Financial Derivative Liabilities	--	(42.668.142)	(14.773.694)	(9.089.747)	(5.773.202)	(16.616.584)	--	(88.921.369)
Non Cash Loans	--	3.556.157	4.288.948	11.389.022	22.226.920	1.268.320	--	42.729.367
End of The Prior Period								
Total Assets	11.848.855	28.341.326	6.201.421	17.721.142	51.779.914	19.640.833	20.944.537	156.478.028
Total Liabilities	26.550.632	68.038.190	15.146.389	16.567.658	10.314.551	352.412	19.508.196	156.478.028
Net Liquidity Excess/ (Gap)	(14.701.777)	(39.696.864)	(8.944.968)	1.153.484	41.465.363	19.288.421	1.436.341	--
Net Off-balance sheet Position	--	(178.270)	(39.560)	315.732	398.355	--	--	496.257
Financial Derivative Assets	--	30.150.623	7.647.872	7.822.522	5.369.328	9.657.701	--	60.648.046
Financial Derivative Liabilities	--	(30.328.893)	(7.687.432)	(7.506.790)	(4.970.973)	(9.657.701)	--	(60.151.789)
Non Cash Loans	--	3.367.367	3.699.241	8.403.406	17.845.550	839.995	--	34.155.559

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (116).

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

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

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

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

End of The Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities							
Deposits	31.841.922	65.226.795	22.214.882	4.218.665	232.395	115	123.734.774
Funds borrowed (*)	--	722.644	5.217.373	15.432.017	3.632.174	7.801.498	32.805.706
Interbank money markets	--	2.173.491	200.577	2.106.577	--	--	4.480.645
Securities issued	--	--	1.558.185	698.761	696.166	--	2.953.112
Total	31.842.922	68.122.930	29.191.017	22.456.020	4.560.735	7.801.613	163.974.237

(*) It includes subordinated loans.

End of The Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities							
Deposits	20.389.329	64.327.341	11.773.264	4.152.501	36.033	105	100.678.573
Funds borrowed (*)	--	1.529.753	2.406.307	8.259.314	11.205.861	2.849	23.404.084
Interbank money markets	--	425.152	--	--	--	--	425.152
Securities issued	--	1.495.500	975.000	--	--	--	2.470.500
Total	20.389.329	67.777.746	15.154.571	12.411.815	11.241.894	2.954	126.978.309

(*) It includes subordinated loans.

VII. Explanations related to leverage ratio

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

As of 31 December 2020, the leverage ratio of the Bank is calculated as 7,41% (31 December 2019: 7,55%). This rate is above the minimum rate. The main reason for the difference between the current period and the prior period leverage ratio is the increase in the balance sheet assets.

Leverage ratio public disclosure template:

	Current Period (*)	Prior Period (*)
On-balance sheet exposures		
1 On-balance sheet items (exclude derivatives and SFTs; include collateral)	194.662.245	151.111.455
2 (Assets deducted in determining Basel III Tier I capital)	(543.584)	(347.267)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	194.118.661	150.764.188
Derivative exposures		
4 Replacement cost	3.500.250	1.778.239
5 Add-on amount	1.155.815	817.141
6 Total derivative exposures (sum of lines 4 and 5)	4.656.065	2.595.380
Securities or commodity collateral financing transaction exposures		
7 Gross SFT assets (with no recognition of accounting netting)	1.878.280	99.826
8 Agent transaction exposures		
9 Total securities financing transaction exposures (sum of lines 7 and 8)	1.878.280	99.826
Other off-balance sheet exposures		
10 Off-balance sheet exposures with gross nominal amount	105.144.967	80.669.269
11 (Adjustment amount off-balance sheet exposures with credit conversion factor)	(503)	(503)
12 Total off-balance sheet exposures (sum of lines 10 and 11)	105.144.464	80.668.766
Capital and total exposures		
13 Tier I Capital	22.663.225	17.679.538
14 Total exposures (sum of lines 3,6,9 and 12)	305.797.470	234.128.160
Leverage ratio		
15 Leverage ratio	7,41	7,55

(*) Quarterly average amounts.

VIII. Explanations related to risk management

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

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

a. Risk management approach and risk weighted assets

1. Explanations related to the risk management approach

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

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

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

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

Main components and scope of the risk measurement systems

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

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

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

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

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

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

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

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

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

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

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

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

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

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)			
2 <i>Standardized approach (SA)</i>	141.595.972	122.260.883	11.327.678
3 <i>Internal rating-based (IRB) approach</i>	--	--	--
4 Counterparty credit risk	3.721.739	2.115.515	297.739
5 <i>Standardized approach for counterparty credit risk (SA-CCR)</i>	3.721.739	2.115.515	297.739
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	1.111	6.365	89
10 Investments made in collective investment companies - %1250 weighted risk approach	--	--	--
11 Settlement risk	--	--	--
12 Securitization positions in banking accounts	--	--	--
13 <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	3.178.625	612.500	254.290
17 <i>Standardized approach (SA)</i>	3.178.625	612.500	254.290
18 <i>Internal model approaches (IMM)</i>	--	--	--
19 Operational Risk	13.961.089	10.819.393	1.116.887
20 <i>Basic Indicator Approach</i>	13.961.089	10.819.393	1.116.887
21 <i>Standard Approach</i>	--	--	--
22 <i>Advanced measurement approach</i>	--	--	--
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	162.458.536	135.814.656	12.996.683

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

b. Connections between the financial statements and risk amounts

1. The valued amounts and matching in accordance with TAS in the financial statements

Current Period	a	c	d	e	f	g
	Revaluation amount in accordance with TAS	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Carrying values of items under scope of TAS						
Assets						
Cash and balances at central bank	22.590.297	22.590.297	--	--	--	--
Banks	2.393.216	2.393.332	--	--	--	--
Due from money markets	1.838.716	--	1.838.716	--	--	--
Financial assets at fair value through profit or loss	790.860	--	--	--	78.492	--
Financial assets at fair value through other comprehensive income	13.214.779	13.214.779	--	--	--	--
Financial assets measured at amortised cost	7.261.361	7.262.043	--	--	--	--
Derivative financial assets	2.699.758	--	2.699.758	--	--	--
Loans (net)	120.907.053	127.079.099	--	--	--	262.244
Non-current assets or disposal groups "held for sale" and from discontinued operations (net)	--	--	--	--	--	--
Investments in associates, subsidiaries and joint ventures	18.801.094	18.801.094	--	--	--	--
Tangible assets (net)	1.051.295	1.051.295	--	--	--	53.967
Intangible assets (net)	346.815	346.815	--	--	--	346.815
Investment properties (net)	--	--	--	--	--	--
Current Tax Assets	296.166	296.166	--	--	--	--
Deferred Tax Assets	1.349.707	1.349.707	--	--	--	--
Other assets	5.714.619	5.714.619	--	--	--	--
Total assets	199.255.736	200.099.246	4.538.474	--	78.492	663.026
Liabilities						
Deposits	123.366.215	--	--	--	--	123.366.215
Loans	23.376.509	--	--	--	--	23.376.509
Debt to money markets	4.479.147	--	4.479.147	--	--	4.479.147
Debt securities in issue	2.724.643	--	--	--	--	2.724.643
Funds	--	--	--	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--
Derivative financial liabilities	2.150.526	--	--	--	--	2.150.526
Factoring debts	--	--	--	--	--	--
Debts from leasing transactions	621.220	--	--	--	--	621.220
Provisions	2.223.409	--	--	--	--	2.223.409
Current tax liabilities	252.567	--	--	--	--	252.567
Deferred tax liabilities	--	--	--	--	--	--
Non-current liabilities or disposal groups "held for sale" and from discontinued operations (net)	--	--	--	--	--	--
Subordinated debts	5.917.420	--	--	--	--	5.917.420
Other liabilities	11.255.328	--	--	--	--	11.255.328
Equity	22.888.752	--	--	--	--	22.888.752
Total liabilities	199.255.736	--	4.479.147	--	--	199.255.736

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

Prior Period	a	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
	Revaluation amount in accordance with TAS	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	
Assets						
Cash and balances at central bank	16.707.470	16.707.470	--	--	--	--
Banks	3.597.902	3.597.950	--	--	--	--
Due from money markets	1.020.321	--	1.020.321	--	--	--
Financial assets at fair value through profit or loss	487.818	--	--	--	4.699	--
Financial assets at fair value through other comprehensive income	10.733.282	10.733.282	--	--	--	--
Financial assets measured at amortised cost	6.590.366	6.591.202	--	--	--	--
Derivative financial assets	1.686.869	--	1.686.869	--	--	--
Loans (net)	96.955.223	96.954.339	--	--	--	205.792
Non-current assets or disposal groups "held for sale" and from discontinued operations (net)	--	--	--	--	--	--
Investments in associates, subsidiaries and joint ventures	13.295.979	13.295.979	--	--	--	--
Tangible assets (net)	994.010	994.010	--	--	--	71.307
Intangible assets (net)	284.468	284.468	--	--	--	284.468
Investment properties (net)	--	--	--	--	--	--
Current Tax Assets	204.524	204.524	--	--	--	--
Deferred Tax Assets	944.376	944.376	--	--	--	--
Other assets	2.975.420	2.975.420	--	--	--	--
Total assets	156.478.028	153.283.020	2.707.190	--	4.699	561.567
Liabilities						
Deposits	100.298.920	--	--	--	--	100.298.920
Loans	14.367.179	--	--	--	--	14.367.179
Debt to money markets	425.152	--	425.152	--	--	425.152
Debt securities in issue	2.460.981	--	--	--	--	2.460.981
Funds	--	--	--	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--
Derivative financial liabilities	861.996	--	--	--	--	861.996
Factoring debts	--	--	--	--	--	--
Debts from leasing transactions	515.308	--	--	--	--	515.308
Provisions	1.786.956	--	--	--	--	1.786.956
Current tax liabilities	307.039	--	--	--	--	307.039
Deferred tax liabilities	--	--	--	--	--	--
Non-current liabilities or disposal groups "held for sale" and from discontinued operations (net)	--	--	--	--	--	--
Subordinated debts	7.037.253	--	--	--	--	7.037.253
Other liabilities	10.697.396	--	--	--	--	10.697.396
Equity	17.719.848	--	--	--	--	17.719.848
Total liabilities	156.478.028	--	425.152	--	--	156.478.028

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

Current Period	a	b	c	d	e
	Total	Items subject to credit risk framework	Items subject to securitization framework	Items subject to counterparty credit risk framework	Items subject to market risk framework (*)
1 Asset carrying value amount under scope of TAS	204.716.212	200.099.246	--	4.538.474	78.492
2 Liabilities carrying value amount under scope of TAS		--	--	4.479.147	--
3 Total net amount	204.716.212	200.099.246	--	59.327	78.492
4 Off-balance sheet amounts (**)	101.081.547	30.177.387	--	--	--
5 Differences in valuations		--	--	--	--
6 Differences due to different netting rules (other than those already included in row 2)		--	--	--	--
7 Differences due to consideration of provisions		--	--	--	--
8 Differences due to prudential filters		--	--	--	3.100.133
9 Differences resulted from considering of the financial guarantees		(2.202.324)	--	--	--
10 Risk exposures	305.797.759	228.074.309	--	59.327	3.178.625

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

	a	b	c	d	e
Prior Period	Total	Items subject to credit risk framework	Items subject to securitization framework	Items subject to counterparty credit risk framework	Items subject to market risk framework (*)
1 Asset carrying value amount under scope of TAS	155.994.909	153.283.020	--	2.707.190	4.699
2 Liabilities carrying value amount under scope of TAS		--	--	425.152	--
3 Total net amount	155.994.909	153.283.020	--	2.282.038	4.699
4 Off-balance sheet amounts (**)	81.231.783	25.804.556	--	--	--
5 Differences in valuations		--	--	--	--
6 Differences due to different netting rules (other than those already included in row 2)		--	--	--	--
7 Differences due to consideration of provisions		--	--	--	--
8 Differences due to prudential filters		--	--	--	607.801
9 Differences resulted from considering of the financial guarantees		(2.495.398)	--	--	--
10 Risk exposures	237.226.692	176.592.178	--	2.282.038	612.500

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

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

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

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

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

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

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

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

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

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

c. Credit risk

1. General information about credit risk

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

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

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

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

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

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

Structure and organization of credit risk management and control function

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

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

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

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

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

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

2. Credit quality of assets

Current Period	a	b	c	d
	Gross carrying values of (according to TAS)			
	Defaulted	Non-defaulted	Specific provisions	Net values (a+b-c)
1 Loans	11.964.223	123.054.274	14.111.444	120.907.053
2 Borrowing instruments	--	20.476.356	682	20.475.674
3 Off-balance sheet receivables (*)	1.007.950	99.534.081	885.855	99.656.176
4 Total	12.972.173	243.064.711	14.997.981	241.038.903

