

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

DENİZBANK ANONİM ŞİRKETİ

**INDEPENDENT AUDITOR'S REPORT, UNCONSOLIDATED
FINANCIAL STATEMENTS AND NOTES FOR THE YEAR
ENDED 31 DECEMBER 2023**

I. Independent Auditor's Report

II. Publicly Disclosed Unconsolidated Financial Report

**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Denizbank AŞ.

A) Report on the Audit of the Unconsolidated Financial Statements

1) Qualified Opinion

We have audited the unconsolidated financial statements of Denizbank AŞ (the “Bank”), which comprise the unconsolidated balance sheet as at 31 December 2023, and the unconsolidated statement of income, unconsolidated statement of income and expense items accounted for under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity and unconsolidated statement of cash flows for the year then ended and, notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at December 31, 2023, and (of) its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

The accompanying unconsolidated financial statements as at 31 December 2023 include a free provision amounting to TL 6.700.000 thousand, which TL 4.175.000 thousand has been allocated in previous years and TL 2.525.000 thousand recognized as an expense in the unconsolidated financial statements in the current period, provided by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. If the mentioned free provision were not provided, the other provisions would decrease by TL 6.700.000 thousand and profit before tax would increase by TL 2.525.000 and equity would increase by TL 6.700.000 thousand for the period ended 31 December 2023.

2) Basis for Qualified Opinion

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

3) Key Audit Matters

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

| Key Audit Matters | How the matter was addressed in the audit |
|---|--|
| <p data-bbox="220 159 791 226"><i>Impairment of loans in accordance with TFRS 9 Financial Assets</i></p> <p data-bbox="220 286 815 510">Impairment of loans is a key area of judgment for the management. The Bank has the total loans amounting to TL 500.458.326 thousands, which comprise 50% of the Bank's total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 34.900.468 as at 31 December 2023.</p> <p data-bbox="220 544 815 801">As of 1 January 2018, the Bank has started to recognize provisions for impairment of loans in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750.</p> <p data-bbox="220 835 815 1115">In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies, the expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p data-bbox="220 1149 815 1339">The Bank exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans.</p> <p data-bbox="220 1406 815 1529">A significant part of the Bank's corporate loan portfolio has been assessed individually. This situation requires significant judgments in the calculation of the expected loan loss provision.</p> <p data-bbox="220 1765 815 1977">Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.</p> | <p data-bbox="847 159 1390 226">As part of our audit work, the following procedures were performed:</p> <p data-bbox="847 264 1390 499">We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p data-bbox="847 533 1390 667">We have assessed and analyzed the relevant contract terms to assess management's accounting policy and classification of the instrument for selected samples.</p> <p data-bbox="847 701 1390 936">We have performed loan review procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p data-bbox="847 969 1390 1473">We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p data-bbox="847 1507 1390 1608">We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p data-bbox="847 1641 1390 1742">We have tested whether the model is applied to appropriate groupings of assets which share credit risk characteristics.</p> <p data-bbox="847 1776 1390 1910">We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p data-bbox="847 1955 1390 2022">Based on our discussions with the Bank management, we evaluated whether the key</p> |

| Key Audit Matters | How the matter was addressed in the audit |
|--|---|
| <p>Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.d.</p> | <p>assumptions and other judgements, underlying the estimations of impairments were reasonable.</p> <p>We assessed expected credit losses determined based on individual assessment per Bank's policy by means of supporting data and evaluated appropriateness via discussions with management.</p> <p>Our specialists are involved in all procedures regarding assumptions of models and individual assessments.</p> <p>In order not to ignore the extraordinary situations that did not occur during the model's consideration periods, the affected portfolios were determined by the bank and all the studies related to the assumptions regarding the expected credit loss provisions were evaluated via discussions with the bank management.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the unconsolidated financial statements of the Bank with respect to loans and receivables and related impairment provisions.</p> |
| | <p>Procedures within the context of our information technology audit work:</p> |

| Key Audit Matters | How the matter was addressed in the audit |
|---|---|
| <p data-bbox="220 152 619 185"><i>Information Technologies Audit</i></p> <p data-bbox="220 241 818 712">The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk-based scoping.</p> | <ul style="list-style-type: none"> <li data-bbox="850 125 1394 259">• We identified and tested the Banks' controls over information systems with risk-based approach as part of our audit procedures. <li data-bbox="850 293 1394 528">• Information generation comprise layers of information systems that are important for unconsolidated financial statements (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> <li data-bbox="850 562 1070 595">• Access Security <li data-bbox="850 595 1134 629">• Change Management <li data-bbox="850 629 1321 663">• Data Center and Network Operations <li data-bbox="850 719 1394 887">• We selected high-risk areas as, log management for database and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner. <li data-bbox="850 920 1394 1055">• We tested accesses management and log management controls underlying all applications that have direct or indirect impacts on financial data generation. <li data-bbox="850 1088 1394 1223">• Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation. <li data-bbox="850 1256 1394 1424">• We also tested the completeness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components. <li data-bbox="850 1458 1394 1559">• Finally, we understood and tested the controls over database, network, application and operating system layers of applications. |

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

B) Other Responsibilities Arising From Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January - 31 December 2023 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

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

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

Additional Paragraph for English Translation

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Yaman Polat

Partner

İstanbul, 23 January 2024

DENİZBANK A.Ş.
UNCONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2023

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

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

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

23 January 2024

HAKAN ELVERDİ

Senior Vice President
Financial Reporting
And Accounting

RUSLAN ABİL

Executive Vice President
Financial Affairs and Chief
Financial Officer

HAKAN ATEŞ

Member of Board of Directors
and President and Chief
Executive Officer

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

BJORN LENZMANN

Member of Board of Directors
and Chairman of Audit and
Risk Committee

**AHMED MOHAMMED AQIL
QASSIM AL QASSIM**

Member of Board of Directors
and Audit and Risk Committee

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SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

(Currency: Thousands of TL - Turkish Lira)

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

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

| Name | Title | Shares owned (%) |
|---|---|-------------------------|
| Chairman of the Board of Directors | | |
| Hesham Abdulla Qassim Alqassim | Chairman | -- |
| Board of Directors ⁽¹⁾ | | |
| Hakan Ateş | Member and CEO | -- |
| Ahmed Mohammed Aqil Qassim Alqassim | Member | 0.00000002 |
| Derya Kumru | Member | -- |
| Shayne Keith Nelson | Member | -- |
| Tanju Kaya | Member | -- |
| Burcu Çalıklı | Member | -- |
| Bjorn Lenzmann | Member | -- |
| Aazar Ali Khwaja | Member | -- |
| Audit Committee | | |
| Ahmed Mohammed Aqil Qassim Alqassim | Member | -- |
| Bjorn Lenzmann | Member | -- |
| Executive Vice Presidents ⁽²⁾ | | |
| Bora Böcügöz | Treasury, Financial Institutions and Investment | -- |
| Ruslan Abil | Financial Affairs | -- |
| Mustafa Özel | Branch and Central Operations | -- |
| Mehmet Aydoğdu | Wholesale Banking | -- |
| Cem Demirağ | Head of Internal Control Unit and Compliance | -- |
| Ali Murat Dizdar | Chief Legal Advisor | -- |
| Ayşenur Hıçkırın | Retail Banking | -- |
| Selim Efe Teoman | Credits | -- |
| Ramazan Işık | Head of Internal Audit | -- |
| Engin Eskiduman | SME Banking, Agricultural Banking and Public Financing | -- |
| Necip Yavuz Elkin | Human Resources and Deniz Academy | -- |
| Oğuzhan Özark | Individual and Private Banking | -- |
| Sinan Yılmaz | Head of Risk Management Group | -- |
| Verda Beril Yüzer Oğuz | Financial Institutions and Sustainability Coordination | -- |
| Umut Özdoğan | Information Systems | -- |
| Savaş Çıtak | Project Finance, Financial Restructuring and Credits International Coordination | -- |
| Kishore Swayamberdutt Bhat | Credit Allocation | -- |
| Mustafa Okan Çetinkaya | Analytics, Data and Customer Value Management Policies | -- |
| Halit Cihan Tunçbilek | Payment Systems | -- |
| Ali Rıza Aydın | Information Security and Information Technologies Risk Management | -- |
| Okan Aksu | Treasury Group | -- |
| Serkan Boran | Bad Debt Resolution | -- |
| Rasim Orman | Secretariat General and Litigations | -- |
| Hacı Mehmet Ofraz | Corporate and Commercial Banking | -- |

(1) With the Ordinary General Assembly Resolution held on 23 March 2023, it was decided to accept the appointment of Aazar Ali Khwaja as Member of the Board of Directors on 2 January 2023, replacing the Board Member Jonathan Edward Morris, who resigned on 31 December 2022.

(2) Ümit Recep Uğur, who was serving as the Executive Vice President responsible for the Corporate and Commercial Banking Group, resigned from his position on 4 April 2023.

With the Board of Directors Decision dated 12 April 2023, it was decided to appoint Hacı Mehmet Ofraz as Assistant General Manager responsible for Corporate and Commercial Banking Group.

On 5 July 2023, Edip Kürşad Başer, Executive Vice President responsible for Retail, SME, Agricultural Banking Credits Allocation and IFRS Group, resigned from his position.

With the decision of the Board of Directors dated 18 July 2023 it has been decided;

To change the title of Engin Eskiduman, Assistant General Manager responsible for SME Banking and Public Finance Group, as Assistant General Manager responsible for SME Banking, Agricultural Banking and Public Finance Group due to the resignation of Burak Koçak, Assistant General Manager responsible for Agricultural Banking Group,

To change the title of Selim Efe Teoman, Assistant General Manager responsible for Corporate and Commercial Loans Group, as Assistant General Manager responsible for Loans Group,

To change the title of Umut Özdoğan, Assistant General Manager responsible for Digital Transformation, Change Management and Non-Branch Channels Group, as Assistant General Manager responsible for Information Systems Group.

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

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

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

As of 31 December 2023 the capital structure of ENBD is as follows:

| Shareholders | Current Period Share Percentages % | Prior Period Share Percentages % |
|---------------------------------|---------------------------------------|-------------------------------------|
| Investment Corporation of Dubai | 40,92 | 55,76 |
| DH 7 LLC | 14,84 | -- |
| Capital Assets LLC | 5,33 | 5,33 |
| Publicly traded | 38,91 | 38,91 |
| Total | 100,00 | 100,00 |

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

The Bank is a private sector deposit bank which provides banking services to its customers through 639 domestic branches and 2 foreign branch as of 31 December 2023.

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

In accordance with the Banking Law and regulations;

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

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

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT
OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 31 DECEMBER 2023

(Currency: Thousands of TL - Turkish Lira)

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

| ASSETS | Note | Audited CURRENT PERIOD (31/12/2023) | | | Audited PRIOR PERIOD (31/12/2022) | | |
|--|---------|---|--------------------|----------------------|---|--------------------|--------------------|
| | | TL | FC | Total | TL | FC | Total |
| I. FINANCIAL ASSETS (Net) | | 195.068.979 | 179.827.887 | 374.896.866 | 52.928.782 | 121.070.787 | 173.999.569 |
| 1.1 Cash and Cash Equivalents | | 158.767.059 | 115.362.108 | 274.129.167 | 9.700.546 | 84.901.026 | 94.601.572 |
| 1.1.1 Cash and Balances with Central Bank | (5.1.a) | 100.379.604 | 102.595.811 | 202.975.415 | 8.704.134 | 77.412.152 | 86.116.286 |
| 1.1.2 Banks | (5.1.a) | 6.261.105 | 12.766.623 | 19.027.728 | 996.471 | 7.489.130 | 8.485.601 |
| 1.1.3 Due From Money Markets | | 52.126.807 | - | 52.126.807 | - | - | - |
| 1.1.4 Expected Credit Loss (-) | | 457 | 326 | 783 | 59 | 256 | 315 |
| 1.2 Financial Assets at Fair Value Through Profit or Loss | (5.1.b) | 775.630 | 4.526.745 | 5.302.375 | 517.334 | 1.332.148 | 1.849.482 |
| 1.2.1 Government Debt Securities | | 193.273 | 2.234.830 | 2.428.103 | 452.295 | 819.141 | 1.271.436 |
| 1.2.2 Equity Instruments | | - | 896.056 | 896.056 | - | 454.025 | 454.025 |
| 1.2.3 Other Financial Assets | | 582.357 | 1.395.859 | 1.978.216 | 65.039 | 58.982 | 124.021 |
| 1.3 Financial Assets at Fair Value Through Other Comprehensive Income | (5.1.c) | 34.299.022 | 53.122.159 | 87.421.181 | 41.116.476 | 30.041.468 | 71.157.944 |
| 1.3.1 Government Debt Securities | | 34.298.062 | 51.026.864 | 85.324.926 | 41.115.526 | 30.041.468 | 71.156.994 |
| 1.3.2 Equity Instruments | | 960 | - | 960 | 950 | - | 950 |
| 1.3.3 Other Financial Assets | | - | 2.095.295 | 2.095.295 | - | - | - |
| 1.4 Derivative Financial Assets | | 1.227.268 | 6.816.875 | 8.044.143 | 1.594.426 | 4.796.145 | 6.390.571 |
| 1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss | (5.1.b) | 1.227.268 | 6.816.875 | 8.044.143 | 1.594.426 | 4.796.145 | 6.390.571 |
| 1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income | (5.1.j) | - | - | - | - | - | - |
| II. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net) | | 328.674.624 | 188.113.661 | 516.788.285 | 198.007.638 | 92.856.865 | 290.864.503 |
| 2.1 Loans | (5.1.d) | 305.436.740 | 195.021.586 | 500.458.326 | 202.982.205 | 98.085.755 | 301.067.960 |
| 2.2 Lease Receivables | (5.1.i) | - | - | - | - | - | - |
| 2.3 Factoring Receivables | | - | - | - | - | - | - |
| 2.4 Other Financial Assets Measured at Amortised Cost | (5.1.e) | 42.882.876 | 8.354.208 | 51.237.084 | 11.146.415 | 5.880.981 | 17.027.396 |
| 2.4.1 Government Debt Securities | | 42.882.876 | 8.354.208 | 51.237.084 | 11.146.415 | 5.880.981 | 17.027.396 |
| 2.4.2 Other Financial Assets | | - | - | - | - | - | - |
| 2.5 Expected Credit Loss (-) | | 19.644.992 | 15.262.133 | 34.907.125 | 16.120.982 | 11.109.871 | 27.230.853 |
| III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET) | (5.1.o) | - | 7.118 | 7.118 | - | 143.379 | 143.379 |
| 3.1 Held for Sale | | - | - | - | - | - | - |
| 3.2 Discontinued Operations | | - | 7.118 | 7.118 | - | 143.379 | 143.379 |
| IV. EQUITY INVESTMENTS | | 21.407.821 | 47.721.089 | 69.128.910 | 7.037.992 | 30.545.258 | 37.583.250 |
| 4.1 Investments in Associates (Net) | (5.1.f) | 22.268 | - | 22.268 | 20.360 | - | 20.360 |
| 4.1.1 Associates Valued Based on Equity Method | | - | - | - | - | - | - |
| 4.1.2 Unconsolidated Associates | | 22.268 | - | 22.268 | 20.360 | - | 20.360 |
| 4.2 Subsidiaries (Net) | (5.1.g) | 21.382.753 | 47.721.089 | 69.103.842 | 7.014.832 | 30.545.258 | 37.560.090 |
| 4.2.1 Unconsolidated Financial Subsidiaries | | 13.127.282 | 47.721.089 | 60.848.371 | 4.341.535 | 30.545.258 | 34.886.793 |
| 4.2.2 Unconsolidated Non-Financial Subsidiaries | | 8.255.471 | - | 8.255.471 | 2.673.297 | - | 2.673.297 |
| 4.3 Joint Ventures (Net) | (5.1.h) | 2.800 | - | 2.800 | 2.800 | - | 2.800 |
| 4.3.1 Joint Ventures Valued Based on Equity Method | | - | - | - | - | - | - |
| 4.3.2 Unconsolidated Joint Ventures | | 2.800 | - | 2.800 | 2.800 | - | 2.800 |
| V. PROPERTY AND EQUIPMENT (Net) | (5.1.k) | 2.268.432 | 1.348 | 2.269.780 | 1.468.748 | 245 | 1.468.993 |
| VI. INTANGIBLE ASSETS (Net) | (5.1.l) | 2.283.719 | - | 2.283.719 | 1.293.730 | - | 1.293.730 |
| 6.1 Goodwill | | - | - | - | - | - | - |
| 6.2 Other | | 2.283.719 | - | 2.283.719 | 1.293.730 | - | 1.293.730 |
| VII. INVESTMENT PROPERTIES (Net) | (5.1.m) | - | - | - | - | - | - |
| VIII. CURRENT TAX ASSET | | 1.877.045 | - | 1.877.045 | - | - | - |
| IX. DEFERRED TAX ASSET | (5.1.n) | 4.173.522 | - | 4.173.522 | 4.140.119 | - | 4.140.119 |
| X. OTHER ASSETS (Net) | (5.1.p) | 29.977.133 | 6.306.683 | 36.283.816 | 13.980.558 | 2.820.648 | 16.801.206 |
| TOTAL ASSETS | | 585.731.275 | 421.977.786 | 1.007.709.061 | 278.857.567 | 247.437.182 | 526.294.749 |

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT
OF FINANCIAL POSITION (BALANCE SHEET)
AS OF 31 DECEMBER 2023

(Currency: Thousands of TL - Turkish Lira)

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

| LIABILITIES | Note | Audited CURRENT PERIOD (31/12/2023) | | | Audited PRIOR PERIOD (31/12/2022) | | |
|---|----------|---|--------------------|----------------------|---|--------------------|--------------------|
| | | TL | FC | Total | TL | FC | Total |
| I. DEPOSITS | (5.II.a) | 399.165.266 | 203.827.371 | 602.992.637 | 167.552.873 | 186.048.227 | 353.601.100 |
| II. FUNDS BORROWED | (5.II.c) | 998.809 | 141.407.777 | 142.406.586 | 632.882 | 47.344.577 | 47.977.459 |
| III. DUE TO MONEY MARKETS | | 100.358 | 51.874.091 | 51.974.449 | 87.602 | 12.429.682 | 12.517.284 |
| IV. SECURITIES ISSUED (Net) | (5.II.d) | - | 20.259.843 | 20.259.843 | 65.023 | 2.175.711 | 2.240.734 |
| 4.1 Bills | | - | 1.516.251 | 1.516.251 | 65.023 | 494.857 | 559.880 |
| 4.2 Assets Backed Securities | | - | - | - | - | - | - |
| 4.3 Bonds | | - | 18.743.592 | 18.743.592 | - | 1.680.854 | 1.680.854 |
| V. FUNDS | | - | - | - | - | - | - |
| 5.1 Borrower Funds | | - | - | - | - | - | - |
| 5.2 Other | | - | - | - | - | - | - |
| VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | | - | - | - | - | - | - |
| VII. DERIVATIVE FINANCIAL LIABILITIES | | 400.598 | 2.445.767 | 2.846.365 | 254.381 | 3.269.256 | 3.523.637 |
| Derivative Financial Liabilities at Fair Value Through Profit or Loss | (5.II.b) | 400.598 | 2.445.767 | 2.846.365 | 254.381 | 3.269.256 | 3.523.637 |
| 7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income | (5.II.g) | - | - | - | - | - | - |
| VIII. FACTORING LIABILITIES | | - | - | - | - | - | - |
| IX. LEASE LIABILITIES | (5.II.f) | 944.993 | 4.283 | 949.276 | 787.991 | 2.308 | 790.299 |
| X. PROVISIONS | (5.II.h) | 12.630.909 | 3.189.227 | 15.820.136 | 7.786.496 | 2.232.900 | 10.019.396 |
| 10.1 Restructuring Provisions | | - | - | - | - | - | - |
| 10.2 Reserve for Employee Benefits | | 1.580.130 | - | 1.580.130 | 1.465.297 | - | 1.465.297 |
| 10.3 Insurance for Technical Provision (Net) | | - | - | - | - | - | - |
| 10.4 Other Provisions | | 11.050.779 | 3.189.227 | 14.240.006 | 6.321.199 | 2.232.900 | 8.554.099 |
| XI. CURRENT TAX LIABILITY | (5.II.i) | 1.821.303 | - | 1.821.303 | 2.985.921 | - | 2.985.921 |
| XII. DEFERRED TAX LIABILITIES | (5.II.i) | - | - | - | - | - | - |
| XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net) | (5.II.j) | - | 102.945 | 102.945 | - | - | - |
| 13.1 Held for Sale | | - | - | - | - | - | - |
| 13.2 Discontinued Operations | | - | 102.945 | 102.945 | - | - | - |
| XIV. SUBORDINATED DEBT INSTRUMENTS | | - | 23.066.679 | 23.066.679 | - | 14.561.492 | 14.561.492 |
| 14.1 Loans | (5.II.k) | - | 23.066.679 | 23.066.679 | - | 14.561.492 | 14.561.492 |
| 14.2 Other Debt Instruments | | - | - | - | - | - | - |
| XV. OTHER LIABILITIES | (5.II.e) | 32.840.317 | 22.785.124 | 55.625.441 | 16.639.306 | 6.927.523 | 23.566.829 |
| XVI. SHAREHOLDERS' EQUITY | (5.II.l) | 89.463.141 | 380.260 | 89.843.401 | 56.751.880 | (2.241.282) | 54.510.598 |
| 16.1 Paid-in Capital | | 5.696.100 | - | 5.696.100 | 5.696.100 | - | 5.696.100 |
| 16.2 Capital Reserves | | 2.925 | - | 2.925 | 1.007 | - | 1.007 |
| 16.2.1 Share Premium | | 15 | - | 15 | 15 | - | 15 |
| 16.2.2 Share Cancellation Profits | | - | - | - | - | - | - |
| 16.2.3 Other Capital Reserves | | 2.910 | - | 2.910 | 992 | - | 992 |
| 16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss | | 8.238.726 | - | 8.238.726 | 2.208.248 | - | 2.208.248 |
| 16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss | | 12.534.147 | 380.260 | 12.914.407 | 13.733.067 | (2.241.282) | 11.491.785 |
| 16.5 Profit Reserves | | 33.868.186 | - | 33.868.186 | 16.695.172 | - | 16.695.172 |
| 16.5.1 Legal Reserves | | 1.139.220 | - | 1.139.220 | 788.745 | - | 788.745 |
| 16.5.2 Status Reserves | | - | - | - | - | - | - |
| 16.5.3 Extraordinary Reserves | | 32.728.966 | - | 32.728.966 | 15.906.427 | - | 15.906.427 |
| 16.5.4 Other Profit Reserves | | - | - | - | - | - | - |
| 16.6 Income or (Loss) | | 29.123.057 | - | 29.123.057 | 18.418.286 | - | 18.418.286 |
| 16.6.1 Prior Periods' Income or (Loss) | | 1.245.272 | - | 1.245.272 | 1.245.272 | - | 1.245.272 |
| 16.6.2 Current Period Income or (Loss) | | 27.877.785 | - | 27.877.785 | 17.173.014 | - | 17.173.014 |
| 16.7 Minority Shares | | - | - | - | - | - | - |
| TOTAL LIABILITIES | | 538.365.694 | 469.343.367 | 1.007.709.061 | 253.544.355 | 272.750.394 | 526.294.749 |

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF
OFF-BALANCE SHEET ITEMS
AS OF 31 DECEMBER 2023

(Currency: Thousands of TL - Turkish Lira)

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

| Note | Audited CURRENT PERIOD (31/12/2023) | | | Audited PRIOR PERIOD (31/12/2022) | | |
|--|---|----------------------|----------------------|---|----------------------|----------------------|
| | TL | FC | Total | TL | FC | Total |
| A. COMMITMENTS AND CONTINGENCIES (I+II+III) | 544.842.756 | 630.374.596 | 1.175.217.352 | 280.463.285 | 418.835.089 | 699.298.374 |
| I. GUARANTEES AND WARRANTIES (5.III.a) | 71.108.020 | 82.052.993 | 153.161.013 | 38.247.155 | 52.749.483 | 90.996.638 |
| 1.1. Letters of Guarantee | 63.222.313 | 55.508.915 | 118.731.228 | 32.689.207 | 33.978.377 | 66.667.584 |
| 1.1.1. Guarantees Subject to Public Procurement Law | - | - | - | - | - | - |
| 1.1.2. Guarantees Given for Foreign Trade Operations | 79.021 | 458.580 | 537.601 | 79.021 | 285.484 | 364.505 |
| 1.1.3. Other Letters of Guarantee | 63.143.292 | 55.050.335 | 118.193.627 | 32.610.186 | 33.692.893 | 66.303.079 |
| 1.2. Bank Loans | - | 717.588 | 717.588 | 149.232 | 593.707 | 742.939 |
| 1.2.1. Import Acceptances | - | 717.588 | 717.588 | 149.232 | 593.707 | 742.939 |
| 1.2.2. Other Bank Acceptances | - | - | - | - | - | - |
| 1.3. Letters of Credit | 20.096 | 23.645.540 | 23.665.636 | 39.625 | 15.709.285 | 15.748.910 |
| 1.3.1. Documentary Letters of Credit | - | 17.125.499 | 17.125.499 | 39.625 | 9.286.411 | 9.326.036 |
| 1.3.2. Other Letters of Credit | 20.096 | 6.520.041 | 6.540.137 | - | 6.422.874 | 6.422.874 |
| 1.4. Guaranteed Refinancing | - | - | - | - | - | - |
| 1.5. Endorsements | - | - | - | - | - | - |
| 1.5.1. Endorsements to Central Bank of the Republic of Turkey | - | - | - | - | - | - |
| 1.5.2. Other Endorsements | - | - | - | - | - | - |
| 1.6. Purchase Guarantees on Marketable Security Issuance | - | - | - | - | - | - |
| 1.7. Factoring Guarantees | - | - | - | - | - | - |
| 1.8. Other Guarantees | 7.865.611 | 2.180.950 | 10.046.561 | 5.369.091 | 2.468.114 | 7.837.205 |
| 1.9. Other Sureties | - | - | - | - | - | - |
| II. COMMITMENTS (5.III.a) | 360.707.664 | 25.546.851 | 386.254.515 | 122.289.222 | 11.171.715 | 133.460.937 |
| 2.1. Irrevocable Commitments | 357.792.904 | 25.546.851 | 383.339.755 | 120.498.509 | 11.171.715 | 131.670.224 |
| 2.1.1. Forward Asset Purchase Commitments | 1.178.580 | 12.898.449 | 14.077.029 | 1.796.399 | 5.210.052 | 7.006.451 |
| 2.1.2. Forward Deposit Purchase and Sale Commitments | - | - | - | - | 2.990.235 | 2.990.235 |
| 2.1.3. Capital Commitments to Subsidiaries and Associates | - | - | - | 35.625 | - | 35.625 |
| 2.1.4. Loan Granting Commitments | 48.403.121 | - | 48.403.121 | 30.474.774 | - | 30.474.774 |
| 2.1.5. Securities Underwriting Commitments | - | - | - | - | - | - |
| 2.1.6. Payment Commitments for Reserve Deposits | - | - | - | - | - | - |
| 2.1.7. Payment Commitments for Cheques | 12.311.768 | - | 12.311.768 | 6.613.792 | - | 6.613.792 |
| 2.1.8. Tax and Fund Liabilities from Export Commitments | 1.643 | - | 1.643 | 2.396 | - | 2.396 |
| 2.1.9. Commitments for Credit Card Expenditure Limits | 293.746.486 | - | 293.746.486 | 80.333.770 | - | 80.333.770 |
| 2.1.10. Commitments for Credit Cards and Banking Services Promotions | 33.541 | - | 33.541 | 14.925 | - | 14.925 |
| 2.1.11. Receivables from Short Sale Commitments | - | - | - | - | - | - |
| 2.1.12. Payables for Short Sale Commitments | - | - | - | - | - | - |
| 2.1.13. Other Irrevocable Commitments | 2.117.765 | 12.648.402 | 14.766.167 | 1.226.828 | 2.971.428 | 4.198.256 |
| 2.2. Revocable Commitments | 2.914.760 | - | 2.914.760 | 1.790.713 | - | 1.790.713 |
| 2.2.1. Revocable Loan Granting Commitments | 2.914.201 | - | 2.914.201 | 1.790.154 | - | 1.790.154 |
| 2.2.2. Other Revocable Commitments | 559 | - | 559 | 559 | - | 559 |
| III. DERIVATIVE FINANCIAL INSTRUMENTS (5.III.b) | 113.027.072 | 522.774.752 | 635.801.824 | 119.926.908 | 354.913.891 | 474.840.799 |
| Derivative Financial Instruments Held for Risk Management | - | - | - | - | - | - |
| 3.1.1. Fair Value Risk Hedging Transactions | - | - | - | - | - | - |
| 3.1.2. Cash Flow Risk Hedging Transactions | - | - | - | - | - | - |
| 3.1.3. Net Foreign Investment Risk Hedging Transactions | - | - | - | - | - | - |
| 3.2. Transactions for Trading | 113.027.072 | 522.774.752 | 635.801.824 | 119.926.908 | 354.913.891 | 474.840.799 |
| 3.2.1. Forward Foreign Currency Buy/Sell Transactions | 25.450.172 | 52.435.531 | 77.885.703 | 6.103.344 | 21.673.840 | 27.777.184 |
| 3.2.1.1. Forward Foreign Currency Transactions-Buy | 24.643.470 | 16.181.693 | 40.825.163 | 5.709.163 | 8.569.449 | 14.278.612 |
| 3.2.1.2. Forward Foreign Currency Transactions-Sell | 806.702 | 36.253.838 | 37.060.540 | 394.181 | 13.104.391 | 13.498.572 |
| 3.2.2. Currency and Interest Rate Swaps | 76.512.586 | 409.653.229 | 486.165.815 | 51.865.343 | 245.652.053 | 297.517.396 |
| 3.2.2.1. Currency Swap-Buy | 2.410.956 | 153.849.343 | 156.260.299 | 3.001.613 | 91.263.589 | 94.265.202 |
| 3.2.2.2. Currency Swap-Sell | 67.141.630 | 104.881.670 | 172.023.300 | 43.503.730 | 59.230.776 | 102.734.506 |
| 3.2.2.3. Interest Rate Swap-Buy | 3.480.000 | 75.461.110 | 78.941.110 | 2.680.000 | 47.578.845 | 50.258.845 |
| 3.2.2.4. Interest Rate Swap-Sell | 3.480.000 | 75.461.106 | 78.941.106 | 2.680.000 | 47.578.843 | 50.258.843 |
| 3.2.3. Currency, Interest Rate and Marketable Securities Options | 10.894.618 | 37.363.926 | 48.258.544 | 61.074.042 | 69.191.428 | 130.265.470 |
| 3.2.3.1. Currency Call Options | 7.645.352 | 13.503.512 | 21.148.864 | 41.117.590 | 23.187.598 | 64.305.188 |
| 3.2.3.2. Currency Put Options | 3.249.266 | 19.005.858 | 22.255.124 | 19.956.452 | 44.428.252 | 64.384.704 |
| 3.2.3.3. Interest Rate Call Options | - | 2.427.278 | 2.427.278 | - | 787.789 | 787.789 |
| 3.2.3.4. Interest Rate Put Options | - | 2.427.278 | 2.427.278 | - | 787.789 | 787.789 |
| 3.2.3.5. Marketable Securities Call Options | - | - | - | - | - | - |
| 3.2.3.6. Marketable Securities Put Options | - | - | - | - | - | - |
| 3.2.4. Currency Futures | 169.696 | 121.020 | 290.716 | 884.179 | 864.404 | 1.748.583 |
| 3.2.4.1. Currency Futures-Buy | 169.696 | - | 169.696 | - | 864.404 | 864.404 |
| 3.2.4.2. Currency Futures-Sell | - | 121.020 | 121.020 | 884.179 | - | 884.179 |
| 3.2.5. Interest Rate Buy/Sell Futures | - | - | - | - | - | - |
| 3.2.5.1. Interest Rate Futures-Buy | - | - | - | - | - | - |
| 3.2.5.2. Interest Rate Futures-Sell | - | - | - | - | - | - |
| 3.2.6. Other | - | 23.201.046 | 23.201.046 | - | 17.532.166 | 17.532.166 |
| B. CUSTODY AND PLEDGED ASSETS (IV+V+VI) | 2.431.934.831 | 1.559.121.281 | 3.991.056.112 | 1.625.727.024 | 751.477.770 | 2.377.204.794 |
| IV. CUSTODIES | 83.859.770 | 157.806.553 | 241.666.323 | 46.528.922 | 61.325.854 | 107.854.776 |
| 4.1. Assets Under Management | - | - | - | - | - | - |
| 4.2. Custody Marketable Securities | 78.166.015 | 149.180.256 | 227.346.271 | 43.686.166 | 55.589.317 | 99.275.483 |
| 4.3. Cheques in Collection Process | 3.713.074 | 2.682.751 | 6.395.825 | 1.448.622 | 2.521.413 | 3.970.035 |
| 4.4. Commercial Notes in Collection Process | 1.980.681 | 601.610 | 2.582.291 | 1.394.134 | 306.323 | 1.700.457 |
| 4.5. Other Assets in Collection Process | - | - | - | - | - | - |
| 4.6. Underwritten Securities | - | - | - | - | - | - |
| 4.7. Other Custodies | - | 5.341.936 | 5.341.936 | - | 2.908.801 | 2.908.801 |
| 4.8. Custodians | - | - | - | - | - | - |
| V. PLEDGED ASSETS | 2.344.736.043 | 1.396.190.844 | 3.740.926.887 | 1.577.686.677 | 687.366.645 | 2.265.053.322 |
| 5.1. Marketable Securities | 14.042.517 | 5.189.215 | 19.231.732 | 4.184.842 | 228.915 | 4.413.757 |
| 5.2. Collateral Notes | 1.559.666.872 | 484.942.734 | 2.044.609.606 | 977.706.210 | 272.272.517 | 1.249.978.727 |
| 5.3. Commodity | 46.639.573 | 66.824.496 | 113.464.069 | 34.485.125 | 46.047.323 | 80.532.448 |
| 5.4. Warranty | - | - | - | - | - | - |
| 5.5. Land and Buildings | 614.983.795 | 658.284.287 | 1.273.268.082 | 458.370.813 | 283.546.044 | 741.916.857 |
| 5.6. Other Pledged Assets | 109.403.286 | 180.950.112 | 290.353.398 | 102.939.687 | 85.271.846 | 188.211.533 |
| 5.7. Pledges | - | - | - | - | - | - |
| VI. ACCEPTED BILL GUARANTEES AND SURETIES | 3.339.018 | 5.123.884 | 8.462.902 | 1.511.425 | 2.785.271 | 4.296.696 |
| TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B) | 2.976.777.587 | 2.189.495.877 | 5.166.273.464 | 1.906.190.309 | 1.170.312.859 | 3.076.503.168 |

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 DECEMBER 2023

(Currency: Thousands of TL - Turkish Lira)

