

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

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

**INDEPENDENT AUDITOR'S REVIEW REPORT,  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND  
NOTES FOR THE SIX MONTH PERIOD ENDED  
30 JUNE 2020**

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

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

**To the Board of Directors of Denizbank A.Ş.**

### *Introduction*

We have reviewed the accompanying consolidated balance sheet of Denizbank A.Ş. (“the Bank”) and its consolidated subsidiaries (together “the Group”) as at 30 June 2020, and the consolidated statement of income, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of Denizbank A.Ş. and its consolidated subsidiaries as at 30 June 2020, and of the results of its operations and its cash flows for the six-month period then ended in accordance with the BRSA Accounting and Reporting Regulations.

#### *Other Matter*

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 were audited and as at and for the six month period ended 30 June 2019 were reviewed by another auditor who expressed an unqualified opinion and an unqualified conclusion on 20 February 2020 and 29 July 2019, respectively.

#### **Report on Other Legal and Regulatory Requirements**

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

#### *Additional paragraph for English translation:*

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

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Aslan

Partner

Istanbul, 28 July 2020

**DENİZBANK A.Ş.**  
**CONSOLIDATED INTERIM FINANCIAL REPORT FOR**  
**THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

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

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

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

<b>Subsidiaries</b>
1 Denizbank AG, Vienna
2 Eurodeniz International Banking Unit Ltd.
3 Deniz Yatırım Menkul Kıymetler A.Ş.
4 JSC Denizbank, Moscow
5 Deniz Portföy Yönetimi A.Ş.
6 Deniz Finansal Kiralama A.Ş.
7 Deniz Faktoring A.Ş.
8 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.
9 CR Erdberg Eins GmbH & Co KG
<b>Structured Entity</b>
1 DFS Funding Corp.

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

28 July 2020

**HAKAN ELVERDİ**

Senior Vice President  
Financial Reporting  
And Accounting

**RUSLAN ABİL**

Executive Vice President  
Financial Affairs

**HAKAN ATEŞ**

Member of Board of Directors  
and President and Chief  
Executive Officer

**HESHAM ABDULLA  
QASSIM ALQASSIM**

Chairman of Board of  
Directors

**JONATHAN EDWARD MORRIS**

Member of Board of Directors  
and Audit Committee

**NIHAT SEVİNÇ**

Member of Board of Directors  
and Audit Committee

Contact information for questions on this financial report:

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## **SECTION ONE**

### **GENERAL INFORMATION**

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

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

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

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

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

As of 31 July 2019, as a result of ENBD's acquisition of 99.85% of DenizBank's shares, obligations arose for ENBD to make mandatory tender offer (MTO) for the Bank as per the provisions of the Capital Markets Board's (CMB) Communiqué on Takeover Bids (II-26.1); and sell-out right; the Bank's shareholders other than ENBD got the right to sell their shares to ENBD as per the provisions of the CMB's Communiqué on Squeeze Out and Selling Rights (II-27.2).

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

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

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

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 30 JUNE 2020**

(Currency: Thousands of TL - Turkish Lira)

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

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

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

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

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



**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 30 JUNE 2020**

(Currency: Thousands of TL - Turkish Lira)

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

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

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

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

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

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

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

As of 30 June 2020 the capital structure of ENBD is as follows:

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

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

The Parent Bank is a private sector deposit bank which provides banking services to its customers through 707 domestic and 1 foreign branch as of 30 June 2020.

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

In accordance with the Banking Law and regulations;

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

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

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

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

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

None.

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT**  
**OF FINANCIAL POSITION (BALANCE SHEET)**  
**AS OF 30 JUNE 2020**

(Currency: Thousands of TL - Turkish Lira)

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

ASSETS	Footnote	Reviewed CURRENT PERIOD (30/06/2020)			Audited PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>11.759.760</b>	<b>58.989.449</b>	<b>70.749.209</b>	<b>11.849.972</b>	<b>48.127.729</b>	<b>59.977.701</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>2.816.489</b>	<b>45.838.394</b>	<b>48.654.883</b>	<b>4.695.803</b>	<b>38.938.309</b>	<b>43.634.112</b>
1.1.1 Cash and Balances at Central Bank	(5.1.a)	1.955.493	37.542.190	39.497.683	1.530.609	34.141.244	35.671.853
1.1.2 Banks	(5.1.a)	854.147	8.298.620	9.152.767	1.903.476	4.801.906	6.705.382
1.1.3 Due from Money Markets		6.920	-	6.920	1.261.789	-	1.261.789
1.1.4 Expected Credit Losses (-)		71	2.416	2.487	71	4.841	4.912
<b>1.2 Financial Assets at Fair Value through Profit or Loss</b>	(5.1.b)	<b>160.345</b>	<b>597.781</b>	<b>758.126</b>	<b>20.633</b>	<b>485.623</b>	<b>506.256</b>
1.2.1 Public Debt Securities		78.412	9.753	88.165	18.389	3.051	21.440
1.2.2 Equity Instruments		48.630	180.189	228.819	44	153.472	153.516
1.2.3 Other Financial Assets		33.303	407.839	441.142	2.200	329.100	331.300
<b>1.3 Financial Assets at Fair Value through Other Comprehensive Income</b>	(5.1.c)	<b>8.058.483</b>	<b>11.496.771</b>	<b>19.555.254</b>	<b>6.147.636</b>	<b>8.026.934</b>	<b>14.174.570</b>
1.3.1 Public Debt Securities		7.980.379	10.905.809	18.886.188	6.069.466	7.242.150	13.311.616
1.3.2 Equity Instruments		78.104	262	78.366	78.170	227	78.397
1.3.3 Other Financial Assets		-	590.700	590.700	-	784.557	784.557
<b>1.4 Derivative Financial Assets</b>		<b>724.443</b>	<b>1.056.503</b>	<b>1.780.946</b>	<b>985.900</b>	<b>676.863</b>	<b>1.662.763</b>
1.4.1 Accounted through Profit or Loss	(5.1.b)	724.443	1.056.503	1.780.946	985.900	676.863	1.662.763
1.4.2 Accounted through Other Comprehensive Income	(5.1.j)	-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>79.189.970</b>	<b>88.425.578</b>	<b>167.615.548</b>	<b>69.796.431</b>	<b>79.761.375</b>	<b>149.557.806</b>
<b>2.1 Loans</b>	(5.1.d)	<b>83.991.497</b>	<b>85.852.191</b>	<b>169.843.688</b>	<b>72.255.743</b>	<b>76.632.862</b>	<b>148.888.605</b>
<b>2.2 Lease Receivables</b>	(5.1.i)	<b>562.504</b>	<b>2.366.210</b>	<b>2.928.714</b>	<b>513.049</b>	<b>2.197.532</b>	<b>2.710.581</b>
<b>2.3 Factoring Receivables</b>		<b>1.168.201</b>	<b>210.131</b>	<b>1.378.332</b>	<b>1.388.379</b>	<b>186.547</b>	<b>1.574.926</b>
<b>2.4 Financial Assets Measured at Amortised Cost</b>	(5.1.e)	<b>3.885.914</b>	<b>3.017.005</b>	<b>6.902.919</b>	<b>4.037.660</b>	<b>2.735.394</b>	<b>6.773.054</b>
2.4.1 Public Debt Securities		3.885.914	3.017.005	6.902.919	4.037.660	2.735.394	6.773.054
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Losses (-)</b>		<b>10.418.146</b>	<b>3.019.959</b>	<b>13.438.105</b>	<b>8.398.400</b>	<b>1.990.960</b>	<b>10.389.360</b>
<b>III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)</b>	(5.1.m)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale		-	-	-	-	-	-
3.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>761.971</b>	<b>269</b>	<b>762.240</b>	<b>761.971</b>	<b>233</b>	<b>762.204</b>
<b>4.1 Investments in Associates (Net)</b>	(5.1.f)	<b>13.596</b>	<b>-</b>	<b>13.596</b>	<b>13.596</b>	<b>-</b>	<b>13.596</b>
4.1.1 Accounted for by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		13.596	-	13.596	13.596	-	13.596
<b>4.2 Investments in Subsidiaries (Net)</b>	(5.1.g)	<b>745.575</b>	<b>269</b>	<b>745.844</b>	<b>745.575</b>	<b>233</b>	<b>745.808</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		745.575	269	745.844	745.575	233	745.808
<b>4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)</b>	(5.1.h)	<b>2.800</b>	<b>-</b>	<b>2.800</b>	<b>2.800</b>	<b>-</b>	<b>2.800</b>
4.3.1 Accounted for by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Associates		2.800	-	2.800	2.800	-	2.800
<b>V. TANGIBLE ASSETS (Net)</b>		<b>1.352.034</b>	<b>312.253</b>	<b>1.664.287</b>	<b>1.364.090</b>	<b>288.076</b>	<b>1.652.166</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>336.283</b>	<b>46.365</b>	<b>382.648</b>	<b>301.199</b>	<b>38.779</b>	<b>339.978</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		336.283	46.365	382.648	301.199	38.779	339.978
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(5.1.k)	<b>218.680</b>	<b>-</b>	<b>218.680</b>	<b>218.680</b>	<b>-</b>	<b>218.680</b>
<b>VIII. CURRENT TAX ASSETS</b>		<b>128</b>	<b>76.670</b>	<b>76.798</b>	<b>260.787</b>	<b>57.865</b>	<b>318.652</b>
<b>IX. DEFERRED TAX ASSETS</b>	(5.1.l)	<b>1.475.846</b>	<b>14.460</b>	<b>1.490.306</b>	<b>1.037.985</b>	<b>7.360</b>	<b>1.045.345</b>
<b>X. OTHER ASSETS (Net)</b>	(5.1.n)	<b>4.280.025</b>	<b>1.626.249</b>	<b>5.906.274</b>	<b>2.386.842</b>	<b>1.054.699</b>	<b>3.441.541</b>
<b>TOTAL ASSETS</b>		<b>99.374.697</b>	<b>149.491.293</b>	<b>248.865.990</b>	<b>87.977.957</b>	<b>129.336.116</b>	<b>217.314.073</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT**  
**OF FINANCIAL POSITION (BALANCE SHEET)**  
**AS OF 30 JUNE 2020**

(Currency: Thousands of TL - Turkish Lira)

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnote	Reviewed CURRENT PERIOD (30/06/2020)			Audited PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.II.a)	<b>55.229.140</b>	<b>113.455.142</b>	<b>168.684.282</b>	<b>51.860.131</b>	<b>106.349.053</b>	<b>158.209.184</b>
<b>II. FUNDS BORROWED</b>	(5.II.c)	<b>1.545.050</b>	<b>22.369.943</b>	<b>23.914.993</b>	<b>941.524</b>	<b>14.245.904</b>	<b>15.187.428</b>
<b>III. DUE TO MONEY MARKETS</b>		<b>3.162.230</b>	<b>4.380.027</b>	<b>7.542.257</b>	<b>113.392</b>	<b>345.656</b>	<b>459.048</b>
<b>IV. SECURITIES ISSUED (Net)</b>	(5.II.d)	<b>4.892.946</b>	<b>284.913</b>	<b>5.177.859</b>	<b>3.935.477</b>	<b>279.296</b>	<b>4.214.773</b>
4.1 Bills		4.422.541	50.327	4.472.868	3.626.080	-	3.626.080
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		470.405	234.586	704.991	309.397	279.296	588.693
<b>V. FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>		<b>304.501</b>	<b>1.129.524</b>	<b>1.434.025</b>	<b>188.257</b>	<b>692.618</b>	<b>880.875</b>
7.1 Accounted for under Profit or Loss	(5.II.b)	304.501	1.129.524	1.434.025	188.257	692.618	880.875
7.2 Accounted for under Other Comprehensive Income	(5.II.g)	-	-	-	-	-	-
<b>VIII. FACTORING PAYABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. LEASE PAYABLES (NET)</b>	(5.II.f)	<b>585.168</b>	<b>70.073</b>	<b>655.241</b>	<b>547.355</b>	<b>71.247</b>	<b>618.602</b>
<b>X. PROVISIONS</b>	(5.II.h)	<b>1.892.922</b>	<b>116.011</b>	<b>2.008.933</b>	<b>1.734.174</b>	<b>123.552</b>	<b>1.857.726</b>
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		279.424	25.486	304.910	337.981	21.938	359.919
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.613.498	90.525	1.704.023	1.396.193	101.614	1.497.807
<b>XI. CURRENT TAX LIABILITIES</b>	(5.II.i)	<b>563.930</b>	<b>7.663</b>	<b>571.593</b>	<b>331.211</b>	<b>3.857</b>	<b>335.068</b>
<b>XII. DEFERRED TAX LIABILITIES</b>	(5.II.i)	<b>7.004</b>	<b>157.285</b>	<b>164.289</b>	<b>3.172</b>	<b>78.927</b>	<b>82.099</b>
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)</b>	(5.II.j)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT</b>		<b>-</b>	<b>5.372.078</b>	<b>5.372.078</b>	<b>-</b>	<b>7.037.253</b>	<b>7.037.253</b>
14.1 Loans		-	5.372.078	5.372.078	-	7.037.253	7.037.253
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(5.II.e)	<b>4.808.320</b>	<b>7.069.385</b>	<b>11.877.705</b>	<b>4.071.344</b>	<b>6.611.761</b>	<b>10.683.105</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.k)	<b>11.512.044</b>	<b>9.950.691</b>	<b>21.462.735</b>	<b>8.230.177</b>	<b>9.518.735</b>	<b>17.748.912</b>
16.1 Paid-in Capital		5.696.100	-	5.696.100	3.316.100	-	3.316.100
16.2 Capital Reserves		67.576	-	67.576	67.576	-	67.576
16.2.1 Share Premium		15	-	15	15	-	15
16.2.2 Share Premium of Cancelled Shares		-	-	-	-	-	-
16.2.3 Other Capital Reserves		67.561	-	67.561	67.561	-	67.561
16.3 Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss		327.342	54.459	381.801	679.604	47.309	726.913
16.4 Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss	(5.438.830)	7.064.055	1.625.225	(4.166.463)	5.178.209	1.011.746	7.294.331
16.5 Profit Reserves		8.614.252	16.192	8.630.444	7.278.139	16.192	7.294.331
16.5.1 Legal Reserves		522.743	5.019	527.762	455.936	5.019	460.955
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		8.091.509	11.173	8.102.682	6.822.203	11.173	6.833.376
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or Loss		2.216.516	2.815.985	5.032.501	1.032.449	4.277.025	5.309.474
16.6.1 Prior Years' Profits or Losses		1.373.733	2.599.628	3.973.361	568.878	3.437.883	4.006.761
16.6.2 Current Period Net Profit or Loss		842.783	216.357	1.059.140	463.571	839.142	1.302.713
16.7 Minority Share		29.088	-	29.088	22.772	-	22.772
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>84.503.255</b>	<b>164.362.735</b>	<b>248.865.990</b>	<b>71.956.214</b>	<b>145.357.859</b>	<b>217.314.073</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF**  
**OFF-BALANCE SHEET ITEMS**  
**AS OF 30 JUNE 2020**

(Currency: Thousands of TL - Turkish Lira)

