

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

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

**INDEPENDENT AUDITOR'S REPORT, CONSOLIDATED  
FINANCIAL STATEMENTS AND NOTES FOR THE YEAR  
ENDED 31 DECEMBER 2019**

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

## INDEPENDENT AUDITOR'S REPORT

### To the General Assembly of Denizbank Anonim Şirketi:

#### A) *Audit of Consolidated Financial Statements*

##### 1) *Opinion*

We have audited the accompanying consolidated financial statements of Denizbank A.Ş. (the "Bank") and its subsidiaries (collectively referred as "the Group"), which comprise the statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss, 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 year then ended and notes to the consolidated financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Denizbank A.Ş. and its subsidiaries as at December 31, 2019 and consolidated financial performance and consolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

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

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Key Audit Matter	How the Key Audit Matter is addressed in our audit
<p><i>Financial impact of TFRS 9 “Financial Instruments” standard and recognition of impairment on financial assets and related important disclosures</i></p>	
<p>As disclosed in footnote VIII of Section 3; the Group measured expected credit losses for financial assets by TFRS 9 “Financial Instruments Standards” in financial statements. The rationale reasons for selecting TFRS 9 impairment of financial assets as key audit matter are as follows;</p> <ul style="list-style-type: none"> <li>▪ Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements</li> <li>▪ The applications TFRS 9 are complex and comprehensive</li> <li>▪ The classification of financial instruments based on the Group’s business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows</li> <li>▪ The Group determines the fair value of financial assets presented at fair value with respect to their relevant business model category and determines the financial inputs that are not observable in the fair value measurement as Level 3 due to the existence of significant estimates and assumptions</li> <li>▪ Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses</li> <li>▪ The complexity and intensity of the control environment in the processes designed or reorganized for TFRS 9</li> <li>▪ Estimations and assumptions used in expected credit losses are new, important and complex.</li> <li>▪ Complex and comprehensive disclosure requirements of TFRS 9.</li> </ul>	<p>Our audit procedures in addition to our current audit procedures:</p> <ul style="list-style-type: none"> <li>▪ Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Group’s past performance, and local and global practices</li> <li>▪ Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Information Systems and Process Audit specialists</li> <li>▪ Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices</li> <li>▪ Testing criteria used for determining the contractual cash flows including interest payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Group’s business model</li> <li>▪ Analysis of the Group’s financial instruments classification and measurement models (financial instruments identified as fair value hierarchy level 3) and comparison with the requirements of the TFRS 9 standard</li> <li>▪ Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Group’s historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis</li> <li>▪ Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses</li> <li>▪ Detailed testing of mathematical verification of expected credit losses’ calculation on a sample basis</li> <li>▪ Evaluation of the assumptions and estimations used for the individually assessed financial assets based on expert judgment</li> <li>▪ Evaluating the necessity and accuracy of the updates made or required updates after the modeling process</li> <li>▪ Auditing of disclosures related to TFRS 9.</li> </ul>

<i>Derivative Financial Instruments</i>	
<p>Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in Section Five Note I.b.4. and Note II.b.</p> <p>Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.</p>	<p>Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the Bank management, fair value calculations of the selected derivative financial instruments which is carried out by valuation experts of another entity who are in the same audit network within our firm and the assessment of used estimations and the judgements and testing the assessment of operating effectiveness of the key controls in the process of fair value determination.</p>

4) *Responsibilities of Management and Directors for the Consolidated Financial Statements*

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

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

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

5) *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Independent Audit Regulation and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

*B) Report on Other Legal and Regulatory Requirements*

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”); no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities and financial statements for the period January 1 – December 31, 2019 are not in compliance with the TCC and provisions of the Bank’s articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor’s report is Yaşar Bivas.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
*A member firm of Ernst & Young Global Limited*



20 February 2020  
İstanbul, Türkiye

**DENİZBANK A.Ş.**  
**CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2019**

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34394 -ESENTEPE/İSTANBUL

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

Website of the Bank  
www.denizbank.com

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

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

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

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

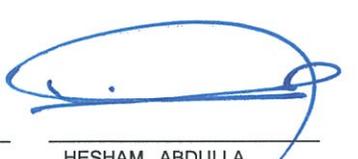
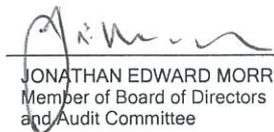
Subsidiaries
1 Denizbank AG, Vienna
2 Eurodeniz International Banking Unit Ltd.
3 Deniz Yatırım Menkul Kıymetler A.Ş.
4 JSC Denizbank, Moscow
5 Deniz Portföy Yönetimi A.Ş.
6 Deniz Finansal Kiralama A.Ş.
7 Deniz Faktoring A.Ş.
8 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.
9 CR Erdberg Eins GmbH & Co KG

Structured Entity
1 DFS Funding Corp.

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

20 February 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	 WOUTER G.M VAN ROSTE Member of Board of Directors and Audit Committee	 NİHAT SEVİNÇ Member of Board of Directors and Audit Committee	

Contact information for questions on this financial report:

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

Tel No: 0 212 348 5997

## 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") in 1 October 2004.

Dexia Participation Belgique SA, owned 100% directly and indirectly by Dexia SA/NV, has 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 has been 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) has 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 has been 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 Market 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 Exclusion and Selling Rights (II-27.2).

Within the scope of the Communiqué on Exclusion 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-months 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 withdraw from the partnership 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 partners other than the prevailing partner were canceled, the newly issued shares were transferred to the prevailing partner 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 100%. Following the completion of the process, the Bank's shares were removed from the stock market as of 16 December 2019.

#### II. The Parent Bank's capital structure, 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

Current Period (*)		
Name of the Shareholder	Amount (Full TL)	Share (%)
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.

Prior Period		
Name of the Shareholder	Amount (Full TL)	Share (%)
Sberbank of Russia	3.311.211.134	99,85
Publicly traded	4.888.709	0,15
Others shareholders	157	--
<b>Total</b>	<b>3.316.100.000</b>	<b>100,00</b>

**DENİZBANK ANONİM ŞİRKETİ**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF 31 DECEMBER 2019**

(Currency: Thousands of TL - Turkish Lira)

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

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

<b>Name</b>	<b>Title</b>	<b>Shares owned (%)</b>
<b>Chairman of the Board of Directors <sup>(2)</sup></b>		
Hesham Abdulla Qassim Alqassim	Chairman	--
<b>Board of Directors <sup>(2)</sup></b>		
Mohamed Hadi Ahmed Abdulla Alhussaini	Deputy Chairman	--
Nihat Sevinç	Deputy Chairman	--
Hakan Ateş	Member and CEO	0,000002
Deniz Ülke Ariböğän	Member	--
Wouter G.M. Van Roste	Member	--
Timur Kozintsev <sup>(3)</sup>	Member	--
Derya Kumru	Member	--
Shayne Keith Nelson	Member	--
Jonathan Edward Morris	Member	--
<b>Audit Committee <sup>(2)</sup></b>		
Wouter G.M. Van Roste	Member	--
Nihat Sevinç	Member	--
Jonathan Edward Morris	Member	--
<b>Executive Vice Presidents <sup>(1)</sup></b>		
Bora Bökügöz	Treasury and Financial Institutions	--
Ruslan Abil	Financial Affairs	--
Dilek Duman	Information Technologies and Support Operations	--
Tanju Kaya	Administrative Services and Investment Group	--
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 Hıçkırın	Payment Systems and Non-Branch Channels	--
Selim Efe Teoman	Corporate and Commercial Credits	--
Ramazan Işık	Head of Internal Audit	--
Murat Kulaksız	SME Banking and Public Financing	--
Necip Yavuz Elkin	Human Resources and Deniz Academy	--
Burak Koçak	Agricultural Banking	--
Oğuzhan Özark	Retail Banking	--
Cemil Cem Önenç	Private Banking and Investment Group	--
Sinan Yılmaz	Head of Risk Management Group	--
Edip Kürşad Başer	Credit Policy and Retail, SME, Agricultural Banking Credits Allocation	--
Verda Beril Yüzer Oğuz	Financial Institutions	--
Hayri Cansever	Secretariat General and Foreign Subsidiaries	--
Umut Özdoğan	Digital Transformation, CRM and Process Management	--

<sup>(1)</sup> Murat Çıtak, previously acting as Executive Vice President of IT Security and Digital-Card Payment Operations Group at the Parent Bank, has resigned as of 3 May 2019 and Mustafa Saruhan Özel, previously acting as Executive Vice President of Economic Research, Strategy and Program Management Office Group at the Parent Bank, has resigned as of 10 September 2019.

<sup>(2)</sup> As a result of the Extraordinary General Assembly Meeting of the Parent Bank held on 1 August 2019, in the division of duty among the Members of the Board of Directors; Hesham Abdulla Qassim Alqassim as Chairman, Mohamed Hadi Ahmed Abdulla Alhussaini and Nihat Sevinç as Deputy Chairman, Jonathan Edward Morris as Board and Audit Committee Member and Shayne Keith Nelson were elected as Board Member. Herman Gref, Igor Kolomeyskiy, Dzhangir Dzhangirov, Pavel Barchugov, Alexander Mozorov and Alexander Titov have resigned from their positions as Member of the Board of Directors before the Extraordinary General Meeting.

<sup>(3)</sup> Timur Kozintsev, previously acting as member of Board of Director of the Parent Bank, has resigned as of 14 February 2020.

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

<b>Commercial Title</b>	<b>Share Amounts</b>	<b>Share Percentages</b>	<b>Paid-in Capital</b>	<b>Unpaid Capital</b>
Emirates NBD Bank PJSC	3.316.100	100%	3.316.100	--

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

As of 31 December 2019 the capital structure of ENBD is as follows:

<b>Shareholders</b>	<b>Share Percentages</b>
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 service 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 31 December 2019.

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

In accordance with the Banking Law and regulations;

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

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

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

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

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

None.

## SECTION TWO

### CONSOLIDATED FINANCIAL STATEMENTS

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT**  
**OF FINANCIAL POSITION (BALANCE SHEET)**  
**AS OF 31 DECEMBER 2019**

(Currency: Thousands of TL - Turkish Lira)

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

ASSETS	Footnote	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>11.849.972</b>	<b>48.127.729</b>	<b>59.977.701</b>	<b>9.852.047</b>	<b>35.325.203</b>	<b>45.177.250</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>4.695.803</b>	<b>38.938.309</b>	<b>43.634.112</b>	<b>2.641.967</b>	<b>32.113.372</b>	<b>34.755.339</b>
1.1.1 Cash and Balances at Central Bank	(5.1.a)	1.530.609	34.141.244	35.671.853	2.374.157	25.750.052	28.124.209
1.1.2 Banks	(5.1.a)	1.903.476	4.801.906	6.705.382	258.162	6.367.606	6.625.768
1.1.3 Due from Money Markets		1.261.789	-	1.261.789	9.780	-	9.780
1.1.4 Expected Credit Losses (-)		71	4.841	4.912	132	4.286	4.418
<b>1.2 Financial Assets at Fair Value through Profit or Loss</b>	(5.1.b)	<b>20.633</b>	<b>485.623</b>	<b>506.256</b>	<b>91.872</b>	<b>421.239</b>	<b>513.111</b>
1.2.1 Public Debt Securities		18.389	3.051	21.440	90.381	1.767	92.148
1.2.2 Equity Instruments		44	153.472	153.516	-	95.845	95.845
1.2.3 Other Financial Assets		2.200	329.100	331.300	1.491	323.627	325.118
<b>1.3 Financial Assets at Fair Value through Other Comprehensive Income</b>	(5.1.c)	<b>6.147.636</b>	<b>8.026.934</b>	<b>14.174.570</b>	<b>5.838.928</b>	<b>2.075.561</b>	<b>7.914.489</b>
1.3.1 Public Debt Securities		6.069.466	7.242.150	13.311.616	5.838.150	1.516.476	7.354.626
1.3.2 Equity Instruments		78.170	227	78.397	778	200	978
1.3.3 Other Financial Assets		-	784.557	784.557	-	558.885	558.885
<b>1.4 Derivative Financial Assets</b>		<b>985.900</b>	<b>676.863</b>	<b>1.662.763</b>	<b>1.279.280</b>	<b>715.031</b>	<b>1.994.311</b>
1.4.1 Portion of Derivative Financial Assets Reflected to Profit or Loss	(5.1.b)	985.900	676.863	1.662.763	1.279.280	715.031	1.994.311
1.4.2 Portion of Derivative Financial Assets Reflected to Other Comprehensive Income	(5.1.j)	-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>69.796.431</b>	<b>79.761.375</b>	<b>149.557.806</b>	<b>67.095.420</b>	<b>77.876.251</b>	<b>144.971.671</b>
<b>2.1 Loans</b>	(5.1.d)	<b>72.255.743</b>	<b>76.632.862</b>	<b>148.888.605</b>	<b>66.880.326</b>	<b>73.476.068</b>	<b>140.356.394</b>
<b>2.2 Lease Receivables</b>	(5.1.i)	<b>513.049</b>	<b>2.197.532</b>	<b>2.710.581</b>	<b>715.049</b>	<b>2.345.061</b>	<b>3.060.110</b>
<b>2.3 Factoring Receivables</b>		<b>1.388.379</b>	<b>186.547</b>	<b>1.574.926</b>	<b>2.151.008</b>	<b>210.829</b>	<b>2.361.837</b>
<b>2.4 Financial Assets Measured at Amortised Cost</b>	(5.1.e)	<b>4.037.660</b>	<b>2.735.394</b>	<b>6.773.054</b>	<b>3.779.643</b>	<b>2.460.167</b>	<b>6.239.810</b>
2.4.1 Public Debt Securities		4.037.660	2.735.394	6.773.054	3.779.643	2.460.167	6.239.810
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Losses (-)</b>		<b>8.398.400</b>	<b>1.990.960</b>	<b>10.389.360</b>	<b>6.430.606</b>	<b>615.874</b>	<b>7.046.480</b>
<b>III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)"</b>	(5.1.o)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale		-	-	-	-	-	-
3.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>761.971</b>	<b>233</b>	<b>762.204</b>	<b>806.290</b>	<b>211</b>	<b>806.501</b>
<b>4.1 Investments in Associates (Net)</b>	(5.1.f)	<b>13.596</b>	<b>-</b>	<b>13.596</b>	<b>10.833</b>	<b>-</b>	<b>10.833</b>
4.1.1 Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		13.596	-	13.596	10.833	-	10.833
<b>4.2 Investments in Subsidiaries (Net)</b>	(5.1.g)	<b>745.575</b>	<b>233</b>	<b>745.808</b>	<b>792.657</b>	<b>211</b>	<b>792.868</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		745.575	233	745.808	792.657	211	792.868
<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 by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Associates		2.800	-	2.800	2.800	-	2.800
<b>V. TANGIBLE ASSETS (Net)</b>	(5.1.k)	<b>1.364.090</b>	<b>288.076</b>	<b>1.652.166</b>	<b>681.372</b>	<b>200.412</b>	<b>881.784</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(5.1.l)	<b>301.199</b>	<b>38.779</b>	<b>339.978</b>	<b>240.158</b>	<b>31.033</b>	<b>271.191</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		301.199	38.779	339.978	240.158	31.033	271.191
<b>VII. INVESTMENT PROPERTY (Net)</b>	(5.1.m)	<b>218.680</b>	<b>-</b>	<b>218.680</b>	<b>202.001</b>	<b>-</b>	<b>202.001</b>
<b>VIII. CURRENT TAX ASSETS</b>		<b>260.787</b>	<b>57.865</b>	<b>318.652</b>	<b>8.975</b>	<b>564</b>	<b>9.539</b>
<b>IX. DEFERRED TAX ASSETS</b>	(5.1.n)	<b>1.037.985</b>	<b>7.360</b>	<b>1.045.345</b>	<b>1.062.119</b>	<b>151.504</b>	<b>1.213.623</b>
<b>X. OTHER ASSETS (Net)</b>	(5.1.p)	<b>2.386.842</b>	<b>1.054.699</b>	<b>3.441.541</b>	<b>2.034.138</b>	<b>1.743.738</b>	<b>3.777.876</b>
<b>TOTAL ASSETS</b>		<b>87.977.957</b>	<b>129.336.116</b>	<b>217.314.073</b>	<b>81.982.520</b>	<b>115.328.916</b>	<b>197.311.436</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT**  
**OF FINANCIAL POSITION (BALANCE SHEET)**  
**AS OF 31 DECEMBER 2019**

(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	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.II.a)	<b>51.860.131</b>	<b>106.349.053</b>	<b>158.209.184</b>	<b>48.184.217</b>	<b>91.757.259</b>	<b>139.941.476</b>
<b>II. FUNDS BORROWED</b>	(5.II.c)	<b>941.524</b>	<b>14.245.904</b>	<b>15.187.428</b>	<b>1.829.916</b>	<b>14.532.244</b>	<b>16.362.160</b>
<b>III. DUE TO MONEY MARKETS</b>		<b>113.392</b>	<b>345.656</b>	<b>459.048</b>	<b>1.415.797</b>	<b>-</b>	<b>1.415.797</b>
<b>IV. SECURITIES ISSUED (Net)</b>	(5.II.d)	<b>3.935.477</b>	<b>279.296</b>	<b>4.214.773</b>	<b>3.086.177</b>	<b>901.682</b>	<b>3.987.859</b>
4.1 Bills		3.626.080	-	3.626.080	3.079.013	-	3.079.013
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		309.397	279.296	588.693	7.164	901.682	908.846
<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>188.257</b>	<b>692.618</b>	<b>880.875</b>	<b>908.105</b>	<b>1.141.758</b>	<b>2.049.863</b>
7.1 Portion of Derivative Financial Liabilities Reflected to Profit or Loss	(5.II.b)	188.257	692.618	880.875	908.105	1.141.758	2.049.863
7.2 Portion of Derivative Financial Liabilities Reflected to 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>547.355</b>	<b>71.247</b>	<b>618.602</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. PROVISIONS</b>	(5.II.h)	<b>1.734.174</b>	<b>123.552</b>	<b>1.857.726</b>	<b>926.309</b>	<b>18.859</b>	<b>945.168</b>
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		337.981	21.938	359.919	205.580	17.480	223.060
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.396.193	101.614	1.497.807	720.729	1.379	722.108
<b>XI. CURRENT TAX LIABILITIES</b>	(5.II.i)	<b>331.211</b>	<b>3.857</b>	<b>335.068</b>	<b>295.779</b>	<b>67.170</b>	<b>362.949</b>
<b>XII. DEFERRED TAX LIABILITIES</b>	(5.II.i)	<b>3.172</b>	<b>78.927</b>	<b>82.099</b>	<b>1.050</b>	<b>24.778</b>	<b>25.828</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>7.037.253</b>	<b>7.037.253</b>	<b>-</b>	<b>6.274.450</b>	<b>6.274.450</b>
14.1 Loans	(5.II.k)	-	7.037.253	7.037.253	-	6.274.450	6.274.450
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(5.II.e)	<b>4.071.344</b>	<b>6.611.761</b>	<b>10.683.105</b>	<b>3.984.658</b>	<b>6.455.958</b>	<b>10.440.616</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.l)	<b>8.230.177</b>	<b>9.518.735</b>	<b>17.748.912</b>	<b>8.078.680</b>	<b>7.426.590</b>	<b>15.505.270</b>
16.1 Paid-in Capital		3.316.100	-	3.316.100	3.316.100	-	3.316.100
16.2 Capital Reserves		67.576	-	67.576	67.576	-	67.576
16.2.1 Share Premium		15	-	15	15	-	15
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		67.561	-	67.561	67.561	-	67.561
16.3 Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss		679.604	47.309	726.913	776.465	39.211	815.676
16.4 Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss		(4.166.463)	5.178.209	1.011.746	(3.915.648)	3.906.078	(9.570)
16.5 Profit Reserves		7.278.139	16.192	7.294.331	5.095.616	16.192	5.111.808
16.5.1 Legal Reserves		455.936	5.019	460.955	346.810	5.019	351.829
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		6.822.203	11.173	6.833.376	4.748.806	11.173	4.759.979
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or Loss		1.032.449	4.277.025	5.309.474	2.724.175	3.465.109	6.189.284
16.6.1 Prior Years' Profits or Losses		568.878	3.437.883	4.006.761	1.593.545	2.396.092	3.989.637
16.6.2 Current Period Net Profit or Loss		463.571	839.142	1.302.713	1.130.630	1.069.017	2.199.647
16.7 Minority Share		22.772	-	22.772	14.396	-	14.396
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>71.956.214</b>	<b>145.357.859</b>	<b>217.314.073</b>	<b>68.710.688</b>	<b>128.600.748</b>	<b>197.311.436</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF**  
**OFF-BALANCE SHEET ITEMS**  
**AS OF 31 DECEMBER 2019**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
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Footnote	CURRENT PERIOD (31/12/2019)			PRIOR PERIOD (31/12/2018)		
	TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>	<b>75.031.858</b>	<b>146.069.232</b>	<b>221.101.090</b>	<b>70.119.981</b>	<b>133.267.437</b>	<b>203.387.418</b>
<b>I. GUARANTEES (5.III.a)</b>	<b>10.606.904</b>	<b>23.866.157</b>	<b>34.473.061</b>	<b>10.758.483</b>	<b>22.919.571</b>	<b>33.678.054</b>
1.1. Letters of Guarantee	10.585.358	15.812.386	26.397.744	10.744.708	15.583.822	26.328.530
1.1.1. Guarantees Subject to State Tender Law	-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations	79.021	105.025	184.046	79.021	102.658	181.679
1.1.3. Other Letters of Guarantee	10.506.337	15.707.361	26.213.698	10.665.687	15.481.164	26.146.851
1.2. Bank Acceptances	8.000	91.876	99.876	7.826	215.538	223.364
1.2.1. Import Letter of Acceptance	8.000	91.876	99.876	7.826	215.538	223.364
1.2.2. Other Bank Acceptances	-	-	-	-	-	-
1.3. Letters of Credit	13.546	4.135.611	4.149.157	5.949	3.505.885	3.511.834
1.3.1. Documentary Letters of Credit	5.730	3.077.979	3.083.709	5.949	1.838.619	1.844.568
1.3.2. Other Letters of Credit	7.816	1.057.632	1.065.448	-	1.667.266	1.667.266
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	-	3.826.284	3.826.284	-	3.614.326	3.614.326
1.9. Other Sureties	-	-	-	-	-	-
<b>II. COMMITMENTS (5.III.a)</b>	<b>42.447.877</b>	<b>10.942.665</b>	<b>53.390.542</b>	<b>34.851.430</b>	<b>8.808.308</b>	<b>43.659.738</b>
2.1. Irrevocable Commitments	40.560.256	10.848.227	51.408.483	33.975.209	8.808.308	42.783.517
2.1.1. Asset Purchase and Sale Commitments	1.674.676	5.189.236	6.863.912	1.409.987	3.754.663	5.164.650
2.1.2. Deposit Purchase and Sales Commitments	-	346.429	346.429	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries	4.000	-	4.000	-	-	-
2.1.4. Loan Granting Commitments	13.726.695	-	13.726.695	11.210.043	85.027	11.295.070
2.1.5. Securities Issuance Brokerage Commitments	-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements	-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments	1.973.049	-	1.973.049	1.815.134	-	1.815.134
2.1.8. Tax and Fund Obligations from Export Commitments	1.837	-	1.837	1.584	-	1.584
2.1.9. Commitments for Credit Card Limits	22.664.957	-	22.664.957	19.225.849	-	19.225.849
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services	6.915	-	6.915	4.592	-	4.592
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	508.127	5.312.562	5.820.689	308.020	4.968.618	5.276.638
2.2. Revocable Commitments	1.887.621	94.438	1.982.059	876.221	-	876.221
2.2.1. Revocable Loan Granting Commitments	1.887.062	94.438	1.981.500	875.662	-	875.662
2.2.2. Other Revocable Commitments	559	-	559	559	-	559
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS (5.III.b)</b>	<b>21.977.077</b>	<b>111.260.410</b>	<b>133.237.487</b>	<b>24.510.068</b>	<b>101.539.558</b>	<b>126.049.626</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	21.977.077	111.260.410	133.237.487	24.510.068	101.539.558	126.049.626
3.2.1. Forward Foreign Currency Purchases/Sales	1.255.779	4.154.693	5.410.472	2.721.070	4.761.386	7.482.456
3.2.1.1. Forward Foreign Currency Purchases	576.828	2.118.997	2.695.825	1.236.475	2.478.261	3.714.736
3.2.1.2. Forward Foreign Currency Sales	678.951	2.035.696	2.714.647	1.484.595	2.283.125	3.767.720
3.2.2. Currency and Interest Rate Swaps	17.003.685	93.778.024	110.781.709	13.733.466	83.753.085	97.486.551
3.2.2.1. Currency Swaps-Purchases	4.390.246	40.474.216	44.864.462	2.128.687	33.874.794	36.003.481
3.2.2.2. Currency Swaps-Sales	7.273.439	34.741.890	42.015.329	5.004.779	31.897.280	36.902.059
3.2.2.3. Interest Rate Swaps-Purchases	2.670.000	9.280.959	11.950.959	3.300.000	8.990.506	12.290.506
3.2.2.4. Interest Rate Swaps-Sales	2.670.000	9.280.959	11.950.959	3.300.000	8.990.505	12.290.505
3.2.3. Currency, Interest Rate and Security Options	3.654.667	7.266.307	10.920.974	7.949.933	10.666.955	18.616.888
3.2.3.1. Currency Options-Purchases	1.620.919	3.769.594	5.390.513	3.833.002	5.435.419	9.268.421
3.2.3.2. Currency Options-Sales	2.033.748	3.381.627	5.415.375	4.116.931	5.099.984	9.216.915
3.2.3.3. Interest Rate Options-Purchases	-	57.543	57.543	-	65.776	65.776
3.2.3.4. Interest Rate Options-Sales	-	57.543	57.543	-	65.776	65.776
3.2.3.5. Securities Options-Purchases	-	-	-	-	-	-
3.2.3.6. Securities Options-Sales	-	-	-	-	-	-
3.2.4. Currency Futures	62.946	56.418	119.364	78.768	72.355	151.123
3.2.4.1. Currency Futures-Purchases	62.946	-	62.946	6	72.350	72.356
3.2.4.2. Currency Futures-Sales	-	56.418	56.418	78.762	5	78.767
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	-	6.004.968	6.004.968	26.831	2.285.777	2.312.608
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>	<b>593.890.750</b>	<b>240.125.578</b>	<b>834.016.328</b>	<b>562.778.979</b>	<b>207.384.353</b>	<b>770.163.332</b>
<b>IV. ITEMS HELD IN CUSTODY</b>	<b>74.555.931</b>	<b>11.018.883</b>	<b>85.574.814</b>	<b>81.167.104</b>	<b>9.015.106</b>	<b>90.182.210</b>
4.1. Customers' Securities and Portfolios Held	139.814	-	139.814	137.780	-	137.780
4.2. Securities Held in Custody	71.741.449	8.494.938	80.236.387	78.009.150	6.886.818	84.895.968
4.3. Checks Received for Collection	1.488.707	1.996.891	3.485.598	1.451.819	1.609.409	3.061.228
4.4. Commercial Notes Received for Collection	1.184.713	335.302	1.520.015	1.567.103	384.389	1.951.492
4.5. Other Assets Received for Collection	-	-	-	-	-	-
4.6. Assets Received for Public Offering	-	-	-	-	-	-
4.7. Other Items under Custody	1.248	191.752	193.000	1.252	134.490	135.742
4.8. Custodians	-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>	<b>518.395.181</b>	<b>228.151.837</b>	<b>746.547.018</b>	<b>481.305.305</b>	<b>196.994.274</b>	<b>678.299.579</b>
5.1. Securities	2.718.694	62.184	2.780.878	3.116.269	55.289	3.171.558
5.2. Guarantee Notes	336.799.053	73.984.724	410.783.777	308.431.632	65.320.900	373.752.532
5.3. Commodities	15.967.774	10.139.026	26.106.800	16.082.123	9.287.813	25.369.936
5.4. Warrants	-	-	-	-	-	-
5.5. Immovables	99.845.858	71.451.449	171.297.307	95.095.000	64.695.435	159.790.435
5.6. Other Pledged Items	63.063.802	72.514.454	135.578.256	58.580.281	57.634.837	116.215.118
5.7. Pledged Items-Depository	-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>	<b>939.638</b>	<b>954.858</b>	<b>1.894.496</b>	<b>306.570</b>	<b>1.374.973</b>	<b>1.681.543</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>	<b>668.922.608</b>	<b>386.194.810</b>	<b>1.055.117.418</b>	<b>632.898.960</b>	<b>340.651.790</b>	<b>973.550.750</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2019**