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

Prior Period	A	b	c	d
	Gross carrying values of (according to TAS)			
	Defaulted	Non-defaulted	Specific provisions	Net values (a+b-c)
1 Loans	11.054.678	94.745.949	8.845.404	96.955.223
2 Borrowing instruments	--	17.246.312	836	17.245.476
3 Off-balance sheet receivables (*)	642.180	78.701.984	932.625	78.411.539
4 Total	11.696.858	190.694.245	9.778.865	192.612.238

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

3. Changes in stock of impaired loans and debt securities

	Current Period	Prior Period
	a (*)	a (*)
1 Impaired loans and debt securities at end of the previous reporting period	11.054.678	5.909.053
2 Loans and debt securities that have impaired since the last reporting period	6.457.214	8.759.067
3 Receivables that returned to non-impaired status	16.052	91.729
4 Amounts written off (**)	1.854.976	1.896.025
5 Other changes	(3.676.641)	(1.625.688)
6 Impaired loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)	11.964.223	11.054.678

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

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

4. Additional explanations related to the credit quality of assets

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

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

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

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

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

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

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

(iv) **Definitions of restructured receivables**

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

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

Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
1 Domestic	11.754.863	119.495.040	--	20.378.906	1.007.950	92.873.974	7.829.972	1.854.976
2 EU Countries	44.378	1.229.940	--	--	--	1.457.967	10.360	--
3 OECD Countries	--	3.792	--	--	--	1.283.021	--	--
4 Off Shore Zones	5	1.406.500	--	--	--	6.332	3	--
5 USA, Canada	--	77.839	--	97.450	--	280.709	--	--
6 Other Countries	164.977	841.163	--	--	--	3.632.078	99.063	--
7 Total	11.964.223	123.054.274	--	20.476.356	1.007.950	99.534.081	7.939.398	1.854.976

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

Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
1 Domestic	11.001.992	90.447.075	--	17.246.312	642.180	72.344.005	5.542.066	1.896.025
2 EU Countries	47.579	2.603.872	--	--	--	381.522	46.209	--
3 OECD Countries	210	4.775	--	--	--	911.846	150	--
4 Off Shore Zones	2	931.484	--	--	--	3.612	2	--
5 USA, Canada	7	4.334	--	--	--	2.290	6	--
6 Other Countries	4.888	754.409	--	--	--	5.058.709	2.324	--
7 Total	11.054.678	94.745.949	--	17.246.312	642.180	78.701.984	5.590.757	1.896.025

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

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

Current Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
Agricultural	1.778.983	16.205.108	--	--	5.290	4.556.606	1.017.918	99.082
Farming and Cattle	1.778.110	16.153.474	--	--	5.150	4.530.124	1.017.141	98.710
Forestry	227	42.090	--	--	6	5.852	148	66
Fishing	646	9.544	--	--	134	20.630	629	306
Manufacturing	2.760.528	18.325.987	--	--	165.622	15.416.232	1.911.081	58.582
Mining	84.457	1.625.733	--	--	3.602	541.741	81.702	8.268
Production	1.459.964	10.829.702	--	--	152.978	13.817.136	988.755	50.281
Electric, Gas, Water	1.216.107	5.870.552	--	--	9.042	1.057.355	840.624	33
Construction	1.226.717	9.624.465	--	--	467.551	10.874.014	838.164	58.843
Services	5.541.597	42.141.552	--	113.967	291.789	25.298.708	3.767.831	625.874
Wholesale and Retail Trade	1.171.169	14.134.305	--	--	69.301	18.473.959	769.495	374.282
Hotel and Restaurant Services	2.343.897	9.814.927	--	--	214.189	1.939.211	1.316.546	11.985
Transportation and telecommunication	438.235	5.375.119	--	--	5.777	2.872.118	316.440	91.697
Financial institution	5.824	2.541.364	--	113.967	144	1.376.668	4.479	6.714
Real estate and letting services	1.363.454	1.938.232	--	--	727	125.186	1.181.749	6.636
Self-employment services	125.728	1.102.438	--	--	--	--	113.033	--
Education services	33.614	1.160.410	--	--	1.053	145.806	20.260	131.958
Health and social services	59.676	6.074.757	--	--	598	365.760	45.829	2.602
Other	656.398	36.757.162	--	20.362.389	77.698	43.388.521	404.404	1.012.595
Total	11.964.223	123.054.274	--	20.476.356	1.007.950	99.534.081	7.939.398	1.854.976

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific Provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
Agricultural	617.403	13.619.373	--	--	3.870	3.750.944	268.718	82.481
Farming and Cattle	612.517	13.610.198	--	--	3.668	3.733.074	267.285	79.371
Forestry	209	3.799	--	--	31	5.474	113	187
Fishing	4.677	5.376	--	--	171	12.396	1.320	2.923
Manufacturing	1.650.408	10.569.693	--	--	131.206	12.735.342	851.847	96.846
Mining	208.561	714.974	--	--	6.521	467.550	135.900	21.217
Production	1.352.254	6.465.602	--	--	123.954	11.245.957	685.347	72.258
Electric, Gas, Water	89.593	3.389.117	--	--	731	1.021.835	30.600	3.371
Construction	1.079.068	8.040.421	--	--	331.374	9.509.940	578.595	64.975
Services	4.937.387	23.400.661	--	72.206	125.503	20.620.903	2.383.103	625.484
Wholesale and Retail Trade	1.473.717	8.999.568	--	--	86.557	15.925.867	770.088	516.714
Hotel and Restaurant Services	3.015.572	6.862.955	--	--	28.209	1.658.014	1.370.732	15.647
Transportation and telecommunication	258.003	3.640.445	--	--	6.897	1.680.301	161.963	70.028
Financial institution	23.158	1.242.622	--	72.206	205	865.329	17.221	2.812
Real estate and letting services	19.041	336.276	--	--	990	93.947	11.265	8.116
Self-employment services	--	--	--	--	--	--	--	--
Education services	81.907	947.444	--	--	1.840	103.094	34.990	2.803
Health and social services	65.989	1.371.351	--	--	805	294.351	16.844	9.364
Other	2.770.412	39.115.801	--	17.174.106	50.227	32.084.855	1.508.494	1.026.239
Total	11.054.678	94.745.949	--	17.246.312	642.180	78.701.984	5.590.757	1.896.025

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

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

Current Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
Non-defaulted receivables	--	73.316.348	9.733.800	12.438.645	29.157.273	118.418.645	243.064.711
1 Loans	--	18.813.465	4.810.869	7.891.659	18.607.852	72.930.429	123.054.274
2 Borrowings instruments	--	--	--	--	--	20.476.356	20.476.356
3 Off-balance sheet receivables	--	54.502.883	4.922.931	4.546.986	10.549.421	25.011.860	99.534.081
Defaulted receivables	12.972.173	--	--	--	--	--	12.972.173
1 Loans	11.964.223	--	--	--	--	--	11.964.223
2 Borrowings instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	1.007.950	--	--	--	--	--	1.007.950
Specific Provision	7.939.398	--	--	--	--	--	7.939.398
Total	5.032.775	73.316.347	9.733.800	12.438.645	29.157.273	118.418.645	248.097.485

Prior Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
Non-defaulted receivables	--	55.330.484	10.093.786	9.558.171	21.259.126	94.452.678	190.694.245
1 Loans	--	13.477.469	4.408.931	4.961.147	12.120.285	59.778.117	94.745.949
2 Borrowings instruments	--	177.824	1.195.592	413.903	944.653	14.514.340	17.246.312
3 Off-balance sheet receivables	--	41.675.191	4.489.263	4.183.121	8.194.188	20.160.221	78.701.984
Defaulted receivables	11.696.858	--	--	--	--	--	11.696.858
1 Loans	11.054.678	--	--	--	--	--	11.054.678
2 Borrowings instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	642.180	--	--	--	--	--	642.180
Specific Provision	5.590.758	--	--	--	--	--	5.590.758
Total	6.106.100	55.330.484	10.093.786	9.558.171	21.259.126	94.452.678	196.800.345

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

Current Period	1-30 days	31-60 days	61-90 days	Over 90 days	Total
Loans	4.581.859	1.303.454	1.153.202	1.764.750	8.803.265
Borrowing instruments	--	--	--	--	--
Off-balance sheet receivables	--	--	--	--	--

Prior Period	1-30 days	31-60 days	61-90 days	Total
Loans	4.636.938	1.796.470	2.136.563	8.569.971
Borrowing instruments	--	--	--	--
Off-balance sheet receivables	--	--	--	--

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

	Current Period	Prior Period
Restructured from loans under close monitoring	11.714.721	9.025.998
Restructured from non-performing loans	883.745	1.053.414

5. Credit risk mitigation techniques

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

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

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

6. Credit risk mitigation techniques - overview

	a	b	c	d	e	f	g
Current Period	Exposures unsecured: revaluation amount according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	85.790.032	25.988.058	17.006.601	9.128.963	7.716.197	--	--
2 Borrowing instruments	20.475.674	--	--	--	--	--	--
3 Total	106.265.706	25.988.058	17.006.601	9.128.963	7.716.197	--	--
4 Of which defaulted (*)	9.083.865	3.888.308	1.929.902	1.535.829	858.275	--	--

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

	a	b	c	d	e	f	g
Prior Period	Exposures unsecured: revaluation amount according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	64.788.910	24.950.015	15.200.024	7.216.298	5.768.749	--	--
2 Borrowing instruments	17.245.476	--	--	--	--	--	--
3 Total	82.034.386	24.950.015	15.200.024	7.216.298	5.768.749	--	--
4 Of which defaulted (*)	8.566.223	3.130.635	1.301.710	--	--	--	--

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

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
Risk classifications						
1 Exposures to central governments or central banks	40.356.698	226.706	48.072.895	1.157.842	--	0,00%
2 Exposures to regional governments or local authorities	3.949.191	39.181	3.942.949	19.334	1.981.142	50,00%
3 Exposures to public sector entities	--	--	--	--	--	0,00%
4 Exposures to multilateral development banks	--	--	--	--	--	0,00%
5 Exposures to international organisations	--	--	--	--	--	0,00%
6 Exposures to institutions	5.990.995	4.664.778	5.990.995	4.254.886	3.598.283	35,12%
7 Exposures to corporates	39.837.318	38.906.946	36.458.948	22.508.480	58.967.428	100,00%
8 Retail exposures	59.169.460	54.493.026	54.310.145	3.087.525	43.166.915	75,21%
9 Exposures secured by residential property	2.880.161	555.012	2.744.138	296.785	1.064.323	35,00%
10 Exposures secured by commercial real estate	13.561.975	1.986.173	13.561.975	1.422.507	9.030.747	60,27%
11 Past-due loans	3.565.627	539.547	2.698.567	243.202	2.096.681	71,27%
12 Higher-risk categories by the Agency Board	--	--	--	--	--	0,00%
13 Exposures in the form of covered bonds	--	--	--	--	--	0,00%
14 Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	0,00%
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	1.181	--	1.111	1.111	100,00%
16 Other assets	6.864.741	--	6.864.741	--	5.293.434	77,11%
17 Investments in equities	18.789.473	--	18.789.473	--	18.789.474	100,00%
18 Total	194.965.639	101.412.550	193.434.826	32.991.672	143.989.538	63,59%

Prior Period	a	b	c	d	e	f
	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classifications						
1 Exposures to central governments or central banks	32.878.671	328.419	38.647.420	1.566.706	6.938.947	17,25%
2 Exposures to regional governments or local authorities	2.767.713	19.419	2.767.228	8.672	1.387.950	50,00%
3 Exposures to public sector entities	--	--	--	--	--	0,00%
4 Exposures to multilateral development banks	--	--	--	--	--	0,00%
5 Exposures to international organisations	--	--	--	--	--	0,00%
6 Exposures to institutions	4.859.908	4.040.041	4.859.907	3.605.679	3.314.990	39,16%
7 Exposures to corporates	33.238.773	35.275.378	29.893.333	18.004.420	47.897.753	100,00%
8 Retail exposures	44.897.705	41.020.524	41.620.622	2.834.523	33.449.573	75,24%
9 Exposures secured by residential property	3.264.483	405.811	3.048.726	186.190	1.132.220	35,00%
10 Exposures secured by commercial real estate	10.644.718	2.102.270	9.829.445	1.223.297	6.494.074	58,76%
11 Past-due loans	5.463.921	368.386	5.449.340	150.523	6.182.151	110,40%
12 Higher-risk categories by the Agency Board	--	--	--	--	--	0,00%
13 Exposures in the form of covered bonds	--	--	--	--	--	0,00%
14 Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	0,00%
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	6.365	--	6.365	6.365	100,00%
16 Other assets	5.081.915	--	5.081.915	--	3.310.787	65,15%
17 Investments in equities	13.374.148	--	13.374.148	--	13.374.148	100,00%
18 Total	156.471.955	83.566.613	154.572.084	27.586.375	123.488.958	67,79%

