

**(CONVENIENCE TRANSLATION OF PUBLICLY  
ANNOUNCED CONSOLIDATED FINANCIAL  
STATEMENTS AND LIMITED REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH)**

**BURGAN BANK A.Ş.**

**PUBLICLY ANNOUNCED CONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED  
DISCLOSURES TOGETHER WITH LIMITED  
REVIEW REPORT AS OF 30 SEPTEMBER 2021**

*(Convenience Translation of the Report on Review of Interim Financial Information Originally Issued in Turkish)*

## **REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION**

**To the General Assembly of Burgan Bank Anonim Şirketi**

### *Introduction*

We have reviewed the accompanying consolidated statement of financial position of Burgan Bank A.Ş. (“the Bank”) and its consolidated subsidiaries (collectively referred to as “the Group”) as at 30 September 2021, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

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

### *Basis for Qualified Conclusion*

The accompanying consolidated financial statements include a general reserve of TL 195,000 thousand which was recognized as expense in the previous periods. This general provision is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

## *Qualified Conclusion*

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of Burgan Bank A.Ş. as of 30 September 2021, and of the results of their operations and their cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

## *Other Matter*

The consolidated financial statements of the Bank and its consolidated subsidiaries for the accounting period ended 31 December 2020 and for the nine month period then ended 30 September 2020 were audited and reviewed by another auditor who expressed a qualified opinion and an unqualified conclusion on 2 March 2021 and 16 November 2020, respectively.

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

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

## *Additional paragraph for English translation:*

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

**DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.**  
**Member of DELOITTE TOUCHE TOHMATSU LIMITED**



**Yaman Polat**  
**Partner**

**İstanbul, 12 November 2021**

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

**THE CONSOLIDATED NINE-MONTH INTERIM FINANCIAL REPORT OF  
BURGAN BANK A.Ş. AS OF 30 SEPTEMBER 2021**

Address of the Bank's Head Office : Maslak Mahallesi, Eski Büyükdere Caddesi, No:13  
34485 Sarıyer / İstanbul  
Telephone and Fax Numbers of the Bank : Phone : 0 212 371 37 37  
Fax : 0 212 371 42 42  
Bank's Website : www.burgan.com.tr  
Contact E-mail : [bilgi@burgan.com.tr](mailto:bilgi@burgan.com.tr)

The nine-month consolidated financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.

- **Section One** GENERAL INFORMATION ABOUT THE GROUP
- **Section Two** CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP
- **Section Three** EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD
- **Section Four** INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP WITHIN THE SCOPE OF CONSOLIDATION
- **Section Five** EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** EXPLANATIONS ON THE LIMITED REVIEW REPORT
- **Section Seven** EXPLANATIONS ON THE INTERIM ACTIVITY REPORT

Investments in associates, subsidiaries and joint ventures whose financial statements have been consolidated in this consolidated financial report are as follows:

<u>Subsidiaries</u>	<u>Associates</u>	<u>Joint Ventures</u>
1. Burgan Finansal Kiralama A.Ş.	-	-
2. Burgan Yatırım Menkul Değerler A.Ş.	-	-

The accompanying consolidated nine-months financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira ("TL"), have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been reviewed.

12 November 2021

Emin Hakan EMİNSOY  
Chairman of the Board of  
Directors

Ali Murat DİNÇ  
Member of the Board of  
Directors and  
General Manager

Zeynep BOZKURT  
Vice General Manager

Bahadır AKSU  
Head of Accounting,  
Tax, and Reporting Unit

Halil CANTEKİN  
Head of the Audit Committee

Adrian Alejandro GOSTUSKI  
Member of  
the Audit Committee

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname/Title : Bahadır AKSU / Head of Accounting Tax and Reporting Unit  
Telephone Number : 0 212 371 34 88  
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**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**SECTION ONE**

**GENERAL INFORMATION ABOUT THE GROUP**

**I. PARENT BANK’S FOUNDATION DATE, START-UP STATUTE, HISTORY ABOUT THE CHANGES IN THIS MENTIONED STATUTE:**

Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an “investment bank” with the permission of the Council of Ministers No. 88/13253 on 26 August 1988 and authorised to conduct finance investment and foreign trade activities. Banking operations commenced on 7 August 1989.

Bank Ekspres A.Ş. (“Bank Ekspres”) was established with the permission of the Council of Ministers in decision No. 91/2316 on 22 September 1991; “The Decree of Establishment Permission” was published in the Official Gazette numbered 21017 and dated 10 October 1991. The Articles of Association was published in the Trade Registry Gazette numbered 2969 and dated 18 February 1992. The Turkish Savings Deposit and Insurance Fund (“SDIF”) took over the management of Bank Ekspres A.Ş. due to the poor fiscal structure of the bank on 23 October 1998.

According to the Share Transfer Agreement signed between the SDIF and Tekfen Holding A.Ş. on 30 June 2001, 2.983.800.000 shares with a nominal value of Kr1 each and which amount to 99,46% of the capital of Bank Ekspres A.Ş. under the control of the SDIF in accordance with Banking Law were transferred to Tekfen Holding A.Ş.. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., where Tekfen Holding A.Ş. owns 57,69% of the Bank, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency’s (“BRSA”) decision numbered 489 dated 18 October 2001. The share transfers were realised on 26 October 2001 and the bank’s name was changed to Tekfenbank Anonim Şirketi, which had two main shareholders: Tekfen Holding A.Ş. with 57,30% and TST International S.A. with 40,62%.

