

INDEPENDENT ASSURANCE REPORT

TO: Burgan Bank A.Ş. Board of Directors

Assurance Report Relating to Supply Chain Compliance Report

We have undertaken the reasonable assurance audit work regarding Supply Chain Compliance Report (“Compliance Report”) prepared by the management of Burgan Bank A.Ş. (“Bank”) for the period from July 01 to December 31, 2021.

Underlying Subject Matter of Audit

This report is related to the reasonable assurance to be given by us for the Compliance Report prepared by the Bank’s management for the period from July 01 to December 31, 2021 in order to fulfill its obligation to prepare Compliance Report, which is obligatory for banks to prepare within the scope of “Borsa İstanbul A.Ş. Responsible Supply Chain Compliance Directive”, “Borsa İstanbul A.Ş. Precious Metals Responsible Supply Chain Compliance Guide”, “Borsa İstanbul A.Ş. Directive on Responsible Supply Chain Assurance Audit” and “Borsa İstanbul A.Ş. Directive on Internal Control System and Compliance Principles of Precious Metals Intermediary Institutions and Refineries” (collectively referred to as the "Directive") approved by Borsa İstanbul A.Ş. (“BİST”) on March 05, 2021.

Structural Restrictions

This report is based on the evidences obtained during the reasonable assurance audit work conducted in respect of the Compliance Report of the period from July 01 to December 31, 2021, within the frame of the scope defined in *Responsibilities of Auditor* section. Reflection – projection – to the future periods of an assessment regarding the efficiency of operation of the controls specified in the Compliance Report may lead to the risk of inadequacy or failure of the controls. Furthermore, the related controls may also fail to detect or prevent all faults or deficiencies occurring in the operation or reporting processes. The controls may further become inadequate or the compliance of them with policies and procedures may further reduce due to the changing circumstances.

Special Purpose

This report is prepared within the frame of provisions of the Directive referred to hereinabove. For this reason, this report may not be appropriate and fit for other purposes.

Independence and Quality Control

We are acting in strict compliance with independence and other ethical provisions of the Ethical Rules for Independent Auditors (also including Independence Standards) (“Ethical Rules”) published by the Public Oversight Accounting and Auditing Standards Authority (“KGK”) in reliance upon fundamental principles comprised of integrity, neutrality, professional competence and care, secrecy and professional conduct.

We are applying the Quality Control Standard 1 provisions, and accordingly, we are using a comprehensive quality control system, including, but not limited to, written policies and procedures on ethical provisions, professional standards and compliance with the pertinent applicable laws and regulations.

Responsibilities of Bank Management and Senior Management

The Bank management is responsible for preparation of the Compliance Report in accordance with the Directive, and for implementation of “Five Steps Approach” set out in the Directive.

In addition, the Bank management is under obligation to ensure that the documents submitted to the auditor in respect of the Compliance Report are complete and accurate. The Bank management is further responsible for maintenance of the internal control system which reasonably guarantees that the aforesaid documents do not contain any material misstatement whether caused by fraud or error.

The senior management is responsible for supervision of the process of preparation of the Bank’s Compliance Report.

Responsibilities of Auditor

The responsible supply chain assurance audit works have been conducted, and an Independent Assurance Report (“Report”) has been prepared, within the frame of the Assurance Audit Standard 3000 Assurance Audits Other Than Independent Audit or Limited Independent Audit of Historical Financial Data published by the Public Oversight Accounting and Auditing Standards Authority, and our Exchange’s Responsible Supply Chain Regulations (Precious Metals Responsible Supply Chain Compliance Guide, Responsible Supply Chain Compliance Directive, Directive on Responsible Supply Chain Assurance Audit, and Directive on Internal Control System and Compliance Principles of Precious Metals Intermediary Institutions and Refineries).