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

Convenience Translation of
Unconsolidated Financial Report
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9. Standardised Approach - Exposures by risk classes and risk weights

Current Period		a	b	c	k	d	l	e	f	g	h	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	49.230.737	--	--	--	--	--	--	--	--	--	--	49.230.737
2	Exposures to regional governments or local authorities	--	--	--	--	--	3.962.283	--	--	--	--	--	3.962.283
3	Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to institutions	--	--	6.343.719	--	--	3.145.245	--	756.917	--	--	--	10.245.881
7	Exposures to corporates	--	--	--	--	--	--	--	58.967.428	--	--	--	58.967.428
8	Retail exposures	--	--	--	--	--	--	56.923.016	474.654	--	--	--	57.397.670
9	Exposures secured by residential property	--	--	--	3.040.923	--	--	--	--	--	--	--	3.040.923
10	Exposures secured by commercial real estate	--	--	--	--	11.907.469	--	--	3.077.013	--	--	--	14.984.482
11	Past-due loans	--	--	--	--	--	1.780.523	--	1.070.899	90.347	--	--	2.941.769
12	Higher-risk categories by the Agency Board	--	--	--	--	--	--	--	--	--	--	--	--
13	Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--	--
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	--	1.111	--	--	--	1.111
16	Investments in equities	--	--	--	--	--	--	--	18.789.473	--	--	--	18.789.473
17	Other assets	1.553.086	--	22.741	--	--	--	111	5.288.803	--	--	--	6.864.741
18	Total	50.783.823	--	6.366.460	3.040.923	11.907.469	8.888.051	56.923.127	88.426.298	90.347	--	--	226.426.498

Prior Period		a	b	c	k	d	l	e	f	g	h	i	j
Risk Weight	Classifications/Risk	0%	10%	20%	35% Secured with property mortgage	50% Secured with property mortgage	50%	75%	100%	150%	200%	Others	Total risk exposure (after CCF and CRM)
1	Exposures to central governments or central banks	33.275.179	--	--	--	--	--	--	6.938.947	--	--	--	40.214.126
2	Exposures to regional governments or local authorities	--	--	--	--	--	2.775.900	--	--	--	--	--	2.775.900
3	Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to institutions	--	--	5.402.121	--	--	1.657.798	--	1.405.667	--	--	--	8.465.586
7	Exposures to corporates	--	--	--	--	--	--	--	47.897.753	--	--	--	47.897.753
8	Retail exposures	--	--	--	--	--	--	44.022.286	432.859	--	--	--	44.455.145
9	Exposures secured by residential property	--	--	--	3.234.916	--	--	--	--	--	--	--	3.234.916
10	Exposures secured by commercial real estate	--	--	--	--	9.117.336	--	--	1.935.406	--	--	--	11.052.742
11	Past-due loans	--	--	--	--	--	1.195.746	--	2.043.796	2.360.321	--	--	5.599.863
12	Higher-risk categories by the Agency Board	--	--	--	--	--	--	--	--	--	--	--	--
13	Exposures in the form of covered bonds	--	--	--	--	--	--	--	--	--	--	--	--
14	Exposures to institutions and corporates with a short-term credit assessment	--	--	--	--	--	--	--	--	--	--	--	--
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	--	--	--	--	--	--	--	6.365	--	--	--	6.365
16	Investments in equities	--	--	--	--	--	--	--	13.374.148	--	--	--	13.374.148
17	Other assets	1.712.990	--	72.650	--	--	--	74	3.296.201	--	--	--	5.081.915
18	Total	34.988.169	--	5.474.771	3.234.916	9.117.336	5.629.444	44.022.360	77.331.142	2.360.321	--	--	182.158.459

d. Counterparty credit risk

1. Explanations related to counterparty credit risk (CCR)

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

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

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

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

Bank takes into consideration the reverse trend risk in the evaluation of the credit evaluation of counterparties. Counter-trend risk occurs in two ways as general counter-trend risk and specific counter-trend risk.

General counter-trend risk refers to the risk arising when there is a positive correlation between the default possibilities of counterparties and the general market risk factors.

Specific counter-trend risk refers to the risk arising when there is positive correlation between the amount of risk and the possibility of default by the other party due to the nature of the transaction performed. In circumstances where the default possibility of the counterparty is high, and it is expected that the risk amount will be increased, specific counter-trend risk will be in question.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

2. Analysis of counterparty credit risk exposed by measurement approaches

			a	b	c	d	e	f
Current Period			Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1	Standardised Approach	(for derivatives) (*)	2.699.759	1.004.901		-	3.662.090	2.051.906
2	Internal Model Method	(for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			--	--	--	--
3	Simple Approach for credit risk mitigation	(for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
4	Comprehensive Approach for credit risk mitigation	(for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					1.699.771	340.549
5	VaR for	for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					--	--
6	Total							2.392.455

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

			a	b	c	d	e	f
Prior Period			Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1	Standardised Approach	(for derivatives) (*)	1.649.298	860.784		-	2.459.745	1.195.452
2	Internal Model Method	(for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			--	--	--	--
3	Simple Approach for credit risk mitigation	(for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					--	--
4	Comprehensive Approach for credit risk mitigation	(for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					131.292	26.258
5	VaR for	for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					--	--
6	Total							1.221.710

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

3. Capital requirement for credit valuation adjustment (CVA)

	a	b
	Exposure at default post-CRM	RWA
Current Period		
Total portfolios subject to the Advanced CVA capital charge		
1 Value at Risk (VaR) component (including the 3×multiplier)	--	--
2 Stressed VaR component (including the 3×multiplier)	--	--
3 All portfolios subject to the Standardised CVA capital charge	3.662.090	1.329.284
4 Total subject to the CVA capital charge	3.662.090	1.329.284

	a	b
	Exposure at default post-CRM	RWA
Prior Period		
Total portfolios subject to the Advanced CVA capital charge		
1 Value at Risk (VaR) component (including the 3×multiplier)	--	--
2 Stressed VaR component (including the 3×multiplier)	--	--
3 All portfolios subject to the Standardised CVA capital charge	2.459.745	893.805
4 Total subject to the CVA capital charge	2.459.745	893.805

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

Current Period	a	b	c	d	e	f	g	h	i
	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Risk Weights / Risk Classifications									
Claims from central governments and central banks	170.026	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	2.834.679	1.052.558	--	--	--	--	1.093.215
Corporates	--	--	--	--	--	1.282.054	--	--	1.282.054
Retail portfolios	--	--	--	--	21.433	--	--	--	16.075
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	1.111	--	--	1.111
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
Total	170.026	--	2.834.679	1.052.558	21.433	1.283.165	--	--	2.392.455

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

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

Prior Period	a	b	c	d	e	f	g	h	i
	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Risk Weights / Risk Classifications									
Claims from central governments and central banks	--	--	--	--	--	--	--	--	--
Claims from regional and local governments	--	--	--	--	--	--	--	--	--
Claims from administration and non commercial entity	--	--	--	--	--	--	--	--	--
Claims from multilateral development banks	--	--	--	--	--	--	--	--	--
Claims from international organizations	--	--	--	--	--	--	--	--	--
Claims from institutions	--	--	1.021.894	1.102.397	--	--	--	--	755.577
Corporates	--	--	--	--	--	457.925	--	--	457.925
Retail portfolios	--	--	--	--	2.457	--	--	--	1.843
Claims on landed real estate	--	--	--	--	--	--	--	--	--
Past due loans	--	--	--	--	--	--	--	--	--
Claims which are determined as high risk by the board of BRSA	--	--	--	--	--	--	--	--	--
Mortgage securities	--	--	--	--	--	--	--	--	--
Securitization positions	--	--	--	--	--	--	--	--	--
Claims from corporates, banks and financial intermediaries which have short term credit rating	--	--	--	--	--	--	--	--	--
Investments which are qualified as collective investment institutions	--	--	--	--	--	6.365	--	--	6.365
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
Total	--	--	1.021.894	1.102.397	2.457	464.290	--	--	1.221.710

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

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

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	--	--	--	--	--	--
Total	42.571	--	--	--	3.182.656	3.408.775

	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	--	--	--	--	--	--
Total	50.337	--	--	--	1.020.545	153.520

6. Credit derivatives

None.

7. Exposures to central counterparty (CCP)

None.

e. Securitization

1. Explanations on securitization positions

None.

2. Securitization positions in banking accounts

None.

3. Securitization positions in trading accounts

None.

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

None.

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

None.

f. Market Risk

1. Explanations on market risk

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

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

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

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

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

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

2. Standardised approach

	Current Period RWA	Prior Period RWA
Outright products		
1 Interest rate risk (general and specific)	166.188	121.588
2 Equity risk (general and specific)	--	--
3 Foreign exchange risk	1.208.849	238.661
4 Commodity risk	1.497.238	175.013
Options		
5 Simplified approach	--	--
6 Delta-plus method	306.350	77.238
7 Scenario approach	--	--
8 Securitization	--	--
9 Total	3.178.625	612.500

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

	Current Period: 31 December 2020		
	Average	Highest	Lowest
Interest Rate Risk	10.870	17.515	5.608
Stock Risk	--	--	--
Currency Risk	218.967	348.842	80.848
Commodity Risk	63.777	124.760	13.190
Settlement Risk	--	--	--
Option Risk	4.811	24.508	235
Counterparty Risk	--	--	--
Total Risk Exposure Value	3.730.313	6.020.650	1.424.188

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

	Prior Period: 31 December 2019		
	Average	Highest	Lowest
Interest Rate Risk	7.749	10.838	4.497
Stock Risk	--	--	--
Currency Risk	45.831	85.645	14.509
Commodity Risk	7.485	14.001	4.700
Settlement Risk	--	--	--
Option Risk	1.908	6.179	317
Counterparty Risk	--	--	--
Total Risk Exposure Value	787.155	1.298.975	383.613

g. Operational risk

1. Explanations on operational risk calculation

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

2. Basic indicators approach

	31.12.2017	31.12.2018	31.12.2019	Total/Positive GI year number	Ratio(%)	Total
Gross Income	5.644.424	6.818.731	9.874.587	7.445.914	15	1.116.887
Amount Subject to Operational Risk						13.961.089

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

a. Fair value calculations of financial assets and liabilities

The fair value of investments held to maturity are determined based on market prices, or when they are not available, based on market prices quoted for other securities subject to similar terms of interest, maturity and other conditions.

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

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

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

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

	Book Value	Fair Value
	Current Period	Current Period
Financial Assets	159.727.367	157.287.418
Interbank Money Market Placements	1.838.716	1.838.716
Banks	2.393.332	2.393.201
Financial Assets at Fair Value Through Other Comprehensive Income	13.214.779	13.214.779
Financial Assets Measured at Amortised Cost	7.262.043	7.331.200
Loans	135.018.497	132.509.522
Financial Liabilities	159.863.934	160.250.580
Bank Deposits	14.158.801	14.156.757
Other Deposits	109.207.414	109.348.981
Interbank Money Market Borrowings	4.479.147	4.479.147
Funds Borrowed From Other Financial Institutions	23.376.509	23.481.850
Subordinated Loans	5.917.420	5.827.889
Securities Issued	2.724.643	2.955.956

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

	Book Value	Fair Value
	Prior Period	Prior Period
Financial Assets	127.743.404	132.711.213
Interbank Money Market Placements	1.020.321	1.020.321
Banks	3.597.972	3.597.963
Financial Assets at Fair Value Through Other Comprehensive Income	10.733.282	10.733.282
Financial Assets Measured at Amortised Cost	6.591.202	6.547.464
Loans	105.800.627	110.812.183
Financial Liabilities	124.589.485	124.536.078
Bank Deposits	2.970.527	2.971.448
Other Deposits	97.328.393	97.306.549
Interbank Money Market Borrowings	425.152	425.152
Funds Borrowed From Other Financial Institutions	14.367.179	14.433.920
Subordinated Loans	7.037.253	6.944.878
Securities Issued	2.460.981	2.454.131

b. Classification of fair value

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	343.448	--	--	343.448
Public Sector Debt Securities	78.492	--	--	78.492
Share Certificated	219.080	--	--	219.080
Trading Purpose Derivatives	45.876	--	--	45.876
Other Securities	--	2.699.758	--	2.699.758
Financial Assets at Fair Value Through Other Comprehensive Income	13.214.779	--	--	13.214.779
Public Sector Debt Securities	12.851.629	--	--	12.851.629
Other Securities	363.150	--	--	363.150
Loans at Fair Value Through Profit or Loss	--	--	447.412	447.412
Total Assets	13.558.227	2.699.758	447.412	16.705.397
Derivative Financial Liabilities Held for Trading	--	2.150.526	--	2.150.526
Total Liabilities	--	2.150.526	--	2.150.526

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	158.718	--	--	158.718
Public Sector Debt Securities	4.699	--	--	4.699
Share Certificated	153.472	--	--	153.472
Trading Purpose Derivatives	547	--	--	547
Other Securities	--	1.686.869	--	1.686.869
Financial Assets at Fair Value Through Other Comprehensive Income	10.733.282	--	--	10.733.282
Public Sector Debt Securities	10.438.291	--	--	10.438.291
Other Securities	294.991	--	--	294.991
Loans at Fair Value Through Profit or Loss	--	--	329.100	329.100
Total Assets	10.892.000	1.686.869	329.100	12.907.969
Derivative Financial Liabilities Held for Trading	--	861.996	--	861.996
Total Liabilities	--	861.996	--	861.996

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

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

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

Movement table at level 3

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

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

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

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

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

There are no fiduciary transaction contracts.