(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish*

*See Note 3.1.c*

STATEMENT OF PROFIT OR LOSS		Footnote	CURRENT PERIOD	PRIOR PERIOD
			31/12/2019	(01/01-31/12/2018)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.a)	<b>20.042.379</b>	<b>17.876.835</b>
1.1	Interest on loans		17.454.496	15.279.502
1.2	Interest received from reserve deposits		145.307	193.978
1.3	Interest received from banks		243.470	256.573
1.4	Interest received from money market transactions		81.945	13.579
1.5	Interest received from marketable securities portfolio		1.591.696	1.752.421
1.5.1	Financial assets at fair value through profit or loss		15.376	24.001
1.5.2	Financial assets at fair value through other comprehensive income		1.053.858	861.440
1.5.3	Financial assets measured at amortised cost		522.462	866.980
1.6	Financial lease income		246.778	251.393
1.7	Other interest income		278.687	129.389
<b>II.</b>	<b>INTEREST EXPENSES (-)</b>	(5.IV.b)	<b>11.647.636</b>	<b>10.841.929</b>
2.1	Interest on deposits		8.934.464	8.497.008
2.2	Interest on funds borrowed		1.542.835	1.310.826
2.3	Interest on money market transactions		102.141	386.020
2.4	Interest on securities issued		892.512	591.069
2.5	Lease expenses		150.650	-
2.6	Other interest expenses		25.034	57.006
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>8.394.743</b>	<b>7.034.906</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>3.746.043</b>	<b>2.228.387</b>
4.1	Fees and commissions received		5.004.170	3.150.681
4.1.1	Non-cash loans		455.247	316.958
4.1.2	Other	(5.IV.I)	4.548.923	2.833.723
4.2	Fees and commissions paid (-)		1.258.127	922.294
4.2.1	Non-cash loans		9.635	6.400
4.2.2	Other	(5.IV.I)	1.248.492	915.894
<b>V.</b>	<b>DIVIDEND INCOME</b>	(5.IV.c)	<b>4.871</b>	<b>2.432</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	(5.IV.d)	<b>(335.785)</b>	<b>(430.271)</b>
6.1	Profit/losses from capital market transactions		163.709	(401)
6.2	Profit/losses from derivative financial transactions		(178.916)	1.646.385
6.3	Foreign exchange profit/losses		(320.578)	(2.076.255)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.e)	<b>413.144</b>	<b>448.967</b>
<b>VIII.</b>	<b>GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>12.223.016</b>	<b>9.284.421</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>	(5.IV.f)	<b>6.061.063</b>	<b>2.665.250</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	(5.IV.f)	<b>178.086</b>	<b>233.327</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>	(5.IV.g)	<b>1.895.860</b>	<b>1.586.909</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.g)	<b>2.372.590</b>	<b>2.099.651</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>1.715.417</b>	<b>2.699.284</b>
<b>XIV.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>XV.</b>	<b>PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-
<b>XVI.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>	(5.IV.h)	<b>1.715.417</b>	<b>2.699.284</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.IV.i)	<b>(407.101)</b>	<b>(495.196)</b>
18.1	Current tax provision		(158.057)	(390.081)
18.2	Expense effect of deferred tax (+)		(2.448.110)	(4.431.703)
18.3	Income effect of deferred tax (-)		2.199.066	4.326.588
<b>XIX.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	(5.IV.j)	<b>1.308.316</b>	<b>2.204.088</b>
<b>XX.</b>	<b>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.</b>	<b>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>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±)(XX-XXI)</b>		-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV.</b>	<b>NET PROFIT/LOSSES (XIX+XXIV)</b>	(5.IV.k)	<b>1.308.316</b>	<b>2.204.088</b>
25.1	Group's profit/loss		1.302.713	2.199.647
25.2	Minority shares profit / loss (-)		5.603	4.441
	Earnings / Losses per share (Per thousand share)		0,39	0,66

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2019**

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

(Currency: Thousands of TL - Turkish Lira)

	CURRENT PERIOD (01/01-31/12/2019)	PRIOR PERIOD (01/01-31/12/2018)
<b>I. CURRENT PERIOD PROFIT OR LOSS</b>	<b>1.308.316</b>	<b>2.204.088</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>932.553</b>	<b>204.912</b>
<b>2.1 Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss</b>	<b>(88.763)</b>	<b>165.392</b>
2.1.1 Gains (Losses) on Revaluation of Property, Plant and Equipment	11.158	24.597
2.1.2 Gains (Losses) on Revaluation of Intangible Assets	-	-
2.1.3 Gains (Losses) on Remeasurements of Defined Benefit Plans	(56.716)	(38.690)
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(53.079)	176.702
2.1.5 Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	9.874	2.783
<b>2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>1.021.316</b>	<b>39.520</b>
2.2.1 Exchange Differences on Translation	1.043.875	1.966.038
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive Income	924.582	(444.256)
2.2.3 Income (Loss) Related to Cash Flow Hedges	7.926	(37.704)
2.2.4 Income (Loss) Related to Hedges of Net Investments in Foreign Operations	(957.293)	(1.988.721)
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	2.226	544.163
<b>III. TOTAL COMPREHENSIVE INCOME/(LOSS) (I±II)</b>	<b>2.240.869</b>	<b>2.409.000</b>

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2019**

(Currency: Thousands of TL - Turkish Lira)

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

CHANGES IN SHAREHOLDERS' EQUITY	Paid-In Capital	Share Premium	Share Cancellation Profits	Other capital reserves	Tangible and Intangible Assets Revaluation Reserve	Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified in Profit and Loss			Profit reserves	Prior Period Net Profit / (Loss)	Current Period Net Profit / (Loss)	Total Equity Except Minority Shares	Minority Shares	Total Equity
						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)							
<b>PRIOR PERIOD</b>																	
<b>01/01-31/12/2018</b>																	
I. Balances at the Beginning of Period																	
II. Adjustment in Accordance with TAS 8 (5.V.c)	3.316.100	15	--	67.561	64.304	(15.371)	--	2.151.546	(447.399)	(1.741.301)	4.184.426	3.363.124	1.900.758	12.843.763	9.644	12.853.407	
2.1 Effect of Adjustment Related to Errors	--	--	--	--	--	--	--	601.351	(11.936)	--	--	(346.863)	--	242.652	--	242.652	
2.2 Effect of Changes in Accounting Policies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
III. New Balance (v+II)	3.316.100	15	--	67.561	64.304	(15.371)	601.351	2.151.546	(459.335)	(1.741.301)	4.184.426	3.016.261	1.900.758	13.086.315	9.644	13.096.959	
IV. Total Comprehensive Income (5.V.e)	--	--	--	--	18.889	(30.199)	176.702	1.966.038	(345.907)	(1.580.611)	--	--	2.199.647	2.404.559	4.441	2.409.000	
V. Capital Increase in Cash (5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
VI. Capital Increase through Internal Reserves (5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
VII. Issued Capital Inflation Adjustment	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
VIII. Convertible Bonds	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
IX. Subordinated Debt	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
X. Increase (Decrease) through Other Changes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
XI. Profit Distribution (5.V.d)	--	--	--	--	--	--	--	--	--	--	927.382	973.376	(1.900.758)	--	311	311	
11.1 Dividends Paid	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
11.2 Transfer to Legal Reserves (5.V.f)	--	--	--	--	--	--	--	--	--	--	927.382	973.376	(1.900.758)	--	--	--	
11.3 Other	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
<b>Balances 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>83.193</b>	<b>(45.570)</b>	<b>778.053</b>	<b>4.117.584</b>	<b>(805.242)</b>	<b>(3.321.912)</b>	<b>5.111.808</b>	<b>3.989.637</b>	<b>2.199.647</b>	<b>15.490.874</b>	<b>14.396</b>	<b>15.505.270</b>	
<b>CURRENT PERIOD</b>																	
<b>01/01-31/12/2019</b>																	
I. Balances at the Beginning of Period																	
II. Adjustment in Accordance with TAS 8 (5.V.c)	3.316.100	15	--	67.561	83.193	(45.570)	778.053	4.117.584	(805.242)	(3.321.912)	5.111.808	3.989.637	2.199.647	15.490.874	14.396	15.505.270	
2.1 Effect of Adjustment Related to Errors	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
2.2 Effect of Changes in Accounting Policies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
III. New Balance (v+II)	3.316.100	15	--	67.561	83.193	(45.570)	778.053	4.117.584	(805.242)	(3.321.912)	5.111.808	3.989.637	2.199.647	15.490.874	14.396	15.505.270	
IV. Total Comprehensive Income (5.V.e)	--	--	--	--	8.547	(44.231)	(53.079)	1.043.875	717.947	(740.506)	--	--	1.302.713	2.235.266	5.603	2.240.869	
V. Capital Increase in Cash (5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
VI. Capital Increase through Internal Reserves (5.V.a)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
VII. Issued Capital Inflation Adjustment	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
VIII. Convertible Bonds	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
IX. Subordinated Debt	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
X. Increase (Decrease) through Other Changes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
XI. Profit Distribution (5.V.d)	--	--	--	--	--	--	--	--	--	--	2.182.523	17.124	(2.199.647)	--	2.773	2.773	
11.1 Dividends Paid	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
11.2 Transfer to Legal Reserves (5.V.f)	--	--	--	--	--	--	--	--	--	--	2.182.523	17.124	(2.199.647)	--	--	--	
11.3 Other	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
<b>Balances 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>91.740</b>	<b>(89.801)</b>	<b>724.974</b>	<b>5.161.459</b>	<b>(87.295)</b>	<b>(4.062.418)</b>	<b>7.294.331</b>	<b>4.006.761</b>	<b>1.302.713</b>	<b>17.726.140</b>	<b>22.772</b>	<b>17.748.912</b>	

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2019**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of*  
*Consolidated Financial Report*  
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*See Note 3.1.c*

	Footnote	CURRENT PERIOD (01/01-31/12/2019)	PRIOR PERIOD (01/01-31/12/2018)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1</b>		<b>2.110.686</b>	<b>2.776.840</b>
<b>Operating profit before changes in operating assets and liabilities (+)</b>			
1.1.1		18.144.309	16.231.267
1.1.2		11.782.669	10.561.239
1.1.3		4.871	2.432
1.1.4		5.004.170	3.150.681
1.1.5		397.889	229.706
1.1.6		1.748.403	1.335.215
1.1.7		1.811.423	1.598.065
1.1.8		742.012	497.589
1.1.9	(5.VI.c)	(8.852.852)	(5.515.568)
<b>1.2</b>		<b>5.941.091</b>	<b>9.076.094</b>
<b>Changes in operating assets and liabilities subject to banking operations</b>			
1.2.1		6.415	(37.092)
1.2.2		(13.716.762)	(73.987)
1.2.3		(920.034)	(13.915.921)
1.2.4		13.578.399	2.847.247
1.2.5		877.823	(2.474.757)
1.2.6		11.839.295	16.751.892
1.2.7		-	-
1.2.8		(5.023.587)	2.694.904
1.2.9		-	-
1.2.10	(5.VI.c)	(700.458)	3.283.808
<b>I.</b>		<b>8.051.777</b>	<b>11.852.934</b>
<b>Net cash provided from banking operations(+/-)</b>			
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>		<b>(5.351.377)</b>	<b>(701.521)</b>
<b>Net cash provided from investing activities(+/-)</b>			
2.1		6.000	-
2.2		-	-
2.3		694.012	444.820
2.4		205.335	180.964
2.5		7.647.139	1.713.761
2.6		2.790.439	914.571
2.7		-	-
2.8		-	-
2.9		-	361.525
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>		<b>3.050.406</b>	<b>(4.024.514)</b>
<b>Net cash flows from financing activities (+/-)</b>			
3.1		28.105.051	15.224.714
3.2		24.767.928	19.249.228
3.3		-	-
3.4		-	-
3.5		286.717	-
3.6		-	-
<b>IV.</b>	(5.VI.c)	<b>2.578.740</b>	<b>3.695.321</b>
<b>Effect of change in foreign exchange rate on cash and cash equivalents(+/-)</b>			
<b>V.</b>	(5.VI.c)	<b>8.329.546</b>	<b>10.822.220</b>
<b>Net Increase in cash and cash equivalents</b>			
<b>VI.</b>	(5.VI.a)	<b>27.458.248</b>	<b>16.636.028</b>
<b>Cash and cash equivalents at beginning of the period (+)</b>			
<b>VII.</b>	(5.VI.a)	<b>35.787.794</b>	<b>27.458.248</b>
<b>Cash and Cash Equivalents at the End of Period</b>			

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

**DENİZBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED PROFIT DISTRIBUTION TABLE**  
**FOR THE PERIOD ENDED 31 DECEMBER 2019**  
(Currency: Thousands of TL - Turkish Lira)

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

	CURRENT PERIOD (01/01-31/12/2019)	PRIOR PERIOD (01/01-31/12/2018)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME (*)</b>		
1.1 CURRENT YEAR INCOME	-	-
1.2 TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1 Corporate Tax (Income Tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	-	-
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	-	-
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owner of ordinary shares	-	-
1.6.2 To owner of preferred shares	-	-
1.6.3 To owner of preferred shares (preem private rihgts)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit or loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owner of ordinary shares	-	-
1.9.2 To owner of preferred shares	-	-
1.9.3 To owner of preferred shares (preem private rihgts)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit or loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owner of ordinary shares	-	-
2.3.2 To owner of preferred shares	-	-
2.3.3 To owner of preferred shares (preem private rihgts)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit or loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PRIVILAGED SHARES	-	-
3.4 TO OWNERS OF PRIVILAGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILAGED SHARES	-	-
4.4 TO OWNERS OF PRIVILAGED SHARES (%)	-	-

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

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 Authority (“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 indicated 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. These assumptions and estimations include the fair value calculations and impairment of financial assets and are reviewed regularly, the 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 classified 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.

The DFS Group has applied TFRS 16 Leases (TFRS 16) standard issued by the POA for the first time on 1 January 2019 in the accompanying consolidated financial statements. In accordance with the transition rules of TFRS 16, the prior period financial statements and notes are not restated. Accounting policies, impacts and adoption of transition to TFRS 16 is disclosed in Section Three, note XV.

- 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 evaluated with 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 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. In the period end 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 subjected to evaluation as of the period ends are as follows:

	<b>31 December 2019</b>	<b>31 December 2018</b>
US Dollar	5,9400 TL	5,2810 TL
Euro	6,6621 TL	6,0422 TL

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

As of 31 December 2019, net foreign exchange loss included in the statement of profit or loss amounts to TL 320.578 (1 January - 31 December 2018: TL 2.076.255 net foreign exchange loss).

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

Parent Bank has converted 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. Conversion 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 at the Parent Bank are shown under consolidated financial tables in "Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss".

Total of the relevant conversion differences are TL 5.097.007 as of 31 December 2019 (31 December 2018: TL 4.048.506).

The foreign exchange difference of TL 64.452 (31 December 2018: TL 69.078) 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 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 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"), Hızlıröde Elektronik Para ve Ödeme Hizmetleri A.Ş. (Hızlıröde) 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 "Hızlıröde 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**

None.

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

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

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

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

The carrying amount of the Parent Bank's investment in each subsidiary 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.

All financial statements used in consolidation are prepared as of 31 December 2019 and in order to ensure the application of the same accounting policies for similar transactions and events in similar circumstances, necessary adjustments were made on the 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 forward foreign currency purchase/sale 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 liabilities and receivables arising from the derivative transactions are recorded in off-balance sheet items at their contractual amounts.

The 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 values of derivatives are calculated by considering 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. As of 1 January 2018, DFS Group has started to calculate accruals for non-performing loans. The net book value of the non-performing loans (Gross Book Value - Provision for Expected Loss) is discounted with effective interest rate and recorded over the gross carrying amount of the non-performing loan.

**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, excluding fee and commission incomes in respect of certain banking transactions in which 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 financial position statement when only it becomes a party to the contractual terms of the financial instrument. During the first recognition of a financial asset into the financial statements, 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 the ones that 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 at the fair value through profit or loss are initially recognised at fair value and remeasured at their fair value after recognition. All gains and losses 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 are solely payments of principal and interest at certain dates, they 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 is holding 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 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 Secretary 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 ago.

**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 a 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 checked whether there is a significant increase in loan risk at each reporting date after the first 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 since the first 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.

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 reporting period, 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 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 without taking into account the past due days criterion.

The provision for expected credit loss is calculated 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 separation 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 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 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. The 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 habits 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. Basket generation analysis has been performed for the default data obtained to calculate reasonable and valid accumulated default rates.

PD curves have been generated by regression method using the suitable statistical distribution from the data obtained for the baskets 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 that 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 is 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 that 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, the 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 made 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, due to the fact that the default risk of the financial instrument is low, that 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, the financial instrument's credit risk is considered to be low.

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

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

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

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

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

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

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

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

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

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

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

Financial assets and liabilities are offset and the net amount is reported in 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 portfolio and are subjected to valuation as per the valuation principles of the relevant portfolio. Funds obtained from repurchase agreements are presented on the liability side of the consolidated balance sheet within the account of "Receivables from money market". The accrual amounts corresponding to the period is calculated over the sell and repurchase price difference determined in repurchase 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 received 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 due to non-performing loans, and are recognised in the financial statements in accordance with the regulations of "TFRS 5 Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations".

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

As 31 December 2019, 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 represented with fair values of tangible assets (credit card brand equity, 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 subjected to amortisation instead it is subject to impairment test yearly or more frequently when they indicate that 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 "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.

#### **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 the 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 equities 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, financial 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 recognised in equity either.

**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 1.045.345 as of 31 December 2019 (31 December 2018: TL 1.213.623) and deferred tax liabilities amounting to TL 82.099 (31 December 2018: TL 25.828) have been recognised in the accompanying financial statements.

As the deferred tax liability is calculated for all taxable temporary differences, deferred tax assets arising from deductible temporary differences are calculated provided that it is strongly possible to benefit from these differences in the future by obtaining profit subject to taxation. As of 1 January 2018, with the provisions of TFRS 9, deferred tax asset has been started to be calculated over the provision for expected loss that constitute temporary difference. As of 1 January 2019, pursuant to the provisions of TFRS 16 as well as the rental depreciation and interest expenses which constitute temporary difference and tax laws, deferred tax asset has begun to be calculated over the difference between the rental expenses spread over the rental period.

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 2019 and 2018, the Parent Bank does not have issuance of share certificates.

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

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

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

**XXII. Explanations on government incentives**

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

**XXIII. Explanations on segment reporting**

Segment reporting is presented in Section Four, note XII.

**XXIV. Explanations on other matters**

None.

## **XXV. Classifications**

In order to comply with the presentation of the financial statements as of 31 December 2019, reclassifications have been made on statement of financial position, statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and and statement of cash flows as of and for the period ended 31 December 2018.

## **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 first 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.

### **Transition to TFRS 16**

"TFRS 16 Leases" Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826, to be applied in the accounting periods beginning after 31 December 2018. The Group has applied TFRS 16 "Leases" standard as of 1 January 2019 that is the first application date, instead TAS 17 "Leasing Transactions".

The Group applied TFRS 16 with a simplified transition application approach and did not rearrange comparable amounts for the previous year.

Lease agreements for vehicles and ATMs, which are determined as low-value by the Group, with short term lease agreements that is 12 months and less, have been evaluated under the exception granted by the standard, and payments for these contracts are recorded as expense in the period in which they are incurred.