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

	Footnote	Reviewed CURRENT PERIOD (30/06/2020)			Audited PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES</b>							
<b>(I+II+III)</b>		<b>79.271.715</b>	<b>175.611.307</b>	<b>254.883.022</b>	<b>75.031.858</b>	<b>146.069.232</b>	<b>221.101.090</b>
<b>I.</b>	<b>GUARANTEES</b>	(5.III.a)	<b>11.656.132</b>	<b>28.255.455</b>	<b>39.911.587</b>	<b>10.606.904</b>	<b>23.866.157</b>
1.1.	Letters of Guarantee		11.529.608	18.602.539	30.132.147	10.585.358	15.812.386
1.1.1.	Guarantees Subject to State Tender Law		-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations		79.021	117.173	196.194	79.021	105.025
1.1.3.	Other Letters of Guarantee		11.450.587	18.485.366	29.935.953	10.506.337	15.707.361
1.2.	Bank Acceptances		12.450	85.772	98.222	8.000	91.876
1.2.1.	Import Letter of Acceptance		12.450	85.772	98.222	8.000	91.876
1.2.2.	Other Bank Acceptances		-	-	-	-	-
1.3.	Letters of Credit		3.171	4.967.245	4.970.416	13.546	4.135.611
1.3.1.	Documentary Letters of Credit		-	3.921.651	3.921.651	5.730	3.077.979
1.3.2.	Other Letters of Credit		3.171	1.045.594	1.048.765	7.816	1.057.632
1.4.	Prefinancing Given As Guarantee		-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-
1.6.	Purchase Guarantees for Securities Issued		-	-	-	-	-
1.7.	Factoring Related Guarantees		-	-	-	-	-
1.8.	Other Collaterals		110.903	4.599.899	4.710.802	-	3.826.284
1.9.	Other Sureties		-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>	(5.III.a)	<b>47.307.249</b>	<b>11.066.731</b>	<b>58.373.980</b>	<b>42.447.877</b>	<b>10.942.665</b>
2.1.	Irrevocable Commitments		46.102.720	10.977.982	57.080.702	40.560.256	10.848.227
2.1.1.	Asset Purchase and Sale Commitments		667.200	2.655.384	3.322.584	1.674.676	5.189.236
2.1.2.	Deposit Purchase and Sales Commitments		-	2.531.760	2.531.760	-	346.429
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		4.000	-	4.000	4.000	-
2.1.4.	Loan Granting Commitments		15.869.178	-	15.869.178	13.726.695	-
2.1.5.	Securities Issuance Brokerage Commitments		-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-
2.1.7.	Commitments for Cheque Payments		2.047.572	-	2.047.572	1.973.049	-
2.1.8.	Tax and Fund Obligations from Export Commitments		1.930	-	1.930	1.837	-
2.1.9.	Commitments for Credit Card Limits		26.936.152	-	26.936.152	22.664.957	-
2.1.10.	Commitments for Promotional Operations Re-Credit Cards and Banking Services		7.244	-	7.244	6.915	-
2.1.11.	Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-
2.1.12.	Payables for "Short" Sale Commitments On Securities		-	-	-	-	-
2.1.13.	Other Irrevocable Commitments		569.444	5.790.838	6.360.282	508.127	5.312.562
2.2.	Revocable Commitments		1.204.529	88.749	1.293.278	1.887.621	94.438
2.2.1.	Revocable Loan Granting Commitments		1.203.970	88.749	1.292.719	1.887.062	94.438
2.2.2.	Other Revocable Commitments		559	-	559	559	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>20.308.334</b>	<b>136.289.121</b>	<b>156.597.455</b>	<b>21.977.077</b>	<b>111.260.410</b>
3.1.	Hedging Purpose Derivatives		-	-	-	-	-
3.1.1.	Fair Value Hedge		-	-	-	-	-
3.1.2.	Cash Flow Hedge		-	-	-	-	-
3.1.3.	Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-
3.2.	Trading Purpose Derivatives		20.308.334	136.289.121	156.597.455	21.977.077	111.260.410
3.2.1.	Forward Foreign Currency Purchases/Sales		1.583.326	10.346.504	11.929.830	1.255.779	4.154.693
3.2.1.1.	Forward Foreign Currency Purchases		956.801	5.009.766	5.966.567	576.828	2.118.997
3.2.1.2.	Forward Foreign Currency Sales		626.525	5.336.738	5.963.263	678.951	2.035.696
3.2.2.	Currency and Interest Rate Swaps		14.614.415	110.944.915	125.559.330	17.003.685	93.778.024
3.2.2.1.	Currency Swaps-Purchases		907.638	45.462.901	46.370.539	4.390.246	40.474.216
3.2.2.2.	Currency Swaps-Sales		7.096.777	39.288.647	46.385.424	7.273.439	34.741.890
3.2.2.3.	Interest Rate Swaps-Purchases		3.305.000	13.096.684	16.401.684	2.670.000	9.280.959
3.2.2.4.	Interest Rate Swaps-Sales		3.305.000	13.096.683	16.401.683	2.670.000	9.280.959
3.2.3.	Currency, Interest Rate and Security Options		3.949.233	11.617.429	15.566.662	3.654.667	7.266.307
3.2.3.1.	Currency Options-Purchases		2.368.115	4.783.508	7.151.623	1.620.919	3.769.594
3.2.3.2.	Currency Options-Sales		1.281.118	6.012.119	7.293.237	2.033.748	3.381.627
3.2.3.3.	Interest Rate Options-Purchases		-	410.901	410.901	-	57.543
3.2.3.4.	Interest Rate Options-Sales		300.000	410.901	710.901	-	57.543
3.2.3.5.	Securities Options-Purchases		-	-	-	-	-
3.2.3.6.	Securities Options-Sales		-	-	-	-	-
3.2.4.	Currency Futures		161.360	164.894	326.254	62.946	56.418
3.2.4.1.	Currency Futures-Purchases		93.918	66.899	160.817	62.946	-
3.2.4.2.	Currency Futures-Sales		67.442	97.995	165.437	-	56.418
3.2.5.	Interest Rate Futures		-	-	-	-	-
3.2.5.1.	Interest Rate Futures-Purchases		-	-	-	-	-
3.2.5.2.	Interest Rate Futures-Sales		-	-	-	-	-
3.2.6.	Others		-	3.215.379	3.215.379	-	6.004.968
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>			<b>622.222.546</b>	<b>286.038.741</b>	<b>908.261.287</b>	<b>593.890.750</b>	<b>240.125.578</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>58.577.034</b>	<b>16.790.785</b>	<b>75.367.819</b>	<b>74.555.931</b>	<b>11.018.883</b>
4.1.	Customers' Securities and Portfolios Held		139.814	-	139.814	139.814	-
4.2.	Securities Held in Custody		55.919.809	13.808.209	69.728.018	71.741.449	8.494.938
4.3.	Checks Received for Collection		1.471.153	2.316.268	3.787.421	1.488.707	1.996.891
4.4.	Commercial Notes Received for Collection		1.045.010	389.293	1.434.303	1.184.713	335.302
4.5.	Other Assets Received for Collection		-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-
4.7.	Other Items Under Custody		1.248	277.015	278.263	1.248	191.752
4.8.	Custodians		-	-	-	-	-
<b>V.</b>	<b>PLEDGED ITEMS</b>		<b>562.611.528</b>	<b>268.168.608</b>	<b>830.780.136</b>	<b>518.395.181</b>	<b>228.151.837</b>
5.1.	Securities		2.782.123	69.621	2.851.744	2.718.694	62.184
5.2.	Guarantee Notes		367.426.480	89.656.297	457.082.777	336.799.053	73.984.724
5.3.	Commodities		17.903.883	12.011.473	29.915.356	15.967.774	10.139.026
5.4.	Warrants		-	-	-	-	-
5.5.	Immovables		102.380.144	82.526.932	184.907.076	99.845.858	71.451.449
5.6.	Other Pledged Items		72.118.898	83.904.285	156.023.183	63.063.802	72.514.454
5.7.	Pledged Items-Depository		-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>1.033.984</b>	<b>1.079.348</b>	<b>2.113.332</b>	<b>939.638</b>	<b>954.858</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>			<b>701.494.261</b>	<b>461.650.048</b>	<b>1.163.144.309</b>	<b>668.922.608</b>	<b>386.194.810</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 30 JUNE 2020**

(Currency: Thousands of TL - Turkish Lira)

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

		Reviewed CURRENT PERIOD (01/01- 30/06/2020)	Reviewed PRIOR PERIOD (01/01- 30/06/2019)	Reviewed CURRENT PERIOD (01/04- 30/06/2020)	Reviewed PRIOR PERIOD (01/04- 30/06/2019)
<b>STATEMENT OF PROFIT OR LOSS</b>					
<b>I. INTEREST INCOME</b>	(5.IV.a)	<b>8.966.437</b>	<b>9.990.658</b>	<b>4.442.045</b>	<b>5.117.263</b>
1.1 Interest on loans		7.800.946	8.751.411	3.846.518	4.477.556
1.2 Interest received from reserve deposits		-	101.400	-	52.886
1.3 Interest received from banks		82.607	104.146	52.145	64.207
1.4 Interest received from money market transactions		24.134	7.714	15.617	3.739
1.5 Interest received from marketable securities portfolio		821.720	772.316	412.236	396.189
1.5.1 Financial assets at fair value through profit or loss		7.627	11.087	4.367	6.544
1.5.2 Financial assets at fair value through other comprehensive income		537.074	472.780	268.468	240.539
1.5.3 Financial assets measured at amortised cost		277.019	288.449	139.401	149.106
1.6 Financial lease income		123.351	129.286	65.805	62.244
1.7 Other interest income		113.679	124.385	49.724	60.442
<b>II. INTEREST EXPENSES (-)</b>	(5.IV.b)	<b>3.691.679</b>	<b>6.346.126</b>	<b>1.808.754</b>	<b>3.158.727</b>
2.1 Interest on deposits		2.528.708	4.901.184	1.206.676	2.397.265
2.2 Interest on funds borrowed		752.391	839.985	378.849	421.958
2.3 Interest on money market transactions		78.396	77.903	59.425	41.189
2.4 Interest on securities issued		218.160	440.840	119.510	255.315
2.5 Lease expenses		70.660	69.584	34.801	35.415
2.6 Other interest expenses		43.364	16.630	9.493	7.585
<b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>5.274.758</b>	<b>3.644.532</b>	<b>2.633.291</b>	<b>1.958.536</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>1.619.737</b>	<b>1.696.462</b>	<b>637.254</b>	<b>846.633</b>
4.1 Fees and commissions received		2.052.509	2.230.347	787.705	1.170.423
4.1.1 Non-cash loans		229.331	219.497	115.890	113.516
4.1.2 Other		1.823.178	2.010.850	671.815	1.056.907
4.2 Fees and commissions paid (-)		432.772	533.885	150.451	323.790
4.2.1 Non-cash loans		3.011	4.595	1.405	2.572
4.2.2 Other		429.761	529.290	149.046	321.218
<b>V. DIVIDEND INCOME</b>		<b>1.489</b>	<b>4.477</b>	<b>1.244</b>	<b>1.715</b>
<b>VI. TRADING PROFIT/LOSS (Net)</b>	(5.IV.c)	<b>549.375</b>	<b>(193.223)</b>	<b>187.392</b>	<b>(323.826)</b>
6.1 Profit/losses from capital market transactions		99.634	13.947	68.399	20.719
6.2 Profit/losses from derivative financial transactions		420.182	171.228	(343.734)	(603.057)
6.3 Foreign exchange profit/losses		29.559	(378.398)	462.727	258.512
<b>VII. OTHER OPERATING INCOME</b>	(5.IV.d)	<b>184.917</b>	<b>229.846</b>	<b>67.455</b>	<b>121.487</b>
<b>GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>7.630.276</b>	<b>5.382.094</b>	<b>3.526.636</b>	<b>2.604.545</b>
<b>IX. EXPECTED CREDIT LOSSES (-)</b>	(5.IV.e)	<b>3.564.601</b>	<b>2.257.277</b>	<b>1.615.475</b>	<b>1.144.464</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>		<b>239.276</b>	<b>64.243</b>	<b>120.303</b>	<b>64.384</b>
<b>XI. PERSONNEL EXPENSES (-)</b>	(5.IV.f)	<b>1.105.953</b>	<b>933.039</b>	<b>572.626</b>	<b>488.586</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	(5.IV.f)	<b>1.261.239</b>	<b>1.126.197</b>	<b>608.332</b>	<b>548.402</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>1.459.207</b>	<b>1.001.338</b>	<b>609.900</b>	<b>358.709</b>
<b>XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-	-	-
<b>XVI. NET MONETARY POSITION GAIN/LOSS</b>		-	-	-	-
<b>PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>	(5.IV.g)	<b>1.459.207</b>	<b>1.001.338</b>	<b>609.900</b>	<b>358.709</b>
<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.IV.h)	<b>(393.751)</b>	<b>(195.993)</b>	<b>(163.152)</b>	<b>(70.115)</b>
18.1 Current tax provision		(395.045)	(179.707)	(324.943)	(75.943)
18.2 Deferred tax charge (+)		(976.457)	(1.159.853)	(304.945)	(539.703)
18.3 Deferred tax benefit (-)		977.751	1.143.567	466.736	545.531
<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>		<b>1.065.456</b>	<b>805.345</b>	<b>446.748</b>	<b>288.594</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1 Income from assets held for sale		-	-	-	-
20.2 Profit from sale of associates, subsidiaries and joint ventures		-	-	-	-
20.3 Other income from discontinued operations		-	-	-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
21.1 Expenses on assets held for sale		-	-	-	-
21.2 Losses from sale of associates, subsidiaries and joint ventures		-	-	-	-
21.3 Other expenses from discontinued operations		-	-	-	-
<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±)(XX-XXI)</b>		-	-	-	-
<b>XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
23.1 Current tax provision		-	-	-	-
23.2 Deferred tax charge (+)		-	-	-	-
23.3 Deferred tax benefit (-)		-	-	-	-
<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-	-	-
<b>XXIV. NET PROFIT/LOSSES (XIX+XXIV)</b>	(5.IV.i)	<b>1.065.456</b>	<b>805.345</b>	<b>446.748</b>	<b>288.594</b>
25.1 Group's profit/loss		1.059.140	805.297	443.143	288.613
25.2 Minority shares profit / loss (-)		6.316	48	3.605	(19)
Earnings / Losses per share (Per thousand share)		0,19	0,24	0,08	0,09

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2020**

(Currency: Thousands of TL - Turkish Lira)

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

	Reviewed CURRENT PERIOD (01/01-30/06/2020)	Reviewed PRIOR PERIOD (01/01-30/06/2019)
<b>I. CURRENT PERIOD PROFIT OR LOSS</b>	<b>1.065.456</b>	<b>805.345</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>268.367</b>	<b>419.893</b>
<b>2.1 Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss</b>	<b>(345.112)</b>	<b>2.810</b>
2.1.1 Gains (Losses) on Revaluation of Property, Plant and Equipment	8.934	3.690
2.1.2 Gains (Losses) on Revaluation of Intangible Assets	-	-
2.1.3 Gains (Losses) on Remeasurements of Defined Benefit Plans	-	57
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(351.793)	-
2.1.5 Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(2.253)	(937)
<b>2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>613.479</b>	<b>417.083</b>
2.2.1 Exchange Differences on Translation	1.940.479	858.016
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive Income	(34.448)	225.759
2.2.3 Income (Loss) Related to Cash Flow Hedges	(7.032)	(2.679)
2.2.4 Income (Loss) Related to Hedges of Net Investments in Foreign Operations	(1.661.888)	(784.790)
2.2.5 Other Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-	-
2.2.6 Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	376.368	120.777
<b>III. TOTAL COMPREHENSIVE INCOME/(LOSS) (I±II)</b>	<b>1.333.823</b>	<b>1.225.238</b>

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



**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2020**

(Currency: Thousands of TL - Turkish Lira)

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

Reviewed CHANGES IN SHAREHOLDERS' EQUITY	Paid-In Capital	Share Premium	Share Premium of Cancelled Shares	Other capital reserves	Tangible and Intangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)	Exchange Differences on Translation	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)	Profit reserves	Prior Period Net Profit / (Loss)	Current Period Net Profit / (Loss)	Total Equity Except Minority Shares	Minority Shares	Total Equity
<b>PRIOR PERIOD</b>																
I. 01/01-30/09/2019																
II. Balance at the Beginning of Period	3,316.100	15	--	67.561	83.193	(45.570)	778.053	4.117.584	(805.241)	(3.321.913)	5.111.808	3.989.637	2.199.647	15.490.874	14.396	15.505.270
2.1 Adjustment in Accordance with TAS 8	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.2 Effect of Adjustment Related to Errors	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
III. New Balance (H1)	3,316.100	15	--	67.561	83.193	(45.570)	778.053	4.117.584	(805.241)	(3.321.913)	5.111.808	3.989.637	2.199.647	15.490.874	14.396	15.505.270
IV. Total Comprehensive Income	--	--	--	--	2.752	57	--	858.017	173.282	(614.226)	--	--	805.297	1.225.189	48	1.225.237
V. Capital Increase in Cash	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VI. Capital Increase through Internal Reserves	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VII. Issued Capital Inflation Adjustment	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VIII. Convertible Bonds	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
IX. Subordinated Debt	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
X. Increase (Decrease) through Other Changes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
XI. Profit Distribution	--	--	--	--	--	--	--	--	--	--	2.182.523	17.124	(2.199.647)	--	--	--
11.1 Dividends Paid	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11.2 Transfer to Legal Reserves	--	--	--	--	--	--	--	--	--	--	2.182.523	17.124	(2.199.647)	--	--	--
11.3 Other	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Balance at the End of Period (III+IV+...+X+XI)</b>	<b>3,316.100</b>	<b>15</b>	<b>--</b>	<b>67.561</b>	<b>85.945</b>	<b>(45.513)</b>	<b>778.053</b>	<b>4.975.601</b>	<b>(631.949)</b>	<b>(3.936.139)</b>	<b>7.294.331</b>	<b>4.006.761</b>	<b>805.297</b>	<b>16.716.063</b>	<b>14.444</b>	<b>16.730.507</b>
<b>CURRENT PERIOD</b>																
I. 01/01-30/09/2020																
II. Balance at the Beginning of Period	3,316.100	15	--	67.561	91.740	(89.801)	724.974	5.161.459	(87.285)	(4.062.418)	7.294.331	4.006.761	1.302.713	17.726.140	22.772	17.748.912
2.1 Adjustment in Accordance with TAS 8	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2.2 Effect of Adjustment Related to Errors	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
III. New Balance (H1)	3,316.100	15	--	67.561	91.740	(89.801)	724.974	5.161.459	(87.285)	(4.062.418)	7.294.331	4.006.761	1.302.713	17.726.140	22.772	17.748.912
IV. Total Comprehensive Income	--	--	--	--	6.681	--	--	1.940.479	(25.243)	(1.301.757)	--	--	1.059.140	1.327.507	6.316	1.333.823
V. Capital Increase in Cash	2.380.000	--	--	--	--	--	--	--	--	--	--	--	--	2.380.000	--	2.380.000
VI. Capital Increase through Internal Reserves	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VII. Issued Capital Inflation Adjustment	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
VIII. Convertible Bonds	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
IX. Subordinated Debt	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
X. Increase (Decrease) through Other Changes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
XI. Profit Distribution	--	--	--	--	--	--	--	--	--	--	1.336.113	(33.400)	(1.302.713)	--	--	--
11.1 Dividends Paid	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11.2 Transfer to Legal Reserves	--	--	--	--	--	--	--	--	--	--	1.336.113	(33.400)	(1.302.713)	--	--	--
11.3 Other	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Balance at the End of Period (III+IV+...+X+XI)</b>	<b>5.696.100</b>	<b>15</b>	<b>--</b>	<b>67.561</b>	<b>98.421</b>	<b>(89.801)</b>	<b>373.181</b>	<b>7.101.938</b>	<b>(112.538)</b>	<b>(5.364.175)</b>	<b>8.630.444</b>	<b>3.973.361</b>	<b>1.059.140</b>	<b>21.433.647</b>	<b>29.088</b>	<b>21.462.735</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2020**

(Currency: Thousands of TL - Turkish Lira)

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

	Footnote	Reviewed CURRENT PERIOD (01/01-30/06/2020)	Reviewed PRIOR PERIOD (01/01-30/06/2019)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities (+)</b>		<b>(1.001.598)</b>	<b>499.879</b>
1.1.1 Interest received (+)		8.040.342	9.251.184
1.1.2 Interest paid (-)		3.573.544	6.158.972
1.1.3 Dividends received (+)		1.489	4.477
1.1.4 Fees and commissions received (+)		2.052.509	2.230.347
1.1.5 Other income (+)		192.204	189.304
1.1.6 Collections from previously written off loans and other receivables (+)		1.011.637	859.603
1.1.7 Cash payments to personnel and service suppliers (-)		1.149.917	812.922
1.1.8 Taxes paid (-)		206.828	218.125
1.1.9 Other (+/-)		(7.369.490)	(4.845.017)
<b>1.2 Changes in operating assets and liabilities subject to banking operations</b>		<b>(3.342.545)</b>	<b>5.464.647</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		(175.105)	(82.872)
1.2.2 Net (increase) decrease in due from banks (+/-)		(4.155.720)	(920.783)
1.2.3 Net (increase) decrease in loans		(13.321.540)	506.506
1.2.4 Net (increase) decrease in other assets (+/-)		(4.360.461)	(519.141)
1.2.5 Net increase (decrease) in bank deposits (+/-)		12.851	(585.054)
1.2.6 Net increase (decrease) in other deposits (+/-)		6.394.970	4.364.695
1.2.7 Net increase (decrease) in financial liabilities at fair value through profit or loss (+/-)		-	-
1.2.8 Net increase (decrease) in funds borrowed (+/-)		4.096.598	3.308.917
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)		8.165.862	(607.621)
<b>I. Net cash provided from banking operations(+/-)</b>		<b>(4.344.143)</b>	<b>5.964.526</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from / used in investing activities(+/-)</b>		<b>(5.359.439)</b>	<b>(4.495.018)</b>
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-)		-	-
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 (-)		1.013.576	181.577
2.4 Cash obtained from the sale of tangible and intangible asset (+)		169.798	66.844
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		9.098.958	5.610.002
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		4.394.111	1.229.717
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	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flows from financing activities (+/-)</b>		<b>3.500.622</b>	<b>(1.022.006)</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		15.614.307	9.876.442
3.2 Cash outflow from funds borrowed and securities issued (-)		11.960.060	10.898.448
3.3 Equity instruments issued (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for lease liabilities (-)		153.625	-
3.6 Other (+/-)		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-)</b>		<b>4.063.419</b>	<b>1.984.648</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>(2.139.541)</b>	<b>2.432.150</b>
<b>VI. Cash and cash equivalents at the beginning of the period (+)</b>		<b>35.787.794</b>	<b>27.458.248</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>		<b>33.648.253</b>	<b>29.890.398</b>

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

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

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

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

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

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

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

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

##### **c. Additional paragraph for convenience translation:**

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

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

### **a. Strategy for the use of financial instruments**

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

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

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

### **b. Transactions denominated in foreign currencies**

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

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

	<b>30 June 2020</b>	<b>31 December 2019</b>	<b>30 June 2019</b>
US Dollar	TL 6,8432	TL 5,9400	TL 5,7551
Euro	TL 7,6720	TL 6,6621	TL 6,5507

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

As of 30 June 2020, net foreign exchange gain included in the statement of profit or loss amounts to TL 29.559 (1 January - 30 June 2019: TL 378.398 net foreign exchange loss).

