H1 2023
Results Presentation

Based on BRSA Consolidated Financials

ENBD

Beyond is Deniz ›

DenizBank

Resilient operations under a strictly monitored and changing regulatory environment aiming to keep the risks at minimum

- **Solid revenue generation** on back of non-funded Income.
- **Management of loan portfolio** under **agile Asset Liability Management rules** to minimize the interest rate risk with lowest positioning long term fixed securities issued by government authorities.
- **Growth in TL deposits continued** with focus still on FX protected deposits while balanced deleveraging in FX deposits in DenizBank standalone financials
- **Non-funded income** mainly from non-risk fees and commissions generated by competitive products and digital channels; TMU income under the volatile market conditions with increased spreads and provision reversals due to collections.
- **C/I ratio is 33%** despite inflationary environment with income performance. TL 350 mn donation on region wide earthquake.
- **Strong recoveries and improving NPL ratio** with low NPL inflows, overperformed collections and solid loan growth, maintaining a higher coverage ratio than private banks' averages. An additional overlay provision reserved on risks in earthquake region in H1-23. **A strong collection performance** resulted in negative CoR.
- **TL 2.0 bn of additional free provisions was set aside** as of H1-23 (**Total free provisions: TL 6.2 bn**).
- Continuous **healthy liquidity levels and concrete and efficient solvency ratios**.

Net Profit

13.5 TL bn ▲ **47%** y-o-y

(H1-22: TL 9.2 bn)

(Free Prov. Adj: TL 15.6 bn)

Total Income

27.9 TL bn ▲ **50%** y-o-y

(H1-22: TL 18.7 bn)

Return on Average Equity

45.9%

(H1-22: 54.6%)

(Free Prov. Adj: 51.6%)

Common Equity Tier 1

11.17%

(H1-22: 11.41%)

Cost/Income

33.1%*

(H1-22: 24.9%)

(*excluding earthquake support)

NIM
(Swap adj.)

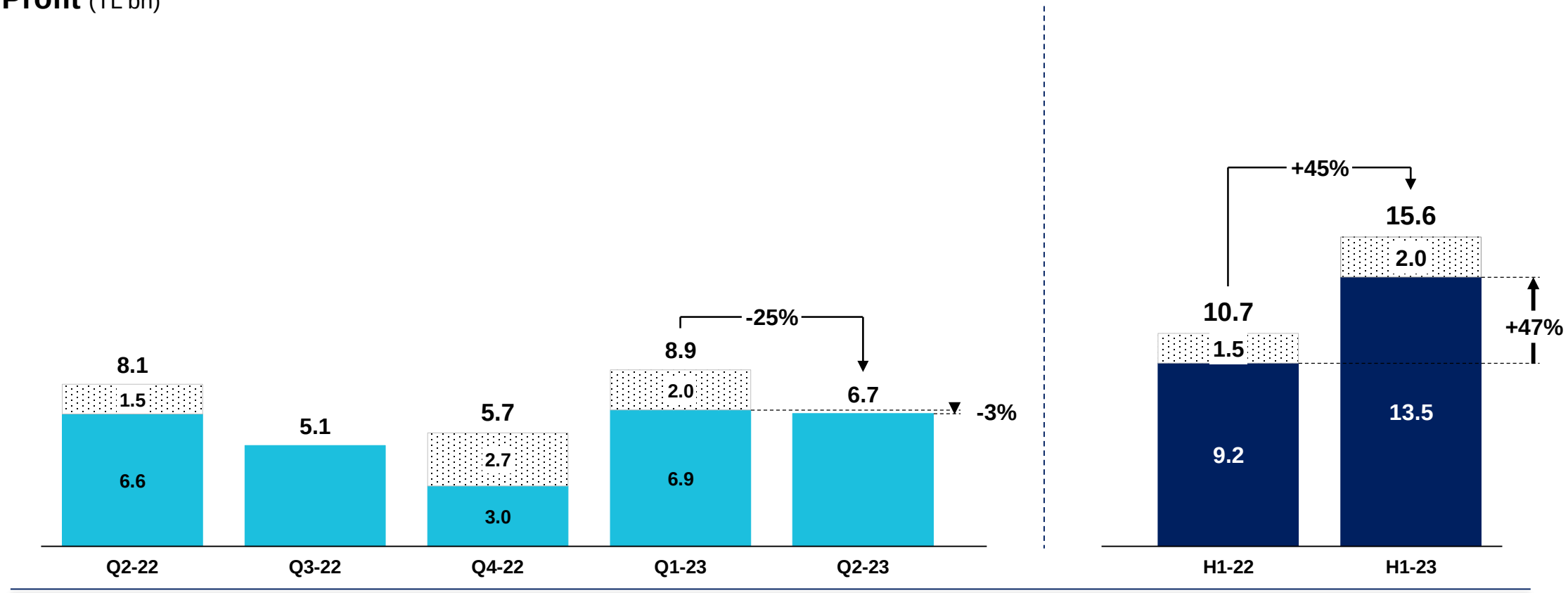
4.9%

(H1-22: 5.1%)

Strong profitability supported by non-funded income due to steady fees and commissions and TMU income, and provision reversals due to collections

- **Net profit increased by 45% mainly due to solid core banking revenues and strong collection performance, despite maintaining prudent provisioning with TL 2 bn additional free provision**

Net Profit (TL bn)

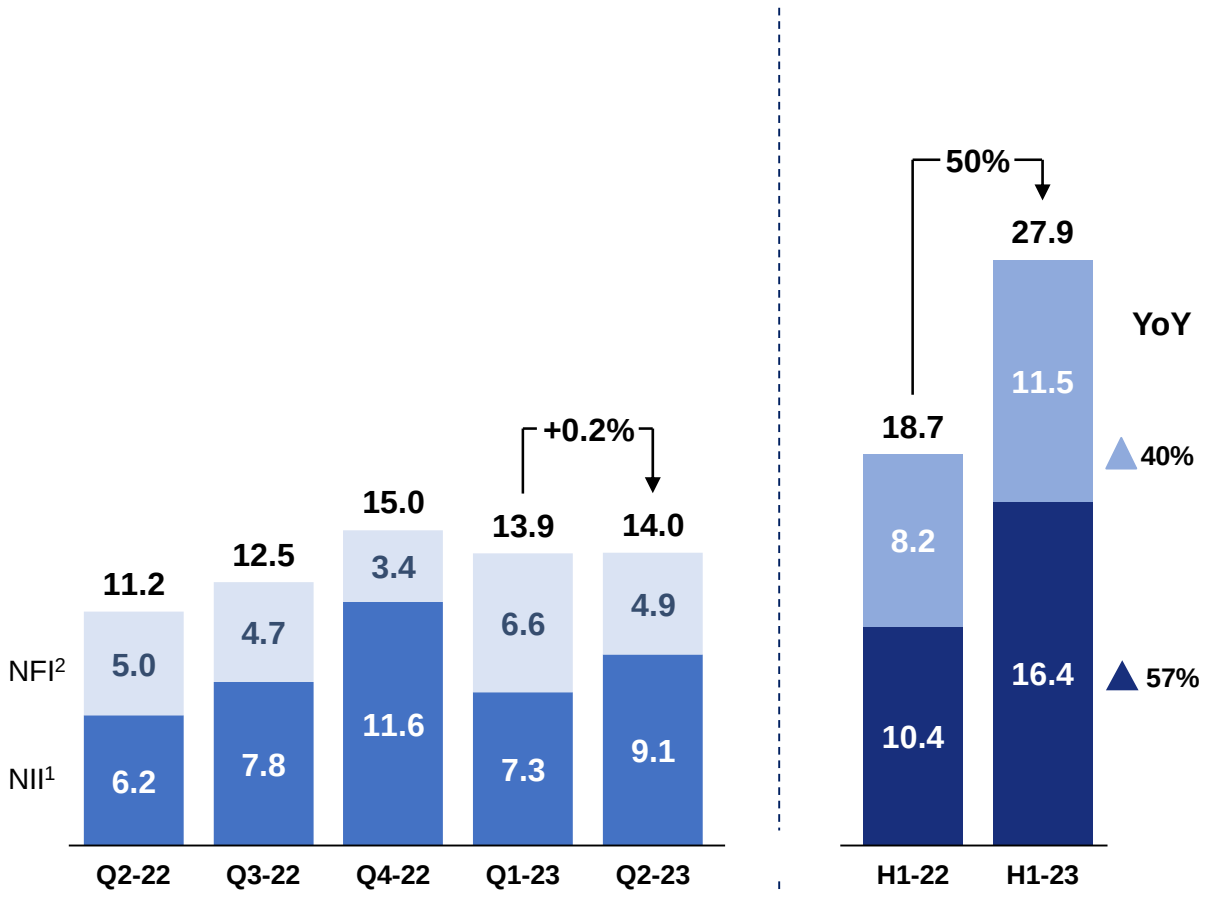


RoAE	54.6%	**45.9%**
RoAE[1]	62.6%	**51.6%**

[1] Free Provision adjusted

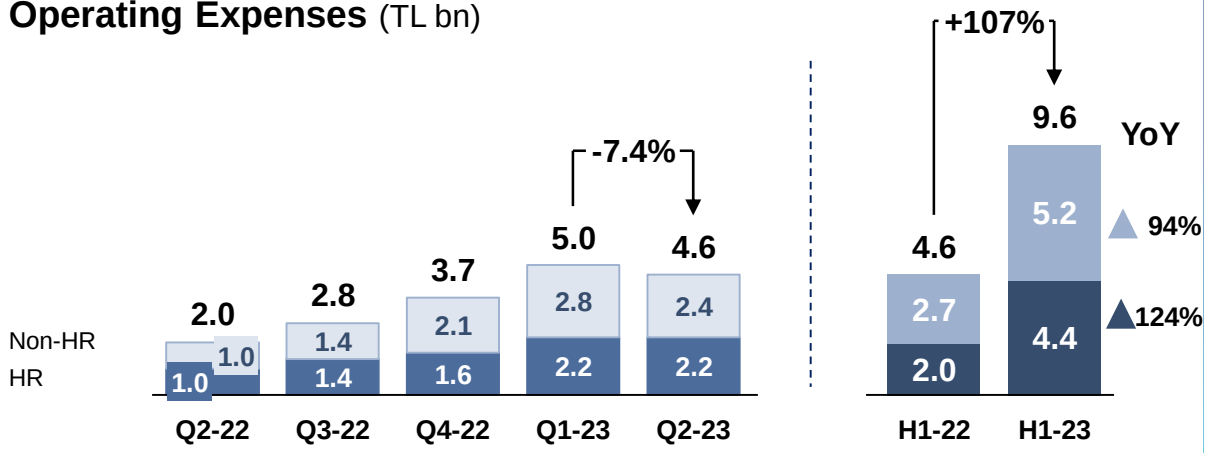
Cautious management of the balance sheet under agile ALM rules to minimize the interest rate risk

Total Income (TL bn)



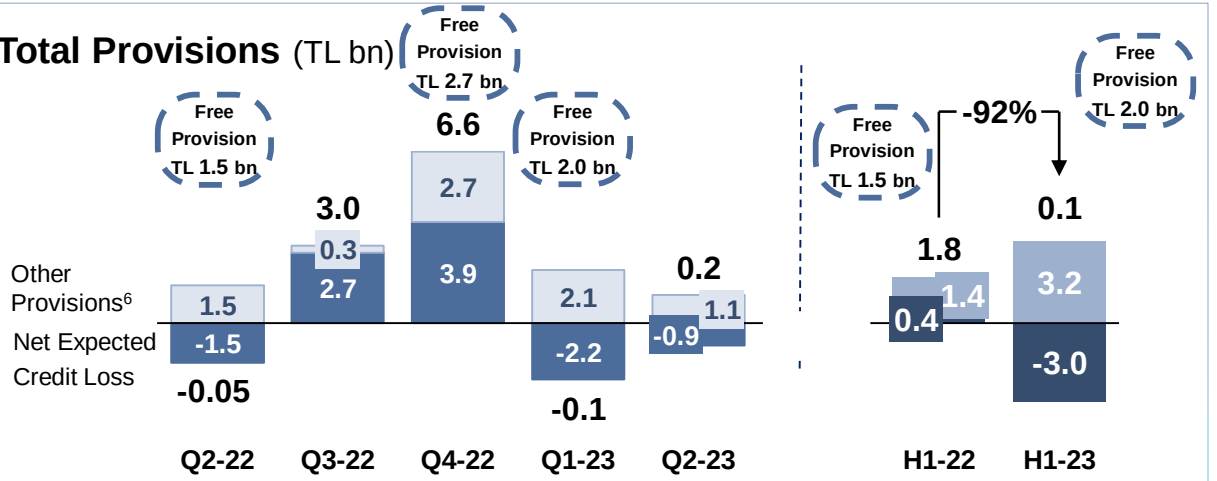
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	H1-22	H1-23
NIM[1]	5.6%	6.0%	8.1%	**4.8%**	**5.1%**	5.1%	**4.9%**

Operating Expenses (TL bn)



	H1-22	H1-23
CIR	24.9%	**33.1%[7]**

Total Provisions (TL bn)



	H1-22	H1-23
CoR[3]	0.3%	**-1.4%**
Total Coverage[4]	9.2 %	**7.5%**
Total NPL Coverage[5]	163.6%	**222.6%**

[1] Swap adjusted [2] Non-Funded Income: Includes net fees and commissions income, trading and FX gains/losses, other income, and excludes swap costs
[3] Net expected credit loss / Avg. Total Loans [4] Provisions for expected credit loss incl. non-cash provisions / Total loans incl. leasing and factoring receivables
[5] Provisions for expected credit loss incl. non-cash provisions / NPL [6] Includes free provisions for Q2-22, Q4-22 and Q1-23 [7] Excludes earthquake support

H1 2023 Financial Results Highlights – Balance Sheet

TL billion	Jun-23	Dec-22	%
Total Assets	**877.7**	**625.0**	**40%**
TL Assets	*408.7*	*286.2*	*43%*
FX Assets (USD bn)	*18.2*	*18.1*	*0.3%*
Securities	**117.1**	**98.4**	**19%**
TL Securities	*54.4*	*53.7*	*1.2%*
FX Securities (USD bn)	*2.4*	*2.4*	*1.7%*
Gross loans[1]	**498.9**	**374.2**	**33%**
TL Loans [1]	*259.8*	*208.9*	*24%*
FX Loans (USD bn) [1]	*9.3*	*8.8*	*4.8%*
Deposits	**570.0**	**417.0**	**37%**
TL Deposits	*270.7*	*166.1*	*63%*
FX Deposits (USD bn)	*11.6*	*13.4*	*(14%)*
CET-1 (%)	11.17%	13.03%	-1.9 pp
LDR (%)[2]	81.7%	82.2%	-0.5 pp
NPL ratio (%)	3.4%	4.7%	-1.4 pp
Total Coverage[3]	7.5%	9.2%	-1.7 pp
Total NPL Coverage[4]	222.6%	193.8%	+29 pp