EFG Eurobank Ergasias S.A. (“Eurobank EFG”) and Tekfen Holding A.Ş. (“Tekfen Group”) signed an agreement as of 8 May 2006, that anticipated Eurobank EFG to purchase Tekfen Group’s 70% share in Tekfenbank A.Ş. and Tekfen Finansal Kiralama A.Ş. which is fully owned by Tekfenbank; where Tekfen Group retained its strategic partnership by keeping all remaining shares. As of 23 February 2007, the sale of Tekfenbank A.Ş. to Eurobank EFG Holding (Luxembourg) S.A. (“Eurobank EFG Holding”) was approved by the BRSA and the sale was completed after the share transfer on 16 March 2007.

Under the agreement regarding the sale of Eurobank Ergasias S.A.’s Turkey operations to Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K), 70% of the bank shares belonging to Eurobank EFG Holding (Luxemburg) S.A. and 29,26% of the shares belonging to Tekfen Holding A.Ş. are bought by Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K) on 7 December 2012 in accordance with the Banking Regulation and Supervision Agency’s authorization, and then 99,26% of the bank shares are turned over to Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K) on 21 December 2012.

At the Extraordinary Board of Directors meeting on 23 January 2013, the title of the bank has been decided to change from Eurobank Tekfen A.Ş. to Burgan Bank A.Ş. (“the Bank”), and has been registered to the Turkish Trade Registry on 25 January 2013.

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**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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**GENERAL INFORMATION ABOUT THE GROUP (Continued):**

**II. EXPLANATION ABOUT THE PARENT BANK’S CAPITAL STRUCTURE, SHAREHOLDERS OF THE PARENT BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE PARENT BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE PARENT BANK BELONGS TO:**

The Bank’s registered capital ceiling is 4 billion full TL.

The Bank’s capital amounts to full TL 1.890.000.000.

In accordance with the Decision of the Board of Directors of the Bank dated 24 February 2021 and numbered 2021/06, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to full TL 1.535.000.000 by full TL 355.000.000 to full TL 1.890.000.000, being within the limit of registered capital ceiling amounting to full TL 4.000.000.000, and it was notified that there is no objection for consummation of transactions regarding the capital increase. In this context, the capital amount provided by the shareholders were transferred to the paid-in capital account and the required procedures were initiated for the registry. It was registered and announced in the Turkish Trade Registry Gazette dated 21 April 2021 and numbered 10314.

There is no change in the Bank’s shareholder structure.

Founded in 1977, Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K) ,as an affiliate of KIPCO Group (Kuwait Projects Company), one of the largest holding groups of the MENA (Middle East and North Africa) region, is among the significant banking groups in the region. Besides Kuwait, Burgan Bank Group also operates as a main shareholder with its affiliate banks in Algeria (Gulf Bank Algeria), Iraq (Bank of Baghdad), and Tunisia (Tunis International Bank).

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**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**GENERAL INFORMATION ABOUT THE GROUP (Continued):**

**III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS:**

<b><u>Title</u></b>	<b><u>Name</u></b>	<b><u>Responsibility</u></b>	<b><u>Education</u></b>
<b>Chairman of the Board of Directors:</b>	Emin Hakan Eminsoy	Chairman of Board of Directors	Undergraduate
<b>Board of Directors Members: (*)</b>	Abdelkarim A. S. Kabariti	Deputy Chairman	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	Halil Cantekin	Member	Undergraduate
	Osama T. Al Ghousein	Member	Undergraduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Hasan Kılıç	Member	Undergraduate
	Ali Murat Dinç	Member and General Manager	Graduate
<b>General Manager:</b>	Ali Murat Dinç	Member and General Manager	Graduate
<b>Deputy General Managers: (**)</b>	Suat Kerem Sözügüzel	Corporate & Commercial Banking	Undergraduate
	Zeynep Bozkurt	Financial Affairs	Graduate
<b>Vice General Managers: (***)</b>	Esra Aydın	Operations & Management Services	Undergraduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Suat Kerem Sözügüzel	Corporate & Commercial Banking	Undergraduate
	Banu Ertürk	Loans and Legal Follow-up	Undergraduate
	Darço Akkaranfil	Information Technologies	Graduate
	Zeynep Bozkurt	Financial Affairs	Graduate
	Ayşen Aslı Koçer	Deposit Management	Undergraduate
	Yener Yazlalı	Loans	Graduate
<b>Audit Committee:</b>	Halil Cantekin	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate

(\*) Abdelkarim A. S. Kabariti was appointed as a Member of the Board of Directors and Deputy Chairman on 4 November 2021.

(\*\*) Zeynep Bozkurt was appointed as Deputy General Manager on 11 November 2021.

(\*\*\*) Yener Yazlalı was appointed as Vice General Manager of Loans on 2 August 2021.

There is no share of the above individuals in the Bank.



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**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**GENERAL INFORMATION ABOUT THE GROUP (Continued):**

**IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES IN THE PARENT BANK:**

<b>Name/Commercial Title</b>	<b>Share Amounts</b>	<b>Share percentage</b>	<b>Paid-in Capital</b>	<b>Unpaid portion</b>
Burgan Bank K.P.S.C.	1.878.884	99,41%	99,41%	-

Based on the Principal Agreement, the Parent Bank has 1 million founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

**V. INFORMATION ON THE PARENT BANK’S SERVICE TYPE AND FIELD OF OPERATIONS:**

As of 30 September 2021, the Parent Bank, whose headquarter located in Istanbul, has 32 branches operating in Turkey (31 December 2020: 32). The Bank’s core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 September 2021, the Group has 1.027 (31 December 2020: 1.042) employees.