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

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

Total of the relevant conversion differences are TL 7.114.007 as of 30 June 2020 (31 December 2019: TL 5.097.007).

The foreign exchange difference of TL (12.065) (31 December 2019: TL 64.452) arising from the translation of the financial statements of Bahrain branch of the Parent Bank to Turkish Lira in accordance with TAS 21 has been recorded under "Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss".

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

### **III. Information regarding the consolidated subsidiaries**

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

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

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

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

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

#### **Important changes in consolidated subsidiaries during the period**

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

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

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

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

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

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

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

Financial statements used in the consolidation are prepared as of 30 June 2020 and in order to ensure the application of the identical accounting policies for similar transactions and events in similar circumstances, necessary adjustments were made on these financial statements of the subsidiaries considering the materiality level.

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

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

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

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

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

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

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

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

**VII. Explanations on financial assets**

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

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

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

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

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

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

Financial assets at fair value through other comprehensive income are recognised by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income

and dividend income from equity securities are recorded to statement of profit or loss. “Unrealised gains and losses” arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Other Accumulated Comprehensive Income or Expense to be Reclassified through Profit or Loss” under shareholders’ equity. When these securities are collected or disposed, the accumulated fair value differences reflected in the equity are reflected to the statement of profit or loss.

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

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

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

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

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

Parent Bank’s portfolio of financial assets at fair value through other comprehensive income and the financial assets measured at amortised cost includes CPI indexed government bonds with a maturity of 5 - 10 years and which the real coupon rates of 6 months are fixed throughout the maturity. As stated by the undersecretariat of Treasury in CPI indexed investor guide, the reference indexes used in the calculation of the actual coupon payment amounts of these securities are formed according to the CPI indexes of two months prior to the coupon payment date. The Parent Bank predicts the estimated inflation rate in parallel to those. The estimated inflation rate used is updated when necessary during the year. In this context, as of 30 June 2020, the valuation of these securities was made according to the annual forecast of 9,38% inflation.

**VIII. Explanations on expected credit loss**

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

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

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

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

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

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

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

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

### **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 the first half 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 90-day delay period envisaged for the classification of non-performing loans is 180 days until 31 December 2020 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 31 December 2020.
- 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 30 June, 2020, the effects of COVID-19 on financial results and asset quality have been evaluated and reflected in the light of the information and developments in the expected loan loss provisions. 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.

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

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

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

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

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

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

In the Parent Bank, grouping of credit risks according to common characteristics was made according to their 'risk segments'. The standards for the classification of credit risks by risk segments have been prepared in accordance with the Basel II recommendations for the assessment of capital adequacy based on credit risk in



the context of the standard internal rating-based approach ("IRB"). The purpose of classifying credit risks according to risk segments is to determine the approach for analyzing and evaluating credit risk for the relevant risk segment.

The credit risk classification is as follows:

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

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

- Corporate / Commercial loans
- Medium enterprises (ME) loans
- Small enterprises (SE) loans
- Agricultural loans
- Consumer loans
- Mortgage loans
- Vehicle loans
- Overdraft
- Credit cards
- Loans granted to local governments
- Project financing loans
- Central administrations
- Banks

The provision for expected credit loss assessed collectively are calculated by using the components such as exposure at default (EAD), probability of default (PD), loss given default (LGD) and effective interest rate of the loan.

#### **Exposure at default**

The amount of default is the expected economic receivable amount at the time of default.

In order to calculate the provision for expected credit loss, the EAD value of each loan is calculated by discounting the expected principal and interest payments from the future dates to the reporting date using the effective interest rate. The loan conversion rate is also applied to the EAD value.

#### **Probability of default**

Probability of default indicates the probability of default of the borrower within a certain period of time.

There are two types of PD values calculated in accordance with TFRS 9 requirements:

- 12-month PD: Estimation of the probability of default within 12 months after the reporting date of the financial instrument.
- Lifetime default probability: Estimation of the probability of default over the remaining life of the financial instrument.

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

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

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

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

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

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

Internal validation of the process described above was carried out at the end of 2019.

### **Loss given default**

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

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

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

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

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

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

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

### **Effective interest rate**

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

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

### **Low credit risk**

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

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

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

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

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

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

#### **Participation of senior management in TFRS 9 processes**

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

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

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

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

#### **IX. Explanations on offsetting financial instruments**

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

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

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

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

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

Property and equipment 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 30 June 2020, DFS Group does not have non-current assets held for sale and discontinued operations.

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

**a. Goodwill**

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

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

**b. Other intangible assets**

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

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

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

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

**XIII. Explanations on tangible assets**

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

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

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

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

**XIV. Explanations on investment property**

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

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

**XV. Explanations on leasing transactions**

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

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

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

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

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

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

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

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

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

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

**XVIII. Explanations on tax applications**

**a. Current tax**

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

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

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

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

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

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

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

**b. Deferred tax**

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

The deferred tax assets and liabilities of the entities included in the consolidation have been netted within themselves and have not been netted in the consolidated balance sheet. As a result of this, deferred tax asset amounting to TL 1.490.306 as of 30 June 2020 (31 December 2019: TL 1.045.345) and deferred tax liabilities amounting to TL 164.289 (31 December 2019: TL 82.099) have been recognised in the accompanying financial statements.

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

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

**c. Transfer pricing**

In the framework of the provisions on "Disguised Profit Distribution Through Transfer Pricing" regulated under article 13 of Corporate Tax Law no. 5520, pursuant to the Corporate Tax Law General Communiqué no. 1, which became effective upon its promulgation in the Official Gazette dated 3 April 2007 and numbered 26482, Corporate Tax Law General Communiqué no. 3, which became effective upon its promulgation in the Official Gazette dated 20 November 2008 and numbered 27060, Council of Ministers Decree no. 2007/12888, which became effective upon its promulgation in the Official Gazette dated 6 December 2007 and numbered 26722, Council of Minister Decree no. 2008/13490, which became effective upon its promulgation in the Official Gazette dated 13 April 2008 and numbered 26846, "General Communiqué No. 1 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 18 November 2007 and numbered 26704 and "General Communiqué No. 2 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 22 April 2008 and numbered 26855, "General Communiqué No. 3 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 7

December 2017 and numbered 30263, profits shall be deemed to have been wholly or partially distributed in a disguised manner through transfer pricing if companies engage in the sales or purchases of goods or services with related parties at prices or amounts defined contrary to the arm's length principle. Buying, selling, manufacturing and construction operations and services, renting and leasing transactions, borrowing or lending money, bonuses, wages and similar payments are deemed as purchase of goods and services in any case and under any condition.

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

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

**XIX. Additional explanations on borrowings**

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

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

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

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

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

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

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

**XXII. Explanations on government incentives**

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

**XXIII. Explanations on segment reporting**

Segment reporting is presented in Section Four, note IX.

**XXIV. Explanations on other matters**

None.

**XXV. Classifications**

In order to comply with the presentation of the financial statements as of 30 June 2020, reclassifications have been made on statement of profit or loss and and statement of cash flows as of 30 June 2019.

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

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

**Right-of-use asset**

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

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

- All initial direct costs incurred by the Group

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

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

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

#### **Lease obligation**

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

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

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

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



## **SECTION FOUR**

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

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

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

The current period equity of the Group amounts to TL 28.724.134 (31 December 2019: TL 24.591.442) while its capital adequacy standard ratio is 16,45% as of 30 June 2020 (31 December 2019: 14,33%).

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

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

	Current Period	Prior Period
	30 June 2020	31 December 2019
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.696.100	3.316.100
Share issue premiums	15	15
Reserves	8.630.444	7.294.331
Gains recognised in equity as per TAS <sup>(1)</sup>	2.905.874	2.408.593
Profit	5.032.501	5.309.474
Current Period Profit	1.059.140	1.302.713
Prior Period Profit	3.973.361	4.006.761
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	711	778
Minorities' Share	29.088	22.772
<b>Common Equity Tier I Capital Before Deductions</b>	<b>22.294.733</b>	<b>18.352.063</b>
<b>Deductions from Common Equity Tier I Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	--	--
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	350.083	178.993
Improvement costs for operating leasing	59.641	71.630
Goodwill (net of related tax liability)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	382.648	339.978
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	--	--
Differences are not recognised at the fair value of assets and liabilities subject to hedge of cash flow risk	--	--
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	--	--
Gains arising from securitization transactions	--	--
Unrealised gains and losses due to changes in own credit risk on fair valued liabilities	--	--
Defined-benefit pension fund net assets	--	--
Direct and indirect investments of the Bank in its own Common Equity	--	--
Shares obtained contrary to the 4th clause of the 56th Article of the Law	--	--
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	--	--
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	--	--
Portion of mortgage servicing rights exceeding 10% of the Common Equity	--	--
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	--	--
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	--	--
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	--	--
Excess amount arising from mortgage servicing rights	--	--
Excess amount arising from deferred tax assets based on temporary differences	--	--
Other items to be defined by the BRSA	--	--
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	--	--
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>792.372</b>	<b>590.601</b>
<b>Total Common Equity Tier I Capital</b>	<b>21.502.361</b>	<b>17.761.462</b>

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<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	--	--
Debt instruments and premiums approved by BRSA	--	--
Debt instruments and premiums approved by BRSA (Temporary Article 4)	--	--
Third parties' share in the Additional Tier I capital	--	--
Third parties' share in the Additional Tier I capital (Temporary Article 3)	--	--
<b>Additional Tier I Capital before Deductions</b>	--	--
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	--	--
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7. -	--	--
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital -	--	--
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital -	--	--
Other items to be defined by the BRSA	--	--
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	--	--
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	--	--
<b>Total Deductions From Additional Tier I Capital</b>	--	--
<b>Total Additional Tier I Capital</b>	--	--
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>21.502.361</b>	<b>17.761.462</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.330.360	4.889.713
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	--	--
Third parties' share in the Tier II Capital	--	--
Third parties' share in the Tier II Capital (Temporary Article 3)	--	--
Provisions (Article 8 of the Regulation on the Equity of Banks)	1.917.418	1.951.821
<b>Tier II Capital Before Deduction</b>	<b>7.247.778</b>	<b>6.841.534</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	--	--
Investments of Bank to Banks that invest on Bank's Tier II and components of equity issued by financial institutions with the conditions declared in Article 8.	--	--
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	--	--
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	--	--
Other items to be defined by the BRSA (-)	--	--
<b>Total Deductions from Tier II Capital</b>	--	--
<b>Total Tier II Capital</b>	<b>7.247.778</b>	<b>6.841.534</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>28.750.139</b>	<b>24.602.996</b>
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	--	--
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	--	--
Other items to be defined by the BRSA	26.005	11.554
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
The Sum of net long positions of investments in the Additional Tier I capital and Tier II capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
<b>TOTAL CAPITAL</b>	<b>28.724.134</b>	<b>24.591.442</b>
Total Capital ((The sum of Tier I Capital and Tier II Capital)	174.665.309	171.601.009
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	12,31	10,35
Tier I Capital Adequacy Ratio (%)	12,31	10,35
Capital Adequacy Ratio (%)	16,45	14,33

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**BUFFERS**

Total additional Common Equity Tier I Capital requirement ratio	2,617	2,662
Bank specific total common equity tier I capital ratio (%)	2,500	2,500
Capital conservation buffer requirement (%)	0,117	0,162
Systemic significant bank buffer ratio (%)	--	--
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	1,647	0,883
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	--	--
Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	--	--
Amount arising from mortgage-servicing rights	--	--
Amount arising from deferred tax assets based on temporary differences	--	--
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before one hundred twenty five in ten thousand limitation)	6.915.422	5.137.201
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.917.418	1.951.821
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	--	--
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	--	--
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	--	--
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	--	--
Upper limit for Additional Tier II Capital subjected to temporary Article 4 <sup>(2)</sup>	--	--
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	--	--

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

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

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

Issuer	ENBD PJSC	ENBD PJSC	ENBD PJSC	ENBD PJSC
Unique identifier (eg CUSIP, ISIN)	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Governing law(s) of the instrument	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 5 September 2013.	"Regulations on Banks' Equity " dated 1 November 2006.
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	Not Deducted	Not Deducted	Not Deducted	Not Deducted
Eligible at solo/group/group&solo	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	882	1026	2053	1369
Par value of instrument (Currency in mil)	882	1026	2053	1369
Accounting classification	3470102	3470102	3470102	3470102
Original date of issuance	30/09/2014	30/04/2014	31/01/2014	30/09/2013
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	15 years	15 years	15 years	15 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.	Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given.
Subsequent call dates, if applicable	None.	None.	None.	None.
<b>Coupons/Dividends</b>				
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	First five year 6,2%, after irs +5,64	First five year 7,93%, after irs +6,12	7,50%	7,49%
Existence of a dividend stopper	None.	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	--	--	--	--
Existence of step up or other incentive to redeem	None.	None.	None.	None.
Noncumulative or cumulative	--	--	--	--
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger (s)	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.	May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund.
If convertible, fully or partially	Convertible fully.	Convertible fully.	Convertible fully.	Convertible fully.
If convertible, conversion rate	--	--	--	--
If convertible, mandatory or optional conversion	--	--	--	--
If convertible, specify instrument type convertible into	--	--	--	--
If convertible, specify issuer of instrument it converts into	--	--	--	--
<b>Write-down features</b>				
If write-down, write-down trigger(s)	None.	None.	None.	None.
If write-down, full or partial	--	--	--	--
If write-down, permanent or temporary	--	--	--	--
If temporary write-down, description of write-up mechanism	--	--	--	--
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.	Possessed for Article 8.
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	--	--	--	--

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

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

- c.** Main differences between "Equity" amount mentioned in the prior tables' equity statements and "Equity" amount in consolidated balance sheet arise from 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**

<b>EQUITY COMPONENTS</b>	<b>T-2</b>	<b>T-3</b>	<b>T-4</b>
Core Capital	21.502.361	21.502.361	21.502.361
<i>Transition Process Unapplied Core Capital</i>	<i>21.235.039</i>	<i>21.368.700</i>	<i>21.502.361</i>
Tier I Capital	21.502.361	21.502.361	21.502.361
<i>Transition Process Unapplied Main Capital</i>	<i>21.235.039</i>	<i>21.368.700</i>	<i>21.502.361</i>
Equity	28.724.134	28.724.134	28.724.134
<i>Transition Process Unapplied Equity</i>	<i>28.456.812</i>	<i>28.590.473</i>	<i>28.724.134</i>
<b>TOTAL RISK WEIGHTED AMOUNTS</b>			
Total Risk Weighted Amounts	174.665.309	174.665.309	174.665.309
<b>CAPITAL ADEQUACY RATIO</b>			
Core Capital Adequacy Ratio (%)	12,31	12,31	12,31
<i>Transition Process Unapplied Core Capital Adequacy Ratio (%)</i>	<i>12,16</i>	<i>12,23</i>	<i>12,31</i>
Main Capital Adequacy Ratio (%)	12,31	12,31	12,31
<i>Transition Period Unapplied Main Capital Adequacy Ratio (%)</i>	<i>12,16</i>	<i>12,23</i>	<i>12,31</i>
Capital Adequacy Ratio (%)	16,45	16,45	16,45
<i>Transition Process Unapplied Capital Adequacy Ratio (%)</i>	<i>16,29</i>	<i>16,37</i>	<i>16,45</i>
<b>LEVERAGE RATIO</b>			
Total Leverage Ratio Risk Exposure	342.550.973	342.550.973	342.550.973
Leverage Ratio	6,10	6,10	6,10
<i>Transition Process Unapplied Leverage Ratio</i>	<i>6,02</i>	<i>6,06</i>	<i>6,09</i>

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

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

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

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

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

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

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

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

**c. Foreign currency risk management policy**

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

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

US Dollar purchase rate at the balance sheet date TL 6,8432  
Euro purchase rate at the balance sheet date TL 7,6720

<b>Date</b>	<b>US Dollar</b>	<b>Euro</b>
24 June 2020	6,8452	7,7363
25 June 2020	6,8434	7,6796
26 June 2020	6,8417	7,6776
29 June 2020	6,8422	7,7082
30 June 2020	6,8432	7,6720

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

The arithmetical average US Dollar and Euro purchase rates for June 2020 are TL 6,8113 and TL 7,6707 respectively.

**f. Information on currency risk**

Current Period	EURO	USD	Other FC <sup>(6)</sup>	Total
<b>Assets</b>				
Cash Equivalents and Central Bank	25.754.427	8.656.921	3.130.842	<b>37.542.190</b>
Banks	1.745.580	6.287.287	265.753	<b>8.298.620</b>
Financial Assets at Fair Value through Profit or Loss (Net) <sup>(1)</sup>	435.983	829.418	--	<b>1.265.401</b>
Due from Money Markets	--	--	--	<b>--</b>
Financial Assets at Fair Value through Other Comprehensive Income <sup>(2)</sup>	4.976.537	6.379.735	309.676	<b>11.665.948</b>
Loans <sup>(3)</sup>	56.995.064	28.503.493	1.948.479	<b>87.447.036</b>
Investments in Associates, Subsidiaries and Joint Ventures	269	--	--	<b>269</b>
Financial Assets Measured at Amortised Cost <sup>(3)</sup>	92.372	2.924.633	--	<b>3.017.005</b>
Hedging Derivative Financial Assets	--	--	--	<b>--</b>
Tangible Assets (Net)	311.099	202	952	<b>312.253</b>
Intangible Assets (Net) <sup>(4)</sup>	--	--	--	<b>--</b>
Other Assets <sup>(5)</sup>	280.791	1.065.210	263.050	<b>1.609.051</b>
<b>Total Assets</b>	<b>90.592.122</b>	<b>54.646.899</b>	<b>5.918.752</b>	<b>151.157.773</b>
<b>Liabilities</b>				
Bank Deposits	1.959.107	292.942	391.120	<b>2.643.169</b>
Foreign Currency Deposits	64.585.168	39.777.341	6.449.464	<b>110.811.973</b>
Due to Money Markets	--	4.380.027	--	<b>4.380.027</b>
Funds Borrowed	12.598.679	14.358.587	784.755	<b>27.742.021</b>
Securities Issued	234.586	--	50.327	<b>284.913</b>
Miscellaneous Payables	--	--	--	<b>--</b>
Hedging Derivative Financial Liabilities	--	--	--	<b>--</b>
Other Liabilities <sup>(7)</sup>	2.836.115	4.974.623	256.220	<b>8.066.958</b>
<b>Total Liabilities</b>	<b>82.213.655</b>	<b>63.783.520</b>	<b>7.931.886</b>	<b>153.929.061</b>
<b>Net on Balance Sheet Position</b>	<b>8.378.467</b>	<b>(9.136.621)</b>	<b>(2.013.134)</b>	<b>(2.771.288)</b>
<b>Net off-Balance Sheet Position <sup>(8)</sup></b>	<b>(6.439.831)</b>	<b>9.384.938</b>	<b>2.422.020</b>	<b>5.367.127</b>
Financial Derivative Assets	27.715.925	39.391.787	5.048.104	<b>72.155.816</b>
Financial Derivative Liabilities	(34.155.756)	(30.006.849)	(2.626.084)	<b>(66.788.689)</b>
<b>Net Positions</b>	<b>1.938.636</b>	<b>248.317</b>	<b>408.886</b>	<b>2.595.839</b>
Non Cash Loans	13.453.963	13.287.712	1.513.780	<b>28.255.455</b>
<b>Prior Period</b>				
Total Assets	<b>78.405.699</b>	<b>46.831.702</b>	<b>5.772.984</b>	<b>131.010.385</b>
Total Liabilities	<b>73.805.256</b>	<b>57.546.501</b>	<b>4.173.129</b>	<b>135.524.886</b>
<b>Net on Balance Sheet Position</b>	<b>4.600.443</b>	<b>(10.714.799)</b>	<b>1.599.855</b>	<b>(4.514.501)</b>
<b>Net off-Balance Sheet Position</b>	<b>(4.898.673)</b>	<b>10.481.671</b>	<b>(1.203.826)</b>	<b>4.379.172</b>
Financial Derivative Assets	22.935.455	34.632.769	2.846.185	<b>60.414.409</b>
Financial Derivative Liabilities	(27.834.128)	(24.151.098)	(4.050.011)	<b>(56.035.237)</b>
<b>Net Positions</b>	<b>(298.230)</b>	<b>(233.128)</b>	<b>396.029</b>	<b>(135.329)</b>
Non Cash Loans	10.789.614	11.648.961	1.427.582	<b>23.866.157</b>

(1) : Foreign currency differences of derivative financial assets amounting to TL 388.883 are excluded.