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

| | | Note | Audited CURRENT PERIOD (01/01- 31/12/2023) | Audited PRIOR PERIOD (01/01- 31/12/2022) |
|----------------------------|--|----------|--|--|
| INCOME AND EXPENSES | | | | |
| I. | INTEREST INCOME | (5.IV.a) | 108.168.976 | 50.169.476 |
| 1.1 | Interest on Loans | | 68.797.304 | 36.782.715 |
| 1.2 | Interest on Reserve Requirements | | 216.357 | 96.849 |
| 1.3 | Interest on Banks | | 4.009.836 | 274.685 |
| 1.4 | Interest on Money Market Transactions | | 11.049.539 | 158.113 |
| 1.5 | Interest on Marketable Securities Portfolio | | 23.548.472 | 12.606.573 |
| 1.5.1 | Fair Value Through Profit or Loss | | 431.629 | 140.873 |
| 1.5.2 | Fair Value Through Other Comprehensive Income | | 12.059.846 | 9.871.636 |
| 1.5.3 | Measured at Amortized Cost | | 11.056.997 | 2.594.064 |
| 1.6 | Financial Lease Interest Income | | - | - |
| 1.7 | Other Interest Income | | 547.468 | 250.541 |
| II. | INTEREST EXPENSE (-) | (5.IV.b) | 76.702.821 | 21.672.247 |
| 2.1 | Interest on Deposits | | 63.580.547 | 16.783.531 |
| 2.2 | Interest on Funds Borrowed | | 9.659.389 | 3.618.237 |
| 2.3 | Interest Expense on Money Market Transactions | | 2.304.982 | 606.586 |
| 2.4 | Interest on Securities Issued | | 738.681 | 393.909 |
| 2.5 | Interest on Leases | | 258.144 | 170.084 |
| 2.6 | Other Interest Expenses | | 161.078 | 99.900 |
| III. | NET INTEREST INCOME (I - II) | | 31.466.155 | 28.497.229 |
| IV. | NET FEES AND COMMISSIONS INCOME | | 13.626.396 | 5.857.377 |
| 4.1 | Fees and Commissions Received | | 19.858.661 | 9.048.726 |
| 4.1.1 | Non-Cash Loans | | 1.105.670 | 722.523 |
| 4.1.2 | Other | (5.IV.m) | 18.752.991 | 8.326.203 |
| 4.2 | Fees and Commissions paid (-) | | 6.232.265 | 3.191.349 |
| 4.2.1 | Non-Cash Loans | | 3.217 | 2.360 |
| 4.2.2 | Other | (5.IV.m) | 6.229.048 | 3.188.989 |
| V. | DIVIDEND INCOME | (5.IV.c) | 7.371 | 38.419 |
| VI. | TRADING INCOME / LOSS (Net) | (5.IV.d) | 2.636.448 | 4.205.410 |
| 6.1 | Trading Gains / (Losses) on Securities | | 2.068.189 | 243.046 |
| 6.2 | Gains / (Losses) on Derivate Financial Transactions | | 10.335.472 | 11.325.327 |
| 6.3 | Foreign Exchange Gains / (Losses) | | (9.767.213) | (7.362.963) |
| VII. | OTHER OPERATING INCOME | (5.IV.e) | 4.208.441 | 954.270 |
| VIII. | GROSS OPERATING INCOME (III+IV+V+VI+VII) | | 51.944.811 | 39.552.705 |
| IX. | EXPECTED CREDIT LOSS (-) | (5.IV.f) | 1.802.649 | 6.720.700 |
| X. | OTHER PROVISION EXPENSES (-) | (5.IV.f) | 4.202.510 | 4.439.571 |
| XI. | PERSONNEL EXPENSE (-) | (5.IV.g) | 9.000.295 | 4.166.352 |
| XII. | OTHER OPERATING EXPENSES (-) | (5.IV.g) | 11.473.090 | 5.556.161 |
| XIII. | NET OPERATING INCOME /LOSS (VIII-IX-X-XI-XII) | | 25.466.267 | 18.669.921 |
| XIV. | INCOME AFTER MERGER | | - | - |
| XV. | INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD | | 9.326.429 | 3.887.281 |
| XVI. | INCOME / (LOSS) ON NET MONETARY POSITION | | - | - |
| XVII. | PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI) | (5.IV.i) | 34.792.696 | 22.557.202 |
| XVIII. | TAX PROVISIONS FOR CONTINUED OPERATIONS (±) | (5.IV.j) | (6.766.241) | (5.411.539) |
| 18.1 | Current Tax Provision | | (326.714) | (6.270.673) |
| 18.2 | Deferred Tax Income Effect (+) | | (25.050.261) | (9.028.869) |
| 18.3 | Deferred Tax Expense Effect (-) | | 18.610.734 | 9.888.003 |
| XIX. | CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII) | (5.IV.k) | 28.026.455 | 17.145.663 |
| XX. | INCOME FROM DISCONTINUED OPERATIONS | | - | 42.576 |
| 20.1 | Income from Non-Current Assets Held for Sale | | - | - |
| 20.2 | Profit from Sales of Associates, Subsidiaries and Joint Ventures | | - | - |
| 20.3 | Income from Other Discontinued Operations | | - | 42.576 |
| XXI. | EXPENSES FOR DISCONTINUED OPERATIONS (-) | | 208.074 | - |
| 21.1 | Expenses for Non-current Assets Held for Sale | | - | - |
| 21.2 | Loss from Sales of Associates, Subsidiaries and Joint Ventures | | - | - |
| 21.3 | Expenses for Other Discontinued Operations | | 208.074 | - |
| XXII. | PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI) | | (208.074) | 42.576 |
| XXIII. | TAX PROVISION FOR DISCONTINUED OPERATIONS (±) | | 59.404 | (15.225) |
| 23.1 | Current Tax Provision | | - | - |
| 23.2 | Deferred Tax Expense Effect (+) | | - | - |
| 23.3 | Deferred Tax Income Effect (-) | | 59.404 | (15.225) |
| XXIV. | NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII) | | (148.670) | 27.351 |
| XXV. | NET PROFIT/(LOSS) (XIX+XXIV) | (5.IV.l) | 27.877.785 | 17.173.014 |
| | Profit / (Loss) Per Share (full TRY) | | 4,89 | 3,01 |

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2023

(Currency: Thousands of TL - Turkish Lira)

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

| | Audited CURRENT PERIOD (01/01-31/12/2023) | Audited PRIOR PERIOD (01/01-31/12/2022) |
|---|---|---|
| I. CURRENT PERIOD INCOME/LOSS | 27.877.785 | 17.173.014 |
| II. OTHER COMPREHENSIVE INCOME | 7.453.100 | 8.480.455 |
| 2.1 Not Reclassified Through Profit or Loss | 6.030.478 | 1.115.703 |
| 2.1.1 Property and Equipment Revaluation Increase/Decrease | 450.699 | 166.678 |
| 2.1.2 Intangible Assets Revaluation Increase/Decrease | -- | -- |
| 2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss | 64.530 | (420.567) |
| 2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss | 5.592.952 | 1.288.020 |
| 2.1.5 Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss | (77.703) | 81.572 |
| 2.2 Reclassified Through Profit or Loss | 1.422.622 | 7.364.752 |
| 2.2.1 Foreign Currency Translation Differences | 13.513.264 | 4.202.349 |
| 2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income | (6.372.742) | 5.967.964 |
| 2.2.3 Cash Flow Hedge Income/Loss | 3.831 | 9.033 |
| 2.2.4 Foreign Net Investment Hedge Income/Loss | (12.140.452) | (3.042.832) |
| 2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss | -- | -- |
| 2.2.6 Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss | 6.418.721 | 228.238 |
| III. TOTAL COMPREHENSIVE INCOME (I+II) | 35.330.885 | 25.653.469 |

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2023

(Currency: Thousands of TL - Turkish Lira)

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

See Note 3.1.c

| Audited CHANGES IN ITEMS | IN SHAREHOLDERS' EQUITY | Note | Paid In Capital | Share Premiums | Share Cancellation Profits | Other capital reserves | Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss | | | | Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss | | | | Profit reserves (*) | Prior Period Profit or (Loss) | Current Period Profit or (Loss) | Total Equity Expect Minority Shares | Minority Shares | Total Equity |
|--|--|---------|-----------------|-------------------|----------------------------------|------------------------------|--|---|--|---|---|--|------------|-----------|------------------------|----------------------------------|------------------------------------|---|--------------------|--------------|
| | | | | | | | Accumulated Revaluation Increase/Decrease of Fixed Assets | Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan | Comprehensive Income Items Not Reclassified Through Other Profit or (Loss) | Foreign Currency Translation Differences | Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income | Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss) | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | |
| PRIOR PERIOD 01/01-31/12/2022 | | | | | | | | | | | | | | | | | | | | |
| I. | Prior Period End Balance | | 5,696,100 | 15 | — | 77,053 | 210,158 | (129,680) | 1,012,067 | 20,220,055 | (1,165,664) | (14,927,358) | 13,071,979 | 1,245,272 | 3,546,918 | 28,856,915 | — | 28,856,915 | | |
| II. | Corrections and Accounting Policy Changes Made According to TAS 8 | (5.V.c) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| 2.1 | Effects of Corrections | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| 2.2 | Effects of the Changes in Accounting Policies | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| III. | Adjusted Beginning Balance (I+II) | | 5,696,100 | 15 | — | 77,053 | 210,158 | (129,680) | 1,012,067 | 20,220,055 | (1,165,664) | (14,927,358) | 13,071,979 | 1,245,272 | 3,546,918 | 28,856,915 | — | 28,856,915 | | |
| IV. | Total Comprehensive Income | (5.V.e) | — | — | — | — | 135,237 | (307,714) | 1,288,180 | 4,202,349 | 4,505,411 | (1,343,008) | — | — | 17,173,014 | 25,653,469 | — | 25,653,469 | | |
| V. | Capital Increase by Cash | (5.V.a) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| VI. | Capital Increase by Internal Sources | (5.V.a) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| VII. | Paid In Capital Inflation Adjustment Difference | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| VIII. | Convertible Bonds to Share | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| IX. | Subordinated Debt Instruments | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| X. | Increase / Decrease by Other Changes | | — | — | — | 214 | — | — | — | — | — | — | — | — | — | 214 | — | 214 | | |
| XI. | Profit Distribution | (5.V.d) | — | — | — | (76,275) | — | — | — | — | — | — | — | — | — | — | — | — | | |
| 11.1 | Dividends Paid | | — | — | — | — | — | — | — | — | — | — | 3,623,193 | — | (3,546,918) | — | — | — | | |
| 11.2 | Transfers to Reserves | (5.V.f) | — | — | — | (76,275) | — | — | — | — | — | — | 3,623,193 | — | (3,546,918) | — | — | — | | |
| 11.3 | Other | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| Period End Balance (III+IV+.....+X+XI) | | | 5,696,100 | 15 | — | 992 | 345,395 | (437,394) | 2,300,247 | 24,422,404 | 3,339,747 | (16,270,366) | 16,695,172 | 1,245,272 | 17,173,014 | 54,510,598 | — | 54,510,598 | | |
| | | | | | | | | | | | | | | | | | | | | |
| CURRENT PERIOD 01/01-31/12/2023 | | | | | | | | | | | | | | | | | | | | |
| I. | Prior Period End Balance | | 5,696,100 | 15 | — | 992 | 345,395 | (437,394) | 2,300,247 | 24,422,404 | 3,339,747 | (16,270,366) | 16,695,172 | 1,245,272 | 17,173,014 | 54,510,598 | — | 54,510,598 | | |
| II. | Corrections and Accounting Policy Changes Made According to TAS 8 | (5.V.c) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| 2.1 | Effects of Corrections | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| 2.2 | Effects of the Changes in Accounting Policies | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| III. | Adjusted Beginning Balance (I+II) | | 5,696,100 | 15 | — | 992 | 345,395 | (437,394) | 2,300,247 | 24,422,404 | 3,339,747 | (16,270,366) | 16,695,172 | 1,245,272 | 17,173,014 | 54,510,598 | — | 54,510,598 | | |
| IV. | Total Comprehensive Income | (5.V.e) | — | — | — | — | 363,013 | 74,351 | 5,593,114 | 13,513,264 | (4,679,939) | (7,410,703) | — | — | 27,877,785 | 35,330,885 | — | 35,330,885 | | |
| V. | Capital Increase by Cash | (5.V.a) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| VI. | Capital Increase by Internal Sources | (5.V.a) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| VII. | Paid In Capital Inflation Adjustment Difference | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| VIII. | Convertible Bonds to Share | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| IX. | Subordinated Debt Instruments | | — | — | — | 1,918 | — | — | — | — | — | — | — | — | — | — | — | — | | |
| X. | Increase / Decrease by Other Changes | | — | — | — | — | — | — | — | — | — | — | — | — | — | 1,918 | — | 1,918 | | |
| XI. | Profit Distribution | (5.V.d) | — | — | — | — | — | — | — | — | — | — | 17,173,014 | — | (17,173,014) | — | — | — | | |
| 11.1 | Dividends Paid | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| 11.2 | Transfers to Reserves | (5.V.f) | — | — | — | — | — | — | — | — | — | — | 17,173,014 | — | (17,173,014) | — | — | — | | |
| 11.3 | Other | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| Period End Balance (III+IV+.....+X+XI) | | | 5,696,100 | 15 | — | 2,910 | 708,408 | (363,043) | 7,893,361 | 37,935,668 | (1,340,192) | (23,681,069) | 33,868,186 | 1,245,272 | 27,877,785 | 89,843,401 | — | 89,843,401 | | |

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

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2023

(Currency: Thousands of TL - Turkish Lira)

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

| | Note | Audited CURRENT PERIOD (01/01-31/12/2023) | Audited PRIOR PERIOD (01/01-31/12/2022) |
|--|----------|---|---|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating profit before changes in operating assets and liabilities (+) | | 49.400.002 | 29.970.349 |
| 1.1.1 Interest received (+) | | 84.085.704 | 42.371.585 |
| 1.1.2 Interest paid (-) | | 60.062.033 | 19.047.654 |
| 1.1.3 Dividends received (+) | | 7.371 | 38.419 |
| 1.1.4 Fees and commissions received (+) | | 19.858.661 | 9.048.726 |
| 1.1.5 Other income (+) | | 26.766.316 | 1.990.003 |
| 1.1.6 Collections from previously written off loans and other receivables (+) | | 4.522.975 | 6.596.917 |
| 1.1.7 Cash payments to personnel and service suppliers (-) | | 8.823.633 | 3.782.961 |
| 1.1.8 Taxes paid (-) | | 3.701.335 | 4.298.318 |
| 1.1.9 Other (+/-) | (5.VI.c) | (13.254.024) | (2.946.368) |
| 1.2 Changes in operating assets and liabilities subject to banking operations | | 79.985.398 | 23.469.878 |
| 1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-) | | (3.368.051) | (1.202.571) |
| 1.2.2 Net (increase) decrease in due from banks (+/-) | | (1.154.978) | (953.408) |
| 1.2.3 Net (increase) decrease in loans | | (168.593.098) | (109.468.819) |
| 1.2.4 Net (increase) decrease in other assets (+/-) | | (26.531.610) | (21.621.065) |
| 1.2.5 Net increase (decrease) in bank deposits (+/-) | | (13.718.370) | 6.286.370 |
| 1.2.6 Net increase (decrease) in other deposits (+/-) | | 195.704.217 | 151.412.542 |
| 1.2.7 Net increase (decrease) in financial liabilities at fair value through profit or loss (+/-) | | - | - |
| 1.2.8 Net increase (decrease) in funds borrowed (+/-) | | 30.747.655 | (15.885.907) |
| 1.2.9 Net increase (decrease) in matured payables (+/-) | | - | - |
| 1.2.10 Net increase (decrease) in other liabilities (+/-) | (5.VI.c) | 66.899.633 | 14.902.736 |
| I. Net cash provided from banking operations(+/-) | | 129.385.400 | 53.440.227 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. Net cash provided from / used in investing activities(+/-) | | (24.121.688) | (30.320.734) |
| 2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures (-) | | 4.073.000 | 482.522 |
| 2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures (+) | | 29.500 | - |
| 2.3 Cash paid for the purchase of tangible and intangible asset (-) | | 530.021 | 377.561 |
| 2.4 Cash obtained from the sale of tangible and intangible asset (+) | | 2.643.762 | 1.876.920 |
| 2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-) | | 41.652.099 | 35.311.943 |
| 2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+) | | 15.852.509 | 5.361.977 |
| 2.7 Cash paid for the purchase of financial assets at amortised cost (-) | | 1.041.404 | 8.953.350 |
| 2.8 Cash obtained from sale of financial assets at amortised cost (+) | | 1.100.070 | - |
| 2.9 Other (+/-) | | 3.548.995 | 7.565.745 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net cash flows from financing activities (+/-) | | 50.836.677 | (10.601.453) |
| 3.1 Cash obtained from funds borrowed and securities issued (+) | | 107.171.330 | 32.995.218 |
| 3.2 Cash outflow from funds borrowed and securities issued (-) | | 55.533.062 | 43.161.284 |
| 3.3 Equity instruments issued (+) | | - | - |
| 3.4 Dividends paid (-) | | - | - |
| 3.5 Payments for lease liabilities (-) | | 801.591 | 435.387 |
| 3.6 Other (+/-) | | - | - |
| IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-) | (5.VI.c) | 9.559.208 | 10.807.573 |
| V. Net increase in cash and cash equivalents | (5.VI.c) | 165.659.597 | 23.325.613 |
| VI. Cash and cash equivalents at the beginning of the period (+) | (5.VI.a) | 55.121.850 | 31.796.237 |
| VII. Cash and Cash Equivalents at the End of the Period | (5.VI.a) | 220.781.447 | 55.121.850 |

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

DENİZBANK ANONİM ŞİRKETİ
UNCONSOLIDATED PROFIT DISTRIBUTION TABLE
FOR THE PERIOD ENDED 31 DECEMBER 2023

(Currency: Thousands of TL - Turkish Lira)

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

| | Audited CURRENT PERIOD (01/01-31/12/2023) | Audited PRIOR PERIOD (01/01-31/12/2022) |
|---|---|---|
| I. DISTRIBUTION OF CURRENT YEAR INCOME ⁽¹⁾ | | |
| 1.1 CURRENT YEAR INCOME | 34.584.622 | 22.599.778 |
| 1.2 TAXES AND DUTIES PAYABLE (-) | (6.706.837) | (5.426.764) |
| 1.2.1 Corporate Tax (Income Tax) | (326.714) | (6.270.673) |
| 1.2.2 Income withholding tax | - | - |
| 1.2.3 Other taxes and duties ⁽²⁾ | (6.380.123) | 843.909 |
| A. NET INCOME FOR THE YEAR (1.1-1.2) | 27.877.785 | 17.173.014 |
| 1.3 PRIOR YEAR LOSSES (-) | - | - |
| 1.4 FIRST LEGAL RESERVES (-) | - | 350.475 |
| 1.5 OTHER STATUTORY RESERVES (-) | - | - |
| B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)] | 27.877.785 | 16.822.539 |
| 1.6 FIRST DIVIDEND TO SHAREHOLDERS (-) | - | - |
| 1.6.1 To owner of ordinary shares | - | - |
| 1.6.2 To owner of preferred shares | - | - |
| 1.6.3 To owner of preferred shares (preem private rights) | - | - |
| 1.6.4 To profit sharing bonds | - | - |
| 1.6.5 To holders of profit or loss sharing certificates | - | - |
| 1.7 DIVIDENDS TO PERSONNEL (-) | - | - |
| 1.8 DIVIDENDS TO BOARD OF DIRECTORS (-) | - | - |
| 1.9 SECOND DIVIDEND TO SHAREHOLDERS (-) | - | - |
| 1.9.1 To owner of ordinary shares | - | - |
| 1.9.2 To owner of preferred shares | - | - |
| 1.9.3 To owner of preferred shares (preem private rights) | - | - |
| 1.9.4 To profit sharing bonds | - | - |
| 1.9.5 To holders of profit or loss sharing certificates | - | - |
| 1.10 SECOND LEGAL RESERVES (-) | - | - |
| 1.11 STATUTORY RESERVES (-) | - | - |
| 1.12 GENERAL RESERVES | - | 16.822.539 |
| 1.13 OTHER RESERVES | - | - |
| 1.14 SPECIAL FUNDS | - | - |
| II. DISTRIBUTION OF RESERVES | | |
| 2.1 APPROPRIATED RESERVES | - | - |
| 2.2 SECOND LEGAL RESERVES (-) | - | - |
| 2.3 DIVIDENDS TO SHAREHOLDERS (-) | - | - |
| 2.3.1 To owner of ordinary shares | - | - |
| 2.3.2 To owner of preferred shares | - | - |
| 2.3.3 To owner of preferred shares (preem private rights) | - | - |
| 2.3.4 To profit sharing bonds | - | - |
| 2.3.5 To holders of profit or loss sharing certificates | - | - |
| 2.4 DIVIDENDS TO PERSONNEL (-) | - | - |
| 2.5 DIVIDENDS TO BOARD OF DIRECTORS (-) | - | - |
| III. EARNINGS PER SHARE | | |
| 3.1 TO OWNERS OF ORDINARY SHARES | 0,049 | 0,030 |
| 3.2 TO OWNERS OF ORDINARY SHARES (%) | 4,89 | 3,01 |
| 3.3 TO OWNERS OF PRIVILEGED SHARES | - | - |
| 3.4 TO OWNERS OF PRIVILEGED SHARES (%) | - | - |
| IV. DIVIDEND PER SHARE | | |
| 4.1 TO OWNERS OF ORDINARY SHARES | - | - |
| 4.2 TO OWNERS OF ORDINARY SHARES (%) | - | - |
| 4.3 TO OWNERS OF PRIVILEGED SHARES | - | - |
| 4.4 TO OWNERS OF PRIVILEGED SHARES (%) | - | - |

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

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on the presentation principles

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

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

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

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

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

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

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

On 23 November 2023, POA announced that the financial statements of businesses that apply Turkish Financial Reporting Standards and the Financial Reporting Standard for Large and Medium-Sized Enterprises (FRS for LMEs) for the annual reporting period ending on or after 31 December 2023 will be included in the “Turkish Accounting Standard 29 Financial Reporting Standards in High Inflation Economies”. Reporting” and “FRS for LMEs Chapter 25 Financial Reporting in High-Inflation Economies” should be presented in accordance with the relevant accounting principles, adjusted for the effect of inflation; However, institutions or organizations authorized to regulate and supervise their own fields have published an announcement stating that they may determine different transition dates than those foreseen above for the implementation of the provisions in TAS 29 or FRS for LMEs. Based on this announcement, BRSA, in accordance with its decision dated 12 December 2023 and numbered 10744, has decided that the financial statements of banks and financial leasing, factoring, financing, savings financing and asset management companies dated 31 December 2023 will not be subject to the inflation adjustment required within the scope of TAS 29. In this context, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements dated 31 December 2023.

Within the scope of the Benchmark Rate Interest Reform process, which continues on a global basis, the Bank has transactions in loans, securities, borrowing and derivative instruments. Necessary infrastructure developments have been completed and started to be used in our bank for each product. EURIBOR is not subject to transition and will continue to be used. Transformation of transactions indexed to USD LIBOR rates is followed on a transaction basis, and conversions are made by the relevant units on the first repricing date of each transaction after 30 June 2023.

DENİZBANK ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023

(Currency: Thousands of TL - Turkish Lira)

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

c. Additional paragraph for convenience translation:

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

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

a. Strategy for the use of financial instruments

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

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

b. Transactions denominated in foreign currencies

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

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

| | 31 December 2023 | 31 December 2022 |
|-----------|------------------|------------------|
| US Dollar | TL 29,4382 | TL 18,6983 |
| Euro | TL 32,5739 | TL 19,9349 |

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

As of 31 December 2023, net foreign exchange loss included in the statement of profit or loss amounts to TL 9.767.213 (1 January - 31 December 2022: TL 7.362.963 net foreign exchange loss).

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

The foreign exchange differences of TL 487.275 (31 December 2022: TL 618.747), arising from the translation of the financial statements of Bahrain branch of the Bank to Turkish Lira in accordance with TAS 21, and TL 37.448.393 (31 December 2022: TL 23.803.657), arising from the accounting of the Bank's foreign currency subsidiaries Denizbank AG and JSC Denizbank with equity method, has been recorded under "Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss".

The Bank applies net investment hedge accounting as of 1 July 2015 in order to hedge exchange difference sourcing from equity method implementation for its net investment at a total amount of Euro 1.231 million belonging to Denizbank AG one of the Bank's subsidiaries. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the exchange rate of these financial liabilities is recognised in hedge funds account under equity.

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

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

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

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

IV. Explanations on forward and option contracts and derivative instruments

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

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

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

V. Explanations on interest income and expenses

Interest income and expenses are recognised by applying the effective interest method. The Bank tracks the accruals and discounts of non-performing receivable balances until the moment they are transferred to the follow-up accounts in the loan accrual/discount accounts in accordance with the Uniform Chart of Accounts ("UCA"). After loans are classified as non-performing loans, no discount calculation is made.

VI. Explanations on fee and commission income and expenses

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

VII. Explanations on financial assets

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

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

a. Financial assets at fair value through profit or loss

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

b. Financial assets at fair value through other comprehensive income

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

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

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

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

c. Financial assets measured at amortised cost

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

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

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

Due to the change in the business model in May 2023, the Bank removed the bond with a nominal value of TL 13.936.542 from the category of "Financial assets at fair value through other comprehensive income" and classified them into the category of "Financial assets measured at amortized cost". The negative valuation difference amounting to TL 2.554.587, which was accounted for under shareholders' equity after the classification made with the business model change, has been cancelled.

VIII. Explanations on expected credit loss

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

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

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

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

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

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

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

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

Significant increase in credit risk

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

Qualitative evaluation:

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

As of the reporting date,

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

Quantitative evaluation:

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

As of the reporting period ended on 31 December 2023, the effects of COVID-19 on financial results and asset quality have been evaluated and reflected to the calculation of the expected loan loss provisions in the light of the information and developments with maximum effort. In this process, the Bank reviewed the cash flow expectations and scenario weights for its commercial and corporate loans, that evaluated individually, and reflected the related effects to the expected credit loss with the best estimation approach. At the same time, the Bank has reflected the possible effects of COVID-19 in the estimates and assumptions used in the preparation of the financial statements.

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

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

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

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

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

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

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

The credit risk classification is as follows:

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

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

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

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

Exposure at default

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

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

Probability of default

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

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

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

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

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

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

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

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

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

Internal validation of the process described above was carried out at the end of 2023.

Loss given default

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

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

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

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

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

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

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

Internal validation of the process described above was carried out at the end of 2023.

Effective interest rate

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

Discrete (individual) assessment

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

Apart from the expected loan loss provisions, the affected portfolios are determined and additional expected loan loss provisions are calculated in order not to ignore the extraordinary situations that did not occur during the consideration periods of the Bank’s model.

Low credit risk

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

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

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

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

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

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

Forward macroeconomic information

The Bank uses models to reflect macroeconomic expectations in the assessment of significant increase in credit risk and expected credit loss calculation. These models differ according to risk segments and products. In forward-looking expectations, three different scenarios as base, pessimistic and optimistic are taken into account in proportion to their assigned realization probabilities. For periods beyond the macroeconomic forecast length, the long-term average of default is included in the calculation.

Macroeconomic variables considered in the models used; Gross Domestic Product (GDP) growth rate, unemployment rate, 3-month Treasury bill yield rate, 5-year CDS Premium, USDTRY and EURTRY parities. Models are reviewed annually, renewed for segments deemed necessary and subjected to validation process.

As of December 2023, the Bank has reflected its future expectations to the expected credit loss calculation in the financial statements, with the current economic conditions taking into account possible different scenarios and management evaluation. The work carried out will be reviewed periodically in the future and updated according to expectations.

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.

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

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

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

IX. Explanations on offsetting financial instruments

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

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

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

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

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

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

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

Eurodeniz International Banking Unit Ltd., one of the Bank's subsidiaries has entered into the liquidation process. Until the liquidation process is completed, it is classified under the discontinued operations lines in the financial statements.

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Assets/Liabilities Related to Discontinued Operations | | |
| Partnerships | 7.118 | 143.379 |
| Assets Related to Discontinued Operations | 7.118 | 143.379 |
| Other | 102.945 | -- |
| Liabilities Related to Discontinued Operations | 102.945 | -- |
| | Current Period | Prior Period |
| Income and Expenses from Discontinued Operations | | |
| Trading profit/loss net | (79.750) | 40.538 |
| Other operating income | (128.324) | 2.038 |
| Profit/loss before tax from discontinued operations | (208.074) | 42.576 |
| Deferred tax expense from discontinued operations | 59.404 | (15.225) |
| Discontinued Operations Net Profit/Loss for the Period | (148.670) | 27.351 |

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XII. Explanations on goodwill and other intangible assets

a. Goodwill

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

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

b. Other intangible assets

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

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

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

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

XIII. Explanations on tangible assets

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

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

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

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

XIV. Explanations on investment property

None.

XV. Explanations on leasing transactions

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

With the "TFRS 16 Leases" standard effective from 1 January 2019, the difference between operating leases and financial leases has been eliminated and the leasing transactions have been presented under "Liabilities from Leasing Operations".

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

XVI. Explanations on provisions and contingent liabilities

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

XVII. Explanations on obligations for employee benefits

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

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

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

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

XVIII. Explanations on tax applications

a. Current tax

In accordance with the "Law No. 7456 on the Creation of Additional Motor Vehicle Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amending Certain Laws and the Decree Law No. 375" published in the Official Gazette dated 15 July 2023; the 25% corporate tax rate applicable to banks, financial leasing, factoring, financing and savings finance companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies is 30%. The 20% corporate tax rate applicable to other companies has been increased to 25%. The tax rate change in question will be valid for the profits of companies in 2023 and subsequent taxation periods, starting from the returns that must be submitted as of 01/10/2023.

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.

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

Besides institutions reside in Turkey, dividends paid to the offices or the institutions earning through their permanent representatives in Turkey are not subject to withholding tax. According to the decision no. 4936 of the Presidential Decision published in the Official Gazette no. 31697 dated 22 December 2021, article 94 of the Income Tax Law No. 193 and 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 applied to the dividend payments made to non-resident companies, tax-exempt narrow and full taxpayer institutions/real persons, limited and full taxpayer real persons, excluding non-residents who earn income through a workplace or their permanent representative in Turkey is 10%.

While applying the withholding tax rates on dividend payments to the foreign based institutions and the real persons, the withholding tax rates covered in the related Avoidance of Double Taxation Treaty are taken into account. Addition of profit to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

According to the TRNC Corporate Tax Law No. 41/1976, as amended, corporate earnings (including foreign corporations) are subject to 10% corporate tax and 15% income tax according to the Income Tax Law. Corporate tax is calculated based on the income earned by taxpayers within an accounting period. The tax base is determined by adding the expenses that are not allowed to be deducted by law to the commercial income of the institutions and by applying the exemptions and deductions in the tax laws. The right of deduction of losses stipulated in the Corporate Tax Law, the right to investment allowances stipulated in the income tax legislation and the depreciation prescribed in the tax legislation are granted to corporations that certify the balance sheet, profit and loss statement and business accounts for the calculation of corporate tax without having them prepared and certified by an accountant and auditor authorized by the Ministry of Finance, and that corporations' rights are not recognized. Tax may be requested to any taxable institution within seven years following the taxation period, in cases where tax has not been assessed in previous years or if it is revealed that tax has been assessed less than the amount required to be paid. Corporate tax returns are declared to the tax office in the April following the closing date of the accounting period. Corporate tax is paid in two equal installments, one in May and the other in October. According to the decision of the TRNC Council of Ministers dated 25 March 2020, provisional taxes are calculated and paid quarterly at a tax rate of 15% on the financial earnings of that year. Provisional taxes paid during the year can be offset against the taxes calculated on that year's annual corporate tax return.

According to the temporary article 33 added to the Tax Procedure Law by Law No. 7352 published in the Official Gazette dated 29 January 2022; It has been considered that the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. The profit/loss difference resulting from the inflation adjustment will be shown in the previous years' profit/loss account; It has been determined that the previous year's profit determined in this way will not be subject to tax, and the previous year's loss will not be accepted as loss. Although the Banks will apply inflation accounting together with the financial leasing, factoring, savings finance companies, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance - reinsurance companies, pension companies and other taxpayers within the scope, there will be no tax consequences as a result of the correction in these institutions.

b. Deferred tax

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

Deferred tax assets and liabilities of the Bank have been netted in the unconsolidated balance sheet. As a result of netting, as of 31 December 2023 deferred tax assets of TL 4.173.522 (31 December 2022: TL 4.140.119) have been recognised in the accompanying financial statements.

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

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

In deferred tax calculations, 30% rate is used for corporations in Turkey (31 December 2022: 25%).

c. Transfer pricing

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

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

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

XIX. Additional explanations on borrowings

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

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

XX. Explanations on issuance of share certificates

In 2023 and 2022, the Bank does not have issuance of share certificates.

XXI. Explanations on bill of guarantee and acceptances

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

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

XXII. Explanations on government incentives

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

XXIII. Explanations on segment reporting

Segment reporting is presented in Section Four, note XII.

XXIV. Explanations on other matters

None.

XXV. Classifications

Explanation is given in Section Three, note XI.

SECTION FOUR

INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to the unconsolidated shareholders' equity

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

The current period equity of the Bank amounts to TL 114.839.418 (31 December 2022: TL 73.901.223) while its capital adequacy standard ratio is 17,20% as of 31 December 2023 (31 December 2022: 18,94%).

As a result of the volatility in the financial markets arising from COVID-19 pandemic, the BRSA issued a press release on 23 March 2020, announcing measures, which will remain in effect until 31 December 2020. With the regulation numbered 9312 dated 8 December 2020, and extended until 30 September 2021 were extended until a contrary Board Decision is taken with the regulation numbered 9795 dated 19 September 2021. Accordingly;

-In accordance with the "Regulation on Measurement and Evaluation of Capital Adequacy", banks calculate the amount subject to credit risk; While determining the valued amounts of monetary assets and non-monetary assets, other than foreign currency items measured in historical cost, in accordance with Turkish Accounting Standards and the relevant special provision amounts, until a Board Decision to the contrary is taken, with the regulation dated 28 April 2022 and numbered 10188, until 31 December 2021. The practice regarding the use of the Central Bank's foreign exchange buying rate was changed by the regulation numbered 10496 dated 31 January 2023, and it was decided to use the Central Bank's foreign exchange buying rate of 31 December 2022 until a Board Decision to the contrary is taken.

With the regulation numbered 9624 dated 17 June 2021 as of 23 March 2020, if the net valuation differences of the securities in the portfolio of "Financial Assets at Fair Value Through Other Comprehensive Income" are negative, these differences will not be taken into account in the amount of equity to be used for capital adequacy ratio, which will be calculated in accordance with the "Regulation on Equities of Banks". With the regulation dated 21 December 2021 and numbered 9996, in case the net valuation differences of the securities acquired before 21 December 2021 in the portfolio of "Financial Assets at Fair Value Through Other Comprehensive Income" are negative, these differences may not be taken into account in the equity amount.

With the decision of BRSA numbered 10747 dated 12 December 2023, to be implemented as of 1 January 2024;

If the net valuation differences of the securities owned by banks in the " Financial Assets at Fair Value Through Other Comprehensive Income" portfolio are negative as of 1 January 2024, these differences will be calculated in accordance with the Regulation on Banks' Equity published in the Official Gazette dated 5 September 2013 and numbered 28756 and to be taken into account in the equity amount to be used for the capital adequacy ratio, to continue to apply the existing provisions of the said Regulation for " Financial Assets at Fair Value Through Other Comprehensive Income" acquired after 1 January 2024,

In the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy of Banks, published in the Official Gazette dated 23 October 2015 and numbered 29511, specified in the Board Decision No. 10496 dated 31 January 2023; the application for using the foreign exchange buying rate of the Central Bank of the Republic of Turkey (Central Bank) as of 30 December 2022, calculating the valued amounts of monetary assets and non-monetary assets, other than items in foreign currency measured in historical cost, in accordance with Turkish Accounting Standards and the relevant special provision amounts implemented as of 1 January 2024, it was decided to continue using the Central Bank foreign exchange buying rate of 26 June 2023 until a Board Decision to the contrary is taken.