Our assurance audit works have been conducted in accordance with “Borsa İstanbul A.Ş. Directive on Responsible Supply Chain Assurance Audit”, and the Assurance Audit Standard 3000 (“GDS 3000”) – Assurance Audits Other Than Independent Audit or Limited Independent Audit of Historical Financial Data – published by KGK. These standards require us to plan and implement our procedures in such manner to obtain reasonable assurance as to whether the underlying subject matter of audit is truly and fairly presented together with all material aspects thereof or not, and whether the controls are appropriately designed and efficiently operated or not.

An assurance audit aiming at issuance of a report about the design and the operational efficiency of controls covers the implementation of procedures with a view to obtaining evidences as to the design and the operational efficiency of explanations and controls included in the Directive. The selected procedures are based on the professional judgment of auditor, also including assessment of the risks of failure in fair presentation of the underlying subject matter of audit and failure in appropriate design or efficient and effective operation of controls. Our procedures further contain the testing of operational efficiency of said controls as deemed necessary in order to provide reasonable assurance as to achievement of the objectives mentioned in the Underlying Subject Matter of Audit section. This type of an assurance audit also covers the

assessment of appropriateness of the general presentation of the underlying subject matter of audit and of the objectives stated hereinabove.

This report is prepared for provision of a reasonable assurance on the results of audit for the parties, which may also cover and encompass Borsa Istanbul, Ministry of Treasury and Finance, Ministry of Commerce and other public administrations and entities, as to compliance of the precious metals supplied by the Bank within the frame of its Precious Metals Supply Chain Policy with the pertinent requirements of the Bank's policies and BIST Responsible Supply Chain Laws and Regulations, and as to completeness and accuracy of all documents submitted by the Bank in respect of trade of precious metals and relied upon in the independent assurance report, and of all notifications (such as Borsa Istanbul Responsible Supply Chain Statistical Data Form and Training Statistics) sent pursuant to and under BIST Responsible Supply Chain Laws and Regulations.

We have basically conducted the below listed procedures for the scope of audit described in *Underlying Subject Matter of Audit* section of this report:

- Interviews with the Bank Internal Control and Supply Chain Contact Person; and
- Interviews with the officers of processes included in the supply chain; and
- Review of the Bank's current policies and procedures and assessment of them as to adequacy and appropriateness / compliance; and
- Collection and review of evidences relating to the responsible supply chain process by also taking into consideration the pertinent provisions of the Regulation on Measures for Anti-money Laundering and Prevention of Financing of Terrorism, and the Regulation on Program for Compliance with Obligations Regarding Anti-money Laundering and Prevention of Financing of Terrorism; and
- Determination of controls included in the related processes, and assessment of their adequacy; and
- Review of internal bylaws prepared by the Bank for the related processes, and assessment of their adequacy; and
- Assessment of risks detected by the Bank in its supply chain.

Summary Table of Findings Detected in the Current Period in Respect of Borsa İstanbul Precious Metals Responsible Supply Chain Compliance Guide – Borsa İstanbul Directive on Internal Control System and Compliance Principles of Precious Metals Intermediary Institutions and Refineries

Pursuant to article 10 of the “Responsible Supply Chain Assurance Audit Directive” no. 31.YÖN.05 dated June 2021, only the findings classified as Noteworthy Control Deficiency and Material Control Deficiency are included in our report upon coding within the frame of the principles determined by Borsa İstanbul A.Ş., and the findings classified as control weakness are shared in writing with the auditee, and only their statistical data are included in our report. As this period is the first audit period, there are not any findings relating to the past period.

Summary table showing the findings detected in the current period is presented hereinbelow:

Area of Audit	Level of Materiality of Findings	Current Period	
		Total Number of Findings Detected	Number of Findings Corrected During Audit
Compliance Guide	Material Control Deficiency	-	-
	Noteworthy Control Deficiency	-	-
	Control Weakness	1	-
Internal Control System and Compliance Principles	Material Control Deficiency	-	-
	Noteworthy Control Deficiency	-	-
	Control Weakness	-	2
Precious Metals and Responsible Supply Chain Audit Total	Material Control Deficiency	-	-
	Noteworthy Control Deficiency	-	-
	Control Weakness	1	2

Opinion

Based on the engagement conducted and evidences obtained, according to our opinion, in all important aspects,

(a) The Compliance Report prepared by Burgan Bank A.Ş. for the period from July 01 to December 31, 2021 is presented fairly in accordance with the Directive provisions; and

(b) Controls were appropriately designed by Burgan Bank A.Ş. for the objectives stated in the Directive during the period from July 01 to December 31, 2021; and

(c) Controls tested by us were effectively operated during the period from July 01 to December 31, 2021.