(2) : Negative valuation differences of securities acquired prior to 23 March 2020 amounting to TL 169.177 are not included.

(3) : Foreign currency indexed loans amounting to TL 1.128.090 are included. Stage 1 and Stage 2 loan provisions amounting to TL (910.372) are not included. Financial assets measured at amortised cost is none.

(4) : Intangible assets amounting to TL 46.365 are not included.

(5) : Prepaid expenses amounting to TL 108.328 and stage 1 and stage 2 provisions for financial assets amounting to TL (2.416) are not included.

(6) : There are gold balances amounting to TL 4.477.896 under total assets and TL 4.429.373 in total liabilities.

(7) : FX equity amounting to TL 9.950.691, foreign exchange rate differences related to derivative financial liabilities amounting to TL 478.301 and stage 1 and stage 2 provisions amounting to TL 4.682 are not included.

(8) : Net amount of receivables and liabilities from financial derivatives is shown on the table. Spot foreign exchange buy/sale transactions that are reported under the "Asset Purchase Commitments" are included in "Net Off-Balance Sheet Position".

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

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

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

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

End of The Current Period	Up to 1 Month	1 - 3 Month	3 - 12 Month	1 - 5 Year	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash Equivalents and Central Bank Banks <sup>(1)</sup>	--	--	--	--	--	39.497.683	<b>39.497.683</b>
Financial Assets at Fair Value through Profit or Loss (Net)	2.082.241	2.012.353	2.758.084	30.933	--	2.266.669	<b>9.150.280</b>
Due from Money Markets	97.598	312	413.798	11.314	6.285	2.009.765	<b>2.539.072</b>
Financial Assets at Fair Value through Other Comprehensive Income	6.920	--	--	--	--	--	<b>6.920</b>
Loans	2.125.588	3.212.028	6.916.948	5.450.704	1.771.620	78.366	<b>19.555.254</b>
Financial Assets Measured at Amortised Cost <sup>(2)</sup>	43.103.302	13.905.382	31.108.577	52.238.522	15.467.701	4.889.947	<b>160.713.431</b>
Other Assets <sup>(3)</sup>	2.642.704	414.510	285.284	3.559.619	--	--	<b>6.902.117</b>
	--	--	--	588.560	--	9.912.673	<b>10.501.233</b>
<b>Total Assets</b>	<b>50.058.353</b>	<b>19.544.585</b>	<b>41.482.691</b>	<b>61.879.652</b>	<b>17.245.606</b>	<b>58.655.103</b>	<b>248.865.990</b>
<b>Liabilities</b>							
Bank Deposits	2.205.311	48.751	184.725	767.125	--	730.959	<b>3.936.871</b>
Other Deposits	60.808.678	21.581.206	18.296.108	16.397.501	1.294.752	46.369.166	<b>164.747.411</b>
Due to Money Markets	5.057.374	1.213.090	1.271.793	--	--	--	<b>7.542.257</b>
Miscellaneous Payables	--	--	--	--	--	--	<b>--</b>
Securities Issued	2.650.856	1.251.103	1.116.078	159.822	--	--	<b>5.177.859</b>
Funds Borrowed	9.081.856	5.482.854	8.360.208	988.324	5.373.829	--	<b>29.287.071</b>
Other Liabilities <sup>(4)</sup>	544.220	222.355	4.078.992	1.704.550	155.546	31.468.858	<b>38.174.521</b>
<b>Total Liabilities</b>	<b>80.348.295</b>	<b>29.799.359</b>	<b>33.307.904</b>	<b>20.017.322</b>	<b>6.824.127</b>	<b>78.568.983</b>	<b>248.865.990</b>
Balance Sheet Long Position	--	--	8.174.787	41.862.330	10.421.479	--	<b>60.458.596</b>
Balance Sheet Short Position	(30.289.942)	(10.254.774)	--	--	--	(19.913.880)	<b>(60.458.596)</b>
Off-balance Sheet Long Position	671.577	--	1.200.806	--	--	--	<b>1.872.383</b>
Off-balance Sheet Short Position	--	(379.264)	--	(2.179.000)	(1.000.000)	--	<b>(3.558.264)</b>
<b>Total Position</b>	<b>(29.618.365)</b>	<b>(10.634.038)</b>	<b>9.375.593</b>	<b>39.683.330</b>	<b>9.421.479</b>	<b>(19.913.880)</b>	<b>(1.685.881)</b>

(1) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (2.487).

(2) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (802).

(3) Other assets/non-interest bearings include; tangible assets, intangible assets, investment properties, investments in associates, subsidiaries and joint ventures, tax assets, assets to be disposed, the provisions for expected loss of other assets and other assets with balances of TL 1.075.727, TL 382.648, TL 218.680, TL 762.240, TL 1.567.104, TL 1.345.367, TL (2.294) and TL 4.563.201, respectively.

(4) Other liabilities/non-interest bearings include; shareholders' equity, current tax liabilities, deferred tax liabilities, provisions, derivative financial liabilities and other liabilities amounting to TL 21.462.735, TL 571.593, TL 164.289, TL 2.008.933, TL 1.434.025 and TL 5.827.283, respectively.

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

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

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

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

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

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

Current Period - 30 June 2020	EURO %	USD %	Yen %	TL %
<b>Assets</b>				
Cash Equivalents and Central Bank	--	--	--	--
Banks	1,40	1,78	--	7,87
Financial Assets at Fair Value through Profit or Loss (Net)	2,21	6,21	--	8,37
Due from Money Markets	--	--	--	5,35
Financial Assets at Fair Value through Other Comprehensive Income	1,30	5,91	--	9,84
Loans	4,41	5,44	5,62	16,25
Financial Assets Measured at Amortised Cost	0,77	4,99	--	13,23
<b>Liabilities</b>				
Bank Deposits	0,59	2,14	--	5,34
Other Deposits	0,85	1,60	0,01	8,01
Due to Money Markets	--	2,62	--	7,99
Miscellaneous Payables	--	--	--	--
Securities Issued	2,00	--	--	8,92
Funds Borrowed	1,55	4,38	--	8,63
<b>Prior Period - 31 December 2019</b>	<b>EURO %</b>	<b>USD %</b>	<b>Yen %</b>	<b>TL %</b>
<b>Assets</b>				
Cash Equivalents and Central Bank	--	--	--	--
Banks	1,40	3,27	--	11,35
Financial Assets at Fair Value through Profit or Loss (Net)	2,57	8,18	--	15,13
Due from Money Markets	--	--	--	12,26
Financial Assets at Fair Value through Other Comprehensive Income	1,60	4,87	--	13,29
Loans	4,53	5,87	5,51	19,62
Financial Assets Measured at Amortised Cost	1,35	5,06	--	12,90
<b>Liabilities</b>				
Bank Deposits	0,21	2,41	--	11,34
Other Deposits	0,69	2,38	--	11,12
Due to Money Markets	--	3,18	--	13,48
Miscellaneous Payables	--	--	--	--
Securities Issued	2,19	--	--	10,02
Funds Borrowed	1,94	5,48	--	12,61



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

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

DFS Group does not have unconsolidated associates and subsidiaries traded at BIST markets as of 30 June 2020 and 31 December 2019.

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

None.

**V. Explanations related to the consolidated liquidity risk**

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

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

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

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

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

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

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

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

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

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

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

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

**Information on liquidity risk mitigation techniques used**

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

**Explanations related to using the stress test**

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

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

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

**a. Liquidity coverage ratio**

Liquidity coverage ratios calculated in accordance with the Regulation on Calculation of Liquidity Coverage Ratio of Banks published in the Official Gazette dated 21 March 2014 and numbered 28948 are as follows. The lowest monthly consolidated foreign currency ratio for the last three months was 230,53 in June, the highest 294,87 in April, and the total lowest liquidity coverage ratio has been calculated as 143,06 in June and 175,83 in April as the highest.

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

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

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

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Current Period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 Total High Quality Liquid Assets			48.845.779	38.808.584
<b>CASH OUTFLOWS</b>				
2 Retail deposits and deposits from small business customers, of which	122.139.107	78.865.435	11.387.042	7.886.543
3 Stable deposits	16.537.372	--	826.869	--
4 Less stable deposits	105.601.735	78.865.435	10.560.173	7.886.543
5 Unsecured wholesale funding, of which	40.591.497	26.081.450	22.800.179	13.585.485
6 Operational deposits	7.684.722	5.472.578	1.921.181	1.368.145
7 Non-operational deposits	24.432.387	17.054.387	12.407.859	8.663.178
8 Unsecured debt	8.474.388	3.554.485	8.471.139	3.554.162
9 Secured wholesale funding			25.949	25.949
10 Other cash outflows	2.202.261	2.993.291	1.264.840	1.929.193
11 Outflows related to derivative exposures and other collateral requirements	639.892	1.219.794	639.892	1.219.794
12 Outflows related to loss of funding on debt products	--	--	--	--
13 Credit and liquidity facilities	1.562.369	1.773.497	624.948	709.399
14 Other contractual funding obligations	302.380	301.820	301.848	301.820
15 Other contingent funding obligations	89.608.350	32.823.217	6.674.071	3.223.390
<b>16 TOTAL CASH OUTFLOWS</b>			<b>42.453.929</b>	<b>26.952.380</b>
<b>CASH INFLOWS</b>				
17 Secured lending	563.139	--	--	--
18 Unsecured lending	14.135.508	9.098.114	11.333.865	7.767.184
19 Other cash inflows	242.877	3.851.547	242.877	3.851.547
<b>20 TOTAL CASH INFLOWS</b>	<b>14.941.524</b>	<b>12.949.661</b>	<b>11.576.742</b>	<b>11.618.731</b>
			Total Adjusted Value	
<b>21 TOTAL HQLA</b>			<b>48.845.779</b>	<b>38.808.584</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>30.877.187</b>	<b>15.333.649</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>159,6</b>	<b>256,6</b>

(\*) Simple arithmetic average of the values calculated for the last three months by taking the simple arithmetic average monthly

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

(\*) Simple arithmetic average of the values calculated for the last three months by taking the simple arithmetic average monthly

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

End of The Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
<b>Assets</b>								
Cash Equivalents and Central Bank	24.484.163	15.013.520	--	--	--	--	--	<b>39.497.683</b>
Banks <sup>(1)</sup>	2.266.669	1.979.122	737.282	3.510.298	613.328	43.581	--	<b>9.150.280</b>
Financial Assets at Fair Value through Profit or Loss (Net)	2.009.765	95.831	312	415.566	11.313	6.285	--	<b>2.539.072</b>
Due from Money Markets	--	6.920	--	--	--	--	--	<b>6.920</b>
Financial Assets at Fair Value through Other Comprehensive Income	78.366	325.209	402.837	3.882.310	9.195.928	5.670.604	--	<b>19.555.254</b>
Loans	--	14.685.401	7.019.927	29.261.749	66.628.865	38.227.542	4.889.947	<b>160.713.431</b>
Financial Assets Measured at Amortised Cost <sup>(2)</sup>	--	1.398.774	223.143	853.692	4.426.508	--	--	<b>6.902.117</b>
Other Assets	4.883.334	36	2.266	70	582.565	--	5.032.962	<b>10.501.233</b>
<b>Total Assets</b>	<b>33.722.297</b>	<b>33.504.813</b>	<b>8.385.767</b>	<b>37.923.685</b>	<b>81.458.507</b>	<b>43.948.012</b>	<b>9.922.909</b>	<b>248.865.990</b>
<b>Liabilities</b>								
Bank Deposits	730.959	2.205.311	48.751	184.725	767.125	--	--	<b>3.936.871</b>
Other Deposits	46.369.166	60.537.443	21.555.468	18.325.315	16.664.135	1.295.884	--	<b>164.747.411</b>
Fund Borrowed	--	7.258.084	661.454	12.628.543	2.952.375	5.786.615	--	<b>29.287.071</b>
Due to Money Markets	--	5.057.374	1.213.090	1.271.793	--	--	--	<b>7.542.257</b>
Securities Issued	--	2.219.207	1.448.166	1.173.618	336.868	--	--	<b>5.177.859</b>
Miscellaneous Payables	--	--	--	--	--	--	--	<b>--</b>
Other Liabilities	5.799.853	1.051.726	334.034	4.294.856	1.829.248	628.585	24.236.219	<b>38.174.521</b>
<b>Total Liabilities</b>	<b>52.899.978</b>	<b>78.329.145</b>	<b>25.260.963</b>	<b>37.878.850</b>	<b>22.549.751</b>	<b>7.711.084</b>	<b>24.236.219</b>	<b>248.865.990</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(19.177.681)</b>	<b>(44.824.332)</b>	<b>(16.875.196)</b>	<b>44.835</b>	<b>58.908.756</b>	<b>36.236.928</b>	<b>(14.313.310)</b>	<b>--</b>
<b>Net Off-balance sheet Position</b>	<b>--</b>	<b>(288.947)</b>	<b>(101.580)</b>	<b>(236.786)</b>	<b>375.288</b>	<b>--</b>	<b>--</b>	<b>(252.025)</b>
Financial Derivative Assets	--	28.696.114	14.199.783	17.901.177	3.710.619	13.665.022	--	<b>78.172.715</b>
Financial Derivative Liabilities	--	(28.985.061)	(14.301.363)	(18.137.963)	(3.335.331)	(13.665.022)	--	<b>(78.424.740)</b>
Non Cash Loans	--	4.327.504	2.832.699	10.767.445	--	21.983.939	--	<b>39.911.587</b>
<b>End of The Prior Period</b>								
Total Assets	30.824.290	29.010.420	8.362.467	28.163.705	70.586.863	39.972.103	10.394.225	217.314.073
Total Liabilities	41.885.007	73.573.493	21.145.523	31.050.693	28.145.594	1.353.821	20.159.942	217.314.073
<b>Net Liquidity Excess/ (Gap)</b>	<b>(11.060.717)</b>	<b>(44.563.073)</b>	<b>(12.783.056)</b>	<b>(2.886.988)</b>	<b>42.441.269</b>	<b>38.618.282</b>	<b>(9.765.717)</b>	<b>--</b>
<b>Net Off-balance sheet Position</b>	<b>--</b>	<b>(193.168)</b>	<b>(86.360)</b>	<b>265.948</b>	<b>398.687</b>	<b>--</b>	<b>--</b>	<b>385.107</b>
Financial Derivative Assets	--	29.655.120	8.316.361	16.106.650	3.508.501	9.224.665	--	<b>66.811.297</b>
Financial Derivative Liabilities	--	(29.848.288)	(8.402.721)	(15.840.702)	(3.109.814)	(9.224.665)	--	<b>(66.426.190)</b>
Non Cash Loans	--	3.427.759	3.811.221	8.569.057	--	18.665.024	--	<b>34.473.061</b>

(1) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (2.487).

(2) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (802).

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

## VI. Explanations related to leverage ratio

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

As of 30 June 2020, the leverage ratio of the DFS Group is calculated as 6,10% (31 December 2019: 6,04%). This rate is above the minimum rate. The main reason for the difference between the current period and the prior period leverage ratio is the increase in the balance sheet assets.

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

	Current Period (**)	Prior Period (**)
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	245.478.557	213.956.768
2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	(3.425.824)	(3.834.550)
3 Differences between the balances of derivative financial instruments and the loan derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	1.043.979	849.548
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	--	--
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(503)	(503)
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	99.454.764	82.114.873
7 <b>Total Risk</b>	<b>342.550.973</b>	<b>293.086.136</b>

(\*) These consolidated financial statements are prepared in accordance with the sixth paragraph of the Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of the Banks.

(\*\*) Quarterly average amounts.

### Leverage ratio public disclosure template:

	Current Period (*)	Prior Period (*)
<b>On-balance sheet exposures</b>		
1 On-balance sheet items (exclude derivatives and SFTs; include collateral)	242.052.733	210.122.218
2 (Assets deducted in determining Basel III Tier I capital)	(436.217)	(395.279)
3 <b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines )</b>	<b>241.616.516</b>	<b>209.726.939</b>
<b>Derivative exposures</b>		
4 Replacement cost	1.887.812	1.663.765
5 Add-on amount	1.043.979	849.548
6 <b>Total derivative exposures (sum of 4 and 5 lines )</b>	<b>2.931.791</b>	<b>2.513.313</b>
<b>Securities or commodity collateral financing transaction exposures</b>		
7 Gross SFT assets (with no recognition of accounting netting)	1.858.446	99.827
8 Agent transaction exposures		
9 <b>Total securities financing transaction exposures (sum of 7 and 8 lines)</b>	<b>1.858.446</b>	<b>99.827</b>
<b>Other off-balance sheet exposures</b>		
10 Off-balance sheet exposures with gross nominal amount	96.144.723	80.746.560
11 (Adjustment amount off-balance sheet exposures with credit conversion factor)	(503)	(503)
12 <b>Total off-balance sheet exposures (sum of 10 and 11 lines)</b>	<b>96.144.220</b>	<b>80.746.057</b>
<b>Capital and total exposures</b>		
13 Tier I Capital	20.891.108	17.694.615
14 <b>Total exposures (sum of 3,6,9 and 12 lines)</b>	<b>342.550.973</b>	<b>293.086.136</b>
<b>Leverage ratio</b>		
15 <b>Leverage ratio</b>	<b>6,10</b>	<b>6,04</b>

(\*) Quarterly average amounts.