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a. Components of equity items

| | Current Period 31 December 2023 | Prior Period 31 December 2022 |
|---|------------------------------------|----------------------------------|
| COMMON EQUITY TIER I CAPITAL | | |
| Paid-in capital following all debts in terms of claim in liquidation of the Bank | 5.696.100 | 5.696.100 |
| Share issue premiums | 15 | 15 |
| Reserves | 33.868.186 | 16.695.172 |
| Gains recognised in equity as per TAS | 24.202.823 | 16.463.437 |
| Profit | 29.123.057 | 18.418.286 |
| Current Period Profit | 27.877.785 | 17.173.014 |
| Prior Period Profit | 1.245.272 | 1.245.272 |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period | 2.910 | 992 |
| Common Equity Tier I Capital Before Deductions | 92.893.091 | 57.274.002 |
| Deductions from Common Equity Tier I Capital | | |
| Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks | -- | -- |
| Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS | 2.069.909 | 791.614 |
| Improvement costs for operating leasing | 216.033 | 102.640 |
| Goodwill (net of related tax liability) | -- | -- |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | 2.283.719 | 1.293.730 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | -- | -- |
| Differences are not recognised at the fair value of assets and liabilities subject to hedge of cash flow risk | -- | -- |
| Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision | -- | -- |
| Gains arising from securitization transactions | -- | -- |
| Unrealised gains and losses due to changes in own credit risk on fair valued liabilities | -- | -- |
| Defined-benefit pension fund net assets | -- | -- |
| Direct and indirect investments of the Bank in its own Common Equity | -- | -- |
| Shares obtained contrary to the 4th clause of the 56th Article of the Law | -- | -- |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank | -- | -- |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | -- | -- |
| Portion of mortgage servicing rights exceeding 10% of the Common Equity | -- | -- |
| Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity | -- | -- |
| Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks | -- | -- |
| Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital | -- | -- |
| Excess amount arising from mortgage servicing rights | -- | -- |
| Excess amount arising from deferred tax assets based on temporary differences | -- | -- |
| Other items to be defined by the BRSA | -- | -- |
| Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital | -- | -- |
| Total Deductions From Common Equity Tier I Capital | 4.569.661 | 2.187.984 |
| Total Common Equity Tier I Capital | 88.323.430 | 55.086.018 |
| ADDITIONAL TIER I CAPITAL | | |
| Preferred Stock not Included in Common Equity and the Related Share Premiums | -- | -- |
| Debt instruments and premiums approved by BRSA | -- | -- |
| Debt instruments and premiums approved by BRSA (Temporary Article 4) | -- | -- |
| Additional Tier I Capital before Deductions | -- | -- |
| Deductions from Additional Tier I Capital | | |
| Direct and indirect investments of the Bank in its own Additional Tier I Capital | -- | -- |
| Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7. - | -- | -- |
| Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital - | -- | -- |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital - | -- | -- |
| Other items to be defined by the BRSA | -- | -- |
| Transition from the Core Capital to Continue to deduce Components | | |
| Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | -- | -- |
| Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | -- | -- |
| Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-) | -- | -- |
| Total Deductions From Additional Tier I Capital | -- | -- |
| Total Additional Tier I Capital | -- | -- |
| Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital) | 88.323.430 | 55.086.018 |

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| | | |
|---|--------------------|-------------------|
| TIER II CAPITAL | | |
| Debt instruments and share issue premiums deemed suitable by the BRSA | 21.703.301 | 14.446.409 |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4) | -- | -- |
| Provisions (Article 8 of the Regulation on the Equity of Banks) | 7.570.375 | 4.468.525 |
| Tier II Capital Before Deduction | 29.273.676 | 18.914.934 |
| Deductions From Tier II Capital | | |
| Direct and indirect investments of the Bank on its own Tier II Capital (-) | 2.728.921 | 50.485 |
| Investments of Bank to Banks that invest on Bank's Tier II and components of equity issued by financial institutions with the conditions declared in Article 8. | -- | -- |
| Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | -- | -- |
| Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | -- | -- |
| Other items to be defined by the BRSA (-) | -- | -- |
| Total Deductions from Tier II Capital | 2.728.921 | 50.485 |
| Total Tier II Capital | 26.544.755 | 18.864.449 |
| Total Capital (The sum of Tier I Capital and Tier II Capital) | 114.868.185 | 73.950.467 |
| Deductions from Total Capital | | |
| Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law | -- | -- |
| Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years | -- | -- |
| Other items to be defined by the BRSA | 28.767 | 49.244 |
| In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components | | |
| The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | -- | -- |
| The Sum of net long positions of investments in the Additional Tier I capital and Tier II capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | -- | -- |
| The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | -- | -- |
| TOTAL CAPITAL | | |
| Total Capital ((The sum of Tier I Capital and Tier II Capital) | 114.839.418 | 73.901.223 |
| Total risk weighted amounts | 667.510.152 | 390.230.567 |
| CAPITAL ADEQUACY RATIOS | | |
| Core Capital Adequacy Ratio (%) | 13,23 | 14,12 |
| Tier I Capital Adequacy Ratio (%) | 13,23 | 14,12 |
| Capital Adequacy Ratio (%) | 17,20 | 18,94 |
| BUFFERS | | |
| Total additional Common Equity Tier I Capital requirement ratio | 2,876 | 2,743 |
| Bank specific total common equity tier I capital ratio (%) | 2,500 | 2,500 |
| Capital conservation buffer requirement (%) | 0,376 | 0,243 |
| Systemic significant bank buffer ratio (%) | -- | -- |
| The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%) | 1,819 | 2,230 |
| Amounts below the Excess Limits as per the Deduction Principles | | |
| Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital | -- | -- |
| Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital | -- | -- |
| Amount arising from mortgage-servicing rights | -- | -- |
| Amount arising from deferred tax assets based on temporary differences | -- | -- |
| Limits related to provisions considered in Tier II calculation | | |
| General provisions for standard based receivables (before one hundred twenty five in ten thousand limitation) | 22.021.186 | 14.972.015 |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used | 7.570.375 | 4.468.525 |
| Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation | -- | -- |
| Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation | -- | -- |
| Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022) | | |
| Upper limit for Additional Tier I Capital subjected to temporary Article 4 | -- | -- |
| Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4 | -- | -- |
| Upper limit for Additional Tier II Capital subjected to temporary Article 4 ⁽¹⁾ | -- | -- |
| Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4 | -- | -- |

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

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

| Issuer | ENBD PJSC | ENBD PJSC | ENBD PJSC | ENBD PJSC |
|---|---|---|---|---|
| Unique identifier (eg CUSIP, ISIN) | Subordinated Loans | Subordinated Loans | Subordinated Loans | Subordinated Loans |
| Governing law(s) of the instrument | "Regulations on Banks' Equity " dated 5 September 2013. | "Regulations on Banks' Equity " dated 5 September 2013. | "Regulations on Banks' Equity " dated 5 September 2013. | "Regulations on Banks' Equity " dated 1 November 2006. |
| Regulatory treatment | | | | |
| Subject to 10% deduction as of 1/1/2015 | Not Deducted | Not Deducted | Not Deducted | Not Deducted |
| Eligible at solo/group/group&solo | Eligible | Eligible | Eligible | Eligible |
| Instrument type | Loan | Loan | Loan | Loan |
| Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date) | 3746 | 4416 | 8831 | 4710 |
| Par value of instrument (Currency in mil) | 3746 | 4416 | 8831 | 5888 |
| Accounting classification | 3470102 | 3470102 | 3470102 | 3470102 |
| Original date of issuance | 30/09/2014 | 30/04/2014 | 31/01/2014 | 30/09/2013 |
| Perpetual or dated | Dated | Dated | Dated | Dated |
| Original maturity date | 15 years | 15 years | 15 years | 15 years |
| Issuer call subject to prior supervisory approval | Yes | Yes | Yes | Yes |
| Optional call date, contingent call dates and redemption amount | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given. |
| Subsequent call dates, if applicable | None. | None. | None. | None. |
| Coupons/Dividends | | | | |
| Fixed or floating dividend/coupon | Fixed | Fixed | Fixed | Fixed |
| Coupon rate and any related index | First five year 6,2%, after irs +5,64 | First five year 7,93%, after irs +6,12 | 7,50% | 7,49% |
| Existence of a dividend stopper | None. | None. | None. | None. |
| Fully discretionary, partially discretionary or mandatory | -- | -- | -- | -- |
| Existence of step up or other incentive to redeem | None. | None. | None. | None. |
| Noncumulative or cumulative | -- | -- | -- | -- |
| Convertible or non-convertible | | | | |
| If convertible, conversion trigger (s) | May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. | May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. | May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. | May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. |
| If convertible, fully or partially | Convertible fully. | Convertible fully. | Convertible fully. | Convertible fully. |
| If convertible, conversion rate | -- | -- | -- | -- |
| If convertible, mandatory or optional conversion | -- | -- | -- | -- |
| If convertible, specify instrument type convertible into | -- | -- | -- | -- |
| If convertible, specify issuer of instrument it converts into | -- | -- | -- | -- |
| Write-down features | | | | |
| If write-down, write-down trigger(s) | None. | None. | None. | None. |
| If write-down, full or partial | -- | -- | -- | -- |
| If write-down, permanent or temporary | -- | -- | -- | -- |
| If temporary write-down, description of write-up mechanism | -- | -- | -- | -- |
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants. | In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants. | In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants. | Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts. |
| Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not | Possessed for Article 8. | Possessed for Article 8. | Possessed for Article 8. | Possessed for Article 8. |
| According to article 7 and 8 of Banks' shareholders equity law that are not possessed | -- | -- | -- | -- |

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

II. Explanations related to the credit risk

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

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

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

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

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

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

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

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

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

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

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

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

Methods and approaches to valuation adjustments and provisions

Explanation is given in Section Three, note VIII.

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

| Risk classifications | Current Period (*) | Average (**) |
|--|---------------------------|---------------------|
| 1 Receivables from central governments and Central Banks | 282.545.751 | 212.395.698 |
| 2 Receivables from regional or local governments | 3.564.658 | 2.896.002 |
| 3 Receivables from administrative bodies and non-commercial enterprises | 7.334.860 | 4.174.359 |
| 4 Receivables from multilateral development banks | -- | -- |
| 5 Receivables from international organizations | -- | -- |
| 6 Receivables from banks and brokerage houses | 75.851.417 | 67.063.832 |
| 7 Receivables from corporate portfolio | 202.116.422 | 186.120.451 |
| 8 Receivables from retail portfolio | 226.169.352 | 193.837.380 |
| 9 Receivables secured by residential mortgages | 11.337.999 | 9.380.468 |
| 10 Receivables secured by commercial mortgages | 36.598.264 | 34.685.475 |
| 11 Past due receivables | 6.010.793 | 3.746.380 |
| 12 Receivables defined in high risk category by BRSA | -- | -- |
| 13 Securities collateralized by mortgages | -- | -- |
| 14 Short-term receivables from banks, brokerage houses and corporate portfolio | -- | -- |
| 15 Investments similar to collective investment funds | 28.428 | 24.160 |
| 16 Other receivables | 43.586.025 | 45.928.033 |
| 17 Equity investments | 69.203.740 | 47.403.971 |
| 18 Total | 964.347.709 | 807.656.209 |

(*) 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.

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| Risk classifications | Prior Period (*) | Average (**) |
|--|-------------------------|---------------------|
| 1 Receivables from central governments and Central Banks | 146.302.862 | 116.689.210 |
| 2 Receivables from regional or local governments | 3.019.473 | 3.151.227 |
| 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 | 20.011.866 | 21.328.443 |
| 7 Receivables from corporate portfolio | 139.604.599 | 125.016.488 |
| 8 Receivables from retail portfolio | 136.034.033 | 114.676.610 |
| 9 Receivables secured by residential mortgages | 6.816.817 | 5.564.142 |
| 10 Receivables secured by commercial mortgages | 25.963.920 | 21.529.606 |
| 11 Past due receivables | 2.683.635 | 3.641.336 |
| 12 Receivables defined in high risk category by BRSA | -- | -- |
| 13 Securities collateralized by mortgages | -- | -- |
| 14 Short-term receivables from banks, brokerage houses and corporate portfolio | -- | -- |
| 15 Investments similar to collective investment funds | 13.891 | 421.192 |
| 16 Other receivables | 25.032.019 | 19.987.267 |
| 17 Equity investments | 37.727.579 | 32.421.143 |
| 18 Total | 543.210.694 | 464.426.664 |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

f. Bank's

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

The receivables of Bank from the top 100 and 200 cash loan customers constitute 33% and 39% of the total cash loans portfolio (31 December 2022: 32%, 38%).

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

The receivables of Bank from the top 100 and 200 non-cash loan customers constitute 44% and 55% of the total non-cash loans portfolio (31 December 2022: 40%, 48%).

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

The share of the cash and non-cash receivables of Bank from top 100 and 200 loan customers constitute 30% and 38% of the total balance sheet and off-balance sheet assets (31 December 2022: 30%, 38%).

g. Expected credit loss for credit risk undertaken by Bank

As at 31 December 2023, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by Bank amounts to TL 22.021.185.

As at 31 December 2022, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by Bank amounts to TL 14.972.017.

h. Information on loans and provisions for expected loss

| | Current Period | | Prior Period | |
|--------------------------------------|----------------------|-------------------|--------------------|-------------------|
| | Balance | Provision | Balance | Provision |
| Loans | 500.458.326 | 34.900.468 | 301.067.960 | 27.228.661 |
| Stage 1 | 432.275.886 | 6.341.630 | 250.616.005 | 3.895.565 |
| Stage 2 | 46.957.524 | 14.180.707 | 33.775.328 | 10.007.792 |
| Stage 3 | 21.224.916 | 14.378.131 | 16.676.627 | 13.325.304 |
| Fair Value Through Profit or Loss | -- | -- | -- | -- |
| Financial Assets | 424.738.874 | 7.440 | 190.968.298 | 2.507 |
| Other | 36.348.709 | 64.893 | 16.823.394 | 22.188 |
| Off-Balance Sheet Receivables | 525.338.499 | 4.363.601 | 214.425.264 | 3.005.298 |
| Stage 1 and 2 | 521.654.913 | 1.426.515 | 212.310.113 | 1.043.965 |
| Stage 3 | 3.683.586 | 2.937.086 | 2.115.151 | 1.961.333 |
| Total | 1.486.884.408 | 39.336.402 | 723.284.916 | 30.258.654 |

i. Information on provisions for expected loss for loans

| | Stage 1 | Stage 2 | Stage 3 | Total |
|--|------------------|--------------------|-------------------|-------------------|
| Balance at the beginning of the period (1 January 2023) | 3.895.565 | 10.007.792 | 13.325.304 | 27.228.661 |
| Transfers | 494.613 | (1.296.951) | 802.338 | -- |
| Stage 1 | 773.553 | (772.082) | (1.471) | -- |
| Stage 2 | (208.428) | 296.356 | (87.928) | -- |
| Stage 3 | (70.512) | (821.225) | 891.737 | -- |
| Loans addition in the period | 966.992 | 1.965.429 | 762.701 | 3.695.122 |
| Disposals from loans in the period | (924.067) | (745.386) | (4.221.036) | (5.890.489) |
| Provisions changes during the period (*) | 638.748 | 624.283 | 3.929.122 | 5.192.153 |
| Loans written off (**) | -- | -- | (1.185.424) | (1.185.424) |
| Loans sold | -- | -- | (1.200.714) | (1.200.714) |
| FX Differences | 1.269.779 | 3.625.540 | 2.165.840 | 7.061.159 |
| Balance at the end of the period (31 December 2023) | 6.341.630 | 14.180.707 | 14.378.131 | 34.900.468 |

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

(**) In accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the Bank, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, as of 31 December 2023, the Bank's loans amounting to TL 1.185.424 have been deducted from the records, and loans amounting to TL 1.200.714 have been sold.

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j. Information on loan movements

| | Stage 1 | Stage 2 | Stage 3 | Total |
|--|--------------------|-------------------|-------------------|--------------------|
| Balance at the beginning of the period (1 January 2023) | 250.616.005 | 33.775.328 | 16.676.627 | 301.067.960 |
| Transfers | (7.168.496) | 942.632 | 6.225.864 | -- |
| Stage 1 | 5.368.077 | (5.364.534) | (3.543) | -- |
| Stage 2 | (8.184.425) | 8.321.765 | (137.340) | -- |
| Stage 3 | (4.352.148) | (2.014.599) | 6.366.747 | -- |
| Loans addition in the period | 192.991.219 | 7.660.414 | 7.834.882 | 208.486.515 |
| Disposals from loans in the period | (69.400.093) | (7.437.209) | (8.638.000) | (85.475.302) |
| Loans written off (*) | -- | -- | (1.185.424) | (1.185.424) |
| Loans sold(*) | -- | -- | (1.200.714) | (1.200.714) |
| FX Differences | 65.237.251 | 12.016.359 | 1.511.681 | 78.765.291 |
| Balance at the end of the period (31 December 2023) | 432.275.886 | 46.957.524 | 21.224.916 | 500.458.326 |

(*) As of 31 December 2023, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the Bank, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, loans amounting to TL 1.185.424 have been deducted from the records, and loans amounting to TL 1.200.714 have been sold. In accordance with the amendment made in the related Provisions Regulation during the period, the effect of the total of the loans written off and sold on the Bank's NPL ratio is 45 basis points.

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k. Profile of significant exposures in major regions

| Current Period | Risk Classifications (*) (***) | | | | | | | | | | | | | | | | |
|---|--------------------------------|------------------|------------------|-----------|-----------|-------------------|--------------------|--------------------|-------------------|-------------------|------------------|-----------|-----------|-----------|---------------|-------------------|-------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| Domestic | 278.233.609 | 2.997.581 | 6.145.523 | -- | -- | 36.116.178 | 135.158.237 | 212.260.850 | 9.798.258 | 31.644.867 | 5.735.045 | -- | -- | -- | 28.136 | 42.951.608 | 960 |
| European Union Countries | -- | -- | -- | -- | -- | 27.366.256 | 2.308.476 | 58.676 | 4.878 | 24.927 | 1.786 | -- | -- | -- | -- | 409.616 | -- |
| OECD Countries (**) | -- | -- | -- | -- | -- | 127.372 | -- | 1.026 | 28 | -- | 3 | -- | -- | -- | -- | -- | -- |
| Off-Shore Banking Regions | -- | -- | -- | -- | -- | 2.649 | 2.007.961 | 1.492 | -- | -- | -- | -- | -- | -- | -- | -- | 2.012.102 |
| USA, Canada | -- | -- | -- | -- | -- | 3.899.330 | 112.473 | 2.910 | 1 | 22.877 | -- | -- | -- | -- | -- | -- | 4.037.591 |
| Other Countries | -- | -- | -- | -- | -- | 1.341.327 | 2.169.041 | 88.561 | 2.226 | 723.512 | 148.833 | -- | -- | -- | -- | 224.801 | -- |
| Subsidiaries, Associates and jointly controlled companies | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 69.202.780 |
| Unallocated Assets/Liabilities | 4.312.142 | 567.077 | 1.189.337 | -- | -- | 6.998.305 | 60.360.234 | 13.755.837 | 1.532.608 | 4.182.081 | 125.126 | -- | -- | -- | 292 | -- | -- |
| Total | 282.545.751 | 3.564.658 | 7.334.860 | -- | -- | 75.851.417 | 202.116.422 | 226.169.352 | 11.337.999 | 36.598.264 | 6.010.793 | -- | -- | -- | 28.428 | 43.586.025 | 69.203.740 |

| Prior Period | Risk Classifications (*) (***) | | | | | | | | | | | | | | | | |
|---|--------------------------------|------------------|-----------|-----------|-----------|-------------------|--------------------|--------------------|------------------|-------------------|------------------|-----------|-----------|-----------|---------------|-------------------|-------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| Domestic | 143.387.814 | 2.785.371 | -- | -- | -- | 2.016.923 | 94.015.203 | 128.905.309 | 5.976.771 | 22.761.428 | 2.524.138 | -- | -- | -- | 9 | 24.463.162 | 950 |
| European Union Countries | -- | -- | -- | -- | -- | 7.121.732 | 1.129.519 | 46.327 | 6.245 | 14.883 | 341 | -- | -- | -- | -- | 568.839 | -- |
| OECD Countries (**) | -- | -- | -- | -- | -- | 222.669 | -- | 913 | 5 | -- | -- | -- | -- | -- | -- | -- | -- |
| Off-Shore Banking Regions | -- | -- | -- | -- | -- | 596 | 1.672.506 | 1.063 | 13.769 | 4.336 | 126.030 | -- | -- | -- | -- | -- | 1.818.300 |
| USA, Canada | -- | -- | -- | -- | -- | 3.002.917 | 132.585 | 2.197 | 412 | 67 | 14 | -- | -- | -- | -- | -- | 3.138.192 |
| Other Countries | -- | -- | -- | -- | -- | 138.278 | 1.218.203 | 50.195 | 4.581 | 580.846 | 18 | -- | -- | -- | -- | 18 | -- |
| Subsidiaries, Associates and jointly controlled companies | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 37.726.629 |
| Unallocated Assets/Liabilities | 2.915.048 | 234.102 | -- | -- | -- | 7.508.751 | 41.436.583 | 7.028.029 | 815.034 | 2.602.360 | 33.094 | -- | -- | -- | 13.882 | -- | -- |
| Total | 146.302.862 | 3.019.473 | -- | -- | -- | 20.011.866 | 139.604.599 | 136.034.033 | 6.816.817 | 25.963.920 | 2.683.635 | -- | -- | -- | 13.891 | 25.032.019 | 37.727.579 |

(*) 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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(Currency: Thousands of TL - Turkish Lira)

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

I. Risk Profile by Sectors or Counterparties

| Current Period: 31 December 2023 | Risk Classifications (*)/(**) | | | | | | | | | | | | | | | | | TL | FC | Total |
|--------------------------------------|-------------------------------|------------------|------------------|----------|----------|-------------------|--------------------|--------------------|-------------------|-------------------|------------------|----------|----------|----------|---------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | | | |
| Agricultural | 2.357.987 | — | 5.889.724 | — | — | — | 6.241.942 | 20.278.544 | 798.211 | 4.482.027 | 54.744 | — | — | — | — | 67 | — | 37.550.376 | 2.552.870 | 40.103.246 |
| Farming and Cattle | 2.357.987 | — | 5.889.724 | — | — | — | 5.969.926 | 20.201.416 | 792.559 | 4.463.940 | 54.155 | — | — | — | — | 67 | — | 37.456.347 | 2.273.427 | 39.729.774 |
| Forestry | — | — | — | — | — | — | 17.388 | 1.444 | — | 10 | 1 | — | — | — | — | — | — | 18.843 | — | 18.843 |
| Fishing | — | — | — | — | — | — | 272.016 | 59.740 | 4.208 | 18.077 | 588 | — | — | — | — | — | — | 75.186 | 279.443 | 354.629 |
| Manufacturing | — | — | 1.445.136 | — | — | — | 68.485.184 | 7.407.657 | 1.466.568 | 5.644.152 | 1.703.884 | — | — | — | — | 57 | — | 37.604.226 | 48.548.412 | 86.152.638 |
| Mining | — | — | — | — | — | — | 2.936.356 | 469.758 | 131.622 | 239.556 | 1.217.441 | — | — | — | — | 2 | — | 3.826.982 | 1.167.753 | 4.994.735 |
| Production | — | — | 336.425 | — | — | — | 54.821.604 | 6.836.562 | 1.319.940 | 5.297.785 | 99.505 | — | — | — | — | 55 | — | 31.628.911 | 37.082.965 | 68.711.876 |
| Electric, Gas, Water | — | — | 1.108.711 | — | — | — | 10.727.224 | 101.337 | 15.006 | 106.811 | 386.938 | — | — | — | — | — | — | 2.148.333 | 10.297.694 | 12.446.027 |
| Construction | — | 920.769 | — | — | — | — | 22.265.649 | 3.131.908 | 1.819.501 | 1.782.130 | 772.487 | — | — | — | — | 69 | 2.800 | 15.129.138 | 15.566.175 | 30.695.313 |
| Services | — | 88.930 | — | — | — | 4.062.324 | 79.626.953 | 17.766.603 | 3.769.231 | 17.586.358 | 1.702.088 | — | — | — | 28.128 | 296.101 | 58.975.978 | 116.151.249 | 67.751.445 | 183.902.694 |
| Wholesale and Retail Trade | — | 231 | — | — | — | 827 | 30.973.241 | 14.267.666 | 2.720.771 | 4.261.629 | 253.583 | — | — | — | — | 265 | — | 39.529.344 | 12.948.869 | 52.478.213 |
| Hotel and Restaurant Services | — | — | — | — | — | — | 17.113.876 | 634.759 | 345.308 | 11.079.718 | 1.109.511 | — | — | — | — | 4 | — | 4.080.034 | 26.203.142 | 30.283.176 |
| Transportation and telecommunication | — | — | — | — | — | — | 18.516.374 | 2.018.498 | 496.221 | 1.336.613 | 294.363 | — | — | — | — | 14 | — | 5.331.394 | 17.330.689 | 22.662.083 |
| Financial institution | — | — | — | — | — | 4.061.497 | 9.132.889 | 118.042 | 10.800 | 10.624 | 363 | — | — | — | 28.128 | 295.805 | 58.975.978 | 63.331.347 | 9.302.779 | 72.634.126 |
| Real estate and letting services | — | 24.769 | — | — | — | — | 57.888 | 158.588 | 65.808 | 65.881 | 1.418 | — | — | — | — | 10 | — | 371.571 | 2.791 | 374.362 |
| Self-employment services | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Education services | — | 53.768 | — | — | — | — | 931.146 | 263.277 | 51.376 | 598.931 | 6.479 | — | — | — | — | 3 | — | 1.822.273 | 82.707 | 1.904.980 |
| Health and social services | — | 10.162 | — | — | — | — | 2.901.539 | 305.773 | 78.947 | 232.962 | 36.371 | — | — | — | — | — | — | 1.685.286 | 1.880.468 | 3.565.754 |
| Other | 280.187.764 | 2.554.959 | — | — | — | 71.789.093 | 25.496.694 | 177.584.640 | 3.484.488 | 7.103.597 | 1.777.590 | — | — | — | 300 | 43.289.731 | 10.224.962 | 472.625.596 | 150.868.222 | 623.493.818 |
| Total | 282.545.751 | 3.564.658 | 7.334.860 | — | — | 75.851.417 | 202.116.422 | 226.169.352 | 11.337.999 | 36.598.264 | 6.010.793 | — | — | — | 28.428 | 43.586.025 | 69.203.740 | 679.060.585 | 285.287.124 | 964.347.709 |

(*) 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.

(Currency: Thousands of TL - Turkish Lira)

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Originally Issued in Turkish,
See Note 3.1.c***

| | Risk Classifications (*)(**) | | | | | | | | | | | | | | | | | | | |
|--------------------------------------|------------------------------|-----------|----|----|----|------------|-------------|-------------|-----------|------------|-----------|----|----|----|--------|------------|------------|-------------|-------------|-------------|
| Prior Period: 31 December 2022 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | TL | FC | Total |
| Agricultural | 419.769 | 25 | -- | -- | -- | -- | 5.774.106 | 17.503.426 | 535.560 | 3.572.398 | 43.078 | -- | -- | -- | -- | 35 | -- | 27.205.970 | 642.427 | 27.848.397 |
| Farming and Cattle | 419.769 | 25 | -- | -- | -- | -- | 5.659.295 | 17.476.709 | 525.577 | 3.569.985 | 42.644 | -- | -- | -- | -- | 35 | -- | 27.092.047 | 601.992 | 27.694.039 |
| Forestry | -- | -- | -- | -- | -- | -- | 204 | 4.830 | 6.964 | 588 | 79 | -- | -- | -- | -- | -- | -- | 12.665 | -- | -- |
| Fishing | -- | -- | -- | -- | -- | -- | 114.607 | 21.887 | 3.019 | 1.825 | 355 | -- | -- | -- | -- | -- | -- | 101.258 | 40.435 | 141.693 |
| Manufacturing | -- | -- | -- | -- | -- | -- | 44.185.626 | 4.508.612 | 848.599 | 4.217.947 | 439.859 | -- | -- | -- | -- | 25 | -- | 25.685.586 | 28.515.082 | 54.200.668 |
| Mining | -- | -- | -- | -- | -- | -- | 2.470.525 | 267.026 | 59.342 | 315.771 | 3.386 | -- | -- | -- | -- | 1 | -- | 1.869.878 | 1.246.173 | 3.116.051 |
| Production | -- | -- | -- | -- | -- | -- | 32.988.879 | 4.206.639 | 769.758 | 3.832.323 | 80.936 | -- | -- | -- | -- | 24 | -- | 22.231.732 | 19.646.827 | 41.878.559 |
| Electric, Gas, Water | -- | -- | -- | -- | -- | -- | 8.726.222 | 34.947 | 19.499 | 69.853 | 355.537 | -- | -- | -- | -- | -- | -- | 1.583.976 | 7.622.082 | 9.206.058 |
| Construction | -- | 865.856 | -- | -- | -- | 9 | 20.369.247 | 2.025.608 | 949.123 | 1.346.648 | 165.226 | -- | -- | -- | -- | 86 | 2.800 | 9.338.767 | 16.385.836 | 25.724.603 |
| Services | 58 | 27.816 | -- | -- | -- | 2.271.901 | 49.433.697 | 13.686.381 | 2.445.496 | 12.672.887 | 993.541 | -- | -- | -- | -- | 225.577 | 33.002.851 | 76.225.628 | 38.534.577 | 114.760.205 |
| Wholesale and Retail Trade | 58 | 367 | -- | -- | -- | 157 | 17.392.122 | 10.809.213 | 1.787.783 | 3.042.577 | 218.088 | -- | -- | -- | -- | 144 | -- | 25.676.205 | 7.574.304 | 33.250.509 |
| Hotel and Restaurant Services | -- | -- | -- | -- | -- | -- | 11.236.637 | 368.986 | 235.334 | 7.725.167 | 544.035 | -- | -- | -- | -- | -- | -- | 2.823.373 | 17.286.786 | 20.110.159 |
| Transportation and telecommunication | -- | -- | -- | -- | -- | -- | 9.133.223 | 1.781.131 | 254.656 | 862.559 | 89.050 | -- | -- | -- | -- | 10 | -- | 4.690.291 | 7.430.338 | 12.120.629 |
| Financial institution | -- | -- | -- | -- | -- | 2.271.744 | 8.789.398 | 112.884 | 14.833 | 79.873 | 720 | -- | -- | -- | -- | 225.413 | 33.002.851 | 39.652.514 | 4.845.202 | 44.497.716 |
| Real estate and letting services | -- | 24.112 | -- | -- | -- | -- | 293.703 | 209.974 | 47.444 | 81.609 | 1.607 | -- | -- | -- | -- | 9 | -- | 649.415 | 9.043 | 658.458 |
| Self-employment services | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Education services | -- | 2.267 | -- | -- | -- | -- | 563.521 | 176.428 | 65.220 | 598.719 | 20.168 | -- | -- | -- | -- | 1 | -- | 1.409.338 | 16.986 | 1.426.324 |
| Health and social services | -- | 1.070 | -- | -- | -- | -- | 2.025.093 | 227.765 | 40.226 | 282.383 | 119.873 | -- | -- | -- | -- | -- | -- | 1.324.492 | 1.371.918 | 2.696.410 |
| Other | 145.883.035 | 2.125.776 | -- | -- | -- | 17.739.956 | 19.841.923 | 98.310.006 | 2.038.039 | 4.154.040 | 1.041.931 | -- | -- | -- | 13.891 | 24.806.296 | 4.721.928 | 213.296.454 | 107.380.367 | 320.676.821 |
| Total | 146.302.862 | 3.019.473 | -- | -- | -- | 20.011.866 | 139.604.599 | 136.034.033 | 6.816.817 | 25.963.920 | 2.683.635 | -- | -- | -- | 13.891 | 25.032.019 | 37.727.579 | 351.752.405 | 191.458.289 | 543.210.694 |

(*) 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

| Risk classifications | Undistributed (*) | 1 month | 1-3 months | 3-6 months | 6-12 months | Over 1 Year |
|--|------------------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| 1 Receivables from central governments and Central Banks | 74.578.721 | 87.767.242 | 4.312.133 | -- | -- | 115.887.655 |
| 2 Receivables from regional or local governments | -- | 63.703 | 11.285 | 249.942 | 479.557 | 2.760.171 |
| 3 Receivables from administrative bodies and non-commercial enterprises | -- | 1.750.017 | 5.233.030 | 255.799 | -- | 96.014 |
| 4 Receivables from multilateral development banks | -- | -- | -- | -- | -- | -- |
| 5 Receivables from international organizations | -- | -- | -- | -- | -- | -- |
| 6 Receivables from banks and brokerage houses | 8.688.880 | 51.085.913 | 1.909.157 | 4.147.044 | 6.102.579 | 3.917.844 |
| 7 Receivables from corporate portfolio | 774.326 | 21.236.155 | 20.044.626 | 24.314.630 | 48.233.641 | 87.513.044 |
| 8 Receivables from retail portfolio | -- | 104.844.316 | 10.743.278 | 17.037.920 | 50.958.489 | 42.585.349 |
| 9 Receivables secured by residential mortgages | -- | 1.229.745 | 1.358.275 | 2.153.761 | 3.328.717 | 3.267.501 |
| 10 Receivables secured by commercial mortgages | -- | 2.118.503 | 2.616.279 | 3.708.527 | 7.151.521 | 21.003.434 |
| 11 Past due receivables | 6.010.793 | -- | -- | -- | -- | -- |
| 12 Receivables defined in high risk category by BRSA | -- | -- | -- | -- | -- | -- |
| 13 Securities collateralized by mortgages | -- | -- | -- | -- | -- | -- |
| 14 Short-term receivables from banks, brokerage houses and corporate portfolio | -- | -- | -- | -- | -- | -- |
| 15 Investments similar to collective investment funds | -- | 28.403 | -- | 25 | -- | -- |
| 16 Other receivables | 43.479.433 | 106.592 | -- | -- | -- | -- |
| 17 Equity investments | 69.203.740 | -- | -- | -- | -- | -- |
| 18 Total | 202.735.893 | 270.230.589 | 46.228.063 | 51.867.648 | 116.254.504 | 277.031.012 |

(*) Amounts without maturities are included.