**VI. CURRENT OR LIKELY ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES:**

None.

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP**

- I. Consolidated balance sheet (Consolidated statement of financial position)
- II. Consolidated off-balance sheet
- III. Consolidated statement of profit or loss
- IV. Consolidated statement of profit or loss and other comprehensive income
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**BURGAN BANK A.Ş**

**CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)  
AS OF 30 SEPTEMBER 2021 AND 31 DECEMBER 2020**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. BALANCE SHEET	Note (Section Five)	Reviewed 30/09/2021			Audited 31/12/2020		
		TL	FC	Total	TL	FC	Total
<b>ASSETS</b>							
<b>I. FINANCIAL ASSETS (Net)</b>		<b>2.037.028</b>	<b>5.417.412</b>	<b>7.454.440</b>	<b>1.289.975</b>	<b>3.717.548</b>	<b>5.007.523</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>739.777</b>	<b>5.116.924</b>	<b>5.856.701</b>	<b>393.578</b>	<b>3.338.091</b>	<b>3.731.669</b>
1.1.1 Cash and Balances at Central Bank	I-a	287.449	4.048.803	4.336.252	236.800	3.033.781	3.270.581
1.1.2 Banks	I-c	427.859	1.068.121	1.495.980	25.244	304.310	329.554
1.1.3 Receivables from Money Markets		24.500	-	24.500	131.550	-	131.550
1.1.4 Expected Credit Losses (-)		31	-	31	16	-	16
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>I-b</b>	<b>6.042</b>	<b>28.679</b>	<b>34.721</b>	<b>606</b>	<b>82.251</b>	<b>82.857</b>
1.2.1 Government Debt Securities		708	8.537	9.245	606	32.178	32.784
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		5.334	20.142	25.476	-	50.073	50.073
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>I-d</b>	<b>425.036</b>	<b>109.117</b>	<b>534.153</b>	<b>262.892</b>	<b>154.018</b>	<b>416.910</b>
1.3.1 Government Debt Securities		417.362	97.274	514.636	255.218	144.122	399.340
1.3.2 Equity Instruments		7.674	11.843	19.517	7.674	9.896	17.570
1.3.3 Other Financial Assets		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>	<b>I-l</b>	<b>866.173</b>	<b>162.692</b>	<b>1.028.865</b>	<b>632.899</b>	<b>143.188</b>	<b>776.087</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		97.654	115.817	213.471	146.782	138.880	285.662
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		768.519	46.875	815.394	486.117	4.308	490.425
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>		<b>9.101.713</b>	<b>11.902.293</b>	<b>21.004.006</b>	<b>7.781.438</b>	<b>12.004.232</b>	<b>19.785.670</b>
<b>2.1 Loans</b>	<b>I-e-f</b>	<b>9.282.880</b>	<b>9.725.140</b>	<b>19.008.020</b>	<b>7.828.034</b>	<b>9.765.845</b>	<b>17.593.879</b>
<b>2.2 Receivables from Leasing Transactions</b>	<b>I-k</b>	<b>785.632</b>	<b>2.396.710</b>	<b>3.182.342</b>	<b>745.171</b>	<b>2.463.519</b>	<b>3.208.690</b>
<b>2.3 Factoring Receivables</b>	<b>I-e</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Other Financial Assets Measured at Amortized Cost</b>	<b>I-g</b>	<b>-</b>	<b>680.931</b>	<b>680.931</b>	<b>-</b>	<b>510.403</b>	<b>510.403</b>
2.4.1 Government Debt Securities		-	680.931	680.931	-	510.403	510.403
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Losses (-)</b>	<b>I-e-f</b>	<b>966.799</b>	<b>900.488</b>	<b>1.867.287</b>	<b>791.767</b>	<b>735.535</b>	<b>1.527.302</b>
<b>III. NON-CURRENTS ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)</b>	<b>I-o</b>	<b>787.816</b>	<b>-</b>	<b>787.816</b>	<b>613.988</b>	<b>-</b>	<b>613.988</b>
3.1 Held for Sale		787.816	-	787.816	613.988	-	613.988
3.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4.1 Investments in Associates (Net)</b>	<b>I-h</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		-	-	-	-	-	-
<b>4.2 Investments in Subsidiaries (Net)</b>	<b>I-i</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Non-Consolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)</b>	<b>I-j</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Jointly Controlled Partnerships Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnerships		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		<b>649.314</b>	<b>-</b>	<b>649.314</b>	<b>573.200</b>	<b>-</b>	<b>573.200</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>40.314</b>	<b>-</b>	<b>40.314</b>	<b>43.623</b>	<b>-</b>	<b>43.623</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		40.314	-	40.314	43.623	-	43.623
<b>VII. INVESTMENT PROPERTIES (Net)</b>	<b>I-m</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>5.940</b>	<b>-</b>	<b>5.940</b>	<b>27.373</b>	<b>-</b>	<b>27.373</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>I-n</b>	<b>81.602</b>	<b>-</b>	<b>81.602</b>	<b>118.760</b>	<b>-</b>	<b>118.760</b>
<b>X. OTHER ASSETS (Net)</b>	<b>I-p</b>	<b>340.027</b>	<b>45.841</b>	<b>385.868</b>	<b>262.847</b>	<b>44.045</b>	<b>306.892</b>
<b>TOTAL ASSETS</b>		<b>13.043.754</b>	<b>17.365.546</b>	<b>30.409.300</b>	<b>10.711.204</b>	<b>15.765.825</b>	<b>26.477.029</b>

The accompanying explanations and notes form an integral part of these financial statements.