## VII. Explanations related to risk management

The footnotes and explanations prepared in accordance with the “Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks” published in the Official Gazette dated 23 October 2015 and number ed 29511 and entered into force as of 31 March 2016 are given in this section. Since standard approach is used in the capital adequacy calculation of the Parent Bank, the tables to be prepared within the scope of Internal Rating Based Approach (IR) are not presented as of 30 June 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**

**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)	150.226.871	154.042.234	12.018.150
2 Standardized approach (SA)	150.226.871	154.042.234	12.018.150
3 Internal rating-based (IRB) approach	--	--	--
4 Counterparty credit risk	3.130.813	2.095.419	250.465
5 Standardized approach for counterparty credit risk (SA-CCR)	3.130.813	2.095.419	250.465
6 Internal model method (IMM)	--	--	--
7 Basic risk weight approach to internal models equity position in the banking account	--	--	--
8 Investments made in collective investment companies - look-through approach	--	--	--
9 Investments made in collective investment companies - mandate-based approach	35.742	8.019	2.859
10 Investments made in collective investment companies - %1250 weighted risk approach	--	--	--
11 Settlement risk	--	--	--
12 Securitization positions in banking accounts	--	--	--
13 IRB ratings-based approach (RBA)	--	--	--
14 IRB Supervisory Formula Approach (SFA)	--	--	--
15 SA/simplified supervisory formula approach (SSFA)	--	--	--
16 Market risk	3.422.875	1.327.588	273.830
17 Standardized approach (SA)	3.422.875	1.327.588	273.830
18 Internal model approaches (IMM)	--	--	--
19 Operational Risk	17.849.008	14.127.749	1.427.921
20 Basic Indicator Approach	17.849.008	14.127.749	1.427.921
21 Standard Approach	--	--	--
22 Advanced measurement approach	--	--	--
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>174.665.309</b>	<b>171.601.009</b>	<b>13.973.225</b>

**b. Credit risk explanations**

**1. Credit quality of assets:**

Current Period	a	b	c	d
	Gross carrying values of (according to TAS)		Specific provisions	Net values (a+b-c)
	Defaulted	Non-defaulted		
1 Loans	12.215.153	161.935.581	13.437.303	160.713.431
2 Borrowing instruments	--	26.379.807	802	26.379.005
3 Off-balance sheet receivables (*)	712.397	92.957.308	993.554	92.676.151
<b>4 Total</b>	<b>12.927.550</b>	<b>281.272.696</b>	<b>14.431.659</b>	<b>279.768.587</b>

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

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

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

**2. Changes in stock of impaired loans and debt securities**

	Current Period	Prior Period
	a (*)	a (*)
1 Impaired loans and debt securities at end of the previous reporting period	11.555.590	6.649.644
2 Loans and debt securities that have impaired since the last reporting period	2.553.772	9.178.142
3 Receivables that returned to non-impaired status	891	274.325
4 Amounts written off (**)	881.202	2.249.935
5 Other changes	(1.012.116)	(1.747.936)
<b>6 Impaired loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)</b>	<b>12.215.153</b>	<b>11.555.590</b>

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

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

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**3. Credit risk mitigation techniques - overview:**

	a	b	c	d	e	f	g
Current Period	Exposures unsecured: revaluation amount according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	113.902.878	36.671.415	26.231.778	10.139.138	7.988.696	--	--
2 Borrowing instruments	26.379.005	--	--	--	--	--	--
<b>3 Total</b>	<b>140.281.883</b>	<b>36.671.415</b>	<b>26.231.778</b>	<b>10.139.138</b>	<b>7.988.696</b>	<b>--</b>	<b>--</b>
4 Of which defaulted (*)	8.849.893	4.077.657	1.814.781	--	--	--	--

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

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

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

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

	a	b	c	d	e	f
Current Period	Exposures before credit conversion factor and CRM	Exposures post-credit conversion factor and CRM	Exposures before credit conversion factor and CRM	Exposures post-credit conversion factor and CRM	RWA and RWA density	
Risk classifications	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to central governments or central banks	58.409.243	171.338	66.383.587	1.276.616	543.891	0,80%
2 Exposures to regional governments or local authorities	3.076.371	24.110	3.076.082	10.993	1.543.532	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	11.659.745	2.680.024	11.658.716	2.271.961	5.307.336	38,10%
7 Exposures to corporates	76.189.609	39.494.312	64.654.337	20.352.003	84.994.858	99,99%
8 Retail exposures	54.108.090	47.658.030	48.881.661	3.175.972	39.169.188	75,24%
9 Exposures secured by residential property	3.026.438	474.382	2.782.651	252.738	1.062.386	35,00%
10 Exposures secured by commercial real estate	14.114.508	2.154.690	13.242.375	1.450.237	8.682.519	59,09%
11 Past-due loans	4.380.368	437.758	4.367.812	194.394	3.742.750	82,04%
12 Higher-risk categories by the Agency Board	8.990	--	8.945	--	5.290	59,14%
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)	--	2.411	--	2.368	2.368	100,00%
16 Other assets	8.348.538	--	8.348.538	--	6.454.364	77,31%
17 Investments in equities	827.992	--	827.992	--	827.992	100,00%
<b>18 Total</b>	<b>234.149.892</b>	<b>93.097.055</b>	<b>224.232.696</b>	<b>28.987.282</b>	<b>152.336.474</b>	<b>60,16%</b>

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

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

Current Period		a	b	c	k	d	l	e	f	g	h	i	j
Risk Weight*	Classifications/Risk Weight*	%0	%10	%20	%35 Secured with property mortgage	%50 Secured with property mortgage	%50	%75	%100	%150	%200	Others	Total risk exposure (after CCF and CRM)
1	Exposures to central governments or central banks	66.125.959	--	967.090	--	--	433.362	--	133.792	--	--	--	67.660.203
2	Exposures to regional governments or local authorities	--	--	20	--	--	3.087.055	--	--	--	--	--	3.087.075
3	Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to institutions	--	--	7.333.927	--	--	5.512.398	--	1.084.352	--	--	--	13.930.677
7	Exposures to corporates	--	--	14.353	--	--	--	--	84.991.987	--	--	--	85.006.340
8	Retail exposures	--	--	--	--	--	--	51.553.780	503.853	--	--	--	52.057.633
9	Exposures secured by residential property	--	--	--	3.035.389	--	--	--	--	--	--	--	3.035.389
10	Exposures secured by commercial real estate	--	--	--	--	12.020.185	--	--	2.672.427	--	--	--	14.692.612
11	Past-due loans	--	--	--	--	--	1.755.361	--	2.690.397	116.448	--	--	4.562.206
12	Higher-risk categories by the Agency Board	--	--	--	--	--	7.311	--	1.634	--	--	--	8.945
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)	--	--	--	--	--	--	--	2.368	--	--	--	2.368
16	Investments in equities	--	--	--	--	--	--	--	827.992	--	--	--	827.992
17	Other receivables	1.843.554	--	63.245	--	--	--	94	6.441.645	--	--	--	8.348.538
<b>18</b>	<b>Total</b>	<b>67.969.513</b>	<b>--</b>	<b>8.378.635</b>	<b>3.035.389</b>	<b>12.020.185</b>	<b>10.795.487</b>	<b>51.553.874</b>	<b>99.350.447</b>	<b>116.448</b>	<b>--</b>	<b>--</b>	<b>253.219.978</b>



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

**c. Counterparty credit risk**

**1. Analysis of counterparty credit risk exposure by measurement approaches**

Current Period	a	b	c	d	e	f
	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default)	Exposure at default post CRM	RWA
1 Standardised Approach (for derivatives) (*)	1.736.157	897.719		-	2.588.625	1.695.123
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)					1.926.458	378.741
5 VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					--	--
<b>6 Total</b>						<b>2.073.864</b>

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

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

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

## 2. Credit valuation adjustment (CVA) capital charge

			a	b
Current Period			Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge				
1	Value at Risk (VaR) component (including the 3×multiplier)		--	--
2	Stressed VaR component (including the 3×multiplier)		--	--
3	All portfolios subject to the Standardised CVA capital charge		2.588.625	1.056.952
<b>4</b>	<b>Total subject to the CVA capital charge</b>		<b>2.588.625</b>	<b>1.056.952</b>

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

### 3. Standardised approach - Counterparty credit risk with respect to risk classes and weights

Current Period	a	b	c	d	e	f	g	h	i
Risk Weights / Risk Classifications	%0	%10	%20	%50	%75	%100	%150	Other	Total credit Exposure (*)
Claims from central governments and central banks	108.049	--	--	--	--	--	--	--	--
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	--	--	2.518.503	574.244	--	--	--	--	790.823
Corporates	--	--	--	--	--	1.186.937	--	--	1.186.937
Retail portfolios	--	--	--	--	124.981	--	--	--	93.736
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	--	--	--	--	--	2.368	--	--	2.368
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>108.049</b>	<b>--</b>	<b>2.518.503</b>	<b>574.244</b>	<b>124.981</b>	<b>1.189.305</b>	<b>--</b>	<b>--</b>	<b>2.073.864</b>

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

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

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

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

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

### 4. Collaterals used for counterparty credit risk

	a	b	c	d	e	f
Current Period	Guarantees of Derivative Financial Instrument				Guarantees of Other Transactions	
	Received Guarantees		Given Guarantees		Received	Given
	Appropriated	Unappropriated	Appropriated	Unappropriated	Guarantees	Guarantees
Cash-Domestic Currency	6.552	--	--	--	--	4.074.078
Cash-Foreign Currency	38.699	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	--	--
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
<b>Total</b>	<b>45.251</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>4.074.078</b>

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

**5. Credit derivatives**

None.

**6. Exposures to central counterparties (CCP)**

None.

**d. Securitization**

**1. Securitization positions in banking accounts**

None.

**2. Securitization positions in trading accounts**

None.

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

None.

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

None.

**e. Market risk**

**Standardised approach**

	Current Period RAT	Prior Period RAT
<b>Outright products</b>		
1 Interest rate risk (general and specific)	106.063	121.588
2 Equity risk (general and specific)	--	--
3 Foreign exchange risk	2.944.613	935.963
4 Commodity risk	354.786	192.799
<b>Options</b>		
5 Simplified approach	--	--
6 Delta-plus method	17.413	77.238
7 Scenario approach	--	--
8 Securitisation	--	--
<b>9 Total</b>	<b>3.422.875</b>	<b>1.327.588</b>

## **VIII. Explanations related to hedging transactions**

### **a. Net investment risk**

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

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

Total abroad net investment hedging funds recognised under equity is amounting to TL (5.335.464) as of 30 June 2020 (31 December 2019: TL (4.039.191)).

### **b. Cash flow risk**

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

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

Profit/ (loss) after tax TL (28.711) which is accounted under shareholders' equity as cash flow hedge accounting as of 30 June 2020 (31 December 2019: TL (23.227)).

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

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

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

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

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

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

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Information on business segments are presented in the following tables:

<b>Current Period (01/01/2020-30/06/2020)</b>	<b>Wholesale Banking</b>	<b>Agricultural Banking</b>	<b>SME &amp; Banking</b>	<b>Retail Banking</b>	<b>Treasury &amp; Other</b>	<b>Total</b>
Net interest income	1.347.385	1.113.620	931.004	1.882.749	5.274.758	
Net fees and commission income	224.449	817.002	582.922	(4.636)	1.619.737	
Other income/loss, net	124.941	68.243	18.733	523.864	735.781	
<b>Total segment income</b>	<b>1.696.775</b>	<b>1.998.865</b>	<b>1.532.659</b>	<b>2.401.977</b>	<b>7.630.276</b>	
Other operational expenses (*)	(399.750)	(780.476)	(974.419)	(212.547)	(2.367.192)	
Provisions for expected loss and other provisions	(2.068.695)	(1.143.004)	(335.661)	(256.517)	(3.803.877)	
Taxation					(393.751)	
<b>Net profit from continuing operations</b>	<b>(771.670)</b>	<b>75.385</b>	<b>222.579</b>	<b>1.932.913</b>	<b>1.065.456</b>	
Net profit from discontinued operations	--	--	--	--	--	--
<b>Net profit for the period</b>	<b>(771.670)</b>	<b>75.385</b>	<b>222.579</b>	<b>1.932.913</b>	<b>1.065.456</b>	
<b>Current Period (30/06/2020)</b>						
Segment assets	90.758.630	43.931.852	25.964.099	77.710.176	238.364.757	
Subsidiaries and associates					762.240	
Undistributed assets					9.738.993	
<b>Total assets</b>					<b>248.865.990</b>	
Segment liabilities	37.524.096	28.838.425	55.049.895	93.377.252	214.789.668	
Undistributed liabilities					12.613.587	
Equity					21.462.735	
<b>Total liabilities and shareholders' equity</b>					<b>248.865.990</b>	

(\*) It also includes personnel expenses.

<b>Prior Period (01/01/2019-30/06/2019)</b>	<b>Wholesale Banking</b>	<b>Agricultural Banking</b>	<b>SME &amp; Banking</b>	<b>Retail Banking</b>	<b>Treasury &amp; Other</b>	<b>Total</b>
Net interest income	1.040.695	771.230	752.185	1.080.422	3.644.532	
Net fees and commission income	221.887	764.561	747.666	(37.652)	1.696.462	
Other income/loss, net	246.107	125.054	51.741	(381.802)	41.100	
<b>Total segment income</b>	<b>1.508.689</b>	<b>1.660.845</b>	<b>1.551.592</b>	<b>660.968</b>	<b>5.382.094</b>	
Other operational expenses (*)	(385.103)	(697.358)	(898.865)	(77.910)	(2.059.236)	
Provisions for expected loss and other provisions	(1.388.653)	(633.634)	(240.404)	(58.829)	(2.321.520)	
Taxation					(195.993)	
<b>Net profit from continuing operations</b>	<b>(265.067)</b>	<b>329.853</b>	<b>412.323</b>	<b>524.229</b>	<b>805.345</b>	
Net profit from discontinued operations					--	
<b>Net profit for the period</b>	<b>(265.067)</b>	<b>329.853</b>	<b>412.323</b>	<b>524.229</b>	<b>805.345</b>	
<b>Prior Period (31/12/2019)</b>						
Segment assets	80.583.031	40.588.749	21.543.600	66.820.127	209.535.507	
Subsidiaries and associates					762.204	
Undistributed assets					7.016.362	
<b>Total assets</b>					<b>217.314.073</b>	
Segment liabilities	35.860.825	25.489.402	51.274.877	75.839.785	188.464.889	
Undistributed liabilities					11.100.272	
Equity					17.748.912	
<b>Total liabilities and shareholders' equity</b>					<b>217.314.073</b>	

(\*) It also includes personnel expenses.

## **SECTION FIVE**

### **DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **I. Explanations and disclosures related to consolidated assets**

##### **a. Cash and cash equivalents**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	689.264	1.089.915	767.318	978.519
Central Bank of the Republic of Turkey	1.266.229	20.954.229	763.291	14.338.788
Other (*)	--	15.498.046	--	18.823.937
<b>Total</b>	<b>1.955.493</b>	<b>37.542.190</b>	<b>1.530.609</b>	<b>34.141.244</b>

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1.266.229	6.062.527	762.933	5.023.346
Unrestricted Time Deposits	--	3.682.560	--	--
Restricted Time Deposits	--	11.209.142	358	9.315.442
<b>Total</b>	<b>1.266.229</b>	<b>20.954.229</b>	<b>763.291</b>	<b>14.338.788</b>

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

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

As of 30 June 2020, all banks operating in Turkey should provide a reserve in a range of 1% to 7% (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 21% (31 December 2019: between 5% and 21%) in US Dollars or standard gold for their liabilities in foreign currencies.

According to the principles of communiqué No. 2019/19 dated 9 December 2019, the CBRT pays interest to banks that provide credit growth for Turkish Lira reserve requirements. The interest income received from reserve requirements of the Parent Bank with the CBRT is none (1 January - 30 June 2019: TL 101.400). The related interest income recognised under "interest received from reserve deposits".

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	854.034	684.959	1.903.090	24.946
Foreign	113	7.613.661	386	4.776.960
Foreign head offices and branches	--	--	--	--
<b>Total</b>	<b>854.147</b>	<b>8.298.620</b>	<b>1.903.476</b>	<b>4.801.906</b>

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

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

<i>given as collateral or blocked</i> <i>financial assets at fair value through profit or loss</i>	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	36.401	--	17.075	--
Other	--	--	--	--
<b>Total</b>	<b>36.401</b>	<b>--</b>	<b>17.075</b>	<b>--</b>

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

None.

### 3. Other financial assets

Within the context of the existing loan agreements, all creditors including the Parent Bank have reached an agreement on restructuring the loans granted to a company operating in telecommunication sector and shares owned by the company, representing 55% of its issued share capital corresponding to shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors on 21 December 2018. As a result of the transfer of this liability, the risk balance amounting to TL 237.211 has been derecognised from the balance sheet and the restructured amount has been followed as "financial asset at fair value through profit or loss" in accordance with TFRS 9. The capital of the special purpose company was increased in the general assembly on 23 September 2019 and the amount of TL 103.192 of the Parent Bank's credit receivable was converted into capital and started to be accounted for under "financial assets at fair value through profit and loss". Following this transaction, the Bank's credit receivable carried at fair value under other financial assets amounted to TL 405.094 (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	2.092	98.011	9.723	19.262
Swap Transactions	721.833	875.714	975.844	616.518
Futures Transactions	--	--	--	--
Options	518	82.778	333	41.083
Other	--	--	--	--
<b>Total</b>	<b>724.443</b>	<b>1.056.503</b>	<b>985.900</b>	<b>676.863</b>

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

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

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

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

Financial assets at fair value through other comprehensive income which are given as collateral consist of securities issued to various financial institutions, primarily the Central Bank of the Republic of Turkey and 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 2.514.744 (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> <i>Financial assets at fair value through other comprehensive income</i>	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bills, Bonds and Similar Securities	1.869.518	645.226	231.875	2.363.735
Other	--	--	--	--
<b>Total</b>	<b>1.869.518</b>	<b>645.226</b>	<b>231.875</b>	<b>2.363.735</b>

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

<i>Subject to repurchase agreements</i> <i>Financial assets at fair value through other comprehensive income</i>	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	2.105.025	3.803.696	78.017	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bank Bills and Bank Guaranteed Bills	--	--	--	223.647
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>2.105.025</b>	<b>3.803.696</b>	<b>78.017</b>	<b>223.647</b>



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

<i>Financial assets at fair value through other comprehensive income</i>	<b>Current Period</b>	<b>Prior Period</b>
<b>Debt Securities</b>	<b>19.167.331</b>	<b>14.096.173</b>
Quoted on Stock Exchange (*)	19.167.331	14.096.173
Unquoted on Stock Exchange	--	--
<b>Share Certificates</b>	<b>387.923</b>	<b>78.397</b>
Quoted on Stock Exchange	309.557	--
Unquoted on Stock Exchange (**)	78.366	78.397
<b>Impairment Provisions (-)</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>19.555.254</b>	<b>14.174.570</b>

(\*) It includes bank and corporate bills.