Prior Period

| Risk classifications | Undistributed (*) | 1 month | 1-3 months | 3-6 months | 6-12 months | Over 1 Year |
|--|------------------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| 1 Receivables from central governments and Central Banks | 27.202.454 | 41.156.789 | -- | -- | -- | 77.943.619 |
| 2 Receivables from regional or local governments | -- | 10.774 | 7.067 | 51.896 | 232.652 | 2.717.084 |
| 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 | 5.655.703 | 2.846.037 | 1.020.783 | 1.956.827 | 3.519.597 | 5.012.919 |
| 7 Receivables from corporate portfolio | -- | 15.698.247 | 16.758.865 | 18.329.179 | 26.526.179 | 62.292.129 |
| 8 Receivables from retail portfolio | 2 | 45.538.210 | 6.172.883 | 8.514.540 | 30.223.300 | 45.585.098 |
| 9 Receivables secured by residential mortgages | 4 | 485.436 | 812.315 | 1.105.087 | 1.826.827 | 2.587.148 |
| 10 Receivables secured by commercial mortgages | 17 | 1.048.333 | 1.686.066 | 2.541.829 | 4.782.407 | 15.905.268 |
| 11 Past due receivables | 2.683.635 | -- | -- | -- | -- | -- |
| 12 Receivables defined in high risk category by BRSA | -- | -- | -- | -- | -- | -- |
| 13 Securities collateralized by mortgages | -- | -- | -- | -- | -- | -- |
| 14 Short-term receivables from banks, brokerage houses and corporate portfolio | -- | -- | -- | -- | -- | -- |
| 15 Investments similar to collective investment funds | -- | 1.304 | -- | -- | 12.587 | -- |
| 16 Other receivables | 24.945.017 | 87.002 | -- | -- | -- | -- |
| 17 Equity investments | 37.727.579 | -- | -- | -- | -- | -- |
| 18 Total | 98.214.411 | 106.872.132 | 26.457.979 | 32.499.358 | 67.123.549 | 212.043.265 |

(*) Amounts without maturities are included.

n. Information on risk class

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

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

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

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

o. Exposures by risk weights

Current Period

| Risk Weight | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 200% | 250% | Other Risk Weights | Equity Deduction |
|---|-------------|-----|------------|------------|------------|-------------|-------------|-------------|------------|------|--------------------|------------------|
| Exposures before Credit Risk Mitigation | 288.503.903 | -- | 42.007.833 | -- | 9.014.268 | 121.820.484 | 351.408.986 | 105.860.405 | 15.011.141 | -- | 30.720.689 | 7.327.349 |
| Exposures after Credit Risk Mitigation | 290.444.383 | -- | 42.007.833 | 10.790.921 | 41.486.531 | 98.197.066 | 302.818.898 | 105.252.225 | 16.276.090 | -- | 30.720.689 | 7.327.349 |

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Prior Period

| Risk Weight | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 200% | 250% | Other Risk Weights | Equity Deduction |
|---|-------------|-----|------------|-----------|------------|------------|-------------|------------|------------|------|--------------------|------------------|
| Exposures before Credit Risk Mitigation | 150.686.468 | -- | 14.370.535 | -- | 10.311.796 | 94.055.841 | 229.104.417 | 34.119.062 | 9.975.379 | -- | 587.196 | 2.287.713 |
| Exposures after Credit Risk Mitigation | 154.073.897 | -- | 14.370.535 | 6.529.569 | 33.207.059 | 80.645.618 | 200.177.310 | 34.058.403 | 10.458.101 | -- | 587.196 | 2.287.713 |

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

| Current Period | Loans (**) | | Provisions |
|---|---|---------------------------|---|
| | Impaired (TFRS 9) | | Provision for Expected Credit Loss (TFRS 9) (***) |
| | Significant Increase in Credit Risk (Stage 2) | Credit Impaired (Stage 3) | |
| Important Sectors/Counterparties | | | |
| Agricultural | 2.753.839 | 944.337 | 1.312.003 |
| Farming and Cattle | 2.751.540 | 926.312 | 1.295.622 |
| Forestry | 2.003 | 17.790 | 16.104 |
| Fishing | 296 | 235 | 277 |
| Manufacturing | 7.755.681 | 7.526.177 | 6.241.532 |
| Mining | 40.231 | 2.172.040 | 1.007.976 |
| Production | 1.268.902 | 966.305 | 1.366.054 |
| Electric, Gas, Water | 6.446.548 | 4.387.832 | 3.867.502 |
| Construction | 4.542.421 | 1.216.041 | 3.076.580 |
| Services | 16.786.807 | 6.133.474 | 10.269.101 |
| Wholesale and Retail Trade | 4.230.669 | 2.664.992 | 4.289.916 |
| Hotel and Restaurant Services | 11.106.322 | 1.532.819 | 4.122.323 |
| Transportation & telecommunication | 447.070 | 1.477.390 | 1.223.695 |
| Financial institutions | 171.334 | 32.865 | 75.853 |
| Real estate and letting services | 165.550 | 130.643 | 80.698 |
| Self-employment services | 576.706 | 92.718 | 309.251 |
| Education services | 60.058 | 59.888 | 57.448 |
| Health and social services | 29.098 | 142.159 | 109.917 |
| Other | 15.118.776 | 5.404.887 | 7.659.622 |
| Total | 46.957.524 | 21.224.916 | 28.558.838 |

(*) 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 | Loans (**) | | Provisions |
|---|---|---------------------------|---|
| | Impaired (TFRS 9) | | Provision for Expected Credit Loss (TFRS 9) (***) |
| | Significant Increase in Credit Risk (Stage 2) | Credit Impaired (Stage 3) | |
| Important Sectors/Counterparties | | | |
| Agricultural | 2.516.970 | 950.436 | 1.443.338 |
| Farming and Cattle | 2.515.517 | 949.600 | 1.442.409 |
| Forestry | 1.134 | 518 | 629 |
| Fishing | 319 | 318 | 300 |
| Manufacturing | 5.759.320 | 5.455.710 | 5.234.408 |
| Mining | 15.862 | 128.574 | 130.292 |
| Production | 932.524 | 1.574.279 | 1.717.152 |
| Electric, Gas, Water | 4.810.934 | 3.752.857 | 3.386.964 |
| Construction | 3.303.084 | 1.191.143 | 2.514.442 |
| Services | 12.694.475 | 6.142.698 | 9.749.173 |
| Wholesale and Retail Trade | 4.143.554 | 1.976.261 | 3.803.799 |
| Hotel and Restaurant Services | 6.934.293 | 1.541.999 | 3.086.059 |
| Transportation & telecommunication | 1.263.493 | 546.729 | 1.088.524 |
| Financial institutions | 11.202 | 3.298 | 4.397 |
| Real estate and letting services | 94.424 | 1.321.223 | 1.115.680 |
| Self-employment services | 122.107 | 127.490 | 140.433 |
| Education services | 77.000 | 102.927 | 95.975 |
| Health and social services | 48.402 | 522.771 | 414.306 |
| Other | 9.501.479 | 2.936.640 | 4.391.735 |
| Total | 33.775.328 | 16.676.627 | 23.333.096 |

(*) 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. Information on movements in valuation adjustments and provisions

| Current Period: 31 December 2023 | Opening Balance 1 January 2023 | Charge for the period | Other Adjustments (*) | Closing Balance |
|--|---|----------------------------------|----------------------------------|----------------------------|
| Default (Third Stage / Specific Provision) | 13.325.304 | 470.786 | 582.041 | 14.378.131 |
| 12 Months Provision for Expected Credit Loss (First Stage) | 3.895.565 | 681.673 | 1.764.392 | 6.341.630 |
| Significant Increase in Credit Risk (Second Stage) | 10.007.792 | 1.844.326 | 2.328.589 | 14.180.707 |

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

| Prior Period: 31 December 2022 | Opening Balance 1 January 2022 | Charge for the period | Other Adjustments (*) | Closing Balance |
|--|---|----------------------------------|----------------------------------|----------------------------|
| Default (Third Stage / Specific Provision) | 10.807.399 | 5.372.113 | (2.854.208) | 13.325.304 |
| 12 Months Provision for Expected Credit Loss (First Stage) | 2.156.402 | 834.847 | 904.316 | 3.895.565 |
| Significant Increase in Credit Risk (Second Stage) | 8.924.015 | (802.643) | 1.886.420 | 10.007.792 |

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

r. Information on cyclical capital buffer calculation:

Current Period

| Country of ultimate risk | Private sector credit exposure in | | Total |
|---------------------------------|--|--|--------------|
| | banking book | Risk weighted equivalent trading book | |
| Turkey | 495.540.699 | 692.626 | 496.233.325 |
| Austria | 43.143.519 | -- | 43.143.519 |
| Russia | 3.301.553 | -- | 3.301.553 |
| Cyprus | 1.400.320 | -- | 1.400.320 |
| Other | 49.475.096 | -- | 49.475.096 |

Prior Period

| Country of ultimate risk | Private sector credit exposure in | | Total |
|---------------------------------|--|--|--------------|
| | banking book | Risk weighted equivalent trading book | |
| Turkey | 312.694.423 | 386.619 | 313.081.042 |
| Austria | 27.659.203 | -- | 27.659.203 |
| Cyprus | 1.218.144 | -- | 1.218.144 |
| Malta | 900.016 | -- | 900.016 |
| Other | 8.783.813 | -- | 8.783.813 |

III. Explanations related to the foreign currency exchange rate risk

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

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

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

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

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

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

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

c. Foreign currency risk management policy

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

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

| | |
|---|------------|
| US Dollar purchase rate at the balance sheet date | TL 29,4382 |
| Euro purchase rate at the balance sheet date | TL 32,5739 |

| <u>Date</u> | <u>US Dollar</u> | <u>Euro</u> |
|------------------|------------------|-------------|
| 25 December 2023 | 29,2108 | 32,1766 |
| 26 December 2023 | 29,2647 | 32,2421 |
| 27 December 2023 | 29,3374 | 32,4186 |
| 28 December 2023 | 29,3973 | 32,6937 |
| 29 December 2023 | 29,4382 | 32,5739 |

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

The arithmetical average US Dollar and Euro purchase rates for December 2023 are TL 29,0552 and TL 31,7410 respectively.

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f. Information on currency risk

| Current Period | EURO | USD | Other FC ⁽⁴⁾ | Total |
|--|---------------------|---------------------|-------------------------|---------------------|
| Assets | | | | |
| Cash Equivalents and Central Bank | 32.863.762 | 61.815.978 | 7.916.071 | 102.595.811 |
| Banks | 1.929.744 | 9.079.967 | 1.756.586 | 12.766.297 |
| Financial Assets at Fair Value through Profit or Loss (Net) ⁽¹⁾ | 408.239 | 7.060.116 | 28.463 | 7.496.818 |
| Due from Money Markets | -- | -- | -- | -- |
| Financial Assets at Fair Value through Other Comprehensive Income | 2.141.756 | 50.980.403 | -- | 53.122.159 |
| Loans ⁽²⁾ | 125.425.607 | 50.805.987 | 4.039.873 | 180.271.467 |
| Investments in Associates, Subsidiaries and Joint Ventures | 45.148.563 | 624.963 | 1.947.563 | 47.721.089 |
| Financial Assets Measured at Amortised Cost | -- | 8.353.287 | -- | 8.353.287 |
| Hedging Derivative Financial Assets | -- | -- | -- | -- |
| Tangible Fixed Assets | -- | 234 | 1.114 | 1.348 |
| Intangible Fixed Assets | -- | -- | -- | -- |
| Other Assets ⁽³⁾ | 243.807 | 4.935.132 | 701.613 | 5.880.552 |
| Total Assets | 208.161.478 | 193.656.067 | 16.391.283 | 418.208.828 |
| Liabilities | | | | |
| Bank Deposits | 1.781.907 | 1.939.810 | 1.816.460 | 5.538.177 |
| Foreign Currency Deposits | 62.671.598 | 106.087.252 | 29.530.344 | 198.289.194 |
| Due to Money Markets | 3.992.426 | 47.881.665 | -- | 51.874.091 |
| Funds Borrowed | 64.874.959 | 97.898.079 | 1.701.418 | 164.474.456 |
| Securities Issued | -- | 17.364.496 | 2.895.347 | 20.259.843 |
| Miscellaneous Payables | -- | -- | -- | -- |
| Hedging Derivative Financial Liabilities | -- | -- | -- | -- |
| Other Liabilities ⁽⁵⁾ | 10.651.776 | 15.716.603 | 524.386 | 26.892.765 |
| Total Liabilities | 143.972.666 | 286.887.905 | 36.467.955 | 467.328.526 |
| Net on Balance Sheet Position | 64.188.812 | (93.231.838) | (20.076.672) | (49.119.698) |
| Net off-Balance Sheet Position ⁽⁶⁾ | (70.595.541) | 90.635.972 | 21.896.602 | 41.937.033 |
| Financial Derivative Assets | 15.163.791 | 153.258.758 | 33.922.032 | 202.344.581 |
| Financial Derivative Liabilities | (85.759.332) | (62.622.786) | (12.025.430) | (160.407.548) |
| Net Positions | (6.406.729) | (2.595.866) | 1.819.930 | (7.182.665) |
| Non Cash Loans | 35.754.169 | 42.756.661 | 3.542.163 | 82.052.993 |
| Prior Period | | | | |
| Total Assets | 128.982.960 | 113.078.787 | 11.876.203 | 253.937.950 |
| Total Liabilities | 86.194.063 | 154.464.388 | 31.483.561 | 272.142.012 |
| Net on Balance Sheet Position | 42.788.897 | (41.385.601) | (19.607.358) | (18.204.062) |
| Net off-Balance Sheet Position | (46.007.809) | 42.364.028 | 18.504.801 | 14.861.020 |
| Financial Derivative Assets | 7.275.646 | 106.888.791 | 23.599.771 | 137.764.208 |
| Financial Derivative Liabilities | (53.283.455) | (64.524.763) | (5.094.970) | (122.903.188) |
| Net Positions | (3.218.912) | 978.427 | (1.102.557) | (3.343.042) |
| Non Cash Loans | 22.480.374 | 27.937.255 | 2.331.854 | 52.749.483 |

(1) : Foreign currency differences of derivative financial assets amounting to TL 3.846.802 are excluded.

(2) : Foreign currency indexed loans amounting to TL 511.093 are included.

(3) : Prepaid expenses amounting to TL 433.249 are not included. It also includes fixed assets related to discontinued operations.

(4) : There are gold balances amounting to TL 10.316.254 under total assets and TL 18.572.179 in total liabilities.

(5) : FX equity amounting to TL 380.260, foreign exchange rate differences related to derivative financial liabilities amounting to TL 1.634.581 are not included.

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

g. Information on currency risk exposed

In the event TL loses 10% in value against the currencies below, the increase and decrease in equities and statement of profit or loss (excluding tax effect) as of 31 December 2023 and 2022 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 | (318.322) | (279.937) | 313.205 | 92.660 |
| Euro | (628.544) | (628.903) | (242.725) | (246.308) |
| Total (Net) | (946.866) | (908.840) | 70.480 | (153.648) |

IV. Explanations related to the interest rate risk

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

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

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

| End of The Current Period | Up to 1 Month | 1 - 3 Month | 3 - 12 Month | 1 - 5 Year | 5 Years and Over | Non-Interest Bearing | Total |
|---|--------------------|----------------------|---------------------|--------------------|-------------------|----------------------|----------------------|
| Assets | | | | | | | |
| Cash Equivalents and Central Bank Banks ⁽¹⁾ | 60.865.913 | -- | -- | -- | -- | 142.109.502 | 202.975.415 |
| Financial Assets at Fair Value through Profit or Loss | 5.319.032 | -- | -- | -- | -- | 13.707.913 | 19.026.945 |
| Due from Money Markets | 489 | 20.080 | 515.400 | 1.326.596 | 2.426.537 | 9.057.416 | 13.346.518 |
| Financial Assets at Fair Value through Other Comprehensive Income | 51.893.966 | 232.841 | -- | -- | -- | -- | 52.126.807 |
| Loans ⁽⁴⁾ | 12.460.980 | 3.951.452 | 15.429.052 | 24.871.429 | 30.707.308 | 960 | 87.421.181 |
| Financial Assets Measured at Amortised Cost ⁽²⁾ | 178.924.107 | 74.338.188 | 120.943.965 | 66.344.460 | 18.160.353 | 6.846.785 | 465.557.858 |
| Other Assets ⁽³⁾ | 1.359.493 | 24.305.524 | 8.596.790 | 12.981.168 | 3.987.452 | -- | 51.230.427 |
| Total Assets | 310.823.980 | 102.848.085 | 145.485.207 | 106.239.624 | 55.281.650 | 287.030.515 | 1.007.709.061 |
| Liabilities | | | | | | | |
| Bank Deposits | 2.990.294 | 1.218.277 | 2.498.479 | -- | -- | 1.212.506 | 7.919.556 |
| Other Deposits | 204.830.233 | 109.614.213 | 115.822.908 | 187.702 | -- | 164.618.025 | 595.073.081 |
| Due to Money Markets | 36.083.666 | 2.597.039 | 13.293.744 | -- | -- | -- | 51.974.449 |
| Miscellaneous Payables | -- | -- | -- | -- | -- | -- | -- |
| Securities Issued | -- | 1.854.215 | 16.668.668 | 1.736.960 | -- | -- | 20.259.843 |
| Funds Borrowed | 15.829.042 | 110.143.542 | 16.383.417 | 6.124.075 | 16.993.189 | -- | 165.473.265 |
| Other Liabilities ⁽⁵⁾ | 87.255 | -- | 10.790.246 | 801.393 | -- | 155.329.973 | 167.008.867 |
| Total Liabilities | 259.820.490 | 225.427.286 | 175.457.462 | 8.850.130 | 16.993.189 | 321.160.504 | 1.007.709.061 |
| Balance Sheet Long Position | 51.003.490 | -- | -- | 97.389.494 | 38.288.461 | -- | 186.681.445 |
| Balance Sheet Short Position | -- | (122.579.201) | (29.972.255) | -- | -- | (34.129.989) | (186.681.445) |
| Off-balance Sheet Long Position | -- | -- | 15.116.034 | -- | 1.145.610 | -- | 16.261.644 |
| Off-balance Sheet Short Position | (2.056.897) | (855.355) | -- | (23.716.272) | -- | -- | (26.628.524) |
| Total Position | 48.946.593 | (123.434.556) | (14.856.221) | 73.673.222 | 39.434.071 | (34.129.989) | (10.366.880) |

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (783).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (6.657).

(3) Other assets / non-interest bearing column includes; tangible assets, intangible assets, investments in associates, tax asset, assets to be disposed, the provisions for expected credit loss of other assets and other assets with balances of TL 1.553.809, TL 2.283.719, TL 69.128.910, TL 6.050.567, TL 11.990.377, TL (64.896) and TL 24.365.453, respectively.

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

(5) Other liabilities / non-interest bearing column includes; shareholders' equity, other liabilities, provisions, tax liabilities and derivative financial liabilities amounting to TL 89.843.401, TL 44.998.768, TL 15.820.136, TL 1.821.303 and TL 2.846.365, 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 |
|--|--------------------|---------------------|-------------------|-------------------|---------------------|-----------------------------|----------------------|
| Assets | | | | | | | |
| Cash Equivalents and Central Bank Banks ⁽¹⁾ | -- | -- | -- | -- | -- | 86.116.286 | 86.116.286 |
| | 745.854 | -- | -- | -- | -- | 7.739.432 | 8.485.286 |
| Financial Assets at Fair Value through Profit or Loss | 33.528 | 23.685 | 198.155 | 461.144 | 678.945 | 6.844.596 | 8.240.053 |
| Due from Money Markets | -- | -- | -- | -- | -- | -- | -- |
| Financial Assets at Fair Value through Other Comprehensive Income | 5.909.823 | 16.407.950 | 14.536.553 | 18.430.340 | 15.872.328 | 950 | 71.157.944 |
| Loans ⁽⁴⁾ | 139.550.087 | 10.408.326 | 39.809.393 | 63.002.074 | 17.718.096 | 3.351.323 | 273.839.299 |
| Financial Assets Measured at Amortised Cost ⁽²⁾ | 865 | 7.454.135 | 3.268.047 | 5.432.157 | 870.000 | -- | 17.025.204 |
| Other Assets ⁽³⁾ | -- | -- | -- | 455.373 | -- | 60.975.304 | 61.430.677 |
| Total Assets | 146.240.157 | 34.294.096 | 57.812.148 | 87.781.088 | 35.139.369 | 165.027.891 | 526.294.749 |
| Liabilities | | | | | | | |
| Bank Deposits | 8.292.268 | 12.241.534 | 339.349 | -- | -- | 791.272 | 21.664.423 |
| Other Deposits | 135.936.441 | 65.392.956 | 22.245.025 | 152.950 | -- | 108.209.305 | 331.936.677 |
| Due to Money Markets | 2.254.223 | 3.013.873 | 7.249.188 | -- | -- | -- | 12.517.284 |
| Miscellaneous Payables | -- | -- | -- | -- | -- | -- | -- |
| Securities Issued | -- | 536.238 | 1.704.496 | -- | -- | -- | 2.240.734 |
| Funds Borrowed | 4.948.309 | 23.892.240 | 18.854.546 | 280.648 | 14.561.850 | 1.358 | 62.538.951 |
| Other Liabilities ⁽⁵⁾ | 49.389 | 373.966 | 1.252.786 | 555.470 | -- | 93.165.069 | 95.396.680 |
| Total Liabilities | 151.480.630 | 105.450.807 | 51.645.390 | 989.068 | 14.561.850 | 202.167.004 | 526.294.749 |
| Balance Sheet Long Position | -- | -- | 6.166.758 | 86.792.020 | 20.577.519 | -- | 113.536.297 |
| Balance Sheet Short Position | (5.240.473) | (71.156.711) | -- | -- | -- | (37.139.113) | (113.536.297) |
| Off-balance Sheet Long Position | 108.932.561 | 51.780.662 | 31.167.101 | 7.173.553 | 10.704.709 | -- | 209.758.586 |
| Off-balance Sheet Short Position | (110.233.583) | (50.954.048) | (22.464.442) | (18.699.619) | (12.925.616) | -- | (215.277.308) |
| Total Position | (6.541.495) | (70.330.097) | 14.869.417 | 75.265.954 | 18.356.612 | (37.139.113) | (5.518.722) |

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (315).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (2.192).

(3) Other assets / non-interest bearing column includes; tangible assets, intangible assets, investments in associates, tax asset, assets to be disposed, the provisions for ehxpected credit loss of other assets and other assets with balances of TL 1.013.260, TL 1.293.730, TL 37.726.629, TL 4.140.119, TL 6.505.370, TL (22.188) and TL 10.318.024, respectively.

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

(5) Other liabilities / non-interest bearing column includes; shareholders' equity, other liabilities, provisions, tax liabilities and derivative financial liabilities amounting to TL 54.510.598, TL 22.125.517, TL 10.019.396, TL 2.985.921 and TL 3.523.637, respectively.

b. Average interest rates applied to monetary financial instruments

| Current Period - 31 December 2023 | EURO % | USD % | Yen % | TL % |
|--|--------|-------|-------|-------|
| Assets | | | | |
| Cash Equivalents and Central Bank | 4,75 | 5,50 | -- | 42,13 |
| Banks | 3,75 | 5,21 | -- | 43,36 |
| Financial Assets at Fair Value through Profit or Loss | 4,22 | 7,49 | -- | 49,04 |
| Due from Money Markets | -- | -- | -- | 43,36 |
| Financial Assets at Fair Value through Other Comprehensive Income | 2,93 | 7,39 | -- | 44,34 |
| Loans | 7,44 | 8,22 | 6,00 | 42,03 |
| Financial Assets Measured at Amortised Cost | -- | 5,07 | -- | 39,49 |
| Liabilities | | | | |
| Bank Deposits | 5,26 | 6,47 | -- | 40,55 |
| Other Deposits | 1,38 | 2,65 | 0,01 | 35,79 |
| Due to Money Markets | 2,50 | 7,46 | -- | 43,57 |
| Miscellaneous Payables | -- | -- | -- | -- |
| Securities Issued | -- | 8,38 | -- | -- |
| Funds Borrowed | 6,08 | 8,43 | -- | 34,92 |

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| Prior Period - 31 December 2022 | EURO % | USD % | Yen % | TL % |
|---|--------|-------|-------|-------|
| Assets | | | | |
| Cash Equivalents and Central Bank | -- | -- | -- | -- |
| Banks | -- | -- | -- | 8,37 |
| Financial Assets at Fair Value through Profit or Loss | 6,14 | 8,74 | -- | 22,18 |
| Due from Money Markets | -- | -- | -- | -- |
| Financial Assets at Fair Value through Other Comprehensive Income | 3,27 | 7,20 | -- | 45,74 |
| Loans | 6,19 | 7,42 | 6,00 | 23,01 |
| Financial Assets Measured at Amortised Cost | -- | 4,74 | -- | 58,47 |
| Liabilities | | | | |
| Bank Deposits | 2,70 | 3,69 | -- | 23,72 |
| Other Deposits | 1,38 | 2,32 | 0,01 | 16,76 |
| Due to Money Markets | 2,45 | 4,67 | -- | 9,16 |
| Miscellaneous Payables | -- | -- | -- | -- |
| Securities Issued | 6,21 | -- | -- | 21,50 |
| Funds Borrowed | 4,42 | 5,71 | -- | 19,48 |

c. Interest rate risk arising from banking accounts

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

Sensitivity limits are determined by the Bank for possible negative developments in the market. Among the metrics followed; the sensitivity of net present value of the balance sheet and net interest income to certain interest changes and interest rate gap analysis. These criteria are not only monitored in weekly ALCOs, but are also submitted to the senior management and the Board of Directors due to the limits set forth in the risk appetite declaration.

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

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

The Bank's economic value differences arising from the interest rate fluctuations pursuant to the "Regulation on the Measurement and Assessment of Interest Rate Risk Arising from Banking Accounts According to the Standard Shock Method" in a manner separated by different currencies are demonstrated in the following table as of 31 December 2023.

| Current Period: 31 December 2023 | Shocks Applied | Gains/Losses | Gains/Equity |
|----------------------------------|----------------------|--------------|----------------|
| Type of Currency | (+/- x basis points) | | -Losses/Equity |
| 1 TL | (+) 500 bps | (1.591.198) | (1,38%) |
| 2 TL | (-) 400 bps | 1.533.010 | 1,33% |
| 3 Euro | (+) 200 bps | (312.672) | (0,27%) |
| 4 Euro | (-) 200 bps | 499.266 | 0,43% |
| 5 US Dollar | (+) 200 bps | (259.650) | (0,23%) |
| 6 US Dollar | (-) 200 bps | 551.632 | 0,48% |
| Total (of positive shocks) | | (2.163.520) | (1,88%) |
| Total (of negative shocks) | | 2.583.908 | 2,24% |

| Prior Period: 31 December 2022 | Shocks Applied | Gains/Losses | Gains/Equity |
|--------------------------------|----------------------|--------------|----------------|
| Type of Currency | (+/- x basis points) | | -Losses/Equity |
| 1 TL | (+) 500 bps | (4.410.882) | (6,10%) |
| 2 TL | (-) 400 bps | 4.191.605 | 5,79% |
| 3 Euro | (+) 200 bps | 8.011 | 0,01% |
| 4 Euro | (-) 200 bps | 89.670 | 0,12% |
| 5 US Dollar | (+) 200 bps | (187.384) | (0,26%) |
| 6 US Dollar | (-) 200 bps | 337.264 | 0,47% |
| Total (of positive shocks) | | (4.590.255) | (6,35%) |
| Total (of negative shocks) | | 4.618.539 | 6,38% |

V. Position risk of equity shares arising from banking accounts

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

Bank does not have associates and subsidiaries traded at BIST markets and shown in the unconsolidated financial statements at fair value as of 31 December 2023 and 2022.

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

None.

VI. Explanations related to the liquidity risk

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

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

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

"Risk Appetite Statement" approved by the Board of Directors is reviewed annually in order to manage the risks in accordance with the Bank's strategy and financial strength. Risk Appetite Statement includes limits for liquidity risk as well as other risk limits. Risk appetite limits are reported to the senior management on a monthly basis within the scope of risk management activities. In the risk appetite statement (RAS), limits are determined based on criteria such as loan / deposit ratio, liquidity coverage ratio, life expectancy under stress conditions and deposit concentration. Other indicators followed by these metrics are; liquidity buffer, large deposits, core deposits. The effects of the volatility in the markets on bank liquidity, created by the COVID-19 pandemic started in 2020, are closely monitored. It is observed that the effect of the pandemic on bank liquidity is at a negligible level.

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

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

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

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

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

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

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

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

Information on liquidity risk mitigation techniques used

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

Explanations related to using the stress test

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

General information on the liquidity emergency and contingency plan

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

a. Liquidity coverage ratio

Liquidity coverage ratios calculated in accordance with the Regulation on Calculation of Liquidity Coverage Ratio of Banks published in the Official Gazette dated 21 March 2014 and numbered 28948 are as follows. The lowest weekly unconsolidated foreign currency ratio for the last three months was 154,58 in the week of October 6, the highest 272,75 in the week of December 1, and the total lowest liquidity coverage ratio has been calculated as 221,92 in the week of October 27 and 368,36 in the week of December 29 as the highest.

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

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

LCR is considered as an important liquidity management measure for the Bank. The Bank carried out to manage its liquidity within the framework of minimum LCR limits of 80% for foreign currency and 100% in total. 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 |
| HIGH QUALITY LIQUID ASSETS (HQLA) | | | | |
| 1 Total High Quality Liquid Assets | | | 188.325.967 | 87.586.921 |
| CASH OUTFLOWS | | | | |
| 2 Retail deposits and deposits from small business customers, of which | | | | |
| 3 Stable deposits | 400.795.596 | 135.487.478 | 37.068.450 | 13.548.748 |
| 4 Less stable deposits | 60.222.195 | -- | 3.011.110 | -- |
| 5 Unsecured wholesale funding, of which | 340.573.401 | 135.487.478 | 34.057.340 | 13.548.748 |
| 6 Operational deposits | 146.199.089 | 82.795.795 | 88.532.469 | 48.151.487 |
| 7 Non-operational deposits | 5.897.667 | 3.440.648 | 1.449.157 | 856.435 |
| 8 Unsecured debt | 96.730.278 | 57.335.259 | 43.512.168 | 25.275.164 |
| 9 Secured wholesale funding | 43.571.144 | 22.019.888 | 43.571.144 | 22.019.888 |
| 10 Other cash outflows | -- | -- | -- | -- |
| 11 Outflows related to derivative exposures and other collateral requirements | 6.603.235 | 13.137.831 | 3.716.736 | 10.689.811 |
| 12 Outflows related to loss of funding on debt products | 1.792.403 | 9.057.798 | 1.792.403 | 9.057.798 |
| 13 Credit and liquidity facilities | -- | -- | -- | -- |
| 14 Other contractual funding obligations | 4.810.832 | 4.080.033 | 1.924.333 | 1.632.013 |
| 15 Other contingent funding obligations | 14.824.669 | 14.824.110 | 14.824.138 | 14.824.110 |
| | 455.322.951 | 82.766.460 | 31.150.837 | 8.146.867 |
| 16 TOTAL CASH OUTFLOWS | | | 175.292.630 | 95.361.023 |
| CASH INFLOWS | | | | |
| 17 Secured lending | 27.799.900 | -- | -- | -- |
| 18 Unsecured lending | 123.737.786 | 26.234.925 | 104.581.888 | 23.088.542 |
| 19 Other cash inflows | 844.115 | 29.496.162 | 844.114 | 29.496.162 |
| 20 TOTAL CASH INFLOWS | 152.381.801 | 55.731.087 | 105.426.002 | 52.584.704 |
| | | | Total Adjusted Value | |
| 21 TOTAL HQLA | | | 188.325.967 | 87.586.921 |
| 22 TOTAL NET CASH OUTFLOWS | | | 70.375.147 | 42.788.944 |
| 23 LIQUIDITY COVERAGE RATIO (%) | | | 278,9 | 212,4 |

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

| Prior Period | Total unweighted value (*) | | Total weighted value (*) | |
|---|----------------------------|-------------------|--------------------------|-------------------|
| | TL+FC | FC | TL+FC | FC |
| HIGH QUALITY LIQUID ASSETS (HQLA) | | | | |
| 1 Total High Quality Liquid Assets | | | 114.657.937 | 77.345.883 |
| CASH OUTFLOWS | | | | |
| 2 Retail deposits and deposits from small business customers, of which | | | | |
| 3 Stable deposits | 223.018.265 | 117.793.938 | 20.979.044 | 11.779.394 |
| 4 Less stable deposits | 26.455.670 | -- | 1.322.784 | -- |
| 5 Unsecured wholesale funding, of which | 196.562.595 | 117.793.938 | 19.656.260 | 11.779.394 |
| 6 Operational deposits | 106.382.126 | 70.386.992 | 57.239.036 | 34.651.686 |
| 7 Non-operational deposits | 32.947.486 | 25.725.273 | 8.236.872 | 6.431.318 |
| 8 Unsecured debt | 55.188.308 | 35.337.684 | 30.770.455 | 18.906.315 |
| 9 Secured wholesale funding | 18.246.332 | 9.324.035 | 18.231.709 | 9.314.053 |
| 10 Other cash outflows | -- | -- | -- | -- |
| 11 Outflows related to derivative exposures and other collateral requirements | 5.100.511 | 13.666.772 | 3.060.733 | 11.938.029 |
| 12 Outflows related to loss of funding on debt products | 1.700.881 | 10.785.533 | 1.700.881 | 10.785.533 |
| 13 Credit and liquidity facilities | -- | -- | -- | -- |
| 14 Other contractual funding obligations | 3.399.630 | 2.881.239 | 1.359.852 | 1.152.496 |
| 15 Other contingent funding obligations | 4.925.619 | 4.925.059 | 4.925.087 | 4.925.059 |
| | 210.239.714 | 55.108.767 | 15.778.366 | 5.536.113 |
| 16 TOTAL CASH OUTFLOWS | | | 101.982.266 | 68.830.281 |
| CASH INFLOWS | | | | |
| 17 Secured lending | 592.601 | -- | -- | -- |
| 18 Unsecured lending | 43.907.478 | 29.480.299 | 35.953.580 | 27.013.566 |
| 19 Other cash inflows | 946.387 | 47.237.642 | 946.386 | 47.237.642 |
| 20 TOTAL CASH INFLOWS | 45.446.466 | 76.717.941 | 36.899.966 | 74.251.208 |
| | | | Total Adjusted Value | |
| 21 TOTAL HQLA | | | 114.657.937 | 77.345.883 |
| 22 TOTAL NET CASH OUTFLOWS | | | 65.082.300 | 17.207.570 |
| 23 LIQUIDITY COVERAGE RATIO (%) | | | 179,2 | 456,7 |

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

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Originally Issued in Turkish,
See Note 3.1.c*

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

| End of The Current Period | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Undistributed (*) | Total |
|---|---------------------|---------------------|---------------------|----------------------|--------------------|--------------------|---------------------|----------------------|
| Assets | | | | | | | | |
| Cash Equivalents and Central Bank Banks ⁽¹⁾ | 142.109.501 | 60.865.914 | -- | -- | -- | -- | -- | 202.975.415 |
| Financial Assets at Fair Value through Profit or Loss (Net) | 13.707.913 | 5.319.032 | -- | -- | -- | -- | -- | 19.026.945 |
| Due from Money Markets | 1.013.273 | 932.912 | 957.736 | 2.835.539 | 4.669.698 | 2.937.360 | -- | 13.346.518 |
| Financial Assets at Fair Value through Other Comprehensive Income | -- | 51.893.966 | 232.841 | -- | -- | -- | -- | 52.126.807 |
| Loans | 960 | 234.891 | 2.283.726 | 3.067.459 | 45.053.815 | 36.780.330 | -- | 87.421.181 |
| Financial Assets Measured at Amortised Cost ⁽²⁾ | -- | 82.328.005 | 139.137.933 | 109.811.254 | 99.378.239 | 28.055.642 | 6.846.785 | 465.557.858 |
| Other Assets | 42.144.574 | -- | 1.625.137 | 18.310 | 14.347.318 | 35.239.662 | -- | 51.230.427 |
| Total Assets | 198.976.221 | 201.574.720 | 144.237.373 | 115.732.562 | 163.449.070 | 103.012.994 | 80.726.121 | 1.007.709.061 |
| Liabilities | | | | | | | | |
| Bank Deposits | 1.212.506 | 2.990.294 | 1.218.277 | 2.498.479 | -- | -- | -- | 7.919.556 |
| Other Deposits | 164.617.901 | 201.267.776 | 113.172.015 | 115.814.153 | 201.236 | -- | -- | 595.073.081 |
| Fund Borrowed | -- | 8.886.208 | 26.474.546 | 78.253.185 | 32.521.633 | 19.337.693 | -- | 165.473.265 |
| Due to Money Markets | -- | 26.910.048 | 4.549.008 | 20.515.393 | -- | -- | -- | 51.974.449 |
| Securities Issued | -- | -- | 1.854.215 | 16.668.668 | 1.736.960 | -- | -- | 20.259.843 |
| Miscellaneous Payables | -- | -- | -- | -- | -- | -- | -- | -- |
| Other Liabilities | 55.728.386 | 3.268.481 | 214.509 | 11.157.951 | 387.694 | 515.948 | 95.735.898 | 167.008.867 |
| Total Liabilities | 221.558.793 | 243.322.807 | 147.482.570 | 244.907.829 | 34.847.523 | 19.853.641 | 95.735.898 | 1.007.709.061 |
| Net Liquidity Excess/ (Gap) | (22.582.572) | (41.748.087) | (3.245.197) | (129.175.267) | 128.601.547 | 83.159.353 | (15.009.777) | -- |
| Net Off-balance sheet Position | | | | | | | | |
| Financial Derivative Assets | -- | (1.042.432) | (1.503.702) | 2.408.130 | 82.873 | 3 | -- | (55.128) |
| Financial Derivative Liabilities | -- | 128.285.627 | 68.024.413 | 40.696.144 | 50.677.863 | 30.189.301 | -- | 317.873.348 |
| Non Cash Loans | -- | (129.328.059) | (69.528.115) | (38.288.014) | (50.594.990) | (30.189.298) | -- | (317.928.476) |
| | -- | 25.155.517 | 14.755.792 | 50.984.034 | 59.151.906 | 3.113.764 | -- | 153.161.013 |
| End of The Prior Period | | | | | | | | |
| Total Assets | 74.030.717 | 99.118.745 | 30.034.493 | 86.548.688 | 118.207.230 | 72.571.698 | 45.783.178 | 526.294.749 |
| Total Liabilities | 130.691.921 | 149.497.996 | 87.811.607 | 68.055.714 | 8.190.506 | 14.761.408 | 67.285.597 | 526.294.749 |
| Net Liquidity Excess/ (Gap) | (56.661.204) | (50.379.251) | (57.777.114) | 18.492.974 | 110.016.724 | 57.810.290 | (21.502.419) | -- |
| Net Off-balance sheet Position | | | | | | | | |
| Financial Derivative Assets | -- | (76.199) | (542.029) | 137.156 | 174.072 | 220.971 | -- | (86.029) |
| Financial Derivative Liabilities | -- | 96.399.970 | 66.756.312 | 21.510.347 | 26.191.862 | 26.518.894 | -- | 237.377.385 |
| Financial Derivative Liabilities | -- | (96.476.169) | (67.298.341) | (21.373.191) | (26.017.790) | (26.297.923) | -- | (237.463.414) |
| Non Cash Loans | -- | 14.284.105 | 9.883.667 | 27.948.009 | 36.564.817 | 2.316.040 | -- | 90.996.638 |

(1) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (783).

(2) Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (6.657).