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**BURGAN BANK A.Ş.**

**CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)  
AS OF 30 SEPTEMBER 2021 AND 31 DECEMBER 2020**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. BALANCE SHEET	Note (Section Five)	Reviewed 30/09/2021			Audited 31/12/2020		
		TL	FC	Total	TL	FC	Total
<b>LIABILITIES</b>							
<b>I. DEPOSITS</b>	<b>II-a</b>	<b>6.426.429</b>	<b>11.999.726</b>	<b>18.426.155</b>	<b>4.026.297</b>	<b>9.821.151</b>	<b>13.847.448</b>
<b>II. LOANS RECEIVED</b>	<b>II-c</b>	<b>370.171</b>	<b>5.037.064</b>	<b>5.407.235</b>	<b>495.281</b>	<b>6.163.571</b>	<b>6.658.852</b>
<b>III. MONEY MARKET FUNDS</b>		<b>26.821</b>	<b>139.818</b>	<b>166.639</b>	<b>34.605</b>	<b>238.918</b>	<b>273.523</b>
<b>IV. MARKETABLE SECURITIES (Net)</b>	<b>II-d</b>	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>II-b</b>	-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-g</b>	<b>203.900</b>	<b>111.808</b>	<b>315.708</b>	<b>232.139</b>	<b>263.416</b>	<b>495.555</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		96.211	67.886	164.097	175.740	224.843	400.583
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		107.689	43.922	151.611	56.399	38.573	94.972
<b>VIII. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX. LEASE PAYABLES (Net)</b>	<b>II-f</b>	<b>77.078</b>	<b>56</b>	<b>77.134</b>	<b>76.331</b>	<b>771</b>	<b>77.102</b>
<b>X. PROVISIONS</b>	<b>II-h</b>	<b>262.752</b>	<b>16.992</b>	<b>279.744</b>	<b>282.462</b>	<b>61.324</b>	<b>343.786</b>
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		50.752	-	50.752	41.997	-	41.997
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		212.000	16.992	228.992	240.465	61.324	301.789
<b>XI. CURRENT TAX LIABILITIES</b>	<b>II-i</b>	<b>31.019</b>	-	<b>31.019</b>	<b>57.463</b>	-	<b>57.463</b>
<b>XII. DEFERRED TAX LIABILITIES</b>	<b>II-i</b>	<b>950</b>	-	<b>950</b>	-	-	-
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>II-j</b>	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT</b>	<b>II-k</b>	-	<b>2.229.523</b>	<b>2.229.523</b>	-	<b>2.228.521</b>	<b>2.228.521</b>
14.1 Loans		-	2.229.523	2.229.523	-	2.228.521	2.228.521
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	<b>II-e</b>	<b>419.131</b>	<b>864.511</b>	<b>1.283.642</b>	<b>237.666</b>	<b>587.056</b>	<b>824.722</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>II-l</b>	<b>2.196.394</b>	<b>(4.843)</b>	<b>2.191.551</b>	<b>1.689.140</b>	<b>(19.083)</b>	<b>1.670.057</b>
16.1 Paid-in Capital		1.890.000	-	1.890.000	1.535.000	-	1.535.000
16.2 Capital Reserves		(2.532)	-	(2.532)	(736)	-	(736)
16.2.1 Equity Share Premiums		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(2.532)	-	(2.532)	(736)	-	(736)
16.3 Other Accumulated Comprehensive Income or Expenses that will not be Reclassified in Profit or Loss		17.956	-	17.956	17.956	-	17.956
16.4 Other Accumulated Comprehensive Income or Expenses that will be Reclassified in Profit or Loss		44.836	(4.843)	39.993	12.438	(19.083)	(6.645)
16.5 Profit Reserves		124.482	-	124.482	398.179	-	398.179
16.5.1 Legal Reserves		25.728	-	25.728	24.839	-	24.839
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		98.754	-	98.754	373.340	-	373.340
16.5.4 Other profit Reserves		-	-	-	-	-	-
16.6 Profit or Loss		121.652	-	121.652	(273.697)	-	(273.697)
16.6.1 Prior Years' Profit or Losses		-	-	-	(6.283)	-	(6.283)
16.6.2 Current Period Net Profit or Loss		121.652	-	121.652	(267.414)	-	(267.414)
16.7 Minority Shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>10.014.645</b>	<b>20.394.655</b>	<b>30.409.300</b>	<b>7.131.384</b>	<b>19.345.645</b>	<b>26.477.029</b>

The accompanying explanations and notes form an integral part of these financial statements.