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

**d. Explanations on loans**

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
<b>Direct Loans Granted to Shareholders</b>	<b>--</b>	<b>4.963</b>	<b>--</b>	<b>4.963</b>
Corporate Shareholders	--	4.963	--	4.963
Individual Shareholders	--	--	--	--
<b>Indirect Loans Granted to Shareholders</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Loans Granted to Employees</b>	<b>71.760</b>	<b>216</b>	<b>73.757</b>	<b>216</b>
<b>Total</b>	<b>71.760</b>	<b>5.179</b>	<b>73.757</b>	<b>5.179</b>

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

<b>Cash loans (*) (**)</b>	<b>Standard Loans</b>	<b>Loans Under Close Monitoring</b>		
		<b>Not included in restructured loans</b>	<b>Restructured Loans</b>	
			<b>Changes in conditions of contract</b>	<b>Refinancing</b>
<b>Non-specialized loans</b>	<b>119.516.812</b>	<b>14.424.102</b>	<b>4.136.249</b>	<b>4.117.725</b>
Corporate loans	45.876.432	1.993.563	2.142.298	1.279.162
Export loans	2.525.031	678.848	--	93.079
Import loans	--	--	--	--
Commercial loans	1.076.461	--	--	--
Consumer loans	16.811.627	1.687.754	570.756	444.654
Credit cards	8.714.935	472.959	227.073	157.993
Others	44.512.326	9.590.978	1.196.122	2.142.837
<b>Specialized loans</b>	<b>10.979.703</b>	<b>1.852.973</b>	<b>132.120</b>	<b>2.473.058</b>
<b>Other receivables</b>	<b>2.664.598</b>	<b>639.739</b>	<b>998.502</b>	<b>--</b>
<b>Total</b>	<b>133.161.113</b>	<b>16.916.814</b>	<b>5.266.871</b>	<b>6.590.783</b>

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

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

<b>Stage 1 and Stage 2 Provisions for Expected Loss</b>	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Standard Loans</b>	<b>Loans Under Close Monitoring</b>	<b>Standard Loans</b>	<b>Loans Under Close Monitoring</b>
12-Month provision for expected loss	1.594.532	--	1.258.205	--
Significant increase in credit risk	--	4.517.562	--	3.192.042
<b>Total</b>	<b>1.594.532</b>	<b>4.517.562</b>	<b>1.258.205</b>	<b>3.192.042</b>

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

	Short Term	Medium or Long Term	Total
<b>Consumer Loans-TL</b>	<b>507.879</b>	<b>17.606.401</b>	<b>18.114.280</b>
Real estate Loans	2.822	2.145.626	2.148.448
Vehicle Loans	29	39.129	39.158
General Purpose Loans	505.028	15.421.309	15.926.337
Other	--	337	337
<b>Consumer Loans-Indexed to FC</b>	<b>--</b>	<b>11.603</b>	<b>11.603</b>
Real estate Loans	--	11.099	11.099
Vehicle Loans	--	--	--
General Purpose Loans	--	504	504
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>--</b>	<b>58.369</b>	<b>58.369</b>
Real estate Loans	--	1.651	1.651
Vehicle Loans	--	--	--
General Purpose Loans	--	174	174
Other	--	56.544	56.544
<b>Individual Credit Cards-TL</b>	<b>6.755.158</b>	<b>750.015</b>	<b>7.505.173</b>
Installment	3.324.194	750.015	4.074.209
Non installment	3.430.964	--	3.430.964
<b>Individual Credit Cards-FC</b>	<b>967</b>	<b>--</b>	<b>967</b>
Installment	--	--	--
Non installment	967	--	967
<b>Loans Given to Employees-TL</b>	<b>7.446</b>	<b>35.675</b>	<b>43.121</b>
Real estate Loans	--	306	306
Vehicle Loans	--	--	--
General Purpose Loans	7.446	35.369	42.815
Other	--	--	--
<b>Loans Given to Employees - Indexed to FC</b>	<b>--</b>	<b>--</b>	<b>--</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
<b>Loans Given to Employees - FC</b>	<b>158</b>	<b>234</b>	<b>392</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	158	--	158
Other	--	234	234
<b>Personnel Credit Cards - TL</b>	<b>26.638</b>	<b>256</b>	<b>26.894</b>
Installment	11.072	256	11.328
Non installment	15.566	--	15.566
<b>Personnel Credit Cards - FC</b>	<b>15</b>	<b>--</b>	<b>15</b>
Installment	--	--	--
Non installment	15	--	15
<b>Overdraft Loans-TL (Real Persons) (*)</b>	<b>1.285.550</b>	<b>--</b>	<b>1.285.550</b>
<b>Overdraft Loans-FC (Real Persons)</b>	<b>1.388</b>	<b>88</b>	<b>1.476</b>
<b>Total</b>	<b>8.585.199</b>	<b>18.462.641</b>	<b>27.047.840</b>

(\*) The overdraft account used by the personnel of the Parent Bank amounts to TL 1.338 (31 December 2019: TL 1.844).

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

	Short Term	Medium or Long Term	Total
<b>Installment Commercial Loans - TL</b>	<b>2.176.349</b>	<b>14.483.105</b>	<b>16.659.454</b>
Real estate Loans	--	79.593	79.593
Vehicle Loans	1.663	72.466	74.129
General Purpose Loans	2.174.686	14.331.046	16.505.732
Other	--	--	--
<b>Installment Commercial Loans - Indexed to FC</b>	<b>--</b>	<b>654.199</b>	<b>654.199</b>
Real estate Loans	--	2.100	2.100
Vehicle Loans	--	9.231	9.231
General Purpose Loans	--	642.868	642.868
Other	--	--	--
<b>Installment Commercial Loans - FC</b>	<b>38.277</b>	<b>3.302.436</b>	<b>3.340.713</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	38.277	3.302.436	3.340.713
Other	--	--	--
<b>Corporate Credit Cards - TL</b>	<b>1.925.308</b>	<b>114.469</b>	<b>2.039.777</b>
Installment	690.225	114.469	804.694
Non installment	1.235.083	--	1.235.083
<b>Corporate Credit Cards - FC</b>	<b>134</b>	<b>--</b>	<b>134</b>
Installment	--	--	--
Non installment	134	--	134
<b>Overdraft Loans-TL (Legal Entities)</b>	<b>1.220.022</b>	<b>--</b>	<b>1.220.022</b>
<b>Overdraft Loans-FC (Legal Entities)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>5.360.090</b>	<b>18.554.209</b>	<b>23.914.299</b>

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

	Current Period	Prior Period
Domestic Loans	134.511.149	116.134.195
Foreign Loans	27.424.432	25.484.327
<b>Total</b>	<b>161.935.581</b>	<b>141.618.522</b>

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

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

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

	Current Period	Prior Period
<b>Provisions for stage 3 loans</b>		
Loans with Limited Collectability	2.238.340	1.930.413
Loans with Doubtful Collectability	1.362.340	1.237.429
Uncollectible Loans	3.724.526	2.770.417
<b>Total</b>	<b>7.325.206</b>	<b>5.938.259</b>

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

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period</b>	<b>819</b>	<b>233.819</b>	<b>752.521</b>
(Gross amounts before provisions)			
Restructured loans	819	233.819	752.521
<b>Prior Period</b>	<b>79.694</b>	<b>577.336</b>	<b>396.384</b>
(Gross amounts before provisions)			
Restructured loans	79.694	577.336	396.384

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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
<b>Balances at Beginning of Period</b>	<b>4.830.346</b>	<b>2.571.142</b>	<b>4.154.102</b>
Additions (+)	2.267.802	58.215	227.755
Transfers from Other Categories of Non-Performing Loans (+)	--	1.833.277	1.997.887
Transfers from Other Categories of Non-Performing Loans (-)	1.833.277	1.997.887	--
Collections (-)	429.745	208.378	374.884
Write-offs (-)(*)	--	--	881.202
Sales (-)	--	--	--
Corporate and Commercial Loans	--	--	--
Retail Loans	--	--	--
Credit Cards	--	--	--
Other	--	--	--
<b>Balances at End of the Period</b>	<b>4.835.126</b>	<b>2.256.369</b>	<b>5.123.658</b>
Specific Provisions (-)	2.238.340	1.362.340	3.724.526
<b>Net Balance on Balance Sheet</b>	<b>2.596.786</b>	<b>894.029</b>	<b>1.399.132</b>

(\*) As of 30 June 2020, in accordance with the Amendments to the Regulation published in the Official Gazette dated 27 November 2019 and numbered 30961 by the BRSA, the Parent Bank recovers the loans that are classified under the Fifth Group - Loans of Loss and are set aside due to the default of the debtor. Since the first reporting period following their classification in the fifth group, the part which does not have reasonable expectations can be deducted from the records within the scope of TFRS 9. In this context, loans amounting to TL 881.202 were deducted from the records. In accordance with the amendments made in the relevant Provisions Regulation within the period, the effect of the credits deducted from the record on the Bank's NPL ratio is 48 basis points.

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
<b>Current Period: 30 June 2020</b>			
Balance as of the Period End	3.571.898	225.448	971
Provisions (-)	1.961.905	147.681	--
<b>Net Balance on Balance Sheet</b>	<b>1.609.993</b>	<b>77.767</b>	<b>971</b>
<b>Prior Period: 31 December 2019</b>			
Balance as of the Period End	2.485.643	228.237	877
Provisions (-)	1.173.727	136.790	--
<b>Net Balance on Balance Sheet</b>	<b>1.311.916</b>	<b>91.447</b>	<b>877</b>

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
<b>Current Period (Net): 30 June 2020</b>	<b>2.596.786</b>	<b>894.029</b>	<b>1.399.132</b>
Loans Granted to Real Persons and Legal Entities (Gross)	4.835.126	2.256.369	5.123.658
Provisions (-)	2.238.340	1.362.340	3.724.526
Loans Granted to Real Persons and Legal Entities (Net)	2.596.786	894.029	1.399.132
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	--	--
Provisions (-)	--	--	--
Other Loan (Net)	--	--	--
<b>Prior Period (Net): 31 December 2019</b>	<b>2.899.932</b>	<b>1.333.714</b>	<b>1.383.685</b>
Loans Granted to Real Persons and Legal Entities (Gross)	4.830.345	2.364.924	4.154.102
Provisions (-)	1.930.413	1.109.808	2.770.417
Loans Granted to Real Persons and Legal Entities (Net)	2.899.932	1.255.117	1.383.685
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	206.218	--
Provisions (-)	--	127.621	--
Other Loan (Net)	--	78.597	--

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period (Net)</b>	<b>21.553</b>	<b>344.128</b>	<b>370.392</b>
Interest accruals and rediscount and valuation differences	42.436	665.795	984.916
Amount of provision (-)	20.883	321.667	614.524
<b>Prior Period (Net)</b>	<b>304.708</b>	<b>236.591</b>	<b>401.091</b>
Interest accruals and rediscount and valuation differences	497.537	394.049	769.321
Amount of provision (-)	192.829	157.458	368.230

**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 3.701.493 (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, whose book value amounts to TL 1.745.748 (31 December 2019: TL 1.393.213).

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

<i>Government debt securities measured at amortised cost</i>	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	6.902.919	6.773.054
Treasury Bills	--	--
Other Government Debt Securities	--	--
<b>Total</b>	<b>6.902.919</b>	<b>6.773.054</b>

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

<i>Financial assets measured at amortised cost</i>	<b>Current Period</b>	<b>Prior Period</b>
<b>Debt Securities</b>	<b>6.902.919</b>	<b>6.773.054</b>
Quoted on Stock Exchange	6.902.919	6.773.054
Unquoted on Stock Exchange	--	--
<b>Impairment provisions (-)</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>6.902.919</b>	<b>6.773.054</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the beginning of the period</b>	<b>6.773.054</b>	<b>6.239.810</b>
Foreign exchange differences in monetary assets (*)	319.051	533.244
Purchases during the year	--	--
Disposals by sale and redemption	(189.186)	--
<b>Impairment provisions (-)</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>6.902.919</b>	<b>6.773.054</b>

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

Parent Bank transferred its securities from "financial assets at fair value through other comprehensive income" portfolio, with a new cost amounting to TL 2.826.026 and USD 320.674 as of reclassification date, to the "financial assets measured at amortised cost" portfolio due to change in the intention of holding on 23 July 2013, 24 July 2013, 26 December 2013, 24 January 2014 and 1 November 2016. Negative valuation differences amounting to TL 326.599 accounted under equity until the classification date of the related securities will be amortised and transferred to profit/loss accounts through effective interest method until the amortisation date of the related securities. As of the balance sheet date, remaining negative valuation difference accounted under equity amounts to TL 110.386 (31 December 2019: TL 130.616).

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 30 JUNE 2020**  
(Currency: Thousands of TL - Turkish Lira)

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

**f. Information on investments in associates**

**1. Investments in unconsolidated associates**

Title	Address (City/Country)	Share percentage of the Parent Bank(%)	Risk Group Share Percentage of the Parent Bank(%)
1-Kredi Kayıt Bürosu A.Ş. <sup>(1)</sup>	Istanbul/Turkey	9	--
2-Kredi Garanti Fonu A.Ş. <sup>(3)</sup>	Ankara/Turkey	2	--
3-Ege Tarım Ürünleri Lisanslı Dep. A.Ş. <sup>(2)</sup>	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	364.812	229.265	210.622	976	--	11.740	12.147	--
2	476.692	392.969	22.805	57.263	--	64.893	135.818	--
3	15.257	14.163	8.133	549	--	2.461	1.729	--

<sup>(1)</sup> Information on the financial statements is presented as of the period ended 31 March 2020.

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

<sup>(3)</sup> Information on the financial statements is presented as of the period ended 31 December 2018.

**2. Investments in associates**

There are no investments in consolidated associates.

**g. Information on investments in subsidiaries**

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

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

The amounts below are obtained from the financial data of 30 June 2020 prepared in accordance with the legislation to which Denizbank AG is subject to.

	Denizbank AG
Paid-in capital	1.778.607
Share premium	2.613.283
Reserves	7.872.093
Deductions from capital	--
<b>Total Common Equity</b>	<b>12.263.983</b>
Total additional Tier I capital	--
Deductions from capital	--
<b>Total Core Capital</b>	<b>12.263.983</b>
Total supplementary capital	205.533
<b>Capital</b>	<b>12.469.516</b>
Deductions from capital	--
<b>SHAREHOLDERS' EQUITY</b>	<b>12.469.516</b>

**2. Information on non-consolidated subsidiaries**

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
1	478.205	332.371	315.017	1.084	--	42.379	25.568	--
2	996	974	38	--	--	(106)	(68)	--
3	5.847	5.810	21	271	--	(35)	--	--
4	414	410	--	--	--	7	23	--
5	144	144	--	--	--	0	1	--
6	18.727	18.255	12.242	115	--	(637)	(106)	--

The financial statements of the above subsidiaries for the period ended on 30 June 2020 are not included in the consolidation since they are non-financial subsidiaries.

### 3. Information on consolidated subsidiaries

Title	Address (City/Country)	Share percentage of the Parent Bank (%)	Share percentage of other shareholders (%)	Consolidation Method
1 Denizbank AG	Vienna/Austria	100	--	Full consolidation
2 Eurodeniz International Banking Unit Ltd.	Nicosia / Cyprus	100	--	Full consolidation
3 Deniz Yatırım Menkul Kıymetler A.Ş.	Istanbul/Turkey	100	--	Full consolidation
4 JSC Denizbank Moskova	Moscow / Russia	49	51	Full consolidation
5 Deniz Portföy Yönetimi A.Ş.	Istanbul/Turkey	--	100	Full consolidation
6 Deniz Finansal Kiralama A.Ş.	Istanbul/Turkey	100	--	Full consolidation
7 Deniz Faktoring A.Ş.	Istanbul/Turkey	100	--	Full consolidation
8 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	--	77	Full consolidation
9 CR Erdberg Eins GmbH & Co KG	Vienna/Austria	--	100	Full consolidation

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value	Capital requirement
1	73.199.266	12.772.992	161.860	1.108.465	50.600	158.091	312.733	--	--
2	48.908	48.737	53	1.342	--	(111)	287	--	--
3	780.624	613.549	15.723	16.157	--	111.105	57.090	--	--
4	2.051.933	635.764	4.975	54.640	9.047	25.118	36.067	--	--
5	37.010	28.486	3.799	1.121	275	6.343	2.086	--	--
6	2.724.611	701.878	332.329	123.352	--	64.658	22.241	--	--
7	1.320.685	440.422	13.869	113.875	--	58.621	58.289	--	--
8	967.592	266.667	2.540	514	--	1.823	330	--	--
9	244.977	213.197	191.428	1	--	637	463	--	--

Includes financial statement details subject to 30 June 2020 consolidation.

#### (i) Movement of consolidated subsidiaries during the period

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>3.411.274</b>	<b>3.265.326</b>
<b>Movements During the Period</b>	<b>18.001</b>	<b>137.287</b>
Purchases	--	--
Bonus Shares Received	--	--
Dividends from Current Year Profit	--	--
Sales (*)	(17.394)	(2.773)
Revaluation Increase, Effect of Inflation and F/X Difference	35.395	148.721
Other	--	--
Provision for Impairment	--	--
<b>Balance at the End of the Period</b>	<b>3.429.275</b>	<b>3.411.274</b>
<b>Capital Commitments</b>	--	--
<b>Share Percentage at the end of Period (%)</b>	--	--

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

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

	Current Period	Prior Period
Banks	1.995.939	1.979.322
Insurance Companies	--	--
Factoring Companies	138.107	138.107
Leasing Companies	801.217	797.400
Finance Companies	--	--
Other Subsidiaries	494.012	496.445
<b>Total</b>	<b>3.429.275</b>	<b>3.411.274</b>

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

#### (iii) Quoted subsidiaries within the consolidation scope

	Current Period	Prior Period
Quoted on domestic markets	195.330	216.735
Quoted on foreign markets	--	--

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

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

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

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

Title	Share percentage of the Parent Bank (%)	Share percentage of the Group (%)	Current Assets	Non-Current Assets	Non-Current Liabilities	Income	Expenses
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33	33	84.766	48.787	25.897	98.757	(92.797)

Information on the unaudited financial statements is presented as of the period ended 30 June 2020.

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

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

**i. Information on receivables from leasing transactions**

**1. Representation of investments in leasing transactions by remaining maturity**

	Current Period (*)		Prior Period (*)	
	Gross	Net	Gross	Net
Less than 1 year	154.130	141.206	222.614	219.874
Between 1-4 years	717.539	616.167	1.948.182	1.430.915
Over 4 years	2.584.991	1.977.503	996.089	842.046
<b>Total</b>	<b>3.456.660</b>	<b>2.734.876</b>	<b>3.166.885</b>	<b>2.492.835</b>

(\*) Non-performing lease receivables of TL 193.838 are not included (31 December 2019: TL 217.746).