[1] Includes leasing and factoring receivables

[2] Loan to Deposit Ratio

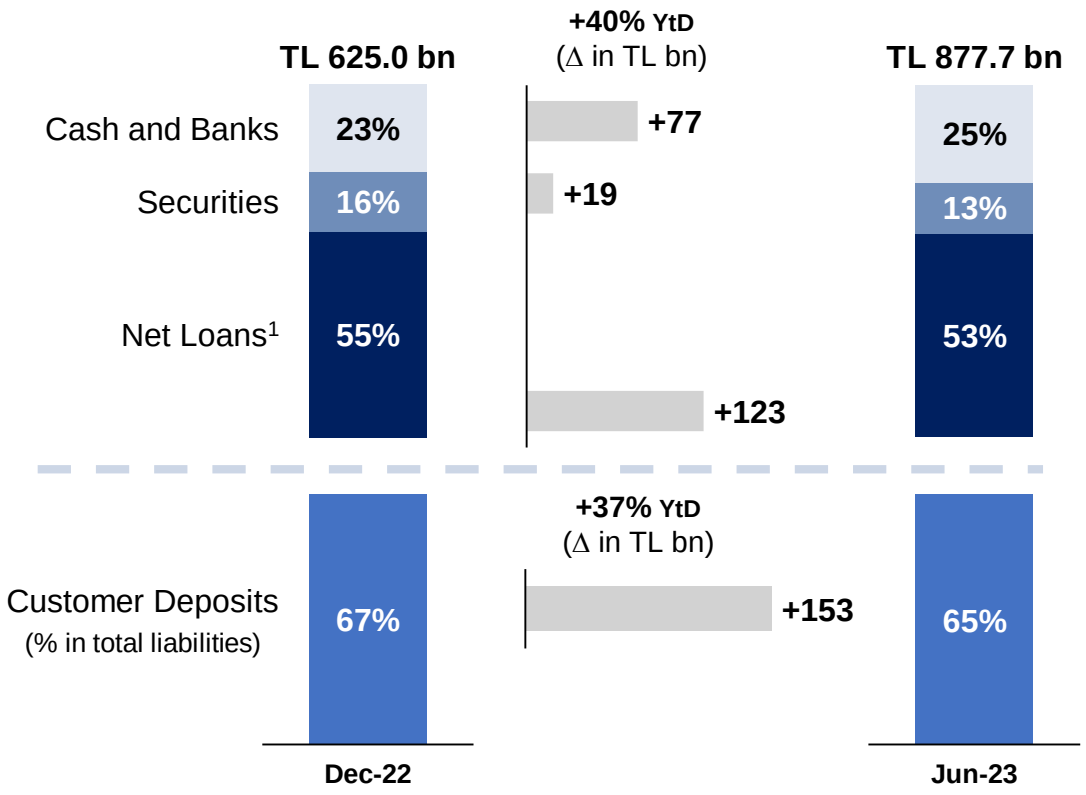
[3] Provisions for expected credit loss including non-cash loan provisions / Total loans inc. leasing and factoring receivables

[4] Provisions for expected credit loss including non-cash loan provisions / NPL

[5] According to the Bank's own segmentation of gross loans

- TL loans, receivables from money market and derivatives expanded assets by 40% y-t-d.
- TL-based business loans and retail lending led the growth in lending.
  - Credit card loans[5] grew by 56% y-t-d,
  - while a 22% y-t-d rise was recorded in SME loans[5].
- Solid loan growth, low NPL generation and successful recovery amounts improved NPL ratio to 3.4% with 139 bps y-t-d decrease.
  - Total NPL Coverage at 222.6% still stands above private banks' averages.
- 63% y-t-d growth in TL deposits resulted a 37% y-t-d rise in total deposits,
  - TL time deposits were up by 69% y-t-d on the back of FX-protected TL deposits.
- CAR at 15.78%, CET-1 at 11.17%, LCR at 210.4%, and LDR at 81.7%, demonstrating solid solvency and healthy liquidity levels, indicate the Bank's strong financial structure.

Assets growth continued through the expansion of loans, securities portfolios and money market



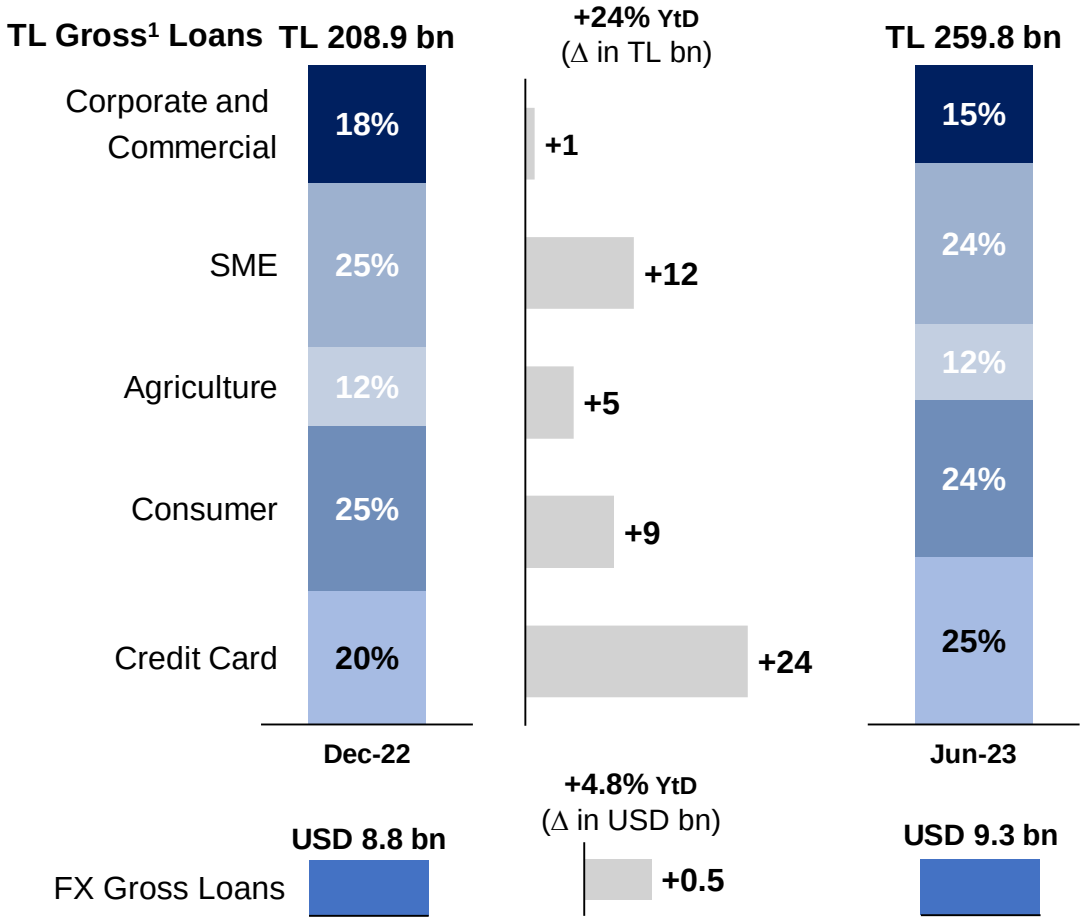
- Total assets grew by 40% y-t-d (+253 bn TL), led by TL loans and CPI linkers.
- Net Loans increased by 36% y-t-d (+123 bn TL), mainly driven by the expansion in TL-based business loans and retail lending.
- Customer deposits surged by 37% y-t-d (+153 bn TL), mainly by TL time deposits on the back of FX-protected deposit scheme.

in TL bn	Jun-23	QoQ%	YoY%	YtD%	Quarterly trend (last 5 quarters)
Assets	**877.7**	+27	+70	+40	515.7 598.1 625.0 693.5 **877.7**
Net Loans[1]	**465.6**	+24	+59	+36	292.7 327.2 342.8 374.7 **465.6**
Securities	**117.1**	+9	+71	+19	68.5 84.1 98.4 107.3 **117.1**
Customer Deposits	**570.0**	+22	+73	+37	329.0 397.7 417.0 468.2 570.0
Equity	**64.4**	+9	+62	+17	39.7 47.5 54.9 59.1 64.4
Risk Weighted Assets (RWAs)	**570.0**	+9	+58	+35	361.7 403.4 423.6 520.6 **570.0**

%	Jun-23	QoQ (bps)	YoY (bps)	YtD (bps)	Quarterly trend (last 5 quarters)
CET1	**11.17%**	-16	-24	-187	11.41% 12.27% 13.03% 11.32% **11.17%**
CAR	**15.78%**	+50	-28	-179	16.06% 16.89% 17.57% 15.28% **15.78%**

[1] Includes leasing and factoring receivables

TL Gross[1] Loans growth led by credit card loans, SME loans and consumer loans performances



in TL bn	Jun-23	QoQ%	YoY%	YtD%	Quarterly trend (last 5 quarters)				
Gross Loans[1]	**498.9**	+23	+56	+33	320.5	354.9	374.2	404.7	**498.9**
TL Gross Loans	**259.8**	+11	+60	+24	162.3	186.5	208.9	233.5	**259.8**
Corporate and Commercial	**38.3**	+4	+34	+3	28.5	34.0	37.3	37.0	**38.3**
SME	**63.5**	+6	+61	+22	39.4	48.7	52.0	59.7	**63.5**
Agriculture	**30.1**	+6	+20	+21	25.2	25.0	25.0	28.3	**30.1**
Consumer	**61.6**	+6	+53	+18	40.2	44.2	52.1	57.9	**61.6**
Credit Card	**66.2**	+31	+128	+56	29.0	34.5	42.5	50.6	**66.2**

in USD bn	Jun-23	QoQ%	YoY%	YtD%	Quarterly trend (last 5 quarters)				
FX Gross Loans	**9.3**	+4	-2	+5	9.5	9.1	8.8	8.9	**9.3**

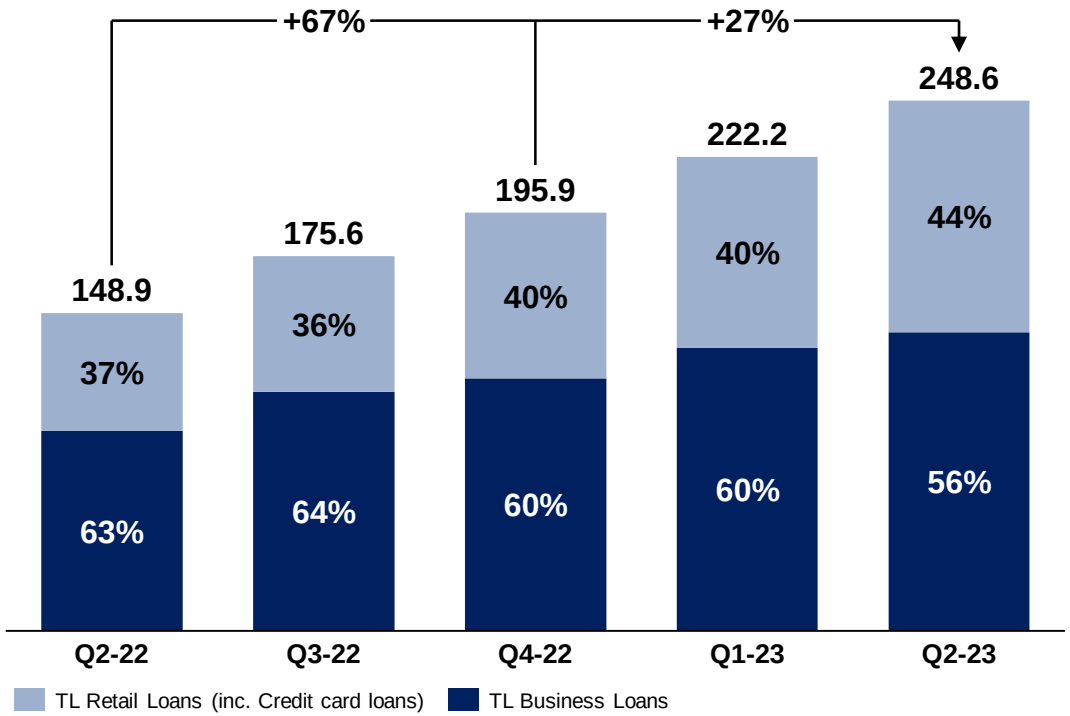
- TL Gross Loans increased by 24% y-t-d (+51 bn TL), mainly driven by the expansion in SME loans, credit card loans and consumer loans.
- FX Gross Loans increased by 5% y-t-d (USD +0.5 bn), driven by commercial loans.

[1] Gross loans Include leasing and factoring receivables and given according to the Bank's own segmentation, SME Banking scale: Annual turnover below TL 250 mn (TL 125 -250 mn common with Commercial Banking). Commercial Banking scale: Annual turnover between TL125-250 mn.and Corporate Banking scale: Annual turnover above TL 250 mn. Credit Card Loans include commercial cards

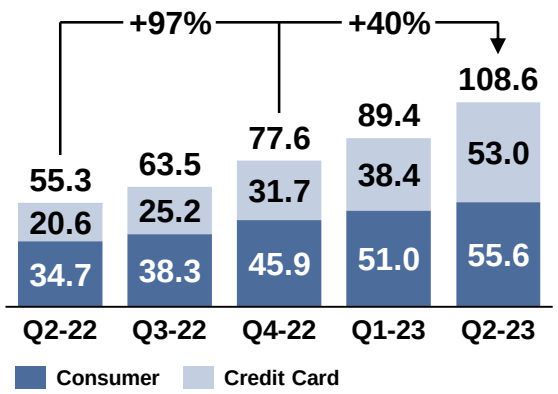
TL Performing Loans

Highlights

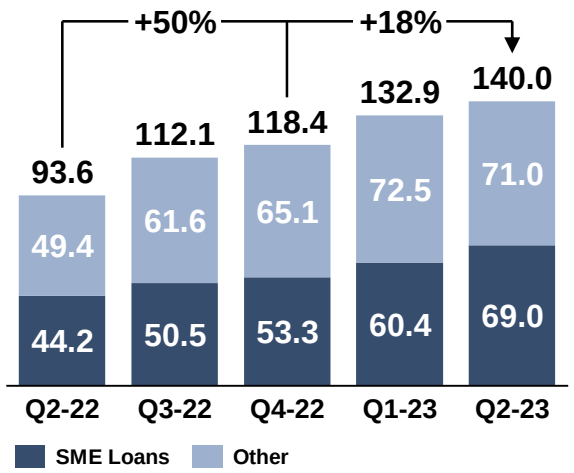
- Total Loans[1] increased by 35% y-t-d, mainly contributed by retail and SME loans' expansion.
- TL loans growth of 27% y-t-d was largely driven by, credit card loans, SME[2] loans and consumer loans growth.
- TL Retail loans were recorded 40% y-t-d growths owing to outstanding performance of credit card loans of 68%.
- TL Business loans surged by 18% y-t-d mainly driven by commercial and SME[2] loans and the share in total to 56%.