KPMG Bağımsız Denetim ve

Serbest Muhasebeci Mali Müşavirlik A.Ş.

(Seal and Signature)

Orhan Akoya

Responsible Senior Auditor

Istanbul, June 28, 2022

EXHIBIT 1 – The Precious Metals Responsible Supply Chain Compliance Report submitted by the Bank to us is presented herebelow.

BURGAN BANK

BURGAN BANK A.Ş.

RESPONSIBLE SUPPLY CHAIN

COMPLIANCE REPORT

2021

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1. PURPOSE

This report is prepared with respect to the internal control environment regarding precious metals (gold) responsible supply chain processes of Burgan Bank A.Ş. (“Bank”), being a precious metals intermediary institution enrolled as a member in Borsa İstanbul A.Ş. (BİST) Precious Metals Market, in order to present general information, opinions, assessment and statement about the level of compliance of said internal control environment with the applicable laws and regulations as a result of audit works conducted as to efficiency and adequacy in the period of **01.07.2021 – 31.12.2021**.

2. IDENTIFICATION DATA

Bank’s Name	Burgan Bank A.Ş.
Address	Maslak Mah. Eski Büyükdere Cad. No. 13 PK 34485 Sarıyer, İstanbul, Turkey
Telephone Number	(90) 212 371 37 37
Web Address	www.burgan.com.tr
Registered E-mail Address	burganbank@hs03.kep.tr
Reporting Period	01.07.2021 – 31.12.2021
Date of Report	20.06.2022
Prepared by	Internal Control Departmentfi (ICD) Presidency

3. SCOPE

Within the frame of Borsa İstanbul A.Ş. precious metals responsible supply chain compliance program covering Borsa İstanbul A.Ş.’s Directive on Responsible Supply Chain Assurance Audit, and its Directive on Internal Control System and Compliance Principles of Precious Metals Intermediary Institutions and Refineries, approved on 05.03.2021, both prepared and issued in reliance upon the Regulation on Principles of Business Activities of Precious Metals Exchange Intermediary Institutions and on Foundation of Precious Metals Intermediary Institutions, promulgated in the Official Gazette edition 26528 on 21/05/2007, and the Communiqué on Precious Metals Standards and Refineries (Communiqué no. 2006/1), promulgated in the Official Gazette edition 26350 on 18/11/2006, as well as the related explanatory notes issued and sent by Borsa İstanbul specifically on this subject matter, this report covers the transactions executed in our Bank between **01.07.2021** and **31.12.2021** (in the related period, only non-physical gold trading is executed in our Bank), and the works which constitute a base for the Responsible Supply Chain Compliance Program.

4. METHOD

In the course of review of our Bank’s Responsible Supply Chain Compliance level carried out by the controllers assigned in our Bank’s Internal Control Department (ICD) as a part of the Responsible Supply Chain (RSC) Compliance Program for the year 2021, the following audit and analysis techniques are used in order to obtain audit evidences as required and adequate for provision of a reasonable assurance for building of audit opinions:

- Collection of Information,
- Observation,
- Review of Documents (Inquiry and Verification), and
- Analytical Review.

ICC personnel have determined the scope of to-be-tested controls in such manner to provide a reasonable assurance as to efficiency, adequacy and compliance with the applicable laws of the controls applied on the related processes by following the Five Steps Approach principle determined and outlined in the Responsible Supply Chain Compliance Directive.