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

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

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

| End of The Current Period | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Total |
|---------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| Liabilities | | | | | | | |
| Deposits | 165.830.407 | 206.729.666 | 118.336.554 | 131.549.348 | 252.143 | -- | 622.698.118 |
| Funds borrowed (*) | -- | 8.949.369 | 28.456.000 | 82.767.648 | 41.326.596 | 19.969.562 | 181.469.175 |
| Interbank money markets | -- | 26.976.638 | 4.851.003 | 21.499.673 | -- | -- | 53.327.314 |
| Securities issued | -- | 32.404 | 2.080.500 | 18.010.567 | 1.827.983 | -- | 21.951.454 |
| Total | 165.830.407 | 242.688.077 | 153.724.057 | 253.827.236 | 43.406.722 | 19.969.562 | 879.446.061 |

(*) It includes subordinated loans.

| End of The Prior Period | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Total |
|-------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Liabilities | | | | | | | |
| Deposits | 109.000.577 | 144.786.498 | 77.157.682 | 23.800.133 | 186.778 | -- | 354.931.668 |
| Funds borrowed (*) | -- | 1.678.894 | 5.100.046 | 35.242.958 | 11.857.381 | 16.148.449 | 70.027.728 |
| Interbank money markets | -- | 2.283.751 | 3.068.228 | 7.534.096 | -- | -- | 12.886.075 |
| Securities issued | -- | -- | 536.781 | 1.706.263 | -- | -- | 2.243.044 |
| Total | 109.000.577 | 148.749.143 | 85.862.737 | 68.283.450 | 12.044.159 | 16.148.449 | 440.088.515 |

(*) 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 2023, the leverage ratio of the Bank is calculated as 5,60% (31 December 2022: 6,98%). This rate is above the minimum rate. The main reason for the difference between the current period and the prior period leverage ratio is the increase in the balance sheet assets.

Leverage ratio public disclosure template:

| | Current Period (*) | Prior Period (*) |
|--|--------------------|------------------|
| On-balance sheet exposures | | |
| 1 On-balance sheet items (exclude derivatives and SFTs; include collateral) | 918.336.836 | 514.370.668 |
| 2 (Assets deducted in determining Basel III Tier I capital) | (2.357.797) | (1.219.446) |
| 3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 915.979.039 | 513.151.222 |
| Derivative exposures | | |
| 4 Replacement cost | 9.828.604 | 6.870.020 |
| 5 Add-on amount | 3.798.020 | 3.132.640 |
| 6 Total derivative exposures (sum of lines 4 and 5) | 13.626.624 | 10.002.660 |
| Securities or commodity collateral financing transaction exposures | | |
| 7 Gross SFT assets (with no recognition of accounting netting) | 24.321.489 | 7.289.126 |
| 8 Agent transaction exposures | | |
| 9 Total securities financing transaction exposures (sum of lines 7 and 8) | 24.321.489 | 7.289.126 |
| Other off-balance sheet exposures | | |
| 10 Off-balance sheet exposures with gross nominal amount | 486.188.020 | 216.682.645 |
| 11 (Adjustment amount off-balance sheet exposures with credit conversion factor) | (503) | (503) |
| 12 Total off-balance sheet exposures (sum of lines 10 and 11) | 486.187.517 | 216.682.142 |
| Capital and total exposures | | |
| 13 Tier I Capital | 79.497.233 | 52.134.950 |
| 14 Total exposures (sum of lines 3,6,9 and 12) | 1.440.114.669 | 747.125.150 |
| Leverage ratio | | |
| 15 Leverage ratio | 5,60 | 6,98 |

(*) Quarterly average amounts.

VIII. Explanations related to risk management

The footnotes and explanations prepared in accordance with the “Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks” published in the Official Gazette dated 23 October 2015 and number ed 29511 and entered into force as of 31 March 2016 are given in this section. Since standard approach is used in the capital adequacy calculation of the Bank, the tables to be prepared within the scope of Internal Rating Based Approach (IR) are not presented as of 31 December 2023.

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 detected 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 monitored and reported by the Risk Management Group.

Main components and scope of the risk measurement systems

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

The purpose of the activities carried out within the scope of the measurement of the risks is to establish a relationship between the risks undertaken by the bank and the expected earnings and to measure the financial risks that the bank and its subsidiaries are exposed to. The process includes testing 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 the authorities to be communicated to them. Ensures that an active internal audit system to be established which will prevent taking risks above the targeted risk level and limits set by the regulatory authority. When the control and reporting of the risks are made, the risk levels that are approved by the Board of Directors are taken into consideration for each risk type.

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

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

Risk Management Group performs reporting to Senior Management and Board of Directors through the Audit and Risk Committee, Asset Liability Management Committee, Model Risk Management and Validation Committee.

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.

Asset Liability Management Committee: Holds weekly meetings. Risk-limit follow-up and detailed analysis related to indicators such as interest and liquidity risk, capital adequacy are presented.

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.

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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) | 595.833.296 | 350.023.874 | 47.666.664 |
| 2 <i>Standardized approach (SA)</i> | 595.833.296 | 350.023.874 | 47.666.664 |
| 3 <i>Internal rating-based (IRB) approach</i> | -- | -- | -- |
| 4 Counterparty credit risk (*) | 9.650.928 | 7.430.990 | 772.074 |
| 5 <i>Standardized approach for counterparty credit risk (SA-CCR)</i> | 9.650.928 | 7.430.990 | 772.074 |
| 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 | 145.646 | 27.088 | 11.652 |
| 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 | 20.462.863 | 9.275.650 | 1.637.029 |
| 17 <i>Standardized approach (SA)</i> | 20.462.863 | 9.275.650 | 1.637.029 |
| 18 <i>Internal model approaches (IMM)</i> | -- | -- | -- |
| 19 Operational Risk | 41.417.304 | 23.472.947 | 3.313.384 |
| 20 <i>Basic Indicator Approach</i> | 41.417.304 | 23.472.947 | 3.313.384 |
| 21 <i>Standard Approach</i> | -- | -- | -- |
| 22 <i>Advanced measurement approach</i> | -- | -- | -- |
| 23 The amount of the discount threshold under the equity (subject to a 250% risk weight) | -- | -- | -- |
| 24 Floor adjustment | -- | -- | -- |
| 25 Total (1+4+7+8+9+10+11+12+16+19+23+24) | 667.510.037 | 390.230.549 | 53.400.803 |

(*) The amounts given in the table do not include TL 115, which is the amount subject to the Risk of CCP-Guarantee Fund Amounts.

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b. Connections between the financial statements and risk amounts

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

| | a | c | d | e | f | g |
|--|---|----------------------------------|---|---|--------------------------------------|--|
| | Carrying values of items under scope of TAS | | | | | |
| Current Period | Revaluation amount in accordance with TAS | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the securitisation framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from capital |
| Assets | | | | | | |
| Cash and balances at central bank | 202.975.415 | 202.975.415 | -- | -- | -- | -- |
| Banks | 19.026.945 | 19.027.728 | -- | -- | -- | -- |
| Due from money markets | 52.126.807 | -- | 52.126.807 | -- | -- | -- |
| Financial assets at fair value through profit or loss | 5.302.375 | 896.056 | 117.217 | -- | 4.289.102 | -- |
| Financial assets at fair value through other comprehensive income | 87.421.181 | 87.421.181 | -- | -- | -- | -- |
| Financial assets measured at amortised cost | 51.230.427 | 51.237.084 | -- | -- | -- | -- |
| Derivative financial assets | 8.044.143 | -- | 8.044.143 | -- | -- | -- |
| Loans (net) | 465.557.858 | 486.080.195 | -- | -- | -- | 2.757.688 |
| Non-current assets held for sale and from discontinued operations (net) | 7.118 | -- | -- | -- | -- | -- |
| Investments in associates, subsidiaries and joint ventures | 69.128.910 | 69.128.910 | -- | -- | -- | -- |
| Tangible assets (net) | 2.269.780 | 2.269.780 | -- | -- | -- | 216.028 |
| Intangible assets (net) | 2.283.719 | 2.283.719 | -- | -- | -- | 2.283.719 |
| Investment properties (net) | -- | -- | -- | -- | -- | -- |
| Current Tax Assets | 1.877.045 | 1.877.045 | -- | -- | -- | -- |
| Deferred Tax Assets | 4.173.522 | 4.173.522 | -- | -- | -- | -- |
| Other assets | 36.283.816 | 36.283.816 | -- | -- | -- | -- |
| Total assets | 1.007.709.061 | 963.654.451 | 60.288.167 | -- | 4.289.102 | 5.257.435 |
| Liabilities | | | | | | |
| Deposits | 602.992.637 | -- | -- | -- | -- | 602.992.637 |
| Loans | 142.406.586 | -- | -- | -- | -- | 142.406.586 |
| Debt to money markets | 51.974.449 | -- | 51.974.449 | -- | -- | 51.974.449 |
| Debt securities in issue | 20.259.843 | -- | -- | -- | -- | 20.259.843 |
| Funds | -- | -- | -- | -- | -- | -- |
| Financial liabilities at fair value through profit or loss | -- | -- | -- | -- | -- | -- |
| Derivative financial liabilities | 2.846.365 | -- | -- | -- | -- | 2.846.365 |
| Factoring debts | -- | -- | -- | -- | -- | -- |
| Debts from leasing transactions | 949.276 | -- | -- | -- | -- | 949.276 |
| Provisions | 15.820.136 | -- | -- | -- | -- | 15.820.136 |
| Current tax liabilities | 1.821.303 | -- | -- | -- | -- | 1.821.303 |
| Deferred tax liabilities | -- | -- | -- | -- | -- | -- |
| Liabilities related to non-current assets held for sale and from discontinued operations (net) | 102.945 | -- | -- | -- | -- | 102.945 |
| Subordinated debts | 23.066.679 | -- | -- | -- | -- | 23.066.679 |
| Other liabilities | 55.625.441 | -- | -- | -- | -- | 55.625.441 |
| Equity | 89.843.401 | -- | -- | -- | -- | 89.843.401 |
| Total liabilities | 1.007.709.061 | -- | 51.974.449 | -- | -- | 1.007.709.061 |

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| Prior Period | a | c | d | e | f | g |
|---|---|----------------------------------|---|---|--------------------------------------|--|
| | Carrying values of items under scope of TAS | | | | | Not subject to capital requirements or subject to deduction from capital |
| | Revaluation amount in accordance with TAS | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the securitisation framework | Subject to the market risk framework | |
| Assets | | | | | | |
| Cash and balances at central bank | 86.116.286 | 86.116.286 | -- | -- | -- | -- |
| Banks | 8.485.286 | 8.485.601 | -- | -- | -- | -- |
| Due from money markets | -- | -- | -- | -- | -- | -- |
| Financial assets at fair value through profit or loss | 1.849.482 | 454.025 | 13.197 | -- | 1.382.260 | -- |
| Financial assets at fair value through other comprehensive income | 71.157.944 | 71.157.944 | -- | -- | -- | -- |
| Financial assets measured at amortised cost | 17.025.204 | 17.027.396 | -- | -- | -- | -- |
| Derivative financial assets | 6.390.571 | -- | 6.390.571 | -- | -- | -- |
| Loans (net) | 273.839.299 | 287.742.656 | -- | -- | -- | 99.729 |
| Investments in associates, subsidiaries and joint ventures | 37.726.629 | 37.726.629 | -- | -- | -- | -- |
| Tangible assets (net) | 1.468.993 | 1.468.993 | -- | -- | -- | 102.640 |
| Intangible assets (net) | 1.293.730 | 1.293.730 | -- | -- | -- | 1.293.730 |
| Investment properties (net) | -- | -- | -- | -- | -- | -- |
| Current Tax Assets | -- | -- | -- | -- | -- | -- |
| Deferred Tax Assets | 4.140.119 | 4.140.119 | -- | -- | -- | -- |
| Other assets | 16.801.206 | 16.801.206 | -- | -- | -- | -- |
| Total assets | 526.294.749 | 532.414.585 | 6.403.768 | -- | 1.382.260 | 1.496.099 |
| Liabilities | | | | | | |
| Deposits | 353.601.100 | -- | -- | -- | -- | 353.601.100 |
| Loans | 47.977.459 | -- | -- | -- | -- | 47.977.459 |
| Debt to money markets | 12.517.284 | -- | 12.517.284 | -- | -- | 12.517.284 |
| Debt securities in issue | 2.240.734 | -- | -- | -- | -- | 2.240.734 |
| Funds | -- | -- | -- | -- | -- | -- |
| Financial liabilities at fair value through profit or loss | -- | -- | -- | -- | -- | -- |
| Derivative financial liabilities | 3.523.637 | -- | -- | -- | -- | 3.523.637 |
| Factoring debts | -- | -- | -- | -- | -- | -- |
| Debts from leasing transactions | 790.299 | -- | -- | -- | -- | 790.299 |
| Provisions | 10.019.396 | -- | -- | -- | -- | 10.019.396 |
| Current tax liabilities | 2.985.921 | -- | -- | -- | -- | 2.985.921 |
| Deferred tax liabilities | -- | -- | -- | -- | -- | -- |
| Subordinated debts | 14.561.492 | -- | -- | -- | -- | 14.561.492 |
| Other liabilities | 23.566.829 | -- | -- | -- | -- | 23.566.829 |
| Equity | 54.510.598 | -- | -- | -- | -- | 54.510.598 |
| Total liabilities | 526.294.749 | -- | 12.517.284 | -- | -- | 526.294.749 |

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 | 1.028.231.720 | 963.654.451 | -- | 60.288.167 | 4.289.102 |
| 2 Liabilities carrying value amount under scope of TAS | 51.974.449 | -- | -- | 51.974.449 | -- |
| 3 Total net amount | 976.257.271 | 963.654.451 | -- | 8.313.718 | 4.289.102 |
| 4 Off-balance sheet amounts (**) | 525.338.499 | 84.171.171 | -- | -- | -- |
| 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 | -- | -- | -- | -- | 16.173.761 |
| 9 Differences resulted from considering of the financial guarantees | -- | (26.353.071) | -- | -- | -- |
| 10 Risk exposures | 1.501.595.770 | 1.021.472.551 | -- | 8.313.718 | 20.462.863 |

(*) 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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| | a | b | c | d | e |
|---|--------------------|--|---|---|--|
| Prior Period | Total | Items subject to credit risk framework | Items subject to securitization framework | Items subject to counterparty credit risk framework | Items subject to market risk framework (*) |
| 1 Asset carrying value amount under scope of TAS | 540.200.613 | 532.414.585 | -- | 6.403.768 | 1.382.260 |
| 2 Liabilities carrying value amount under scope of TAS | 12.517.284 | -- | -- | 12.517.284 | -- |
| 3 Total net amount | 527.683.329 | 532.414.585 | -- | (6.113.516) | 1.382.260 |
| 4 Off-balance sheet amounts (**) | 217.451.124 | 55.413.530 | -- | -- | -- |
| 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 | | -- | -- | -- | 7.893.390 |
| 9 Differences resulted from considering of the financial guarantees | | (9.103.004) | -- | -- | -- |
| 10 Risk exposures | 745.134.453 | 578.725.111 | -- | (6.113.516) | 9.275.650 |

(*) 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 derivative transactions subject to counterparty credit risk, the risk amount is calculated by the combination of renewal cost and future potential risk amounts according to the standard method in capital adequacy adjustments. In repo and reverse repo transactions, the risk amount is obtained by netting the volatility-adjusted amount applied to the security subject to the transaction with the cash amount subject to the transaction.

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

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

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

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

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

c. Credit risk

1. General information about credit risk

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

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

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

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

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

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

Structure and organization of credit risk management and control function

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

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

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

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

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

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

2. Credit quality of assets

| Current Period | a | b | c | d |
|-------------------------------------|---|----------------------|---------------------|----------------------|
| | Gross carrying values of (according to TAS) | | Specific provisions | Net values (a+b-c) |
| | Defaulted | Non-defaulted | | |
| 1 Loans | 21.224.916 | 479.233.410 | 34.900.468 | 465.557.858 |
| 2 Borrowing instruments | -- | 138.657.305 | 6.657 | 138.650.648 |
| 3 Off-balance sheet receivables (*) | 3.683.586 | 518.740.153 | 4.363.601 | 518.060.138 |
| 4 Total | 24.908.502 | 1.136.630.868 | 39.270.726 | 1.122.268.644 |

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

| Prior Period | a | b | c | D |
|-------------------------------------|---|--------------------|---------------------|--------------------|
| | Gross carrying values of (according to TAS) | | Specific provisions | Net values (a+b-c) |
| | Defaulted | Non-defaulted | | |
| 1 Loans | 16.676.627 | 284.391.333 | 27.228.661 | 273.839.299 |
| 2 Borrowing instruments | -- | 88.184.390 | 2.192 | 88.182.198 |
| 3 Off-balance sheet receivables (*) | 2.115.151 | 213.545.260 | 3.005.296 | 212.655.115 |
| 4 Total | 18.791.778 | 586.120.983 | 30.236.149 | 574.676.612 |

(*) 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 | 16.676.627 | 15.217.506 |
| 2 Loans and debt securities that have impaired since the last reporting period | 14.201.631 | 11.116.791 |
| 3 Receivables that returned to non-impaired status | 140.883 | 251.234 |
| 4 Amounts written off (**) | 2.386.138 | 3.954.507 |
| 5 Other changes | (7.126.321) | (5.451.929) |
| 6 Impaired loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 ± 5) | 21.224.916 | 16.676.627 |

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

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

4. Additional explanations related to the credit quality of assets

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

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

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

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

(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 | 20.663.392 | 463.991.104 | -- | 112.265.789 | 3.641.402 | 501.077.950 | 13.967.230 | 2.386.138 |
| 2 EU Countries | 43.682 | 6.540.566 | -- | 26.391.516 | -- | 3.164.852 | 41.896 | -- |
| 3 OECD Countries | 9 | 1.262 | -- | -- | -- | 10.992.150 | 6 | -- |
| 4 Off Shore Zones | -- | 3.244.121 | -- | -- | -- | 1.006.682 | -- | -- |
| 5 USA, Canada | 151 | 217.204 | -- | -- | -- | 9.339 | 150 | -- |
| 6 Other Countries | 517.682 | 5.239.153 | -- | -- | 42.184 | 2.489.180 | 368.849 | -- |
| 7 Total | 21.224.916 | 479.233.410 | -- | 138.657.305 | 3.683.586 | 518.740.153 | 14.378.131 | 2.386.138 |

(*) 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 | 16.098.619 | 277.517.673 | -- | 88.184.390 | 2.088.167 | 207.481.726 | 12.873.699 | 3.954.507 |
| 2 EU Countries | 39.905 | 1.618.633 | -- | -- | -- | 1.829.112 | 39.564 | -- |
| 3 OECD Countries | -- | 1.084 | -- | -- | -- | 1.293.556 | -- | -- |
| 4 Off Shore Zones | 537.600 | 2.265.762 | -- | -- | 519 | 600.816 | 411.570 | -- |
| 5 USA, Canada | 146 | 189.520 | -- | -- | -- | 261.062 | 131 | -- |
| 6 Other Countries | 357 | 2.798.661 | -- | -- | 26.465 | 2.078.988 | 340 | -- |
| 7 Total | 16.676.627 | 284.391.333 | -- | 88.184.390 | 2.115.151 | 213.545.260 | 13.325.304 | 3.954.507 |

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

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

| Current Period | Loans | | Borrowing instruments | | Off-Balance sheet receivables | | Specific provisions | Write-Off (*) |
|--------------------------------------|-------------------|--------------------|-----------------------|--------------------|-------------------------------|--------------------|---------------------|------------------|
| | Defaulted | Non-defaulted | Defaulted | Non-defaulted | Defaulted | Non-defaulted | | |
| Agricultural | 944.337 | 37.015.134 | -- | -- | 4.637 | 14.427.599 | 733.911 | 11.211 |
| Farming and Cattle | 926.312 | 36.498.408 | -- | -- | 4.397 | 14.310.522 | 718.003 | 10.996 |
| Forestry | 17.790 | 6.129 | -- | -- | -- | 48.316 | 15.692 | 19 |
| Fishing | 235 | 510.597 | -- | -- | 240 | 68.761 | 216 | 196 |
| Manufacturing | 7.526.177 | 75.098.572 | -- | -- | 326.084 | 64.886.599 | 4.876.589 | 142.610 |
| Mining | 2.172.040 | 3.041.214 | -- | -- | 97.314 | 2.429.200 | 1.006.090 | 75.373 |
| Production | 966.305 | 59.090.590 | -- | -- | 212.689 | 53.626.732 | 790.183 | 67.237 |
| Electric, Gas, Water | 4.387.832 | 12.966.768 | -- | -- | 16.081 | 8.830.667 | 3.080.316 | -- |
| Construction | 1.216.041 | 23.040.452 | -- | -- | 2.547.999 | 33.241.134 | 948.804 | 266.082 |
| Services | 6.133.474 | 133.246.064 | -- | 939 | 617.988 | 84.815.368 | 4.709.385 | 77.953 |
| Wholesale and Retail Trade | 2.664.992 | 41.795.750 | -- | -- | 102.340 | 64.349.448 | 2.331.065 | 32.215 |
| Hotel and Restaurant Services | 1.532.819 | 43.620.877 | -- | -- | 484.763 | 3.647.051 | 930.074 | 671 |
| Transportation and telecommunication | 1.477.390 | 28.010.635 | -- | -- | 26.993 | 10.358.941 | 1.136.480 | 25.106 |
| Financial institution | 32.865 | 13.367.381 | -- | 939 | 131 | 4.424.122 | 20.706 | -- |
| Real estate and letting services | 130.643 | 329.725 | -- | -- | 281 | 441.356 | 54.269 | 232 |
| Self-employment services | 92.718 | -- | -- | -- | -- | -- | 76.275 | -- |
| Education services | 59.888 | 1.794.962 | -- | -- | 2.192 | 497.578 | 53.773 | 161 |
| Health and social services | 142.159 | 4.326.734 | -- | -- | 1.288 | 1.096.872 | 106.743 | 19.568 |
| Other | 5.404.887 | 210.833.188 | -- | 138.656.366 | 186.878 | 321.369.453 | 3.109.442 | 1.888.282 |
| Total | 21.224.916 | 479.233.410 | -- | 138.657.305 | 3.683.586 | 518.740.153 | 14.378.131 | 2.386.138 |

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

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Originally Issued in Turkish,
See Note 3.1.c

| Prior Period | Loans | | Borrowing instruments | | Off-Balance sheet receivables | | Specific provisions | Write-Off (*) |
|--------------------------------------|-------------------|--------------------|-----------------------|-------------------|-------------------------------|--------------------|---------------------|------------------|
| | Defaulted | Non-defaulted | Defaulted | Non-defaulted | Defaulted | Non-defaulted | | |
| Agricultural | 950.436 | 25.693.692 | -- | -- | 2.664 | 8.351.923 | 739.943 | 184.928 |
| Farming and Cattle | 949.600 | 25.604.934 | -- | -- | 2.563 | 8.221.873 | 739.322 | 184.289 |
| Forestry | 518 | 10.261 | -- | -- | -- | 15.313 | 366 | 17 |
| Fishing | 318 | 78.497 | -- | -- | 101 | 114.737 | 255 | 622 |
| Manufacturing | 5.455.710 | 40.898.417 | -- | -- | 156.379 | 38.964.432 | 4.260.547 | 46.647 |
| Mining | 128.574 | 2.830.358 | -- | -- | 1.772 | 1.196.621 | 125.447 | 18.703 |
| Production | 1.574.279 | 28.585.480 | -- | -- | 139.766 | 33.568.579 | 1.352.446 | 27.933 |
| Electric, Gas, Water | 3.752.857 | 9.482.579 | -- | -- | 14.841 | 4.199.232 | 2.782.654 | 11 |
| Construction | 1.191.143 | 21.278.170 | -- | -- | 1.501.296 | 18.883.327 | 1.045.876 | 36.264 |
| Services | 6.142.698 | 75.489.164 | -- | -- | 379.197 | 42.758.735 | 5.228.308 | 1.292.652 |
| Wholesale and Retail Trade | 1.976.261 | 26.135.258 | -- | -- | 54.846 | 29.731.853 | 1.730.725 | 265.469 |
| Hotel and Restaurant Services | 1.541.999 | 23.943.801 | -- | -- | 314.430 | 2.036.252 | 1.282.368 | 4.985 |
| Transportation and telecommunication | 546.729 | 10.290.336 | -- | -- | 6.069 | 7.162.671 | 506.248 | 1.013.517 |
| Financial institution | 3.298 | 10.628.073 | -- | -- | 175 | 2.291.657 | 2.738 | 1.701 |
| Real estate and letting services | 1.321.223 | 548.778 | -- | -- | 237 | 375.351 | 1.101.578 | 4.367 |
| Self-employment services | 127.490 | -- | -- | -- | -- | -- | 116.823 | -- |
| Education services | 102.927 | 1.339.712 | -- | -- | 1.895 | 267.163 | 82.971 | 1.381 |
| Health and social services | 522.771 | 2.603.206 | -- | -- | 1.545 | 893.788 | 404.857 | 1.232 |
| Other | 2.936.640 | 121.031.890 | -- | 88.184.390 | 75.615 | 104.586.843 | 2.050.630 | 2.394.016 |
| Total | 16.676.627 | 284.391.333 | -- | 88.184.390 | 2.115.151 | 213.545.260 | 13.325.304 | 3.954.507 |

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

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

| Current Period | Undistributed | 1 month | 1-3 months | 3-6 months | 6-12 months | Over 1 year | Total |
|----------------------------------|-------------------|--------------------|-------------------|-------------------|--------------------|--------------------|----------------------|
| Non-defaulted receivables | -- | 501.778.693 | 54.535.358 | 71.202.124 | 152.117.384 | 356.997.309 | 1.136.630.868 |
| 1 Loans | -- | 124.451.059 | 36.524.098 | 47.106.367 | 101.169.023 | 169.982.863 | 479.233.410 |
| 2 Borrowings instruments | -- | 10.048.797 | 1.954.332 | 6.166.509 | 8.222.818 | 112.264.849 | 138.657.305 |
| 3 Off-balance sheet receivables | -- | 367.278.837 | 16.056.928 | 17.929.248 | 42.725.543 | 74.749.597 | 518.740.153 |
| Defaulted receivables | 24.908.502 | -- | -- | -- | -- | -- | 24.908.502 |
| 1 Loans | 21.224.916 | -- | -- | -- | -- | -- | 21.224.916 |
| 2 Borrowings instruments | -- | -- | -- | -- | -- | -- | -- |
| 3 Off-balance sheet receivables | 3.683.586 | -- | -- | -- | -- | -- | 3.683.586 |
| Specific Provision | 14.378.131 | -- | -- | -- | -- | -- | 14.378.131 |
| Total | 10.530.371 | 501.778.693 | 54.535.358 | 71.202.124 | 152.117.384 | 356.997.309 | 1.147.161.239 |

| Prior Period | Undistributed | 1 month | 1-3 months | 3-6 months | 6-12 months | Over 1 year | Total |
|----------------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Non-defaulted receivables | -- | 181.614.286 | 32.681.707 | 39.595.606 | 77.262.417 | 254.966.967 | 586.120.983 |
| 1 Loans | -- | 57.123.891 | 21.390.610 | 27.938.679 | 54.875.922 | 123.062.231 | 284.391.333 |
| 2 Borrowings instruments | -- | -- | -- | -- | -- | 88.184.390 | 88.184.390 |
| 3 Off-balance sheet receivables | -- | 124.490.395 | 11.291.097 | 11.656.927 | 22.386.495 | 43.720.346 | 213.545.260 |
| Defaulted receivables | 18.791.778 | -- | -- | -- | -- | -- | 18.791.778 |
| 1 Loans | 16.676.627 | -- | -- | -- | -- | -- | 16.676.627 |
| 2 Borrowings instruments | -- | -- | -- | -- | -- | -- | -- |
| 3 Off-balance sheet receivables | 2.115.151 | -- | -- | -- | -- | -- | 2.115.151 |
| Specific Provision | 13.325.304 | -- | -- | -- | -- | -- | 13.325.304 |
| Total | 5.466.474 | 181.614.286 | 32.681.707 | 39.595.606 | 77.262.417 | 254.966.967 | 591.587.457 |

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

| Current Period | 1-30 days | 31-60 days | 61-90 days | Over 90 days | Total |
|-------------------------------|------------|------------|------------|--------------|------------|
| Loans | 14.349.773 | 4.278.943 | 8.152.198 | 323.924 | 27.104.838 |
| Borrowing instruments | -- | -- | -- | -- | -- |
| Off-balance sheet receivables | -- | -- | -- | -- | -- |

| Prior Period | 1-30 days | 31-60 days | 61-90 days | Over 90 days | Total |
|-------------------------------|-----------|------------|------------|--------------|------------|
| Loans | 7.823.004 | 1.957.167 | 1.143.338 | 3.350.853 | 14.274.362 |
| 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 | 22.408.527 | 20.393.427 |
| Restructured from non-performing loans | 9.497.090 | 8.083.820 |

5. Credit risk mitigation techniques

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

In the exchange rate conversion of foreign currency financial collaterals, the Central Bank's foreign exchange buying rates for 30.12.2022, which were stated in the BRSA's letter dated 31.01.2023, were taken into account in parallel with the CRET calculation.

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

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

6. Credit risk mitigation techniques - overview

| | a | b | c | d | e | f | g |
|--------------------------|--|---------------------------------|--|---|---|---|--|
| Current Period | Exposures unsecured: revaluation amount according to TAS | Exposures secured by collateral | Exposures secured by collateral, of which secured amount | Exposures secured by financial guarantees | Financial guarantees, of which secured amount | Exposures secured by credit derivatives | Exposures secured by credit derivatives, of which secured amount |
| 1 Loans | 372.267.828 | 91.242.219 | 65.515.647 | 2.047.811 | 1.754.955 | -- | -- |
| 2 Borrowing instruments | 138.650.648 | -- | -- | -- | -- | -- | -- |
| 3 Total | 510.918.476 | 91.242.219 | 65.515.647 | 2.047.811 | 1.754.955 | -- | -- |
| 4 Of which defaulted (*) | 17.180.928 | 7.115.193 | 2.818.951 | 612.381 | 79.214 | -- | -- |

(*) 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 | 215.548.520 | 54.953.958 | 36.544.468 | 3.336.821 | 2.962.498 | -- | -- |
| 2 Borrowing instruments | 88.182.198 | -- | -- | -- | -- | -- | -- |
| 3 Total | 303.730.718 | 54.953.958 | 36.544.468 | 3.336.821 | 2.962.498 | -- | -- |
| 4 Of which defaulted (*) | 13.871.192 | 3.770.105 | 1.854.343 | 1.150.481 | 128.348 | -- | -- |

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

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

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

The matching of risk ratings with risk weights according to credit quality level and risk classes are shown in Section Four, note II-n.

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

| Current Period | a | b | c | d | e | f |
|--|---|--------------------------|---|--------------------------|---------------------|---------------|
| | Exposures before credit conversion factor and CRM | | Exposures post-credit conversion factor and CRM | | RWA and RWA density | |
| | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | RWA | RWA density |
| Risk classifications | | | | | | |
| 1 Exposures to central governments or central banks | 278.233.611 | 4.312.208 | 279.986.390 | 4.499.841 | -- | 0,00% |
| 2 Exposures to regional governments or local authorities | 2.997.581 | 1.137.836 | 2.943.370 | 563.219 | 4.007.802 | 114,29% |
| 3 Exposures to public sector entities | 6.145.524 | 2.424.840 | 6.145.524 | 1.189.337 | 7.334.860 | 100,00% |
| 4 Exposures to multilateral development banks | -- | -- | -- | -- | -- | 0,00% |
| 5 Exposures to international organisations | -- | -- | -- | -- | -- | 0,00% |
| 6 Exposures to institutions | 68.853.111 | 7.836.138 | 68.853.111 | 6.994.701 | 11.207.693 | 14,78% |
| 7 Exposures to corporates | 141.756.186 | 109.163.404 | 124.246.635 | 58.350.328 | 199.066.477 | 109,02% |
| 8 Retail exposures | 212.413.513 | 362.783.188 | 205.670.177 | 12.899.490 | 246.530.230 | 112,79% |
| 9 Exposures secured by residential property | 9.805.390 | 2.996.060 | 9.545.623 | 1.501.728 | 4.276.087 | 38,71% |
| 10 Exposures secured by commercial real estate | 32.416.182 | 6.710.780 | 32.416.182 | 4.182.081 | 21.324.649 | 58,27% |
| 11 Past-due loans | 5.892.710 | 267.237 | 5.084.574 | 104.132 | 4.114.044 | 79,29% |
| 12 Higher-risk categories by the Agency Board | -- | -- | -- | -- | -- | 0,00% |
| 13 Exposures in the form of covered bonds | -- | -- | -- | -- | -- | 0,00% |
| 14 Exposures to institutions and corporates with a short-term credit assessment | -- | -- | -- | -- | -- | 0,00% |
| 15 Exposures in the form of units or shares in collective investment undertakings (CIUs) | 28.136 | 299 | 28.136 | 292 | 28.428 | 100,00% |
| 16 Other assets | 43.586.025 | -- | 43.586.025 | -- | 37.035.065 | 84,97% |
| 17 Investments in equities | 69.203.740 | -- | 69.203.740 | -- | 69.203.740 | 100,00% |
| 18 Total | 871.331.709 | 497.631.990 | 847.709.487 | 90.285.149 | 604.129.075 | 64,41% |

| Prior Period | a | b | c | d | e | f |
|--|---|--------------------------|---|--------------------------|---------------------|---------------|
| | Exposures before credit conversion factor and CRM | | Exposures post-credit conversion factor and CRM | | RWA and RWA density | |
| | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | RWA | RWA density |
| Risk classifications | | | | | | |
| 1 Exposures to central governments or central banks | 143.387.817 | 2.915.335 | 146.349.544 | 3.340.747 | -- | 0,00% |
| 2 Exposures to regional governments or local authorities | 2.785.371 | 470.658 | 2.781.278 | 233.567 | 2.130.749 | 70,68% |
| 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 | 12.503.116 | 8.131.268 | 12.503.116 | 7.502.600 | 5.848.262 | 29,23% |
| 7 Exposures to corporates | 98.168.015 | 69.764.408 | 90.738.103 | 39.924.151 | 140.836.498 | 107,79% |
| 8 Retail exposures | 129.006.003 | 121.629.338 | 126.249.662 | 6.554.159 | 129.904.994 | 97,82% |
| 9 Exposures secured by residential property | 6.001.783 | 1.495.701 | 5.860.666 | 790.433 | 2.570.388 | 38,65% |
| 10 Exposures secured by commercial real estate | 23.361.560 | 3.765.293 | 23.361.560 | 2.602.360 | 14.826.810 | 57,11% |
| 11 Past-due loans | 2.654.436 | 77.012 | 2.521.361 | 20.893 | 1.660.020 | 65,30% |
| 12 Higher-risk categories by the Agency Board | -- | -- | -- | -- | -- | 0,00% |
| 13 Exposures in the form of covered bonds | -- | -- | -- | -- | -- | 0,00% |
| 14 Exposures to institutions and corporates with a short-term credit assessment | -- | -- | -- | -- | -- | 0,00% |
| 15 Exposures in the form of units or shares in collective investment undertakings (CIUs) | 9 | 14.883 | 9 | 13.882 | 13.891 | 100,00% |
| 16 Other assets | 25.052.364 | -- | 25.052.364 | -- | 20.144.084 | 80,41% |
| 17 Investments in equities | 37.707.233 | -- | 37.707.233 | -- | 37.707.233 | 100,00% |
| 18 Total | 480.627.707 | 208.263.896 | 473.124.896 | 60.982.792 | 355.642.929 | 66,59% |

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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 Classifications/Risk Weight | 0% | 10% | 20% | 35% Secured with property mortgage | 50% Secured with property mortgage | 50% | 75% | 100% | 150% | 200% | Others | Total risk exposure (after CCF and CRM) |
| 1 Exposures to central governments or central banks | 284.486.231 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 284.486.231 |
| 2 Exposures to regional governments or local authorities | -- | -- | 8.228 | -- | -- | 1.993.710 | -- | -- | -- | 1.504.651 | -- | 3.506.589 |
| 3 Exposures to public sector entities | -- | -- | -- | -- | -- | -- | -- | 7.334.861 | -- | -- | -- | 7.334.861 |
| 4 Exposures to multilateral development banks | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 5 Exposures to international organisations | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 6 Exposures to institutions | -- | -- | 41.258.888 | -- | -- | 4.508.039 | -- | 102.323 | -- | -- | 29.978.562 | 75.847.812 |
| 7 Exposures to corporates | -- | -- | -- | -- | -- | -- | -- | 168.206.934 | 163.180 | 13.506.490 | 720.359 | 182.596.963 |
| 8 Retail exposures | -- | -- | -- | -- | -- | -- | 98.196.122 | 15.501.027 | 104.851.565 | -- | 20.953 | 218.569.667 |
| 9 Exposures secured by residential property | -- | -- | -- | 10.790.921 | -- | -- | -- | -- | 30.520 | 225.355 | 555 | 11.047.351 |
| 10 Exposures secured by commercial real estate | -- | -- | -- | -- | 32.730.035 | -- | -- | 2.726.837 | 101.537 | 1.039.594 | 260 | 36.598.263 |
| 11 Past-due loans | -- | -- | -- | -- | -- | 2.254.747 | -- | 2.828.536 | 105.423 | -- | -- | 5.188.706 |
| 12 Higher-risk categories by the Agency Board | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 13 Exposures in the form of covered bonds | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 14 Exposures to institutions and corporates with a short-term credit assessment | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 15 Exposures in the form of units or shares in collective investment undertakings (CIUs) | -- | -- | -- | -- | -- | -- | -- | 28.428 | -- | -- | -- | 28.428 |
| 16 Investments in equities | -- | -- | -- | -- | -- | -- | -- | 69.203.740 | -- | -- | -- | 69.203.740 |
| 17 Other assets | 5.958.152 | -- | 740.717 | -- | -- | -- | 944 | 36.886.212 | -- | -- | -- | 43.586.025 |
| 18 Total | 290.444.383 | -- | 42.007.833 | 10.790.921 | 32.730.035 | 8.756.496 | 98.197.066 | 302.818.898 | 105.252.225 | 16.276.090 | 30.720.689 | 937.994.636 |

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See Note 3.1.c*

| Prior Period | a | b | c | k | d | l | e | f | g | h | i | j |
|--|--------------------|-----------|-------------------|--|--|-------------------|-------------------|--------------------|-------------------|-------------------|----------------|---|
| Risk Classifications/Risk Weight | 0% | 10% | 20% | 35% Secured with property mortgage | 50% Secured with property mortgage | 50% | 75% | 100% | 150% | 200% | Others | Total risk exposure (after CCF and CRM) |
| 1 Exposures to central governments or central banks | 149.690.291 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 149.690.291 |
| 2 Exposures to regional governments or local authorities | -- | -- | 2.089 | -- | -- | 2.596.788 | -- | -- | -- | 415.968 | -- | 3.014.845 |
| 3 Exposures to public sector entities | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 4 Exposures to multilateral development banks | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 5 Exposures to international organisations | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 6 Exposures to institutions | -- | -- | 13.712.760 | -- | -- | 5.696.997 | -- | 250.299 | -- | -- | 345.660 | 20.005.716 |
| 7 Exposures to corporates | -- | -- | -- | -- | -- | -- | -- | 120.917.854 | 45.320 | 9.548.246 | 150.834 | 130.662.254 |
| 8 Retail exposures | -- | -- | -- | -- | -- | -- | 80.645.039 | 18.114.402 | 33.975.739 | -- | 68.641 | 132.803.821 |
| 9 Exposures secured by residential property | -- | -- | -- | 6.529.569 | -- | -- | -- | -- | -- | 107.537 | 13.993 | 6.651.099 |
| 10 Exposures secured by commercial real estate | -- | -- | -- | -- | 23.111.463 | -- | -- | 2.458.039 | -- | 386.350 | 8.068 | 25.963.920 |
| 11 Past-due loans | -- | -- | -- | -- | -- | 1.801.811 | -- | 703.099 | 37.344 | -- | -- | 2.542.254 |
| 12 Higher-risk categories by the Agency Board | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 13 Exposures in the form of covered bonds | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 14 Exposures to institutions and corporates with a short-term credit assessment | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 15 Exposures in the form of units or shares in collective investment undertakings (CIUs) | -- | -- | -- | -- | -- | -- | -- | 13.891 | -- | -- | -- | 13.891 |
| 16 Investments in equities | -- | -- | -- | -- | -- | -- | -- | 37.707.233 | -- | -- | -- | 37.707.233 |
| 17 Other assets | 4.383.606 | -- | 655.686 | -- | -- | -- | 579 | 20.012.493 | -- | -- | -- | 25.052.364 |
| 18 Total | 154.073.897 | -- | 14.370.535 | 6.529.569 | 23.111.463 | 10.095.596 | 80.645.618 | 200.177.310 | 34.058.403 | 10.458.101 | 587.196 | 534.107.688 |

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.