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As of 1 January 2019, when the TFRS 16 is effective, information on the right-of-use and the lease liability is as follows:

	<b>1 January 2019</b>
Properties	703.772
<b>Total right-of-use</b>	<b>703.772</b>

	<b>1 January 2019</b>
Operational lease commitments	1.499.631
Contracts excluded from TFRS 16 (-)	139.261
Total lease liability	1.360.370
<b>Discounted lease liabilities</b>	<b>690.718</b>

As of 31 December 2019, the net right of use assets in the consolidated financial statements is TL 565.353 and the net lease liability is TL 618.602.

## 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 is TL 24.591.442 (31 December 2018: TL 22.751.004) while its capital adequacy standard ratio is 14,33% as of 31 December 2019 (31 December 2018: 14,93%).

#### a. Components of consolidated equity items

	Current Period	Prior Period
	31 December 2019	31 December 2018
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3.316.100	3.316.100
Share issue premiums	15	15
Reserves	7.294.331	5.111.808
Gains recognised in equity as per TAS <sup>(1)</sup>	2.408.593	2.295.369
Profit	5.309.474	6.189.284
Current Period Profit	1.302.713	2.199.647
Prior Period Profit	4.006.761	3.989.637
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	778	708
Minorities' Share	22.772	14.396
<b>Common Equity Tier I Capital Before Deductions</b>	<b>18.352.063</b>	<b>16.927.680</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	178.993	858.359
Improvement costs for operating leasing	71.630	90.968
Goodwill (net of related tax liability)	--	--
Other intangibles other than mortgage-servicing rights (net of related tax liability)	339.978	271.191
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	--	296.702
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>590.601</b>	<b>1.517.220</b>
<b>Total Common Equity Tier I Capital</b>	<b>17.761.462</b>	<b>15.410.460</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>17.761.462</b>	<b>15.410.460</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.889.713	5.606.183
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)	1.951.821	1.749.362
<b>Tier II Capital Before Deduction</b>	<b>6.841.534</b>	<b>7.355.545</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>6.841.534</b>	<b>7.355.545</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>24.602.996</b>	<b>22.766.005</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	11.554	15.001
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
The Sum of net long positions of investments in the Additional Tier I capital and Tier II capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	--	--
<b>TOTAL CAPITAL</b>		
Total Capital ((The sum of Tier I Capital and Tier II Capital)	24.591.442	22.751.004
Total risk weighted amounts	171.601.009	152.368.431
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	10,35	10,11
Tier I Capital Adequacy Ratio (%)	10,35	10,11
Capital Adequacy Ratio (%)	14,33	14,93

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**BUFFERS**

Total additional Common Equity Tier I Capital requirement ratio	2,662	1,989
Bank specific total common equity tier I capital ratio (%)	2,500	1,875
Capital conservation buffer requirement (%)	0,162	0,114
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 (%)	0,883	1,063
<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)	5.137.201	3.221.135
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.951.821	1.749.362
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 60% of the portion after deduction of the tax amount resulting from the difference (31 December 2018: 80%).

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

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

Issuer	ENBD PJSC	ENBD PJSC	ENBD PJSC	ENBD PJSC	ENBD PJSC
Unique identifier (eg CUSIP, ISIN)	Subordinated Loans	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.	"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	Not Deducted
Eligible at solo/group/group&solo	Eligible	Eligible	Eligible	Eligible	Eligible
Instrument type	Loan	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in mil. as of most recent reporting date)	613	713	1.426	1.069	1.069
Par value of instrument (Currency in mil)	766	891	1.782	1.782	1.782
Accounting classification	3470102	3470102	3470102	3470102	3470102
Original date of issuance	30/09/2014	30/04/2014	31/01/2014	30/09/2013	28/06/2013
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	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.	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.	None.
<b>Coupons/Dividends</b>					
Fixed or floating dividend/coupon	Fixed	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%	6,10%
Existence of a dividend stopper	None.	None.	None.	None.	None.
Fully discretionary, partially discretionary or mandatory	--	--	--	--	--
Existence of step up or other incentive to redeem	None.	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.	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.	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 feature</b>					
If write-down, write-down trigger(s)	None.	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 after deposit 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 after deposit 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 after deposit claimants.	Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts.	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.	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.

- 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-1</b>	<b>T-2</b>	<b>T-3</b>	<b>T-4</b>
Core Capital	17.761.462	17.761.462	17.761.462	17.761.462
<i>Transition Process Unapplied Core Capital</i>	<i>17.360.480</i>	<i>17.494.140</i>	<i>17.627.801</i>	<i>17.761.462</i>
Tier I Capital	17.761.462	17.761.462	17.761.462	17.761.462
<i>Transition Process Unapplied Main Capital</i>	<i>17.360.480</i>	<i>17.494.140</i>	<i>17.627.801</i>	<i>17.761.462</i>
Equity	24.591.442	24.591.442	24.591.442	24.591.442
<i>Transition Process Unapplied Equity</i>	<i>24.190.460</i>	<i>24.324.120</i>	<i>24.457.781</i>	<i>24.591.442</i>
<b>TOTAL RISK WEIGHTED AMOUNTS</b>				
Total Risk Weighted Amounts	171.601.009	171.601.009	171.601.009	171.601.009
<b>CAPITAL ADEQUACY RATIO</b>				
Core Capital Adequacy Ratio (%)	10,35	10,35	10,35	10,35
<i>Transition Process Unapplied Core Capital Adequacy Ratio (%)</i>	<i>10,12</i>	<i>10,19</i>	<i>10,27</i>	<i>10,35</i>
Main Capital Adequacy Ratio (%)	10,35	10,35	10,35	10,35
<i>Transition Period Unapplied Main Capital Adequacy Ratio (%)</i>	<i>10,12</i>	<i>10,19</i>	<i>10,27</i>	<i>10,35</i>
Capital Adequacy Ratio (%)	14,33	14,33	14,33	14,33
<i>Transition Process Unapplied Capital Adequacy Ratio (%)</i>	<i>14,10</i>	<i>14,17</i>	<i>14,25</i>	<i>14,33</i>
<b>LEVERAGE RATIO</b>				
Total Leverage Ratio Risk Exposure	293.086.136	293.086.136	293.086.136	293.086.136
Leverage Ratio	6,04	6,04	6,04	6,04
<i>Transition Process Unapplied Leverage Ratio</i>	<i>5,90</i>	<i>5,95</i>	<i>5,99</i>	<i>6,04</i>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Explanation is given in Section Three, note VIII.

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

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

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

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

<b>Risk classifications</b>	<b>Prior Period (*)</b>	<b>Average (**)</b>
1 Receivables from central governments and Central Banks	41.876.261	38.227.389
2 Receivables from regional or local governments	1.018.511	612.779
3 Receivables from administrative bodies and non-commercial enterprises	--	--
4 Receivables from multilateral development banks	--	--
5 Receivables from international organizations	--	--
6 Receivables from banks and brokerage houses	11.622.897	10.202.865
7 Receivables from corporate portfolio	95.561.669	85.268.271
8 Receivables from retail portfolio	49.916.206	50.837.383
9 Receivables secured by residential mortgages	4.123.178	4.859.318
10 Receivables secured by commercial mortgages	12.834.523	12.132.297
11 Past due receivables	2.584.577	1.855.675
12 Receivables defined in high risk category by BRSA	38.486	17.834
13 Securities collateralized by mortgages	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--
15 Investments similar to collective investment funds	488	3.152
16 Other receivables	5.064.284	5.714.855
17 Equity investments	810.272	855.268
<b>18 Total</b>	<b>225.451.352</b>	<b>210.587.086</b>

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

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

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

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

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

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

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

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

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

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

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

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

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

**Evaluation of the Bank's competitive credit risk as being an active participant in the international banking transactions market**

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

**f. DFS Group's**

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

The receivables of DFS Group from the top 100 and 200 cash loan customers constitute 40% and 49% of the total cash loans portfolio (31 December 2018: 39%, 47%).

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

The receivables of DFS Group from the top 100 and 200 non-cash loan customers constitute 52% and 64% of the total non-cash loans portfolio (31 December 2018: 50%, 62%).

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

The share of the cash and non-cash receivables of DFS Group from top 100 and 200 loan customers constitute 25% and 31% of the total balance sheet and off-balance sheet assets (31 December 2018: 26%, 33%).

**g. Provisions for expected loss for credit risk undertaken by DFS Group**

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

As at 31 December 2018, stage 1 and stage 2 provisions for expected loss for credit risk undertaken by DFS Group amounts to TL 3.221.135.

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

<b>Current Period - 31 December 2019</b>	<b>Balance</b>	<b>Provision</b>
<b>Loans</b>	<b>153.503.212</b>	<b>10.388.506</b>
Stage 1	116.251.125	1.258.205
Stage 2	25.367.397	3.192.042
Stage 3	11.555.590	5.938.259
Financial assets at fair value through profit or loss	329.100	--
<b>Financial Assets</b>	<b>66.755.667</b>	<b>5.766</b>
<b>Other</b>	<b>3.444.696</b>	<b>3.155</b>
<b>Non-cash Loans</b>	<b>80.653.262</b>	<b>927.819</b>
Stage 1 and 2	80.011.082	678.033
Stage 3	642.180	249.786
<b>Total</b>	<b>304.356.837</b>	<b>11.325.246</b>

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

	Stage 1	Stage 2	Stage 3	Total
<b>Balance at the beginning of the period (1 January 2019)</b>	<b>1.107.349</b>	<b>1.856.903</b>	<b>4.081.111</b>	<b>7.045.363</b>
<b>Transfers</b>	<b>(99.388)</b>	<b>(203.549)</b>	<b>302.937</b>	<b>--</b>
Stage 1	103.640	(103.599)	(41)	--
Stage 2	(152.925)	331.427	(178.502)	--
Stage 3	(50.103)	(431.377)	481.480	--
Loans addition in the period	234.515	211.357	166.957	612.829
Disposals from loans in the period	(686.502)	(325.157)	(1.832.767)	(2.844.426)
Provisions changes during the period (*)	669.211	1.621.814	5.463.612	7.754.637
Loans written off (**)	--	--	(1.806.332)	(1.806.332)
Loans sold	--	--	(443.603)	(443.603)
Foreign exchange differences	33.020	30.674	6.344	70.038
<b>Balance at the end of the period (31 December 2019)</b>	<b>1.258.205</b>	<b>3.192.042</b>	<b>5.938.259</b>	<b>10.388.506</b>

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

(\*\*) As of 31 December 2019, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the DFS Group, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, loans amounting to TL 1.806.332 were deducted from the records.

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

	Stage 1	Stage 2	Stage 3	Total
<b>Balance at the beginning of the period (1 January 2019)</b>	<b>116.110.592</b>	<b>23.018.105</b>	<b>6.649.644</b>	<b>145.778.341</b>
<b>Transfers</b>	<b>(7.498.024)</b>	<b>2.302.797</b>	<b>5.195.227</b>	<b>--</b>
Stage 1	3.290.270	(3.290.191)	(79)	--
Stage 2	(8.804.062)	9.181.505	(377.443)	--
Stage 3	(1.984.232)	(3.588.517)	5.572.749	--
Loans addition in the period	33.455.604	4.844.690	2.807.000	41.107.294
Disposals from loans in the period	(30.433.964)	(5.189.369)	(847.236)	(36.470.569)
Loans written off (**)	--	--	(1.806.332)	(1.806.332)
Loans sold	--	--	(443.603)	(443.603)
Foreign exchange differences	4.616.917	391.174	890	5.008.981
<b>Balance at the end of the period (31 December 2019)</b>	<b>116.251.125</b>	<b>25.367.397</b>	<b>11.555.590</b>	<b>153.174.112</b>

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

(\*\*) As of 31 December 2019, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the DFS Group, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, loans amounting to TL 1.806.332 were deducted from the records. The effect of this accounting treatment on the non-performing loans ratio of the DFS Group is 108 basis points.

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

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

Prior Period	Risk Classifications (*) (**)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Domestic	27.172.689	939.627	-	--	--	1.134.849	51.769.092	45.802.619	3.740.822	9.921.337	2.501.089	38.593	--	--	--	4.681.197	3.771	147.705.685
European Union Countries	13.992.398	72.751	-	--	--	3.107.219	15.073.779	330.047	24.219	5.837	12.188	--	--	--	--	324.810	--	32.943.248
OECD Countries (**)	--	--	--	--	--	121.017	3.740.920	3.070	2.325	--	199	--	--	--	--	--	--	3.867.531
Off-Shore Banking Regions	--	--	--	--	--	295	1.056.432	12.358	458	1.511	1	--	--	--	--	--	--	1.071.055
USA, Canada	685.523	--	--	--	--	3.423.564	317.790	5.995	2.513	--	261	--	--	--	--	--	--	4.435.646
Other Countries	--	--	--	--	--	688.001	3.946.729	490.772	59.003	1.631.802	12.781	(107)	--	--	--	58.277	--	6.887.258
Subsidiaries, Associates and jointly controlled companies	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	806.501	806.501
Unallocated Assets/Liabilities	25.651	6.133	--	--	--	3.147.952	19.656.927	3.271.345	293.838	1.274.036	58.058	--	--	--	488	--	--	27.734.428
<b>Total</b>	<b>41.876.261</b>	<b>1.018.511</b>	<b>-</b>	<b>--</b>	<b>--</b>	<b>11.622.897</b>	<b>95.561.669</b>	<b>49.916.206</b>	<b>4.123.178</b>	<b>12.834.523</b>	<b>2.584.577</b>	<b>38.486</b>	<b>--</b>	<b>--</b>	<b>488</b>	<b>5.064.284</b>	<b>810.272</b>	<b>225.451.352</b>

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

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

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

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

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**I. Risk Profile by Sectors or Counterparties**

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

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

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

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

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Prior Period: 31 December 2018	Risk Classifications (*) (**)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
<b>Agricultural</b>	--	--	--	--	--	--	<b>4.882.272</b>	<b>11.359.744</b>	<b>165.831</b>	<b>1.663.892</b>	<b>153.929</b>	<b>2.045</b>	--	--	--	<b>4</b>	--	<b>13.787.786</b>	<b>4.439.931</b>	<b>18.227.717</b>
Farming and Cattle	--	--	--	--	--	--	3.115.717	11.343.002	165.721	1.662.494	153.014	1.731	--	--	--	4	--	13.771.599	2.670.084	16.441.683
Forestry	--	--	--	--	--	--	1.765.995	4.396	57	1.075	57	53	--	--	--	--	--	4.807	1.766.826	1.771.633
Fishing	--	--	--	--	--	--	560	12.346	53	323	858	261	--	--	--	--	--	11.380	3.021	14.401
<b>Manufacturing</b>	--	--	--	--	--	--	<b>21.361.966</b>	<b>2.458.174</b>	<b>255.398</b>	<b>1.800.417</b>	<b>230.477</b>	<b>2.741</b>	--	--	--	<b>6</b>	--	<b>4.898.382</b>	<b>21.210.797</b>	<b>26.109.179</b>
Mining	--	--	--	--	--	--	760.464	159.845	15.035	37.941	85.621	612	--	--	--	--	--	453.437	606.081	1.059.518
Production	--	--	--	--	--	--	11.345.519	2.216.622	231.393	1.709.339	143.665	2.129	--	--	--	6	--	3.867.094	11.781.579	15.648.673
Electric, Gas, Water	--	--	--	--	--	--	9.255.983	81.707	8.970	53.137	1.191	--	--	--	--	--	--	577.851	8.823.137	9.400.988
<b>Construction</b>	--	<b>10.215</b>	--	--	--	<b>50</b>	<b>9.977.272</b>	<b>2.003.182</b>	<b>355.574</b>	<b>1.103.807</b>	<b>194.372</b>	<b>15.404</b>	--	--	--	<b>3.316</b>	<b>2.800</b>	<b>5.651.421</b>	<b>8.014.571</b>	<b>13.665.992</b>
<b>Services</b>	<b>12.740.505</b>	<b>21.846</b>	--	--	--	<b>11.459.204</b>	<b>34.266.868</b>	<b>9.783.392</b>	<b>779.458</b>	<b>6.034.163</b>	<b>1.302.265</b>	<b>12.655</b>	--	--	<b>31</b>	<b>324.885</b>	<b>795.978</b>	<b>22.387.265</b>	<b>55.133.985</b>	<b>77.521.250</b>
Wholesale and Retail Trade	12	11.202	--	--	--	--	7.503.645	6.181.851	485.876	1.456.186	418.398	6.936	--	--	--	205	--	9.308.655	6.755.656	16.064.311
Hotel and Restaurant Services	--	--	--	--	--	--	8.997.968	611.794	102.689	3.396.090	592.115	138	--	--	--	--	--	2.030.599	11.670.195	13.700.794
Transportation and telecommunication	--	--	--	--	--	--	9.813.821	1.332.702	111.229	319.945	63.592	5.320	--	--	--	201	--	2.191.169	9.455.641	11.646.810
Financial institution	12.740.493	84	--	--	--	11.459.204	1.919.945	1.216.593	19.245	88.486	177.037	11	--	--	31	324.479	795.978	6.412.244	22.329.342	28.741.586
Real estate and letting services	--	169	--	--	--	--	743.087	145.655	35.622	62.212	2.956	125	--	--	--	--	--	274.019	715.807	989.826
Self-employment services	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Education services	--	9.359	--	--	--	--	1.163.469	169.165	13.428	544.310	2.523	72	--	--	--	--	--	1.445.283	457.043	1.902.326
Health and social services	--	1.032	--	--	--	--	4.124.933	125.632	11.369	166.934	45.644	53	--	--	--	--	--	725.296	3.750.301	4.475.597
<b>Other</b>	<b>29.135.756</b>	<b>986.450</b>	--	--	--	<b>163.643</b>	<b>25.073.291</b>	<b>24.311.714</b>	<b>2.566.917</b>	<b>2.232.244</b>	<b>703.534</b>	<b>5.641</b>	--	--	<b>457</b>	<b>4.736.073</b>	<b>11.494</b>	<b>45.781.582</b>	<b>44.145.632</b>	<b>89.927.214</b>
<b>Total</b>	<b>41.876.261</b>	<b>1.018.511</b>	--	--	--	<b>11.622.897</b>	<b>95.561.669</b>	<b>49.916.206</b>	<b>4.123.178</b>	<b>12.834.523</b>	<b>2.584.577</b>	<b>38.486</b>	--	--	<b>488</b>	<b>5.064.284</b>	<b>810.272</b>	<b>92.506.436</b>	<b>132.944.916</b>	<b>225.451.352</b>

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

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

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

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

**Current Period**

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

(\*) Amounts without maturities are included.

**Prior Period**

<b>Risk classifications</b>	<b>Undistributed (*)</b>	<b>1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 Year</b>
1 Receivables from central governments and Central Banks	20.265.169	7.282.469	324.395	528	1.194.405	12.809.295
2 Receivables from regional or local governments	--	206	1.276	5.025	44.380	967.624
3 Receivables from administrative bodies and non-commercial enterprises	--	--	--	--	--	--
4 Receivables from multilateral development banks	--	--	--	--	--	--
5 Receivables from international organizations	--	--	--	--	--	--
6 Receivables from banks and brokerage houses	4.589.598	1.570.269	1.834.424	265.008	744.120	2.619.478
7 Receivables from corporate portfolio	95.874	7.931.111	5.110.722	6.107.771	11.767.957	64.548.234
8 Receivables from retail portfolio	1.473	9.205.421	2.475.997	3.040.373	8.785.860	26.407.082
9 Receivables secured by residential mortgages	21	180.349	144.002	234.706	329.810	3.234.290
10 Receivables secured by commercial mortgages	7	370.521	519.028	606.513	1.067.568	10.270.886
11 Past due receivables	2.584.577	--	--	--	--	--
12 Receivables defined in high risk category by BRSA	38.486	--	--	--	--	--
13 Securities collateralized by mortgages	--	--	--	--	--	--
14 Short-term receivables from banks, brokerage houses and corporate portfolio	--	--	--	--	--	--
15 Investments similar to collective investment funds	--	488	--	--	--	--
16 Other receivables	4.836.678	13.363	--	--	--	214.243
17 Equity investments	810.272	--	--	--	--	--
<b>18 Total</b>	<b>33.222.155</b>	<b>26.554.197</b>	<b>10.409.844</b>	<b>10.259.924</b>	<b>23.934.100</b>	<b>121.071.132</b>

(\*) Amounts without maturities are included.

**n. Informations on risk class**

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

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

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Current Period

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

Prior Period

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

o. Exposures by risk weights

Current Period

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

Prior Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Equity Deduction
Exposures before Credit Risk Mitigation	39.398.817	--	7.805.957	--	4.607.344	55.683.825	116.961.828	993.581	--	--	--	1.532.221
Exposures after Credit Risk Mitigation	48.897.774	--	8.512.133	3.847.135	13.694.444	44.459.096	94.246.904	991.999	--	--	--	1.532.221

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

Current Period

Important Sectors/Counterparties	Loans (**)		Provisions
	Impaired (TFRS 9)		Provision for Expected Credit Loss (TFRS 9) (***)
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	
<b>Agricultural</b>	<b>4.267.931</b>	<b>1.624.320</b>	<b>769.524</b>
Farming and Cattle	4.229.366	1.619.058	760.697
Forestry	28.779	2.140	7.617
Fishing	9.786	3.122	1.210
<b>Manufacturing</b>	<b>3.585.741</b>	<b>2.023.916</b>	<b>1.686.635</b>
Mining	514.538	158.714	116.863
Production	2.325.529	1.046.778	999.680
Electric, Gas, Water	714.674	818.424	570.092
<b>Construction</b>	<b>2.376.737</b>	<b>1.265.844</b>	<b>978.257</b>
<b>Services</b>	<b>9.329.391</b>	<b>5.404.732</b>	<b>4.276.834</b>
Wholesale and Retail Trade	2.325.329	1.790.108	1.097.326
Hotel and Restaurant Services	3.693.209	1.974.985	1.576.123
Transportation & telecommunication	1.342.514	219.729	491.529
Financial institution	78.749	88.678	39.423
Real estate and letting services	530.350	1.115.059	730.238
Self-employment services	216.685	94.936	100.578
Education services	367.897	54.536	50.573
Health and social services	774.658	66.701	191.044
<b>Other</b>	<b>5.807.597</b>	<b>1.236.778</b>	<b>1.419.051</b>
<b>Total</b>	<b>25.367.397</b>	<b>11.555.590</b>	<b>9.130.301</b>

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

(\*\*) Cash loans are given.

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

Prior Period

Important Sectors/Counterparties	Loans (**)		Provisions
	Impaired (TFRS 9)		Provision for Expected Credit Loss (TFRS 9) (***)
	Significant Increase in Credit Risk (Stage 2)	Credit Impaired (Stage 3)	
<b>Agricultural</b>	<b>274.278</b>	<b>162.308</b>	<b>111.055</b>
Farming and Cattle	258.062	155.814	105.647
Forestry	2.877	2.546	1.828
Fishing	13.339	3.948	3.580
<b>Manufacturing</b>	<b>3.048.274</b>	<b>606.372</b>	<b>660.505</b>
Mining	479.846	191.888	145.923
Production	1.751.487	406.668	474.112
Electric, Gas, Water	816.941	7.816	40.470
<b>Construction</b>	<b>1.634.125</b>	<b>552.706</b>	<b>512.486</b>
<b>Services</b>	<b>11.237.943</b>	<b>3.090.510</b>	<b>2.699.583</b>
Wholesale and Retail Trade	2.340.540	1.241.069	1.034.664
Hotel and Restaurant Services	5.205.794	1.005.250	1.030.443
Transportation & telecommunication	383.264	448.291	179.378
Financial institution	794.939	16.699	29.503
Real estate and letting services	397.309	92.950	108.606
Self-employment services	25.119	3.422	4.488
Education services	102.206	20.746	20.162
Health and social services	1.988.772	262.083	292.339
<b>Other</b>	<b>6.823.485</b>	<b>2.237.748</b>	<b>1.954.385</b>
<b>Total</b>	<b>23.018.105</b>	<b>6.649.644</b>	<b>5.938.014</b>

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

(\*\*) Cash loans are given.