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

	Current Period (*)	Prior Period (*)
Gross finance lease investment	3.456.660	3.166.885
Unearned finance income from finance lease (-)	721.784	674.050
Cancelled leasing amounts (-)	--	--
<b>Net investment on finance leases</b>	<b>2.734.876</b>	<b>2.492.835</b>

(\*) Non-performing lease receivables of TL 193.838 are not included (31 December 2019: TL 217.746).

**3. Information on operating lease**

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

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

As of 30 June 2020, the DFS Group's receivables which arise from its operational leasing agreements and will emerge in the future are distributed as follows by year:

	Current Period	Prior Period
Up to 1 year	23.269	7.177
Between 1-5 years	--	--
5 years and over	--	--
<b>Total</b>	<b>23.269</b>	<b>7.177</b>

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

None.



**k. Explanation on investment properties**

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

As of 30 June 2020, the DFS Group's investment properties amount to TL 218.680 (31 December 2019: TL 218.680) which are carried at fair value in the consolidated financial statements.

**l. Information on deferred tax asset**

Deferred tax asset calculated within the scope of related regulation amounts to TL 1.490.306 (31 December 2019: TL 1.045.345) and deferred tax liability amounts to TL 164.289 (31 December 2019: TL 82.099). The mentioned value has been calculated by netting off the deductible and taxable temporary differences as of the balance sheet date.

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

	<b>Current Period</b>	<b>Prior Period</b>
Miscellaneous Provisions	1.289.409	1.071.750
Unearned Revenue	77.941	73.548
Valuation Differences of Financial Assets	39.254	--
Provision for Employee Benefits	94.269	72.099
<b>Deferred Tax Assets</b>	<b>1.500.873</b>	<b>1.217.397</b>
Valuation Differences of Tangible Assets	(103.089)	(82.382)
Valuation Differences of Derivatives	(35.268)	(79.937)
Valuation Differences of Financial Assets	--	(18.531)
Other	(36.499)	(73.301)
<b>Deferred Tax Liabilities</b>	<b>(174.856)</b>	<b>(254.151)</b>
<b>Net Deferred Tax Assets</b>	<b>1.326.017</b>	<b>963.246</b>

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

None.

**n. Information on other assets**

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

DFS Group's total prepaid expenses are TL 1.045.831 (31 December 2019: TL 562.339).

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

## II. Explanations and disclosures related to consolidated liabilities

### a. Information on deposits

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

Current period - 30 June 2020:

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	6.084.188	--	5.138.687	24.965.570	592.674	298.880	594.319	5.680	37.679.998
Foreign Currency Deposits (*)	31.891.988	--	7.956.301	20.789.565	3.940.036	3.296.761	38.295.641	1.407	106.171.699
Residents in Turkey	13.863.473	--	7.771.769	18.746.444	3.119.241	1.103.913	3.815.491	1.407	48.421.738
Residents Abroad	18.028.515	--	184.532	2.043.121	820.795	2.192.848	34.480.150	--	57.749.961
Public Sector Deposits	792.611	--	51.440	45.741	21.220	357	2.489	--	913.858
Commercial Deposits	4.594.887	--	5.439.485	3.577.685	195.635	167.198	12.356	--	13.987.246
Other Ins. Deposits	151.449	--	128.064	485.930	187.555	109.531	291.807	--	1.354.336
Precious Metal Deposits	2.854.042	--	274.836	1.045.988	132.499	157.694	164.263	10.952	4.640.274
Bank Deposits	902.414	--	1.964.308	880.017	1.036	4.385	184.711	--	3.936.871
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	24.521	--	9	--	--	3.435	--	--	27.965
Foreign Banks	877.376	--	1.964.299	880.017	1.036	950	184.711	--	3.908.389
Special Finan. Inst.	517	--	--	--	--	--	--	--	517
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>47.271.579</b>	<b>--</b>	<b>20.953.121</b>	<b>51.790.496</b>	<b>5.070.655</b>	<b>4.034.806</b>	<b>39.545.586</b>	<b>18.039</b>	<b>168.684.282</b>

(\*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 71.892.406 and Commercial Deposit customers at the amount of TL 34.279.294.

Prior period - 31 December 2019:

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

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

## 2. Information on deposit insurance

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

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

	Saving Deposit Insurance Fund		Exceeding the Insurance Coverage Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	23.368.052	22.569.366	14.219.912	13.175.045
Foreign Currency Saving Deposits	9.420.354	8.297.097	21.792.990	19.243.489
Other Deposits in the form of Saving Deposits	--	--	--	--
Foreign Branches' Deposits under Foreign Authorities' Insurance	--	--	--	--
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	--	--	--	--
<b>Total</b>	<b>32.788.406</b>	<b>30.866.463</b>	<b>36.012.902</b>	<b>32.418.534</b>

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

	Current Period	Prior Period
Deposits and Other Accounts in Foreign Branches	100.793	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	187.274	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 who are established in Turkey	153	118.555
<b>Total</b>	<b>288.220</b>	<b>296.903</b>

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	47.181	59.540	2.596	44.302
Swap Transactions	226.075	952.421	185.658	579.256
Futures Transactions	--	--	--	--
Options	31.245	117.563	3	69.060
Other	--	--	--	--
<b>Total</b>	<b>304.501</b>	<b>1.129.524</b>	<b>188.257</b>	<b>692.618</b>

**c. Information on funds borrowed**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank Loans	--	--	--	--
Domestic Banks and Institutions	1.545.050	977.845	941.509	1.199.240
Foreign Banks, Institutions and Funds	--	21.392.098	15	13.046.664
<b>Total</b>	<b>1.545.050</b>	<b>22.369.943</b>	<b>941.524</b>	<b>14.245.904</b>

**2. Maturity information of funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1.545.050	7.757.666	498.524	4.550.206
Medium and Long-Term	--	14.612.277	443.000	9.695.698
<b>Total</b>	<b>1.545.050</b>	<b>22.369.943</b>	<b>941.524</b>	<b>14.245.904</b>

**d. Information on securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	470.405	234.586	309.397	279.296
Bills	4.422.541	50.327	3.626.080	--
Asset Backed Securities	--	--	--	--
<b>Total</b>	<b>4.892.946</b>	<b>284.913</b>	<b>3.935.477</b>	<b>279.296</b>

The Parent Bank has repurchased the securities it has issued amounting to TL 44.634 and netted them in its financial statements (31 December 2019: TL 472).

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

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

**f. Information on lease payables**

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	126.378	67.444	229.812	120.316
Between 1-4 years	810.542	557.048	700.117	473.093
Over 4 years	41.187	30.749	34.055	25.193
<b>Total</b>	<b>978.107</b>	<b>655.241</b>	<b>963.984</b>	<b>618.602</b>

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

None.

**h. Explanation on provisions**

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

As of 30 June 2020, the provision for foreign exchange differences on foreign currency indexed is none (31 December 2019: None). The amount of the provision for foreign exchange differences on foreign currency indexed loans are netted against loans and receivables under assets in the financial statements.

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

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

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

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

As of 30 June 2020, TL 234.271 of provision for employee termination benefits (31 December 2019: TL 207.208) and TL 70.639 of unused vacation provisions and other rights (31 December 2019: TL 152.711) were reflected to the consolidated financial statements.

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

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>207.208</b>	<b>130.477</b>
Changes in the period	38.399	50.265
Actuarial loss/gain	--	56.716
Paid in the period	(12.530)	(29.573)
FX difference	1.194	(677)
<b>Balance at the End of the Period</b>	<b>234.271</b>	<b>207.208</b>

### 3. Information on other provisions

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

#### Current period:

TL 797.745 of other provisions represent stage 1 and stage 2 provisions for expected loss for non-cash loans, TL 195.809 is related to stage 3 provision for expected loss for non-cash loans that are unindemnified and not converted into cash, TL 93.259 is the provisions for the litigations against the Bank and TL 617.210 includes other provisions.

#### Prior period:

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

### i. Explanations on tax payable

#### 1. Information on current tax payable

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

As of 30 June 2020, the corporate tax provision of DFS Group amounts to TL 410.590 (31 December 2019: TL 158.057), and it has been offset with advance taxes amounting to TL 77.778 (31 December 2019: TL 150.466).

##### (ii) Information on tax payables

	Current Period	Prior Period
Corporate tax payables	332.812	7.591
Taxation on securities	70.617	107.718
Taxes on real estate capital gain	3.115	2.657
Banking Insurance Transaction Tax (BITT)	62.660	109.638
Taxes on foreign exchange transactions	23.794	3.999
Value added tax payables	10.413	13.726
Other	23.789	51.698
<b>Total</b>	<b>527.200</b>	<b>297.027</b>

##### (iii) Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	14.527	12.578
Social security premiums- employer share	16.148	13.876
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	1.734	842
Pension fund membership fees and provisions- employer share	2.123	1.030
Unemployment insurance- employee share	1.063	905
Unemployment insurance- employer share	2.036	1.737
Other	6.762	7.073
<b>Total</b>	<b>44.393</b>	<b>38.041</b>

#### 2. Information on deferred tax liability

Deferred tax liability calculated within the scope of the related regulations amounts to TL 164.289 (31 December 2019: TL 82.099). The detail of deferred tax is disclosed in Note "I" of explanations and disclosures related to consolidated assets.

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

None.

**k. Information on shareholders' equity**

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

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

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

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

The registered share capital system is not applied.

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

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

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

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

None.

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

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

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

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

**7. Summary information on the privileges given to stocks representing the capital**

The Parent Bank does not have any preferred stocks.

**8. Share premiums, shares and equity instruments**

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

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

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

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

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

**9. Information on marketable securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and JVs	373.181	--	778.053	--
Valuation Difference	(62.687)	(49.846)	(168.504)	81.208
FX Gain or Loss	--	--	--	--
<b>Total</b>	<b>310.494</b>	<b>(49.846)</b>	<b>609.549</b>	<b>81.208</b>

**10. Information on hedging funds**

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

**11. Explanations on minority shares**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>22.772</b>	<b>14.396</b>
Minority shares in net income of consolidated subsidiaries	6.316	5.603
Increase/(decrease) in minority shares due to disposals	--	2.773
Other	--	--
<b>Balance at the End of the Period</b>	<b>29.088</b>	<b>22.772</b>

**12. Explanations on revaluation differences of tangible fixed assets**

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". As a result of the revaluation made, the net revaluation difference after tax amounting to TL 98.416 has been accounted for in "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" under equities (31 December 2019: TL 91.740).

**13. Explanations on profit distribution**

At the Ordinary General Assembly Meeting held on 26 March 2020, according to the proposal of the Parent Bank's Board of Directors for profit distribution, TL 66.806 of the net profit for the period of 2019 amounting to TL 1.336.113 was allocated as legal reserves and the remaining TL 1.269.307 was allocated as extraordinary reserves.

### III. Explanations and disclosures related to consolidated off-balance sheet items

#### a. Explanation on liabilities in off-balance sheet accounts

##### 1. Type and amount of irrevocable loan commitments

All of DFS Group's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 30 June 2020, loan granting commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 15.869.178, TL 26.936.152 and TL 2.047.572 respectively (31 December 2019: TL 13.726.695, TL 22.664.957 and TL 1.973.049 respectively). The details of these items are followed in the off-balance sheet accounts.

##### 2. Structure and amount of possible losses and commitments arising from off-balance sheet items

##### (i) Non-cash loans including guarantees, bill of guarantee and acceptances of bank and other letters of credit and commitments which can be considered as financial collateral

As of 30 June 2020, DFS Group has letters of guarantee amounting to TL 30.132.147, bill of guarantee and acceptances amounting to TL 98.222, and guarantees and warranties on letters of credit amounting to TL 3.921.651 and other guarantees and warranties amounting to TL 4.710.802.

As of 31 December 2019, DFS Group has letters of guarantee amounting to TL 26.397.744, bill of guarantee and acceptances amounting to TL 99.876, and guarantees and warranties on letters of credit amounting to TL 4.149.157 and other guarantees and warranties amounting to TL 3.826.284.

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

	Current Period	Prior Period
Provisional Letters of Guarantee	898.438	992.988
Final Letters of Guarantee	17.437.067	15.586.468
Letters of Guarantee for Advances	2.873.100	2.720.209
Letters of Guarantee given to Customs Offices	196.195	184.047
Other Letters of Guarantee	8.727.347	6.914.032
<b>Total</b>	<b>30.132.147</b>	<b>26.397.744</b>

##### 3. Information on non-cash loans

Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Obtaining Cash Loans	13.472.790	11.566.715
With Original Maturity of 1 Year or Less	13.255.178	11.072.182
With Original Maturity of More Than 1 Year	217.612	494.533
Other Non-Cash Loans	26.438.797	22.906.346
<b>Total</b>	<b>39.911.587</b>	<b>34.473.061</b>

#### b. Explanations on contingent assets and liabilities

In accordance with the precautionary principle regarding the lawsuits filed against the Group, TL 93.259 (31 December 2019: TL 94.810) provision has been set aside and these provisions are classified under "Other provisions" on the balance sheet. Except for those provisioned, other ongoing lawsuits are unlikely to result in a negative conclusion and cash outflow is not foreseen for them.



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

##### a. Interest income

###### 1. Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term Loans	1.331.304	268.371	2.188.338	236.529
Medium and Long Term Loans	4.287.835	1.870.456	4.188.542	1.853.694
Loans Under Follow-Up	42.980	--	284.308	--
Premiums Received from Resource Utilisation Support Fund	--	--	--	--
<b>Total</b>	<b>5.662.119</b>	<b>2.138.827</b>	<b>6.661.188</b>	<b>2.090.223</b>

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

###### 2. Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	360	--	--	--
Domestic Banks	59.187	15.265	45.532	5.918
Foreign Banks	63	7.693	6.530	43.956
Foreign Head Offices and Branches	--	39	--	2.210
<b>Total</b>	<b>59.610</b>	<b>22.997</b>	<b>52.062</b>	<b>52.084</b>

The interest income received from required reserves of the Parent Bank with the CBRT is none (1 January - 30 June 2019: TL 101.400).

###### 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	4.140	3.487	10.742	345
Financial Assets at Fair Value Through Other Comprehensive Income	355.041	182.033	400.837	71.943
Financial Assets Measured at Amortised Cost	224.349	52.670	239.123	49.326
<b>Total</b>	<b>583.530</b>	<b>238.190</b>	<b>650.702</b>	<b>121.614</b>

As stated in the chapter III footnote numbered VII, the Parent Bank has government securities in the financial assets at fair value through other comprehensive income and financial assets measured at amortised cost portfolios with a maturity of 5 to 10 years and having CPI indexed 6 months real coupon ratio fixed until maturity. As stated in the Undersecretariat of Treasury's securities indexed CPI Investors Guide, the reference indexes used in calculating the actual coupon payment amounts of these assets are based on the CPI of previous two months. The Parent Bank predicts the estimated inflation rate in parallel to those. The estimated inflation rate used is updated when necessary during the year. In this context, as of 30 June 2020, the valuation of these securities was made according to the annual forecast of 9,38% inflation. If the valuation for these securities indexed to the CPI was made according to the reference index valid for 30 June 2020, the securities valuation differences under the equity would increase by TL 2.650 and net profit for the period would decrease by TL 8.888 to TL 1.056.568.

###### 4. Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	--	177

##### b. Interest expense

###### 1. Information on interest expense related to funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>89.322</b>	<b>663.069</b>	<b>149.824</b>	<b>690.161</b>
Central Bank of the Republic of Turkey	--	115.134	--	26.575
Domestic Banks	79.027	17.477	141.274	64.796
Foreign Banks	10.295	530.458	8.550	598.790
Foreign Head Offices and Branches	--	--	--	--
<b>Other Institutions</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>89.322</b>	<b>663.069</b>	<b>149.824</b>	<b>690.161</b>

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

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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	2.904	9.565

**3. Information on interest expense paid to securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid to Securities Issued	218.160	--	440.840	--

**4. Maturity structure of the interest expense on deposits**

Account Name	Demand Deposits	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 Year		
<b>TL</b>								
Bank Deposits	--	37.293	--	--	--	--	--	37.293
Saving Deposits	2.175	221.717	1.177.015	26.489	19.740	58.997	375	1.506.508
Public Sector Deposits	--	2.514	2.860	1.297	16	142	--	6.829
Commercial Deposits	--	176.948	193.667	7.044	10.440	1.362	--	389.461
Other Deposits	--	5.795	25.162	13.101	7.844	3.636	--	55.538
7 Days Call Account	--	--	--	--	--	--	--	--
<b>Total</b>	<b>2.175</b>	<b>444.267</b>	<b>1.398.704</b>	<b>47.931</b>	<b>38.040</b>	<b>64.137</b>	<b>375</b>	<b>1.995.629</b>
<b>FC</b>								
Deposits	14.430	341.179	112.628	20.079	9.983	17.704	--	516.003
Bank Deposits	1.719	11.508	--	--	--	--	--	13.227
7 Days Call Account	--	--	--	--	--	--	--	--
Precious Metal Deposits	3	209	1.232	236	791	1.321	57	3.849
<b>Total</b>	<b>16.152</b>	<b>352.896</b>	<b>113.860</b>	<b>20.315</b>	<b>10.774</b>	<b>19.025</b>	<b>57</b>	<b>533.079</b>
<b>Grand Total</b>	<b>18.327</b>	<b>797.163</b>	<b>1.512.564</b>	<b>68.246</b>	<b>48.814</b>	<b>83.162</b>	<b>432</b>	<b>2.528.708</b>

**c. Explanations on trading income/loss**

	Current Period	Prior Period
<b>Income</b>	<b>292.479.951</b>	<b>311.909.820</b>
Capital Market Transactions	167.887	78.469
Derivative Financial Instruments	4.436.062	11.257.994
Foreign Exchange Gains	287.876.002	300.573.357
<b>Loss (-)</b>	<b>291.930.576</b>	<b>312.103.043</b>
Capital Market Transactions	68.253	64.522
Derivative Financial Instruments	4.015.880	11.086.766
Foreign Exchange Losses	287.846.443	300.951.755
<b>Net Trading Income / Loss</b>	<b>549.375</b>	<b>(193.223)</b>

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments amounts to TL 880.171 (1 January - 30 June 2019: TL 253.723).

**d. Information on other operating income**

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

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**e. Provisions for expected credit loss**

	Current Period	Prior Period
Expected credit loss (*)	3.564.601	2.257.277
12 months provision for expected loss (Stage 1)	342.161	(94.700)
Significant increase in credit risk (Stage 2)	1.335.079	1.291.097
NPL (Stage 3)	1.887.361	1.060.880
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	239.276	64.243
<b>Total</b>	<b>3.803.877</b>	<b>2.321.520</b>

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

**f. Information on other operating expenses**

	Current Period	Prior Period
Personnel Expenses (*)	1.071.979	910.699
Reserve for Employee Termination Benefits (*)	33.974	22.340
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets (**)	195.357	180.959
Impairment Losses on Intangible Assets	--	--
Goodwill for impairment loss	--	--
Amortisation Charges of Intangible Assets	83.753	65.096
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	5.391	1.369
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	617.972	593.212
Operational Lease Expenses (**)	36.833	43.359
Repair and Maintenance Expenses	37.817	52.402
Advertisement Expenses	37.042	44.972
Other Expenses (***)	506.280	452.479
Losses on Sale of Assets	5.737	1.105
Other	353.029	292.035
<b>Total</b>	<b>2.367.192</b>	<b>2.066.815</b>

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

(\*\*) Includes the effect of TFRS 16.