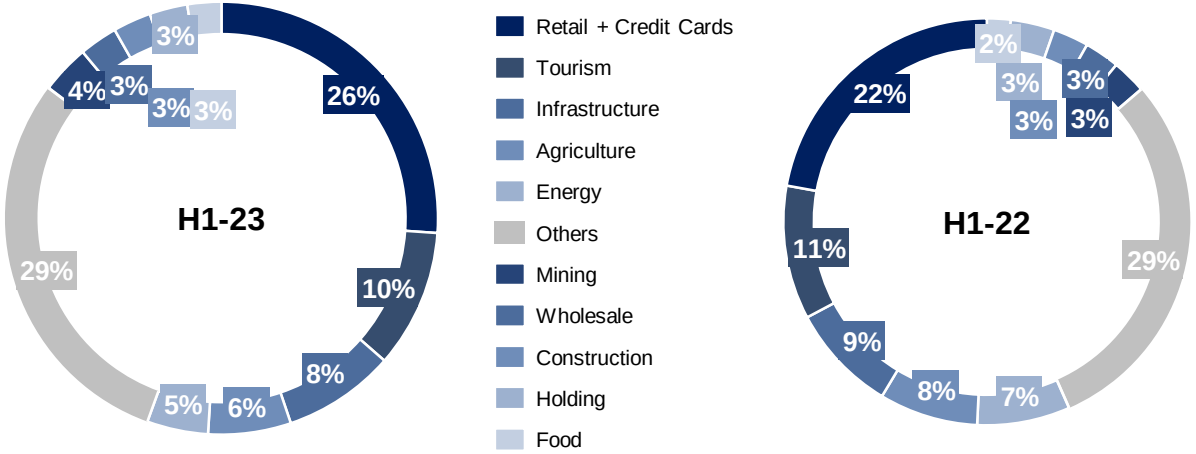
TL Retail Loans[2] (TL bn)



TL Business Loans[2] (TL bn)



Total Loans[1] by Sector



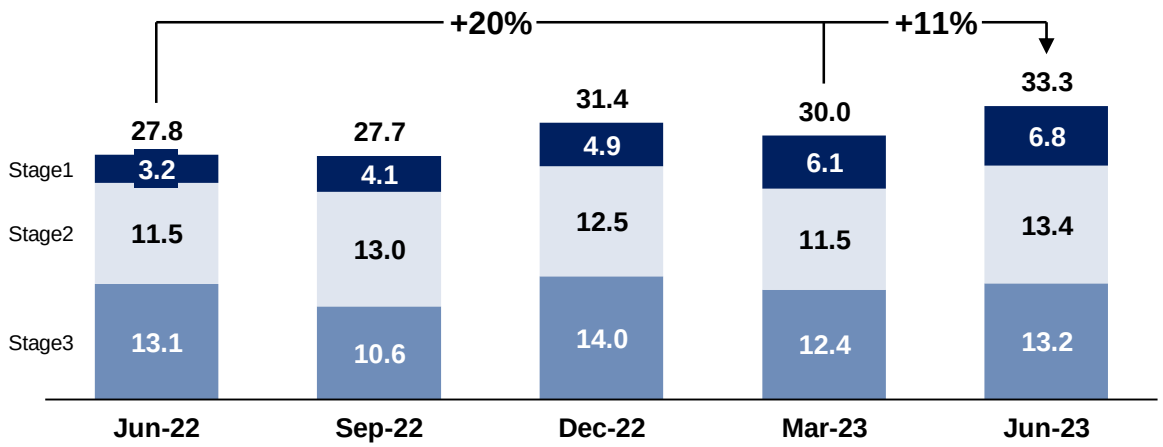
[1] Performing TL and FX cash loans [2] Retail Loans: Consumer + Credit Card Loans (only individuals) Business Loans: SME (according to BRSA definition) + Corporate and Commercial + Agriculture Loans

Healthy loan growth with an improvement in Stage 3 portfolio, maintaining prudent provisioning

Highlights

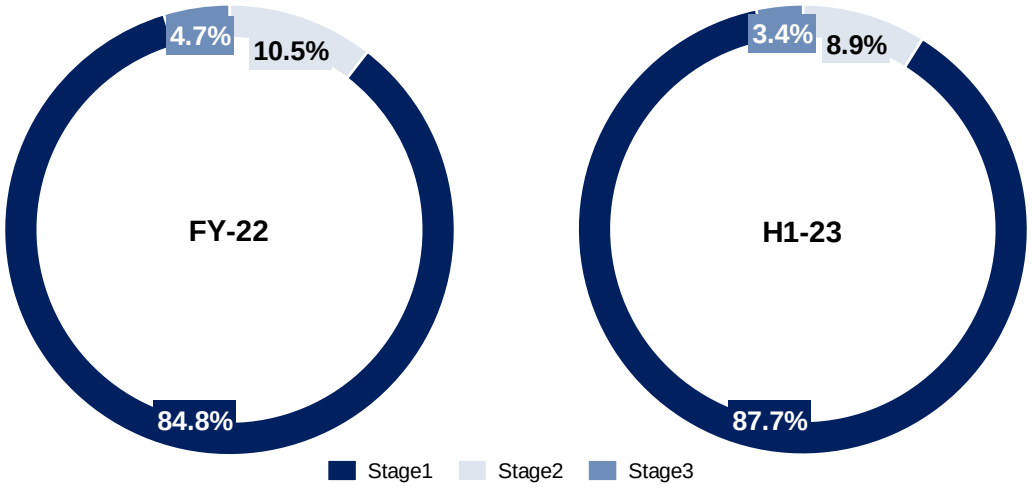
- Stage 1 coverage ratio stood at 1.6% similar as at FY-22.
- Stage 2 coverage ratio decreased to 30.1% from 31.8% as at FY-22.
- Stage 3 coverage ratio kept strong at 78.6% similar as at FY-22.
- Despite the end of COVID-19, provisions for customers continue to be closely evaluated.
- Buffer for uncertainties in the international markets is kept.
- A strong collection performance resulted in negative CoR.

Provisions for Expected Credit Loss (TL bn) and CoR (%)

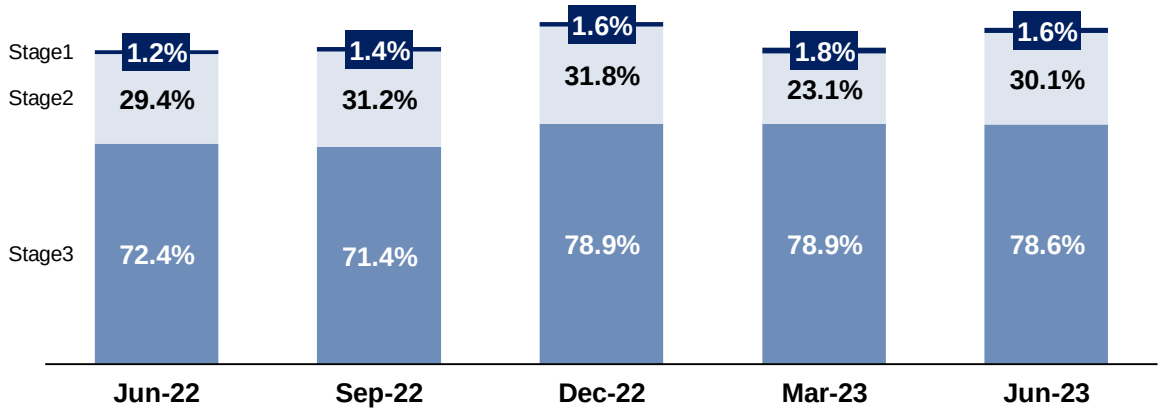


	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
CoR	0.3%	1.4%	2.2%	-2.3%	-1.4%

Total Gross Loans (TL bn)



Coverages (%)

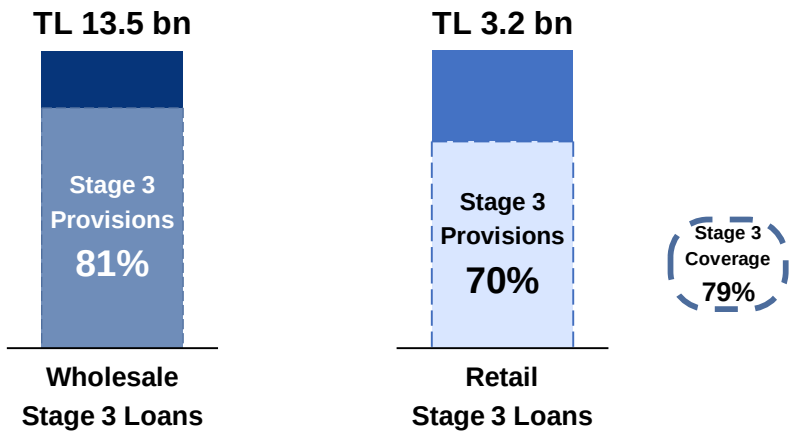


	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
Total Coverage[1]	9.2%	8.6%	9.2%	8.2%	7.5%

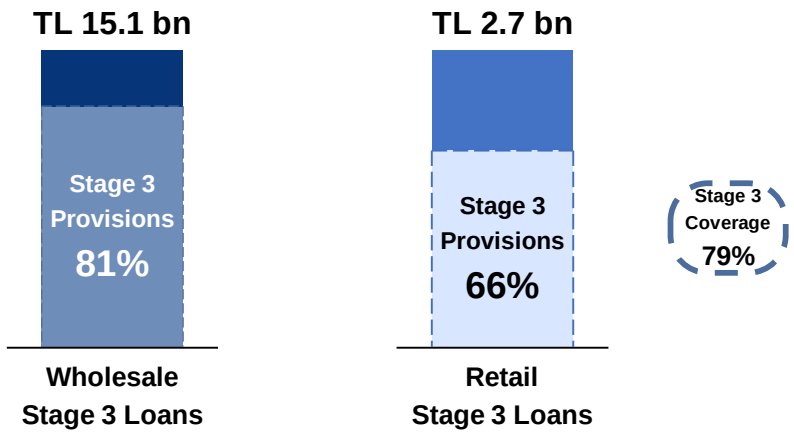
[1] Provisions for expected credit loss including non-cash provisions/ Total Loans including factoring and leasing receivables

Strong collection performance and low NPL inflow resulted in a lower NPL ratio

June-23



Dec-22



in TL bn - %	Jun-23	QoQ (% - bps)	YoY (% - bps)	YtD (% - bps)	Quarterly trend (last 5 quarters)
Stage 3 Ratio	**3.4%**	-54	-229	-139	5.6% 4.2% 4.7% 3.9% **3.4%**
Stage 3 Loans	**16.7**	+6	-7	-6	18.1 14.8 17.8 15.8 **16.7**
Stage 3 Provisions	**13.2**	+6	+0.5	-6	13.1 10.6 14.0 12.4 **13.2**

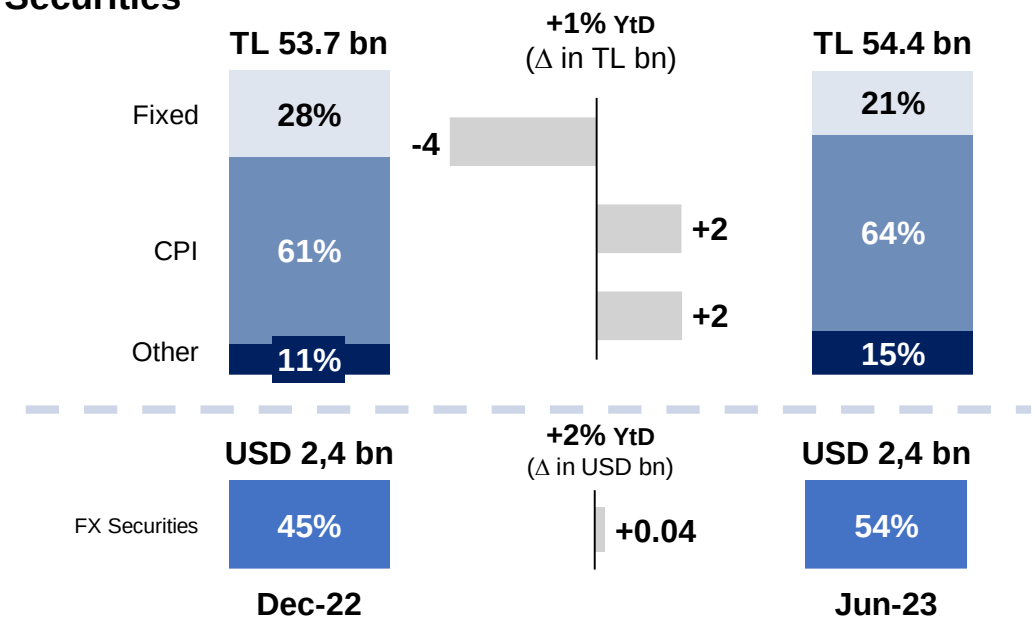
%	Jun-23	QoQ (pp)	YoY (pp)	YtD (pp)	Quarterly trend (last 5 quarters)
Stage 3 Coverage	**78.6%**	-0.3	+6	-0.3	72.4% 71.4% 78.9% 78.9% **78.6%**
Stage 3 Coverage[1]	**95.3%**	+4	+18	+5	77.6% 83.8% 89.9% 91.6% **95.3%**
Total NPL Coverage[2]	**222.6%**	+13	+59	+29	163.6% 204.7% 193.8% 209.8% **222.6%**

- Stage 3 ratio reported to 3.4%, improving by 139 bps from 4.7% as at FY-22, due to successfull recovery amounts, low NPL generation and solid loan growth.
- Due to the improvement in NPL portfolio, Stage 3 provisions eased by a lower rate to TL 13.2 bn from TL 14.0 bn.
- Coverage ratios continued to be strong with our prudent provisioning approach; Stage 3 coverage ratio (including non-cash provisions) realized at 95.3% higher than its 89.9% as at FY-22.

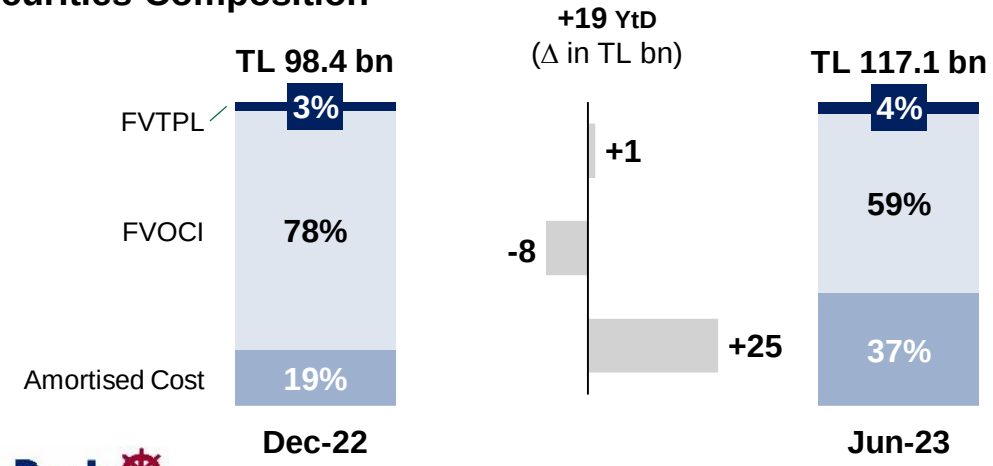
[1] including non-cash provisions [2] Provisions for expected credit loss including non-cash provisions/ Stage 3 Loans

Securities share in total assets 13.3%

TL Securities



Securities Composition



in TL bn	Jun-23	QoQ%	YoY%	YtD%	Quarterly trend (last 5 quarters)
Securities	**117.1**	+9	+71	+19	68.5, 84.1, 98.4, 107.3, 117.1
TL Securities	**54.4**	-12	+77	+1	30.7, 44.6, 53.7, 61.7, 54.4
Fixed	**11.4**	-29	+284	-25	3.0, 11.7, 15.3, 16.1, 11.4
CPI	**35.1**	-5	+53	+7	22.9, 27.9, 32.8, 37.0, 35.1
Other	**7.9**	-8	+66	+40	4.8, 5.0, 5.7, 8.6, 7.9