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**BURGAN BANK A.Ş.**

**CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS FOR THE PERIODS ENDED 30 SEPTEMBER 2021 AND 31 DECEMBER 2020**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. OFF-BALANCE SHEET	Note (Section Five)	Reviewed 30/09/2021			Audited 31/12/2020		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>7.571.493</b>	<b>39.837.109</b>	<b>47.408.602</b>	<b>5.569.605</b>	<b>38.682.730</b>	<b>44.252.335</b>
<b>I. GUARANTEES and WARRANTIES</b>	<b>III-a-2-3</b>	<b>1.252.012</b>	<b>4.278.195</b>	<b>5.530.207</b>	<b>992.145</b>	<b>4.179.622</b>	<b>5.171.767</b>
1.1. Letters of Guarantee		1.252.012	1.114.620	2.366.632	992.145	1.562.036	2.554.181
1.1.1. Guarantees Subject to State Tender Law		13.090	350	13.440	14.924	358	15.282
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		1.238.922	1.114.270	2.353.192	977.221	1.561.678	2.538.899
1.2. Bank Loans		-	100.313	100.313	-	171.038	171.038
1.2.1. Import Letter of Acceptance		-	100.313	100.313	-	171.038	171.038
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	1.511.423	1.511.423	-	1.117.312	1.117.312
1.3.1. Documentary Letters of Credit		-	1.511.423	1.511.423	-	1.117.312	1.117.312
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	1.551.839	1.551.839	-	1.329.236	1.329.236
1.9. Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>III-a-1</b>	<b>868.635</b>	<b>1.458.683</b>	<b>2.327.318</b>	<b>824.940</b>	<b>1.300.616</b>	<b>2.125.556</b>
2.1. Irrevocable Commitments		868.635	1.458.683	2.327.318	824.940	1.300.616	2.125.556
2.1.1. Asset Purchase and Sales Commitments		429.477	1.124.136	1.553.613	555.391	1.163.870	1.719.261
2.1.2. Deposit Purchase and Sales Commitments		-	334.547	334.547	-	136.746	136.746
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Commitments for Loan Limits		271.925	-	271.925	196.854	-	196.854
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		79.979	-	79.979	72.695	-	72.695
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		87.254	-	87.254	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>5.450.846</b>	<b>34.100.231</b>	<b>39.551.077</b>	<b>3.752.520</b>	<b>33.202.492</b>	<b>36.955.012</b>
3.1. Hedging Derivative Financial Instruments		2.198.175	8.980.418	11.178.593	907.234	6.946.783	7.854.017
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		2.198.175	8.980.418	11.178.593	907.234	6.946.783	7.854.017
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		3.252.671	25.119.813	28.372.484	2.845.286	26.255.709	29.100.995
3.2.1. Forward Foreign Currency Buy/Sell Transactions		34.333	296.816	331.149	24.096	164.866	188.962
3.2.1.1. Forward Foreign Currency Transactions-Buy		23.328	141.861	165.189	16.564	79.529	96.093
3.2.1.2. Forward Foreign Currency Transactions-Sell		11.005	154.955	165.960	7.532	85.337	92.869
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		2.130.039	21.238.964	23.369.003	2.470.994	24.957.971	27.428.965
3.2.2.1. Foreign Currency Swap-Buy		391.720	8.338.944	8.730.664	175.511	10.006.154	10.181.665
3.2.2.2. Foreign Currency Swap-Sell		1.738.319	7.009.644	8.747.963	2.295.483	8.128.375	10.423.858
3.2.2.3. Interest Rate Swap-Buy		-	2.945.188	2.945.188	-	3.411.721	3.411.721
3.2.2.4. Interest Rate Swap-Sell		-	2.945.188	2.945.188	-	3.411.721	3.411.721
3.2.3. Foreign Currency, Interest rate and Securities Options		1.028.642	3.527.512	4.556.154	350.196	1.132.872	1.483.068
3.2.3.1. Foreign Currency Options-Buy		379.337	1.868.075	2.247.412	165.033	561.256	726.289
3.2.3.2. Foreign Currency Options-Sell		649.305	1.659.437	2.308.742	185.163	571.616	756.779
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		59.657	56.521	116.178	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		59.657	-	59.657	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	56.521	56.521	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>113.998.616</b>	<b>173.689.471</b>	<b>287.688.087</b>	<b>78.343.108</b>	<b>153.836.559</b>	<b>232.179.667</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>3.077.778</b>	<b>3.099.214</b>	<b>6.176.992</b>	<b>5.749.144</b>	<b>2.522.930</b>	<b>8.272.074</b>
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		1.550.841	1.413.065	2.963.906	4.596.545	1.037.420	5.633.965
4.3. Cheques Received for Collection		1.431.423	143.486	1.574.909	1.116.771	130.300	1.247.071
4.4. Commercial Notes Received for Collection		19.969	9.301	29.270	10.304	12.978	23.282
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		75.545	1.533.362	1.608.907	25.524	1.342.232	1.367.756
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>110.700.662</b>	<b>170.590.257</b>	<b>281.290.919</b>	<b>72.373.788</b>	<b>151.313.629</b>	<b>223.687.417</b>
5.1. Marketable Securities		187.781	-	187.781	286.197	-	286.197
5.2. Guarantee Notes		22.020.190	27.249.754	49.269.944	21.605.410	23.723.645	45.329.055
5.3. Commodity		3.682.475	4.056.633	7.739.108	3.365.837	3.444.097	6.809.934
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		74.944.597	60.296.367	135.240.964	37.700.884	52.755.839	90.456.723
5.6. Other Pledged Items		9.865.619	78.987.503	88.853.122	9.415.460	71.390.048	80.805.508
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>220.176</b>	<b>-</b>	<b>220.176</b>	<b>220.176</b>	<b>-</b>	<b>220.176</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>121.570.109</b>	<b>213.526.586</b>	<b>335.096.689</b>	<b>83.912.713</b>	<b>192.519.289</b>	<b>276.432.002</b>

The accompanying explanations and notes form an integral part of these financial statements.