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

2. Analysis of counterparty credit risk exposed by measurement approaches

| | | | a | b | c | d | e | f |
|----------------|--|--|------------------|---------------------------|------|---|------------------------------|------------------|
| Current Period | | | Replacement cost | Potential future exposure | EEPE | Alpha used for computing regulatory exposure at default | Exposure at default post CRM | RWA |
| 1 | Standardised Approach (for derivatives) (*) | | 5.258.110 | 1.880.594 | | 1,0 | 9.994.185 | 3.134.412 |
| 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) | | | | | | 25.078.606 | 5.015.721 |
| 5 | VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit | | | | | | -- | -- |
| 6 | Total | | | | | | | 8.150.133 |

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

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| | | | a | b | c | d | e | f |
|--------------|--|------|------------------|---------------------------|------|--|------------------------------|------------------|
| Prior Period | | | Replacement cost | Potential future exposure | EEPE | Alpha used for computing regulatory exposure at default) | Exposure at default post CRM | RWA |
| 1 | Standardised Approach (for derivatives) (*) | (for | 4.221.758 | 1.452.391 | | 1,4 | 7.943.809 | 4.487.639 |
| 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) | (for | | | -- | -- | -- | -- |
| 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) | | | | | | 5.253.420 | 1.104.310 |
| 5 | VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | | | | | | -- | -- |
| 6 | Total | | | | | | | 5.591.949 |

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

3. Capital requirement for credit valuation adjustment (CVA)

| | | | a | b |
|---|---|--|------------------------------|------------------|
| Current Period | | | Exposure at default post-CRM | RWA |
| Total portfolios subject to the Advanced CVA capital charge | | | | |
| 1 | Value at Risk (VaR) component (including the 3×multiplier) | | -- | -- |
| 2 | Stressed VaR component (including the 3×multiplier) | | -- | -- |
| 3 | All portfolios subject to the Standardised CVA capital charge | | 9.994.185 | 1.500.795 |
| 4 | Total subject to the CVA capital charge | | 9.994.185 | 1.500.795 |

| | | | a | b |
|---|---|--|------------------------------|------------------|
| Prior Period | | | Exposure at default post-CRM | RWA |
| Total portfolios subject to the Advanced CVA capital charge | | | | |
| 1 | Value at Risk (VaR) component (including the 3×multiplier) | | -- | -- |
| 2 | Stressed VaR component (including the 3×multiplier) | | -- | -- |
| 3 | All portfolios subject to the Standardised CVA capital charge | | 7.943.809 | 1.839.041 |
| 4 | Total subject to the CVA capital charge | | 7.943.809 | 1.839.041 |

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

| Current Period | a | b | c | d | e | f | g | h | i |
|--|------------------|-----------|-------------------|------------------|---------------|------------------|-----------|---------------|---------------------------|
| Risk Weights / Risk Classifications | 0% | 10% | 20% | 50% | 75% | 100% | 150% | Other | Total credit exposure (*) |
| Claims from central governments and central banks | 4.312.133 | -- | -- | -- | -- | -- | -- | -- | -- |
| 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 | -- | -- | 26.614.006 | 2.718.252 | -- | 46.864 | -- | 1.291 | 6.728.817 |
| Corporates | -- | -- | -- | -- | -- | 1.298.665 | -- | 14.446 | 1.370.895 |
| Retail portfolios | -- | -- | -- | -- | 66.839 | -- | -- | -- | 50.129 |
| 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 | -- | -- | -- | -- | -- | 292 | -- | -- | 292 |
| Stock investment | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other claims | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other assets (**) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 4.312.133 | -- | 26.614.006 | 2.718.252 | 66.839 | 1.345.821 | -- | 15.737 | 8.150.133 |

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

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

| Prior Period | a | b | c | d | e | f | g | h | i |
|--|----------------|-----------|------------------|------------------|----------------|------------------|-----------|---------------|---------------------------|
| Risk Weights / Risk Classifications | 0% | 10% | 20% | 50% | 75% | 100% | 150% | Other | Total credit exposure (*) |
| Claims from central governments and central banks | 651.977 | -- | -- | -- | -- | -- | -- | -- | -- |
| 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 | -- | -- | 6.089.468 | 4.050.324 | -- | 135.022 | -- | 16.144 | 3.378.400 |
| Corporates | -- | -- | -- | -- | -- | 2.077.423 | -- | -- | 2.077.423 |
| Retail portfolios | -- | -- | -- | -- | 162.992 | -- | -- | -- | 122.244 |
| 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 | -- | -- | -- | -- | -- | 13.882 | -- | -- | 13.882 |
| Stock investment | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other claims | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other assets (**) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 651.977 | -- | 6.089.468 | 4.050.324 | 162.992 | 2.226.327 | -- | 16.144 | 5.591.949 |

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

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

5. Collaterals used for counterparty credit risk

| | a | b | c | d | e | f |
|--------------------------|--------------------------|----------------|----------------------|----------------|----------------------------------|--------------------|
| | Guarantees of Derivative | | Financial Instrument | | Guarantees of Other Transactions | |
| | Received Guarantees | | Given Guarantees | | Received | Given |
| Current Period | Appropriated | Unappropriated | Appropriated | Unappropriated | Guarantees | Guarantees |
| Cash-Domestic Currency | 2.287.566 | -- | -- | -- | 100.477 | 22.797.441 |
| Cash-Foreign Currency | 3.381.434 | -- | -- | -- | 52.589.300 | -- |
| Government Bond-Domestic | -- | -- | -- | -- | 22.781.462 | 100.002 |
| Government Bond-Other | -- | -- | -- | -- | -- | 77.357.484 |
| Public Bond | -- | -- | -- | -- | -- | -- |
| Corporate Bond | -- | -- | -- | -- | -- | -- |
| Stock | -- | -- | -- | -- | -- | -- |
| Other Guarantee | -- | -- | -- | -- | -- | -- |
| Total | 5.669.000 | -- | -- | -- | 75.471.239 | 100.254.927 |

| | a | b | c | d | e | f |
|--------------------------|--------------------------|----------------|----------------------|----------------|----------------------------------|------------------|
| | Guarantees of Derivative | | Financial Instrument | | Guarantees of Other Transactions | |
| | Received Guarantees | | Given Guarantees | | Received | Given |
| Prior Period | Appropriated | Unappropriated | Appropriated | Unappropriated | Guarantees | Guarantees |
| Cash-Domestic Currency | 814.227 | -- | -- | -- | 768.429 | -- |
| Cash-Foreign Currency | 4.261.134 | -- | -- | -- | -- | -- |
| Government Bond-Domestic | -- | -- | -- | -- | -- | 1.143.882 |
| Government Bond-Other | -- | -- | -- | -- | -- | -- |
| Public Bond | -- | -- | -- | -- | -- | -- |
| Corporate Bond | -- | -- | -- | -- | -- | -- |
| Stock | -- | -- | -- | -- | -- | -- |
| Other Guarantee | -- | -- | -- | -- | -- | -- |
| Total | 5.075.361 | -- | -- | -- | 768.429 | 1.143.882 |

6. Credit derivatives

None.

7. Exposures to central counterparty (CCP)

| | a | b |
|--|------------------------|-----|
| Current Period | Risk Amounts after CRM | RWA |
| 1 Total risks arising from qualified transactions where one of the parties is CCP | | |
| 2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which | -- | -- |
| 3 (i) OTC Derivatives | 1.291 | 26 |
| 4 (ii) Exchange-traded Derivatives | -- | -- |
| 5 (iii) Securities financing transactions | -- | -- |
| 6 (iv) Netting sets where cross-product netting has been approved | -- | -- |
| 7 Restricted initial margin | -- | -- |
| 8 Unrestricted initial margin | -- | -- |
| 9 The amount put into the guarantee fund | 48.036 | 116 |
| 10 The amount committed to be put into the guarantee fund | -- | -- |
| 11 Total risks arising from non-qualified transactions where one of the parties is CCP | | |
| 12 Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund) | -- | -- |
| 13 (i) OTC Derivatives | -- | -- |
| 14 (ii) Exchange-traded Derivatives | -- | -- |
| 15 (iii) Securities financing transactions | -- | -- |
| 16 (iv) Netting sets where cross-product netting has been approved | -- | -- |
| 17 Restricted initial margin | -- | -- |
| 18 Unrestricted initial margin | -- | -- |
| 19 The amount put into the guarantee fund | -- | -- |
| 20 The amount committed to be put into the guarantee fund | -- | -- |

e. Securitization

1. Explanations on securitization positions

None.

2. Securitization positions in banking accounts

None.

3. Securitization positions in trading accounts

None.

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

None.

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

None.

f. Market Risk

1. Explanations on market risk

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

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

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

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

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

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

2. Standardised approach

| | Current Period RWA | Prior Period RWA |
|---|-----------------------|---------------------|
| Outright products | | |
| 1 Interest rate risk (general and specific) | 2.868.950 | 1.001.575 |
| 2 Equity risk (general and specific) | -- | -- |
| 3 Foreign exchange risk | 9.689.975 | 3.261.200 |
| 4 Commodity risk | 7.419.225 | 3.734.888 |
| Options | | |
| 5 Simplified approach | -- | -- |
| 6 Delta-plus method | 484.713 | 1.277.987 |
| 7 Scenario approach | -- | -- |
| 8 Securitization | -- | -- |
| 9 Total | 20.462.863 | 9.275.650 |

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

| | Current Period: 31 December 2023 | | |
|----------------------------------|----------------------------------|-------------------|------------------|
| | Average | Highest | Lowest |
| Interest Rate Risk | 99.568 | 229.516 | 47.811 |
| Stock Risk | -- | -- | -- |
| Currency Risk | 338.775 | 775.198 | 86.502 |
| Commodity Risk | 434.746 | 593.538 | 327.227 |
| Settlement Risk | -- | -- | -- |
| Option Risk | 59.815 | 96.111 | 33.911 |
| Counterparty Risk | -- | -- | -- |
| Total Risk Exposure Value | 11.661.301 | 20.462.863 | 7.863.600 |

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| | Prior Period: 31 December 2022 | | |
|----------------------------------|--------------------------------|-------------------|------------------|
| | Average | Highest | Lowest |
| Interest Rate Risk | 71.479 | 161.976 | 37.193 |
| Stock Risk | -- | -- | -- |
| Currency Risk | 350.105 | 660.742 | 134.558 |
| Commodity Risk | 240.850 | 304.594 | 174.246 |
| Settlement Risk | -- | -- | -- |
| Option Risk | 41.868 | 120.717 | 3.013 |
| Counterparty Risk | -- | -- | -- |
| Total Risk Exposure Value | 8.803.776 | 14.298.288 | 4.362.625 |

g. Operational risk

1. Explanations on operational risk calculation

Principal amount subject to operational risk is calculated through using year-end gross income of 2022, 2021 and 2020 of Bank belonging to last 3 years via "Basic Indicators Approach" dated in accordance with "Communique on Measurement and Evaluation of Bank's Capital Adequacy" published on Official Gazette dated 23 October 2015 numbered 29511.

2. Basic indicators approach

| | 31.12.2020 | 31.12.2021 | 31.12.2022 | Total/Positive GI year number | Ratio(%) | Total |
|------------------------------------|------------|------------|------------|----------------------------------|----------|------------|
| Gross Income | 12.398.432 | 15.279.697 | 38.589.557 | 22.089.229 | 15 | 3.313.384 |
| Amount Subject to Operational Risk | | | | | | 41.417.304 |

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

a. Fair value calculations of financial assets and liabilities

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

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

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

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

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

| | Book Value Current Period | Fair Value Current Period |
|---|------------------------------|------------------------------|
| Financial Assets | 710.271.126 | 693.949.665 |
| Interbank Money Market Placements | 52.126.807 | 52.126.807 |
| Banks | 19.027.728 | 18.350.308 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 87.421.181 | 87.421.181 |
| Financial Assets Measured at Amortised Cost | 51.237.084 | 43.968.672 |
| Loans | 500.458.326 | 492.082.697 |
| Financial Liabilities | 840.700.194 | 835.871.459 |
| Bank Deposits | 7.919.556 | 7.881.962 |
| Other Deposits | 595.073.081 | 592.801.565 |
| Interbank Money Market Borrowings | 51.974.449 | 51.974.449 |
| Funds Borrowed From Other Financial Institutions | 142.406.586 | 141.443.217 |
| Subordinated Loans | 23.066.679 | 21.508.075 |
| Securities Issued | 20.259.843 | 20.262.191 |

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| | Book Value | Fair Value |
|---|---------------------|---------------------|
| | Prior Period | Prior Period |
| Financial Assets | 397.738.901 | 394.344.390 |
| Interbank Money Market Placements | -- | -- |
| Banks | 8.485.601 | 8.482.812 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 71.157.944 | 71.157.944 |
| Financial Assets Measured at Amortised Cost | 17.027.396 | 18.196.915 |
| Loans | 301.067.960 | 296.506.719 |
| Financial Liabilities | 430.898.069 | 426.640.870 |
| Bank Deposits | 21.664.423 | 21.597.927 |
| Other Deposits | 331.936.677 | 331.764.984 |
| Interbank Money Market Borrowings | 12.517.284 | 12.517.284 |
| Funds Borrowed From Other Financial Institutions | 47.977.459 | 46.481.824 |
| Subordinated Loans | 14.561.492 | 12.079.242 |
| Securities Issued | 2.240.734 | 2.199.609 |

b. Classification of fair value

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

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

| Current Period | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------|------------------|----------------|--------------------|
| Financial Assets at Fair Value Through Profit or Loss | 5.302.375 | -- | -- | 5.302.375 |
| Public Sector Debt Securities | 2.428.103 | -- | -- | 2.428.103 |
| Share Certificated | 896.056 | -- | -- | 896.056 |
| Trading Purpose Derivatives | 1.978.216 | -- | -- | 1.978.216 |
| Other Securities | -- | 8.044.143 | -- | 8.044.143 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 87.421.181 | -- | -- | 87.421.181 |
| Public Sector Debt Securities | 85.324.926 | -- | -- | 85.324.926 |
| Other Securities | 2.096.255 | -- | -- | 2.096.255 |
| Loans at Fair Value Through Profit or Loss | -- | -- | -- | -- |
| Total Assets | 92.723.556 | 8.044.143 | -- | 100.767.699 |
| Derivative Financial Liabilities Held for Trading | -- | 2.846.365 | -- | 2.846.365 |
| Total Liabilities | -- | 2.846.365 | -- | 2.846.365 |

| Prior Period | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------|------------------|----------------|-------------------|
| Financial Assets at Fair Value Through Profit or Loss | 1.849.482 | -- | -- | 1.849.482 |
| Public Sector Debt Securities | 1.271.436 | -- | -- | 1.271.436 |
| Share Certificated | 454.025 | -- | -- | 454.025 |
| Trading Purpose Derivatives | 124.021 | -- | -- | 124.021 |
| Other Securities | -- | 6.390.571 | -- | 6.390.571 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 71.157.944 | -- | -- | 71.157.944 |
| Public Sector Debt Securities | 71.156.994 | -- | -- | 71.156.994 |
| Other Securities | 950 | -- | -- | 950 |
| Loans at Fair Value Through Profit or Loss | -- | -- | -- | -- |
| Total Assets | 73.007.426 | 6.390.571 | -- | 79.397.997 |
| Derivative Financial Liabilities Held for Trading | -- | 3.523.637 | -- | 3.523.637 |
| Total Liabilities | -- | 3.523.637 | -- | 3.523.637 |

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

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

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

Movement table at level 3

| | Current period |
|---|----------------|
| Balance at the beginning of the period | -- |
| Purchases | -- |
| Write-Off | -- |
| Valuation differences | -- |
| Transfers | -- |
| Balance at the end of the period | -- |

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

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

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

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

There are no fiduciary transaction contracts.

XI. Explanations related to hedging transactions

a. Net investment risk

The Bank applies net investment hedge accounting as of 1 July 2015 in order to hedge exchange difference sourcing from equity method implementation for its net investment at a total amount of Euro 1.231 million belonging to Denizbank AG which is one of the subsidiaries of the Bank. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the exchange rate of these financial liabilities is recognised in hedge funds account under equity. Net investment risk calculation in Eurodeniz has been terminated due to the company's liquidation process.

Total abroad net investment hedging funds after tax recognised under equity is amounting to TL (23.681.069) as of 31 December 2023 (31 December 2022: TL (16.267.235)).

b. Cash flow risk

The cash flow hedging valuation difference in the Bank's equity includes the future operating lease receivables in Euros subject to contract within the scope of exchange rate risk management of Deniz Finansal Kiralama A.Ş., one of its subsidiaries to which TMS 27 equity method is applied, and future operating lease receivables whose fair values are followed in Euros. It started to apply cash flow hedge accounting as of 1 April 2018 by matching estimated second-hand vehicle sales with loans taken in Euro.

In cash flow hedge accounting that Deniz Finansal Kiralama A.Ş. started to implement; Future operating lease receivables and future estimated second-hand vehicle sales, whose fair values are followed in Euro, were determined as hedged items, and loans taken in Euro were taken into account as hedging instruments.

Profit/ (loss) after tax is none which is accounted under shareholders' equity as cash flow hedge accounting as of 31 December 2023 (31 December 2022: TL (3.131)).

XII. Explanations related to the segment reporting

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

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

Within the scope of retail banking, loan products (consumer, mortgage, vehicle, workplace, tractor, agricultural equipment and investment loans), credit cards with different features, producer cards, investment products (mutual funds, stocks, treasury bills/government bonds, repurchase), deposit products (demand, term, protected), insurance products 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 Bank's short, medium and long-term price strategies and maturity nonconformities, as well as spot and forward TL and foreign exchange trading, treasury bills, bonds and other domestic and international securities trading and derivative products. Bank also performs activities to provide medium and long-term funding, diversification of funding sources and establishment of an international investor base in this field.

Information on business segments has been prepared in accordance with the data provided from the Bank's Management Reporting System.

Information on business segments are presented in the following tables:

| Current Period (01/01/2023-31/12/2023) | Wholesale Banking | SME & Agricultural Banking | Retail Banking | Treasury | Other | Total |
|--|------------------------------|---|---------------------------|--------------------|--------------------|----------------------|
| Net interest income | 9.014.229 | 7.438.785 | 11.625.051 | 3.392.027 | (3.937) | 31.466.155 |
| Net fees and commission income | 1.099.275 | 4.284.921 | 7.930.163 | (225.287) | 537.324 | 13.626.396 |
| Other income/loss, net | 4.858.995 | 2.737.725 | 4.905.662 | (2.874.715) | (2.775.407) | 6.852.260 |
| Total segment income | 14.972.499 | 14.461.431 | 24.460.876 | 292.025 | (2.242.020) | 51.944.811 |
| Other operational expenses (*) | (3.043.739) | (6.890.824) | (9.469.522) | (431.616) | (637.684) | (20.473.385) |
| Provisions for expected credit loss and other provisions | 3.059.972 | (945.984) | (3.887.963) | (4.224.055) | (7.129) | (6.005.159) |
| Taxation | | | | | | (6.766.241) |
| Profit / Loss from Partnerships under Equity Method | | | | | | 9.326.429 |
| Net profit from continuing operations | 14.988.732 | 6.624.623 | 11.103.391 | (4.363.646) | (2.886.833) | 28.026.455 |
| Net profit from discontinued operations | | | | | | (148.670) |
| Net profit for the period | 14.988.732 | 6.624.623 | 11.103.391 | (4.363.646) | (2.886.833) | 27.877.785 |
| Current Period (31/12/2023) | | | | | | |
| Segment assets | 198.328.891 | 134.209.470 | 132.955.763 | 426.191.027 | -- | 891.685.151 |
| Subsidiaries and associates | | | | | | 69.128.910 |
| Undistributed assets | | | | | | 46.895.000 |
| Total assets | | | | | | 1.007.709.061 |
| Segment liabilities | 160.676.325 | 174.746.144 | 265.559.824 | 259.333.678 | -- | 860.315.971 |
| Undistributed liabilities | | | | | | 57.549.689 |
| Equity | | | | | | 89.843.401 |
| Total liabilities and shareholders' equity | | | | | | 1.007.709.061 |

(*) It also includes personnel expenses.

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Originally Issued in Turkish,
See Note 3.1.c*

| Prior Period (01/01/2022-31/12/2022) | Wholesale Banking | SME & Agricultural Banking | Retail Banking | Treasury | Other | Total |
|--|------------------------------|---|---------------------------|-------------------|--------------------|---------------------|
| Net interest income | 6.197.652 | 5.214.767 | 7.372.404 | 9.714.150 | (1.744) | 28.497.229 |
| Net fees and commission income | 712.987 | 2.069.160 | 3.086.913 | (146.690) | 135.007 | 5.857.377 |
| Other income/loss, net | 1.345.060 | 886.815 | 1.249.087 | 7.047.780 | (5.330.643) | 5.198.099 |
| Total segment income | 8.255.699 | 8.170.742 | 11.708.404 | 16.615.240 | (5.197.380) | 39.552.705 |
| Other operational expenses (*) | (1.298.919) | (3.296.668) | (4.581.409) | (358.837) | (186.680) | (9.722.513) |
| Provisions for expected credit loss and other provisions | (3.357.594) | (98.204) | (3.248.673) | (4.435.568) | (20.232) | (11.160.271) |
| Taxation | | | | | | (5.411.539) |
| Profit / Loss from Partnerships under Equity Method | | | | | | 3.887.281 |
| Net profit from continuing operations | 3.599.186 | 4.775.870 | 3.878.322 | 11.820.835 | (5.404.292) | 17.145.663 |
| Net profit from discontinued operations | | | | | | 27.351 |
| Net profit for the period | 3.599.186 | 4.775.870 | 3.878.322 | 11.820.835 | (5.404.292) | 17.173.014 |
| Prior Period (31/12/2022) | | | | | | |
| Segment assets | 109.149.236 | 90.776.041 | 73.898.524 | 191.040.271 | -- | 464.864.072 |
| Subsidiaries and associates | | | | | | 37.583.250 |
| Undistributed assets | | | | | | 23.847.427 |
| Total assets | | | | | | 526.294.749 |
| Segment liabilities | 89.865.472 | 87.485.668 | 159.058.278 | 108.821.983 | -- | 445.231.401 |
| Undistributed liabilities | | | | | | 26.552.750 |
| Equity | | | | | | 54.510.598 |
| Total liabilities and shareholders' equity | | | | | | 526.294.749 |

(*) It also includes personnel expenses.

SECTION FIVE

DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to assets

a. Cash and cash equivalents

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

| | Current Period | | Prior Period | |
|--|--------------------|--------------------|------------------|-------------------|
| | TL | FC | TL | FC |
| Cash in TL / Foreign Currency | 1.676.786 | 6.416.697 | 1.220.224 | 3.985.973 |
| Central Bank of the Republic of Turkey | 98.702.818 | 96.178.966 | 7.483.910 | 73.426.179 |
| Other | -- | 148 | -- | -- |
| Total | 100.379.604 | 102.595.811 | 8.704.134 | 77.412.152 |

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

| | Current Period | | Prior Period | |
|------------------------------|-------------------|-------------------|------------------|-------------------|
| | TL | FC | TL | FC |
| Unrestricted Demand Deposits | 38.489.129 | 45.047.355 | 7.483.910 | 20.133.448 |
| Unrestricted Time Deposits | 53.502.991 | 7.362.923 | -- | 14.013.933 |
| Restricted Time Deposits | 6.710.698 | 43.768.688 | -- | 39.278.798 |
| Total | 98.702.818 | 96.178.966 | 7.483.910 | 73.426.179 |

3. Explanations on reserve requirements

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

As of 31 December 2023, all banks operating in Turkey should provide a reserve in a range of 0% to 8% (31 December 2022: between 3% and 8%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 5% to 30% (31 December 2022: between 5% and 26%) in US Dollars or standard gold for their liabilities in foreign currencies.

The interest income received from reserve requirements of the Bank with the CBRT is amounting to TL 216.357 (1 January - 31 December 2022: TL 96.849). The related interest income recognised under "Interest on Reserve Requirements".

With the press release of the CBRT dated 23 April 2022, commercial cash loans of banks and financing companies in Turkish lira are subject to reserve requirements starting from the establishment date of 10 June 2022.

Within the scope of the CBRT's Communiqué numbered 2021/14, additional required reserve and commission application according to the conversion rate into Turkish lira time deposit accounts for foreign currency deposit accounts effective as of 2 September 2022, it has been terminated with the Communiqué numbered 2022/30 published in the Official Gazette dated 31 December 2022 and numbered 32060 with the 5th repetitive number, effective from the obligation period of 23 December 2022.

As of 23.12.2022, the commission rate to be calculated over the required reserve amount required for foreign currency deposit liabilities has been determined as 8% per annum for banks with a Turkish lira deposit share below 50% and for banks between 50% and 60%, as 3% per annum in both real and legal person deposits.

4. Information on Banks

| | Current Period | | Prior Period | |
|-----------------------------------|------------------|-------------------|----------------|------------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 5.799.347 | 299.586 | 996.384 | 127.987 |
| Foreign | 461.758 | 12.467.037 | 87 | 7.361.143 |
| Foreign head offices and branches | -- | -- | -- | -- |
| Total | 6.261.105 | 12.766.623 | 996.471 | 7.489.130 |

5. Information on foreign banks

| | Unrestricted Amount | | Restricted Amount | |
|-------------------|---------------------|------------------|-------------------|----------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| EU Countries | 2.302.377 | 1.995.577 | 2.030.829 | 688.108 |
| USA, Canada | 7.065.164 | 4.211.443 | -- | -- |
| OECD Countries(*) | 145.463 | 43.379 | 57.699 | 266.638 |
| Off shore zones | 975.292 | 836 | -- | -- |
| Other | 330.775 | 155.249 | 21.196 | -- |
| Total | 10.819.071 | 6.406.484 | 2.109.724 | 954.746 |

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

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

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

None.

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

None.

3. Other financial assets

As of 31 December 2023, other financial assets include securities other than government debt securities and equity instruments.

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

| | Current Period | | Prior Period | |
|----------------------|------------------|------------------|------------------|------------------|
| | TL | FC | TL | FC |
| Forward Transactions | 110.200 | 318.016 | 167.202 | 131.274 |
| Swap Transactions | 1.116.698 | 6.116.568 | 1.375.561 | 3.376.483 |
| Futures Transactions | -- | -- | 8.836 | -- |
| Options | 370 | 382.291 | 42.827 | 1.288.388 |
| Other | -- | -- | -- | -- |
| Total | 1.227.268 | 6.816.875 | 1.594.426 | 4.796.145 |

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

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

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

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

Financial assets at fair value through other comprehensive income which are given as collateral consist of securities issued to various financial institutions, primarily the Central Bank of the Republic of Turkey and İstanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank), for interbank money market, foreign exchange market and other transactions. These financial assets include government bonds and Eurobonds, and their total book value amounts to TL 25.386.884 (31 December 2022: TL 22.237.324).

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

| <i>Given as collateral or blocked</i> | Current Period | | Prior Period | |
|--|-----------------------|------------------|---------------------|------------------|
| <i>Financial assets at fair value through other comprehensive income</i> | TL | FC | TL | FC |
| Share Certificates | -- | -- | -- | -- |
| Bills, Bonds and Similar Securities | 21.591.575 | 3.795.309 | 19.543.206 | 2.694.118 |
| Other | -- | -- | -- | -- |
| Total | 21.591.575 | 3.795.309 | 19.543.206 | 2.694.118 |

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

| <i>Subject to repurchase agreements</i> | Current Period | | Prior Period | |
|--|-----------------------|-------------------|---------------------|-------------------|
| <i>Financial assets at fair value through other comprehensive income</i> | TL | FC | TL | FC |
| Government Bonds | 4.685.417 | 47.972.863 | 87.568 | 14.610.285 |
| Treasury Bills | -- | -- | -- | -- |
| Other Debt Securities | -- | -- | -- | -- |
| Bank Bills and Bank Guaranteed Bills | -- | -- | -- | -- |
| Asset Backed Securities | -- | -- | -- | -- |
| Other | -- | -- | -- | -- |
| Total | 4.685.417 | 47.972.863 | 87.568 | 14.610.285 |

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

| <i>Financial assets at fair value through other comprehensive income</i> | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Debt Securities | 87.420.221 | 71.156.994 |
| Quoted on Stock Exchange (*) | 87.420.221 | 71.156.994 |
| Unquoted on Stock Exchange | -- | -- |
| Share Certificates | 960 | 950 |
| Quoted on Stock Exchange | -- | -- |
| Unquoted on Stock Exchange | 960 | 950 |
| Impairment Provisions (-) | -- | -- |
| Total | 87.421.181 | 71.157.944 |

(*) It includes bank and corporate bills.

d. Explanations on loans

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

| | Current Period | | Prior Period | |
|---|-----------------------|-----------------|---------------------|-----------------|
| | Cash | Non-Cash | Cash | Non-Cash |
| Direct Loans Granted to Shareholders | -- | 162.491 | -- | 93.168 |
| Corporate Shareholders | -- | 162.491 | -- | 93.168 |
| Individual Shareholders | -- | -- | -- | -- |
| Indirect Loans Granted to Shareholders | -- | -- | -- | -- |
| Loans Granted to Employees | 583.587 | 120 | 346.242 | 155 |
| Total | 583.587 | 162.611 | 346.242 | 93.323 |

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

| Cash loans (*) | Standard Loans | Loans Under Close Monitoring | | |
|------------------------------|-----------------------|---|--|--------------------|
| | | Restructured Loans | | Refinancing |
| | | Not included in restructured loans | Changes in conditions of contract | |
| Non-specialized loans | 410.061.443 | 23.140.014 | 10.531.362 | 11.412.757 |
| Corporate loans | 4.189.995 | 2.670.532 | 4.204.545 | 756.016 |
| Export loans | 41.685.016 | 173.210 | -- | 213.618 |
| Import loans | -- | -- | -- | -- |
| Commercial loans | 13.080.835 | -- | -- | -- |
| Consumer loans | 55.512.061 | 4.365.379 | 2.370.603 | 19.193 |
| Credit cards | 94.050.181 | 3.501.909 | 1.783.048 | 2.369 |
| Others | 201.543.355 | 12.428.984 | 2.173.166 | 10.421.561 |
| Specialized loans | 22.214.443 | 1.408.983 | 252.101 | 212.307 |
| Other receivables | -- | -- | -- | -- |
| Total | 432.275.886 | 24.548.997 | 10.783.463 | 11.625.064 |

(*) It includes loans measured at amortised cost.

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| Stage 1 and Stage 2 Provisions for Expected Credit Loss | Current Period | | Prior Period | |
|--|------------------|------------------------------|------------------|------------------------------|
| | Standard Loans | Loans Under Close Monitoring | Standard Loans | Loans Under Close Monitoring |
| 12-Month provision for expected credit loss | 6.341.630 | -- | 3.895.565 | -- |
| Significant increase in credit risk | -- | 14.180.707 | -- | 10.007.792 |
| Total | 6.341.630 | 14.180.707 | 3.895.565 | 10.007.792 |

3. Distribution of cash loans according to maturity structure

| | Standard Loans | Loans Under Close Monitoring | |
|----------------------------|--------------------|------------------------------|-------------------|
| | | Not Restructured | Restructured |
| Short-Term Loans | 242.312.071 | 7.899.043 | 1.585.889 |
| Medium and Long-Term Loans | 189.963.815 | 16.649.954 | 20.822.638 |
| Total | 432.275.886 | 24.548.997 | 22.408.527 |

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

| | Short Term | Medium or Long Term | Total |
|---|--------------------|---------------------|--------------------|
| Consumer Loans-TL | 12.544.985 | 40.527.323 | 53.072.308 |
| Real estate Loans | 1.761 | 743.954 | 745.715 |
| Vehicle Loans | 5.985 | 26.686 | 32.671 |
| General Purpose Loans | 12.537.239 | 39.756.683 | 52.293.922 |
| Other | -- | -- | -- |
| Consumer Loans-Indexed to FC | -- | 12.768 | 12.768 |
| Real estate Loans | -- | 11.358 | 11.358 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | 1.410 | 1.410 |
| Other | -- | -- | -- |
| Consumer Loans-FC | -- | 6.322 | 6.322 |
| Real estate Loans | -- | 6.322 | 6.322 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Individual Credit Cards-TL | 83.760.734 | 2.968.944 | 86.729.678 |
| Installment | 33.747.128 | 2.968.944 | 36.716.072 |
| Non installment | 50.013.606 | -- | 50.013.606 |
| Individual Credit Cards-FC | 65.089 | -- | 65.089 |
| Installment | -- | -- | -- |
| Non installment | 65.089 | -- | 65.089 |
| Loans Given to Employees-TL | 109.759 | 245.543 | 355.302 |
| Real estate Loans | -- | 28 | 28 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | 109.759 | 245.515 | 355.274 |
| Other | -- | -- | -- |
| Loans Given to Employees - Indexed to FC | -- | -- | -- |
| Real estate Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Loans Given to Employees - FC | -- | -- | -- |
| Real estate Loans | -- | -- | -- |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | -- | -- |
| Other | -- | -- | -- |
| Personnel Credit Cards - TL | 218.098 | 1.090 | 219.188 |
| Installment | 83.722 | 1.090 | 84.812 |
| Non installment | 134.376 | -- | 134.376 |
| Personnel Credit Cards - FC | 1.043 | -- | 1.043 |
| Installment | -- | -- | -- |
| Non installment | 1.043 | -- | 1.043 |
| Overdraft Loans-TL (Real Persons) (*) | 8.820.536 | -- | 8.820.536 |
| Overdraft Loans-FC (Real Persons) | -- | -- | -- |
| Total | 105.520.244 | 43.761.990 | 149.282.234 |

(*) The overdraft account used by the personnel of the Bank amounts to TL 8.054.