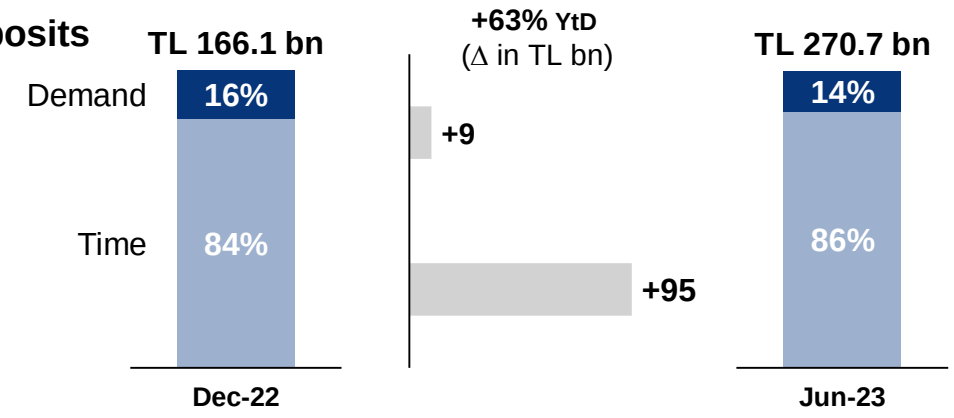
in USD bn	Jun-23	QoQ%	YoY%	YtD%	Quarterly trend (last 5 quarters)
FX Securities	**2.4**	+2	+7	+2	2.3, 2.1, 2.4, 2.4, 2.4

%	Jun-23	QoQ (bps)	YoY (bps)	YtD (bps)	Quarterly trend (last 5 quarters)
Securities to Total Assets	**13.3%**	-214	+6	-240	13.3%, 14.1%, 15.7%, 15.5%, 13.3%

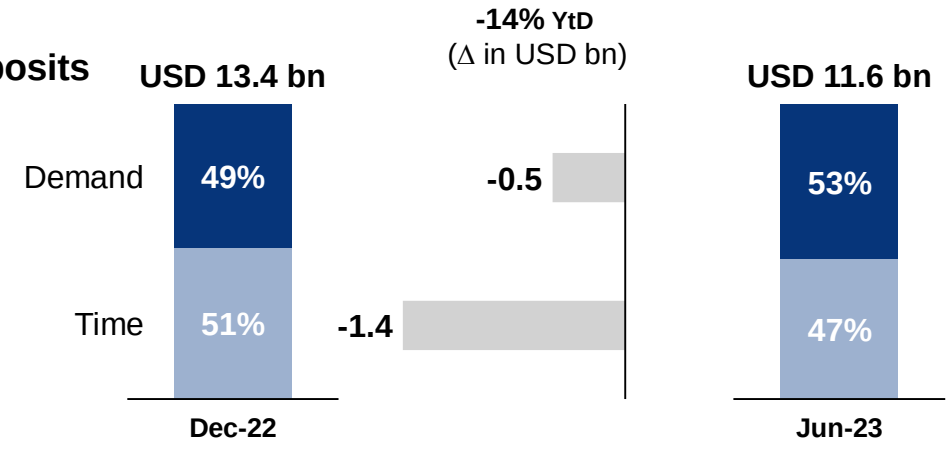
DenizBank

Customer Deposits' strong growth was stemmed from the surge in TL deposits with longer terms owing to the FX-protected deposit scheme

TL Deposits



FX Deposits



- TL Deposits increased by 63% y-t-d (+104 bn TL), mainly driven by TL time deposits (+69% y-t-d) on the back of FX-protected TL deposits.
- FX Deposits declined by 14% y-t-d (USD -1.9 bn) in line with the macro prudential policies.

in TL bn	Jun-23	QoQ%	YoY%	YtD%	Quarterly trend (last 5 quarters)
TL Deposits	**270.7**	+16	+157	+63	105.1 135.9 166.1 234.1 **270.7**
TL Demand	**36.8**	+14	+91	+35	19.3 23.4 27.3 32.2 **36.8**
TL Time	**233.9**	+16	+173	+69	85.8 112.5 138.8 201.9 **233.9**

in USD bn	Jun-23	QoQ%	YoY%	YtD%	Quarterly trend (last 5 quarters)
FX Deposits	**11.6**	-5	-14	-14	13.4 14.1 13.4 12.2 **11.6**
FX Demand[1]	**4.4**	-3	+24	+2	3.6 4.1 4.3 4.6 **4.4**
FX Time[1]	**2.6**	-16	-45	-42	4.8 5.4 4.5 3.1 **2.6**
Foreign Subsidiaries	**4.6**	+1	-10	+0	5.1 4.6 4.6 4.5 **4.6**

%	Jun-23	QoQ (bps)	YoY (bps)	YtD (bps)	Quarterly trend (last 5 quarters)
LDR	**81.7%**	+165	-728	-53	89.0% 82.3% 82.2% 80.0% **81.7%**

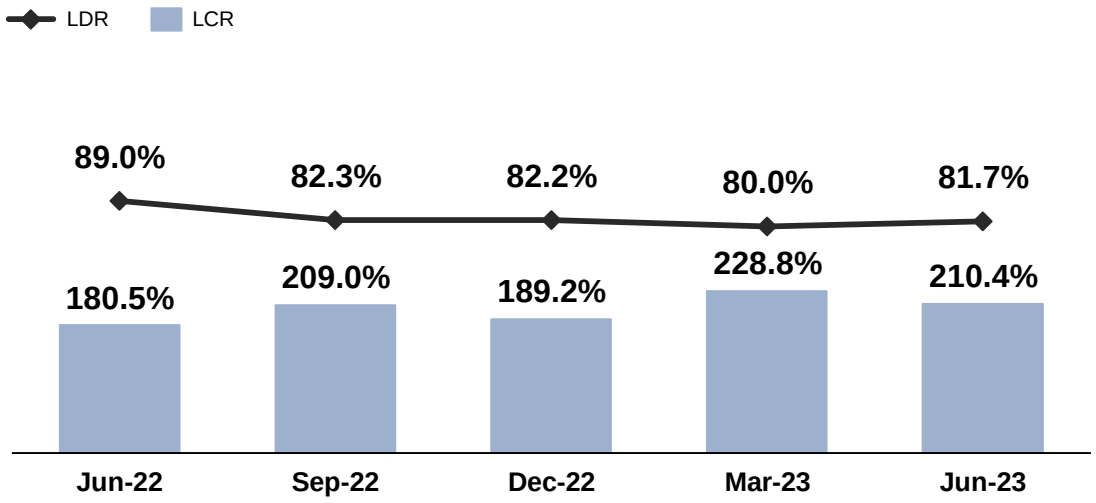
[1] FX Demand and Time Deposits are based on unconsolidated figures

Funding and Liquidity

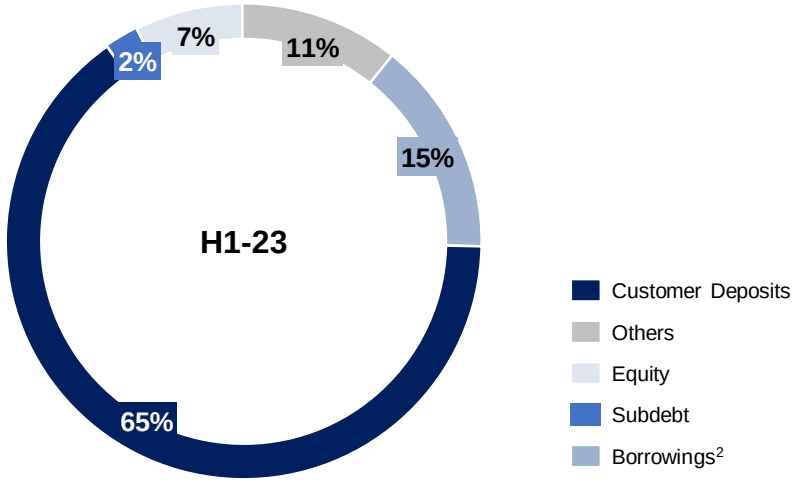
Highlights

- Consolidated LCR of 210.4%, unconsolidated LCR of 180.4% and Consolidated LDR of 81.7% reflect DenizBank's healthy liquidity.
- Liquid assets reached TL 222 bn, corresponding to 25% of total assets and 39% of customer deposits.
- As of Q2-23, TL 7.7 bn worth of securities with less than 1-year maturity were issued domestically.
- Deposit is the main source of funding and represents 65% of total liabilities.
- Borrowings[2] share in total liabilities of 15%, in line with the sector average.

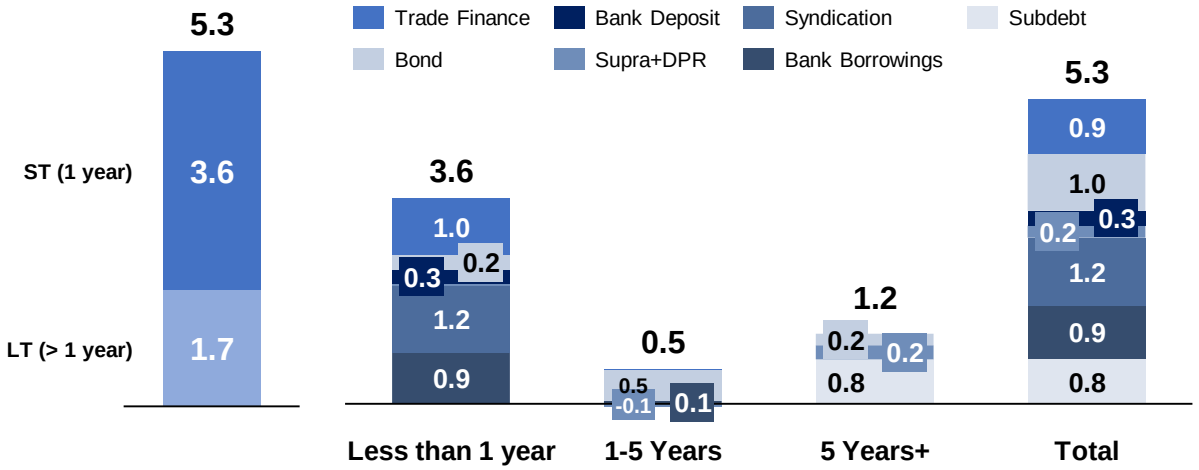
Loan to Deposit and Liquidity Coverage Ratio (%)



Composition of Liabilities (%)



Trend in FX Borrowings by Tenor (USD bn)



ST Debt	USD 3.6 bn
FX Liquidity Buffer[1]	USD 9.4 bn

1 FX Liquidity Buffer: FX Cash + FX Money market placements (including Central Banks) + FX reserve requirements + FX unencumbered securities + Swaps
2 Excluding repo

Strategy is to diversify the wholesale funding mix and lengthen the maturity profile

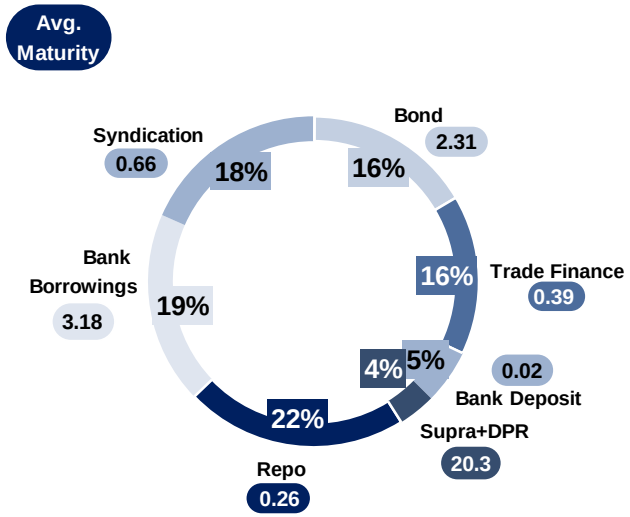
Breakdown of Wholesale Funding

Syndicated Loan Facilities:
- Successful come back in 2019 with the biggest fresh funding of the year.
- DenizBank's market share among the Turkish bank syndications has reached to **10.85%** as of 2022 YE.

Triple Currency Syndicated Loan Facility in Q2 2022:
- ESG linked syndicated loan facility amounting to USD 529 Mn (being USD 183 mn, EUR 297.2 mn and ¥255 mn) signed on June 8th, 2023 with the participation of 22 banks from 13 countries with a 117% roll over ratio, **highest in the sector.**

ESG-Linked Term Loan Facility in Q4 2022:
- Signed on November 7th, 2022. 78% roll-over ratio with a total amount of USD 625 mn, 36 participants across 17 countries. **The biggest deal in terms of amount and number of participants** within H2 2022 Turkish bank syndications.

Supranationals:
- Since the ownership change in July 2019, more than **USD 1.1 bn fresh supra funding with up to 2-7 years of maturity** secured from EBRD, EFSE, GGF, World Bank & IBRD, IFC and Proparco, which target financing SMEs, municipalities, farmers, energy efficiency and renewable energy projects, women empowerment and earthquake disaster relief.



DPR Securitization:
- USD 610 mn issued in May 2023 with **tenor of up to 7 years** with **12 investors and 8 series**. **IFC** participated USD 125 mn for agri financing and earthquake disaster relief, **EBRD & CTF** participated USD 143.2 mn for energy efficiency, women-SME and earthquake disaster relief while **Proparco** participated with USD 70 mn for energy efficiency and earthquake disaster relief.
- In Feb 2021, **USD 435 mn** was issued up to 7 years maturity with **13 participants including IFC and EBRD, under 9 series**. IFC and EBRD were the "Anchor Investors" with USD 150 mn for agri financing and USD 100 mn for energy efficiency and women empowerment financing respectively with 5-year tenor. The deal was recognized by The Banker Magazine as the "**Deal of the Year**" and by Bonds and Loans-Turkey Awards as the "**Structured Finance Deal of the Year**".

Debt Capital Markets:
- Annual update of the EMTN programme for 2023 has finalized in June 2023.
- Planning to establish ESG Framework under EMTN Program
- Active in Private Placements with maturities extending to 12 months
- Waiting for the right time for a debut issuance

DenizBank Sustainability Initiative

Sustainability Focal Points

People & Society

Human Capital
Human Rights, Fair Working Conditions, Diversity, Gender Equality, Equal Opportunities

Financial Inclusion
AGRI, WOMEN, SME

Community
Culture
Arts
Sports
Education

Climate Change

Direct Impacts
Operational Consumption, Maintenance and Control

Indirect Impacts
Assessing Loans from E&S Perspective

Green Projects
Encouraging Transition to Resource Efficiency Projects
Energy Efficiency, Renewable Energy

Digitalization & Innovation

Digitalisation
Pioneer in Digital Transformation
Reduce Dependency to Physical Channels

Intertech
State of the art IT platform
11 countries, 49 Institutional Customers

NEOHUB
Supporting start-ups in the Ecosystem
Deniz Akvaryum
Deniz Ventures

Consumer Financial Protection

Data Privacy & Security

In line with our Sustainability Management System, our main focuses for 2023 include

- Conducting a **Gap, Stakeholder and Materiality Analyses**
- Assigning **Climate-Related KPI's** to Executive Vice Presidents
- Providing Awareness and Leadership **Trainings**
- Preparing and implementing DenizBank's **Sustainable Finance Framework**
- DenizBank started **an IT project** to **automize** the monitoring process of **direct and indirect** emissions
- Developing **Roadmap** to Setting a **Decarbonization** Processes
- Developing a cross-referencing **Heatmap** to develop a methodology that would assess **Loan Portfolio's Climate Risks**
- Assessing **Loan Portfolio** from **Climate Risks and Opportunities** Perspective
- Publishing our **Sustainability Report** in compliance with **GRI Standards**
- Reporting to **CDP** on **Climate Change** and **Water Security**

Capital Adequacy

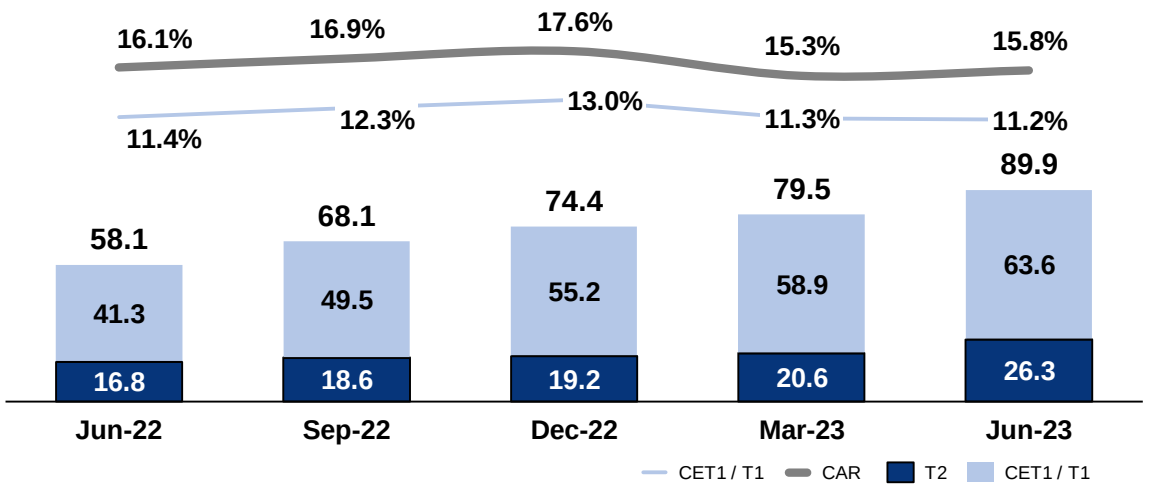
Highlights

- In the first half of 2023, mainly due to the rule change published by BRSA on credit risk calculation, T1 and CAR decreased by -186 and -179 bps. On y-o-y basis, the change was realized as -24 and -28 bps for T1 and CAR, respectively.
- Forbearances of BRSA against COVID-19 supported the capital adequacy: has respective positive impacts of 178 bps and 218 bps on T1 and CAR as at June-23.