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

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

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

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

<b>Prior Period: 31 December 2018</b>	<b>Opening Balance (Before TFRS 9) 31 December 2017</b>	<b>Remeasurements</b>	<b>Opening Balance (After TFRS 9) 1 January 2018</b>	<b>Charge for the period</b>	<b>Other Adjustments (*)</b>	<b>Ending Balance</b>
Default (Third Stage / Specific Provision)	3.121.676	(20.305)	3.101.371	2.200.573	(1.220.833)	4.081.111
12 Months Provision for Expected Loss (First Stage) (**)	1.406.808	(279.965)	1.126.843	(107.018)	87.524	1.107.349
Significant Increase in Credit Risk (Second Stage)	299.763	1.184.549	1.484.312	279.724	92.867	1.856.903

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

(\*\*) The provisions of the Bank in the financial statements as at 31 December 2017, stated under liabilities 12.5 Other Provisions (in the balance sheet, for the future risks of certain risks that may arise in the loan portfolio are included in the provisions 12-Month Provision for Expected Loss (Stage One).

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

**Current Period**

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

**Prior Period**

<b>Country of ultimate risk</b>	<b>Private sector credit exposure in</b>		<b>Total</b>
	<b>banking book</b>	<b>Risk weighted equivalent trading book</b>	
Turkey	109.455.126	109.001	109.564.127
England	4.762.969	--	4.762.969
Switzerland	4.019.126	--	4.019.126
Netherlands	3.830.546	--	3.830.546
Germany	2.716.302	--	2.716.302
United Arab Emirates	1.532.767	--	1.532.767
Other	6.349.217	--	6.349.217

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

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

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

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

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

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

In accordance with TFRS 9, DFS Group applies net investment hedge accounting to avoid foreign currency exchange rate risk arising from retranslation 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 5,9400
Euro purchase rate at the balance sheet date	TL 6,6621

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
25 December 2019	5,9293	6,5755
26 December 2019	5,9302	6,5759
27 December 2019	5,9370	6,6117
30 December 2019	5,9402	6,6506
31 December 2019	5,9400	6,6621

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

The arithmetical average US Dollar and Euro purchase rates for December 2019 are TL 5,8421 and TL 6,4925 respectively.

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**f. Information on currency risk**

Current Period	EURO	USD	Other FC <sup>(5)</sup>	Total
<b>Assets</b>				
Cash Equivalents and Central Bank	23.577.506	7.447.553	3.116.185	<b>34.141.244</b>
Banks	632.353	3.981.313	188.240	<b>4.801.906</b>
Financial Assets at Fair Value through Profit or Loss (Net) <sup>(1)</sup>	323.480	547.799	--	<b>871.279</b>
Due from Money Markets	--	--	--	--
Financial Assets at Fair Value through Other Comprehensive Income	3.489.646	4.202.730	334.558	<b>8.026.934</b>
Loans <sup>(2)</sup>	49.749.091	27.467.290	1.949.537	<b>79.165.918</b>
Investments in Associates, Subsidiaries and Joint Ventures	233	--	--	<b>233</b>
Financial Assets Measured at Amortised Cost <sup>(2)</sup>	181.852	2.553.542	--	<b>2.735.394</b>
Hedging Derivative Financial Assets	--	--	--	--
Tangible Assets (Net)	285.869	76	2.131	<b>288.076</b>
Intangible Assets (Net) <sup>(3)</sup>	--	--	--	--
Other Assets <sup>(4)</sup>	165.669	631.399	182.333	<b>979.401</b>
<b>Total Assets</b>	<b>78.405.699</b>	<b>46.831.702</b>	<b>5.772.984</b>	<b>131.010.385</b>
<b>Liabilities</b>				
Bank Deposits	2.472.327	591.937	103.655	<b>3.167.919</b>
Foreign Currency Deposits	62.946.240	36.967.922	3.266.972	<b>103.181.134</b>
Due to Money Markets	--	345.656	--	<b>345.656</b>
Funds Borrowed	6.602.616	14.135.651	544.890	<b>21.283.157</b>
Securities Issued	279.296	--	--	<b>279.296</b>
Miscellaneous Payables	--	--	--	--
Hedging Derivative Financial Liabilities	--	--	--	--
Other Liabilities <sup>(6)</sup>	1.504.777	5.505.335	257.612	<b>7.267.724</b>
<b>Total Liabilities</b>	<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 <sup>(7)</sup></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>
<b>Prior Period</b>				
Total Assets	68.296.873	44.561.598	4.680.518	<b>117.538.989</b>
Total Liabilities	66.947.498	48.341.640	5.009.649	<b>120.298.787</b>
<b>Net on Balance Sheet Position</b>	<b>1.349.375</b>	<b>(3.780.042)</b>	<b>(329.131)</b>	<b>(2.759.798)</b>
<b>Net off-Balance Sheet Position</b>	<b>(623.461)</b>	<b>3.309.689</b>	<b>775.877</b>	<b>3.462.105</b>
Financial Derivative Assets	22.861.903	29.344.079	2.172.181	<b>54.378.163</b>
Financial Derivative Liabilities	(23.485.364)	(26.034.390)	(1.396.304)	<b>(50.916.058)</b>
<b>Net Positions</b>	<b>725.914</b>	<b>(470.353)</b>	<b>446.746</b>	<b>702.307</b>
Non Cash Loans	10.210.179	11.937.016	772.376	<b>22.919.571</b>

- (1) : Foreign currency differences of derivative financial assets amounting to TL 291.207 are excluded.  
(2) : Foreign currency indexed loans amounting to TL 1.459.494 are included. Stage 1 and Stage 2 loan provisions amounting to TL (680.425) and financial assets measured at amortised cost amounting to TL (18) are not included.  
(3) : Intangible assets amounting to TL 38.779 are not included.  
(4) : Prepaid expenses amounting to TL 140.523 and stage 1 and stage 2 provisions for financial assets amounting to TL (4.841) are not included.  
(5) : There are gold balances amounting to TL 4.260.477 under total assets and TL 1.830.976 in total liabilities.  
(6) : FX equity amounting to TL 9.518.735, foreign exchange rate differences related to derivative financial liabilities amounting to TL 309.694 and stage 1 and stage 2 provisions amounting to TL 4.544 are not included.  
(7) : Net amount of receivables and liabilities from financial derivatives is shown on the table. Spot foreign exchange buy/sale transactions that are reported under the "Asset Purchase Commitments" are included in "Net Off-Balance Sheet Position".

**g. Informations on currency risk exposed**

In the event TL loses 10% in value against the currencies below, the increase and decrease in equities and statement of profit or loss (excluding tax effect) as of 31 December 2019 and 2018 are shown in the table below. This analysis has been prepared under the assumption that all other variables, especially interest rates, to be constant.

	Current Period		Prior Period	
	Period Profit/Loss	Equity	Period Profit/Loss	Equity
USD	(30.746)	(32.062)	(34.292)	(48.155)
Euro	(62.338)	(68.567)	43.529	27.120
<b>Total (Net)</b>	<b>(93.084)</b>	<b>(100.629)</b>	<b>9.237</b>	<b>(21.035)</b>

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

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

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

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

End of The Current Period	Up to 1 Month	1 - 3 Month	3 - 12 Month	1 - 5 Year	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash Equivalents and Central Bank	46.058	--	--	--	--	35.625.795	<b>35.671.853</b>
Banks <sup>(1)</sup>	3.183.418	712.787	978.151	--	--	1.826.114	<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, other liabilities and TFRS 16 net lease liabilities amounting to TL 17.748.912, TL 335.068, TL 82.099, TL 1.857.726, TL 5.894.320 and TL 618.602, 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	4.233.671	--	--	--	--	23.890.538	<b>28.124.209</b>
Banks <sup>(1)</sup>	983.336	96.199	527.740	186.845	33.955	4.793.276	<b>6.621.351</b>
Financial Assets at Fair Value through Profit or Loss (Net)	119.853	298.373	394.415	885.344	388.474	97.336	<b>2.183.795</b>
Due from Money Markets	9.780	--	--	--	--	--	<b>9.780</b>
Financial Assets at Fair Value through Other Comprehensive Income	386.432	1.164.414	3.064.311	2.450.417	847.937	978	<b>7.914.489</b>
Loans	17.557.607	7.775.527	19.591.598	52.771.747	38.791.593	2.568.533	<b>139.056.605</b>
Financial Assets Measured at Amortised Cost <sup>(2)</sup>	2.323.225	429.124	459.381	1.371.287	1.655.675	--	<b>6.238.692</b>
Other Assets <sup>(3)</sup>	--	96	--	--	--	7.162.419	<b>7.162.515</b>
<b>Total Assets</b>	<b>25.613.904</b>	<b>9.763.733</b>	<b>24.037.445</b>	<b>57.665.640</b>	<b>41.717.634</b>	<b>38.513.080</b>	<b>197.311.436</b>
<b>Liabilities</b>							
Bank Deposits	1.659.705	80.899	337.395	428.113	--	171.775	<b>2.677.887</b>
Other Deposits	52.954.581	17.912.576	17.089.241	18.115.713	1.003.194	30.188.284	<b>137.263.589</b>
Due to Money Markets	1.415.797	--	--	--	--	--	<b>1.415.797</b>
Miscellaneous Payables	--	--	--	--	--	--	<b>--</b>
Securities Issued	1.202.731	2.382.535	402.593	--	--	--	<b>3.987.859</b>
Funds Borrowed	7.650.209	12.047.615	2.418.843	459.638	60.305	--	<b>22.636.610</b>
Other Liabilities <sup>(4)</sup>	259.771	531.103	922.026	116.850	222.891	27.277.053	<b>29.329.694</b>
<b>Total Liabilities</b>	<b>65.142.794</b>	<b>32.954.728</b>	<b>21.170.098</b>	<b>19.120.314</b>	<b>1.286.390</b>	<b>57.637.112</b>	<b>197.311.436</b>
Balance Sheet Long Position	--	--	2.867.347	38.545.326	40.431.244	--	<b>81.843.917</b>
Balance Sheet Short Position	(39.528.890)	(23.190.995)	--	--	--	(19.124.032)	<b>(81.843.917)</b>
Off-balance Sheet Long Position	2.032.518	--	799.309	--	--	--	<b>2.831.827</b>
Off-balance Sheet Short Position	--	(1.217.285)	--	(1.709.835)	(457.257)	--	<b>(3.384.377)</b>
<b>Total Position</b>	<b>(37.496.372)</b>	<b>(24.408.280)</b>	<b>3.666.656</b>	<b>36.835.491</b>	<b>39.973.987</b>	<b>(19.124.032)</b>	<b>(552.550)</b>

(1) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (4.417).

(2) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (1.118).

(3) Other assets/non-interest bearings include; tangible assets, intangible assets, investment properties, investments in associates and joint ventures, deferred tax assets, investments in subsidiaries, assets to be disposed, the provisions for expected loss of financial assets and other assets and other assets with balances of TL 881.784, TL 271.191, TL 202.001, TL 13.633, TL 1.213.623, TL 792.868, TL 269.830, (9.986) and TL 3.527.476, respectively.

(4) Other liabilities/non-interest bearings include; shareholders' equity, tax liabilities, deferred tax liabilities, provisions and other liabilities with balances of TL 15.505.270, TL 362.949, TL 25.828, TL 945.168 and TL 10.437.838, respectively.

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

Current Period - 31 December 2019	EURO %	USD %	Yen %	TL %
<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	16,95
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
<b>Prior Period - 31 December 2018</b>				
<b>Assets</b>				
Cash Equivalents and Central Bank	--	1,90	--	13,00
Banks	1,59	2,24	--	23,85
Financial Assets at Fair Value through Profit or Loss (Net)	3,98	6,39	--	20,14
Due from Money Markets	--	--	--	--
Financial Assets at Fair Value through Other Comprehensive Income	2,89	3,96	--	14,85
Loans	4,59	6,57	5,46	22,04
Financial Assets Measured at Amortised Cost	1,33	5,05	--	22,34
<b>Liabilities</b>				
Bank Deposits	1,31	4,35	--	23,16
Other Deposits	1,51	3,96	0,65	22,70
Due to Money Markets	--	--	--	16,72
Miscellaneous Payables	--	--	--	--
Securities Issued	2,14	--	--	26,98
Funds Borrowed	3,16	5,79	--	24,38

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

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

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

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

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

The Group's economic value differences arising from the interest rate fluctuations pursuant to the "Regulation on the Measurement and Assessment of Interest Rate Risk Arising from Banking Accounts According to the Standard Shock Method" in a manner separated by different currencies are demonstrated in the following table as of 31 December 2019.

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

Prior Period: 31 December 2018		Shocks Applied	Gains/Losses	Gains/Equity
Type of Currency		(+/- x basis points)		-Losses/Equity
1	TL	(+) 500 bps	(1.700.918)	(7,48%)
2	TL	(-) 400 bps	1.534.786	6,75%
3	Euro	(+) 200 bps	(554.954)	(2,44%)
4	Euro	(-) 200 bps	654.163	2,88%
5	US Dollar	(+) 200 bps	68.445	0,30%
6	US Dollar	(-) 200 bps	(57.231)	(0,25%)
Total (of positive shocks)			<b>(2.187.427)</b>	<b>(9,62%)</b>
Total (of negative shocks)			<b>2.131.718</b>	<b>9,38%</b>

**V. 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 31 December 2019 and 2018.

**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.

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

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

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

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

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

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

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

Liquidity risk management is performed on unconsolidated and consolidated basis. In this context, although the liquidity monitoring and management of the partnerships is carried out by the related partnership, they are closely monitored by the Parent Bank. Limits are allocated by the Parent Bank in order to meet the liquidity needs of partnerships 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 and longer in 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 distributed deposit source 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 280,77 in November, the highest 294,16 in December, and the total lowest liquidity coverage ratio has been calculated as 175,34 in December and 187,7 in October 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. In 2019, the Bank carried out the LCR management by increasing by 10% parts and managed to reach 80% for foreign currency in 2019 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			52.439.200	39.172.679
<b>CASH OUTFLOWS</b>				
2 Retail deposits and deposits from small business customers, of which				
3 Stable deposits	114.414.739	74.270.310	10.691.213	7.427.031
4 Less stable deposits	15.005.209	--	750.260	--
5 Unsecured wholesale funding, of which	99.409.530	74.270.310	9.940.953	7.427.031
6 Operational deposits	35.876.036	21.769.802	19.613.215	10.291.503
7 Non-operational deposits	6.518.552	4.399.584	1.629.638	1.099.896
8 Unsecured debt	22.246.178	14.844.213	10.876.661	6.667.809
9 Secured wholesale funding	7.111.306	2.526.005	7.106.916	2.523.798
10 Other cash outflows			144.190	143.867
11 Outflows related to derivative exposures and other collateral requirements	1.744.288	3.069.723	1.109.468	2.313.347
12 Outflows related to loss of funding on debt products	686.254	1.809.097	686.254	1.809.097
13 Credit and liquidity facilities	--	--	--	--
14 Other contractual funding obligations	1.058.034	1.260.626	423.214	504.250
15 Other contingent funding obligations	304.682	304.120	304.148	304.120
<b>16 TOTAL CASH OUTFLOWS</b>	<b>76.816.648</b>	<b>23.152.603</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>
			<b>Total Adjusted Value</b>	
<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

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			35.257.953	25.374.179
<b>CASH OUTFLOWS</b>				
2 Retail deposits and deposits from small business customers, of which				
3 Stable deposits	107.685.131	68.141.659	10.198.065	6.814.166
4 Less stable deposits	11.408.948	--	570.447	--
5 Unsecured wholesale funding, of which	96.276.183	68.141.659	9.627.618	6.814.166
6 Operational deposits	27.723.684	16.292.370	15.464.540	8.027.212
7 Non-operational deposits	5.274.702	3.486.291	1.318.676	871.573
8 Unsecured debt	15.235.213	10.060.646	6.939.247	4.416.212
9 Secured wholesale funding	7.213.769	2.745.433	7.206.617	2.739.427
10 Other cash outflows			587.624	--
11 Outflows related to derivative exposures and other collateral requirements	3.789.886	4.479.668	2.437.655	3.464.444
12 Outflows related to loss of funding on debt products	1.536.168	2.787.628	1.536.168	2.787.628
13 Credit and liquidity facilities	--	--	--	--
14 Other contractual funding obligations	2.253.718	1.692.040	901.487	676.816
15 Other contingent funding obligations	1.033.153	1.032.593	1.032.621	1.032.593
<b>16 TOTAL CASH OUTFLOWS</b>	<b>73.717.589</b>	<b>24.714.358</b>	<b>35.377.102</b>	<b>21.731.009</b>
<b>CASH INFLOWS</b>				
17 Secured lending	4.088	--	--	--
18 Unsecured lending	13.895.332	9.802.605	10.927.647	8.685.132
19 Other cash inflows	288.559	5.409.314	288.559	5.409.314
<b>20 TOTAL CASH INFLOWS</b>	<b>14.187.979</b>	<b>15.211.919</b>	<b>11.216.206</b>	<b>14.094.446</b>
			<b>Total adjusted value</b>	
<b>21 TOTAL HQLA</b>			<b>35.257.953</b>	<b>25.374.179</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>24.160.896</b>	<b>7.636.563</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>146,1</b>	<b>339,5</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	26.297.611	9.374.242	--	--	--	--	--	<b>35.671.853</b>
Banks (1)	1.826.114	2.273.592	712.788	1.055.244	832.732	--	--	<b>6.700.470</b>
Financial Assets at Fair Value through Profit or Loss (Net)	153.516	284.219	187.944	728.896	464.325	350.119	--	<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	78.397	336.776	1.580.821	1.417.493	7.442.330	3.318.753	--	<b>14.174.570</b>
Loans	--	14.221.292	5.548.968	24.510.473	58.053.202	34.834.340	5.617.331	<b>142.785.606</b>
Financial Assets Measured at Amortised Cost (2)	--	1.258.442	302.656	451.569	3.290.642	1.468.891	--	<b>6.772.200</b>
Other Assets	2.468.652	68	29.290	30	503.632	--	4.776.894	<b>7.778.566</b>
<b>Total Assets</b>	<b>30.824.290</b>	<b>29.010.420</b>	<b>8.362.467</b>	<b>28.163.705</b>	<b>70.586.863</b>	<b>39.972.103</b>	<b>10.394.225</b>	<b>217.314.073</b>
<b>Liabilities</b>								
Bank Deposits	547.701	695.185	1.813.427	690.190	4.078	--	--	<b>3.750.581</b>
Other Deposits	35.836.687	68.096.346	14.726.466	17.606.236	17.192.497	1.000.371	--	<b>154.458.603</b>
Fund Borrowed	--	1.791.010	2.356.496	8.318.515	9.749.983	8.677	--	<b>22.224.681</b>
Due to Money Markets	--	459.048	--	--	--	--	--	<b>459.048</b>
Securities Issued	--	2.031.995	1.903.482	--	279.296	--	--	<b>4.214.773</b>
Miscellaneous Payables	--	--	--	--	--	--	--	<b>--</b>
Other Liabilities	5.500.619	499.909	345.652	4.435.752	919.740	344.773	20.159.942	<b>32.206.387</b>
<b>Total Liabilities</b>	<b>41.885.007</b>	<b>73.573.493</b>	<b>21.145.523</b>	<b>31.050.693</b>	<b>28.145.594</b>	<b>1.353.821</b>	<b>20.159.942</b>	<b>217.314.073</b>
<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>
<b>End of The Prior Period</b>								
Total Assets	28.920.999	23.511.766	5.843.887	27.189.108	63.463.416	41.972.634	6.409.626	<b>197.311.436</b>
Total Liabilities	35.677.748	59.936.339	28.051.468	27.682.275	24.823.397	4.412.931	16.727.278	<b>197.311.436</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(6.756.749)</b>	<b>(36.424.573)</b>	<b>(22.207.581)</b>	<b>(493.167)</b>	<b>38.640.019</b>	<b>37.559.703</b>	<b>(10.317.652)</b>	<b>--</b>
<b>Net Off-balance sheet Position</b>	<b>--</b>	<b>(186.998)</b>	<b>(234.751)</b>	<b>(582.544)</b>	<b>503.145</b>	<b>--</b>	<b>--</b>	<b>(501.148)</b>
Financial Derivative Assets	--	25.156.430	12.314.445	10.634.366	5.923.855	8.745.143	--	<b>62.774.239</b>
Financial Derivative Liabilities	--	(25.343.428)	(12.549.196)	(11.216.910)	(5.420.710)	(8.745.143)	--	<b>(63.275.387)</b>
Non Cash Loans	--	2.939.168	2.945.626	10.076.704	4.606.259	13.110.297	--	<b>33.678.054</b>

(1) Includes stage 1 and stage 2 provisions for expected loss amounting of TL (4.192).

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

(\*) 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.

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

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

End of The Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Liabilities</b>						
Deposits	105.392.229	16.294.990	8.043.539	29.355.278	548.103	<b>159.634.139</b>
Funds borrowed (*)	1.904.491	2.430.903	8.657.750	11.238.956	10	<b>24.232.110</b>
Interbank money markets	459.048	--	--	--	--	<b>459.048</b>
Securities issued	2.033.573	1.917.110	117.671	170.024	--	<b>4.238.378</b>
<b>Total</b>	<b>109.789.341</b>	<b>20.643.003</b>	<b>16.818.960</b>	<b>40.764.258</b>	<b>548.113</b>	<b>188.563.675</b>

(\*) It includes subordinated loans.

End of The Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Liabilities</b>						
Deposits	84.992.060	18.553.168	17.948.122	19.302.364	1.260.757	<b>142.056.471</b>
Funds borrowed (*)	2.819.225	7.896.499	6.878.981	7.638.624	3.174.585	<b>28.407.914</b>
Interbank money markets	1.415.797	--	--	--	--	<b>1.415.797</b>
Securities issued	1.103.190	1.639.007	723.220	617.389	--	<b>4.082.806</b>
<b>Total</b>	<b>90.330.272</b>	<b>28.088.674</b>	<b>25.550.323</b>	<b>27.558.377</b>	<b>4.435.342</b>	<b>175.962.988</b>

(\*) It includes subordinated loans.

## VII. Explanations related to leverage ratio

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

As of 31 December 2019, the leverage ratio of the DFS Group is calculated as 6,04% (31 December 2018: 5,59%). 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 (*)	213.956.768	196.991.243
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	(3.834.550)	(2.918.813)
3 Differences between the balances of derivative financial instruments and the credit 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	849.548	1.275.094
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	82.114.873	77.105.726
<b>7 Total Risk</b>	<b>293.086.136</b>	<b>272.452.747</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)	210.122.218	194.072.430
2 (Assets deducted in determining Basel III Tier I capital)	(395.279)	(542.344)
<b>3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of 1 and 2 lines )</b>	<b>209.726.939</b>	<b>193.530.086</b>
<b>Derivative exposures</b>		
4 Replacement cost	1.663.765	2.256.385
5 Add-on amount	849.548	1.275.094
<b>6 Total derivative exposures (sum of 4 and 5 lines )</b>	<b>2.513.313</b>	<b>3.531.479</b>
<b>Securities financing transaction exposures</b>		
7 Gross SFT assets (with no recognition of accounting netting)	99.827	384.514
8 Agent transaction exposures	--	--
<b>9 Total securities financing transaction exposures (sum of 7 and 8 lines)</b>	<b>99.827</b>	<b>384.514</b>
<b>Other off-balance sheet exposures</b>		
10 Off-balance sheet exposures with gross nominal amount	80.746.560	75.007.171
11 (Adjustment amount off-balance sheet exposures with credit conversion factor)	(503)	(503)
<b>12 Total off-balance sheet exposures (sum of 10 and 11 lines)</b>	<b>80.746.057</b>	<b>75.006.668</b>
<b>Capital and total exposures</b>		
13 Tier I capital	17.694.615	15.211.405
<b>14 Total exposures (sum of 3,6,9 and 12 lines)</b>	<b>293.086.136</b>	<b>272.452.747</b>
<b>Leverage ratio</b>		
<b>15 Leverage ratio</b>	<b>6,04</b>	<b>5,59</b>

(\*) Quarterly average amounts.