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**BURGAN BANK A.Ş.**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS ENDED 30 SEPTEMBER 2021 AND 30 SEPTEMBER 2020**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I.	INCOME STATEMENTS	Note (Section Five)	Reviewed 01/01/2021- 30/09/2021	Reviewed 01/01/2020- 30/09/2020	Reviewed 01/07/2021- 30/09/2021	Reviewed 01/07/2020- 30/09/2020
	INCOME AND EXPENSE ITEMS					
<b>I.</b>	<b>INTEREST INCOME</b>	<b>IV-a</b>	<b>1.898.317</b>	<b>1.382.066</b>	<b>678.760</b>	<b>448.862</b>
1.1	Interest Received from Loans		1.263.087	917.261	444.495	295.940
1.2	Interest Received from Reserve Deposits		27.250	-	10.905	-
1.3	Interest Received from Banks		46.830	20.809	21.310	4.632
1.4	Interest Received from Money Market Transactions		17.958	27.257	1.188	8.330
1.5	Interest Received from Marketable Securities Portfolio		63.166	40.855	23.042	16.704
1.5.1	Financial Assets at Fair Value Through Profit or Loss		1.573	1.236	236	299
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		34.142	21.010	12.823	7.769
1.5.3	Financial Assets Measured at Amortized Cost		27.451	18.609	9.983	8.636
1.6	Finance Lease Interest Income		175.914	182.857	54.314	63.397
1.7	Other Interest Income	IV-k	304.112	193.027	123.506	59.859
<b>II.</b>	<b>INTEREST EXPENSES (-)</b>	<b>IV-b</b>	<b>1.426.245</b>	<b>830.027</b>	<b>515.066</b>	<b>269.513</b>
2.1	Interest on Deposits		771.326	364.228	281.000	119.075
2.2	Interest on Funds Borrowed		221.961	240.304	70.016	73.337
2.3	Interest on Money Market Transactions		2.331	7.124	555	2.362
2.4	Interest on Securities Issued		-	-	-	-
2.5	Finance Lease Interest Expenses		8.809	7.256	2.837	2.340
2.6	Other Interest Expenses	IV-k	421.818	211.115	160.658	72.399
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>472.072</b>	<b>552.039</b>	<b>163.694</b>	<b>179.349</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>27.920</b>	<b>29.731</b>	<b>12.797</b>	<b>9.538</b>
4.1	Fees and Commissions Received		44.356	41.369	16.404	14.690
4.1.1	Non-Cash Loans		27.528	20.143	9.531	6.478
4.1.2	Other	IV-k	16.828	21.226	6.873	8.212
v4.2	Fees and Commissions Paid (-)		16.436	11.638	3.607	5.152
4.2.1	Non-Cash Loans (-)		473	95	420	22
4.2.2	Other (-)	IV-k	15.963	11.543	3.187	5.130
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>46</b>	<b>8</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	<b>IV-c</b>	<b>85.005</b>	<b>115.059</b>	<b>14.012</b>	<b>64.311</b>
6.1	Profit/Losses from Capital Market Transactions		25.230	30.949	8.272	3.819
6.2	Profit/Losses from Derivative Financial Transactions		183.405	(23.991)	59.212	(36.899)
6.3	Foreign Exchange Profit/Losses		(123.630)	108.101	(53.472)	97.391
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>IV-d</b>	<b>195.511</b>	<b>48.913</b>	<b>55.792</b>	<b>22.156</b>
<b>VIII.</b>	<b>GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>780.554</b>	<b>745.750</b>	<b>246.295</b>	<b>275.354</b>
<b>IX.</b>	<b>ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	<b>IV-e</b>	<b>208.586</b>	<b>375.715</b>	<b>33.105</b>	<b>154.561</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>IV-e</b>	<b>-</b>	<b>2.732</b>	<b>-</b>	<b>2.665</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>196.363</b>	<b>178.226</b>	<b>68.087</b>	<b>60.508</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>IV-f</b>	<b>224.122</b>	<b>178.197</b>	<b>80.073</b>	<b>50.311</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>151.483</b>	<b>10.880</b>	<b>65.030</b>	<b>7.309</b>
<b>XIV.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV.</b>	<b>PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>	<b>IV-g</b>	<b>151.483</b>	<b>10.880</b>	<b>65.030</b>	<b>7.309</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>IV-h</b>	<b>(29.831)</b>	<b>(659)</b>	<b>(19.277)</b>	<b>(331)</b>
18.1	Current Tax Provision		3.765	7.834	1.420	(19.116)
18.2	Expense Effect of Deferred Tax (+)		122.387	73.727	8.400	54.351
18.3	Income Effect of Deferred Tax (-)		96.321	80.902	(9.457)	34.904
<b>XIX.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	<b>IV-i</b>	<b>121.652</b>	<b>10.221</b>	<b>45.753</b>	<b>6.978</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
20.1	Income from Assets Held for Sale		-	-	-	-
20.2	Profit from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Other Income from Discontinued Operations		-	-	-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1	Expenses on Assets Held for Sale		-	-	-	-
21.2	Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Other Expenses from Discontinued Operations		-	-	-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-	-	-
23.2	Expense Effect of Deferred Tax (+)		-	-	-	-
23.3	Income Effect of Deferred Tax (-)		-	-	-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT/LOSS FOR THE PERIOD (XIX+XXIV)</b>	<b>IV-j</b>	<b>121.652</b>	<b>10.221</b>	<b>45.753</b>	<b>6.978</b>
25.1	Group's Profit / Loss		121.652	10.221	45.753	6.978
25.2	Minority Shares Profit / Loss (-)		-	-	-	-
	Profit / Loss Per Share (1.000 nominal in TL full)		0,686	0,067	0,258	0,045

The accompanying explanations and notes form an integral part of these financial statements.