XI. Explanations related to hedging transactions

a. Net investment risk

The Bank applies net investment hedge accounting as of 1 July 2015 in order to hedge exchange difference sourcing from equity method implementation for its net investment at a total amount of Euro 1.639 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the exchange rate of these financial liabilities is recognised in hedge funds account under equity.

Total abroad net investment hedging funds after tax recognised under equity is amounting to TL (6.894.062) as of 31 December 2020 (31 December 2019: TL (3.575.443)).

b. Cash flow risk

The cash flow hedge valuation difference in the Bank's equity is based on the future Euro lease receivables of Deniz Finansal Kiralama A.Ş., a subsidiary where TAS 27 equity method is applied, subject to currency contract within the scope of currency risk management, and future operating lease receivables whose fair values are followed in Euros Cash flow hedge accounting began to be applied as of 1 April 2018 by matching estimated future sales of used cars with Euro loans.

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

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

XII. Explanations related to the segment reporting

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

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

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

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

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

Information on business segments are presented in the following tables:

Current Period (01/01/2020-31/12/2020)	Wholesale Banking	SME & Agricultural Banking	Retail Banking	Treasury & Other	Total
Net interest income	1.259.668	1.873.435	1.953.817	3.997.906	9.084.826
Net fees and commission income	437.124	1.359.271	978.171	(35.284)	2.739.282
Other income/loss, net	2.757	5.968	(30.770)	751.218	729.173
Total segment income	1.699.549	3.238.674	2.901.218	4.713.840	12.553.281
Other operational expenses (*)	(535.931)	(1.513.275)	(2.010.868)	(311.994)	(4.372.068)
Provisions for expected credit loss and other provisions	(3.741.256)	(2.258.452)	(294.553)	(386.792)	(6.681.053)
Taxation					(297.797)
Profit / Loss from Partnerships under Equity Method					590.862
Net profit from continuing operations	(2.577.638)	(533.053)	595.797	4.015.054	1.793.225
Net profit from discontinued operations	--	--	--	--	--
Net profit for the period	(2.577.638)	(533.053)	595.797	4.015.054	1.793.225
Current Period (31/12/2020)					
Segment assets	47.045.730	43.750.599	29.864.061	51.035.650	171.696.040
Subsidiaries and associates					18.801.094
Undistributed assets					8.758.602
Total assets					199.255.736
Segment liabilities	19.696.940	29.665.528	62.219.738	53.276.883	164.859.089
Undistributed liabilities					11.507.895
Equity					22.888.752
Total liabilities and shareholders' equity					199.255.736

(*) It also includes personnel expenses.

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

(Currency: Thousands of TL - Turkish Lira)

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

Prior Period (01/01/2019-31/12/2019)	Wholesale Banking	Agricultural Banking	SME & Banking	Retail Banking	Treasury & Other	Total
Net interest income	843.258	1.994.378	1.458.451	2.157.192		6.453.279
Net fees and commission income	507.548	1.818.019	1.336.377	(66.068)		3.595.876
Other income/loss, net	56.576	40.282	41.676	(245.075)		(106.541)
Total segment income	1.407.382	3.852.679	2.836.504	1.846.049		9.942.614
Other operational expenses (*)	(500.285)	(1.369.038)	(1.672.918)	(103.558)		(3.645.799)
Provisions for expected credit loss and other provisions	(3.182.589)	(1.581.625)	(699.118)	(144.923)		(5.608.255)
Taxation						(141.248)
Profit / Loss from Partnerships under Equity Method						788.801
Net profit from continuing operations	(2.275.492)	902.016	464.468	1.597.568		1.336.113
Net profit from discontinued operations	--	--	--	--		--
Net profit for the period	(2.275.492)	902.016	464.468	1.597.568		1.336.113
Prior Period (31/12/2019)						
Segment assets	36.451.364	38.896.744	21.423.033	41.008.110		137.779.251
Subsidiaries and associates						13.295.979
Undistributed assets						5.402.798
Total assets						156.478.028
Segment liabilities	23.462.779	24.330.542	51.243.856	28.716.568		127.753.745
Undistributed liabilities						11.004.435
Equity						17.719.848
Total liabilities and shareholders' equity						156.478.028

(*) It also includes personnel expenses.

SECTION FIVE

DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to assets

a. Cash and cash equivalents

1. Information on cash balances and balances with the Central Bank of the Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	591.691	814.685	767.272	838.120
Central Bank of the Republic of Turkey	1.660.939	19.522.982	763.291	14.338.787
Other	--	--	--	--
Total	2.252.630	20.337.667	1.530.563	15.176.907

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1.636.328	7.467.294	762.933	5.023.345
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	24.611	12.055.688	358	9.315.442
Total	1.660.939	19.522.982	763.291	14.338.787

3. Explanations on reserve requirements

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

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

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

4. Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	505.685	13.706	1.902.690	4.447
Foreign	432	1.873.509	99	1.690.736
Foreign head offices and branches	--	--	--	--
Total	506.117	1.887.215	1.902.789	1.695.183

5. Information on foreign banks

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	460.133	391.013	--	--
USA, Canada	1.341.724	1.176.029	--	--
OECD Countries(*)	17.864	23.588	--	--
Off shore zones	320	369	--	--
Other	53.900	99.836	--	--
Total	1.873.941	1.690.835	--	--

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

b. Information on financial assets at fair value through profit or loss

1. Information on financial assets at fair value through profit or loss given as collateral or blocked

None.

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

None.

3. Other financial assets

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	90.016	207.694	9.723	19.236
Swap Transactions	947.871	1.405.362	956.430	660.064
Futures Transactions	--	--	--	--
Options	2.348	46.467	333	41.083
Other	--	--	--	--
Total	1.040.235	1.659.523	966.486	720.383

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

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

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

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

Financial assets at fair value through other comprehensive income which are given as collateral consist of securities issued to various financial institutions, primarily the Central Bank of the Republic of Turkey and Istanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank), for interbank money market, foreign exchange market and other transactions. These financial assets include government bonds and Eurobonds, and their total book value amounts to TL 2.287.509 (31 December 2019: TL 2.595.610).

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

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

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

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

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

<i>Financial assets at fair value through other comprehensive income</i>	Current Period	Prior Period
Debt Securities	13.214.313	10.655.112
Quoted on Stock Exchange (*)	13.214.313	10.655.112
Unquoted on Stock Exchange	--	--
Share Certificates	466	78.170
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange (**)	466	78.170
Impairment Provisions (-)	--	--
Total	13.214.779	10.733.282

(*) It includes bank and corporate bills.

(**) Details are explained in Section Five, note I.b.3.

d. Explanations on loans

1. Information on the balance of any kind of loan or advance granted to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	--	4.963	--	4.963
Corporate Shareholders	--	4.963	--	4.963
Individual Shareholders	--	--	--	--
Indirect Loans Granted to Shareholders	--	--	--	--
Loans Granted to Employees	77.795	216	73.133	216
Total	77.795	5.179	73.133	5.179

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

Cash loans (*) (**)	Standard Loans	Loans Under Close Monitoring		
		Not included in restructured loans	Restructured Loans	
			Changes in conditions of contract	Refinancing
Non-specialized loans	86.213.997	13.277.524	5.899.363	3.250.946
Corporate loans	2.346.279	1.806.536	2.324.043	548.032
Export loans	3.009.961	620.719	--	132.693
Import loans	--	--	--	--
Commercial loans	2.463.248	--	--	--
Consumer loans	19.699.614	1.954.942	667.954	242.044
Credit cards	11.367.706	629.501	305.210	69.617
Others	47.327.189	8.265.826	2.602.156	2.258.560
Specialized loans	10.372.139	1.475.893	419.134	2.145.278
Other receivables	--	--	--	--
Total	96.586.136	14.753.417	6.318.497	5.396.224

(*) It includes loans measured at amortised cost.

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

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	966.707	--	876.527	--
Significant increase in credit risk	--	5.205.339	--	2.378.120
Total	966.707	5.205.339	876.527	2.378.120

3. Distribution of cash loans according to maturity structure

	Standard Loans	Loans Under Close Monitoring	
		Not Restructured	Restructured
Short-Term Loans	29.977.469	2.806.961	523.170
Medium and Long-Term Loans	66.608.667	11.946.456	11.191.551
Total	96.586.136	14.753.417	11.714.721

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

	Short Term	Medium or Long Term	Total
Consumer Loans-TL	753.010	20.099.462	20.852.472
Real estate Loans	3.217	2.002.371	2.005.588
Vehicle Loans	426	60.991	61.417
General Purpose Loans	749.367	18.036.100	18.785.467
Other	--	--	--
Consumer Loans-Indexed to FC	--	9.405	9.405
Real estate Loans	--	8.831	8.831
Vehicle Loans	--	--	--
General Purpose Loans	--	574	574
Other	--	--	--
Consumer Loans-FC	--	2.099	2.099
Real estate Loans	--	1.934	1.934
Vehicle Loans	--	--	--
General Purpose Loans	--	165	165
Other	--	--	--
Individual Credit Cards-TL	8.702.769	691.969	9.394.738
Installment	4.111.715	691.969	4.803.684
Non installment	4.591.054	--	4.591.054
Individual Credit Cards-FC	183	--	183
Installment	--	--	--
Non installment	183	--	183
Loans Given to Employees-TL	5.491	38.513	44.004
Real estate Loans	--	805	805
Vehicle Loans	--	--	--
General Purpose Loans	5.491	37.708	43.199
Other	--	--	--
Loans Given to Employees - Indexed to FC	--	--	--
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Loans Given to Employees - FC	--	--	--
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Personnel Credit Cards - TL	31.394	351	31.745
Installment	12.409	351	12.760
Non installment	18.985	--	18.985
Personnel Credit Cards - FC	3	--	3
Installment	--	--	--
Non installment	3	--	3
Overdraft Loans-TL (Real Persons) (*)	1.656.574	--	1.656.574
Overdraft Loans-FC (Real Persons)	--	--	--
Total	11.149.424	20.841.799	31.991.223

(*) The overdraft account used by the personnel of the Bank amounts to TL 2.043.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

5. Information on commercial installment loans and corporate credit cards

	Short Term	Medium or Long Term	Total
Installment Commercial Loans - TL	2.081.141	16.141.556	18.222.697
Real estate Loans	--	72.257	72.257
Vehicle Loans	5.559	207.959	213.518
General Purpose Loans	2.075.582	15.861.340	17.936.922
Other	--	--	--
Installment Commercial Loans - Indexed to FC	--	575.372	575.372
Real estate Loans	--	2.044	2.044
Vehicle Loans	--	8.056	8.056
General Purpose Loans	--	565.272	565.272
Other	--	--	--
Installment Commercial Loans - FC	72.802	4.239.629	4.312.431
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	72.802	4.239.629	4.312.431
Other	--	--	--
Corporate Credit Cards - TL	2.813.405	131.934	2.945.339
Installment	1.029.094	131.934	1.161.028
Non installment	1.784.311	--	1.784.311
Corporate Credit Cards - FC	26	--	26
Installment	--	--	--
Non installment	26	--	26
Overdraft Loans-TL (Legal Entities)	1.559.117	--	1.559.117
Overdraft Loans-FC (Legal Entities)	--	--	--
Total	6.526.491	21.088.491	27.614.982