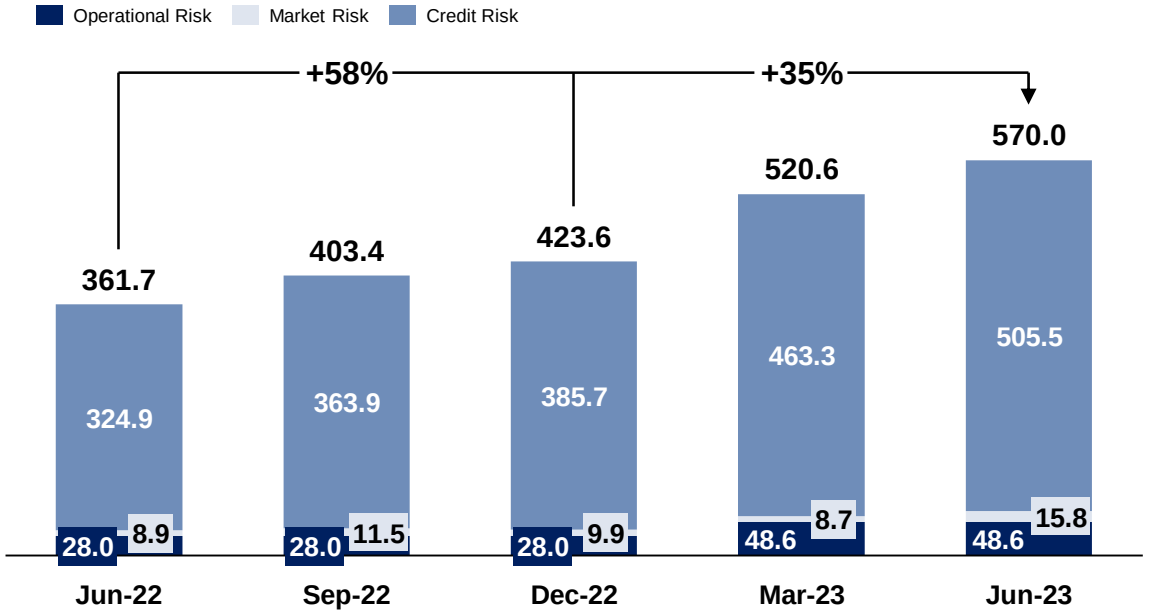
Capital Movements Table

TL million	CET1 / Tier1	Tier2	TOTAL
Capital as at 31-Dec-2022	**55,210**	**19,218**	**74,428**
Net Profit	13,456		13,456
Additional credit risk effect		1,882	1,882
Additional, subdebt effect (currency difference)		5,576	5,576
Change in reserves	(3,960)		(3,960)
Other	(1,069)	(365)	(1,434)
Capital as at 30-Jun-2023	**63,637**	**26,311**	**89,948**

Capitalisation (TL bn)



Risk Weighted Assets (TL bn)



H1 2023 Financial Results Highlights – Income Statement

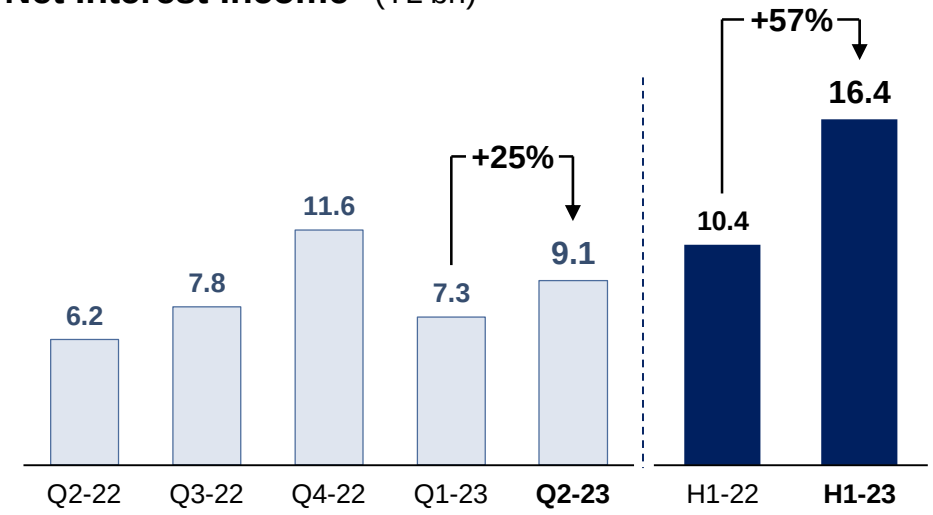
TL billion	H1-23	H1-22	Better / (Worse)
Net interest income[1]	16.4	10.4	57%
Non-funded income	11.5	8.2	41%
Net Fees and Commissions	*5.1*	*2.7*	*87%*
Trading and FX Gains/Losses [1]	*3.4*	*4.5*	*(25%)*
Other Income	*3.1*	*1.0*	*221%*
Total income	**27.9**	**18.7**	**50%**
Operating expenses	-9.6	-4.6	(107%)
Pre-provision operating profit	**18.3**	**14.0**	**31%**
Total provisions	-0.1	-1.8	92%
Net expected credit loss	*3.0*	*-0.4*	*958%*
Other provisions	*-3.2*	*-1.4*	*(118%)*
Operating profit	**18.2**	**12.2**	**49%**
Taxation charge	(4.6)	(3.0)	(55%)
Net profit	**13.5**	**9.2**	**47%**
Cost: income ratio[2]	33.1%	24.9%	-8.3 pp
Net interest margin[1]	4.9%	5.1%	-0.2 pp

[1] Swap adjusted [2] H1-23 ratio is adjusted; exludes earthquake support

- H1-23 net profit increased by 47% y-o-y, mainly due to solid performances of net interest income, non-funded income and strong collection performance.
  - The operating profit showed a 49% y-o-y rise.
- Loans and FX securities' growth pushed net interest income[1] up materially.
  - NII[1] increased by 57% y-o-y on the back of growth in mainly TL loans with selected loan segments and increase of securities portfolio.
- Net fees and commissions income rose by 87% y-o-y,
  - mainly supported by the strong performance in payment systems, banking services fees, brokerage and bancassurance commissions.
- Trading gain from securities and other income including collections from NPLs became the other supporters of the 41% y-o-y growth in non- funded income in H1-23.
- C/I ratio[2] stood at 33% in continuing inflationary environment, thanks to solid income performance.
- CoR improved considerably due to strong collection performance.

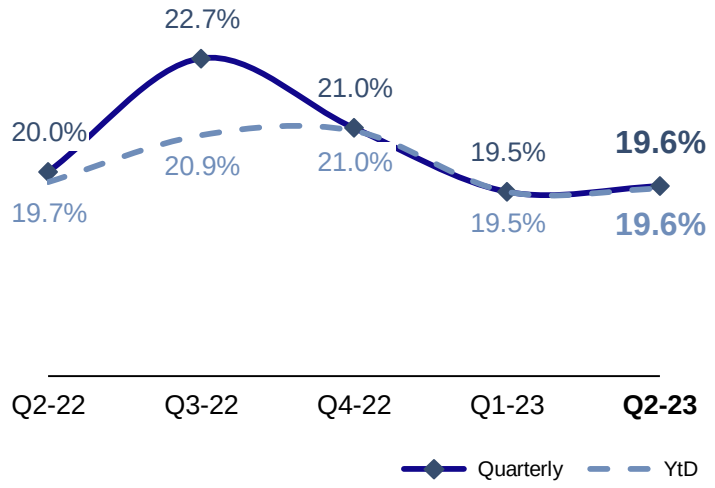
NIM realized at 4.9% with the contribution of loan growth with selected segments and well-managed securities portfolio expansion

Net Interest Income[1] (TL bn)

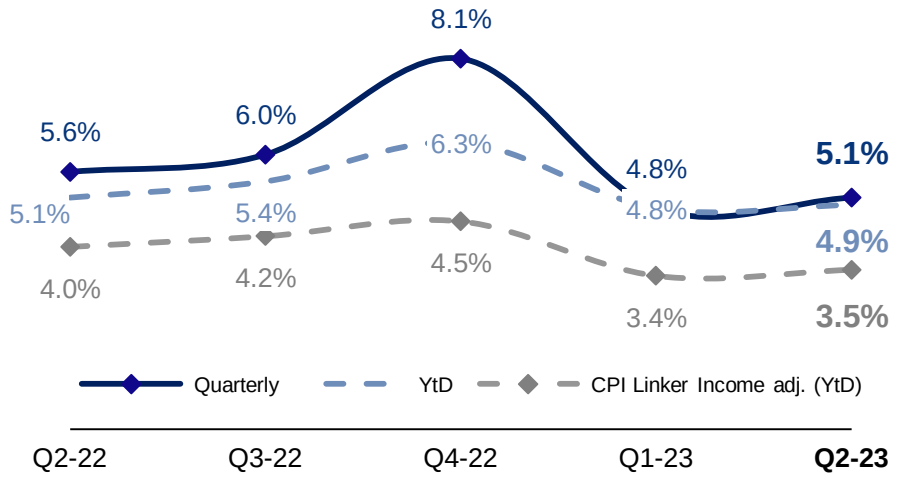


- NII[1] grew by 57% in H1-23; largely due to 1) healthy growth in mainly TL loans and 2) well-managed securities portfolio expansion.
- H1-23 NIM[1] realized at 4.9%.

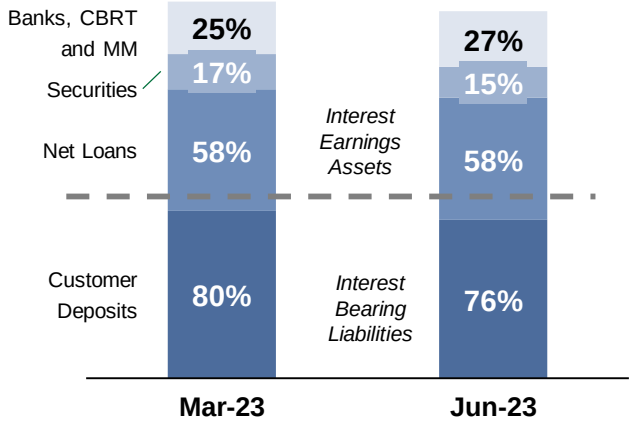
TL Loan Yields[2] (%)



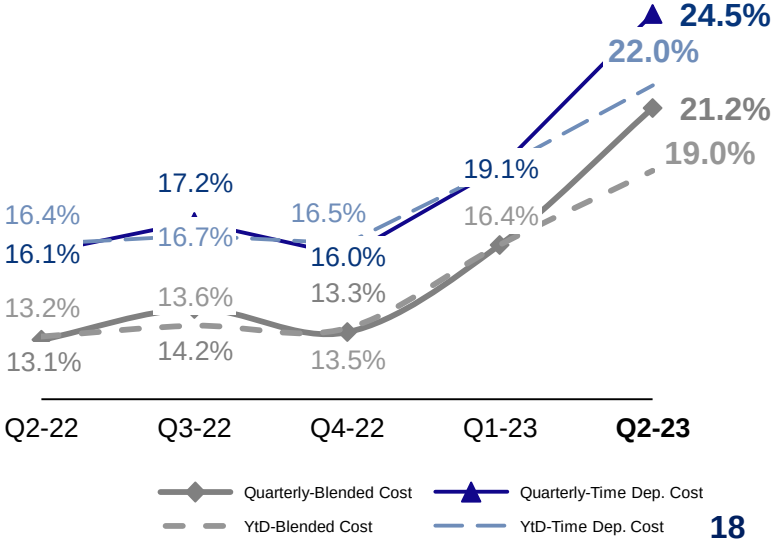
Net Interest Margin[1] (%)



- Banks, CBRT and Money Market Placements increased by TL 53 bn, while securities rose by TL 10 bn q-o-q in Q2-23. Net Loans remained its share of 58% in Interest Earnings Assets as of Q2-23.



Cost[3] of TL Customer Deposits (%)



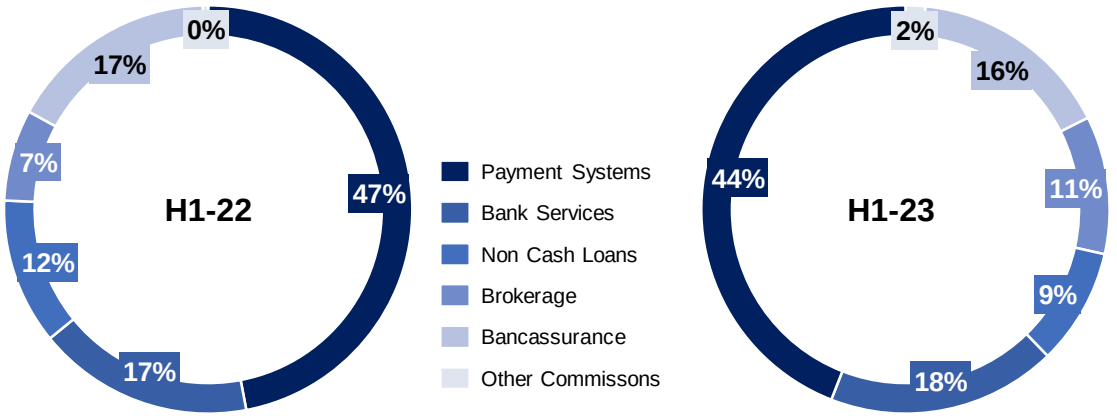
[1] Swap adjusted [2] Consolidated – Calculated with TL Performing Loans [3] Reflects MIS adjusted solo rates for Q1 & Q2 2023

Net Fees and Commissions

Highlights

- Net fees and commissions grew by 87% y-o-y in H1-23, mainly due to improved payment systems, banking services fees, brokerage and bankassurance commissions with 77%, 100%, 184% and 81% increases, respectively.
- Net commissions constituted 18% of total income (H1-22: 14%), while covering 53% of operating expenses (H1-22: 58%).