## VIII. Explanations related to risk management

The footnotes and explanations prepared in accordance with the "Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks" published in the Official Gazette dated 23 October 2015 and number ed 29511 and entered into force as of 31 March 2016 are given in this section. Since standard approach is used in the capital adequacy calculation of the Parent Bank, the tables to be prepared within the scope of Internal Rating Based Approach (IR) are not presented as of 31 December 2019.

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

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

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

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

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

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

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

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

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

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

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

There is a control system which will prevent taking risks above the targeted risk level and limits set by the regulatory authority. When the control and reporting of the risks are made, the risk levels that are approved by the Board of Directors are taken into consideration for each risk type.

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

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

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

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

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

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

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

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

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

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

**2. Overview of risk weighted amounts**

	Risk Weighted Amount		Minimum Capital Requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	154.042.234	137.470.531	12.323.379
2 <i>Standardized approach (SA)</i>	154.042.234	137.470.531	12.323.379
3 <i>Internal rating-based (IRB) approach</i>	--	--	--
4 Counterparty credit risk	2.095.419	2.476.534	167.634
5 <i>Standardized approach for counterparty credit risk (SA-CCR)</i>	2.095.419	2.476.534	167.634
6 <i>Internal model method (IMM)</i>	--	--	--
7 Basic risk weight approach to internal models equity position in the banking account	--	--	--
8 Investments made in collective investment companies - look-through approach	--	--	--
9 Investments made in collective investment companies - mandate-based approach	8.019	1.900	642
10 Investments made in collective investment companies - %1250 weighted risk approach	--	--	--
11 Settlement risk	--	--	--
12 Securitization positions in banking accounts	--	--	--
13 <i>IRB ratings-based approach (RBA)</i>	--	--	--
14 <i>IRB Supervisory Formula Approach (SFA)</i>	--	--	--
15 <i>SA/simplified supervisory formula approach (SSFA)</i>	--	--	--
16 Market risk	1.327.588	1.137.450	106.207
17 <i>Standardized approach (SA)</i>	1.327.588	1.137.450	106.207
18 <i>Internal model approaches (IMM)</i>	--	--	--
19 Operational Risk	14.127.749	11.282.016	1.130.220
20 <i>Basic Indicator Approach</i>	14.127.749	11.282.016	1.130.220
21 <i>Standard Approach</i>	--	--	--
22 <i>Advanced measurement approach</i>	--	--	--
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	--	--	--
24 Floor adjustment	--	--	--
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>171.601.009</b>	<b>152.368.431</b>	<b>13.728.082</b>

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

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

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

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	a	b	c	Carrying values of items under scope of TAS			g
	Carrying values as reported in published financial statements	Carrying values as reported in regulatory scope of consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	
<b>Current Period</b>							
<b>Assets</b>							
Cash and balances at central bank	35.671.853	35.671.853	35.671.853	--	--	--	--
Banks	6.700.515	6.700.470	6.700.518	--	--	--	--
Due from money markets	1.261.789	1.261.789	241.468	1.020.321	--	--	--
Financial assets at fair value through profit or loss	506.623	506.256	--	--	--	4.699	--
Financial assets at fair value through other comprehensive income	14.174.570	14.174.570	14.174.570	--	--	--	--
Financial assets measured at amortised cost	6.772.200	6.772.200	6.773.054	--	--	--	--
Derivative financial assets	1.662.763	1.662.763	--	1.662.763	--	--	--
Loans (net)	142.784.751	142.785.606	142.784.704	--	--	--	11.554
Non-currents assets or disposal groups "held for sale" and "from discontinued operations (net)	--	--	--	--	--	--	--
Investments in associates, subsidiaries and joint ventures	42.120	762.204	762.208	--	--	--	--
Tangible assets (net)	1.704.966	1.652.166	1.652.166	--	--	--	71.630
Intangible assets (net)	341.310	339.978	339.978	--	--	--	339.978
Investment properties (net)	218.680	218.680	218.680	--	--	--	--
Current tax assets	318.653	318.652	318.652	--	--	--	--
Deferred tax assets	1.047.571	1.045.345	1.047.335	--	--	--	--
Other assets	3.529.985	3.441.541	3.441.536	--	--	--	--
<b>Total assets</b>	<b>216.738.349</b>	<b>217.314.073</b>	<b>214.126.722</b>	<b>2.683.084</b>	--	<b>4.699</b>	<b>423.162</b>
<b>Liabilities</b>							
Deposits	158.133.166	158.209.184	--	--	--	--	158.209.184
Funds borrowed	15.187.427	15.187.428	--	--	--	--	15.187.428
Due to money markets	459.048	459.048	--	425.152	--	--	459.048
Securities issued (net)	4.214.773	4.214.773	--	--	--	--	4.214.773
Funds	--	--	--	--	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--	--
Derivative financial liabilities	880.875	880.875	--	--	--	--	880.875
Factoring payables	--	--	--	--	--	--	--
Leases payables	656.042	618.602	--	--	--	--	618.602
Provisions	1.880.090	1.857.726	--	--	--	--	1.857.726
Current tax liabilities	344.695	335.068	--	--	--	--	335.068
Deferred tax liabilities	84.253	82.099	--	--	--	--	82.099
Liabilities related to non-current assets "held for sale" and "discontinued operations" (net)	--	--	--	--	--	--	--
Subordinated debts	7.037.254	7.037.253	--	--	--	--	7.037.253
Other liabilities	10.736.342	10.683.105	--	--	--	--	10.683.105
Equity	17.124.384	17.748.912	--	--	--	--	17.748.912
<b>Total liabilities</b>	<b>216.738.349</b>	<b>217.314.073</b>	--	<b>425.152</b>	--	--	<b>217.314.073</b>

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Prior Period	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values as reported in regulatory scope of consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>							
Cash and balances at central bank	28.124.209	28.124.209	28.124.209	--	--	--	--
Banks	6.625.721	6.625.768	6.625.768	--	--	--	--
Due from money markets	9.780	9.780	9.780	--	--	--	--
Financial assets at fair value through profit or loss	189.817	189.484	--	--	--	83.265	--
Financial assets at fair value through other comprehensive income	7.914.488	7.914.489	7.914.489	--	--	--	--
Financial assets measured at amortised cost	6.239.810	6.239.810	6.239.810	--	--	--	--
Derivative financial assets	1.994.311	1.994.311	--	1.994.311	--	--	--
Loans (net)	139.042.980	139.056.605	139.056.605	--	--	--	15.001
Non-currents assets or disposal groups "held for sale" and "from discontinued operations" (net)	--	--	--	--	--	--	--
Investments in associates, subsidiaries and joint ventures	809.918	806.501	806.502	--	--	--	--
Tangible assets (net)	949.089	881.784	881.784	--	--	--	90.968
Intangible assets (net)	293.773	271.191	271.191	--	--	--	271.191
Investment properties (net)	202.001	202.001	202.001	--	--	--	--
Current tax assets	10.024	9.539	9.539	--	--	--	--
Deferred tax assets	1.213.967	1.213.623	1.213.623	--	--	--	296.702
Other assets	3.817.382	3.772.341	3.772.341	--	--	--	--
<b>Total assets</b>	<b>197.437.270</b>	<b>197.311.436</b>	<b>195.127.642</b>	<b>1.994.311</b>	--	<b>83.265</b>	<b>673.862</b>
<b>Liabilities</b>							
Deposits	139.891.463	139.941.476	--	--	--	--	139.941.476
Funds borrowed	16.388.319	16.362.160	--	--	--	--	16.362.160
Due to money markets	1.415.797	1.415.797	--	1.385.878	--	--	1.415.797
Securities issued (net)	3.987.859	3.987.859	--	--	--	--	3.987.859
Funds	--	--	--	--	--	--	--
Financial liabilities at fair value through profit or loss	--	--	--	--	--	--	--
Derivative financial liabilities	2.049.863	2.049.863	--	--	--	--	2.049.863
Factoring payables	--	--	--	--	--	--	--
Leases payables	--	--	--	--	--	--	--
Provisions	962.481	945.168	--	--	--	--	945.168
Current tax liabilities	369.512	362.949	--	--	--	--	362.949
Deferred tax liabilities	26.173	25.828	--	--	--	--	25.828
Liabilities related to non-current assets "held for sale" and "discontinued operations" (net)	--	--	--	--	--	--	--
Subordinated debts	6.274.450	6.274.450	--	--	--	--	6.274.450
Other liabilities	10.500.980	10.440.616	--	--	--	--	10.440.616
Equity	15.570.373	15.505.270	--	--	--	--	15.505.270
<b>Total liabilities</b>	<b>197.437.270</b>	<b>197.311.436</b>	--	<b>1.385.878</b>	--	--	<b>197.311.436</b>

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

Current Period	a	b	c	d	e
	Total	Items subject to credit risk framework	Items subject to securitization framework	Items subject to counterparty credit risk framework	Items subject to market risk framework (*)
1 Asset carrying value amount under scope of TAS	217.316.062	214.126.722	--	2.683.084	4.699
2 Liabilities carrying value amount under scope of TAS	--	--	--	425.152	--
<b>3 Total net amount under regulatory scope of consolidation</b>	<b>217.316.062</b>	<b>214.126.722</b>	--	<b>3.108.236</b>	<b>4.699</b>
4 Off-balance sheet amounts (**)	80.999.691	25.372.003	--	--	--
5 Differences in valuations	--	--	--	--	--
6 Differences due to different netting rules (other than those already included in row 2)	--	--	--	--	--
7 Differences due to consideration of provisions	--	--	--	--	--
8 Differences due to prudential filters	--	--	--	--	1.343.651
9 Differences resulted from considering of the financial guarantees	--	(9.187.261)	--	--	--
<b>10 Risk exposures</b>	<b>298.315.753</b>	<b>230.311.464</b>	--	<b>3.108.236</b>	<b>1.348.350</b>

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

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

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Prior Period	a	b	c	d	e
Total	Items subject to credit risk framework	Items subject to securitization framework	Items subject to counterparty credit risk framework	Items subject to market risk framework (*)	
1 Asset carrying value amount under scope of TAS	197.311.437	195.127.642	--	1.994.311	83.265
2 Liabilities carrying value amount under scope of TAS		--	--	1.385.878	--
3 Total net amount under regulatory scope of consolidation	197.311.437	195.127.642	--	3.380.189	83.265
4 Off-balance sheet amounts (**)	72.173.142	24.969.603	--	--	--
5 Differences in valuations		--	--	--	--
6 Differences due to different netting rules (other than those already included in row 2)		--	--	--	--
7 Differences due to consideration of provisions		--	--	--	--
8 Differences due to prudential filters		--	--	--	1.054.185
9 Differences resulted from considering of the financial guarantees		(10.801.867)	--	--	--
10 Risk exposures	269.484.579	209.295.378	--	3.380.189	1.137.450

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

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

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

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

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

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

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

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

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

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

**c. Credit risk**

**1. General information about credit risk**

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2. Credit quality of assets

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

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

Prior Period	A		b		c	d
	Gross carrying values of (according to TAS)					
	Defaulted	Non-defaulted	Specific provisions	Net values (a+b-c)		
1 Loans	6.649.644	139.452.324	7.045.363	139.056.605		
2 Borrowing instruments	--	14.153.321	1.117	14.152.204		
3 Off-balance sheet receivables (*)	283.499	71.013.422	329.466	70.967.455		
<b>4 Total</b>	<b>6.933.143</b>	<b>224.619.067</b>	<b>7.375.946</b>	<b>224.176.264</b>		

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

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

	Current Period	Prior Period
	a (*)	a (*)
1 Impaired loans and debt securities at end of the previous reporting period	6.649.644	4.024.614
2 Loans and debt securities that have impaired since the last reporting period	9.178.142	5.552.785
3 Receivables that returned to non-impaired status	274.325	2.095
4 Amounts written off (**)	2.249.935	1.279.573
5 Other changes	(1.747.936)	(1.646.087)
<b>6 Impaired loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5)</b>	<b>11.555.590</b>	<b>6.649.644</b>

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

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

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

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

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

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

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

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

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

### (iv) Definitions of restructured receivables

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

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(v) Breakdown of receivables by geographical area

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

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

Prior Period	Loans		Borrowing Instruments		Off-Balance sheet receivables		Specific provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
1 Domestic	6.537.727	112.816.126	--	13.204.399	279.258	63.137.362	3.995.990	1.279.573
2 EU Countries	81.801	15.435.766	--	164.840	--	946.031	69.339	--
3 OECD Countries	336	3.746.315	--	--	--	1.560.446	137	--
4 Off Shore Zones	4	1.070.760	--	--	--	36.519	3	--
5 USA, Canada	1.189	326.297	--	685.523	--	6.927	928	--
6 Other Countries	28.587	6.057.060	--	98.559	4.241	5.326.137	14.714	--
<b>7 Total</b>	<b>6.649.644</b>	<b>139.452.324</b>	<b>--</b>	<b>14.153.321</b>	<b>283.499</b>	<b>71.013.422</b>	<b>4.081.111</b>	<b>1.279.573</b>

(\*) It indicates sales made from non-performing loans portfolio.

(vi) Breakdown of receivables by sectors

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

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

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Prior Period	Loans		Borrowing instruments		Off-Balance sheet receivables		Specific Provisions	Write-Off (*)
	Defaulted	Non-defaulted	Defaulted	Non-defaulted	Defaulted	Non-defaulted		
<b>Agricultural</b>	<b>384.915</b>	<b>17.683.032</b>	--	--	<b>3.166</b>	<b>3.576.791</b>	<b>229.486</b>	<b>7.622</b>
Farming and Cattle	379.835	15.905.718	--	--	2.989	3.556.834	225.603	7.431
Forestry	431	1.769.007	--	--	25	6.038	325	108
Fishing	4.649	8.307	--	--	152	13.919	3.558	83
<b>Manufacturing</b>	<b>552.504</b>	<b>16.144.497</b>	--	<b>99.803</b>	<b>25.082</b>	<b>13.428.251</b>	<b>325.228</b>	<b>48.252</b>
Mining	183.446	710.108	--	--	5.747	499.615	98.528	14.808
Production	364.933	7.010.564	--	76.017	16.916	11.526.341	223.163	31.866
Electric, Gas, Water	4.125	8.423.825	--	23.786	2.419	1.402.295	3.537	1.578
<b>Construction</b>	<b>462.771</b>	<b>8.919.556</b>	--	--	<b>78.343</b>	<b>8.770.931</b>	<b>277.712</b>	<b>26.382</b>
<b>Services</b>	<b>3.178.697</b>	<b>45.194.359</b>	--	<b>423.080</b>	<b>110.268</b>	<b>14.253.563</b>	<b>1.884.329</b>	<b>580.828</b>
Wholesale and Retail Trade	1.285.869	12.277.147	--	--	63.999	8.793.375	871.969	290.463
Hotel and Restaurant Services	998.552	12.574.507	--	--	27.138	857.856	411.967	8.066
Transportation and telecommunication	283.110	10.301.450	--	200	16.408	2.256.512	218.295	273.296
Financial institution	503.395	3.137.818	--	422.880	190	1.714.594	325.196	1.217
Real estate and letting services	13.641	960.602	--	--	789	107.117	10.757	3.640
Self-employment services	--	--	--	--	--	--	--	--
Education services	19.313	1.804.466	--	--	980	214.024	16.884	1.631
Health and social services	74.817	4.138.369	--	--	764	310.085	29.261	2.515
<b>Other</b>	<b>2.070.757</b>	<b>51.510.880</b>	--	<b>13.630.438</b>	<b>66.640</b>	<b>30.983.886</b>	<b>1.364.356</b>	<b>616.489</b>
<b>Total</b>	<b>6.649.644</b>	<b>139.452.324</b>	--	<b>14.153.321</b>	<b>283.499</b>	<b>71.013.422</b>	<b>4.081.111</b>	<b>1.279.573</b>

(\*) It indicates sales made from non-performing loans portfolio.

(vii) Breakdown of receivables by remaining maturity

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

Prior Period	Undistributed	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Total
<b>Non-defaulted receivables</b>	--	46.878.762	13.185.454	12.175.506	26.738.042	125.641.302	224.619.066
1 Loans	--	14.029.749	6.408.448	7.304.146	17.724.703	93.985.278	139.452.324
2 Borrowings instruments	--	--	444.500	--	1.408.423	12.300.398	14.153.321
3 Off-balance sheet receivables	--	32.849.013	6.332.506	4.871.360	7.604.916	19.355.626	71.013.421
<b>Defaulted receivables</b>	6.933.143	--	--	--	--	--	6.933.143
1 Loans	6.649.644	--	--	--	--	--	6.649.644
2 Borrowings instruments	--	--	--	--	--	--	--
3 Off-balance sheet receivables	283.499	--	--	--	--	--	283.499
<b>Specific Provision</b>	<b>4.081.111</b>	--	--	--	--	--	<b>4.081.111</b>
<b>Total</b>	<b>2.852.032</b>	<b>46.878.762</b>	<b>13.185.454</b>	<b>12.175.506</b>	<b>26.738.042</b>	<b>125.641.302</b>	<b>227.471.098</b>

(viii) Ageing analysis of overdue receivables

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

Prior Period	1-30 days	31-60 days	61-90 days	Total
Loans	3.908.956	1.753.278	1.525.569	7.187.803
Borrowing instruments	--	--	--	--
Off-balance sheet receivables	--	--	--	--

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

	Current Period	Prior Period
Restructured from loans under close monitoring	10.580.300	6.718.709
Restructured from non-performing loans	1.053.414	180.093

5. Credit risk mitigation techniques

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

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

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

6. Credit risk mitigation techniques - overview

		a	b	c	d	e	f	g
Current Period		Exposures unsecured: revaluation amount according to TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	97.334.907	38.217.324	24.403.452	7.233.375	5.784.944	--	--
2	Borrowing instruments	20.868.373	--	--	--	--	--	--
3	<b>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>	--	--
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.

		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	107.605.654	23.257.047	10.057.270	8.193.904	--	--	--
2	Borrowing instruments	14.152.204	--	--	--	--	--	--
3	<b>Total</b>	<b>121.757.858</b>	<b>23.257.047</b>	<b>10.057.270</b>	<b>8.193.904</b>	--	--	--
4	Of which defaulted (*)	6.292.285	640.858	--	--	--	--	--

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

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

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

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

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

Current Period	a		b		c		d		e		f	
	Exposures before credit conversion factor and CRM				Exposures post-credit conversion factor and CRM				RWA and RWA density			
	On-balance sheet amount		Off-balance sheet amount		On-balance sheet amount		Off-balance sheet amount		RWA		RWA density	
<b>Risk classifications</b>												
1 Exposures to central governments or central banks	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>						

Prior Period	a		b		c		d		e		f	
	Exposures before credit conversion factor and CRM				Exposures post-credit conversion factor and CRM				RWA and RWA density			
	On-balance sheet amount		Off-balance sheet amount		On-balance sheet amount		Off-balance sheet amount		RWA		RWA density	
<b>Risk classifications</b>												
1 Exposures to central governments or central banks	41.850.609	55.276	49.415.492	1.959.726	3.930.551	7,65%						
2 Exposures to regional governments or local authorities	1.012.379	12.639	1.009.128	5.056	507.092	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	8.474.947	3.630.218	8.399.016	3.143.643	3.859.644	33,44%						
7 Exposures to corporates	75.904.742	33.936.737	64.559.663	17.377.292	81.372.014	99,31%						
8 Retail exposures	46.644.862	34.871.051	42.244.370	2.749.950	33.879.566	75,30%						
9 Exposures secured by residential property	3.829.340	526.299	3.587.202	259.932	1.346.497	35,00%						
10 Exposures secured by commercial real estate	11.560.488	1.752.197	10.469.714	975.279	6.870.154	60,03%						
11 Past-due loans	2.527.687	162.803	2.525.675	54.831	2.752.705	106,67%						
12 Higher-risk categories by the Agency Board	38.486	--	38.472	--	35.231	91,58%						
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)	--	488	--	488	488	100,00%						
16 Other assets	5.064.284	--	5.064.284	--	3.611.158	71,31%						
17 Investments in equities	810.272	--	810.272	--	810.272	100,00%						
<b>18 Total</b>	<b>197.718.096</b>	<b>74.947.708</b>	<b>188.123.288</b>	<b>26.526.197</b>	<b>138.975.372</b>	<b>64,75%</b>						

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

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

Prior Period		a	b	c	k	d	l	e	f	g	h	i	j
Risk Weight	Classifications/Risk	0%	10%	20%	35% Secured with property mortgage	50% Secured with property mortgage	50%	75%	100%	150%	200%	Others	Total risk exposure (after CCF and CRM)
		1	Exposures to central governments or central banks	47.444.667	--	--	--	--	--	--	3.930.551	--	--
2	Exposures to regional governments or local authorities	--	--	--	--	--	1.014.184	--	--	--	--	--	1.014.184
3	Exposures to public sector entities	--	--	--	--	--	--	--	--	--	--	--	--
4	Exposures to multilateral development banks	--	--	--	--	--	--	--	--	--	--	--	--
5	Exposures to international organisations	--	--	--	--	--	--	--	--	--	--	--	--
6	Exposures to institutions	--	--	7.805.957	--	--	2.876.499	--	860.203	--	--	--	11.542.659
7	Exposures to corporates	--	--	706.176	--	--	--	--	81.230.779	--	--	--	81.936.955
8	Retail exposures	--	--	--	--	--	--	44.459.017	535.303	--	--	--	44.994.320
9	Exposures secured by residential property	--	--	--	3.847.134	--	--	--	--	--	--	--	3.847.134
10	Exposures secured by commercial real estate	--	--	--	--	9.149.677	--	--	2.295.316	--	--	--	11.444.993
11	Past-due loans	--	--	--	--	--	647.602	--	940.905	991.999	--	--	2.580.506
12	Higher-risk categories by the Agency Board	--	--	--	--	--	6.482	--	31.990	--	--	--	38.472
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)	--	--	--	--	--	--	--	488	--	--	--	488
16	Investments in equities	--	--	--	--	--	--	--	810.272	--	--	--	810.272
17	Other assets	1.453.107	--	--	--	--	--	79	3.611.098	--	--	--	5.064.284
<b>18</b>	<b>Total</b>	<b>48.897.774</b>	<b>--</b>	<b>8.512.133</b>	<b>3.847.134</b>	<b>9.149.677</b>	<b>4.544.767</b>	<b>44.459.096</b>	<b>94.246.905</b>	<b>991.999</b>	<b>--</b>	<b>--</b>	<b>214.649.485</b>

**d. Counterparty credit risk**

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

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

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

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

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

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

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

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

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

			a	b	c	d	e	f
Current Period			Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default)	Exposure at default post CRM	RWA
1	Standardised Approach (for derivatives) (*)		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.

			a	b	c	d	e	f
Prior Period			Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default)	Exposure at default post CRM	RWA
1	Standardised Approach (for derivatives) (*)		1.988.615	825.124		-	2.783.613	1.487.869
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)						74.639	15.072
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>1.502.941</b>

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

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

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

Prior Period	a	b
	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	2.783.613	973.593
<b>4 Total subject to the CVA capital charge</b>	<b>2.783.613</b>	<b>973.593</b>

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

Current Period	a	b	c	d	e	f	g	h	i
	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
<b>Risk Wgths / Risk Classifications</b>									
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>1.025.239</b>	<b>910.913</b>	<b>32.369</b>	<b>650.314</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.

Prior Period	a	b	c	d	e	f	g	h	i
	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
<b>Risk Wgths / Risk Classifications</b>									
Claims from central governments and central banks	6.213	--	--	--	--	--	--	--	--
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	--	--	844.544	1.336.093	--	--	--	--	836.955
Corporates	--	--	--	--	--	649.248	--	--	649.248
Retail portfolios	--	--	--	--	21.665	--	--	--	16.249
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	--	--	--	--	--	489	--	--	489
Stock investment	--	--	--	--	--	--	--	--	--
Other claims	--	--	--	--	--	--	--	--	--
Other assets (**)	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>6.213</b>	--	<b>844.544</b>	<b>1.336.093</b>	<b>21.665</b>	<b>649.737</b>	--	--	<b>1.502.941</b>

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

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

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

	a	b	c	d	e	f
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	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>

	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	7.150	--	--	--	--	1.386.715
Cash-Foreign Currency	22.977	--	--	--	--	--
Government Bond-Domestic	--	--	--	--	--	--
Government Bond-Other	--	--	--	--	--	--
Public Bond	--	--	--	--	--	--
Corporate Bond	--	--	--	--	--	--
Stock	--	--	--	--	--	--
Other Guarantee	--	--	--	--	--	--
<b>Total</b>	<b>30.127</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.386.715</b>

**6. Credit derivatives**

None.