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**BURGAN BANK A.Ş.**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 SEPTEMBER 2021 AND 30 SEPTEMBER 2020**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

<b>IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>Reviewed 01/01/2021- 30/09/2021</b>	<b>Reviewed 01/01/2020- 30/09/2020</b>
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>121.652</b>	<b>10.221</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>46.638</b>	<b>17.736</b>
<b>2.1 Other Comprehensive Income not to be Reclassified to Profit or Loss</b>	<b>-</b>	<b>-</b>
2.1.1 Revaluation Increase/Decrease of Tangible Assets	-	-
2.1.2 Revaluation Increase/Decrease of Intangible Assets	-	-
2.1.3 Defined Benefit Plans Re-measurement Gains/Loss	-	-
2.1.4 Other Comprehensive Income not to be Reclassified to Profit or Loss	-	-
Income Tax Relating to Components of Other Comprehensive Income not to be Reclassified to Profit or Loss	-	-
2.1.5	-	-
<b>2.2 Other Comprehensive Income to be Reclassified to Profit or Loss</b>	<b>46.638</b>	<b>17.736</b>
2.2.1 Exchange Differences on Translation of Foreign Operations	-	(5.749)
2.2.2 Gains/Losses on Valuation and/or Reclassification Arising from Financial Assets at Fair Value Through Other Comprehensive Income	(9.733)	(785)
2.2.3 Gains/Losses Arising on Cash Flow Hedges	68.413	30.894
2.2.4 Gains/Losses Arising on Foreign Net Investment Hedges	-	-
2.2.5 Other Comprehensive Income Items to be Reclassified as Other Profit or Loss	-	-
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss	(12.042)	(6.624)
2.2.6	(12.042)	(6.624)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>168.290</b>	<b>27.957</b>

The accompanying explanations and notes form an integral part of these financial statements.

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**BURGAN BANK A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other Comprehensive Income and Expenses not to be Reclassified to Profit or Loss			Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss								
						1	2	3	4	5	6	Profit Reserves	Prior Period Profit / (Loss)	Current Period Net Income or Loss	Total Shareholders' Equity Except From Minority Interest	Minority Interest	Total Shareholders' Equity
Reviewed CURRENT PERIOD 30.09.2021	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves												
I. Prior Period End Balance	II-1	1.535.000	-	-	(736)	23.452	(5.496)	-	-	3.592	(10.237)	398.179	(273.697)	-	1.670.057	-	1.670.057
II. Corrections According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1.535.000	-	-	(736)	23.452	(5.496)	-	-	3.592	(10.237)	398.179	(273.697)	-	1.670.057	-	1.670.057
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	(7.786)	54.424	-	-	121.652	168.290	-	168.290
V. Capital Increase in Cash		355.000	-	-	-	-	-	-	-	-	-	-	-	-	355.000	-	355.000
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain or Loss related to Other Changes		-	-	-	(1.796)	-	-	-	-	-	-	-	-	-	(1.796)	-	(1.796)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	(273.697)	273.697	-	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	(273.697)	273.697	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+IV+.....+X+XI)</b>		<b>1.890.000</b>	<b>-</b>	<b>-</b>	<b>(2.532)</b>	<b>23.452</b>	<b>(5.496)</b>	<b>-</b>	<b>-</b>	<b>(4.194)</b>	<b>44.187</b>	<b>124.482</b>	<b>-</b>	<b>121.652</b>	<b>2.191.551</b>	<b>-</b>	<b>2.191.551</b>

Descriptions;

1. Fixed assets revaluations increases/decreases,
2. Accumulated re-measurement gains/losses of defined benefit plans,
3. Other (the share of other comprehensive income of the investments accounted by the equity method that will not be classified as profit/loss and the accumulated amount of other comprehensive income items that will not be reclassified as other profit/loss),
4. Foreign currency translation differences,
5. Accumulated revaluation and/or classification gains/losses on financial assets at fair value through other comprehensive income,
6. Other (Cash flow hedging gains/losses, share of other comprehensive income of equity method investees classified as profit/loss and accumulated other comprehensive income to be reclassified as other profit or loss).

The accompanying explanations and notes form an integral part of these financial statements.



**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**BURGAN BANK A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other Comprehensive Income and Expenses not to be Reclassified to Profit or Loss			Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss								
						1	2	3	4	5	6	Profit Reserves	Prior Period Profit / (Loss)	Current Period Net Income or Loss	Total Shareholders' Equity Except From Minority Interest	Minority Interest	Total Shareholders' Equity
Reviewed	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves												
PRIOR PERIOD 30.09.2020																	
I. Prior Period End Balance	II-1	1.535.000	-	-	(736)	20.713	(5.096)	-	5.749	(2.396)	(32.138)	259.625	138.554	-	1.919.275	-	1.919.275
II. Corrections According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1.535.000	-	-	(736)	20.713	(5.096)	-	5.749	(2.396)	(32.138)	259.625	138.554	-	1.919.275	-	1.919.275
IV. Total Comprehensive Income		-	-	-	-	-	-	-	(5.749)	(612)	24.097	-	-	10.221	27.957	-	27.957
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain / Loss Related to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	138.554	(138.554)	-	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	138.554	(138.554)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+IV+.....+X+XI)</b>		<b>1.535.000</b>	<b>-</b>	<b>-</b>	<b>(736)</b>	<b>20.713</b>	<b>(5.096)</b>	<b>-</b>	<b>-</b>	<b>(3.008)</b>	<b>(8.041)</b>	<b>398.179</b>	<b>-</b>	<b>10.221</b>	<b>1.947.232</b>	<b>-</b>	<b>1.947.232</b>