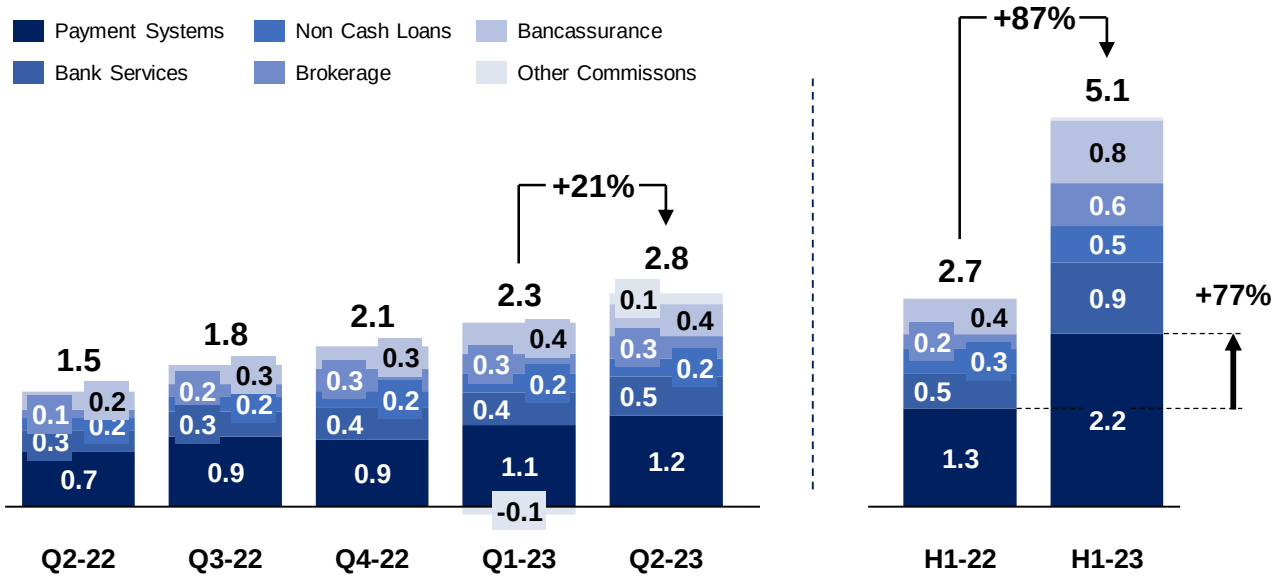
Breakdown of Net Fees and Commissions



QoQ Analysis:

- Net fees and commissions grew by 21% q-o-q, mainly driven by payment systems and banking services fees.
- Payment systems fees increased by 12% q-o-q.
- Banking services fees recorded 19% q-o-q growth.
- Brokerage commissions grew by 10% q-o-q.

Net Fees and Commissions Income (TL mn)

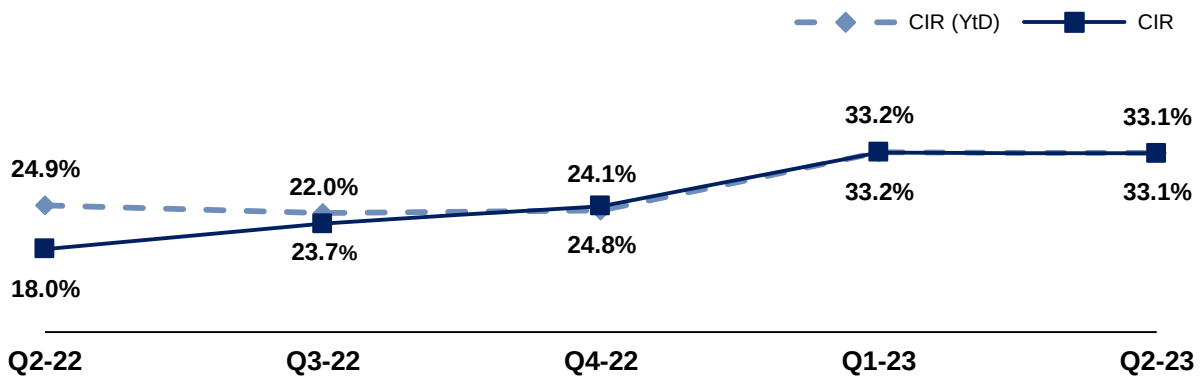


Operating Expenses

Highlights

- Operating expenses increased by 107% y-o-y in H1-23, as a consequence of high inflation and TL's substantial depreciation, which magnified FX-denominated costs.
- HR costs went up by 124% y-o-y and non-HR cost boosted by 94% y-o-y, mainly due to ongoing inflationary environment.
- C/I ratio[1] stood at 33.1% on ongoing inflationary trends with income performance.

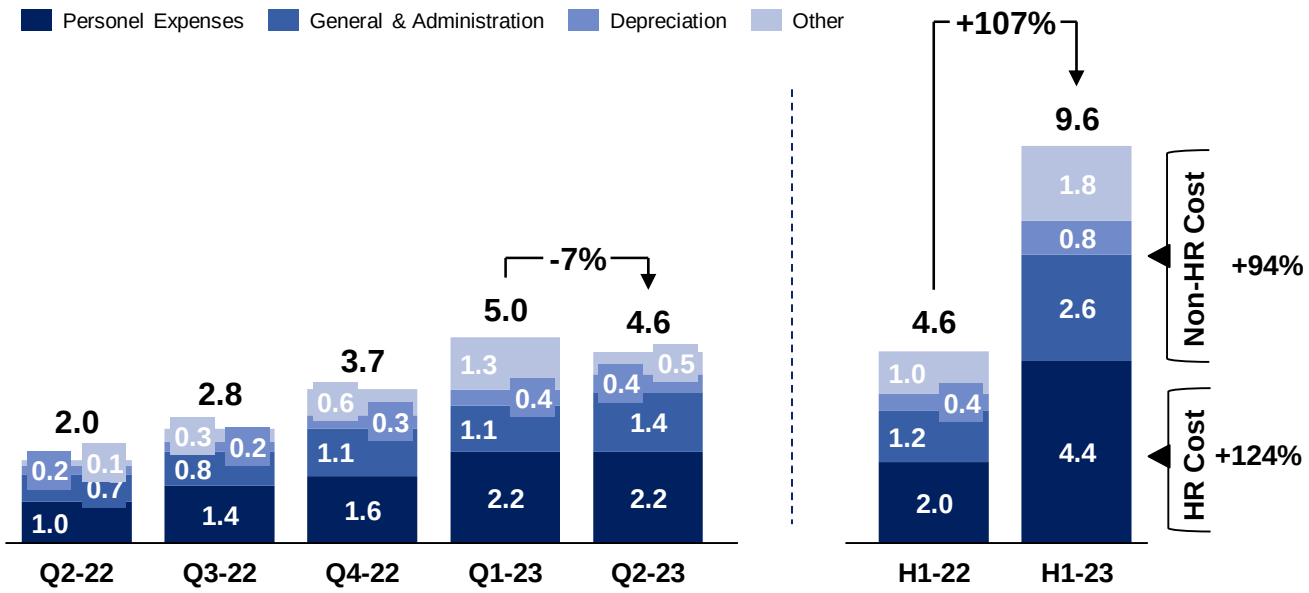
Cost to Income Ratio (%)[1]



QoQ Analysis:

- Operating expenses decreased by 7% q-o-q, with 0.3% and 13% decreases in HR and non-HR costs, respectively.
- DenizBank had 14,034 employees (H1-22: 13,555; +479) on consolidated basis as of June 30th, 2023.
- DenizBank standalone has 651 branches (H1-22: 697; -46) in Turkey and Bahrain, while its subsidiary Deniz AG is operating 14 branches (H1-22: 20; -6) in Germany and Austria.

Operating Expense Composition (TL mn)

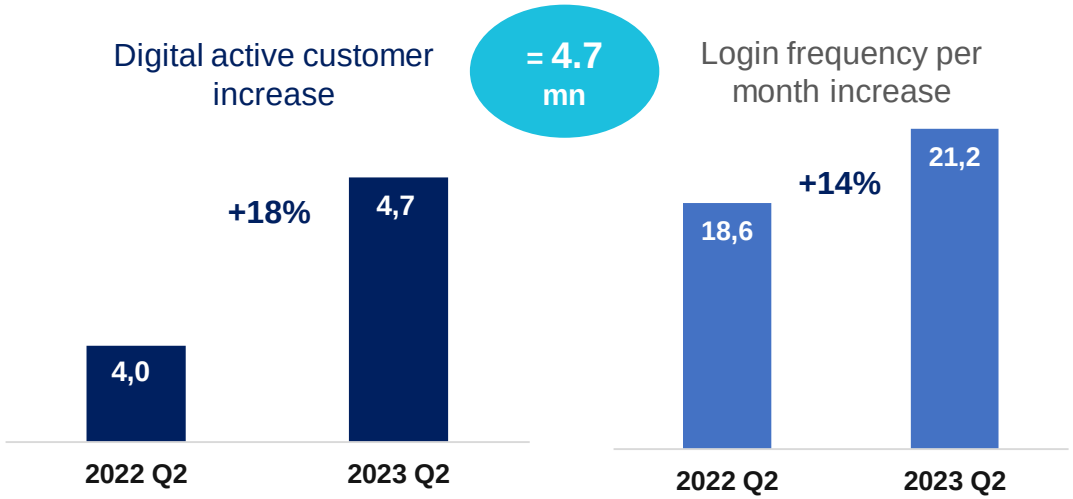


[1] Q1&Q2-23 C/I ratios are adjusted; excludes earthquake support

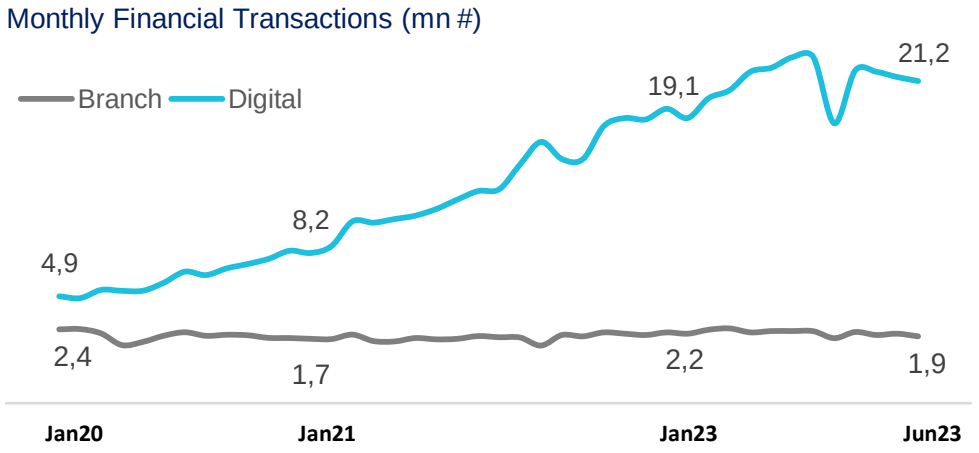
The journey to create efficiency by migrating services and everyday banking to digital now turned into sales driven digital experiences

Digital Active Customer

Digital Active customer number and login frequency per customer have increased



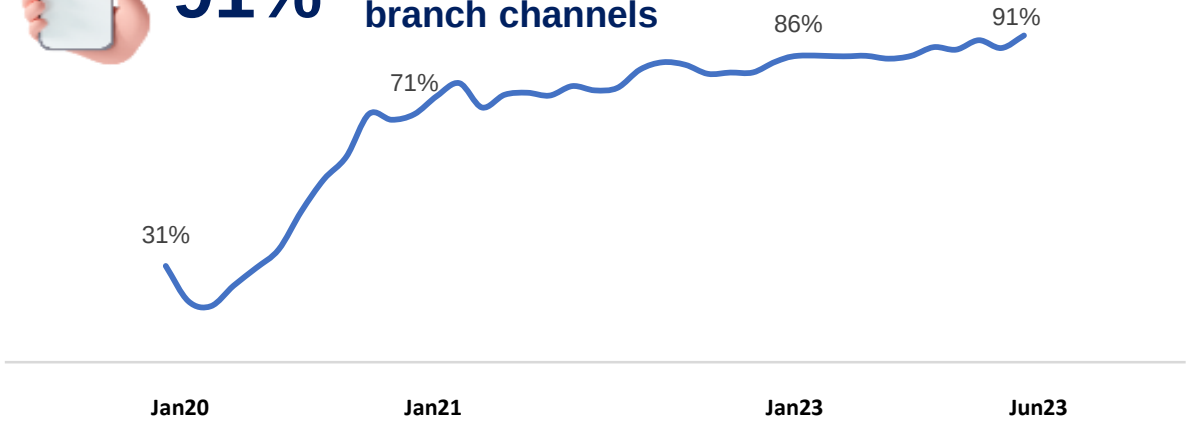
96% Of all financial transactions held on non-branch channels



Digital Sales

		2022 Q2		2023 Q2
GPL	Digital % Among Total Sales	60%	1.2x →	73%
Retail Credit Cards	# of Digital Total Sales	52 K	1.2x →	61 K

91% Of GPLs were allocated via non-branch channels



GPLs and card loans are included

Appendix

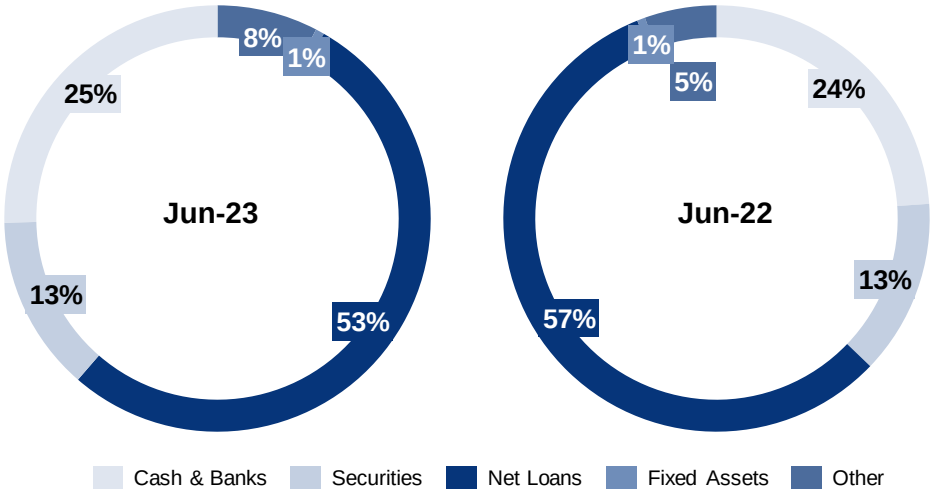
Consolidated BRSA balance sheet

Assets (TL mn)	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Share	ΔYtD	ΔYoY
Cash & Banks	**123,263**	**147,913**	**145,042**	**166,732**	**222,102**	**25.3%**	**53%**	**80%**
Securities	**68,479**	**84,091**	**98,397**	**107,331**	**117,078**	**13.3%**	**19.0%**	**71%**
TL	30,678	44,580	53,749	61,681	54,376	6.2%	1%	77%
FX (USD mn)	2,269	2,134	2,388	2,383	2,428	7.1%	2%	7%
Net Loans[1]	**292,680**	**327,212**	**342,781**	**374,689**	**465,555**	**53.0%**	**36%**	**59%**
TL	143,825	168,430	192,367	217,547	243,224	27.7%	26%	69%
FX (USD mn)	8,934	8,574	8,044	8,204	8,610	25.3%	7%	-4%
Gross Loans[1]	***320,490***	***354,862***	***374,190***	***404,707***	***498,901***	***56.8%***	***33%***	***56%***
TL	*162,291*	*186,513*	*208,927*	*233,508*	*259,818*	*29.6%*	*24%*	*60%*
FX (USD mn)	*9,495*	*9,091*	*8,838*	*8,938*	*9,258*	*27.2%*	*5%*	*-2%*
Loan Loss Provision (Cash)	***27,809***	***27,650***	***31,409***	***30,018***	***33,346***	***3.8%***	***6%***	***20%***
Fixed Assets	**3,155**	**3,788**	**4,358**	**4,905**	**5,817**	**0.7%**	**33%**	**84%**
Other	**28,110**	**35,110**	**34,424**	**39,865**	**67,172**	**7.7%**	**95%**	**139%**
Total Assets	**515,688**	**598,113**	**625,001**	**693,522**	**877,724**	**100%**	**40%**	**70%**