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5. Information on commercial installment loans and corporate credit cards

| | Short Term | Medium or Long Term | Total |
|---|-------------------|---------------------|-------------------|
| Installment Commercial Loans - TL | 4.584.755 | 19.047.065 | 23.631.820 |
| Real estate Loans | 8 | 82.836 | 82.844 |
| Vehicle Loans | 7.701 | 117.762 | 125.463 |
| General Purpose Loans | 4.577.046 | 18.846.467 | 23.423.513 |
| Other | -- | -- | -- |
| Installment Commercial Loans - Indexed to FC | -- | 497.888 | 497.888 |
| Real estate Loans | -- | 1.429 | 1.429 |
| Vehicle Loans | -- | -- | -- |
| General Purpose Loans | -- | 496.459 | 496.459 |
| Other | -- | -- | -- |
| Installment Commercial Loans - FC | 37.628 | 27.918.941 | 27.956.569 |
| Real estate Loans | -- | -- | -- |
| Vehicle Loans | -- | 11.102 | 11.102 |
| General Purpose Loans | 37.628 | 27.907.839 | 27.945.467 |
| Other | -- | -- | -- |
| Corporate Credit Cards - TL | 12.136.870 | 183.439 | 12.320.309 |
| Installment | 2.214.981 | 183.439 | 2.398.420 |
| Non installment | 9.921.889 | -- | 9.921.889 |
| Corporate Credit Cards - FC | 2.200 | -- | 2.200 |
| Installment | -- | -- | -- |
| Non installment | 2.200 | -- | 2.200 |
| Overdraft Loans-TL (Legal Entities) | 5.772.221 | -- | 5.772.221 |
| Overdraft Loans-FC (Legal Entities) | -- | -- | -- |
| Total | 22.533.674 | 47.647.333 | 70.181.007 |

6. Distribution of loans according to user

| | Current Period | Prior Period |
|--------------|--------------------|--------------------|
| Public | 11.204.522 | 5.372.283 |
| Private | 468.028.888 | 279.019.050 |
| Total | 479.233.410 | 284.391.333 |

7. Distribution of domestic and foreign loans

| | Current Period | Prior Period |
|----------------|--------------------|--------------------|
| Domestic Loans | 463.991.104 | 277.517.673 |
| Foreign Loans | 15.242.306 | 6.873.660 |
| Total | 479.233.410 | 284.391.333 |

8. Loans granted to subsidiaries and associates

| | Current Period | Prior Period |
|---|-------------------|------------------|
| Direct loans granted to subsidiaries and associates | 10.106.073 | 7.110.486 |
| Indirect loans granted to subsidiaries and associates | -- | -- |
| Total | 10.106.073 | 7.110.486 |

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

| | Current Period | Prior Period |
|---|-------------------|-------------------|
| Provisions related to loans or credit impaired lossess (stage 3) | | |
| Loans with Limited Collectability | 1.618.843 | 2.788.808 |
| Loans with Doubtful Collectability | 2.890.947 | 1.693.546 |
| Uncollectible Loans | 9.868.341 | 8.842.950 |
| Total | 14.378.131 | 13.325.304 |

10. Information on non-performing loans (Net)

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

| | Group III Loans with Limited Collectability | Group IV Loans with Doubtful Collectability | Group V Uncollectible Loans |
|---------------------------------------|---|---|-----------------------------------|
| Current Period | 77.785 | 366.399 | 9.052.906 |
| (Gross amounts before the provisions) | | | |
| Restructured loans | 77.785 | 366.399 | 9.052.906 |
| Prior Period | 2.176.587 | 151.628 | 5.755.605 |
| (Gross amounts before the provisions) | | | |
| Restructured loans | 2.176.587 | 151.628 | 5.755.605 |

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

| | Group III | Group IV | Group V |
|---|-----------------------------------|------------------------------------|---------------------|
| | Loans with limited collectability | Loans with doubtful collectability | Uncollectible loans |
| Balances at Beginning of Period | 3.838.222 | 2.307.340 | 10.531.065 |
| Additions (+) | 3.673.718 | 5.287.056 | 5.240.857 |
| Transfers from Other Categories of Non-Performing Loans (+) | -- | 2.761.013 | 3.430.942 |
| Transfers from Other Categories of Non-Performing Loans (-) | 2.761.013 | 3.430.942 | -- |
| Collections (-) | 2.109.837 | 1.392.824 | 5.276.222 |
| Write-offs (-) | -- | -- | 1.185.424 |
| Sales (-) | -- | -- | 1.200.714 |
| Corporate and Commercial Loans | -- | -- | 11.249 |
| Retail Loans | -- | -- | 677.189 |
| Credit Cards | -- | -- | 381.646 |
| Other | -- | -- | 130.630 |
| FX Differences | 244.625 | 124.306 | 1.142.748 |
| Balances at End of the Period | 2.885.715 | 5.655.949 | 12.683.252 |
| Specific Provisions (-) | 1.618.843 | 2.890.947 | 9.868.341 |
| Net Balance on Balance Sheet | 1.266.872 | 2.765.002 | 2.814.911 |

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

| | Group III | Group IV | Group V |
|---|-----------------------------------|------------------------------------|---------------------|
| | Loans with limited collectability | Loans with doubtful collectability | Uncollectible loans |
| Current Period: 31 December 2023 | | | |
| Balance as of the Period End | -- | -- | 4.021.749 |
| Provisions (-) | -- | -- | 2.964.347 |
| Net Balance on Balance Sheet | -- | -- | 1.057.402 |
| Prior Period: 31 December 2022 | | | |
| Balance as of the Period End | 640.784 | -- | 2.962.447 |
| Provisions (-) | 640.031 | -- | 2.195.209 |
| Net Balance on Balance Sheet | 753 | -- | 767.238 |

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

| | Group III | Group IV | Group V |
|--|-----------------------------------|------------------------------------|---------------------|
| | Loans with limited collectability | Loans with doubtful collectability | Uncollectible loans |
| Current Period (Net): 31 December 2023 | 1.266.872 | 2.765.002 | 2.814.911 |
| Loans Granted to Real Persons and Legal Entities (Gross) | 2.885.715 | 5.655.949 | 12.683.252 |
| Provisions (-) | 1.618.843 | 2.890.947 | 9.868.341 |
| Loans Granted to Real Persons and Legal Entities (Net) | 1.266.872 | 2.765.002 | 2.814.911 |
| Banks (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Banks (Net) | -- | -- | -- |
| Other Loan (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Other Loan (Net) | -- | -- | -- |
| Prior Period (Net): 31 December 2022 | 1.049.414 | 613.794 | 1.688.115 |
| Loans Granted to Real Persons and Legal Entities (Gross) | 3.838.222 | 2.307.340 | 10.531.065 |
| Provisions (-) | 2.788.808 | 1.693.546 | 8.842.950 |
| Loans Granted to Real Persons and Legal Entities (Net) | 1.049.414 | 613.794 | 1.688.115 |
| Banks (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Banks (Net) | -- | -- | -- |
| Other Loan (Gross) | -- | -- | -- |
| Provisions (-) | -- | -- | -- |
| Other Loan (Net) | -- | -- | -- |

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

| | Group III | Group IV | Group V |
|--|-----------------------------------|------------------------------------|---------------------|
| | Loans with Limited Collectability | Loans with Doubtful Collectability | Uncollectible Loans |
| Current Period (Net) | 141.945 | 171.649 | 93.398 |
| Interest accruals and rediscount and valuation differences | 276.875 | 405.884 | 966.898 |
| Amount of provision (-) | 134.930 | 234.235 | 873.500 |
| Prior Period (Net) | 103.022 | 64.498 | 120.514 |
| Interest accruals and rediscount and valuation differences | 362.656 | 240.213 | 1.119.277 |
| Amount of provision (-) | 259.634 | 175.715 | 998.763 |

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

For uncollectible loans, first of all the Bank and the customer 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 customers sign a pledge deficit document or a certificate of insolvency.

12. Explanations on write-off policy

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

Write-off policy:

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

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

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

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

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

e. Information on financial assets measured at amortised cost

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

(i) Information on securities subject to repurchase agreement

Financial assets measured at amortised cost subject to repurchase agreement amounts to TL 22.343.684 (31 December 2022: TL 5.169.389).

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

Collateralized financial assets measured at amortised cost are government bonds, book value of which amounts to TL 15.046.368 (31 December 2022: TL 3.903.075).

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2. Information on government debt securities measured at amortised cost

| <i>Government debt securities measured at amortised cost</i> | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Government Bonds | 51.237.084 | 17.027.396 |
| Treasury Bills | -- | -- |
| Other Government Debt Securities | -- | -- |
| Total | 51.237.084 | 17.027.396 |

3. Information on financial assets measured at amortised cost

| <i>Financial assets measured at amortised cost</i> | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Debt Securities | 51.237.084 | 17.027.396 |
| Quoted on Stock Exchange | 51.237.084 | 17.027.396 |
| Unquoted on Stock Exchange | -- | -- |
| Impairment provisions (-) | -- | -- |
| Total | 51.237.084 | 17.027.396 |

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

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Balance at the beginning of the period | 17.027.396 | 7.124.821 |
| Foreign exchange differences in monetary assets (*) | 18.577.036 | 1.836.732 |
| Purchases during the year (**) | 16.732.722 | 8.953.350 |
| Disposals by sale and redemption | (1.100.070) | (887.507) |
| Impairment provisions (-) | -- | -- |
| Total | 51.237.084 | 17.027.396 |

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

(**) Due to the change in the business model in May 2023, the Bank reclassified the bonds with a cost of TL 15.691.318 from the "Financial assets at fair value through other comprehensive income" category to the "Financial assets measured at amortized cost" category.

f. Information on investments in associates

| Title | Address (City/Country) | Share percentage of the Bank (%) | Risk Group Share Percentage of the Bank (%) |
|--|-----------------------------------|---|--|
| 1-Kredi Kayıt Bürosu A.Ş. ⁽¹⁾ | İstanbul/Turkey | 9,00 | -- |
| 2-Kredi Garanti Fonu A.Ş. ⁽²⁾ | Ankara/Turkey | 2,00 | -- |
| 3-Ege Tarım Ürünleri Lisanslı Dep. A.Ş. ⁽³⁾ | İzmir/Turkey | 9,00 | -- |
| 4-İhracatı Geliştirme A.Ş. ⁽²⁾ | İstanbul/Turkey | 0,16 | -- |

| | Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income on Securities Portfolio | Current Period Profit/(Loss) | Prior Period Profit/(Loss) | Fair Value |
|---|---------------------|---------------------------------|-------------------------------|----------------------------|---|---|---------------------------------------|-------------------|
| 1 | 1.201.571 | 242.442 | 337.114 | 109.408 | -- | 128.362 | 29.975 | -- |
| 2 | 1.814.872 | 1.093.002 | 30.886 | 6.009 | -- | 326.627 | 211.158 | -- |
| 3 | 76.514 | 35.319 | 46.036 | 994 | -- | 14.217 | 1.960 | -- |
| 4 | 4.563.113 | 4.532.905 | 1.208 | 429.893 | -- | 1.154.146 | 22.740 | -- |

⁽¹⁾ Information on the financial statements is presented as of the period ended 30 September 2023.

⁽²⁾ Information on the financial statements is presented as of the period ended 31 December 2022.

⁽³⁾ Information on the financial statements is presented as of the period ended 31 December 2023.

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g. Information on investments in subsidiaries

1. Information on shareholders' equity of major subsidiaries

The amounts below are obtained from the financial data of 31 December 2023 prepared in accordance with the legislation to which Denizbank AG is subject to.

| | Denizbank AG |
|---------------------------------|---------------------|
| Paid-in capital | 7.551.647 |
| Share premium | 11.095.527 |
| Reserves | 16.706.739 |
| Deductions from capital | 101.584 |
| Total Common Equity | 35.252.329 |
| Total additional Tier I capital | -- |
| Deductions from capital | 406.335 |
| Total Core Capital | 34.845.994 |
| Total supplementary capital | 2.653.079 |
| Capital | 37.499.073 |
| Deductions from capital | -- |
| SHAREHOLDERS' EQUITY | 37.499.073 |

2. Information on subsidiaries

| Title | Address (City/Country) | Share percentage of the Bank (%) | Share percentage of other shareholders (%)⁽³⁾ |
|--|-----------------------------------|---|---|
| 1 Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. ⁽¹⁾ | Istanbul/Turkey | 100 | -- |
| 2 Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. ⁽¹⁾ | Istanbul/Turkey | 100 | -- |
| 3 Denizbank AG | Vienna/Austria | 100 | -- |
| 4 Eurodeniz International Banking Unit Ltd. ⁽⁵⁾ | Nicosia / Cyprus | 100 | -- |
| 5 Deniz Yatırım Menkul Kıymetler A.Ş. | Istanbul/Turkey | 100 | -- |
| 6 Ekspres Gayrimenkul Turizm Yatırım İşletme ve Ticaret A.Ş. ⁽¹⁾⁽⁴⁾ | Istanbul/Turkey | -- | 100 |
| 7 JSC Denizbank Moskova ⁽⁴⁾ | Moscow / Russia | 100 | -- |
| 8 Deniz Portföy Yönetimi A.Ş. | Istanbul/Turkey | -- | 100 |
| 9 Deniz Finansal Kiralama A.Ş. | Istanbul/Turkey | 100 | -- |
| 10 Deniz Faktoring A.Ş. | Istanbul/Turkey | 100 | -- |
| 11 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽²⁾ | Istanbul/Turkey | -- | 75 |
| 12 CR Erdberg Eins GmbH & Co KG ⁽²⁾ | Vienna/Austria | -- | 100 |
| 13 Fastpay Elektronik Para ve Ödeme Hizmetleri A.Ş. | Istanbul/Turkey | 100 | -- |
| 14 Neohub Teknoloji Yazılım Pazarlama ve Danışmanlık A.Ş. | Istanbul/Turkey | -- | 100 |
| 15 Neo Elektronik Ticaret Bilişim Teknolojileri Yazılım ve Danışmanlık A.Ş. ⁽¹⁾ | Istanbul/Turkey | -- | 100 |

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

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

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

⁽⁴⁾ Denizbank AG sold its subsidiary share in JSC Denizbank Moskova to Denizbank.

The Bank sold its subsidiary share in Ekspres Gayrimenkul Turizm Yatırım İşletme ve Ticaret A.Ş. to Deniz Finansal Kiralama A.Ş..

⁽⁵⁾ Eurodeniz International Banking Unit Ltd. has entered into the liquidation process. Explanation is given in Section Three, note XI.

| | 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 | 2.745.422 | 2.035.841 | 1.318.243 | 10.543 | -- | 966.664 | 474.547 | -- | -- |
| 2 | 884 | 809 | -- | -- | -- | (77) | 169 | -- | -- |
| 3 | 187.180.268 | 44.949.045 | 665.583 | 6.846.366 | 351.665 | 3.850.983 | 1.420.377 | -- | -- |
| 4 | -- | -- | -- | -- | -- | -- | 2.019 | -- | -- |
| 5 | 10.278.554 | 3.339.787 | 25.541 | 2.226.361 | 339 | 1.454.437 | 503.002 | -- | -- |
| 6 | 50.652 | 23.444 | 5.168 | 277 | -- | 9.126 | 2.600 | -- | -- |
| 7 | 15.586.120 | 2.313.611 | 57.894 | 528.798 | 17.838 | 689.775 | 723.697 | -- | -- |
| 8 | 260.099 | 230.406 | 3.422 | (181) | (254) | 146.959 | 35.592 | -- | -- |
| 9 | 21.869.494 | 5.241.326 | 5.491.939 | 1.664.996 | -- | 1.602.361 | 660.792 | -- | -- |
| 10 | 16.494.214 | 3.541.838 | 35.157 | 3.510.164 | -- | 993.481 | 240.602 | -- | -- |
| 11 | 2.160.638 | 2.101.865 | 3.623 | 41.240 | 405 | 776.148 | 606.008 | -- | -- |
| 12 | 1.148.867 | 1.006.397 | 843.664 | 866 | -- | 2.809 | 5.722 | -- | -- |
| 13 | 183.267 | 103.368 | 48.482 | 5.655 | -- | 4.277 | (5.823) | -- | -- |
| 14 | 106.599 | 84.208 | 3.075 | 6 | -- | 46.286 | 10.781 | -- | -- |
| 15 | 9.248 | 8.920 | 2.803 | 926 | -- | (105) | -- | -- | -- |

Information on the financial statements is presented as of the period ended 31 December 2023.

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(i) Movement of subsidiaries during the period

| | Current Period | Prior Period |
|---|-------------------|-------------------|
| Balance at the Beginning of the Period | 37.560.090 | 30.716.383 |
| Movements During the Period | 31.543.752 | 6.843.707 |
| Purchases ⁽⁴⁾ | 4.073.000 | 476.440 |
| Bonus Shares Received ⁽⁵⁾ | 1.485.401 | -- |
| Dividends from Current Year Profit ⁽¹⁾ | 9.326.429 | 3.889.319 |
| Sales ⁽⁶⁾ | (4.195) | (7.118) |
| Revaluation Increase, Effect of Inflation and F/X Difference ^{(2) (3)} | 16.663.117 | 2.485.066 |
| Provision for Impairment | -- | -- |
| Balance at the End of the Period | 69.103.842 | 37.560.090 |
| Capital Commitments | -- | -- |
| Share Percentage at the end of Period (%) | -- | -- |

⁽¹⁾ It is the amount added to the unconsolidated financial statements as a result of the application of equity method in accordance with TAS 27 mentioned in Section Three, note I. As of 31 December 2023, there is no dividend income.

⁽²⁾ It consists of other reserves amounting to TL 10.435.191 as of 31 December 2023 (31 December 2022: TL 1.165.971), valuation differences of securities amounting to TL 103.868 (31 December 2022: TL 20.832), cash flow hedge transactions TL 3.131 (31 December 2022: TL 6.775), real estate revaluation TL 124.924 (31 December 2022: TL 53.308) and actuarial gain/(loss) TL 3.051 (31 December 2022: TL (13.176)) as a consequence of equity method implementation in accordance with TAS 27 mentioned in Section Three, note I.

⁽³⁾ It includes the fair value of Intertech amounting to TL 5.592.952 as of 31 December 2023 (31 December 2022: TL 1.288.020) in accordance with TFRS 9.

⁽⁴⁾ Denizbank AG sold of its subsidiary share in JSC Denizbank Moscow to Denizbank as of 31 December 2022.

With the decision of the Bank's Board of Directors dated 31 March 2022, it was decided to increase the capital of Fastpay Elektronik Para ve Ödeme Hizmetleri A.Ş. by TL 25.000 and to participate in the entire increased amount by the Bank. The capital commitment debt was paid on 31 March 2022 before the capital increase decision was registered. As of 31 March 2023 a capital increase of TL 73.000 was made.

In September 2023, the Bank increased the capital of Deniz Finansal Kiralama A.Ş. by TL 2.000.000 in cash and the capital of Deniz Faktoring A.Ş. by TL 2.000.000 in cash.

⁽⁵⁾ Deniz Finansal Kiralama A.Ş. It increased its paid-in capital by TL 1.133.000 from its internal sources, and Deniz Faktoring A.Ş. increased its paid-in capital by TL 352.400 from its internal sources. The Bank has accounted these amounts in "Subsidiaries" accounts.

⁽⁶⁾ Within the scope of the decision of our Bank's Board of Directors dated 14 September 2023, it was decided to transfer the 70,58% share of our subsidiary Ekspres Gayrimenkul Turizm Yatırım İşletme ve Ticaret A.Ş., owned by our Bank, in the amount of TL 4.195 to Deniz Finansal Kiralama A.Ş. and the Share Transfer Agreement regarding the share transfer was concluded on 15 September 2023.

Eurodeniz International Banking Unit has entered into the liquidation process and has been classified under the "Non-current assets held for sale and related to discontinued operations (Net)" line in the financial statement. The investment amount in the bank, TL 7.118, was shown in sales in the previous period of the table.

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

| | Current Period | Prior Period |
|---------------------|-------------------|-------------------|
| Banks | 47.721.089 | 30.545.258 |
| Insurance Companies | -- | -- |
| Factoring Companies | 3.541.838 | 530.323 |
| Leasing Companies | 5.247.906 | 1.635.467 |
| Finance Companies | -- | -- |
| Other Subsidiaries | 12.593.009 | 4.849.042 |
| Total | 69.103.842 | 37.560.090 |

(iii) Quoted subsidiaries: None.

(iv) Subsidiaries disposed during the current period: Eurodeniz International Banking Unit Ltd.

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

h. Information on jointly controlled partnerships (joint ventures)

| Title | Share percentage of the Bank (%) | Share percentage of the Group (%) | Current Assets | Non-Current Assets | Non-Current Liabilities | Income | Expenses |
|---|----------------------------------|-----------------------------------|----------------|--------------------|-------------------------|---------|-----------|
| Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. | 33 | 33 | 186.669 | 185.558 | 100.835 | 914.819 | (905.140) |

Information on the unaudited financial statements is presented as of the period ended 30 November 2023.

i. Information on receivables from leasing transactions

None.

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

None.

k. **Explanation on investment properties**

None.

l. **Information on tangible assets**

| | Real Estate | Vehicles | Right-of-Use Assets | Other | Total |
|--|-------------|----------|---------------------|-------------|-------------|
| Cost At the End Of The Prior Period | 221.445 | 2.258 | 1.203.531 | 2.029.832 | 3.457.066 |
| Transfers | -- | -- | -- | -- | -- |
| Acquisitions | 2.588 | 1.085 | 738.791 | 526.348 | 1.268.812 |
| Revaluation differences | 284.133 | -- | -- | -- | 284.133 |
| Disposals | -- | -- | (38.414) | (71.000) | (109.414) |
| Foreign exchange differences | -- | 401 | 1.632 | 638 | 2.671 |
| Cost At the End Of The Period | 508.166 | 3.744 | 1.905.540 | 2.485.818 | 4.903.268 |
| Accumulated Depreciation At the End Of The Prior Period | -- | (1.990) | (748.158) | (1.237.925) | (1.988.073) |
| Transfers | -- | -- | -- | -- | -- |
| Depreciation for the period | (1.243) | (273) | (478.029) | (261.561) | (741.106) |
| Disposals | -- | -- | 38.414 | 58.815 | 97.229 |
| Foreign exchange differences | 1.218 | (433) | (1.796) | (527) | (1.538) |
| Accumulated Depreciation At the End Of The Period | (25) | (2.696) | (1.189.569) | (1.441.198) | (2.633.488) |
| Net Book Value At The End Of The Period | 508.141 | 1.048 | 715.971 | 1.044.620 | 2.269.780 |

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 469.984 (31 December 2022: TL 185.851) is recognised under equity as a result of revaluation process.

m. **Information on intangible assets**

| | Other | Goodwill | Total |
|--|-------------|----------|-------------|
| Cost At the End Of The Prior Period | 2.779.372 | -- | 2.779.372 |
| Transfers | -- | -- | -- |
| Acquisitions | 1.891.762 | -- | 1.891.762 |
| Revaluation differences | -- | -- | -- |
| Disposals | (68.426) | -- | (68.426) |
| Foreign exchange differences | 10.894 | -- | 10.894 |
| Cost At the End Of The Period | 4.613.602 | -- | 4.613.602 |
| Accumulated Depreciation At the End Of The Prior Period | (1.485.642) | -- | (1.485.642) |
| Transfers | -- | -- | -- |
| Depreciation for the period | (875.875) | -- | (875.875) |
| Disposals | 42.527 | -- | 42.527 |
| Foreign exchange differences | (10.893) | -- | (10.893) |
| Accumulated Depreciation At the End Of The Period | (2.329.883) | -- | (2.329.883) |
| Net Book Value At The End Of The Period | 2.283.719 | -- | 2.283.719 |

n. Information on deferred tax asset

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

Deferred tax income recognised in equity resulting from the effect of TAS 27 is TL 72.508 (31 December 2022: TL 7.873).

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

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Miscellaneous Provisions | 5.994.008 | 3.679.689 |
| Provision for Employee Benefits | 474.039 | 366.324 |
| Valuation Differences of Tangible Assets | 416.581 | - |
| Tax Losses (*) | 348.300 | - |
| Valuation Differences of Financial Assets | - | 330.268 |
| Unearned Revenue | 280.632 | 187.895 |
| Deferred Tax Assets | 7.513.560 | 4.564.176 |
| Valuation Differences of Financial Assets | (2.105.243) | - |
| Valuation Differences of Derivatives | (1.210.148) | (295.391) |
| Valuation Differences of Tangible Assets | - | (57.793) |
| Other | (24.647) | (70.873) |
| Deferred Tax Liabilities | (3.340.038) | (424.057) |
| Net Deferred Tax Assets | 4.173.522 | 4.140.119 |

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

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

Eurodeniz International Banking Unit Ltd., one of the Bank's subsidiaries has entered into the liquidation process. Until the liquidation process is completed, it is classified under the discontinued operations lines in the financial statements. Explanation is given in Section Three, note XI.

p. Information on other assets

1. Information on prepaid expense, taxes and similar items

Bank's total prepaid expenses are TL 7.013.485 (31 December 2022: TL 2.135.994).

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 unconsolidated liabilities

a. Information on deposits

Foreign currency protected deposit product, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign currency exchange rates, started to be offered to bank customers as of the year of 2021 accounting period reported. TL deposits include TL 196.906.806 deposits within this scope as of 30 December 2023 (31 December 2022: TL 73.171.134).

1. Information on maturity structure of deposits

Current period - 31 December 2023:

| | 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 | 17.439.466 | -- | 14.188.509 | 70.365.653 | 90.301.008 | 54.697.814 | 27.262.350 | 3.688 | 274.258.488 |
| Foreign Currency Deposits (*) | 104.167.809 | -- | 19.036.462 | 28.817.858 | 4.173.268 | 12.176.181 | 6.294.573 | 12.998 | 174.679.149 |
| Residents in Turkey | 75.816.815 | -- | 17.455.943 | 25.780.042 | 2.982.489 | 4.644.685 | 3.458.708 | 9.924 | 130.148.606 |
| Residents Abroad | 28.350.994 | -- | 1.580.519 | 3.037.816 | 1.190.779 | 7.531.496 | 2.835.865 | 3.074 | 44.530.543 |
| Public Sector Deposits | 2.047.372 | -- | 122.638 | 199.027 | 742 | 3.195 | 2.491 | -- | 2.375.465 |
| Commercial Deposits | 21.171.211 | -- | 9.477.640 | 16.451.248 | 27.409.036 | 28.156.586 | 13.801.214 | -- | 116.466.935 |
| Other Ins. Deposits | 570.491 | -- | 520.067 | 1.052.585 | 1.196.011 | 336.543 | 7.302 | -- | 3.682.999 |
| Precious Metal Deposits | 19.221.552 | -- | 165.060 | 2.648.361 | 847.004 | 613.366 | 109.438 | 5.264 | 23.610.045 |
| Bank Deposits | 1.212.506 | -- | 923.695 | 2.389.582 | 2.850.350 | 279.274 | 264.149 | -- | 7.919.556 |
| Central Bank | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Domestic Banks | 3.002 | -- | -- | 456.620 | 402.919 | -- | -- | -- | 862.541 |
| Foreign Banks | 1.207.568 | -- | 923.695 | 1.932.962 | 2.447.431 | 279.274 | 264.149 | -- | 7.055.079 |
| Special Finan. Inst. | 1.936 | -- | -- | -- | -- | -- | -- | -- | 1.936 |
| Other | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 165.830.407 | -- | 44.434.071 | 121.924.314 | 126.777.419 | 96.262.959 | 47.741.517 | 21.950 | 602.992.637 |

(*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 102.618.035 and Commercial Deposit customers at the amount of TL 72.061.114.

Prior period - 31 December 2022:

| | 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 | 11.743.607 | -- | 7.320.339 | 27.308.395 | 44.764.344 | 2.986.949 | 3.768.833 | 3.282 | 97.895.749 |
| Foreign Currency Deposits (*) | 68.441.719 | -- | 19.722.098 | 37.577.990 | 11.113.563 | 5.993.379 | 4.839.972 | 4.679 | 147.693.400 |
| Residents in Turkey | 46.366.303 | -- | 16.510.050 | 31.017.537 | 9.512.918 | 4.068.310 | 3.283.418 | 4.540 | 110.763.076 |
| Residents Abroad | 22.075.416 | -- | 3.212.048 | 6.560.453 | 1.600.645 | 1.925.069 | 1.556.554 | 139 | 36.930.324 |
| Public Sector Deposits | 1.117.565 | -- | 541.338 | 362.896 | 193 | -- | -- | -- | 2.021.992 |
| Commercial Deposits | 14.118.233 | -- | 11.327.417 | 12.176.529 | 18.777.721 | 4.243.606 | 3.923.452 | -- | 64.566.958 |
| Other Ins. Deposits | 338.736 | -- | 222.972 | 643.030 | 430.336 | 89.147 | 18.504 | -- | 1.742.725 |
| Precious Metal Deposits | 12.449.445 | -- | 216.469 | 3.137.409 | 711.610 | 782.637 | 712.289 | 5.994 | 18.015.853 |
| Bank Deposits | 791.272 | -- | 401.251 | 17.872.030 | 1.738.294 | 702.907 | 158.669 | -- | 21.664.423 |
| Central Bank | 413.798 | -- | -- | -- | -- | -- | -- | -- | 413.798 |
| Domestic Banks | 3.109 | -- | 1.064 | 201.872 | 190.740 | -- | -- | -- | 396.785 |
| Foreign Banks | 373.104 | -- | 400.187 | 17.670.158 | 1.547.554 | 702.907 | 158.669 | -- | 20.852.579 |
| Special Finan. Inst. | 1.261 | -- | -- | -- | -- | -- | -- | -- | 1.261 |
| Other | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 109.000.577 | -- | 39.751.884 | 99.078.279 | 77.536.061 | 14.798.625 | 13.421.719 | 13.955 | 353.601.100 |

(*) Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 96.418.897 and Commercial Deposit customers at the amount of TL 51.274.503.

2. Information on deposit insurance

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

| | Saving Deposit Insurance Fund | | Exceeding the Insurance Coverage Limit | |
|--|-------------------------------|-------------------|--|--------------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Saving Deposits | 75.257.544 | 35.687.504 | 197.318.835 | 62.212.788 |
| Foreign Currency Saving Deposits | 38.701.518 | 23.063.342 | 84.924.514 | 83.124.491 |
| Other Deposits in the form of Saving Deposits | -- | -- | -- | -- |
| Foreign Branches' Deposits under Foreign Authorities' Insurance | -- | -- | -- | -- |
| Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance | -- | -- | -- | -- |
| Total | 113.959.062 | 58.750.846 | 282.243.349 | 145.337.279 |

In accordance with the "Regulation on Amending the Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated 27 August 2022 and numbered 31936, official institutions in the presence of credit institutions, credit institutions and all deposits and participation funds, except those belonging to financial institutions, have started to be insured. In this context, commercial deposits covered by the insurance amount to TL 15.167.962 and the relevant amount is not included in the footnote.

(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 | 51.431 | 112.304 |
| 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 | 248.325 | 187.849 |
| Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of 5237 Numbered Turkish Penal Code dated on 26/09/2004 | -- | -- |
| Deposits belong to Off-Shore Banks which are established in Turkey | -- | -- |
| Total | 299.756 | 300.153 |

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

b. Information on derivative financial liabilities held for trading

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

| | Current Period | | Prior Period | |
|----------------------|----------------|------------------|----------------|------------------|
| | TL | FC | TL | FC |
| Forward Transactions | 346.354 | 166.842 | 11.022 | 177.566 |
| Swap Transactions | 53.263 | 2.023.535 | 240.451 | 2.033.127 |
| Futures Transactions | 981 | -- | 2.908 | -- |
| Options | -- | 255.390 | -- | 1.058.563 |
| Other | -- | -- | -- | -- |
| Total | 400.598 | 2.445.767 | 254.381 | 3.269.256 |

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 | 998.809 | 1.466.708 | 632.882 | 1.414.733 |
| Foreign Banks, Institutions and Funds (*) | -- | 139.941.069 | -- | 45.929.844 |
| Total | 998.809 | 141.407.777 | 632.882 | 47.344.577 |

(*) Within the framework of its foreign borrowing program, the Bank obtains funds through securitization transactions based on foreign remittance flows through DFS Funding Corporation, a special purpose institution established abroad.

2. Maturity information of funds borrowed

| | Current Period | | Prior Period | |
|----------------------|----------------|--------------------|----------------|-------------------|
| | TL | FC | TL | FC |
| Short-Term | 998.809 | 39.976.541 | 590.314 | 7.214.123 |
| Medium and Long-Term | -- | 101.431.236 | 42.568 | 40.130.454 |
| Total | 998.809 | 141.407.777 | 632.882 | 47.344.577 |

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

As of 31 December 2023, 60% of the Bank's liabilities (31 December 2022: 67%) are deposits, 24% (31 December 2022: 15%) are loans received, debts to money markets, securities issued and subordinated loans.

d. Information on securities issued

| | Current Period | | Prior Period | |
|-------------------------|----------------|-------------------|---------------|------------------|
| | TL | FC | TL | FC |
| Bonds | -- | 18.743.592 | -- | 1.680.854 |
| Bills | -- | 1.516.251 | 65.023 | 494.857 |
| Asset Backed Securities | -- | -- | -- | -- |
| Total | -- | 20.259.843 | 65.023 | 2.175.711 |

As of 31 December 2023, the Bank has no repurchased the securities it has issued and netted them in its financial statements (31 December 2022: TL 22.611).

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

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

f. Information on lease liabilities (net)

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

| | Current Period | | Prior Period | |
|-------------------|------------------|----------------|------------------|----------------|
| | Gross | Net | Gross | Net |
| Less than 1 year | 703.990 | 521.888 | 498.631 | 341.994 |
| Between 1-4 years | 598.653 | 382.688 | 533.777 | 401.428 |
| Over 4 years | 68.251 | 44.700 | 64.306 | 46.877 |
| Total | 1.370.894 | 949.276 | 1.096.714 | 790.299 |

g. Information on derivative financial liabilities for hedging purpose

None.

h. Explanation on provisions

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

None.

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

2. Liabilities of provision for employee benefits

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

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

| | Current Period | Prior Period |
|--|----------------|--------------|
| Discount rate | 5,33% | 1,91% |
| Interest rate | 24,18% | 21,83% |
| Estimated rate of increase in salary/severance pay limit | 17,90% | 19,55% |

As of 31 December 2023, TL 680.354 of provision for employee termination benefits (31 December 2022: TL 916.607) and TL 899.776 of unused vacation provisions and other rights (31 December 2022: TL 548.690) were reflected to the financial statements.

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

| | Current Period | Prior Period |
|---|----------------|----------------|
| Balance at the Beginning of the Period | 916.607 | 288.905 |
| Changes in the period | 357.421 | 289.958 |
| Actuarial loss/(gain) | (61.829) | 403.195 |
| Paid in the period | (531.845) | (65.451) |
| Balance at the End of the Period | 680.354 | 916.607 |

3. Information on other provisions

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

Current period:

TL 1.426.515 of other provisions represents stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 2.937.086 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 559.696 is the provisions for the litigations against the Bank, TL 6.700.000 includes free provisions and TL 2.616.709 includes other provisions.

Prior period:

TL 1.043.965 of other provisions represents stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 1.961.333 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 263.824 is the provisions for the litigations against the Bank, TL 4.175.000 includes free provisions and TL 1.109.977 includes other provisions.

i. Explanations on tax liability

1. Information on current tax liability

(i) Information on tax provision

As of 31 December 2023, there is no corporate tax provision (31 December 2022: TL 2.122.021).

As of 31 December 2023, the Bank's total tax and premium liabilities is TL 1.816.729 (31 December 2022: TL 2.985.921).