5. ABOUT ACTIVITIES CONDUCTED DURING THE PERIOD

Our Bank is a member of the Precious Metals Market since 06.02.2017. As of the date of this report, our Bank is engaged only in non-physical (dematerialized) gold trading (spot gold TL/Gram with ALT foreign exchange code), and does not act as an intermediary in any physical gold trading. Our Bank has not engaged in such trading activities in the related audit period either. In the course of the related activities conducted by our Bank, at the stage of supply, our Bank does not supply any dematerialized or physical gold or other precious metals from any local or foreign person/entity other than BİST Precious Metals Exchange. Nor is our Bank involved in physical scrap gold purchasing transactions through its head offices or branch offices.

Our Bank acts as an intermediary for dematerialized gold trading in grams (through branches, mobile and internet banking channels). As of 31.12.2021, total gold deposit balance available in the customer accounts is equal to 136.43 kilograms. TL equivalent value of said gold deposit balance is equal to approximately 105.2 million TL over 31.12.2021 average closing exchange rates. Between 01.07.2021 and 31.12.2021, total gold sales of customers amounted to 120,302 grams (82.7 million TL), and total gold purchases of customers are recorded as 204,146 grams (150.9 million TL). Total volume is 324,448 grams (233.7 million TL).

Internal regulations and control tables containing the principles of regulation and implementation of the general working principles as purpose, method and content of the Bank's Departments / Units have been designed in such manner to cover the gold trading as well.

Pursuant to the related article of the Directive on Internal Control System and Compliance Principles of Precious Metals Intermediary Institutions and Refineries (Directive), statistics containing audit information relating to the works performed as a part of internal control activities are submitted to BİST (Borsa İstanbul Responsible Supply Chain Statistical Data Detail Notification Form). In addition, within the frame of the related explanatory notes issued and sent by Borsa İstanbul specifically on this subject matter, the aforesaid statistics are started to be submitted also to the Audit Committee.

In our Bank, training is given by AML Compliance Department as per the applicable laws, and said training activities also encompass the transactions on gold product. Moreover, our Bank

also operates a customer complaint management process in such manner to cover the gold product.

The scope of Management Statement, Internal Capital Adequacy Assessment Process (ICAAP) Validation and Audit works and various different control/audit works conducted by our Bank's control/audit teams as per the applicable laws further covers the precious metals/ gold trading transactions. As of the date of report, any deficiency/non-compliance has not been reported for precious metals/gold trading transactions as a result of said audit works. In addition, again as per the pertinent applicable laws, independent audit works focused on Information Systems and Business Processes, and audits of such legal authorities as MASAK, BRSA, CBRT and CMB are also being conducted in our Bank, and as of the date of report, as a result of said audit works, any deficiency/non-compliance has not been reported for precious metals/gold trading transactions.

In line with the Banking Law and other applicable regulations published by the Banking Regulation and Supervision Authority (BRSA), our Bank has established an internal systems group, and activities relating to gold trading conducted during the related report period by departments constituting said group are summarized hereinbelow.

Activities relating to gold trading conducted by Internal Control Department (ICD) are summarized below:

- Pursuant to BRSA instructions, foreign exchange / gold trading transactions funded by the loans in the same day with the drawdown of loans are inquired.
- Documents sought for at the time of opening of gold accounts of customers are controlled, and the customer instructions given in respect of gold trading transactions are entered into the system, and it is checked whether their instructions contain any deficiency and/or error or not.
- In the course of Market Risk works performed as a part of ICAAP validation study, the gold accounts and the effects of gold accounts on positions are checked.
- As a part of CMB reconciliation works conducted on annual basis, the gold deposit balances of customers covered by the reconciliation and holding cash and similar other assets checked by sampling method are also controlled.
- The cancelled gold trading transactions are controlled on daily basis.
- Customer complaints are followed up and analysed on the basis of subject matter and process.
- Systematic limits are controlled for dematerialized gold trading transactions conducted on book-entry basis.

- Systematic automatic early warning systems are founded for interruptions and errors that may occur in gold pricing, and these systems are followed up on daily basis.