6. Distribution of loans according to user

	Current Period	Prior Period
Public	4.950.487	3.472.697
Private	118.103.787	91.273.252
Total	123.054.274	94.745.949

7. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	119.410.714	90.447.075
Foreign Loans	3.643.560	4.298.874
Total	123.054.274	94.745.949

8. Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.532.102	689.611
Indirect loans granted to subsidiaries and associates	--	--
Total	1.532.102	689.611

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

	Current Period	Prior Period
Provisions related to loans or credit impaired lossess (stage 3)		
Loans with Limited Collectability	625.977	1.850.417
Loans with Doubtful Collectability	2.002.821	1.089.097
Uncollectible Loans	5.310.600	2.651.243
Total	7.939.398	5.590.757

10. Information on non-performing loans (Net)

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period	5.363	40.254	838.128
(Gross amounts before the provisions)			
Restructured loans	5.363	40.254	838.128
Prior Period	79.694	577.336	396.384
(Gross amounts before the provisions)			
Restructured loans	79.694	577.336	396.384

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Balances at Beginning of Period	4.715.216	2.334.775	4.004.687
Additions (+)	3.084.009	1.982.808	1.390.397
Transfers from Other Categories of Non-Performing Loans (+)	--	6.266.993	5.835.149
Transfers from Other Categories of Non-Performing Loans (-)	6.266.993	5.835.149	--
Collections (-)	462.594	1.841.639	1.388.460
Write-offs (-)(*)	--	--	1.854.976
Sales (-)	--	--	--
Corporate and Commercial Loans	--	--	--
Retail Loans	--	--	--
Credit Cards	--	--	--
Other	--	--	--
Balances at End of the Period	1.069.638	2.907.788	7.986.797
Specific Provisions (-)	625.977	2.002.821	5.310.600
Net Balance on Balance Sheet	443.661	904.967	2.676.197

(*) In accordance with the Amendments to the Regulation published in the Official Gazette dated 27 November 2019 and numbered 30961 by the BRSA, the Bank recovers the loans that are classified under the Fifth Group - Loans of Loss and are set aside due to the default of the debtor. Since the first reporting period following their classification in the fifth group, the part which does not have reasonable expectations can be deducted from the records within the scope of TFRS 9. In this context, as of 31 December 2020, the Bank deducted its loans amounting to TL 1.854.976 from the records. In accordance with the amendments made in the relevant Provisions Regulation within the period, the effect of the credits deducted from the record on the Bank's NPL ratio is 124 basis points.

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period: 31 December 2020			
Balance as of the Period End	737.712	1.799.102	2.174.617
Provisions (-)	405.160	1.449.901	1.334.041
Net Balance on Balance Sheet	332.552	349.201	840.576
Prior Period: 31 December 2019			
Balance as of the Period End	2.474.768	--	--
Provisions (-)	1.173.727	--	--
Net Balance on Balance Sheet	1.301.041	--	--

(iv) Information on gross and net amounts of non-performing loans according to beneficiary group

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period (Net): 31 December 2020	443.661	904.967	2.676.197
Loans Granted to Real Persons and Legal Entities (Gross)	1.069.638	2.907.788	7.986.797
Provisions (-)	625.977	2.002.821	5.310.600
Loans Granted to Real Persons and Legal Entities (Net)	443.661	904.967	2.676.197
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan (Net)	--	--	--
Prior Period (Net): 31 December 2019	2.864.799	1.245.678	1.353.444
Loans Granted to Real Persons and Legal Entities (Gross)	4.715.216	2.334.775	4.004.687
Provisions (-)	1.850.417	1.089.097	2.651.243
Loans Granted to Real Persons and Legal Entities (Net)	2.864.799	1.245.678	1.353.444
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan (Net)	--	--	--

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

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	36.585	90.096	478.004
Interest accruals and rediscount and valuation differences	89.683	240.770	1.401.378
Amount of provision (-)	53.098	150.674	923.374
Prior Period (Net)	298.302	219.017	330.552
Interest accruals and rediscount and valuation differences	491.131	376.475	698.782
Amount of provision (-)	192.829	157.458	368.230

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

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

12. Explanations on write-off policy

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

Write-off policy:

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

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

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

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

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

e. Information on financial assets measured at amortised cost

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

(i) Information on securities subject to repurchase agreement

Financial assets measured at amortised cost subject to repurchase agreement amounts to TL 3.141.847 (31 December 2019: TL 224.841).

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

2. Information on government debt securities measured at amortised cost

<i>Government debt securities measured at amortised cost</i>	Current Period	Prior Period
Government Bonds	7.262.043	6.591.202
Treasury Bills	--	--
Other Government Debt Securities	--	--
Total	7.262.043	6.591.202

3. Information on financial assets measured at amortised cost

<i>Financial assets measured at amortised cost</i>	Current Period	Prior Period
Debt Securities	7.262.043	6.591.202
Quoted on Stock Exchange	7.262.043	6.591.202
Unquoted on Stock Exchange	--	--
Impairment provisions (-)	--	--
Total	7.262.043	6.591.202

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

	Current Period	Prior Period
Balance at the beginning of the period	6.591.202	6.075.170
Foreign exchange differences in monetary assets (*)	860.027	516.032
Purchases during the year	--	--
Disposals by sale and redemption	(189.186)	--
Impairment provisions (-)	--	--
Total	7.262.043	6.591.202

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

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

f. Information on investments in associates

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

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

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

g. Information on investments in subsidiaries

1. Information on shareholders' equity of major subsidiaries

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

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

2. Information on subsidiaries

Title	Address (City/Country)	Share percentage of the Bank (%)	Share percentage of other shareholders (%)⁽³⁾
1 Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. ⁽¹⁾	Istanbul/Turkey	100	--
2 Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. ⁽¹⁾	Istanbul/Turkey	100	--
3 Denizbank AG	Vienna/Austria	100	--
4 Eurodeniz International Banking Unit Ltd.	Nicosia / Cyprus	100	--
5 Deniz Yatırım Menkul Kıymetler A.Ş.	Istanbul/Turkey	100	--
6 Ekspres Bilgi İşlem ve Ticaret A.Ş. ⁽¹⁾	Istanbul/Turkey	71	29
7 JSC Denizbank Moskova	Moscow / Russia	49	51
8 Deniz Portföy Yönetimi A.Ş.	Istanbul/Turkey	--	100
9 Deniz Finansal Kiralama A.Ş. ⁽⁴⁾	Istanbul/Turkey	100	--
10 Deniz Faktoring A.Ş.	Istanbul/Turkey	100	--
11 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽²⁾	Istanbul/Turkey	--	76
12 CR Erdberg Eins GmbH & Co KG ⁽²⁾	Vienna/Austria	--	100
13-Hızlıöde Elektronik Para ve Ödeme Hizmetleri A.Ş.	Istanbul/Turkey	100	--

⁽¹⁾ It is not included in TAS 27 equity method implementation.

⁽²⁾ They are included in TAS 27 "equity method" although they are not the Bank's direct subsidiaries.

⁽³⁾ Represents risk group share percentage of the Bank.

⁽⁴⁾ At the meeting of the Board of Directors dated 16 January 2020, it was decided for Denizbank to purchase 51% of the shares of Deniz Finansal Kiralama A.Ş., owned by Denizbank AG. EUR 98,5 million, corresponding to the shares subject to the sale, over the company value of EUR 193,1 million determined as a result of the valuation made, was paid by the Bank on 24 January 2020 and the transfer of these shares to the Bank was realised.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value	Capital Requirement
1	546.722	382.058	349.177	364	--	93.630	83.456	--	--
2	975	969	25	--	--	(117)	(87)	--	--
3	77.490.679	15.451.057	166.524	2.292.527	111.183	268.342	651.883	--	--
4	922.060	53.885	42	5.329	--	864	213	--	--
5	1.101.858	830.938	19.875	51.147	--	240.559	110.782	--	--
6	22.250	12.797	13.062	68	--	(6.050)	1.642	--	--
7	2.441.163	686.308	14.076	113.920	19.320	62.141	55.622	--	--
8	39.907	33.836	3.359	972	30	14.215	9.845	--	--
9	3.234.585	632.233	452.153	255.624	2.529	(4.437)	(49.671)	--	--
10	2.649.070	403.507	12.739	231.070	3.000	21.867	2.465	--	--
11	946.335	374.287	6.553	617	--	9.355	12.003	--	--
12	298.007	258.882	231.557	4	--	1.112	726	--	--
13	5.600	5.211	14	591	--	(427)	(46)	--	--

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

(i) Movement of subsidiaries during the period

	Current Period	Prior Period
Balance at the Beginning of the Period	13.281.077	11.390.518
Movements During the Period	5.505.115	1.890.559
Purchases (****)	645.888	6.000
Bonus Shares Received	--	--
Dividends from Current Year Profit (*)	590.862	788.801
Sales	--	--
Revaluation Increase, Effect of Inflation and F/X Difference (**)(***)	4.268.365	1.095.758
Provision for Impairment	--	--
Balance at the End of the Period	18.786.192	13.281.077
Capital Commitments	--	--
Share Percentage at the end of Period (%)	--	--

(*) It is the amount added to the unconsolidated financial statements as a result of the application of equity method in accordance with TAS 27 mentioned in Section Three, note I. As of 31 December 2020, there is not dividend income.

(**) It consists of other reserves amounting to TL 4.041.482 as of 31 December 2020 (31 December 2019: TL 1.054.819), valuation differences of securities amounting to TL 136.572 (31 December 2019: TL 80.757), cash flow hedge transactions TL (5.910) (31 December 2019: TL 6.183), real estate revaluation TL 22.677 (31 December 2019: TL 8.098) and actuarial gain/(loss) TL (1.179) (31 December 2019: TL (1.020)) as a consequence of equity method implementation in accordance with TAS 27 mentioned in Section Three, note I.

(***) It includes the fair value of Intertech amounting to TL 74.723 (31 December 2019: TL 53.079) in accordance with TFRS 9.

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

The title, purpose, field of activity and capital of "Deniz Kartlı Ödeme Sistemleri Anonim Şirketi" (the Company) which is a 100% subsidiary of the Bank has been changed with the approval of the amendment of the related articles described in the Articles of Association held on General Assembly dated on 1 November 2019 and by registering the General Assembly resolutions on 12 November 2019. The new title of the company has become "Hızlıöde Elektronik Para ve Ödeme Hizmetleri Anonim Şirketi" and its capital has been increased from TL 300 to TL 10.000. TL 6.000 of which is paid in cash, TL 4.000 of which is as capital commitment. An operating permit application was made to the Banking Regulation and Supervision Agency on 14 November 2019 in order for the company to operate as a payment and electronic money institution and official authorisation was granted on 24 December 2020.

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

	Current Period	Prior Period
Banks	16.108.882	11.257.800
Insurance Companies	--	--
Factoring Companies	403.507	381.803
Leasing Companies	632.233	314.923
Finance Companies	--	--
Other Subsidiaries	1.641.570	1.326.551
Total	18.786.192	13.281.077

(iii) Quoted subsidiaries: None.

(iv) Subsidiaries disposed during the current period: None.

(v) Subsidiaries acquired during the current period: None.

h. Information on jointly controlled partnerships (joint ventures)

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

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

i. Information on receivables from leasing transactions

None.

j. Explanation on derivative financial instruments for hedging purpose

None.

k. Explanation on investment properties

None.

l. Information on tangible assets

	Real Estate	Tangible Fixed Assets Retained With Financial Leasing	Vehicles	Right-to-Use Assets	Other Tangible Fixed Assets	Total
Prior Period						
Cost	68.520	151.422	1.201	643.543	1.223.163	2.087.849
Accumulated Depreciation	--	(144.028)	(1.199)	(172.828)	(775.784)	(1.093.839)
Net Book Value	68.520	7.394	2	470.715	447.379	994.010
Current Period						
Net Book Value at the Beginning of the Period	68.520	7.394	2	470.715	447.379	994.010
Changes In the Period (Net)	5.531	118.886	155	141.508	103.198	369.278
Depreciation Cost	(1.052)	(3.601)	(37)	(181.844)	(125.507)	(312.041)
Provision For Decrease In Value	--	--	--	--	--	--
FX Differences (Net)	--	--	7	45	(4)	48
Cost At the End of the Period	72.999	248.807	1.381	774.347	1.276.250	2.373.784
Accumulated Depreciation At the End of the Period	--	(126.128)	(1.254)	(343.923)	(851.184)	(1.322.489)
Net Book Value At The End Of The Period	72.999	122.679	127	430.424	425.066	1.051.295

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

Revaluation difference amounting to TL 41.042 (31 December 2019: TL 37.491) is recognised under equity as a result of revaluation process, and impairment provision made in previous period for related properties amounting to TL 3.082 is cancelled.

m. Information on intangible assets

	Other	Goodwill	Total
Prior Period			
Cost	1.021.761	--	1.021.761
Accumulated Depreciation	(737.293)	--	(737.293)
Net Book Value	284.468	--	284.468
Current Period			
Net Book Value at the Beginning of the Period	284.468	--	284.468
Differences During the Period (Net)	221.696	--	221.696
Depreciation Cost	(159.349)	--	(159.349)
Provision For Decrease In Value	--	--	--
FX Differences (Net)	--	--	--
Cost At the End of the Period	1.244.956	--	1.244.956
Accumulated Depreciation At the End of the Period	(898.141)	--	(898.141)
Net Book Value At The End Of The Period	346.815	--	346.815

n. Information on deferred tax asset

Deferred tax is calculated on the basis of deductible and taxable temporary differences as of the balance sheet date and shown in the balance sheet with the net value within the scope of the related regulations.