(\*\*\*) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationary, representation, heating and lighting, credit card service fee and others amounting to TL 40.379, TL 103.423, TL 11.062, TL 817, TL 27.615, TL 240.379 and TL 82.605 respectively (1 January - 30 June 2019: TL 37.888, TL 79.299, TL 16.072, TL 3.931, TL 24.677, TL 116.680 and TL 173.932 respectively).

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

As 1 January - 30 June 2020, DFS Group has a profit before tax from continued operations amounting to TL 1.459.207 (1 January - 30 June 2019: TL 1.001.338).

**h. 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 - 30 June 2020, the current tax charge on continued operations amounts to TL 395.045 (1 January - 30 June 2019: TL 179.707) while deferred tax charge amounts to TL 976.457 (1 January - 30 June 2019: TL 1.159.853 and deferred tax benefit amounts to TL 977.751 (1 January - 30 June 2019: TL 1.143.567).

There are not current tax expense on discontinued operations.

**i. Explanations on net profit and loss for the period**

- 1. If the disclosure of the characteristic, dimension and repetition rate of the income and expense items arising from ordinary banking transactions is necessary for the understanding of the Bank's performance during the period, the characteristic and amount of these items**

DFS Group's income from ordinary banking transactions related to the current and previous period are interest income from loans and securities and other banking service income. The main sources of expenditure are interest expenses on deposits and similar borrowing items, which are the funding sources of loans and securities.

**2. Profit/(loss) attributable to minority shares**

	<b>Current Period</b>	<b>Prior Period</b>
Profit/(loss) attributable to minority shares	6.316	48

- 3. No changes have been made in the accounting estimates which may have a material effect in the current period and materially affect subsequent periods.**
- j. If the other lines of the statement of profit or loss exceeds 10% of the period profit/loss, information on components making up at least 20% of other items**

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

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

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

**Current Period**

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans</b>						
Balance at the Beginning of the Period	11	31.543	119.015	4.963	329.133	--
Balance at the End of the Period	20	42.593	137.406	4.963	405.179	--
Interest and Commission Income	23	52	739	--	2	--

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

**Prior Period**

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans</b>						
Balance at the Beginning of the Period	13.631	30.404	11.790	1.677	34	--
Balance at the End of the Period	11	31.543	119.015	4.963	329.133	--
Interest and Commission Income	176	75	261	--	--	--

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

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

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder (**)		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at the Beginning of the Period	155.491	137.535	8.130.445	11.965.213	35.172	16.720
Balance at the End of the Period	137.916	155.491	13.117.534	8.130.445	144.345	35.172
Interest and Commission Expense Paid	2.904	9.595	178.649	310.808	363	--

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

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

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

DFS Group's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions for Trading Purposes:</b>						
Balance at the Beginning of the Period	--	--	594.000	--	--	--
Balance at the End of the Period	--	--	10.012	594.000	--	--
Total Income/(Loss)	--	--	12	(4.214)	116	--
<b>Transactions for Hedging Purposes:</b>						
Balance at the Beginning of the Period	--	--	--	--	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/(Loss)	--	--	--	--	--	--

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

**d. Information on benefits provided to top management**

DFS Group made payment amounting to TL 49.435 (30 June 2019: TL 28.299) to its top management as of 30 June 2020.

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

As of 30 June 2020, cash loans and other receivables of the risk group represent 0,34% of DFS Group's total cash loans and banks; deposits and borrowings represent 6,77% of DFS Group's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,12% of the total non-cash loans balance.

The risk group that the DFS Group is involved in, conducts financial and operational leasing transactions with Deniz Leasing. The Parent Bank provides agency services for Deniz Yatırım through its branches. Amounts related to these transactions have been eliminated from the accompanying financial statements enclosed within the scope of consolidation adjustments.

**VI. Subsequent events**

None.

## **SECTION SIX**

### **INDEPENDENT AUDITOR'S REVIEW REPORT**

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

Consolidated financial statements and notes of the DFS Group are subject to independent auditor's review by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Deloitte Touche Tohmatsu) and independent auditor's review report dated 28 July 2020 is presented in front of the consolidated financial statements.

#### **II. Explanations and notes prepared by Independent Auditor**

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

## **SECTION SEVEN**

### **INTERIM ACTIVITY REPORT**

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

#### **Message From the Chairman**

Since joining ENBD, a leading banking group in the MENAT (Middle East, North Africa and Turkey) region, DenizBank continues its solid trajectory having full support from the Group. Our Bank remains a key player in Turkey's banking sector, committed to contributing to the national economy thanks to its innovative spirit, dynamism and quality of management.

The adverse effect of the COVID-19 pandemic on economies across the world, affecting people's health, daily lives and economic wellbeing since early 2020, has increasingly continued in the second quarter of the year. Government authorities in Turkey have acted swiftly by implementing preventative measures to protect citizens during this unprecedented situation, while adding new precautions on the way. In cooperation with the Central Bank of the Republic of Turkey and the Banking Regulation and Supervision Agency in this process, DenizBank has taken necessary actions to ensure the safety of its people and customers, while providing secure and uninterrupted access to banking services. We continue to serve our customers 24/7 during this period through our digital platforms and alternative distribution channels.

As part of our commitment to ensure the financial security and economic wellbeing of our customers, we have supported the visionary actions taken by the Turkish government to minimise the economic effects of the pandemic on the country. We have offered customers relief measures including loan deferrals, increasing borrowing limits and debt-restructuring to help them overcome short-term financial challenges during this unprecedented situation. We have also offered our SMEs, retail and corporate customers loan facility programmes to ensure their business continuity and ongoing operations. Further, DenizBank has contributed to the National Solidarity Campaign, providing cash and supplies to those affected by the pandemic.

In the second quarter of the year 2020, DenizBank secured loans with maturities varying between two to six years from the European Bank for Reconstruction and Development (EBRD), European Fund for Southeast Europe (EFSE) and Green for Growth Fund'dan (GGF), to be extended for supporting micro, small and medium scale agribusinesses, financing small and medium sized municipalities and in importing of raw materials and semi-finished products with export purposes as well as financing energy efficiency and renewable energy projects, and successfully continued its mission to support the economic development.

Despite the challenging economic situation, DenizBank has recorded a stable growth rate and maintained its remarkable performance level as a trusted banking partner to clients in the SME and agriculture sectors, the driving forces underlying the Turkish economy, supported by our innovative solutions, robust financial profile, experienced management team and the full support provided by ENBD.

Looking ahead, DenizBank will continue its strategic focus on innovation, data and digitisation, while keeping our customers at the heart of our journey as we always do. Leveraging the support and expertise of ENBD and our innovative products and services, we are determined to continue to lead banking excellence in the MENAT region.

#### **Message From The President and CEO**

The year 2019 for DenizBank was marked by our fresh start with our shareholder ENBD, as we set sail for a new era in our history. Following this very important investment that constituted a great value for our country in a conjuncture whereby economic fluctuations were heavily felt in the world as well as Turkey, we are proceeding on our path towards achieving many more targets with DenizBank as our brandname and our executive management team, and the strong wind of ENBD, the largest bank of Dubai and the third largest bank of the Gulf Cooperation Council (GCC), guiding us.

The first half of 2020 has made headlines in history as the coronavirus (COVID-19) outbreak took hold of the entire world as much as it has significantly affected people's health, social life and the economy in our country. All institutions, primarily the Ministry of Health, and certainly the authorities in the management of economy, have all acted uninterruptedly with sense of mission in the challenging combat against the pandemic and its adverse socioeconomic effects. Also, Turkish banking sector has done its part responsibly and duly as one of the leading supporters of the national solidarity with the sole purpose to protect the health of their employees and customers, provide uninterrupted service for customers and to sustain economic stability.

Parallel to the measures announced by the authorities of economy, our Bank has introduced certain facilities to provide relief for retail and commercial customers against short-term financial problems that the adverse effects of the pandemic may cause.

Having mobilised its resources since day one for the development and future of our country, DenizBank has prioritised its loan support for corporate and commercial enterprises, and SMEs in particular, which are trying



to adapt to changeable economic circumstances during this period. As of the end of March, the Bank introduced the Cheque Payment Support Facility and Economic Stability Shield Facility programmes, which were initiated by the Banks Association of Turkey to minimise the potential effects of the pandemic on employment, production, trade and payment systems considering SMEs, corporate and commercial customers. Following that, DenizBank became the first bank to participate in the Nefes Loan Facility, realised for the third time in collaboration with TOBB (The Union of Chambers and Commodity Exchanges of Turkey) and KGF (Credit Guarantee Fund), enabling the project to be initiated.

Another accomplishment of our Bank in this challenging period was the fresh funding amounting to USD 175 million (TL 1.25 billion TL) with up to 2 years of maturity secured from the European Bank for Reconstruction and Development (EBRD) in the second quarter of the year. The facility in question shall be used in supporting small and medium scale agribusinesses, financing small and medium sized municipalities and in importing of raw materials and semi-finished products with export purposes, which is very much needed for our country.

Furthermore, we reached an agreement for loans with 6 years of maturity from the European Fund for Southeast Europe (EFSE), amounting to EUR 20 million (approximately TL 154 million) to be used for financing micro and small enterprises and entrepreneurs engaged in agriculture, livestock business and agricultural management, MSEs as well as SMEs operating in rural areas, and from the Green for Growth Fund (GGF), amounting to EUR 25 million (approximately TL 192 million), to be used in financing energy efficiency and renewable energy projects.

Continuing its operations uninterruptedly during this challenging process, our Bank grew prudentially in asset size, loans and deposits in the first six months of 2020. DenizBank's assets were realised as TL 248.9 billion on a consolidated basis and TL 186.9 billion on an unconsolidated basis in the first six months of the year. Customer deposits reached TL 164.7 billion on a consolidated basis. DenizBank's service network reaching 743 branches in total including those in 81 provinces in Turkey and 35 subsidiary branches abroad and its customer base that has grown by 6.8% in the last one year have surely proven to be the major factors underlying this increase.

DenizBank continued to transfer the funds collected in the first half of 2020 into the economy, and managed to carry its consolidated cash loan volume to TL 160.7 billion, unconsolidated cash loan volume to TL 112.1 billion and total of consolidated cash and non-cash loan book to TL 200.6 billion.

While its equity reached 21.5 billion TL, equity including subordinated loans was recorded as 26.8 billion TL. On the other hand, the Bank's consolidated net profits reached TL 1,065 million in the first six months of 2020 while its net profit on an unconsolidated basis was realised as TL 1,053 million.

DenizBank successfully integrated its physical and digital channels thanks to its "phygital" strategy under the big-data-centred digital transformation process by bringing together people and opportunities offered by the digital world in 2019 and continued to facilitate its customers' lives throughout this critical process with an innovative perspective. Our bank has signed another innovation this year and launched 'Deniz Aquarium' where the passion for innovation existing in corporate DNA can be transformed into production in a physical office environment. Planned to serve as a centre for innovation, incubation and accelerator and to host units such as Innovation Management, In-house Entrepreneurship, Ecosystem Management and Accelerator, Blockchain Lab and Robotics and Artificial Intelligence Application Centre, Deniz Aquarium aims to be the home to projects enriching the ecosystem and guiding the industry.

Continuing to be the leader among private banks in agriculture, always considered a national matter, with TL 15 billion financing provided for over 1.3 million producers and 47% market share, our Bank continued to support the sector, endeavouring with a service model prioritising the requirements of agriculture. "From Deniz to Earth" application, created to boost technology-based productivity, has responded to the needs of more than 180 thousand farmers as their smart advisor in the field. The application's feature providing satellite tracking of cultivation areas has reinforced the pioneering role the Bank assumed in the digital transformation of agriculture.

Offering information technology services needed by the financial sector with an innovative perspective, our subsidiary Intertech has undertaken an initiative towards female high school students to raise the share of female employment in the finance sector. Intertech organised an event whereby sixty female students had the opportunity to observe the dynamics of the IT sector on-site and exchanged views with female managers and employees, encouraging them to have a career in technology.

Besides its financial activities, DenizBank is proud to be a bank that prioritises adding value to social development by supporting education, technology, culture, arts and sports. Offering support through various channels for many years for the development of sports in Turkey and introducing more people to the joy of sports, DenizBank signed a 3-year collaboration agreement with the Turkish Football Federation and assumed the sponsorship for all men's National Football Teams as of 2020.

On the other hand, having supported many projects since the day it was established with the motto “Yes to Arts”, our Bank sponsored the online music festival #StayHome Be with Music, which was organised by Popular Music Arts Foundation (POPSAV) during Eid al-Fitr for those working in music sector who were adversely affected by the global pandemic, bringing together more than 70 leading artists in Turkey who attended the event from home.

Continuing to generate value for Turkey with its successful performance in finance and wide-spectrum of investments for the development of social life, our Bank follows its safe route, as excited and motivated as it was on day one.

## **Changes in DFSG Companies**

### ***DenizBank Capital Increase***

At the Board of Directors’ meeting dated 9 January 2020, it was decided to submit to the General Assembly for approval the issue of increasing the TL 3.316.100.000 paid-in capital of the Bank by TL 2.380.000.000 in cash and amending the Article 6 titled “CAPITAL OF THE BANK” of the Articles of Association of the Bank and the amendment was approved in the Extraordinary General Assembly Meeting that was held on 3 February 2020.

### ***Purchase of DenizLeasing shares, owned by DenizBank AG, by DenizBank***

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

## **Amendments to Articles of Association**

Within the scope of the increasing of the TL 3.316.100.000 paid-in capital of the Bank by TL 2.380.000.000 in cash, the Article 6 titled “CAPITAL OF THE BANK” of the Articles of Association of the Bank was amended by approving in the Extraordinary General Assembly Meeting that was held on 3 February 2020.

Besides, after the delisting of DenizBank shares within the scope of the “squeeze-out” process as per the related legislation of CMB’s Squeeze-out and Sell-out Rights Communiqué (II-27.2), DenizBank is out of the scope of the Capital Markets Legislation. Within this context, the articles 3, 4, 7, 8, 10, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 29, 32, 33, 35, 36 and 37 of the Bank’s Articles of Association were also amended accordingly and these amendments were approved in the same Extraordinary General Assembly Meeting regarding capital increase.

## **Amendments to Rating Notes**

The amendments to Ratings of Denizbank assigned by Fitch Ratings and Moody’s in 2020 are below.

On 20 May 2020, International Rating Agency Fitch Ratings has affirmed DenizBank’s long-term foreign currency IDR at “B+” and local currency IDR at “BB-” with outlook as “Negative”. Fitch has affirmed Denizbank’s viability rating at “b+”, short-term local and foreign currency IDRs at “B”, support rating at “4” and National Long-Term rating at “AA (tur)” with a “Stable” outlook.

Ratings are as follows:

<b>Moodys*</b>		<b>Fitch Ratings**</b>	
Outlook	<b>Negative</b>	Outlook	<b>Negative</b>
Long Term Foreign Currency Deposits	<b>B3</b>	Long Term Foreign Currency	<b>B+</b>
Short Term Foreign Currency Deposits	<b>Not Prime</b>	Short Term Foreign Currency	<b>B</b>
Long Term Local Currency Deposits	<b>B3</b>	Long Term Local Currency	<b>BB-</b>
Short Term Local Currency Deposits	<b>Not Prime</b>	Short Term Local Currency	<b>B</b>
Baseline Credit Assessment (BCA)	<b>caa1</b>	Viability	<b>b+</b>
		Support	<b>4</b>
		National	<b>AA (tur) (Stable)</b>
*As of 18.06.2019		**As of 20.05.2020	

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 30 JUNE 2020**

(Currency: Thousands of TL - Turkish Lira)

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

**Financial Information**

**a. General Outlook of the Banking Sector**

Evaluation of the banking sector according to the June 2020 data\*:

-Loan volume (excluding financial sector loans)	TL 3.290 billion
TL Loan volume (excluding financial sector loans)	TL 2.135 billion
FX Loan volume (excluding financial sector loans)	USD 169 billion
-Deposit Volume (excluding interbank deposits)	TL 3.071 billion
TL Deposit Volume (excluding interbank deposits)	TL 1.528 billion
FX Deposit Volume (excluding interbank deposits)	USD 225 billion

In the first six months of 2020 the total loan volume of the banking sector reached TL 3.290 billion. SME, corporate and commercial loans became the segments with priority impact on total loan increase. Total consumer loans reached TL 578 billion, while total credit card loans was TL 154 billion. SME loans reached TL 808 billion in the first six months. While completing the year of 2019 at level of 5,4%, the total NPL ratio realized as 4,4% as at June 2020.

Total deposits reached TL 3.071 billion as at June 2020. The sector's total equity rose TL 546 billion at the end of the first five months.

The net profit of the banking sector in the first five months was realized as TL 27,3 billion.

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

**b. Summary Financial Highlights**

**Summary Consolidated Financial Highlights (TL millions)**

<b>Balance Sheet</b>	<b>30/06/2020</b>	<b>31/12/2019</b>
Securities <sup>(1)</sup>	27.216	21.454
Net Loans	160.713	142.786
Banks	48.655	43.634
Total Assets	248.866	217.314
Customer Deposits <sup>(2)</sup>	164.747	154.459
Time	118.378	118.622
Demand	46.369	35.837
Borrowings <sup>(3)</sup>	23.915	15.187
Securities Issued <sup>(3)</sup>	5.178	4.215
Sub-ordinated Loans	5.372	7.037
Shareholders' Equity	21.463	17.749
Paid-in Capital	5.696	3.316
Non-cash Loans	39.912	34.473
<b>Income Statements</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
Interest Income	8.966	9.991
Interest Expense	(3.692)	(6.346)
Net Interest Income after Provisions	1.710	1.387
Non-interest Income	2.788	2.271
Non-interest Expense	(3.039)	(2.657)
Tax Expense	(394)	(196)
Net Income	1.065	805
<b>Other Highlights</b>	<b>30/06/2020</b>	<b>31/12/2019</b>
Number of Branches <sup>(4)</sup>	743	751
Number of Employees	14.286	14.343
Number of ATMs	3.197	3.029
Number of POS Terminals	133.211	132.860
Number of Credit Cards	5.018.270	4.865.643

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

<sup>(2)</sup> Excludes bank deposits.

<sup>(3)</sup> Securities issued by Special Purpose Entity DFS Funding Corp. are reported under Securities Issued.

<sup>(4)</sup> Includes subsidiaries' branches.

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**c. Assessment of Financial Position and Risk Management**

(TL millions)	Consolidated	
	30/06/2020	31/12/2019
Capital Adequacy Ratio (%)	16,45	14,33
Shareholders' Equity	21.463	17.749
Return on Average Equity (%)	10,78	7,86
Non-performing Loans/ Total Cash Loans Ratio (%)	7,01	7,54