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

None.

**e. Securitization**

**1. Explanations on securitization positions**

None.

**2. Securitization positions in banking accounts**

None.

**3. Securitization positions in trading accounts**

None.

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

None.

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

None.

**f. Market Risk**

**1. Explanations on market risk**

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

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

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

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

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

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

**2. Standardised approach**

	Current Period RWA	Prior Period RWA
<b>Outright products</b>		
1 Interest rate risk (general and specific)	121.588	121.563
2 Equity risk (general and specific)	--	--
3 Foreign exchange risk	935.963	876.462
4 Commodity risk	192.799	110.512
<b>Options</b>		
5 Simplified approach	--	--
6 Delta-plus method	77.238	28.913
7 Scenario approach	--	--
8 Securitization	--	--
<b>9 Total</b>	<b>1.327.588</b>	<b>1.137.450</b>

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

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

	Prior Period: 31 December 2018		
	Average	Highest	Lowest
Interest Rate Risk	7.182	11.559	2.970
Stock Risk	7	34	--
Currency Risk	87.371	138.031	51.046
Commodity Risk	13.266	19.049	8.841
Settlement Risk	--	--	--
Option Risk	3.114	7.753	324
Counterparty Risk	--	--	--
<b>Total Risk Exposure Value</b>	<b>1.386.754</b>	<b>2.039.263</b>	<b>830.988</b>

**g. Operational risk**

**1. Explanations on operational risk calculation**

Principal amount subject to operational risk is calculated through using year-end gross income of 2018, 2017 and 2016 of DFS Group belonging to last 3 years via "Basic Indicators Approach" dated in accordance with "Communique on Measurement and Evaluation of Bank's Capital Adequacy" published on Official Gazette dated 23 October 2015 numbered 29511.

**2. Basic indicators approach**

	31/12/2016	31/12/2017	31/12/2018	Total/Positive		Total
				GI year number	Ratio(%)	
Gross Income	6.104.710	7.247.218	9.252.471	7.534.800	15	1.130.220
Amount Subject to Operational Risk						14.127.749

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

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

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

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

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

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

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

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

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	<b>Book Value</b>	<b>Fair Value</b>
	<b>Prior Period</b>	<b>Prior Period</b>
<b>Financial Assets</b>	<b>159.846.452</b>	<b>154.128.735</b>
Interbank Money Market Placements	9.780	9.780
Banks	6.625.768	6.627.163
Financial Assets at Fair Value Through Other Comprehensive Income	7.914.489	7.914.489
Financial Assets Measured at Amortised Cost	6.239.810	5.819.732
Loans	139.056.605	133.757.571
<b>Financial Liabilities</b>	<b>167.981.742</b>	<b>167.208.476</b>
Bank Deposits	2.677.887	2.673.695
Other Deposits	137.263.589	137.068.134
Interbank Money Market Borrowings	1.415.797	1.415.797
Funds Borrowed From Other Financial Institutions	16.362.160	16.308.749
Subordinated Loans	6.274.450	5.777.019
Securities Issued	3.987.859	3.965.082

**b. Classification of fair value**

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

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

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

<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss	189.484	--	--	<b>189.484</b>
Public Sector Debt Securities	92.148	--	--	<b>92.148</b>
Share Certificated	95.845	--	--	<b>95.845</b>
Trading Purpose Derivatives	1.491	--	--	<b>1.491</b>
Other Securities	--	1.994.311	--	<b>1.994.311</b>
Financial Assets at Fair Value Through Other Comprehensive Income	7.913.511	--	--	<b>7.913.511</b>
Public Sector Debt Securities	7.354.626	--	--	<b>7.354.626</b>
Other Securities	558.885	--	--	<b>558.885</b>
Loans at Fair Value Through Profit or Loss	--	--	323.627	<b>323.627</b>
<b>Total Assets</b>	<b>8.102.995</b>	<b>1.994.311</b>	<b>323.627</b>	<b>10.420.933</b>
Derivative Financial Liabilities at Fair Value Through Profit or Loss	--	2.049.863	--	<b>2.049.863</b>
<b>Total Liabilities</b>	<b>--</b>	<b>2.049.863</b>	<b>--</b>	<b>2.049.863</b>

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

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

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

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

	<b>Current period</b>
Balance at the beginning of the period	323.627
Purchases	--
Amortisation/sales	--
Valuation differences	82.866
Transfers	(77.393)
<b>Balance at the end of the period</b>	<b>329.100</b>

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

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

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

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

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

There are no fiduciary transaction contracts.

**XI. Explanations related to hedging transactions**

**a. Net Investment Risk**

DFS Group applies net investment hedge strategy to hedge against the currency risk arising on a consolidated basis from the net investments amounting to a total of Euro 1.537 million and US Dollar 7 million of subsidiaries Denizbank AG and Eurodeniz. The part consisting of the same amounts of its foreign currency deposit has been defined as "hedging instrument". The effective part of the change in value of the foreign currency deposit arising from 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 (4.039.191) as of 31 December 2019 (31 December 2018: TL (3.292.504)).

**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 (23.227) which is accounted under shareholders' equity as cash flow hedge accounting as of 31 December 2019 (31 December 2018: TL (29.409)).

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

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

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

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

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

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

Informations on business segments are presented in the following tables:

<b>Current Period (01/01/2019-31/12/2019)</b>	<b>Wholesale Banking</b>	<b>Agricultural Banking</b>	<b>SME &amp; Banking</b>	<b>Retail Banking</b>	<b>Treasury &amp; Other</b>	<b>Total</b>
Net interest income	2.183.594		2.062.355	1.768.797	2.379.997	<b>8.394.743</b>
Net fees and commission income	504.415		1.823.209	1.459.380	(40.961)	<b>3.746.043</b>
Other income/loss, net	362.647		246.376	59.098	(585.891)	<b>82.230</b>
<b>Total segment income</b>	<b>3.050.656</b>		<b>4.131.940</b>	<b>3.287.275</b>	<b>1.753.145</b>	<b>12.223.016</b>
Other operational expenses (*)	(706.591)		(1.446.309)	(1.959.315)	(156.235)	<b>(4.268.450)</b>
Provisions for expected loss and other provisions	(3.701.858)		(1.693.691)	(696.495)	(147.105)	<b>(6.239.149)</b>
Taxation						<b>(407.101)</b>
<b>Net profit from continuing operations</b>	<b>(1.357.793)</b>		<b>991.940</b>	<b>631.465</b>	<b>1.449.805</b>	<b>1.308.316</b>
Net profit from discontinued operations						--
<b>Net profit for the period</b>	<b>(1.357.793)</b>		<b>991.940</b>	<b>631.465</b>	<b>1.449.805</b>	<b>1.308.316</b>
<b>Current Period (31/12/2019)</b>						
Segment assets	80.581.414		40.588.749	21.614.541	66.750.803	<b>209.535.507</b>
Subsidiaries and associates						<b>762.204</b>
Undistributed assets						<b>7.016.362</b>
<b>Total assets</b>						<b>217.314.073</b>
Segment liabilities	35.810.866		25.489.200	94.338.369	32.826.454	<b>188.464.889</b>
Undistributed liabilities						<b>11.100.272</b>
Equity						<b>17.748.912</b>
<b>Total liabilities and shareholders' equity</b>						<b>217.314.073</b>

(\*) It also includes personnel expenses.

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<b>Prior Period (01/01/2018-31/12/2018)</b>	<b>Wholesale Banking</b>	<b>SME &amp; Agricultural Banking</b>	<b>Retail Banking</b>	<b>Treasury &amp; Other</b>	<b>Total</b>
Net interest income	2.001.994	1.898.727	1.403.567	1.730.618	<b>7.034.906</b>
Net fees and commission income	248.869	1.001.408	1.014.966	(36.856)	<b>2.228.387</b>
Other income/loss, net	538.577	385.745	217.928	(1.121.122)	<b>21.128</b>
<b>Total segment income</b>	<b>2.789.440</b>	<b>3.285.880</b>	<b>2.636.461</b>	<b>572.640</b>	<b>9.284.421</b>
Other operational expenses (*)	(677.019)	(1.299.698)	(1.596.303)	(113.540)	<b>(3.686.560)</b>
Provisions for expected loss and other provisions	(1.224.684)	(935.850)	(497.895)	(240.148)	<b>(2.898.577)</b>
Taxation					<b>(495.196)</b>
<b>Net profit from continuing operations</b>	<b>887.737</b>	<b>1.050.332</b>	<b>542.263</b>	<b>218.952</b>	<b>2.204.088</b>
Net profit from discontinued operations					--
<b>Net profit for the period</b>	<b>887.737</b>	<b>1.050.332</b>	<b>542.263</b>	<b>218.952</b>	<b>2.204.088</b>
<b>Prior Period (31/12/2018)</b>					
Segment assets	79.365.495	39.664.022	20.027.087	51.092.317	<b>190.148.921</b>
Subsidiaries and associates					<b>806.501</b>
Undistributed assets					<b>6.356.014</b>
<b>Total assets</b>					<b>197.311.436</b>
Segment liabilities	30.017.496	21.073.032	86.722.662	33.163.583	<b>170.976.773</b>
Undistributed liabilities					10.829.393
Equity					15.505.270
<b>Total liabilities and shareholders' equity</b>					<b>197.311.436</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	767.318	978.519	629.541	698.311
Central Bank of the Republic of Turkey	763.291	14.338.788	1.744.616	10.962.810
Other (*)	--	18.823.937	--	14.088.931
<b>Total</b>	<b>1.530.609</b>	<b>34.141.244</b>	<b>2.374.157</b>	<b>25.750.052</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	762.933	5.023.346	1.683.477	3.764.264
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	358	9.315.442	61.139	7.198.546
<b>Total</b>	<b>763.291</b>	<b>14.338.788</b>	<b>1.744.616</b>	<b>10.962.810</b>

**3. Explanations on reserve requirements**

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

As of 31 December 2019, all banks operating in Turkey should provide a reserve in a range of 1% to 7% (31 December 2018: between 1,5% and 8%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 5% to 21% (31 December 2018: between 4% and 20%) 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 required reserves. The interest income received from required reserves of the Parent Bank with the CBRT is TL 145.307 (1 January - 31 December 2018: TL 193.978) and recognised under "interest received from reserve deposits".

**4. Information on Banks**

**(i) Information on Banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	1.903.090	24.946	256.662	406.282
Foreign	386	4.776.960	1.500	5.961.324
Foreign head offices and branches	--	--	--	--
<b>Total</b>	<b>1.903.476</b>	<b>4.801.906</b>	<b>258.162</b>	<b>6.367.606</b>

**(ii) Information on foreign banks**

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	881.723	1.989.839	--	--
USA, Canada	1.348.588	3.438.865	--	--
OECD Countries(*)	27.458	46.214	--	--
Off shore zones	369	290	--	--
Other	2.519.208	487.616	--	--
<b>Total</b>	<b>4.777.346</b>	<b>5.962.824</b>	<b>--</b>	<b>--</b>

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

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

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

<i>given as collateral or blocked financial assets at fair value through profit or loss</i>	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	17.075	--	8.883	--
Other	--	--	--	--
<b>Total</b>	<b>17.075</b>	<b>--</b>	<b>8.883</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 left out of the balance sheet and the restructured amount has been started to be 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 under "financial assets at fair value through profit and loss". Following this transaction, the Bank's credit receivable carried by the fair value under other financial assets amounts to TL 329.100 (31 December 2018: TL 323.627).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	9.723	19.262	48.376	107.499
Swap Transactions	975.844	616.518	1.229.876	325.928
Futures Transactions	--	--	--	--
Options	333	41.083	1.028	281.604
Other	--	--	--	--
<b>Total</b>	<b>985.900</b>	<b>676.863</b>	<b>1.279.280</b>	<b>715.031</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 given 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 is TL 2.595.610 (31 December 2018: TL 238.181).

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

<i>Given as collateral or blocked 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	231.875	2.363.735	111.118	127.063
Other	--	--	--	--
<b>Total</b>	<b>231.875</b>	<b>2.363.735</b>	<b>111.118</b>	<b>127.063</b>

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

<i>Subject to repurchase agreements financial assets at fair value through other comprehensive income</i>	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	78.017	--	329.144	--
Treasury Bills	--	--	--	--
Other Debt Securities	--	--	--	--
Bank Bills and Bank Guaranteed Bills	--	223.647	--	--
Asset Backed Securities	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>78.017</b>	<b>223.647</b>	<b>329.144</b>	<b>--</b>

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

<i>Financial assets at fair value through other comprehensive income</i>	Current Period	Prior Period
<b>Debt Securities</b>	<b>14.096.173</b>	<b>7.913.511</b>
Quoted on Stock Exchange (*)	14.096.173	7.913.511
Unquoted on Stock Exchange	--	--
<b>Share Certificates</b>	<b>78.397</b>	<b>978</b>
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange (**)	78.397	978
<b>Impairment Provisions (-)</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>14.174.570</b>	<b>7.914.489</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**

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	<b>--</b>	<b>4.963</b>	<b>--</b>	<b>--</b>
Corporate Shareholders	--	4.963	--	--
Individual Shareholders	--	--	--	--
<b>Indirect Loans Granted to Shareholders</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1.292</b>
<b>Loans Granted to Employees</b>	<b>73.757</b>	<b>216</b>	<b>59.454</b>	<b>166</b>
<b>Total</b>	<b>73.757</b>	<b>5.179</b>	<b>59.454</b>	<b>1.458</b>

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

Cash loans (*) (**)	Standard Loans	Loans Under Close Monitoring		
		Not included in restructured loans	Restructured Loans	
			Changes in conditions of contract	Refinancing
<b>Non-specialized loans</b>	<b>105.013.409</b>	<b>11.763.272</b>	<b>2.651.280</b>	<b>4.897.565</b>
Corporate loans	33.490.784	438.737	499.946	1.470.690
Export loans	2.244.573	780.048	1.000	78.965
Import loans	--	--	--	--
Commercial loans	10.379.311	991.259	283.897	292.336
Consumer loans	14.748.980	1.746.925	4.337	643.221
Credit cards	7.636.771	1.163.650	2.714	290.602
Others	36.512.990	6.642.653	1.859.386	2.121.751
<b>Specialized loans</b>	<b>8.756.462</b>	<b>2.290.110</b>	<b>4.275</b>	<b>2.110.349</b>
<b>Other receivables</b>	<b>2.481.254</b>	<b>733.715</b>	<b>916.831</b>	<b>--</b>
<b>Total</b>	<b>116.251.125</b>	<b>14.787.097</b>	<b>3.572.386</b>	<b>7.007.914</b>

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

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

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Stage 1 and Stage 2 Provisions for Expected Loss	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12-Month provision for expected loss	1.258.205	--	1.107.349	--
Significant increase in credit risk	--	3.192.042	--	1.856.903
<b>Total</b>	<b>1.258.205</b>	<b>3.192.042</b>	<b>1.107.349</b>	<b>1.856.903</b>

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

	Standard Loans	Loans Under Close Monitoring	
		Not Restructured	Restructured
Short-Term Loans	26.833.953	4.358.287	565.097
Medium and Long-Term Loans	89.417.172	10.428.810	10.015.203
<b>Total</b>	<b>116.251.125</b>	<b>14.787.097</b>	<b>10.580.300</b>

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

	Short Term	Medium or Long Term	Total
<b>Consumer Loans-TL</b>	<b>816.256</b>	<b>14.931.266</b>	<b>15.747.522</b>
Real estate Loans	3.040	2.516.927	2.519.967
Vehicle Loans	414	46.115	46.529
General Purpose Loans	812.802	12.367.906	13.180.708
Other	--	318	318
<b>Consumer Loans-Indexed to FC</b>	<b>--</b>	<b>12.872</b>	<b>12.872</b>
Real estate Loans	--	12.416	12.416
Vehicle Loans	--	--	--
General Purpose Loans	--	456	456
Other	--	--	--
<b>Consumer Loans-FC</b>	<b>--</b>	<b>68.149</b>	<b>68.149</b>
Real estate Loans	--	1.624	1.624
Vehicle Loans	--	--	--
General Purpose Loans	--	181	181
Other	--	66.344	66.344
<b>Individual Credit Cards-TL</b>	<b>6.695.707</b>	<b>641.564</b>	<b>7.337.271</b>
Installment	3.299.447	641.564	3.941.011
Non installment	3.396.260	--	3.396.260
<b>Individual Credit Cards-FC</b>	<b>2.499</b>	<b>--</b>	<b>2.499</b>
Installment	--	--	--
Non installment	2.499	--	2.499
<b>Loans Given to Employees-TL</b>	<b>8.003</b>	<b>32.759</b>	<b>40.762</b>
Real estate Loans	--	845	845
Vehicle Loans	--	7	7
General Purpose Loans	8.003	31.907	39.910
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>--</b>	<b>624</b>	<b>624</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	624	624
<b>Personnel Credit Cards - TL</b>	<b>30.349</b>	<b>138</b>	<b>30.487</b>
Installment	13.859	138	13.997
Non installment	16.490	--	16.490
<b>Personnel Credit Cards - FC</b>	<b>40</b>	<b>--</b>	<b>40</b>
Installment	--	--	--
Non installment	40	--	40
<b>Overdraft Loans-TL (Real Persons) (*)</b>	<b>1.272.194</b>	<b>45</b>	<b>1.272.239</b>
<b>Overdraft Loans-FC (Real Persons)</b>	<b>1.273</b>	<b>22</b>	<b>1.295</b>
<b>Total</b>	<b>8.826.321</b>	<b>15.687.439</b>	<b>24.513.760</b>

(\*) The overdraft account used by the personnel of the Parent Bank is TL 1.844 (31 December 2018: TL 2.017).

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

	Short Term	Medium or Long Term	Total
<b>Installment Commercial Loans - TL</b>	<b>514.748</b>	<b>11.852.856</b>	<b>12.367.604</b>
Real estate Loans	--	87.333	87.333
Vehicle Loans	1.168	91.176	92.344
General Purpose Loans	513.580	11.603.121	12.116.701
Other	--	71.226	71.226
<b>Installment Commercial Loans - Indexed to FC</b>	<b>--</b>	<b>710.315</b>	<b>710.315</b>
Real estate Loans	--	2.042	2.042
Vehicle Loans	--	12.233	12.233
General Purpose Loans	--	696.040	696.040
Other	--	--	--
<b>Installment Commercial Loans - FC</b>	<b>6.636.582</b>	<b>38.388.878</b>	<b>45.025.460</b>
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	17.570	2.559.365	2.576.935
Other	6.619.012	35.829.513	42.448.525
<b>Corporate Credit Cards - TL</b>	<b>1.665.758</b>	<b>57.442</b>	<b>1.723.200</b>
Installment	511.887	57.442	569.329
Non installment	1.153.871	--	1.153.871
<b>Corporate Credit Cards - FC</b>	<b>240</b>	<b>--</b>	<b>240</b>
Installment	--	--	--
Non installment	240	--	240
<b>Overdraft Loans-TL (Legal Entities)</b>	<b>1.405.264</b>	<b>--</b>	<b>1.405.264</b>
<b>Overdraft Loans-FC (Legal Entities)</b>	<b>11.189</b>	<b>--</b>	<b>11.189</b>
<b>Total</b>	<b>10.233.781</b>	<b>51.009.491</b>	<b>61.243.272</b>

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

	Current Period	Prior Period
Public	4.139.126	2.998.784
Private	137.479.396	136.453.540
<b>Total</b>	<b>141.618.522</b>	<b>139.452.324</b>

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

	Current Period	Prior Period
Domestic Loans	116.134.195	114.747.583
Foreign Loans	25.484.327	24.704.741
<b>Total</b>	<b>141.618.522</b>	<b>139.452.324</b>

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

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	--	13.334
Indirect loans granted to subsidiaries and associates	--	-
<b>Total</b>	<b>--</b>	<b>13.334</b>

**9. 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	1.930.413	696.699
Loans with Doubtful Collectability	1.237.429	1.243.369
Uncollectible Loans	2.770.417	2.141.043
<b>Total</b>	<b>5.938.259</b>	<b>4.081.111</b>

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

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period</b>	<b>79.694</b>	<b>577.336</b>	<b>396.384</b>
(Gross amounts before provisions)			
Restructured loans	79.694	577.336	396.384
<b>Prior Period</b>	<b>21.949</b>	<b>41.748</b>	<b>116.396</b>
(Gross amounts before provisions)			
Restructured loans	21.949	41.748	116.396

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
<b>Balances at Beginning of Period</b>	<b>1.701.091</b>	<b>2.240.807</b>	<b>2.707.746</b>
Additions (+)	7.980.019	410.512	787.610
Transfers from Other Categories of Non-Performing Loans (+)	17.543	4.296.188	3.602.612
Transfers from Other Categories of Non-Performing Loans (-)	4.296.188	3.602.612	17.543
Collections (-)	572.022	772.108	678.130
Write-offs (-) (**)	--	--	1.806.332
Sales (-) (*)	97	1.645	441.861
Corporate and Commercial Loans	4	28	13.649
Retail Loans	78	1.107	179.887
Credit Cards	12	393	117.475
Other	3	117	130.850
<b>Balances at End of the Period</b>	<b>4.830.346</b>	<b>2.571.142</b>	<b>4.154.102</b>
Specific Provisions (-)	1.930.413	1.237.429	2.770.417
<b>Net Balance on Balance Sheet</b>	<b>2.899.933</b>	<b>1.333.713</b>	<b>1.383.685</b>

(\*) In March and October 2019, retail loan portfolio, which is being followed in the legal follow-up accounts, amounting to TL 290.189 have been sold for TL 21.307, business loan portfolio amounting to TL 132.133 have been sold for TL 6.125 and corporate-commercial loan portfolio amounting to TL 21.281 has been sold for TL 170 to asset management companies.

(\*\*) As of 31 December 2019, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the DFS Group, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, loans amounting to TL 1.806.332 were deducted from the records. The effect of this accounting treatment on the non-performing loans ratio of the DFS Group is 108 basis points.

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
<b>Current 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>
<b>Prior Period: 31 December 2018</b>			
Balance as of the Period End	203.226	8.670	3.910
Provisions (-)	--	8.670	--
<b>Net Balance on Balance Sheet</b>	<b>203.226</b>	<b>--</b>	<b>3.910</b>

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
<b>Current Period (Net): 31 December 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	2.364.925	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	--
<b>Prior Period (Net): 31 December 2018</b>	<b>1.004.393</b>	<b>997.437</b>	<b>566.703</b>
Loans Granted to Real Persons and Legal Entities (Gross)	1.701.091	2.240.649	2.707.746
Provisions (-)	696.698	1.243.212	2.141.043
Loans Granted to Real Persons and Legal Entities (Net)	1.004.393	997.437	566.703
Banks (Gross)	--	--	--
Provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan (Gross)	--	158	--
Provisions (-)	--	158	--
Other Loan (Net)	--	--	--

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

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current 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
<b>Prior Period (Net)</b>	<b>68.100</b>	<b>139.183</b>	<b>27.706</b>
Interest accruals and rediscount and valuation differences	130.511	256.807	59.803
Amount of provision (-)	62.411	117.624	32.097

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

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

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

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

Write-off policy:

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

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

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

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

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

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

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

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

Financial assets measured at amortised cost subject to repurchase agreement are TL 224.841 (31 December 2018: TL 1.111.654).