Deferred tax expense recognised in equity resulting from the effect of TAS 27 is TL 50.856 (31 December 2019: TL (30.822)).

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

	Current Period	Prior Period
Miscellaneous Provisions	1.356.022	930.241
Provision for Employee Benefits	93.772	70.953
Unearned Revenue	79.868	83.634
Other	2.099	--
Deferred Tax Assets	1.531.761	1.084.828
Valuation Differences of Derivatives	(87.754)	(77.389)
Valuation Differences of Financial Assets	(72.791)	(24.161)
Valuation Differences of Tangible Assets	(21.509)	(22.930)
Other	--	(15.972)
Deferred Tax Liabilities	(182.054)	(140.452)
Net Deferred Tax Assets	1.349.707	944.376

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

None.

p. Information on other assets

1. Information on prepaid expense, taxes and similar items

Bank's total prepaid expenses are TL 916.282 (31 December 2019: TL 558.971).

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

II. Explanations and disclosures related to unconsolidated liabilities

a. Information on deposits

1. Information on maturity structure of deposits

Current period - 31 December 2020:

	7							Accumulated	
	Demand	Days	Up to 1	1-3 Months	3-6	6 Months-1	1 Year and	Deposit	Total
		Notice	Month		Months	Year	Over	Accounts	
Saving Deposits	5.104.617	--	4.632.323	25.356.238	470.831	395.560	495.239	5.290	36.460.098
Foreign Currency Deposits (*)	15.197.416	--	7.734.125	23.954.157	1.843.633	919.722	1.649.633	1.681	51.300.367
Residents in Turkey	14.031.437	--	7.511.016	21.898.165	1.693.488	667.189	1.162.777	1.681	46.965.753
Residents Abroad	1.165.979	--	223.109	2.055.992	150.145	252.533	486.856	--	4.334.614
Public Sector Deposits	332.762	--	87.706	77.422	10.622	487	2.622	--	511.621
Commercial Deposits	3.402.417	--	2.535.518	3.255.704	144.690	54.160	16.529	--	9.409.018
Other Ins. Deposits	165.190	--	213.279	482.088	78.775	26.533	265.387	--	1.231.252
Precious Metal Deposits	7.341.422	--	353.975	1.806.563	137.017	324.325	320.635	11.121	10.295.058
Bank Deposits	298.098	--	3.618.530	9.019.788	1.008.284	9.064	205.037	--	14.158.801
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	5.073	--	30	23.000	--	3.721	--	--	31.824
Foreign Banks	292.472	--	3.618.500	8.996.788	1.008.284	5.343	205.037	--	14.126.424
Special Finan. Inst.	553	--	--	--	--	--	--	--	553
Other	--	--	--	--	--	--	--	--	--
Total	31.841.922	--	19.175.456	63.951.960	3.693.852	1.729.851	2.955.082	18.092	123.366.215

(*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 32.853.097 and Commercial Deposit customers at the amount of TL 18.447.270.

Prior period - 31 December 2019:

	7							Accumulated	
	Demand	Days	Up to 1	1-3 Months	3-6	6 Months-1	1 Year and	Deposit	Total
		Notice	Month		Months	Year	Over	Accounts	
Saving Deposits	3.931.694	--	4.389.868	25.765.032	488.730	365.265	819.628	6.163	35.766.380
Foreign Currency Deposits (*)	10.819.517	--	8.208.750	20.648.403	2.156.802	809.943	1.539.694	1.079	44.184.188
Residents in Turkey	9.500.089	--	7.716.710	19.125.515	1.788.031	654.002	1.003.750	1.079	39.789.176
Residents Abroad	1.319.428	--	492.040	1.522.888	368.771	155.941	535.944	--	4.395.012
Public Sector Deposits	937.627	--	41.065	42.630	35.061	215	2.327	--	1.058.925
Commercial Deposits	3.523.710	--	4.122.075	5.055.288	188.057	125.523	26.311	--	13.040.964
Other Ins. Deposits	133.076	--	229.374	555.587	295.664	160.317	41.255	--	1.415.273
Precious Metal Deposits	921.927	--	60.975	613.863	41.464	94.639	121.693	8.102	1.862.663
Bank Deposits	121.778	--	650.179	1.327.921	551.528	101.738	217.383	--	2.970.527
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	2.082	--	--	9.613	--	--	--	--	11.695
Foreign Banks	119.236	--	650.179	1.318.308	551.528	101.738	217.383	--	2.958.372
Special Finan. Inst.	460	--	--	--	--	--	--	--	460
Other	--	--	--	--	--	--	--	--	--
Total	20.389.329	--	17.702.286	54.008.724	3.757.306	1.657.640	2.768.291	15.344	100.298.920

(*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 26.060.026 and Commercial Deposit customers at the amount of TL 18.124.162.

2. Information on deposit insurance

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

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

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	137.627	146.033
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	--	--
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEO with Their Parents, Spouse and Children under Their Wardship	87.485	32.315
Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of 5237 Numbered Turkish Penal Code dated on 26/09/2004	--	--
Deposits belong to Off-Shore Banks which are established in Turkey	--	--
Total	225.112	178.348

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

b. Information on derivative financial liabilities held for trading

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	18.511	179.671	2.595	44.178
Swap Transactions	237.942	1.654.405	186.269	559.897
Futures Transactions	--	--	--	--
Options	26.931	33.066	3	69.054
Other	--	--	--	--
Total	283.384	1.867.142	188.867	673.129

c. Information on funds borrowed

1. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank Loans	--	--	--	--
Domestic Banks and Institutions	434.148	1.239.186	322.346	974.691
Foreign Banks, Institutions and Funds	--	21.703.175	--	13.070.142
Total	434.148	22.942.361	322.346	14.044.833

2. Maturity information of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	434.148	2.843.170	322.346	4.395.863
Medium and Long-Term	--	20.099.191	--	9.648.970
Total	434.148	22.942.361	322.346	14.044.833

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

As of 31 December 2020, 62% of the Bank's liabilities (31 December 2019: 64%) are deposits, 18% (31 December 2019: 16%) are loans received, debts to money markets, securities issued and subordinated loans.

d. Information on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	749.328	--	--	--
Bills	1.523.711	451.604	2.460.981	--
Asset Backed Securities	--	--	--	--
Total	2.273.039	451.604	2.460.981	--

The Bank has repurchased the securities it has issued amounting to TL 255.037 and netted them in its financial statements.

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

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

- f. **Information on lease liabilities (net)**

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

The term of financial leasing contracts is mostly 4 years. Interest rate and the Bank's cash flow are the criteria taken into consideration in the lease contracts. There are no provisions in lease agreements that impose significant obligations on the Bank.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	247.769	141.320	229.822	120.325
Between 1-4 years	505.188	373.624	567.043	369.790
Over 4 years	153.585	106.276	34.055	25.193
Total	906.542	621.220	830.920	515.308

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

None.

- h. **Explanation on provisions**

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

None.

The amount of the provision for foreign exchange differences on foreign currency indexed loans are netted against loans under assets in the financial statements.

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

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

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

	Current Period	Prior Period
Discount rate	4,16%	4,70%
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 262.008 of provision for employee termination benefits (31 December 2019: TL 188.913) and TL 254.101 of unused vacation provisions and other rights (31 December 2019: TL 133.601) were reflected to the financial statements.

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

	Current Period	Prior Period
Balance at the Beginning of the Period	188.913	115.748
Changes in the period	54.367	45.546
Actuarial loss/gain	50.557	55.116
Paid in the period	(31.829)	(27.497)
Balance at the End of the Period	262.008	188.913

3. Information on other provisions

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

Current period:

TL 512.986 of other provisions represents stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 372.868 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 174.613 is the provisions for the litigations against the Bank and TL 646.833 includes other provisions.

Prior period:

TL 682.839 of other provisions represent stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 249.786 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 75.640 is the provisions for the litigations against the Bank and TL 456.177 includes other provisions.

i. Explanations on tax liability

1. Information on current tax liability

(i) Information on tax provision

As of 31 December 2020, the corporate tax provision amounting to TL 20.237 (31 December 2019: TL 86.017) has been offset with prepaid taxes.

As of 31 December 2020, the Bank's total tax and premium liabilities is TL 252.567 (31 December 2019: TL 307.039).

(ii) Information on tax liabilities

	Current Period	Prior Period
Corporate tax payables	--	--
Taxation on securities	57.201	107.606
Taxes on real estate capital gain	2.176	2.657
Banking Insurance Transaction Tax (BITT)	92.089	106.063
Taxes on foreign exchange transactions	7.854	3.999
Value added tax payables	5.272	6.660
Other	56.379	51.668
Total	220.971	278.653

(iii) Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	13.509	12.154
Social security premiums- employer share	15.277	13.697
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	--	--
Pension fund membership fees and provisions- employer share	--	--
Unemployment insurance- employee share	937	845
Unemployment insurance- employer share	1.873	1.690
Other	--	--
Total	31.596	28.386

2. Information on deferred tax liability

The Bank has no deferred tax liabilities remaining after it has been netted off from deferred tax assets. The detail of deferred tax is disclosed in Note "n" of explanations and disclosures related to unconsolidated assets.

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

None.

k. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments subject to common equity	--	--	--	--
Subordinated Loans	--	--	--	--
Subordinated Debt Instruments	--	--	--	--
Debt Instruments subject to tier 2 equity	--	5.917.420	--	7.037.253
Subordinated Loans	--	5.917.420	--	7.037.253
Subordinated Debt Instruments	--	--	--	--
Total	--	5.917.420	--	7.037.253

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

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 Bank is shown at nominal value.

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

The registered share capital system is not applied.

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

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

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

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

None.

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

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

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

Balance sheet of the Bank is managed prudently, to minimize the negative effects of interest rate, foreign currency and credit risks. This policy contributes to the progress of Bank's profitability with a steady increasing trend.

7. Summary information on the privileges given to stocks representing the capital

The Bank does not have any preferred stocks.

8. Share premiums, shares and equity instruments

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

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

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

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

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

9. Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and JVs	445.945	--	724.973	--
Valuation Difference and FX Differences	(91.690)	281.568	(99.422)	12.125
Total	354.255	281.568	625.551	12.125

10. Information on hedging funds

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

11. Explanations on minority shares

None.

12. Explanations on revaluation differences of tangible fixed assets

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". As a result of the revaluation made, the net revaluation difference after tax amounting to TL 103.562 has been accounted for in "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" under equities (31 December 2019: TL 78.337).

13. Explanations on profit distribution

At the Ordinary General Assembly Meeting held on 26 March 2020, according to the proposal of the Bank's Board of Directors for profit distribution, TL 66.806 of the net profit for the period of 2019 amounting to TL 1.336.113 was allocated as legal reserves and the remaining TL 1.269.307 was allocated as extraordinary reserves.

III. Explanations and disclosures related to off-balance sheet items

a. Explanation on liabilities in off-balance sheet accounts

1. Type and amount of irrevocable loan commitments

Most of Bank's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2020, loan granting commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 17.234.415, TL 32.617.301 and TL 2.226.674 respectively (31 December 2019: TL 13.726.695, TL 22.664.957 and TL 1.973.081 respectively). The details of these items are followed in the off-balance sheet accounts.

2. Structure and amount of possible losses and commitments arising from off-balance sheet items

- (i) Non-cash loans including guarantees, bill of guarantee and acceptances of bank and other letters of credit and commitments which can be considered as financial collateral

As of 31 December 2020, Bank has letters of guarantee amounting to TL 31.874.654, bill of guarantee and acceptances amounting to TL 110.240, and guarantees and warranties on letters of credit amounting to TL 4.844.689 and other guarantees and warranties amounting to TL 5.899.784.