Activities relating to gold trading conducted by Risk Management Department are summarized below:

- In the course of its routine activities, the Risk Management Department reviews gold trading as well within the frame of market risk, liquidity risk, operational risk and reputation risk, and risk management and monitoring activities are performed in accordance with policies and codes of practice pertaining thereto.

Activities relating to gold trading conducted by AML Compliance Department are summarized below:

- Account opening is checked in terms of Know-Your-Customer (KYC) principle in accordance with MASAK regulations, and systematic banned / objectionable / high risk customer list controls are affected.
- Gold trading transactions of customers included in lists as per daily scenarios are checked and controlled regularly.
- All transactions (including the gold account customers) are controlled over the risky geographies/countries list.
- AML training activities / documents contain the risky systems / jewelers / countries / methods, etc. account openings, also including ALT customers, as well as the points required to be paid attention in transactions.

6. FIVE STEPS STATEMENT FOR OBLIGORS

6.1. Step 1: Establishment of Strong Company Management Systems

Comments: Our Bank has established its internal control systems and is operating them effectively, efficiently and adequately within the frame of rules and principles included in the Banking Law no. 5411, and the “Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks”, promulgated in the Official Gazette edition 29057 on July 11, 2014 (Internal Systems Regulation), and the Law on Prevention of Laundry of Crime Revenues no. 5549. Accordingly, in the course of the activities of our Bank, an effective internal control system which also covers the Responsible Supply Chain Compliance Program and fulfills the requirements of strong company management systems has been built. Accordingly, our Bank has a whistleblowing (abuse/ethics) line for reporting of all and any non-conformities (also including the scope of the responsible supply chain) by both the Bank personnel and its customers. Our Bank has written policies and procedures which contain the principles of

regulation and realization of general working principles as purpose, method and content of our Bank's Departments / Units and which also cover the activities carried out in respect of precious metals. The aforesaid internal regulations are periodically reviewed, and the updates deemed necessary in line with periodical analysis and assessment of the changing conditions and risks are reflected onto the internal regulations on time.

The consequences of independent audit works conducted every year in our Bank in respect of its Information Systems and Business Processes, and results of audits conducted by such legal authorities as MASAK, BRSA and CBRT, and actions taken in connection with said results and consequences also support the strong structure of internal control environment in our Bank.

Statement of Result: Yes / Compliant

6.2. Step 2: Determination and Assessment of Risks in Supply Chain

Comments: In Burgan Bank A.Ş., just like other products and services, probable risks arising out of gold trading transactions have also been identified, assessed and documented generally within the scope of the related policies and procedures of the Bank. In addition, as a part of the determination and assessment of risks in gold trading transactions, as the Bank is not engaged in physical gold trading transactions, works are being carried out on such issues as periodical controls focused on problems determined / identified / seeming risky as a result of risk assessment works in respect of gold trading transactions conducted on book-entry basis, and testing of internal control environment, and expression of opinions within the frame of consulting activities in the related new product processes, and review of customer complaints. Policies, codes of practice and control tables of the related departments include terms and conditions in respect of responsibilities such as control and review of activities in such manner to cover gold transactions, and conduct of assurance and consulting functions and duties.

In line with the Banking Law and the applicable by laws and regulations published by the Banking Regulation and Supervision Authority (BRSA), Internal Audit Department (IAD), Internal Control Department (ICD), Risk Management and Regulatory Compliance departments comprising the internal systems group have been established and are operating in the Bank.

Internal systems group plays an active role in determination and assessment of risks in such manner to cover also the activities conducted by the Bank in respect of gold trading transactions, particularly assessment and development of efficiency of the Bank's risk management, control and governance processes. Accordingly, the duties, functions and responsibilities of internal systems group departments are summarized below:

Internal Audit Department (IAD):

Through its risk-oriented independent internal audit activities, the Internal Audit Department (IAD) constitutes the third defense line of the Bank by providing assurance to the Board of Directors and the senior management as to efficiency of first and second defense lines and as to how the risks of the Bank are managed by said functions. The duty of the Inspection Board is to perform independent internal audit on the business activities, also containing gold trading transactions, by aiming to provide assurance on achievement of the predetermined goals, objectives and purposes.