###### (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 1.393.213 (31 December 2018: TL 951.233).

**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	6.773.054	6.239.810
Treasury Bills	--	--
Other Government Debt Securities	--	--
<b>Total</b>	<b>6.773.054</b>	<b>6.239.810</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>6.773.054</b>	<b>6.239.810</b>
Quoted on Stock Exchange	6.773.054	6.239.810
Unquoted on Stock Exchange	--	--
<b>Impairment provisions (-)</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>6.773.054</b>	<b>6.239.810</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>6.239.810</b>	<b>5.335.638</b>
Foreign exchange differences in monetary assets (*)	533.244	1.265.697
Purchases during the year	--	--
Disposals by sale and redemption	--	(361.525)
<b>Impairment provisions (-)</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>6.773.054</b>	<b>6.239.810</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, 24 July, 26 December 2013, 24 January 2014 and 1 November 2016. Negative valuation differences amounting to TL 326.599 followed under equity until the classification date of the related securities will be amortised and transferred to the profit/loss accounts through effective interest method until the amortisation date of the related securities. As of the balance sheet date, the remaining negative valuation difference under equity is TL 130.616 (31 December 2018: TL 173.970).

**f. Information on investments in associates**

**1. Investments in unconsolidated associates**

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

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/(Loss)</b>	<b>Prior Period Profit/(Loss)</b>	<b>Fair Value</b>
1	321.197	213.805	212.133	5.920	--	16.401	23.681	--
2	476.692	392.969	22.805	57.263	--	64.893	135.818	--
3	12.481	11.701	8.103	186	--	1.729	(534)	--

<sup>(1)</sup> Information on the financial statements is presented as of the period ended 30 June 2019.

<sup>(2)</sup> Information on the financial statements is presented as of the period ended 31 December 2018.

**2. Investments in consolidated associates**

There are no investments in consolidated associates.

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**g. Information on investments in subsidiaries**

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

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

The amounts below are obtained from the financial data of 31 December 2019 prepared in accordance with the legislation to which Denizbank AG is subject to.

	<b>Denizbank AG</b>
Paid-in capital	1.544.481
Share premium	2.269.284
Reserves	6.872.489
Deductions from capital	6.902
<b>Total Common Equity</b>	<b>10.679.352</b>
Total additional Tier I capital	--
Deductions from capital	27.608
<b>Total Core Capital</b>	<b>10.651.744</b>
Total supplementary capital	443.989
<b>Capital</b>	<b>11.095.733</b>
Deductions from capital	--
<b>SHAREHOLDERS' EQUITY</b>	<b>11.095.733</b>

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

Title	Address (City/Country)	Share percentage of the Parent Bank (%)	Share percentage of other shareholders (%)
1-Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.	Istanbul/Turkey	100	--
2-Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş.	Istanbul/Turkey	100	--
3-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	429.891	289.992	279.173	--	--	83.456	48.800	--
2	1.091	1.080	51	--	--	(87)	(72)	--
3	5.932	5.845	28	--	--	(46)	(12)	--
4	406	404	--	--	--	50	36	--
5	126	126	--	--	--	--	(2)	--
6	19.281	18.892	12.224	--	--	1.642	434	--

The financial statements of the above subsidiaries for the period ended on 31 December 2019 are not included in the consolidation since they are non-financial subsidiaries.

(1) 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. TL 6.000 of which is paid in cash, TL 4.000 of which is as capital commitment. An operating permit application was made to the Banking Regulation and Supervision Agency on 14 November 2019 in order for the company to operate as a payment and electronic money institution.

**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	49	51	Full consolidation
7 Deniz Faktoring A.Ş.	Istanbul/Turkey	100	--	Full consolidation
8 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	--	86	Full consolidation
9 CR Erdberg Eins GmbH & Co KG	Vienna/Austria	--	100	Full consolidation

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

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	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value	Capital requirement
1	70.484.494	10.987.126	151.830	2.465.504	50.164	651.883	1.079.560	--	--
2	501.047	42.407	55	68.950	--	213	244	--	--
3	719.127	514.129	15.541	46.241	--	110.782	95.368	--	--
4	1.770.134	614.573	6.153	107.418	17.404	55.622	58.826	--	--
5	30.039	22.143	3.614	3.689	110	9.845	4.402	--	--
6	2.641.071	642.701	351.104	251.922	--	(49.671)	75.302	--	--
7	1.509.621	381.802	14.381	455.841	--	2.465	101.763	--	--
8	877.514	264.844	2.437	3.367	--	12.003	39.702	--	--
9	212.914	184.556	168.551	4	--	726	3.252	--	--

Includes financial statement details subject to 31 December 2019 consolidation.

(i) Movement of consolidated subsidiaries during the period

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>3.265.326</b>	<b>2.731.577</b>
<b>Movements During the Period</b>	<b>137.287</b>	<b>533.749</b>
Purchases (**)	--	303.801
Bonus Shares Received	--	--
Dividends from Current Year Profit	--	--
Sales (*)	(2.773)	(2.809)
Revaluation Increase, Effect of Inflation and F/X Difference	140.060	232.757
Other	--	--
Provision for Impairment	--	--
<b>Balance at the End of the Period</b>	<b>3.402.613</b>	<b>3.265.326</b>
<b>Capital Commitments</b>	--	--
<b>Share Percentage at the end of Period (%)</b>	--	--

(\*) Deniz Yatırım sold a 3,3% share in Deniz GYO, which it possesses a 88,9% share, against TL 2.773 (31 December 2018: TL 2.809).

(\*\*) It is disclosed in Section Three, note III.

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

	Current Period	Prior Period
Banks	1.978.240	1.969.123
Insurance Companies	--	--
Factoring Companies	138.107	138.107
Leasing Companies	791.058	737.656
Finance Companies	--	--
Other Subsidiaries	495.208	420.440
<b>Total</b>	<b>3.402.613</b>	<b>3.265.326</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	216.735	152.376
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 partnerships (joint ventures)**

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

Title	Share percentage of the Parent Bank (%)	Share percentage of the Group (%)	Current Assets	Non-Current Assets	Non-Current Liabilities	Income	Expense
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33	33	64.326	42.538	10.543	100.688	(83.218)

Information on the unaudited financial statements is presented as of the period ended 30 June 2019.

**2. Reasons of being non-consolidated for non-consolidated jointly controlled partnerships (joint ventures) and method used in the accounting of jointly controlled partnerships (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 partnerships 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	222.614	219.874	111.908	110.800
Between 1-4 years	1.948.182	1.430.915	2.226.843	1.721.109
Over 4 years	996.089	842.046	859.781	741.420
<b>Total</b>	<b>3.166.885</b>	<b>2.492.835</b>	<b>3.198.532</b>	<b>2.573.329</b>

(\*) It doesn't include non-performing lease receivables amounting to TL 217.746 (31 December 2018: TL 486.781).

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

	Current Period (*)	Prior Period (*)
Gross finance lease investment	3.166.885	3.198.532
Unearned finance income from finance lease (-)	674.050	625.203
Cancelled leasing amounts (-)	--	--
<b>Net investment on finance leases</b>	<b>2.492.835</b>	<b>2.573.329</b>

(\*) It doesn't include non-performing lease receivables amounting to TL 217.746 (31 December 2018: TL 486.781).

**3. Information on operating leasing**

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 Group's balance sheet. Receivables arising from the invoiced rents amounts within the period are recognised in the Group's balance sheet.

As of 31 December 2019, the 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	7.177	146.063
Between 1-5 years	--	165.388
5 years and over	--	--
<b>Total</b>	<b>7.177</b>	<b>311.451</b>

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

None.

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**k. Information on tangible assets**

	Real Estate	Tangible Fixed Assets Retained With Financial Leasing	Vehicles	Other Tangible Fixed Assets	Tangible Fixed Assets Retained With Operational Leasing	Total
<b>Prior Period</b>						
Cost	218.776	176.941	269.183		1.148.984	1.813.884
Accumulated Depreciation	--	(150.204)	(28.914)		(752.982)	(932.100)
<b>Net Book Value</b>	<b>218.776</b>	<b>26.737</b>	<b>240.269</b>	<b>--</b>	<b>396.002</b>	<b>881.784</b>
<b>Current Period</b>						
Net Book Value at the Beginning of the Period	218.776	26.737	240.269	--	396.002	881.784
Changes In the Period (Net)	9.958	(8.181)	120.068	768.851	228.058	1.118.754
Depreciation Cost	(4.228)	(10.818)	(26.289)	(203.500)	(126.772)	(371.607)
Provision For Decrease In Value	(344)	--	--	--	--	(344)
FX Differences (Net)	15.280	--	25	3.689	4.585	23.579
Cost At the End of the Period	239.490	156.150	373.256	768.854	1.365.387	2.903.137
Accumulated Depreciation At the End of the Period	(48)	(148.412)	(39.183)	(199.814)	(863.514)	(1.250.971)
<b>Net Book Value At The End Of The Period</b>	<b>239.442</b>	<b>7.738</b>	<b>334.073</b>	<b>569.040</b>	<b>501.873</b>	<b>1.652.166</b>

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

Revaluation difference amounting to TL 97.571 (31 December 2018: TL 86.413) is recognised under equity as a result of revaluation process, and impairment provision made in previous period for related properties amounting to TL 3.156 is cancelled and an impairment provision amounting to TL 3.082 is booked for related properties.

**l. Information on intangible assets**

	Other	Goodwill	Total
<b>Prior Period</b>			
Cost	944.054	--	944.054
Accumulated Depreciation	(672.863)	--	(672.863)
<b>Net Book Value</b>	<b>271.191</b>	<b>--</b>	<b>271.191</b>
<b>Current Period</b>			
Net Book Value at the Beginning of the Period	271.191	--	271.191
Differences During the Period (Net)	203.581	--	203.581
Depreciation Cost	(137.967)	--	(137.967)
Provision For Decrease In Value	--	--	--
FX Differences (Net)	3.173	--	3.173
Cost At the End of the Period	1.157.343	--	1.157.343
Accumulated Depreciation At the End of the Period	(817.365)	--	(817.365)
<b>Net Book Value At The End Of The Period</b>	<b>339.978</b>	<b>--</b>	<b>339.978</b>

**m. Explanation on investment properties**

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

As of 31 December 2019, the DFS Group's investment property amounts to TL 218.680 (31 December 2018: TL 202.001) which are carried by their fair value in the consolidated financial statements.

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**n. Information on deferred tax asset**

Deferred tax asset calculated within the scope of related regulation is TL 1.045.345 (31 December 2018: TL 1.213.623) and deferred tax liability is TL 82.099 (31 December 2018: TL 25.828). 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	1.071.750	881.498
Unearned Revenue	73.548	71.869
Provision for Employee Benefits	72.099	35.275
Tax Losses Carried Forward (*)	--	296.702
Valuation Differences of Derivatives	--	26.358
Other	--	--
<b>Deferred Tax Assets</b>	<b>1.217.397</b>	<b>1.311.702</b>
Valuation Differences of Tangible Assets	(82.382)	(64.193)
Valuation Differences of Derivatives	(79.937)	--
Valuation Differences of Financial Assets	(18.531)	(59.675)
Other	(73.301)	(39)
<b>Deferred Tax Liabilities</b>	<b>(254.151)</b>	<b>(123.907)</b>
<b>Net Deferred Tax Assets</b>	<b>963.246</b>	<b>1.187.795</b>

(\*) Tax losses carried forward mainly consist of valuation differences of financial instruments in accordance with Tax Procedure Law in the calculation of corporate tax.

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

None.

**p. Information on other assets**

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

DFS Group's total prepaid expenses are TL 562.339 (31 December 2018: TL 503.592).

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

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

**a. Information on deposits**

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

**Current period - 31 December 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.

**Prior period - 31 December 2018:**

	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	2.639.350	--	2.935.189	25.744.233	1.535.696	1.081.992	794.810	13.340	34.744.610
Foreign Currency Deposits (*)	23.792.891	--	7.189.125	16.258.823	1.548.768	7.873.893	32.036.437	1.579	88.701.516
Residents in Turkey	8.521.239	--	6.333.878	14.185.768	852.219	1.225.391	4.279.197	1.417	35.399.109
Residents Abroad	15.271.652	--	855.247	2.073.055	696.549	6.648.502	27.757.240	162	53.302.407
Public Sector Deposits	772.601	--	32.122	49.246	19.336	1.314	913	--	875.532
Commercial Deposits	2.462.105	--	3.116.905	4.681.878	141.146	148.873	28.305	--	10.579.212
Other Ins. Deposits	118.976	--	77.692	987.865	167.608	17.511	68.481	--	1.438.133
Precious Metal Deposits	402.361	--	53.384	378.595	29.670	43.033	10.890	6.653	924.586
Bank Deposits	171.775	--	1.160.153	569.867	6	49.521	726.565	--	2.677.887
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	10.202	--	--	--	--	6.779	2.000	--	18.981
Foreign Banks	160.565	--	1.160.153	569.867	6	42.742	724.565	--	2.657.898
Special Finan. Inst.	1.008	--	--	--	--	--	--	--	1.008
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>30.360.059</b>	<b>--</b>	<b>14.564.570</b>	<b>48.670.507</b>	<b>3.442.230</b>	<b>9.216.137</b>	<b>33.666.401</b>	<b>21.572</b>	<b>139.941.476</b>

(\*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 63.002.143 and Commercial Deposit customers at the amount of TL 25.699.373.

**2. Information on deposit insurance**

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

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

	Saving Deposit Insurance Fund		Exceeding the Insurance Coverage Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	22.569.366	17.976.394	13.175.045	16.731.784
Foreign Currency Saving Deposits	8.297.097	4.608.101	19.243.489	15.279.925
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>30.866.463</b>	<b>22.584.495</b>	<b>32.418.534</b>	<b>32.011.709</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	146.033	113.615
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	32.315	74.037
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	118.555	303.889
<b>Total</b>	<b>296.903</b>	<b>491.541</b>

(iii) Saving deposits in Turkey are not covered by any insurance in any other countries 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	2.596	44.302	93.476	121.315
Swap Transactions	185.658	579.256	814.597	726.089
Futures Transactions	--	--	--	--
Options	3	69.060	32	294.354
Other	--	--	--	--
<b>Total</b>	<b>188.257</b>	<b>692.618</b>	<b>908.105</b>	<b>1.141.758</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	941.509	1.199.240	1.829.916	1.012.863
Foreign Banks, Institutions and Funds	15	13.046.664	--	13.519.381
<b>Total</b>	<b>941.524</b>	<b>14.245.904</b>	<b>1.829.916</b>	<b>14.532.244</b>

2. Maturity information of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	498.524	4.550.206	1.829.916	9.231.621
Medium and Long-Term	443.000	9.695.698	--	5.300.623
<b>Total</b>	<b>941.524</b>	<b>14.245.904</b>	<b>1.829.916</b>	<b>14.532.244</b>

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

Deposits are the most important funding source of the Group and constitute 73% of total funding source (31 December 2018: 71%). Loans received, subordinated loans, debts to money markets and securities issued constitute 12% of total funding source (31 December 2018: 14%).

d. Information on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	309.397	279.296	7.164	901.682
Bills	3.626.080	--	3.079.013	--
Asset Backed Securities	--	--	--	--
<b>Total</b>	<b>3.935.477</b>	<b>279.296</b>	<b>3.086.177</b>	<b>901.682</b>

The Parent Bank has repurchased the securities it has issued amounting to TL 472 and netted them in its financial statements (31 December 2018: TL 9.976).

- 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	229.812	120.316	--	--
Between 1-4 years	700.117	473.093	--	--
Over 4 years	34.055	25.193	--	--
<b>Total</b>	<b>963.984</b>	<b>618.602</b>	<b>--</b>	<b>--</b>

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

None.

- h. **Explanation on provisions**

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

As of 31 December 2019, the provision for foreign exchange differences on foreign currency loans indexed is none (31 December 2018: None). The amount of the provision for foreign exchange differences on foreign currency indexed loans are netted off against the loans and receivables under assets in the financial statements.

2. **Liabilities on 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 reserve for employee termination benefits:

	Current Period	Prior Period
Discount rate	4,70%	5,45%
Interest rate	13,60%	16,00%
Estimated rate of increase in salary/severance pay limit	8,50%	10,00%

As of 31 December 2019, TL 207.208 of provision for employee termination benefits (31 December 2018: TL 130.477) and TL 152.711 of unused vacation accruals and other rights (31 December 2018: TL 92.583) were reflected to the consolidated financial statements.

Movement of the employee termination benefit provision during the period:

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>130.477</b>	<b>111.109</b>
Changes in the period	50.265	18.502
Actuarial loss/gain	56.716	38.690
Paid in the period	(29.573)	(39.356)
FX difference	(677)	1.532
<b>Balance at the End of the Period</b>	<b>207.208</b>	<b>130.477</b>

### 3. Information on other provisions

- (i) Information on the items and amounts causing the excess if other provisions exceed 10% of total provisions

**Current period:**

TL 678.033 of other provisions represent the 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 NPL customers' non-cash loans that are not converted into cash, TL 94.810 is the provisions for the litigations against the Bank and TL 475.178 includes other provisions.

**Prior period:**

TL 241.361 of other provisions represent the stage 1 and stage 2 provisions for expected loss for non-cash loans, TL 88.105 is related to stage 3 provision for expected loss for NPL customers' non-cash loans that are not converted into cash, TL 90.000 provision for possible developments in the overall economic and market conditions, TL 96.242 for provisions for the litigations against the Bank and TL 206.400 includes other provisions.

#### i. Explanations on tax liability

##### 1. Information on current tax liability

- (i) Information on tax provision

As of 31 December 2019, the corporate tax provision of DFS Group is TL 158.057 (31 December 2018: TL 386.533), and it has been offset with prepaid taxes amounting to TL 150.466 (31 December 2018: TL 308.479).

- (ii) Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	7.591	78.054
Taxation on securities	107.718	80.451
Capital gains taxes on property	2.657	2.789
Banking Insurance Transaction Tax (BITT)	109.638	100.733
Taxes on foreign exchange transactions	3.999	--
Value added taxes payable	13.726	7.445
Other	51.698	62.682
<b>Total</b>	<b>297.027</b>	<b>332.154</b>

- (iii) Information on premiums

	Current Period	Prior Period
Social security premiums- employee share	12.578	9.998
Social security premiums- employer share	13.876	11.112
Bank pension fund premium- employee share	--	--
Bank pension fund premium- employer share	--	--
Pension fund membership fees and provisions- employee share	842	694
Pension fund membership fees and provisions- employer share	1.030	850
Unemployment insurance- employee share	905	721
Unemployment insurance- employer share	1.737	1.382
Other	7.073	6.038
<b>Total</b>	<b>38.041</b>	<b>30.795</b>

##### 2. Information on deferred tax liability

Deferred tax liability calculated within the scope of the related regulations is TL 82.099 (31 December 2018: TL 25.828). The detail of deferred tax is disclosed in Note "n" of explanations and disclosures related to consolidated assets.

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

None.

**k. Information on subordinated loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	--	--	--	--
Other Domestic Institutions	--	--	--	--
Foreign Banks	--	7.037.253	--	6.274.450
Other Foreign Institutions	--	--	--	--
<b>Total</b>	<b>--</b>	<b>7.037.253</b>	<b>--</b>	<b>6.274.450</b>

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

**l. Information on shareholders' equity**

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

	Current Period	Prior Period
Share	3.316.100	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**

None.

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

None.

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

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

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

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

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

The Parent Bank does not have any preferred stocks.

## 8. Share premiums, shares and equity instruments

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

(\*) Related to the Parent Bank's capital increase on 27 September 2004. At that date, 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 issuance of new shares to the public.

(\*\*) 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 is TL 3.910 and is followed under the related account in accordance with the regulation. TL 60 share premium has been 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.

As a result of 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	778.053	--	778.054	--
Valuation Difference	(168.504)	81.208	(662.813)	(142.428)
FX Difference	--	--	--	--
<b>Total</b>	<b>609.549</b>	<b>81.208</b>	<b>115.241</b>	<b>(142.428)</b>

## 10. Informations on hedging funds

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

## 11. Explanations on minority shares

	Current Period
<b>Balance at the Beginning of the Period</b>	<b>14.396</b>
Minority shares in net income of consolidated subsidiaries	5.603
Increase/(decrease) in minority shares due to disposals	2.773
Other	--
<b>Balance at the End of the Period</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 91.740 has been accounted "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" under equities (31 December 2018: TL 83.193).

## 13. Explanations on profit distribution

At the Ordinary General Assembly Meeting held on 28 March 2019, according to the proposal of the Parent Bank's Board of Directors for profit distribution, TL 109.126 of the net profit for the period of 2018 amounting to TL 2.182.523 was allocated as legal reserves and the remaining TL 2.073.397 was allocated as extraordinary reserves.

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

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

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

All of DFS Group's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2019, non-cash loan commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 34.473.061, TL 22.664.957 and TL 1.973.049 respectively (31 December 2018: TL 33.678.054, TL 19.225.849 and TL 1.815.134 respectively). The details of these items are followed in the off-balance sheet accounts.

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

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

As of 31 December 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.

As of 31 December 2018, DFS Group has letters of guarantee amounting to TL 26.328.530, bill of guarantee and acceptances amounting to TL 223.364, and guarantees and warranties on letters of credit amounting to TL 3.511.834 and other guarantees and warranties amounting to TL 3.614.326.