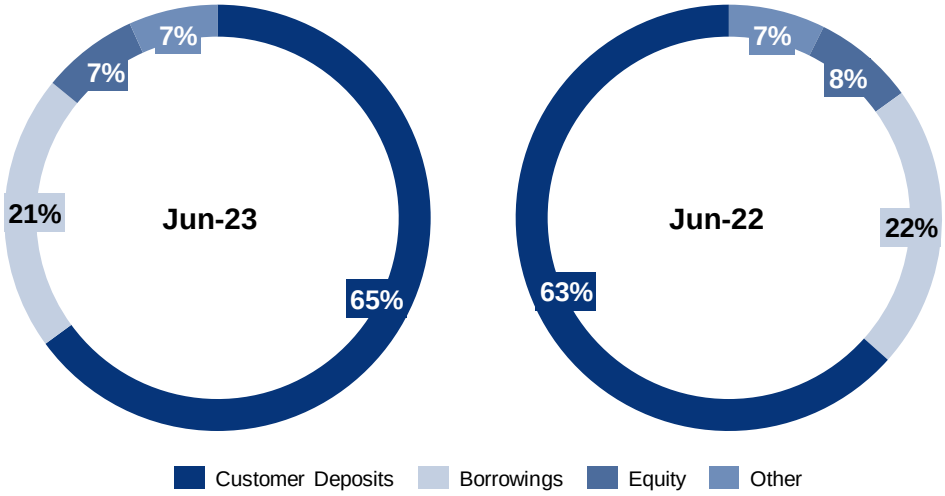
Liabilities and Equity (TL mn)	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Share	ΔYtD	ΔYoY
Customer Deposits	**329,017**	**397,722**	**416,969**	**468,227**	**570,021**	**64.9%**	**37%**	**73%**
TL	105,139	135,909	166,057	234,142	270,729	30.8%	63%	157%
FX (USD mn)	13,437	14,138	13,419	12,222	11,590	34.1%	-14%	-14%
Demand Deposits	***121,043***	***143,658***	***149,818***	***154,786***	***194,345***	***34.1%***	***30%***	***61%***
TL	*19,309*	*23,365*	*27,298*	*32,230*	*36,796*	*13.6%*	*35%*	*91%*
FX (USD mn)	*6,106*	*6,496*	*6,552*	*6,399*	*6,101*	*52.6%*	*-7%*	*0%*
Time Deposits	***207,973***	***254,064***	***267,151***	***313,441***	***375,676***	***65.9%***	***41%***	***81%***
TL	*85,830*	*112,545*	*138,760*	*201,912*	*233,933*	*86.4%*	*69%*	*173%*
FX (USD mn)	*7,331*	*7,642*	*6,866*	*5,823*	*5,489*	*47.4%*	*-20%*	*-25%*
Borrowings	**111,150**	**110,435**	**109,862**	**116,762**	**184,050**	**21.0%**	**68%**	**66%**
Securities Issued	*7,405*	*7,904*	*8,799*	*10,463*	*26,898*	*3.1%*	*206%*	*263%*
Funds Borrowed	*53,338*	*52,584*	*50,582*	*66,482*	*92,658*	*10.6%*	*83%*	*74%*
Repo	*16,520*	*12,778*	*13,482*	*17,419*	*35,602*	*4.1%*	*164%*	*116%*
Sub Debt	*12,931*	*14,240*	*14,561*	*14,963*	*20,190*	*2.3%*	*39%*	*56%*
Bank Deposits	*20,956*	*22,930*	*22,438*	*7,435*	*8,703*	*1.0%*	*-61%*	*-58%*
Other	**35,777**	**42,462**	**43,308**	**49,433**	**59,295**	**6.8%**	**37%**	**66%**
Equity	**39,745**	**47,494**	**54,863**	**59,101**	**64,358**	**7.3%**	**17%**	**62%**
Total Liabilities and Equity	**515,688**	**598,113**	**625,001**	**693,522**	**877,724**	**100%**	**40%**	**70%**

[1] Includes leasing and factoring receivables, FX indexed loans are included in FX loans

Share in Total Assets, %



Share in Total Liabilities and Equity, %



Consolidated BRSA income statement

Income Statements (All figures are in TL mn)	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	ΔQoQ	ΔYoY	H1-22	H1-23	ΔYoY
Net Interest Income (incl. Swap Cost)	6,203	7,809	11,607	7,302	9,109	**25%**	**47%**	10,442	16,411	**57%**
Net Interest Income	6,661	8,327	11,736	7,007	8,815	**26%**	**32%**	11,589	15,821	**37%**
Swap Cost	*-458*	*-518*	*-129*	*295*	*294*	***-0.5%***	***-164%***	*-1,147*	*589*	***-151%***
Non-funded Income (excl. Swap Cost)	4,951	4,740	3,437	6,647	4,862	**-27%**	**-2%**	8,215	11,508	**40%**
Non-funded Income	4,493	4,222	3,307	6,942	5,156	**-26%**	**15%**	7,068	12,098	**71%**
Net Fees and Commissions	*1,495*	*1,837*	*2,081*	*2,280*	*2,770*	***21%***	***85%***	*2,701*	*5,050*	***87%***
Trading and FX Gains/Losses (excl. Swap Cost)	*2,697*	*2,519*	*487*	*2,350*	*1,035*	***-56%***	***-62%***	*4,525*	*3,384*	***-25%***
Other Income	*759*	*384*	*869*	*2,017*	*1,057*	***-48%***	***39%***	*989*	*3,074*	***211%***
Total Operating Income	**11,154**	**12,549**	**15,044**	**13,949**	**13,970**	**0.2%**	**25%**	**18,657**	**27,919**	**50%**
Operating Expenses	-2,010	-2,762	-3,730	-4,987	-4,617	**-7%**	**130%**	-4,638	-9,604	**107%**
HR Expenses	*-1,006*	*-1,385*	*-1,630*	*-2,213*	*-2,205*	***-0.3%***	***119%***	*-1,969*	*-4,418*	***124%***
Non-HR Expenses	*-1,004*	*-1,377*	*-2,100*	*-2,774*	*-2,412*	***-13%***	***140%***	*-2,669*	*-5,187*	***94%***
Pre-provision operating profit	**9,144**	**9,787**	**11,313**	**8,962**	**9,353**	**4.4%**	**2%**	**14,019**	**18,315**	**31%**
Net expected credit loss	1,515	-2,725	-3,899	2,167	857	**-60%**	**-43%**	-352	3,024	**-958%**
Stage 1	*639*	*-730*	*-658*	*-1,229*	*52*	***-104%***	***-92%***	*136*	*-1,177*	***-964%***
Stage 2	*1,642*	*-1,448*	*973*	*1,002*	*1,476*	***47%***	***-10%***	*1,011*	*2,478*	***145%***
Stage 3	*-766*	*-546*	*-4,214*	*2,394*	*-671*	***-128%***	***-12%***	*-1,500*	*1,724*	***-215%***
Other Provisions	-1,466	-273	-2,725	-2,064	-1,095	**-47%**	**-25%**	-1,449	-3,160	**118%**
Net Operating Profit	**9,193**	**6,789**	**4,689**	**9,065**	**9,114**	**0.5%**	**-1%**	**12,217**	**18,179**	**49%**
Tax	-2,544	-1,709	-1,652	-2,213	-2,436	**10%**	**-4%**	-3,008	-4,649	**55%**
Net Profit	**6,649**	**5,080**	**3,037**	**6,852**	**6,678**	**-3%**	**0.4%**	**9,209**	**13,530**	**47%**

Consolidated BRSA key financial ratios

Asset Quality	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	ΔYtD	ΔYoY
NPL Ratio	5.6%	4.2%	4.7%	3.9%	3.4%	-1.4 pp	-2.3 pp
NPL Coverage	72.4%	71.4%	78.9%	78.9%	78.6%	-0.3 pp	+6.2 pp
Total NPL Coverage[1]	163.6%	204.7%	193.8%	209.8%	222.6%	+29 pp	+59 pp
Stage 2 Coverage	29.4%	31.2%	31.8%	23.1%	30.1%	-1.7 pp	+0.7 pp
Total Coverage[2]	9.2%	8.6%	9.2%	8.2%	7.5%	-1.7 pp	-1.8 pp
Cost of Risk[3]	0.3%	1.4%	2.2%	-2.3%	-1.4%	-3.6 pp	-1.7 pp

Profitability - YtD	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	ΔYtD	ΔYoY
NIM[4] - Quarterly	5.6%	6.0%	8.1%	4.8%	5.1%	-3.0 pp	-0.6 pp
NIM[4]	5.1%	5.4%	6.3%	4.8%	4.9%	-1.4 pp	-0.2 pp
NIM	5.6%	5.9%	6.6%	4.6%	4.7%	-1.9 pp	-0.9 pp
Cost / Income[5]	24.9%	23.7%	24.1%	33.2%	33.1%	+9.1 pp	+8.3 pp
RoAA	4.1%	3.9%	3.4%	4.2%	3.7%	+0.4 pp	-0.4 pp
RoAE	54.6%	51.1%	42.4%	48.8%	45.9%	+3.5 pp	-8.7 pp

Capital	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	ΔYtD	ΔYoY
CET 1 Ratio	11.4%	12.3%	13.0%	11.3%	11.2%	-1.9 pp	-0.2 pp
CAR	16.1%	16.9%	17.6%	15.3%	15.8%	-1.8 pp	-0.3 pp

Funding and Liquidity	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	ΔYtD	ΔYoY
Loans/ Customer Deposits	89.0%	82.3%	82.2%	80.0%	81.7%	-0.5 pp	-7.3 pp
TL Loans/ TL Customer Deposits	136.8%	123.9%	115.8%	92.9%	89.8%	-26 pp	-47 pp
FX Loans/ FX Customer Deposits	66.5%	60.6%	59.9%	67.1%	74.3%	+14 pp	+7.8 pp
Cust. Deposits / Total Funding	74.7%	78.3%	79.1%	80.0%	75.6%	-3.6 pp	+0.8 pp

[1] Provisions for expected credit loss including non-cash loan provisions / NPL

[2] Provisions for expected credit loss including non-cash loan provisions / Total loans including leasing and factoring receivables

[3] Net Expected Credit Loss / Avg. Total Loans

[4] Swap adjusted

[5] Q1 & Q2-23 ratios are adjusted; excludes earthquake support

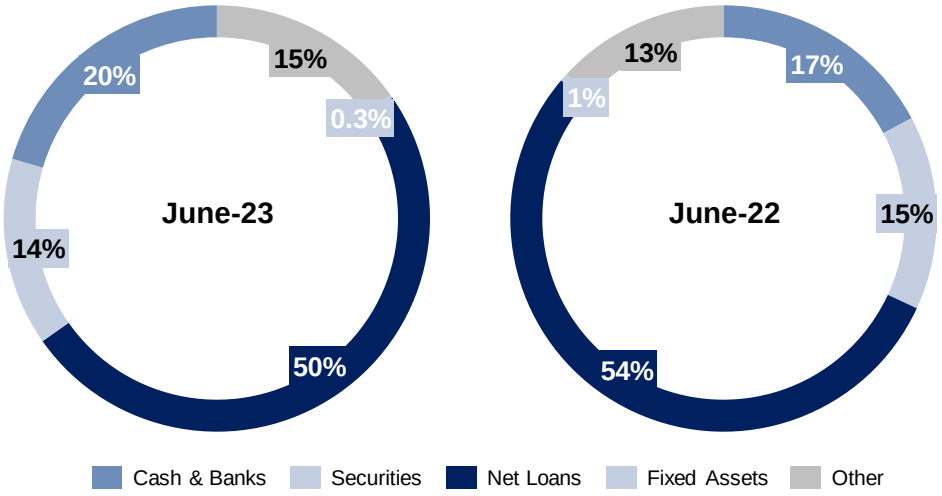
Standalone BRSA balance sheet

Assets (TL mn)	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Share	ΔYtD	ΔYoY
Cash & Banks	**72,065**	**101,248**	**94,602**	**117,912**	**152,797**	**20.5%**	**62%**	**112%**
Securities	**61,667**	**76,304**	**90,035**	**98,489**	**106,579**	**14.3%**	**18.4%**	**73%**
TL	30,838	44,040	52,780	60,250	54,033	7.2%	2%	75%
FX (USD mn)	1,850	1,742	1,992	1,997	2,035	7.0%	2%	10%
Net Loans[1]	**227,515**	**259,426**	**273,839**	**305,828**	**371,811**	**49.8%**	**36%**	**63%**
TL	140,368	166,149	186,384	210,497	230,525	30.9%	24%	64%
FX (USD mn)	5,230	5,037	4,677	4,977	5,471	18.9%	17%	5%
Gross Loans[1]	***251,470***	***282,835***	***301,068***	***331,674***	***400,759***	***53.7%***	***33%***	***59%***
TL	*158,367*	*183,774*	*202,503*	*226,060*	*246,702*	*33.1%*	*22%*	*56%*
FX (USD mn)	*5,588*	*5,349*	*5,271*	*5,514*	*5,966*	*20.6%*	*13%*	*7%*
Loan Loss Provision	***23,955***	***23,409***	***27,229***	***25,846***	***28,948***	***3.9%***	***6%***	***21%***
Fixed Assets	**1,160**	**1,179**	**1,469**	**1,652**	**1,711**	**0.2%**	**16%**	**47%**
Other	**56,524**	**64,819**	**66,350**	**70,484**	**113,286**	**15.2%**	**71%**	**100%**
Total Assets	**418,931**	**502,976**	**526,295**	**594,365**	**746,184**	**100%**	**42%**	**78%**