(ii) Information on tax liabilities

| | Current Period | Prior Period |
|--|------------------|------------------|
| Corporate tax payables | -- | 2.122.021 |
| Taxation on securities | 345.128 | 106.991 |
| Taxes on real estate capital gain | 7.440 | 4.585 |
| Banking Insurance Transaction Tax (BITT) | 1.098.431 | 539.063 |
| Taxes on foreign exchange transactions | 21.902 | 17.069 |
| Value added tax payables | 60.136 | 26.528 |
| Other | 139.051 | 94.843 |
| Total | 1.672.088 | 2.911.100 |

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(iii) Information on premiums

| | Current Period | Prior Period |
|---|----------------|---------------|
| Social security premiums- employee share | 60.108 | 31.457 |
| Social security premiums- employer share | 77.725 | 36.812 |
| Bank pension fund premium- employee share | -- | -- |
| Bank pension fund premium- employer share | -- | -- |
| Pension fund membership fees and provisions- employee share | -- | -- |
| Pension fund membership fees and provisions- employer share | -- | -- |
| Unemployment insurance- employee share | 3.794 | 2.184 |
| Unemployment insurance- employer share | 7.588 | 4.368 |
| Other | -- | -- |
| Total | 149.215 | 74.821 |

2. Information on deferred tax liability

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

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

Eurodeniz International Banking Unit Ltd., one of the Bank's subsidiaries has entered into the liquidation process. Until the liquidation process is completed, it is classified under the discontinued operations lines in the financial statements. Explanation is given in Section Three, note XI

k. Information on subordinated loans

| | Current Period | | Prior Period | |
|--|----------------|-------------------|--------------|-------------------|
| | TL | FC | TL | FC |
| Debt Instruments subject to common equity | -- | -- | -- | -- |
| Subordinated Loans | -- | -- | -- | -- |
| Subordinated Debt Instruments | -- | -- | -- | -- |
| Debt Instruments subject to tier 2 equity | -- | 23.066.679 | -- | 14.561.492 |
| Subordinated Loans | -- | 23.066.679 | -- | 14.561.492 |
| Subordinated Debt Instruments | -- | -- | -- | -- |
| Total | -- | 23.066.679 | -- | 14.561.492 |

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 | 5.696.100 | 5.696.100 |
| Preferred Share | -- | -- |

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

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

The registered share capital system is not applied.

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

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

Balance sheet of the Bank is managed prudently, to minimize the negative effects of interest rate, foreign currency and credit risks. This policy contributes to the progress of Bank's profitability with a steady increasing trend.

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

The Bank does not have any preferred stocks.

8. Share premiums, shares and equity instruments

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

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

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

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

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

9. Information on marketable securities value increase fund

| | Current Period | | Prior Period | |
|---|------------------|----------------|------------------|--------------------|
| | TL | FC | TL | FC |
| Associates, Subsidiaries and JVs | 7.893.361 | -- | 2.300.247 | -- |
| Valuation Difference and FX Differences | (1.720.452) | 380.260 | 5.581.031 | (2.241.284) |
| Total | 6.172.909 | 380.260 | 7.881.278 | (2.241.284) |

10. Information on hedging funds

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

11. Explanations on minority shares

None.

12. Explanations on revaluation differences of tangible fixed assets

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". As a result of the revaluation made, the net revaluation difference after tax amounting to TL 708.408 has been accounted for in "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" under equities (31 December 2022: TL 345.395).

13. Explanations on profit distribution

At the Ordinary General Assembly Meeting held on 23 March 2023 according to the proposal of the Bank's Board of Directors for profit distribution, TL 350.475 of the net profit for the period of 2022 amounting to TL 17.173.014 was allocated as legal reserves until it reaches 20% of the paid-in capital in accordance with Article 519/1 of the Turkish Commercial Code and the remaining TL 16.822.539 was allocated as extraordinary reserves.

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

a. Explanation on liabilities in off-balance sheet accounts

1. Type and amount of irrevocable loan commitments

Most of Bank's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2023, loan granting commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 48.403.121, TL 293.746.486 and TL 12.311.768 respectively (31 December 2022: TL 30.474.774, TL 80.333.770 and TL 6.613.792 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 2023, Bank has letters of guarantee amounting to TL 118.731.228, bill of guarantee and acceptances amounting to TL 717.588, and guarantees and warranties on letters of credit amounting to TL 23.665.636 and other guarantees and warranties amounting to TL 10.046.561.

As of 31 December 2022, Bank has letters of guarantee amounting to TL 66.667.584, bill of guarantee and acceptances amounting to TL 742.939, and guarantees and warranties on letters of credit amounting to TL 15.748.910 and other guarantees and warranties amounting to TL 7.837.322.

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

| | Current Period | Prior Period |
|---|--------------------|-------------------|
| Provisional Letters of Guarantee | 2.760.789 | 1.771.272 |
| Final Letters of Guarantee | 70.577.738 | 39.925.136 |
| Letters of Guarantee for Advances | 15.360.220 | 6.411.154 |
| Letters of Guarantee given to Customs Offices | 537.601 | 364.506 |
| Other Letters of Guarantee | 29.494.880 | 18.195.516 |
| Total | 118.731.228 | 66.667.584 |

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 | 39.541.102 | 26.032.382 |
| With Original Maturity of 1 Year or Less | 39.541.102 | 26.032.382 |
| With Original Maturity of More Than 1 Year | -- | -- |
| Other Non-Cash Loans | 113.619.911 | 64.964.256 |
| Total | 153.161.013 | 90.996.638 |

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

| | Current Period | | | |
|--------------------------------------|-------------------|---------------|-------------------|---------------|
| | TL | % | FC | % |
| Agricultural | 2.209.806 | 3,11 | 995.818 | 1,21 |
| Farming and Cattle | 2.174.706 | 3,06 | 988.715 | 1,20 |
| Forestry | 21.454 | 0,03 | -- | -- |
| Fishing | 13.646 | 0,02 | 7.103 | 0,01 |
| Manufacturing | 22.580.460 | 31,75 | 34.760.023 | 42,36 |
| Mining | 1.582.013 | 2,22 | 532.779 | 0,65 |
| Production | 19.628.457 | 27,60 | 26.806.732 | 32,67 |
| Electric, Gas, Water | 1.369.990 | 1,93 | 7.420.512 | 9,04 |
| Construction | 12.185.847 | 17,14 | 20.571.078 | 25,07 |
| Services | 23.013.042 | 32,38 | 19.792.282 | 24,13 |
| Wholesale and Retail Trade | 15.505.355 | 21,81 | 12.790.486 | 15,59 |
| Hotel and Restaurant Services | 1.796.179 | 2,53 | 1.270.134 | 1,55 |
| Transportation and telecommunication | 2.124.728 | 2,99 | 4.418.901 | 5,39 |
| Financial institutions | 2.806.095 | 3,95 | 1.261.108 | 1,54 |
| Real estate and letting services | 64.724 | 0,09 | 8.846 | 0,01 |
| Self-employment services | -- | -- | -- | -- |
| Education services | 217.540 | 0,31 | 9.704 | 0,01 |
| Health and social services | 498.421 | 0,70 | 33.103 | 0,04 |
| Other | 11.118.865 | 15,62 | 5.933.792 | 7,23 |
| Total | 71.108.020 | 100,00 | 82.052.993 | 100,00 |

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| | Prior Period | | | |
|--------------------------------------|-------------------|---------------|-------------------|---------------|
| | TL | % | FC | % |
| Agricultural | 1.878.915 | 4,91 | 689.664 | 1,31 |
| Farming and Cattle | 1.815.938 | 4,75 | 659.138 | 1,25 |
| Forestry | 1.434 | -- | -- | -- |
| Fishing | 61.543 | 0,16 | 30.526 | 0,06 |
| Manufacturing | 12.418.326 | 32,46 | 22.216.459 | 42,12 |
| Mining | 605.242 | 1,58 | 340.224 | 0,64 |
| Production | 10.175.012 | 26,60 | 19.336.296 | 36,66 |
| Electric, Gas, Water | 1.638.072 | 4,28 | 2.539.939 | 4,82 |
| Construction | 6.345.676 | 16,59 | 12.446.825 | 23,60 |
| Services | 12.305.018 | 32,19 | 13.425.689 | 25,44 |
| Wholesale and Retail Trade | 8.075.980 | 21,12 | 7.467.812 | 14,16 |
| Hotel and Restaurant Services | 824.826 | 2,16 | 1.004.655 | 1,90 |
| Transportation and telecommunication | 1.598.385 | 4,18 | 3.707.588 | 7,03 |
| Financial institutions | 1.054.065 | 2,76 | 1.103.108 | 2,09 |
| Real estate and letting services | 167.297 | 0,44 | 7.638 | 0,01 |
| Self-employment services | -- | -- | -- | -- |
| Education services | 110.003 | 0,29 | 18.442 | 0,03 |
| Health and social services | 474.462 | 1,24 | 116.446 | 0,22 |
| Other | 5.299.220 | 13,85 | 3.970.846 | 7,53 |
| Total | 38.247.155 | 100,00 | 52.749.483 | 100,00 |

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

| | I. Group | | II. Group | |
|-------------------------------------|-------------------|-------------------|----------------|----------------|
| | TL | FC | TL | FC |
| Letters of Guarantee | 62.460.860 | 55.106.340 | 761.453 | 402.575 |
| Bill of Guarantee and Acceptances | -- | 717.588 | -- | -- |
| Letters of Credit | 20.096 | 23.626.321 | -- | 19.219 |
| Endorsements | -- | -- | -- | -- |
| Underwriting Commitments | -- | -- | -- | -- |
| Factoring Commitments | -- | -- | -- | -- |
| Other Commitments and Contingencies | 7.797.111 | 2.180.950 | 68.500 | -- |
| Total | 70.278.067 | 81.631.199 | 829.953 | 421.794 |

b. Information related to derivative financial instruments

| Current Period | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|--|--------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| Hedging Purpose Derivative Transactions | | | | | | |
| A. Total Hedging Purpose Derivative Transactions | -- | -- | -- | -- | -- | -- |
| Fair Value Hedge Transactions | -- | -- | -- | -- | -- | -- |
| Cash Flow Hedge Transactions | -- | -- | -- | -- | -- | -- |
| Net Foreign Investment Hedge Transactions | -- | -- | -- | -- | -- | -- |
| Types of Trading Transactions | | | | | | |
| Foreign Currency Related Derivative Transactions (I) | 241.834.331 | 135.383.191 | 72.203.500 | 442.984 | -- | 449.864.006 |
| Forward FC Call Transactions | 10.947.743 | 11.494.472 | 18.280.828 | 102.120 | -- | 40.825.163 |
| Forward FC Pull Transactions | 9.687.336 | 11.064.476 | 16.238.076 | 70.652 | -- | 37.060.540 |
| Swap FC Call Transactions | 98.946.137 | 46.411.298 | 10.902.864 | -- | -- | 156.260.299 |
| Swap FC Pull Transactions | 113.306.424 | 48.343.404 | 10.373.472 | -- | -- | 172.023.300 |
| Options FC Call Transactions | 4.292.177 | 8.741.890 | 7.953.989 | 160.808 | -- | 21.148.864 |
| Options FC Pull Transactions | 4.654.514 | 9.327.651 | 8.163.555 | 109.404 | -- | 22.255.124 |
| Futures FC Call Transactions | -- | -- | 169.696 | -- | -- | 169.696 |
| Futures FC Pull Transactions | -- | -- | 121.020 | -- | -- | 121.020 |
| Total of Interest Derivative Transactions (II) | -- | -- | 2.350.002 | 100.008.171 | 60.378.599 | 162.736.772 |
| Swap Interest Call Transactions | -- | -- | 1.175.001 | 48.974.134 | 28.791.975 | 78.941.110 |
| Swap Interest Pull Transactions | -- | -- | 1.175.001 | 48.974.131 | 28.791.974 | 78.941.106 |
| Options Interest Call Transactions | -- | -- | -- | 1.029.953 | 1.397.325 | 2.427.278 |
| Options Interest Pull Transactions | -- | -- | -- | 1.029.953 | 1.397.325 | 2.427.278 |
| Securities Interest Call Transactions | -- | -- | -- | -- | -- | -- |
| Securities Interest Pull Transactions | -- | -- | -- | -- | -- | -- |
| Futures Interest Call Transactions | -- | -- | -- | -- | -- | -- |
| Futures Interest Pull Transactions | -- | -- | -- | -- | -- | -- |
| Other Types of Trading Transactions (III) | 15.779.355 | 2.169.337 | 4.430.656 | 821.698 | -- | 23.201.046 |
| B. Total Types of Trading Transactions (I + II + III) | 257.613.686 | 137.552.528 | 78.984.158 | 101.272.853 | 60.378.599 | 635.801.824 |
| Total Derivatives Transactions (A+B) | 257.613.686 | 137.552.528 | 78.984.158 | 101.272.853 | 60.378.599 | 635.801.824 |

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See Note 3.1.c*

| Prior Period | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|--|--------------------|--------------------|-------------------|-------------------|----------------------|--------------------|
| Hedging Purpose Derivative Transactions | | | | | | |
| A. Total Hedging Purpose Derivative Transactions | -- | -- | -- | -- | -- | -- |
| Fair Value Hedge Transactions | -- | -- | -- | -- | -- | -- |
| Cash Flow Hedge Transactions | -- | -- | -- | -- | -- | -- |
| Net Foreign Investment Hedge Transactions | -- | -- | -- | -- | -- | -- |
| Types of Trading Transactions | | | | | | |
| Foreign Currency Related Derivative Transactions (I) | 186.137.814 | 128.661.152 | 35.858.258 | 373.402 | 4.184.741 | 355.215.367 |
| Forward FC Call Transactions | 4.227.426 | 3.354.199 | 6.696.987 | -- | -- | 14.278.612 |
| Forward FC Pull Transactions | 3.626.928 | 3.260.735 | 6.610.909 | -- | -- | 13.498.572 |
| Swap FC Call Transactions | 69.533.208 | 18.687.543 | 3.568.855 | 272.743 | 2.202.853 | 94.265.202 |
| Swap FC Pull Transactions | 74.301.834 | 22.786.561 | 3.565.434 | 98.789 | 1.981.888 | 102.734.506 |
| Options FC Call Transactions | 16.475.694 | 40.094.097 | 7.733.527 | 1.870 | -- | 64.305.188 |
| Options FC Pull Transactions | 16.484.531 | 40.217.627 | 7.682.546 | -- | -- | 64.384.704 |
| Futures FC Call Transactions | 737.273 | 127.131 | -- | -- | -- | 864.404 |
| Futures FC Pull Transactions | 750.920 | 133.259 | -- | -- | -- | 884.179 |
| Total of Interest Derivative Transactions (II) | 450.000 | 551.754 | 810.262 | 51.649.174 | 48.632.076 | 102.093.266 |
| Swap Interest Call Transactions | 225.000 | 250.000 | 405.131 | 25.824.587 | 23.554.127 | 50.258.845 |
| Swap Interest Pull Transactions | 225.000 | 250.000 | 405.131 | 25.824.587 | 23.554.125 | 50.258.843 |
| Options Interest Call Transactions | -- | 25.877 | -- | -- | 761.912 | 787.789 |
| Options Interest Pull Transactions | -- | 25.877 | -- | -- | 761.912 | 787.789 |
| Securities Interest Call Transactions | -- | -- | -- | -- | -- | -- |
| Securities Interest Pull Transactions | -- | -- | -- | -- | -- | -- |
| Futures Interest Call Transactions | -- | -- | -- | -- | -- | -- |
| Futures Interest Pull Transactions | -- | -- | -- | -- | -- | -- |
| Other Types of Trading Transactions (III) | 6.288.325 | 4.841.747 | 6.215.018 | 187.076 | -- | 17.532.166 |
| B. Total Types of Trading Transactions (I + II + III) | 192.876.139 | 134.054.653 | 42.883.538 | 52.209.652 | 52.816.817 | 474.840.799 |
| Total Derivatives Transactions (A+B) | 192.876.139 | 134.054.653 | 42.883.538 | 52.209.652 | 52.816.817 | 474.840.799 |

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

None.

d. Explanations on contingent assets and liabilities

In accordance with the precautionary principle regarding the lawsuits filed against the Bank, TL 559.696 (31 December 2022: TL 263.824) provision has been set aside and these provisions are classified under "Other provisions" on the balance sheet. Except for those provisioned, other ongoing lawsuits are unlikely to result in a negative conclusion and cash outflow is not foreseen for them.

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

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

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

a. Interest income

1. Information on interest income received from loans

| | Current Period | | Prior Period | |
|--|-------------------|-------------------|-------------------|------------------|
| | TL | FC | TL | FC |
| Short Term Loans | 32.513.178 | 4.364.483 | 14.250.208 | 2.289.730 |
| Medium and Long Term Loans | 23.075.561 | 7.589.518 | 15.766.814 | 3.555.626 |
| Loans Under Follow-Up | 1.050.666 | 203.898 | 837.023 | 83.314 |
| Premiums Received from Resource Utilisation Support Fund | -- | -- | -- | -- |
| Total | 56.639.405 | 12.157.899 | 30.854.045 | 5.928.670 |

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

2. Information on interest income received from banks

| | Current Period | | Prior Period | |
|--|------------------|------------------|---------------|----------------|
| | TL | FC | TL | FC |
| Central Bank of the Republic of Turkey | -- | -- | -- | -- |
| Domestic Banks | 2.925.994 | 368.929 | 31.047 | 96.560 |
| Foreign Banks | 11.082 | 703.831 | -- | 147.078 |
| Foreign Head Offices and Branches | -- | -- | -- | -- |
| Total | 2.937.076 | 1.072.760 | 31.047 | 243.638 |

The interest income received from required reserves of the Bank with the CBRT is TL 216.357 (1 January - 31 December 2022: TL 96.849).

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 | 50.862 | 380.767 | 51.449 | 89.424 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 9.317.301 | 2.742.545 | 8.227.306 | 1.644.330 |
| Financial Assets Measured at Amortised Cost | 11.056.997 | -- | 2.426.491 | 167.573 |
| Total | 20.425.160 | 3.123.312 | 10.705.246 | 1.901.327 |

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

4. Information on interest income received from associates and subsidiaries

| | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Received from Associates and Subsidiaries | 1.435.208 | 466.893 |

b. Interest expense

1. Information on interest expense related to funds borrowed

| | Current Period | | Prior Period | |
|--|----------------|------------------|----------------|------------------|
| | TL | FC | TL | FC |
| Banks | 143.603 | 9.515.786 | 115.390 | 3.502.847 |
| Central Bank of the Republic of Turkey | -- | 558.766 | -- | 365.805 |
| Domestic Banks | 143.602 | 99.158 | 115.390 | 78.078 |
| Foreign Banks | 1 | 8.857.862 | -- | 3.058.964 |
| Foreign Head Offices and Branches | -- | -- | -- | -- |
| Other Institutions | -- | -- | -- | -- |
| Total | 143.603 | 9.515.786 | 115.390 | 3.502.847 |

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

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Originally Issued in Turkish,
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2. Information on interest expense paid to associates and subsidiaries

| | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Paid to Associates and Subsidiaries | 308.573 | 124.097 |

3. Information on interest expense paid to securities issued

| | Current Period | | Prior Period | |
|------------------------------------|----------------|---------|--------------|--------|
| | TP | YP | TP | YP |
| Interest Paid to Securities Issued | 12.334 | 726.347 | 334.897 | 59.012 |

4. Maturity structure of the interest expense on deposits

| Account Name | Demand Deposits | Time Deposit | | | | | Cumulative Deposit | Total |
|-------------------------|-----------------|------------------|-------------------|-------------------|------------------|------------------|--------------------|-------------------|
| | | Up to 1 Month | Up to 3 Month | Up to 6 Month | Up to 1 Year | More than 1 Year | | |
| TL | | | | | | | | |
| Bank Deposits | 24 | 284.116 | -- | -- | -- | -- | -- | 284.140 |
| Saving Deposits | 2 | 2.292.499 | 12.066.933 | 21.902.000 | 4.090.239 | 2.376.601 | 1.196 | 42.729.470 |
| Public Sector Deposits | -- | 30.611 | 108.129 | 1.917 | 255 | 509 | -- | 141.421 |
| Commercial Deposits | 2 | 2.356.593 | 2.818.026 | 8.555.738 | 2.985.164 | 1.348.040 | -- | 18.063.563 |
| Other Deposits | -- | 97.499 | 262.801 | 184.475 | 48.836 | 724 | -- | 594.335 |
| 7 Days Call Account | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 28 | 5.061.318 | 15.255.889 | 30.644.130 | 7.124.494 | 3.725.874 | 1.196 | 61.812.929 |
| FC | | | | | | | | |
| Deposits | 11 | 92.605 | 379.949 | 204.651 | 369.474 | -- | 210.531 | 1.257.221 |
| Bank Deposits | 68.071 | 424.948 | -- | -- | -- | -- | -- | 493.019 |
| 7 Days Call Account | -- | -- | -- | -- | -- | -- | -- | -- |
| Precious Metal Deposits | 3 | 428 | 4.103 | 1.693 | 3.295 | 7.808 | 48 | 17.378 |
| Total | 68.085 | 517.981 | 384.052 | 206.344 | 372.769 | 7.808 | 210.579 | 1.767.618 |
| Grand Total | 68.113 | 5.579.299 | 15.639.941 | 30.850.474 | 7.497.263 | 3.733.682 | 211.775 | 63.580.547 |

c. Explanations on dividend income

| | Current Period | Prior Period |
|---|----------------|---------------|
| Financial Assets at Fair Value Through Profit or Loss | -- | -- |
| Financial Assets at Fair Value Through Other Comprehensive Income | 7.339 | 4.042 |
| Other (*) | 32 | 34.377 |
| Total | 7.371 | 38.419 |

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

d. Explanations on trading income/loss

| | Current Period | Prior Period |
|----------------------------------|----------------------|----------------------|
| Income | 1.851.222.895 | 1.557.386.040 |
| Capital Market Transactions | 3.786.926 | 1.348.279 |
| Derivative Financial Instruments | 36.157.200 | 27.884.867 |
| Foreign Exchange Gains | 1.811.278.769 | 1.528.152.894 |
| Loss (-) | 1.848.586.447 | 1.553.180.630 |
| Capital Market Transactions | 1.718.737 | 1.105.233 |
| Derivative Financial Instruments | 25.821.728 | 16.559.540 |
| Foreign Exchange Losses | 1.821.045.982 | 1.535.515.857 |
| Net Trading Income / Loss | 2.636.448 | 4.205.410 |

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments amounts to TL 16.022.371 (1 January - 31 December 2022: TL (12.423.135)).

e. Information on other operating income

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

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f. Provisions for expected credit loss

| | Current Period | Prior Period |
|--|------------------|-------------------|
| Expected credit loss ^(*) | 1.802.649 | 6.720.700 |
| 12 months provision for expected credit loss (Stage 1) | 1.888.136 | 890.853 |
| Significant increase in credit risk (Stage 2) | (920.044) | (632.174) |
| NPL (Stage 3) | 834.557 | 6.462.021 |
| 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 ^(**) | 4.202.510 | 4.439.571 |
| Total | 6.005.159 | 11.160.271 |

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

(**) It includes provisions other than provisions set aside in accordance with TFRS 9.

g. Information on other operating expenses

| | Current Period | Prior Period |
|---|-------------------|------------------|
| Personnel Expenses (*) | 9.174.719 | 3.941.844 |
| Reserve for Employee Termination Benefits (*) | (174.424) | 224.508 |
| Reserve for Bank's Social Aid Fund Deficit | -- | -- |
| Impairment Losses on Tangible Assets | -- | -- |
| Depreciation Charges of Tangible Assets | 741.106 | 454.876 |
| Impairment Losses on Intangible Assets | -- | -- |
| Goodwill for impairment loss | -- | -- |
| Amortisation Charges of Intangible Assets | 875.875 | 362.369 |
| Impairment Losses on Investment Accounted for under Equity Method | -- | -- |
| Impairment of Assets to be Disposed | 55.529 | 138.348 |
| Depreciation of Assets to be Disposed | -- | -- |
| Impairment of Assets Held for Sale | -- | -- |
| Other Operating Expenses | 6.590.940 | 2.923.347 |
| Operational Lease Expenses (**) | 320.922 | 144.088 |
| Repair and Maintenance Expenses | 1.358.450 | 645.289 |
| Advertisement Expenses | 412.926 | 228.324 |
| Other Expenses (***) | 4.498.642 | 1.905.646 |
| Losses on Sale of Assets | 3.389 | 3.609 |
| Other ^(****) | 3.206.251 | 1.673.612 |
| Total | 20.473.385 | 9.722.513 |

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

(**) Includes lease expenses evaluated other than the TFRS 16 Standard.

(***) Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationary, heating and lighting, credit card service fee, vehicle expense and other expenses amounting to TL 329.976, TL 70.306, TL 197.549, TL 230.791, TL 2.222.949, TL 152.109 and TL 1.294.962 respectively (1 January - 31 December 2022: TL 178.278, TL 39.441, TL 113.190, TL 190.677, TL 995.562, TL 87.796 and TL 300.702 respectively).

(****) Other expenses comprise; BITT expenses, SDIF expenses, financial operating fees, earthquake support packages and others amounting to TL 1.141.978, TL 943.836, TL 340.601, TL 318.743 and TL 461.093 respectively (1 January - 31 December 2022: TL 807.290, TL 498.196, TL 157.862, TL 157.862 and TL 210.264 respectively).

h. Fees for services received from Independent Auditor / Independent Audit firms

In accordance with the decision of the POA dated 26 March 2021, the information of the fee for the reporting period regarding the services received from the independent auditors or independent audit firms is given in the table below.

| | Current Period | Prior Period |
|----------------------------------|----------------|---------------|
| Independent audit fee (*) | 24.016 | 13.682 |
| Tax consultancy fee | -- | -- |
| Other assurance services fee | 765 | 1.160 |
| Other fee for non-audit services | 2.208 | 287 |
| Total | 26.989 | 15.129 |

Amounts related to audit fees include consolidated data.

(*) The 2023 independent audit fee includes the amount of TL 1.513 (2022: TL 1.450) paid to a different audit company belonging to JSC Denizbank Moscow.

i. Information on profit / loss before tax from continued operations

As 1 January - 31 December 2023, Bank has a profit before tax from continued operations amounting to TL 34.792.696 (1 January - 31 December 2022: TL 22.557.202).

As 1 January - 31 December 2023, loss before tax from discontinued operations is amounting to TL 208.074 (1 January-31 December 2022: TL 42.576 profit).

j. 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 2023, the current tax charge on continued operations amounts to TL 326.714 (1 January - 31 December 2022: TL 6.270.673) while deferred tax charge amounts to TL 25.050.261 (1 January - 31 December 2022: TL 9.028.869) and deferred tax benefit amounts to TL 18.610.734 (1 January - 31 December 2022: TL 9.888.003).

There are no current tax expense on discontinued operations (1 January - 31 December 2022: None). The deferred tax benefit amounts to TL 59.404 (1 January - 31 December 2022: TL 15.225 deferred tax charge).

k. Information on continued and discontinued operations net profit/loss

Bank has a net profit is amounting to TL 27.877.785 (31 December 2022: TL 17.173.014). Bank does not have discontinued operations.

l. Explanations on net profit and loss for the period

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

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

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

3. The Bank recognized its associates, in which it has direct or indirect shares, according to equity method in accordance with TAS 27 "Separate Financial Statements" while preparing its unconsolidated financial tables dated 31 December 2023.

4. The Bank applies net investment hedge accounting as of 1 July 2015 in order to hedge exchange difference sourcing from equity method implementation for its net investment at a total amount of Euro 1.231 million belonging to Denizbank AG which is one of the subsidiaries of the Bank. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the exchange rate of these financial liabilities is recognised in hedge funds account under equity.

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

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

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

a. Explanations on capital increase

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 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 (4.679.939).

The revaluation increase of the tangible fixed assets amounting to TL 450.699 was netted off with the deferred tax effect of TL 87.686 and was accounted for in equity.

In accordance with TFRS 9, Intertech's fair value change amounting to TL 5.592.952 have been accounted under the equity.

Net amount TL 74.351 after tax regarding the actuarial profit/loss have been accounted under the equity.

Net after tax TL (7.410.703) amount of foreign net investment hedge funds have been accounted for under equity.

Foreign currency translation differences amounting to TL 13.513.264 have been accounted under the equity.

f. Explanations on amounts transferred to reserves

The Bank transferred profit for the previous year amounting to TL 16.822.539 (31 December 2022: TL 3.369.572) to extraordinary reserves in 2023. The amount transferred to legal reserves is TL 350.475 (31 December 2022: TL 177.346).

VI. Explanations related to statement of cash flows

a. Information on cash and cash equivalents

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

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

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

| | Current Period | Prior Period |
|---|-------------------|-------------------|
| | 01.01.2023 | 01.01.2022 |
| Cash | 12.945.628 | 9.412.019 |
| Cash in vault, foreign currencies and other | 5.206.196 | 4.054.102 |
| Banks demand deposits | 7.739.432 | 5.357.917 |
| Cash and Cash Equivalent | 42.176.222 | 22.384.218 |
| Interbank money market placements | -- | 219.738 |
| Banks time deposits | 41.419.949 | 20.967.881 |
| Securities | 756.273 | 1.196.599 |
| Total Cash and Cash Equivalents | 55.121.850 | 31.796.237 |

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

| | Current Period | Prior Period |
|---|--------------------|-------------------|
| | 31.12.2023 | 31.12.2022 |
| Cash | 21.801.548 | 12.945.628 |
| Cash in vault, foreign currencies and other | 8.093.635 | 5.206.196 |
| Banks demand deposits | 13.707.913 | 7.739.432 |
| Cash and Cash Equivalent | 198.979.899 | 42.176.222 |
| Interbank money market placements | 51.687.370 | -- |
| Banks time deposits | 147.175.312 | 41.419.949 |
| Securities | 117.217 | 756.273 |
| Total Cash and Cash Equivalents | 220.781.447 | 55.121.850 |

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

The Bank maintains a total reserve of TL 194.881.784, including the required reserve balances on average in the Central Bank (31 December 2022: TL 80.910.089). Additionally, the restricted amount in foreign banks account is TL 2.109.724 (31 December 2022: TL 954.746).

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 (13.254.024) (31 December 2022: TL (2.946.368)) 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 55.121.850 at the beginning of the period (31 December 2022: TL 31.796.237) has become TL 220.781.447 at the end of the period (31 December 2022: TL 55.121.850).

The TL 66.899.633 within the "change in assets and liabilities subject of banking operation" (31 December 2022: TL 14.902.736); 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 9.559.208 as of 31 December 2023 (31 December 2022: TL 10.807.573).

VII. Explanations and disclosures related to Bank's risk group

a. Information on loans and other receivables of Bank's risk group

Current Period

| Bank's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|--|---|----------|--|----------|---|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans | | | | | | |
| Balance at the Beginning of the Period | 7.211.504 | 372.215 | 51.873 | 93.168 | 3.484 | 1.225 |
| Balance at the End of the Period | 10.271.015 | 472.255 | 28.119 | 162.491 | 12.075 | 80.772 |
| Interest and Commission Income | 1.480.175 | 249 | -- | -- | 112 | -- |

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

Prior Period

| Bank's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|--|---|----------|--|----------|---|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans | | | | | | |
| Balance at the Beginning of the Period | 3.956.834 | 290.053 | 5.518 | 6.144 | 559.105 | 14.455 |
| Balance at the End of the Period | 7.211.504 | 372.215 | 51.873 | 93.168 | 3.484 | 1.225 |
| Interest and Commission Income | 506.044 | 15 | 185 | -- | 191 | 18 |

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

b. Information on deposits and funds borrowed from Bank's risk group

| Bank's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder (**) | | Other Real Persons and Legal Entities in Risk Group | |
|--|---|--------------|---|--------------|---|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Balance at the Beginning of the Period | 1.125.513 | 2.716.286 | 33.675.803 | 29.596.720 | 239.756 | 57.512 |
| Balance at the End of the Period | 10.347.579 | 1.125.513 | 81.932.331 | 33.675.803 | 84.916 | 239.756 |
| Interest and Commission Expense Paid | 353.980 | 139.496 | 3.030.926 | 1.236.506 | 14.933 | 24.784 |

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

(**) Includes the subordinated loans of US Dollar 650 million and Euro 115 million received from ENBD.

c. Information on forward and option agreements and similar agreements made with Bank's risk group

| Bank's Risk Group (*) | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholder | | Other Real Persons and Legal Entities in Risk Group | |
|--|---|--------------|--|--------------|---|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Transactions for Financial Assets at Fair Value through Profit or Loss Purposes | | | | | | |
| Balance at the Beginning of the Period | 10.114.722 | 13.914.186 | 161.515 | 100.000 | 68.852 | -- |
| Balance at the End of the Period | 9.159.620 | 10.114.722 | 3.945.073 | 161.515 | -- | 68.852 |
| Total Income/(Loss) | 10.803 | 1.518.943 | (38.519) | 2.107 | 8.256 | 4.432 |
| Transactions for Hedging Purposes: | | | | | | |
| Balance at the Beginning of the Period | -- | -- | -- | -- | -- | -- |
| Balance at the End of the Period | -- | -- | -- | -- | -- | -- |
| Total Income/(Loss) | -- | -- | -- | -- | -- | -- |

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

d. Information on benefits provided to top management

As of 31 December 2023, a payment of TL 380.533 (31 December 2022: TL 207.857) has been accrued to the key management of the Bank.

e. Information on transactions with Bank's risk group

As of 31 December 2023, cash loans and other receivables of the risk group represent 2,1% of Bank's total cash loans and banks; deposits and borrowings represent 12% of Bank's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,5% of the total non-cash loans balance.

The Bank conducts financial and operational leasing transactions with Deniz Leasing. As of 31 December 2023, The Bank's net financial lease liabilities arising from these agreements are TL 147.884 (31 December 2022: TL 234.829). Also, the Bank provides agency services for Deniz Yatırım Menkul Kıymetler A.Ş. through its branches.

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

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

| | Number | Number of Employees | | | |
|-----------------------------------|--------|---------------------|---------------------------|--------------|-------------------------|
| Domestic branch | 639 | 12.694 | | | |
| | | | Country of Incorporations | | |
| Foreign representation | - | - | - | | |
| | | | | Total Assets | Statutory Share Capital |
| Off shore banking region branches | 1 | 5 | 1-Bahreyn | 43.238.226 | - |
| Foreign branch | 1 | 21 | 2-TRNC | 1.167.570 | - |

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

The Bank opened 3 new branches and closed 34 branches in 2023.

The Bank received approval from the BRSA on 28 June 2022 to establish a branch bank in the Turkish Republic of Northern Cyprus (TRNC); With the decision of the Bank's Board of Directors dated 30 June 2022, it was decided to open a branch to operate as a Branch Bank under the TRNC Banking Law. It was decided by the TRNC Central Bank to grant permission to the Bank to open a branch in TRNC, and the decision was published in the TRNC Official Gazette dated 17 February 2023. Following the decision given to the Bank for permission to open a branch in TRNC, within the scope of the Bank's application dated 12 May 2023, the TRNC Central Bank decided to grant the Bank an operating permit in TRNC and the decision was published in the TRNC Official Gazette dated 27 July 2023. The Kyrenia Branch and Denizbank TRNC Country Directorate, which started their operations as of 11 August 2023, were opened on 22 September 2023.

SECTION SIX

OTHER DISCLOSURES AND FOOTNOTES

I. Other explanations related to Bank's operations

a. Other explanations related to Bank's operations

None.

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

| Moody's * | | Fitch Ratings ** | |
|-------------------------------------|-----------|-----------------------------|------------------|
| Outlook | Stable | 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 | B1 | Long Term Local Currency | B |
| Short Term Local Currency Deposit | Not Prime | Short Term Local Currency | B |
| Baseline Credit Assessment (BCA) | caa1 | Viability | b- |
| | | Shareholder Support | b- |
| | | National | AA (tur)(Stable) |
| * As of 16.08.2022 | | ** As of 22.09.2023 | |

c. Subsequent events

With the decision dated 11 January 2024 and numbered 10825, BRSA determined the date of transition to TAS 29 application for banks, financial leasing, factoring, financing, savings financing and asset management companies as 1 January 2025.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

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

Unconsolidated financial statements and notes of the Bank are subject to independent audit by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Deloitte Touche Tohmatsu Limited) and independent audit report dated 23 January 2024 is presented in front of the unconsolidated financial statements.

II. Explanations and notes prepared by Independent Auditor

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