Presidency of Internal Control Department (ICD):

The mission of Internal Control Department (ICD) is comprised of the design of activities regarding internal control system in coordination with the related business units and departments, and the development of efficiency and adequacy thereof, and the conduct of secondary level control activities also covering the basic risks in organization.

Risk Management Department:

Its functions are to define, assess and measure the risks exposed to by the Bank, and if needed, to take and manage the actions needed in order to ensure that the risks are brought to acceptable levels compliant with the risk appetite predetermined in the risk appetite policy.

Compliance Department:

It is an independent department defining, identifying, monitoring, assessing and reporting the compliance risk encompassing sanctions, financial losses, reputation loss or other damages and losses that may be suffered by the Bank due to non-compliance with the applicable laws, regulations, instructions, legislative controls, banking practices and professional rules of conduct.

Statement of Result: Yes / Compliant

6.3. Step 3: Designing and Implementation of a Strategy Capable of Responding to the Risks

Comments: The Bank has established and built an adequate and effective follow-up mechanism for following up the action plans and maturities to be applied against risks determined as above. The Bank has further designed and is implementing various different policies, procedures, work flows, processes and controls, also including the probable risks that may arise in respect of its gold trading transactions.

Statement of Result: Yes / Compliant

6.4. Step 4: Audit of Compliance Works of Precious Metals Intermediary Institutions and Refineries by Independent Third Parties (Independent Assurance Report)

Comments: A contract has been signed on 30.10.2021 with KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. authorized by Borsa İstanbul in order to get an independent assurance as to whether the set of controls and measures established within the frame of the procedures and principles regarding the responsible precious metals supply chain is efficient, effective, adequate and compliant or not. The related independent audit report to be issued upon completion of the activities will be published in www.burganbank.com.tr bank website until 30.06.2022.

Statement of Result: Yes / Compliant

6.5. Step 5: Annual Reporting of the Results of Works for Determination of Level of Compliance of Supply Chain

Comments: Solely in respect of the (dematerialized spot gold TL/gram) activities carried out by Burgan Bank A.Ş. for precious metals, the reporting activities as to whether the set of controls and measures established within the frame of the procedures and principles regarding the responsible precious metals supply chain is efficient, effective, adequate and compliant or not are carried out in the frequency set out in the directive pertaining thereto.

Statement of Result: Yes / Compliant

7. GENERAL COMPLIANCE STATEMENT

This Responsible Supply Chain Compliance Report is prepared and issued in accordance with Borsa İstanbul Responsible Supply Chain Compliance Directive, Borsa İstanbul Precious Metals Responsible Supply Chain Compliance Guide, Borsa İstanbul Directive on Responsible Supply Chain Assurance Audit, and Directive on Internal Control System and Compliance Principles of Precious Metals Intermediary Institutions and Refineries, and explanatory notes issued and sent by Borsa İstanbul specifically on this subject matter.

With regard to non-physical (TL/gram) gold trading transactions affected by Burgan Bank A.Ş. in the related period, in the course of establishment of an effective internal control system, and checking of existence of the related work flows/processes, policies and procedures, and submission of reports to the Senior Management about situation and findings in certain periods, and conduct of assurance audit by the independent audit firm, it is hereby opined and concluded that Burgan Bank A.Ş. has fully complied with each of five steps defined in Borsa İstanbul A.Ş. Responsible Supply Chain Compliance Directive, and its general compliance level is considered and classified as ‘compliant’.

General Compliance Result Statement: Yes

Presenting our report to your kind consideration, we remain,

Faithfully yours,

Tuğrul Özer

Internal Control Department (ICD)
Head Offices Control Unit Manager

Özkan Hacıoğlu

Head of Internal Control Department (ICD)