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

	Current Period	Prior Period
Provisional Letters of Guarantee	992.988	746.614
Final Letters of Guarantee	15.586.468	15.725.413
Letters of Guarantee for Advances	2.720.209	2.557.254
Letters of Guarantee given to Customs Offices	184.047	181.679
Other Letters of Guarantee	6.914.032	7.117.570
<b>Total</b>	<b>26.397.744</b>	<b>26.328.530</b>

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

- (i) Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Obtaining Cash Loans	11.566.715	12.334.499
With Original Maturity of 1 Year or Less	11.072.182	10.867.251
With Original Maturity of More Than 1 Year	494.533	1.467.248
Other Non-Cash Loans	22.906.346	21.343.555
<b>Total</b>	<b>34.473.061</b>	<b>33.678.054</b>

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(ii) Information on risk concentration on sector basis within the non-cash loans account

	Current Period			
	TL	%	FC	%
<b>Agricultural</b>	<b>207.896</b>	<b>1,95</b>	<b>195.670</b>	<b>0,82</b>
Farming and Cattle	204.143	1,92	193.513	0,81
Forestry	526	--	825	--
Fishing	3.227	0,03	1.332	0,01
<b>Manufacturing</b>	<b>1.918.887</b>	<b>18,09</b>	<b>9.673.093</b>	<b>40,54</b>
Mining	120.161	1,13	271.915	1,14
Production	1.457.215	13,74	8.726.831	36,57
Electric, Gas, Water	341.511	3,22	674.347	2,83
<b>Construction</b>	<b>2.820.480</b>	<b>26,59</b>	<b>6.616.965</b>	<b>27,73</b>
<b>Services</b>	<b>3.978.582</b>	<b>37,51</b>	<b>5.527.561</b>	<b>23,16</b>
Wholesale and Retail Trade	2.371.628	22,36	3.726.734	15,62
Hotel and Restaurant Services	397.768	3,75	1.050.700	4,40
Transportation and telecommunication	541.650	5,11	392.457	1,64
Financial institutions	430.343	4,06	333.735	1,40
Real estate and letting services	30.682	0,29	1.729	0,01
Self-employment services	--	--	--	--
Education services	48.142	0,45	7.177	0,03
Health and social services	158.369	1,49	15.029	0,06
<b>Other</b>	<b>1.681.059</b>	<b>15,86</b>	<b>1.852.868</b>	<b>7,75</b>
<b>Total</b>	<b>10.606.904</b>	<b>100,00</b>	<b>23.866.157</b>	<b>100,00</b>

	Prior Period			
	TL	%	FC	%
<b>Agricultural</b>	<b>186.307</b>	<b>1,74</b>	<b>290.968</b>	<b>1,26</b>
Farming and Cattle	181.336	1,69	286.877	1,25
Forestry	1.640	0,02	1.070	--
Fishing	3.331	0,03	3.021	0,01
<b>Manufacturing</b>	<b>1.832.731</b>	<b>17,04</b>	<b>10.439.048</b>	<b>45,54</b>
Mining	97.822	0,91	339.793	1,48
Production	1.455.576	13,53	8.979.768	39,18
Electric, Gas, Water	279.333	2,60	1.119.487	4,88
<b>Construction</b>	<b>3.086.413</b>	<b>28,69</b>	<b>5.161.328</b>	<b>22,52</b>
<b>Services</b>	<b>3.991.885</b>	<b>37,10</b>	<b>4.537.776</b>	<b>19,80</b>
Wholesale and Retail Trade	2.251.076	20,92	2.529.304	11,04
Hotel and Restaurant Services	239.659	2,23	430.017	1,88
Transportation and telecommunication	503.609	4,68	1.096.103	4,78
Financial institutions	639.803	5,95	404.199	1,76
Real estate and letting services	43.989	0,41	3.143	0,01
Self-employment services	--	--	--	--
Education services	163.748	1,52	11.803	0,05
Health and social services	150.001	1,39	63.207	0,28
<b>Other</b>	<b>1.661.147</b>	<b>15,43</b>	<b>2.490.451</b>	<b>10,88</b>
<b>Total</b>	<b>10.758.483</b>	<b>100,00</b>	<b>22.919.571</b>	<b>100,00</b>

(iii) Information about the non-cash loans classified first and second group

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	9.691.824	14.117.755	893.534	1.694.631
Bill of Guarantee and Acceptances	8.000	91.876	--	--
Letters of Credit	13.546	4.131.792	--	3.819
Endorsements	--	--	--	--
Underwriting Commitments	--	--	--	--
Factoring Commitments	--	--	--	--
Other Commitments and Contingencies	--	3.790.042	--	36.242
<b>Total</b>	<b>9.713.370</b>	<b>22.131.465</b>	<b>893.534</b>	<b>1.734.692</b>

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**b. Information related to derivative financial instruments**

<b>Current Period</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Hedging Purpose Derivative Transactions</b>						
<b>A. Total Hedging Purpose Derivative Transactions</b>	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
<b>Types of Trading Transactions</b>						
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>56.895.282</b>	<b>15.857.138</b>	<b>28.114.322</b>	<b>2.348.773</b>	--	<b>103.215.515</b>
Forward FC Call Transactions	912.642	1.061.942	665.553	55.688	--	2.695.825
Forward FC Pull Transactions	899.228	1.074.144	681.167	60.108	--	2.714.647
Swap FC Call Transactions	25.383.918	5.810.975	12.351.527	1.318.042	--	44.864.462
Swap FC Pull Transactions	23.118.370	5.847.786	12.134.238	914.935	--	42.015.329
Options FC Call Transactions	3.268.627	1.011.708	1.110.178	--	--	5.390.513
Options FC Pull Transactions	3.312.497	1.050.449	1.052.429	--	--	5.415.375
Futures FC Call Transactions	--	69	62.877	--	--	62.946
Futures FC Pull Transactions	--	65	56.353	--	--	56.418
<b>Total of Interest Derivative Transactions (II)</b>	<b>--</b>	<b>600.000</b>	<b>2.272.264</b>	<b>2.695.410</b>	<b>18.449.330</b>	<b>24.017.004</b>
Swap Interest Call Transactions	--	300.000	1.136.132	1.290.162	9.224.665	11.950.959
Swap Interest Pull Transactions	--	300.000	1.136.132	1.290.162	9.224.665	11.950.959
Options Interest Call Transactions	--	--	--	57.543	--	57.543
Options Interest Pull Transactions	--	--	--	57.543	--	57.543
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
<b>Other Types of Trading Transactions (III)</b>	<b>2.608.125</b>	<b>261.944</b>	<b>1.560.766</b>	<b>1.574.133</b>	--	<b>6.004.968</b>
<b>B. Total Types of Trading Transactions (I + II + III)</b>	<b>59.503.407</b>	<b>16.719.082</b>	<b>31.947.352</b>	<b>6.618.316</b>	<b>18.449.330</b>	<b>133.237.487</b>
<b>Total Derivatives Transactions (A+B)</b>	<b>59.503.407</b>	<b>16.719.082</b>	<b>31.947.352</b>	<b>6.618.316</b>	<b>18.449.330</b>	<b>133.237.487</b>

<b>Prior Period</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Hedging Purpose Derivative Transactions</b>						
<b>A. Total Hedging Purpose Derivative Transactions</b>	--	--	--	--	--	--
Fair Value Hedge Transactions	--	--	--	--	--	--
Cash Flow Hedge Transactions	--	--	--	--	--	--
Net Foreign Investment Hedge Transactions	--	--	--	--	--	--
<b>Types of Trading Transactions</b>						
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>48.700.929</b>	<b>24.717.242</b>	<b>20.167.751</b>	<b>5.438.533</b>	--	<b>99.024.455</b>
Forward FC Call Transactions	961.379	1.348.354	1.265.886	139.117	--	3.714.736
Forward FC Pull Transactions	926.116	1.424.524	1.274.604	142.476	--	3.767.720
Swap FC Call Transactions	20.402.402	7.147.941	5.621.416	2.831.722	--	36.003.481
Swap FC Pull Transactions	20.959.818	7.335.381	6.281.642	2.325.218	--	36.902.059
Options FC Call Transactions	2.690.523	3.672.596	2.905.302	--	--	9.268.421
Options FC Pull Transactions	2.760.690	3.637.324	2.818.901	--	--	9.216.915
Futures FC Call Transactions	1	72.355	--	--	--	72.356
Futures FC Pull Transactions	--	78.767	--	--	--	78.767
<b>Total of Interest Derivative Transactions (II)</b>	<b>499.999</b>	<b>--</b>	<b>1.006.446</b>	<b>5.715.832</b>	<b>17.490.286</b>	<b>24.712.563</b>
Swap Interest Call Transactions	250.000	--	503.223	2.792.140	8.745.143	12.290.506
Swap Interest Pull Transactions	249.999	--	503.223	2.792.140	8.745.143	12.290.505
Options Interest Call Transactions	--	--	--	65.776	--	65.776
Options Interest Pull Transactions	--	--	--	65.776	--	65.776
Securities Interest Call Transactions	--	--	--	--	--	--
Securities Interest Pull Transactions	--	--	--	--	--	--
Futures Interest Call Transactions	--	--	--	--	--	--
Futures Interest Pull Transactions	--	--	--	--	--	--
<b>Other Types of Trading Transactions (III)</b>	<b>1.298.929</b>	<b>146.401</b>	<b>677.077</b>	<b>190.201</b>	--	<b>2.312.608</b>
<b>B. Total Types of Trading Transactions (I + II + III)</b>	<b>50.499.857</b>	<b>24.863.643</b>	<b>21.851.274</b>	<b>11.344.566</b>	<b>17.490.286</b>	<b>126.049.626</b>
<b>Total Derivatives Transactions (A+B)</b>	<b>50.499.857</b>	<b>24.863.643</b>	<b>21.851.274</b>	<b>11.344.566</b>	<b>17.490.286</b>	<b>126.049.626</b>

**c. Information on credit derivatives and risk exposures on credit derivatives**

None.

**d. Explanations on contingent assets and liabilities**

In accordance with the precautionary principle regarding the lawsuits filed against the Group, TL 94.810 (31 December 2018: TL 96.242) provision has been set aside and these provisions are classified under "Other provisions" in the balance sheet. Except for those provisioned, other ongoing lawsuits are unlikely to result in a negative conclusion and cash outflow is not foreseen for them.

**e. Explanations on services carried out on behalf and account of other persons**

The Parent Bank provides purchase, sale, custody, management and consultancy services on behalf and account of other persons.

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

**a. Interest income**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term Loans	4.041.456	554.098	4.075.108	313.550
Medium and Long Term Loans	8.546.442	3.637.781	7.354.496	3.283.583
Loans Under Follow-Up	674.719	--	252.765	--
Premiums Received from Resource Utilization Support Fund	--	--	--	--
<b>Total</b>	<b>13.262.617</b>	<b>4.191.879</b>	<b>11.682.369</b>	<b>3.597.133</b>

Interest income received from loans also includes 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	1.019	--	78.254	15.535
Domestic Banks	137.348	8.622	79.532	24.835
Foreign Banks	10.523	83.989	1.620	56.797
Foreign Head Offices and Branches	1.556	413	--	--
<b>Total</b>	<b>150.446</b>	<b>93.024</b>	<b>159.406</b>	<b>97.167</b>

The interest income received from required reserves of the Parent Bank with the CBRT is TL 145.307 and recognised under "interest received from reserve deposits" account (1 January - 31 December 2018 TL 193.978).

**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	14.080	1.296	23.061	940
Financial Assets at Fair Value Through Other Comprehensive Income	831.225	222.633	811.701	49.739
Financial Assets Measured at Amortised Cost	414.736	107.726	771.539	95.441
<b>Total</b>	<b>1.260.041</b>	<b>331.655</b>	<b>1.606.301</b>	<b>146.120</b>

As stated in the chapter III footnote numbered VII, the Parent Bank has government securities in the financial assets at fair value through other comprehensive income and financial assets measured at amortised cost portfolios with a maturity of 5 to 10 years and having CPI indexed 6 months real coupon ratio fixed until maturity. As stated in the Undersecretariat of Treasury's securities indexed CPI Investors Guide, the reference indexes used in calculating the actual coupon payment amounts of these assets are based on the CPI of previous two months.

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	191	660

**b. Interest expense**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>237.443</b>	<b>1.305.392</b>	<b>359.684</b>	<b>951.142</b>
Central Bank of the Republic of Turkey	4	59.528	28	36.131
Domestic Banks	218.925	96.623	264.907	88.412
Foreign Banks	18.514	1.149.241	94.749	826.599
Foreign Head Offices and Branches	--	--	--	--
<b>Other Institutions</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>237.443</b>	<b>1.305.392</b>	<b>359.684</b>	<b>951.142</b>

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

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**2. Information on interest expense paid to associates and subsidiaries**

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	14.524	12.109

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid to Securities Issued	892.512	--	591.069	--

**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	108	90.746	--	--	--	--	--	90.854
Saving Deposits	2.284	537.417	4.540.484	149.928	139.684	197.913	1.054	5.568.764
Public Sector Deposits	--	3.086	8.170	4.252	139	316	--	15.963
Commercial Deposits	21	601.069	775.021	34.516	23.134	8.129	--	1.441.890
Other Deposits	1	37.256	167.356	20.492	5.839	9.990	--	240.934
7 Days Notice Deposits	--	--	--	--	--	--	--	--
<b>Total</b>	<b>2.414</b>	<b>1.269.574</b>	<b>5.491.031</b>	<b>209.188</b>	<b>168.796</b>	<b>216.348</b>	<b>1.054</b>	<b>7.358.405</b>
<b>FC</b>								
Foreign Currency Deposits	37.192	819.348	543.827	37.582	22.966	57.023	--	1.517.938
Bank Deposits	16.288	31.935	--	--	--	--	--	48.223
7 Days Notice Deposits	--	--	--	--	--	--	--	--
Precious Metal Deposits	11	602	5.551	987	499	2.133	115	9.898
<b>Total</b>	<b>53.491</b>	<b>851.885</b>	<b>549.378</b>	<b>38.569</b>	<b>23.465</b>	<b>59.156</b>	<b>115</b>	<b>1.576.059</b>
<b>Grand Total</b>	<b>55.905</b>	<b>2.121.459</b>	<b>6.040.409</b>	<b>247.757</b>	<b>192.261</b>	<b>275.504</b>	<b>1.169</b>	<b>8.934.464</b>

**c. Explanations on dividend income**

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	586	900
Financial Assets at Fair Value Through Other Comprehensive Income	--	--
Other (*)	4.285	1.532
<b>Total</b>	<b>4.871</b>	<b>2.432</b>

(\*) Presents dividend income from unconsolidated subsidiaries and associates.

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

	Current Period	Prior Period
<b>Income</b>	<b>550.322.235</b>	<b>846.058.603</b>
Capital Market Transactions	274.296	68.131
Derivative Financial Instruments	11.420.688	10.218.054
Foreign Exchange Gains	538.627.251	835.772.418
<b>Loss (-)</b>	<b>550.658.020</b>	<b>846.488.874</b>
Capital Market Transactions	110.587	68.532
Derivative Financial Instruments	11.599.604	8.571.669
Foreign Exchange Losses	538.947.829	837.848.673
<b>Net Trading Income / Loss</b>	<b>(335.785)</b>	<b>(430.271)</b>

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments is TL (311.717) (1 January - 31 December 2018: TL 2.355.949).

**e. Information on other operating income**

Other operating income consists of fees income from customers, fixed asset sales income, operating lease income and real estate appreciation increases for various banking services.

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**f. Provisions for expected credit loss**

	Current Period	Prior Period
Provision for expected credit loss (*)	6.061.063	2.665.250
12 months provision for expected loss (Stage 1)	189.636	(89.455)
Substantial increase in credit risk (Stage 2)	1.634.408	734.087
Default (Stage 3)	4.237.019	2.020.618
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	178.086	233.327
<b>Total</b>	<b>6.239.149</b>	<b>2.898.577</b>

(\*) Since 2018, DFS Group has reflected the provision for expected credit loss for loans and cancellations and collections made from loan provisions in its financial statements.

**g. Information on other operating expenses**

	Current Period	Prior Period
Personnel Expenses (*)	1.877.281	1.584.708
Reserve for Employee Termination Benefits (*)	18.579	2.201
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	344	243
Depreciation Charges of Tangible Assets (**)	371.607	146.825
Impairment Losses on Intangible Assets	--	--
Goodwill for impairment loss	--	869
Amortisation Charges of Intangible Assets	137.967	115.445
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	6.544	2.144
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	1.221.281	1.347.731
Operational Lease Expenses (**)	85.496	352.879
Repair and Maintenance Expenses	90.042	86.689
Advertisement Expenses	87.989	88.828
Other Expenses (***)	957.754	819.335
Losses on Sale of Assets	3.080	2.338
Other	631.767	484.056
<b>Total</b>	<b>4.268.450</b>	<b>3.686.560</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 81.168, TL 170.357, TL 27.353, TL 4.593, TL 49.753, TL 245.295 and TL 379.235 respectively (1 January - 31 December 2018: TL 68.382, TL 138.879, TL 26.173, TL 8.268, TL 38.369, TL 230.038 and TL 309.226 respectively).

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

As 1 January - 31 December 2019, DFS Group has a profit before tax from continued operations amounting to TL 1.715.417 (1 January-31 December 2018: TL 2.699.284).

**i. Information on tax provision for continued and discontinued operations**

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

As 1 January - 31 December 2019, the current tax expense on continued operations is TL 158.057 (1 January - 31 December 2018: TL 390.081) while deferred tax expense is TL 2.448.110 (1 January - 31 December 2018: TL 4.431.703 and deferred tax income is TL 2.199.066 (1 January - 31 December 2018: TL 4.326.588).

There are not current tax expense on discontinued operations.

**j. Information on continued and discontinued operations net profit/loss**

DFS Group has a net profit is amounting to TL 1.308.316 (31 December 2018: TL 2.204.088). DFS Group does not have discontinued operations.

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Profit/(loss) attributable to minority shares	5.603	4.441

**3. No changes have been made in the accounting estimates which may have a material effect in the current period and materially affect subsequent periods.**

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

<b>Other Fees and Commissions Received</b>	<b>Current Period</b>	<b>Prior Period</b>
Credit card clearing and other commissions	2.316.966	1.255.534
Filing fee provisions	485.458	344.229
Contracted merchant / POS commissions	483.914	461.883
Insurance services	458.730	301.180
Intermediary services	162.800	122.554
Remittance commissions	93.454	79.299
Account management fees	74.926	64.015
Expertise fees	15.620	16.364
Other	457.055	188.665
<b>Total</b>	<b>4.548.923</b>	<b>2.833.723</b>

<b>Other Fees and Commissions Paid</b>	<b>Current Period</b>	<b>Prior Period</b>
Credit card / POS commissions	1.100.013	667.394
EFT fees and commissions	19.247	16.377
Other	129.232	232.123
<b>Total</b>	<b>1.248.492</b>	<b>915.894</b>

**V. Explanations related to consolidated statement of changes in shareholders' equity**

**a. Explanations on capital increase**

None.

**b. Explanations on issuance of shares**

None.

**c. Adjustments in accordance with TAS 8**

None.

**d. Explanations on profit distribution**

The authorised body of the Parent Bank regarding profit distribution is the General Assembly. As of the preparation date of the financials, the annual ordinary General Assembly meeting has not been held yet.

**e. Other comprehensive income and expenses**

Unrealised profit/loss" generated by differences at fair values of financial assets at fair value through other comprehensive income is not reflected in the statement of profit or loss of the period till to realise one of the situations that collection of value that corresponds to a financial asset, the sale of the asset, the disposal or loss of the asset and accounted under shareholders' equity as "Securities Valuation Differences". The net amount after tax for the current period is TL 717.947.

As of 1 April 2018, Deniz Leasing from subsidiaries of Parent Bank started to use cash flow hedge accounting within the context of currency risk. After tax profit /(loss) accounted under equity in the current period through cash flow hedge accounting is TL (6.182).

The revaluation increase of tangible assets is netted off with net deferred tax effect of TL 8.547 and accounted under the equity.

In accordance with TFRS 9, Intertech's fair value change amounting to TL (53.079) have been accounted under the equity.

Net amount TL (44.231) after tax regarding the actuarial profit/loss have been accounted under the equity.

Net after tax TL (734.324) amount of foreign net investment hedge funds have been accounted for under equity.

Foreign currency translation differences amounting to TL 1.043.875 have been accounted under the equity.

**f. Explanations on amounts transferred to reserves**

The Parent Bank transferred profit for the previous year amounting to TL 2.073.397 (31 December 2018: TL 833.392) to extraordinary reserves in 2019. The amount transferred to legal reserves is TL 109.126 (31 December 2018: TL 93.990).

**VI. Explanations related to consolidated statement of cash flows**

**a. Informations on cash and cash equivalents**

The components that constitute cash and cash equivalents and the accounting policy used in determining these items:

Cash, foreign currency, cash-in-transit, and demand deposits at banks including the Central Bank are defined as "Cash"; receivables from the money market with an original maturity of less than three months, term deposits in banks, investments in securities except shares are defined as "Cash Equivalent".

**1. Cash and cash equivalents at the beginning of the period**

	Current Period	Prior Period
	01/01/2019	01/01/2018
<b>Cash</b>	<b>6.124.317</b>	<b>6.692.605</b>
Cash in vault, foreign currencies and other	1.327.832	1.896.119
Banks demand deposits	4.796.485	4.796.486
<b>Cash and Cash Equivalent</b>	<b>21.333.931</b>	<b>9.943.423</b>
Interbank money market placements	9.774	784.845
Banks time deposits	20.776.941	9.026.179
Securities	547.216	132.399
<b>Total Cash and Cash Equivalents</b>	<b>27.458.248</b>	<b>16.636.028</b>

**2. Cash and cash equivalents at the end of the period**

	Current Period	Prior Period
	31/12/2019	31/12/2018
<b>Cash</b>	<b>3.584.245</b>	<b>6.124.317</b>
Cash in vault, foreign currencies and other	1.758.131	1.327.832
Banks demand deposits	1.826.114	4.796.485
<b>Cash and Cash Equivalent</b>	<b>32.203.549</b>	<b>21.333.931</b>
Interbank money market placements	1.261.349	9.774
Banks time deposits	29.319.941	20.776.941
Securities	1.622.259	547.216
<b>Total Cash and Cash Equivalents</b>	<b>35.787.794</b>	<b>27.458.248</b>

**b. Cash and cash equivalent assets owned by DFS Group but not in free use due to legal restrictions or other reasons**

DFS Group maintains a total reserve of TL 15.102.079, including the required reserve balances on average in the Central Bank and foreign central banks (31 December 2018: TL 12.707.426).

**c. "Other" items in the statement of cash flows and effect of change in foreign currency exchange rate on cash and cash equivalents**

The "other" item amounting to TL (8.852.852) (31 December 2018: TL (5.515.568)) within the "operating profit before change in assets and liabilities subject of banking operation", consists of other operating expenses, fees and commissions given and capital market transaction losses. With the effect of these changes in the cash flow table, the cash and cash equivalents amounting to TL 27.458.248 at the beginning of the period (31 December 2018: TL 16.636.028) has become TL 35.787.794 at the end of the period (31 December 2018: TL 27.458.248).

The TL (700.458) within the "change in assets and liabilities subject of banking operation" (31 December 2018: TL 3.283.808); consists of changes in the "net increase (decrease) in other debts", miscellaneous payables, tax payables, fees, premiums and other liabilities.

The effect of change in foreign currency exchange rate on cash and cash equivalents consists of the rate difference arising from the conversion of the average of the cash and cash equivalent assets in foreign currency to TL with the rates from the beginning and the end of the period; and it amounts to TL 2.578.740 as of 31 December 2019 (31 December 2018: TL 3.695.321).

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

**a. Informations 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	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 Received	225	186	699	--	18	--

(\*) 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	13.587	130.539	9.439	4.655	19.046	--
Balance at the End of the Period	13.631	30.404	11.790	1.677	34	--
Interest and Commission Income Received	672	155	683	3	8	--

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

**b. Informations 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	137.535	60.929	11.965.213	8.811.959	16.720	18.991
Balance at the End of the Period	155.491	137.535	8.130.445	11.965.213	35.172	16.720
Interest and Commission Expense Paid	14.524	12.122	586.580	500.920	1.983	2.223

(\*) 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. Informations 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	--	--	--	51.000	--	--
Balance at the End of the Period	--	--	594.000	--	--	--
Total Income/(Loss)	--	--	(4.214)	(5.033)	--	--
<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. Informations on benefits provided to top management**

DFS Group made payment amounting to TL 95.979 (31 December 2018: TL 111.769) to its top management as of 31 December 2019.

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

As of 31 December 2019, cash loans and other receivables of the risk group represent 0,31% of DFS Group's total cash loans and banks; deposits and borrowings represent 4,61% of DFS Group's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,11% of the total non-cash loans balance.

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

**VIII. Domestic, foreign and off-shore banking branches or associates and foreign representatives of the Parent Bank**

**a. Explanations relating to the Parent Bank's domestic and foreign branch and representatives**

	Number	Number of Employees	Country of Incorporations	Total Assets	Statutory Share Capital
Domestic branch	707	12.273			
Foreign representation	-	-			
Foreign branch	-	-		-	-
Off shore banking region branches	1	6	1-Bahreyn	13.833.820	-

**b. Explanations on the subject in case the Parent Bank opens and closes domestic and foreign branch and representative and changes the organization significantly**

The Parent Bank opened 9 new branches and closed 12 branches in 2019.

**c. The branches of associates and subsidiaries**

Denizbank AG, headquartered in Vienna, has a total of 43 branches, 27 in Austria and 16 in Germany. JSC Denizbank Moscow, headquartered in Moscow, operates in the centrum of Moscow.

## **SECTION SIX**

### **OTHER DISCLOSURES AND FOOTNOTES**

#### **I. Other explanations related to DFS Group's operations**

##### **a. Other explanations related to DFS Group's operations**

None.

##### **b. Summary information about ratings of the Banks which has been assigned by the international rating agencies**

<b>Moody's (*)</b>		<b>Fitch Ratings (**)</b>	
Outlook	Negative	Outlook	Stable
Long Term Foreign Currency Deposit	B3	Long Term Foreign Currency	B+
Short Term Foreign Currency Deposit	Not Prime	Short Term Foreign Currency	B
Long Term Local Currency Deposit	B3	Long Term Local Currency	BB-
Short Term Local Currency Deposit	Not Prime	Short Term Local Currency	B
Bank Financial Strength Rating (BCA)	caa1	Viability	b+
		Support	4
		National	AA
			(tur)(stable)

(\*) As of 18/06/2019

(\*\*) As of 01/11/2019

##### **c. Subsequent events**

At the Board of Directors' meeting dated 9 January 2020, it was decided to submit to the General Assembly approval 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.

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. Euro 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.

## **SECTION SEVEN**

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

#### **I. Matters to be disclosed related to Independent Audit Report**

Consolidated financial statements and notes of the DFS Group are subject to independent audit by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and audit report dated 20 February 2020 is presented preceding the consolidated financial statements.

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

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