As of 31 December 2019, Bank has letters of guarantee amounting to TL 26.184.103, bill of guarantee and acceptances amounting to TL 99.876, and guarantees and warranties on letters of credit amounting to TL 4.045.288 and other guarantees and warranties amounting to TL 3.826.292.

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

	Current Period	Prior Period
Provisional Letters of Guarantee	1.137.664	779.303
Final Letters of Guarantee	18.461.605	15.586.512
Letters of Guarantee for Advances	2.771.821	2.720.209
Letters of Guarantee given to Customs Offices	203.609	184.047
Other Letters of Guarantee	9.299.955	6.914.032
Total	31.874.654	26.184.103

3. Information on non-cash loans

- (i) Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Obtaining Cash Loans	15.199.550	10.500.337
With Original Maturity of 1 Year or Less	15.199.550	10.500.337
With Original Maturity of More Than 1 Year	--	--
Other Non-Cash Loans	27.529.817	23.655.222
Total	42.729.367	34.155.559

- (ii) Information on risk concentration on sector basis within the non-cash loans account

	Current Period			
	TL	%	FC	%
Agricultural	333.043	2,59	306.705	1,02
Farming and Cattle	327.905	2,55	302.466	1,01
Forestry	410	--	649	--
Fishing	4.728	0,04	3.590	0,01
Manufacturing	2.863.726	22,26	10.978.980	36,76
Mining	120.158	0,93	317.251	1,06
Production	2.273.678	17,68	10.077.765	33,74
Electric, Gas, Water	469.890	3,65	583.964	1,96
Construction	3.148.381	24,48	7.321.980	24,51
Services	4.668.306	36,32	7.964.824	26,67
Wholesale and Retail Trade	2.714.290	21,11	4.749.392	15,90
Hotel and Restaurant Services	355.894	2,77	1.465.712	4,91
Transportation and telecommunication	763.719	5,94	1.043.031	3,49
Financial institutions	606.766	4,72	680.166	2,28
Real estate and letting services	26.791	0,21	2.066	0,01
Self-employment services	--	--	--	--
Education services	54.841	0,43	8.479	0,03
Health and social services	146.005	1,14	15.978	0,05
Other	1.847.120	14,35	3.296.302	11,04
Total	12.860.576	100,00	29.868.791	100,00

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

	Prior Period			
	TL	%	FC	%
Agricultural	207.896	1,94	195.670	0,83
Farming and Cattle	204.143	1,91	193.513	0,82
Forestry	526	--	825	--
Fishing	3.227	0,03	1.332	0,01
Manufacturing	1.918.887	17,96	9.636.967	41,05
Mining	120.161	1,12	270.949	1,15
Production	1.457.215	13,64	8.691.671	37,03
Electric, Gas, Water	341.511	3,20	674.347	2,87
Construction	2.820.480	26,40	6.390.262	27,23
Services	4.057.071	37,97	5.459.172	23,26
Wholesale and Retail Trade	2.371.628	22,20	3.712.952	15,82
Hotel and Restaurant Services	397.768	3,72	1.032.295	4,40
Transportation and telecommunication	541.650	5,07	381.355	1,62
Financial institutions	508.832	4,76	308.635	1,32
Real estate and letting services	30.682	0,29	1.729	0,01
Self-employment services	--	--	--	--
Education services	48.142	0,45	7.177	0,03
Health and social services	158.369	1,48	15.029	0,06
Other	1.681.058	15,73	1.788.096	7,63
Total	10.685.392	100,00	23.470.167	100,00

(iii) Information about the non-cash loans classified first and second group

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	11.913.583	18.640.554	653.295	667.222
Bill of Guarantee and Acceptances	15.250	94.990	--	--
Letters of Credit	13.006	4.827.672	--	4.011
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Commitments	--	--	--	--
Other Commitments and Contingencies	265.442	5.584.202	--	50.140
Total	12.207.281	29.147.418	653.295	721.373

b. Information related to derivative financial instruments

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Hedging Purpose Derivative Transactions						
A. Total Hedging Purpose Derivative Transactions	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
Types of Trading Transactions						
Foreign Currency Related Derivative Transactions (I)	78.540.779	28.340.665	16.087.290	1.811.305	--	124.780.039
Forward FC Call Transactions	2.576.483	4.576.059	2.888.645	203.467	--	10.244.654
Forward FC Pull Transactions	2.288.711	4.480.132	2.853.317	180.813	--	9.802.973
Swap FC Call Transactions	31.079.109	8.461.787	4.541.603	771.452	--	44.853.951
Swap FC Pull Transactions	36.723.996	8.717.226	4.663.228	648.154	--	50.752.604
Options FC Call Transactions	2.895.752	585.602	245.458	7.419	--	3.734.231
Options FC Pull Transactions	2.976.728	568.898	255.112	--	--	3.800.738
Futures FC Call Transactions	--	465.976	297.191	--	--	763.167
Futures FC Pull Transactions	--	484.985	342.736	--	--	827.721
Total of Interest Derivative Transactions (II)	360.000	820.000	1.938.075	9.888.470	33.233.168	46.239.713
Swap Interest Call Transactions	30.000	410.000	969.038	4.892.896	16.195.844	22.497.778
Swap Interest Pull Transactions	30.000	410.000	969.037	4.892.896	16.195.844	22.497.777
Options Interest Call Transactions	--	--	--	51.339	420.740	472.079
Options Interest Pull Transactions	300.000	--	--	51.339	420.740	772.079
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
Other Types of Trading Transactions (III)	5.810.420	221.699	315.722	5.621	--	6.353.462
B. Total Types of Trading Transactions (I + II + III)	84.711.199	29.382.364	18.341.087	11.705.396	33.233.168	177.373.214
Total Derivatives Transactions (A+B)	84.711.199	29.382.364	18.341.087	11.705.396	33.233.168	177.373.214

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Hedging Purpose Derivative Transactions						
A. Total Hedging Purpose Derivative Transactions	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
Types of Trading Transactions						
Foreign Currency Related Derivative Transactions (I)	57.871.390	14.473.359	11.496.076	2.349.105	--	86.189.930
Forward FC Call Transactions	912.642	1.061.942	665.553	55.688	--	2.695.825
Forward FC Pull Transactions	899.228	1.074.144	681.167	60.108	--	2.714.647
Swap FC Call Transactions	25.892.699	5.142.486	4.067.295	1.318.042	--	36.420.522
Swap FC Pull Transactions	23.606.229	5.132.497	3.800.223	915.267	--	33.454.216
Options FC Call Transactions	3.258.361	1.011.708	1.110.178	--	--	5.380.247
Options FC Pull Transactions	3.302.231	1.050.449	1.052.429	--	--	5.405.109
Futures FC Call Transactions	--	68	62.878	--	--	62.946
Futures FC Pull Transactions	--	65	56.353	--	--	56.418
Total of Interest Derivative Transactions (II)	--	600.001	2.272.470	6.417.064	19.315.402	28.604.937
Swap Interest Call Transactions	--	300.001	1.136.235	3.150.989	9.657.701	14.244.926
Swap Interest Pull Transactions	--	300.000	1.136.235	3.150.989	9.657.701	14.244.925
Options Interest Call Transactions	--	--	--	57.543	--	57.543
Options Interest Pull Transactions	--	--	--	57.543	--	57.543
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
Other Types of Trading Transactions (III)	2.608.125	261.944	1.560.766	1.574.133	--	6.004.968
B. Total Types of Trading Transactions (I + II + III)	60.479.515	15.335.304	15.329.312	10.340.302	19.315.402	120.799.835
Total Derivatives Transactions (A+B)	60.479.515	15.335.304	15.329.312	10.340.302	19.315.402	120.799.835

c. Information on credit derivatives and risk exposures on credit derivatives

None.

d. Explanations on contingent assets and liabilities

In accordance with the precautionary principle regarding the lawsuits filed against the Bank, TL 174.613 (31 December 2019: TL 75.640) provision has been set aside and these provisions are classified under "Other provisions" on the balance sheet. Except for those provisioned, other ongoing lawsuits are unlikely to result in a negative conclusion and cash outflow is not foreseen for them.

e. Explanations on services carried out on behalf and account of other persons

The Bank provides purchase, sale, custody, management and consultancy services on behalf and account of other persons.

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

a. Interest income

1. Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term Loans	2.658.968	488.643	3.662.624	440.507
Medium and Long Term Loans	8.691.821	1.722.710	8.553.686	1.309.984
Loans Under Follow-Up	94.279	--	674.719	--
Premiums Received from Resource Utilisation Support Fund	--	--	--	--
Total	11.445.068	2.211.353	12.891.029	1.750.491

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

2. Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	360	--	1.019	--
Domestic Banks	161.159	152	134.358	4.005
Foreign Banks	56	16.250	1.886	65.203
Foreign Head Offices and Branches	--	39	1.556	413
Total	161.575	16.441	138.819	69.621

The interest income received from required reserves of the Bank with the CBRT is TL 29.693 (1 January - 31 December 2019: TL 145.307).

3. Information on interest income received from securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	9.779	6.570	13.970	1.296
Financial Assets at Fair Value Through Other Comprehensive Income	690.333	278.492	831.226	157.286
Financial Assets Measured at Amortised Cost	522.894	118.867	414.737	105.503
Total	1.223.006	403.929	1.259.933	264.085

As stated in the chapter III footnote numbered VII, the Bank has government securities in the financial assets at fair value through other comprehensive income and financial assets measured at amortised cost portfolios with a maturity of 5 to 10 years and having CPI indexed 6 months real coupon ratio fixed until maturity. As stated in the Undersecretariat of Treasury's securities indexed CPI Investors Guide, the reference indexes used in calculating the actual coupon payment amounts of these assets are based on the CPI of previous two months.

4. Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	39.803	106.385

b. Interest expense

1. Information on interest expense related to funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	41.386	1.318.516	42.014	1.247.971
Central Bank of the Republic of Turkey	57	139.137	4	--
Domestic Banks	35.269	29.638	42.010	68.041
Foreign Banks	6.060	1.149.741	--	1.179.930
Foreign Head Offices and Branches	--	--	--	--
Other Institutions	--	--	--	--
Total	41.386	1.318.516	42.014	1.247.971

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

2. Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	21.299	118.291

3. Information on interest expense paid to securities issued

	Current Period	Prior Period
Interest Paid to Securities Issued	317.337	603.212

4. Maturity structure of the interest expense on deposits

Account Name	Demand Deposits	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 Year		
TL								
Bank Deposits	16	68.398	--	--	--	--	--	68.414
Saving Deposits	5	487.227	2.520.759	47.028	33.978	85.672	596	3.175.265
Public Sector Deposits	--	5.505	6.463	2.183	42	272	--	14.465
Commercial Deposits	--	381.012	386.063	15.503	15.430	2.119	--	800.127
Other Deposits	--	13.408	59.539	20.895	8.645	10.508	--	112.995
7 Days Call Account	--	--	--	--	--	--	--	--
Total	21	955.550	2.972.824	85.609	58.095	98.571	596	4.171.266
FC								
Deposits	1	68.456	255.960	43.675	18.844	33.562	--	420.498
Bank Deposits	2.509	46.879	--	--	--	--	--	49.388
7 Days Call Account	--	--	--	--	--	--	--	--
Precious Metal Deposits	9	643	4.148	768	2.099	3.251	101	11.019
Total	2.519	115.978	260.108	44.443	20.943	36.813	101	480.905
Grand Total	2.540	1.071.528	3.232.932	130.052	79.038	135.384	697	4.652.171

c. Explanations on dividend income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	1.537	586
Financial Assets at Fair Value Through Other Comprehensive Income	--	--
Other (*)	245	3.999
Total	1.782	4.585

(*) Presents dividend income from unconsolidated subsidiaries and associates.

d. Explanations on trading income/loss

	Current Period	Prior Period
Income	715.841.505	543.140.572
Capital Market Transactions	315.303	161.260
Derivative Financial Instruments	9.973.732	10.851.883
Foreign Exchange Gains	705.552.470	532.127.429
Loss (-)	715.272.323	543.444.624
Capital Market Transactions	177.339	86.598
Derivative Financial Instruments	10.295.191	10.776.217
Foreign Exchange Losses	704.799.793	532.581.809
Net Trading Income / Loss	569.182	(304.052)

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments amounts to TL (777.815) (1 January - 31 December 2019: TL (311.717)).

e. Information on other operating income

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2020
(Currency: Thousands of TL - Turkish Lira)

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

f. Provisions for expected credit loss

	Current Period	Prior Period
Expected credit loss (*)	6.294.948	5.449.503
12 months provision for expected credit loss (Stage 1)	215.876	186.665
Significant increase in credit risk (Stage 2)	2.541.374	1.219.868
NPL (Stage 3)	3.537.698	4.042.970
Provisions for securities impairment	--	--
Financial assets at fair value through profit or loss	--	--
Financial assets at fair value through other comprehensive income	--	--
Associates, subsidiaries and provisions for financial assets measured at amortised cost impairment	--	--
Associates	--	--
Subsidiaries	--	--
Joint ventures	--	--
Others	386.105	158.752
Total	6.681.053	5.608.255

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

g. Information on other operating expenses

	Current Period	Prior Period
Personnel Expenses (*)	1.793.112	1.593.158
Reserve for Employee Termination Benefits (*)	22.538	17.050
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	344
Depreciation Charges of Tangible Assets (**)	312.041	303.011
Impairment Losses on Intangible Assets	--	--
Goodwill for impairment loss	--	--
Amortisation Charges of Intangible Assets	159.349	123.217
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	40.522	--
Depreciation of Assets to be Disposed	20.865	6.542
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	1.325.057	1.085.261
Operational Lease Expenses (**)	93.123	80.165
Repair and Maintenance Expenses	89.944	88.872
Advertisement Expenses	71.842	68.122
Other Expenses (***)	1.070.148	848.102
Losses on Sale of Assets	8.257	3.072
Other	690.327	514.144
Total	4.372.068	3.645.799

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

(**) Includes lease expenses evaluated other than the TFRS 16 Standard.