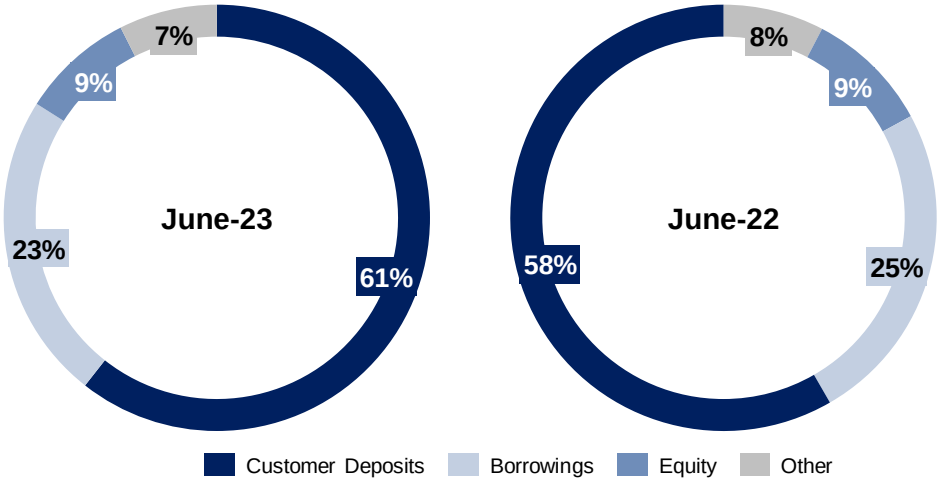
Liabilities and Equity (TL mn)	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Share	ΔYtD	ΔYoY
Customer Deposits	**244,322**	**312,816**	**331,937**	**380,845**	**452,207**	**60.6%**	**36%**	**85%**
TL	105,224	135,999	166,227	233,566	270,763	36.3%	63%	157%
FX (USD mn)	8,349	9,548	8,862	7,689	7,026	24.3%	-21%	-16%
Demand Deposits	***78,634***	***99,901***	***108,209***	***119,839***	***150,879***	***33.4%***	***39%***	***92%***
TL	*19,311*	*23,366*	*27,318*	*32,312*	*36,832*	*13.6%*	*35%*	*91%*
FX (USD mn)	*3,561*	*4,133*	*4,326*	*4,570*	*4,416*	*62.9%*	*2%*	*24%*
Time Deposits	***165,688***	***212,915***	***223,727***	***261,006***	***301,328***	***66.6%***	***35%***	***82%***
TL	*85,913*	*112,633*	*138,909*	*201,254*	*233,931*	*86.4%*	*68%*	*172%*
FX (USD mn)	*4,788*	*5,415*	*4,536*	*3,120*	*2,610*	*37.1%*	*-42%*	*-45%*
Borrowings	**103,017**	**104,129**	**98,961**	**108,185**	**174,435**	**23.4%**	**76%**	**69%**
Securities Issued	*3,093*	*2,173*	*2,241*	*5,063*	*6,448*	*0.9%*	*188%*	*108%*
Funds Borrowed	*52,206*	*51,805*	*47,977*	*63,090*	*105,321*	*14.1%*	*120%*	*102%*
Repo	*15,600*	*11,947*	*12,517*	*15,808*	*34,401*	*4.6%*	*175%*	*121%*
Sub Debt	*12,931*	*14,240*	*14,561*	*14,963*	*20,190*	*2.7%*	*39%*	*56%*
Bank Deposits	*19,188*	*23,963*	*21,664*	*9,262*	*8,076*	*1.1%*	*-63%*	*-58%*
Other	**32,064**	**38,790**	**40,887**	**46,616**	**55,611**	**7.5%**	**36%**	**73%**
Equity	**39,528**	**47,242**	**54,511**	**58,719**	**63,931**	**8.6%**	**17%**	**62%**
Total Liabilities and Equity	**418,931**	**502,976**	**526,295**	**594,365**	**746,184**	**100%**	**42%**	**78%**

[1] FX indexed loans are included in FX loans

Share in Total Assets, %



Share in Total Liabilities and Equity, %



Standalone BRSA income statement

Income Statements (TL mn)	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	ΔQoQ	H1-22	H1-23	ΔYoY
Net Interest Income (incl. Swap Cost)	5,509	6,988	10,403	5,906	7,242	**23%**	9,042	13,147	**45%**
Net Interest Income	6,027	7,566	10,618	5,641	6,991	**24%**	10,313	12,631	**22%**
Swap Cost	*-518*	*-578*	*-215*	*265*	*251*	***-5.1%***	*-1,271*	*516*	***-141%***
Non-funded Income (excl. Swap Cost)	4,106	3,902	2,321	5,830	3,605	**-38%**	6,937	9,435	**36%**
Non-funded Income	3,588	3,324	2,106	6,095	3,856	**-37%**	5,666	9,951	**76%**
Net Fees and Commissions	*1,373*	*1,644*	*1,736*	*2,016*	*2,489*	***23%***	*2,478*	*4,505*	***82%***
Trading and FX Gains/Losses (excl. Swap Cost)	*2,226*	*2,116*	*333*	*2,276*	*490*	***-78%***	*3,861*	*2,766*	***-28%***
Other Income	*507*	*142*	*253*	*1,538*	*626*	***-59%***	*598*	*2,164*	***262%***
Total Operating Income	**9,614**	**10,890**	**12,724**	**11,736**	**10,847**	**-7.6%**	**15,979**	**22,583**	**41%**
Operating Expenses	-1,814	-2,375	-3,376	-4,427	-4,138	**-7%**	-3,972	-8,565	**116%**
HR Expenses	*-827*	*-1,164*	*-1,383*	*-1,900*	*-1,889*	***-0.6%***	*-1,619*	*-3,790*	***134%***
Non-HR Expenses	*-987*	*-1,211*	*-1,992*	*-2,527*	*-2,249*	***-11%***	*-2,353*	*-4,776*	***103%***
Pre-provision operating profit	**7,800**	**8,515**	**9,348**	**7,309**	**6,709**	**-8.2%**	**12,007**	**14,017**	**17%**
Net expected credit loss	583	-2,493	-3,463	2,042	23	**-99%**	-765	2,065	**-370%**
Stage 1	*189*	*-528*	*-236*	*-1,318*	*-82*	***-94%***	*-127*	*-1,400*	***1005%***
Stage 2	*1,283*	*-1,389*	*1,043*	*1,056*	*219*	***-79%***	*978*	*1,275*	***30%***
Stage 3	*-889*	*-576*	*-4,270*	*2,304*	*-114*	***-105%***	*-1,616*	*2,190*	***-235%***
Net Operating Profit	**6,920**	**5,732**	**3,166**	**7,291**	**5,624**	**-23%**	**9,812**	**12,916**	**32%**
Tax	-2,123	-1,491	-1,501	-1,844	-1,680	**-8.9%**	-2,435	-3,524	**45%**
Net Profit	**6,638**	**5,045**	**2,940**	**6,826**	**6,627**	**-2.9%**	**9,188**	**13,453**	**46%**

Standalone BRSA key financial ratios

Asset Quality	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	ΔQoQ	ΔYoY
NPL Ratio	6.7%	4.8%	5.5%	4.3%	3.7%	-0.6 pp	-3.0 pp
NPL Coverage	72.4%	71.3%	79.9%	79.1%	78.8%	-0.4 pp	+6.4 pp
Total NPL Coverage[1]	152.5%	192.0%	181.3%	201.1%	219.6%	+18 pp	+67 pp
Stage 2 Coverage	28.2%	30.1%	29.6%	26.3%	28.5%	+2.2 pp	+0.3 pp
Total Coverage[2]	10.2%	9.2%	10.0%	8.7%	8.2%	-0.5 pp	-2.0 pp
Cost of Risk[3]	0.7%	1.9%	2.7%	-2.6%	-1.2%	+1.4 pp	-1.9 pp

Profitability - YtD	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	ΔQoQ	ΔYoY
NIM[4] - Quarterly	6.8%	7.0%	9.3%	4.9%	5.1%	+0.2 pp	-1.7 pp
NIM[4]	6.0%	6.4%	7.4%	4.9%	5.0%	+0.1 pp	-1.0 pp
NIM	6.9%	7.1%	8.0%	4.7%	4.8%	+0.1 pp	-2 pp
Cost / Income[5]	24.9%	23.6%	24.6%	34.7%	36.4%	+1.6 pp	+12 pp
RoAA	5.2%	4.8%	4.1%	4.9%	4.4%	-0.6 pp	-0.8 pp
RoAE	54.8%	51.2%	42.3%	48.9%	45.9%	-3.0 pp	-8.9 pp

Capital	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	ΔQoQ	ΔYoY
CET 1 Ratio	12.6%	13.3%	14.1%	12.5%	12.1%	-0.45 pp	-0.55 pp
CAR	17.5%	18.2%	18.9%	16.8%	17.0%	+0.19 pp	-0.51 pp

Funding and Liquidity	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	ΔQoQ	ΔYoY
Loans/ Customer Deposits	93.1%	82.9%	82.5%	80.3%	82.2%	+1.9 pp	-11 pp
TL Loans/ TL Customer Deposits	133.4%	122.2%	112.1%	90.1%	85.1%	-5.0 pp	-48 pp
FX Loans/ FX Customer Deposits	62.7%	52.8%	52.8%	64.7%	77.9%	+13 pp	+15 pp
Cust. Deposits / Total Funding	70.3%	75.0%	77.0%	77.9%	72.2%	-5.7 pp	+1.8 pp

[1] Provisions for expected credit loss including non-cash loan provisions / NPL

[2] Provisions for expected credit loss including non-cash loan provisions / Total loans

[3] Net Expected Credit Loss / Avg. Total Loans

[4] Swap adjusted

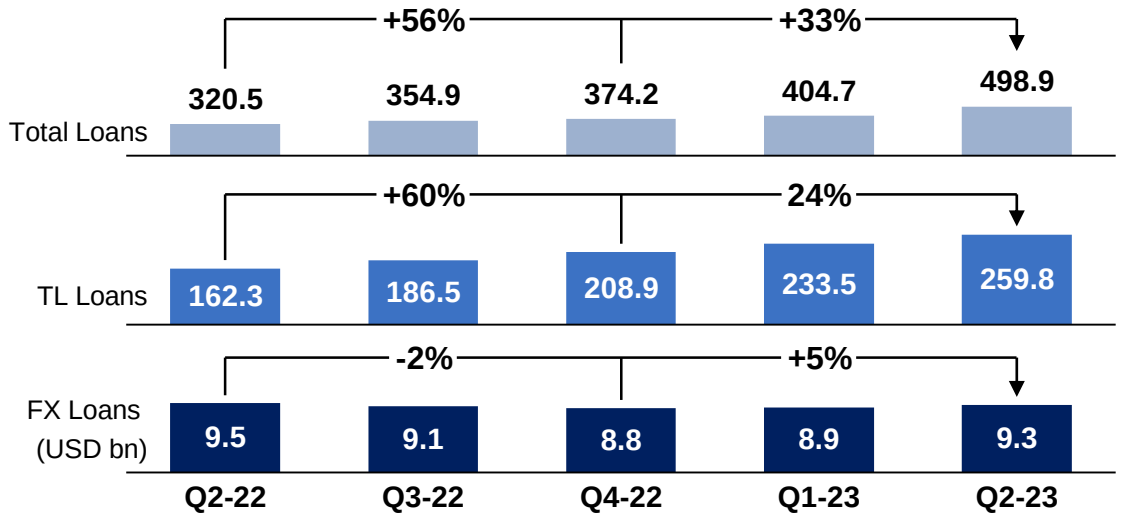
[5] Q1 & Q2-23 ratios are adjusted; exclude earthquake support

Loan and Deposit Trends

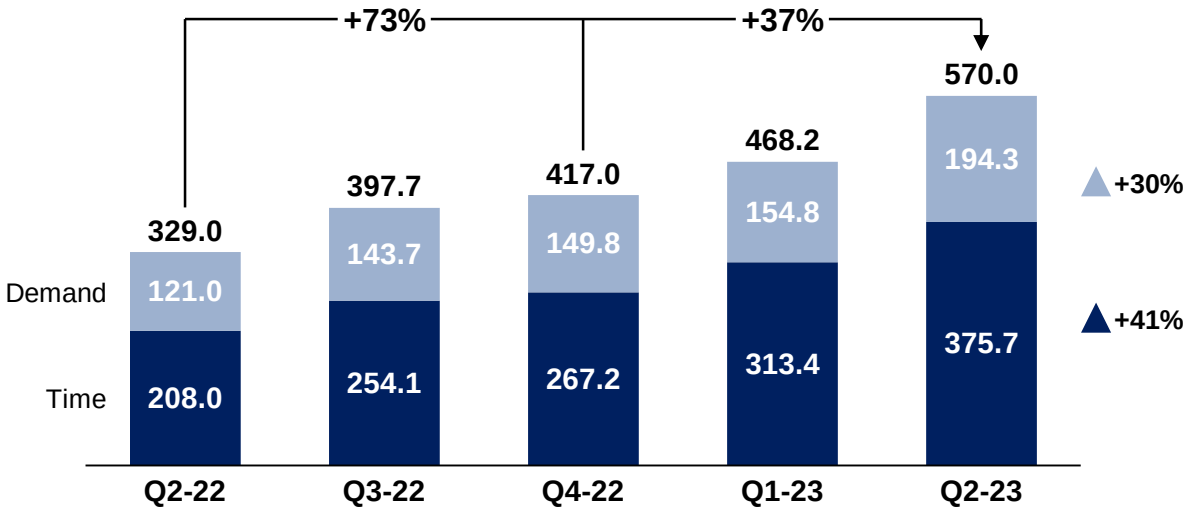
Highlights

- TL Gross loans expanded by 24% y-t-d, mainly driven by growth in SME, credit card and consumer loans.
- FX Gross loans (48% of total) increased by 5% y-t-d in USD terms, due to shrinkage in corporate lending. When expressed in TL terms, FX Loans display 45% y-t-d increases.
- Thanks to FX-protected TL deposit scheme, TL customer deposits grew by 63% y-t-d, reaching its share to 47% from 40% in total deposits at FY-22, while FX customer deposits (53% of total) were declining by 14% y-t-d in USD terms.
- Demand deposits soared by 30% y-t-d, largely backed by TL demand deposit.
- Time deposits, making up 66% of total deposits, grew by 41% y-t-d.

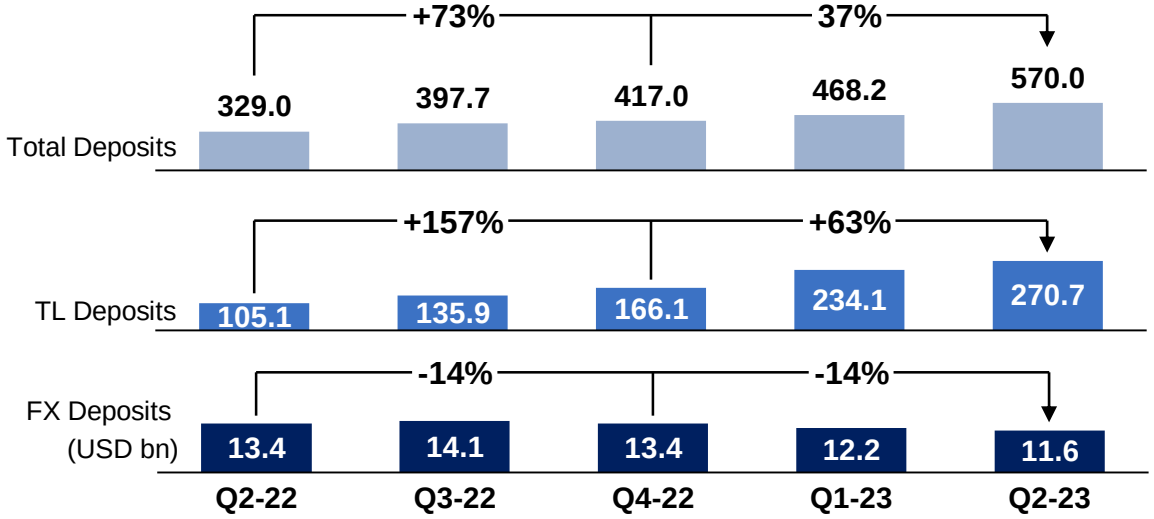
Trend in Gross Loans by Currency (TL bn)



Trend in Deposits by Maturity (TL bn)



Trend in Deposits by Currency (TL bn)



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