(***) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationary, heating and lighting, credit card service fee, vehicle expense and other expenses amounting to TL 75.431, TL 189.118, TL 24.822, TL 54.496, TL 460.367, TL 22.735 and TL 243.179 respectively (1 January - 31 December 2019: TL 73.344, TL 131.465, TL 26.588, TL 47.975, TL 245.295, TL 33.120 and TL 290.315 respectively).

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

As 1 January - 31 December 2020, Bank has a profit before tax from continued operations amounting to TL 2.091.022 (1 January - 31 December 2019: TL 1.477.361).

As 1 January - 31 December 2020, a profit before tax from discontinued operations is none (1 January-31 December 2019: None).

i. Information on tax provision for continued and discontinued operations

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

As 1 January - 31 December 2020, the current tax charge on continued operations amounts to TL 20.237 (1 January - 31 December 2019: TL 86.017) while deferred tax charge amounts to TL 3.380.785 (1 January - 31 December 2019: TL 2.278.971 and deferred tax benefit amounts to TL 3.103.225 (1 January - 31 December 2019: TL 2.223.740).

There are no current tax expense on discontinued operations.

j. Information on continued and discontinued operations net profit/loss

Bank has a net profit is amounting to TL 1.793.225 (31 December 2019: TL 1.336.113). Bank does not have discontinued operations.

k. Explanations on net profit and loss for the period

1. If the disclosure of the characteristic, dimension and repetition rate of the income and expense items arising from ordinary banking transactions is necessary for the understanding of the Bank's performance during the period, the characteristic and amount of these items

Bank's income from ordinary banking transactions related to the current and previous period are interest income from loans and securities and other banking service income. The main sources of expenditure are interest expenses on deposits and similar borrowing items, which are the funding sources of loans and securities.

2. No changes have been made in the accounting estimates which may have a material effect in the current period and materially affect subsequent periods.
3. The Bank recognized its associates, in which it has direct or indirect shares, according to equity method in accordance with TAS 27 "Separate Financial Statements" while preparing its unconsolidated financial tables dated 31 December 2020.
4. The Bank applies net investment hedge accounting as of 1 July 2015 in order to hedge exchange difference sourcing from equity method implementation for its net investment at a total amount of Euro 1.639 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the exchange rate of these financial liabilities is recognised in hedge funds account under equity.

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

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

V. Explanations related to statement of changes in shareholders' equity

a. Explanations on capital increase

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

^(*) The Subordinated Loan of USD 400.000.000, which the Bank obtained from ENBD, was added to the capital in cash by 2.380.000.000 full TL on the capital increase date.

b. Explanations on issuance of shares

None.

c. Adjustments in accordance with TAS 8

None.

d. Explanations on profit distribution

The authorised body of the Bank regarding profit distribution is the General Assembly. As of the prepatation date of the financials, the annual ordinary General Assembly meeting has not been held yet.

e. Other comprehensive income and expenses

Unrealised profit/loss" generated by differences at fair values of financial assets at fair value through other comprehensive income is not reflected in the statement of profit or loss of the period till to realise one of the situations that collection of value that corresponds to a financial asset, the sale of the asset, the disposal or loss of the asset and accounted under shareholders' equity as "Securities Valuation Differences". The net amount after tax for the current period is TL 277.173.

As of 1 April 2018, Deniz Leasing from subsidiaries of Bank where TAS 27 equity method is applied started to use cash flow hedge accounting within the context of currency risk. After tax profit /(loss) accounted under equity in the current period through cash flow hedge accounting is TL (5.912).

The revaluation increase of the tangible fixed assets amounting to TL 32.194 was netted off with the deferred tax effect of TL 6.969 and was accounted for in equity.

In accordance with TFRS 9, Intertech's fair value change amounting to TL 74.723 have been accounted under the equity.

Net amount TL (43.845) after tax regarding the actuarial profit/loss have been accounted under the equity.

Net after tax TL (3.318.619) amount of foreign net investment hedge funds have been accounted for under equity.

Foreign currency translation differences amounting to TL 4.360.343 have been accounted under the equity.

f. Explanations on amounts transferred to reserves

The Bank transferred profit for the previous year amounting to TL 1.269.307 (31 December 2019: TL 2.073.397) to extraordinary reserves in 2020. The amount transferred to legal reserves is TL 66.806 (31 December 2019: TL 109.126).

VI. Explanations related to statement of cash flows

a. Information on cash and cash equivalents

The components that constitute cash and cash equivalents and the accounting policy used in determining these items:

Cash, foreign currency, cash-in-transit, and demand deposits at banks including the Central Bank are defined as "Cash"; receivables from the money market with an original maturity of less than three months, term deposits in banks, investments in securities except shares are defined as "Cash Equivalent".

1. Cash and cash equivalents at the beginning of the period

	Current Period	Prior Period
	01.01.2020	01.01.2019
Cash	3.070.328	4.601.357
Cash in vault, foreign currencies and other	1.605.392	1.205.444
Banks demand deposits	1.464.936	3.395.913
Cash and Cash Equivalent	10.277.471	6.579.674
Interbank money market placements	1.020.000	--
Banks time deposits	7.918.682	6.162.915
Securities	1.338.789	416.759
Total Cash and Cash Equivalents	13.347.799	11.181.031

2. Cash and cash equivalents at the end of the period

	Current Period	Prior Period
	31.12.2020	31.12.2019
Cash	3.268.787	3.070.328
Cash in vault, foreign currencies and other	1.406.376	1.605.392
Banks demand deposits	1.862.411	1.464.936
Cash and Cash Equivalent	13.399.721	10.277.471
Interbank money market placements	1.837.780	1.020.000
Banks time deposits	9.634.261	7.918.682
Securities	1.927.680	1.338.789
Total Cash and Cash Equivalents	16.668.508	13.347.799

b. Cash and cash equivalent assets owned by Bank but not in free use due to legal restrictions or other reasons

The Bank maintains a total reserve of TL 21.183.921, including the required reserve balances on average in the Central Bank (31 December 2019: TL 15.102.078). Additionally, there is no restricted amount in foreign banks account (31 December 2019: None).

c. "Other" items in the statement of cash flows and effect of change in foreign currency exchange rate on cash and cash equivalents

The "other" item amounting to TL (12.525.115) (31 December 2019: TL (8.175.586)) within the "operating profit before change in assets and liabilities subject of banking operation", consists of other operating expenses, fees and commissions given and capital market transaction losses. With the effect of these changes in the cash flow table, the cash and cash equivalents amounting to TL 13.347.799 at the beginning of the period (31 December 2019: TL 11.181.031) has become TL 16.668.508 at the end of the period (31 December 2019: TL 13.347.799).

The TL 4.653.821 within the "change in assets and liabilities subject of banking operation" (31 December 2019: TL (569.878)); consists of changes in the "net increase (decrease) in other debts", miscellaneous payables, tax payables, fees, premiums and other liabilities.

The effect of change in foreign currency exchange rate on cash and cash equivalents consists of the rate difference arising from the conversion of the average of the cash and cash equivalent assets in foreign currency to TL with the rates from the beginning and the end of the period; and it amounts to TL 2.051.882 as of 31 December 2020 (31 December 2019: TL 878.440).

VII. Explanations and disclosures related to Bank's risk group

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

Current Period

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	802.159	115.378	--	4.963	329.133	--
Balance at the End of the Period	1.726.483	182.955	6.244	4.963	633.963	3.156
Interest and Commission Income	44.313	206	77	--	7.183	3

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

Prior Period

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	1.034.087	127.377	11.263	1.292	34	--
Balance at the End of the Period	802.159	115.378	--	4.963	329.133	--
Interest and Commission Income	135.316	768	494	1	18	--

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

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

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder (**)		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at the Beginning of the Period	1.527.049	1.916.874	8.130.445	11.965.213	35.172	16.882
Balance at the End of the Period	1.538.854	1.527.049	15.518.492	8.130.445	31.023	35.172
Interest and Commission Expense Paid	42.319	141.700	398.897	586.580	1.878	1.983

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

(**) Includes the subordinated loans of US Dollar 650 million and Euro 115 million received from ENBD.

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

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Financial Assets at Fair Value through Profit or Loss Purposes						
Balance at the Beginning of the Period	13.133.363	7.927.779	594.000	--	--	--
Balance at the End of the Period	7.120.061	13.133.363	101.455	594.000	18.129	--
Total Income/(Loss)	1.463.957	--	628	(4.214)	630	--
Transactions for Hedging Purposes:						
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/(Loss)	--	--	--	--	--	--

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

d. Information on benefits provided to top management

Bank made payment amounting to TL 83.652 (31 December 2019: TL 88.665) to its key management as of 31 December 2020.

e. Information on transactions with Bank's risk group

As of 31 December 2020, cash loans and other receivables of the risk group represent 1,9% of Bank's total cash loans and banks; deposits and borrowings represent 11,2% of Bank's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,4% of the total non-cash loans balance.

The Bank conducts financial and operational leasing transactions with Deniz Leasing. As of 31 December 2020, The Bank's net financial lease liabilities arising from these agreements are TL 114.946 (31 December 2019: TL 3). Also, the Bank provides agency services for Deniz Yatırım Menkul Kıymetler A.Ş. through its branches.

VIII. Domestic, foreign and off-shore banking branches or associates and foreign representatives of the Bank

a. Explanations relating to the Bank's domestic and foreign branch and representatives

	Number	Number of Employees			
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 Bank opens and closes domestic and foreign branch and representative and changes the organization significantly

The Bank opened 3 new branches and closed 15 branches in 2020.

SECTION SIX

OTHER DISCLOSURES AND FOOTNOTES

I. Other explanations related to Bank's operations

a. Other explanations related to Bank's operations

None.

b. Summary information about ratings of the Banks which has been assigned by the international rating agencies

Moody's (*)		Fitch Ratings (**)	
Outlook	Negative	Outlook	Negative
Long Term Foreign Currency Deposit	B3	Long Term Foreign Currency	B+
Short Term Foreign Currency Deposit	Not Prime	Short Term Foreign Currency	B
Long Term Local Currency Deposit	B3	Long Term Local Currency	BB-
Short Term Local Currency Deposit	Not Prime	Short Term Local Currency	B
Bank Financial Strenght Rating (BCA)	caa1	Viability	b+
		Support	4
		National	AA
			(tur)(stable)

(*) As of 10.12.2020

(**) As of 01.09.2020

c. Subsequent events

On 18 February 2021, DenizBank secured a total of USD 435 million (USD 345.000.000 and EUR 73.582.062) funding under the Diversified Payment Rights (DPR) Securitization Programme backed by future flows, with maturities of up to 7 years, with 9 series signed by 13 investors in total in the transaction where Credit Suisse AG and Emirates NBD Capital Limited acted as Joint Coordinators and Book runners, and which received USD 150 million and 100 million USD investment from International Finance Corporation (IFC) and European Bank for Reconstruction and Development (EBRD), respectively. The financing is planned to be used for energy efficiency and renewable energy projects, supporting women entrepreneurs, the agricultural sector as well as working capital needs of businesses.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

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

Unconsolidated financial statements and notes of the Bank are subject to independent audit by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Deloitte Touche Tohmatsu Limited) and independent audit report dated 18 February 2021 is presented in front of the unconsolidated financial statements.

II. Explanations and notes prepared by Independent Auditor

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