Descriptions;

1. Fixed assets revaluations increases/decreases,
2. Accumulated re-measurement gains/losses of defined benefit plans,
3. Other (the share of other comprehensive income of the investments accounted by the equity method that will not be classified as profit/loss and the accumulated amount of other comprehensive income items that will not be reclassified as other profit/loss),
4. Foreign currency translation differences,
5. Accumulated revaluation and/or classification gains/losses on financial assets at fair value through other comprehensive income,
6. Other (Cash flow hedging gains/losses, share of other comprehensive income of equity method investees classified as profit/loss and accumulated other comprehensive income to be reclassified as other profit or loss).

The accompanying explanations and notes form an integral part of these financial statements.

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**BURGAN BANK A.Ş.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
AS OF 30 SEPTEMBER 2021 AND 30 SEPTEMBER 2020**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	Reviewed 30/09/2021	Reviewed 30/09/2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>608.924</b>	<b>730.616</b>
1.1.1 Interest Received		1.876.961	1.212.226
1.1.2 Interest Paid		(1.456.531)	(778.380)
1.1.3 Dividend Received		46	8
1.1.4 Fees and Commissions Received		33.649	31.037
1.1.5 Other Income		-	-
1.1.6 Collections from Non-performing Loans Recognized as Loss		309.077	286.117
1.1.7 Cash Payments to Personnel and Service Suppliers		(196.363)	(195.943)
1.1.8 Taxes Paid		(16.958)	(20.287)
1.1.9 Other		59.043	195.838
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(822.621)</b>	<b>454.314</b>
v1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		46.226	(37.571)
1.2.2 Net (Increase) Decrease in the Account of Banks		(1.790.944)	(476.772)
1.2.3 Net (Increase) Decrease in Loans		(1.568.529)	(3.363.311)
1.2.4 Net (Increase) Decrease in Other Assets		(795.306)	(1.655.907)
1.2.5 Net Increase (Decrease) in Bank Deposits		(39.875)	(144.111)
1.2.6 Net Increase (Decrease) in Other Deposits		4.618.844	3.188.699
1.2.7 Net Increase (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		40.757	-
1.2.8 Net Increase (Decrease) in Funds Borrowed		(1.261.348)	2.452.476
1.2.9 Net Increase (Decrease) in Payables Due		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities		(72.446)	490.811
<b>I. Net Cash Provided from Banking Operations</b>		<b>(213.697)</b>	<b>1.184.930</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>68.013</b>	<b>(168.857)</b>
v2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Movable and Immovable Properties		(8.229)	(10.654)
2.4 Disposals of Movable and Immovable Properties		265.619	72.718
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(440.311)	(243.174)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		314.339	180.027
2.7 Purchase of Financial Assets Measured at Amortized Cost		(228.699)	(167.774)
2.8 Sale of Financial Assets Measured at Amortized Cost		165.294	-
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>355.000</b>	<b>-</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		355.000	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>116.082</b>	<b>115.640</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>325.398</b>	<b>1.131.713</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>		<b>2.157.969</b>	<b>2.365.411</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>		<b>2.483.367</b>	<b>3.497.124</b>

The accompanying explanations and notes form an integral part of these financial statements.

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD**

**I. BASIS OF PRESENTATION:**

- a. The preparation of the consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures numbered 5411 Regarding Banks’ Accounting Application and Keeping Documents:**

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The format and content of the publicly announced consolidated financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqué related to Publicly Announced Financial Statements of Banks and Explanations and Notes to related to these Financial Statements”, published in the Official Gazette No. 28337, dated 28 June 2012, and changes and amendments to this Communiqué. The Bank maintains its accounting entries in Turkish Lira, in accordance with the Banking Law, Turkish Trade Law and the Turkish Tax Legislation.

The consolidated financial statements expressed in TL, were prepared with the cost-based method and were subject to inflation adjustments until 31 December 2004, except for financial assets, liabilities and buildings which were carried at fair value. The amounts in the consolidated financial statements and notes related to these financial statements have been expressed in thousands of Turkish Lira, unless otherwise stated. The preparation of consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

Coronavirus pandemic, which has recently emerged in China, spread to various countries in the world, causing potentially fatal respiratory infections, affects, especially in countries exposed to the epidemic, both regional and global economic conditions negatively, as well as it causes disruptions in operations. As a result of the spread of COVID-19 throughout the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and measures are still continued to be taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

Since it is aimed to update the financial information in the most recent annual financial statements in the interim financial statements prepared as of 30 September 2021, considering the magnitude of the economic changes due to COVID-19, the Bank made certain estimates in the calculation of expected credit losses, and explained these on disclosure VIII. “Explanations on Expected Credit Losses”. In the coming periods, the Bank will update its relevant assumptions as necessary.

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**I. BASIS OF PRESENTATION (Continued):**

**b. Information on accounting policies and changes in financial statements:**

None.

**c. Items subject to different accounting policies in the preparation of consolidated financial statements:**

None.

**II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS:**

The overall strategy of the Group of using financial instruments is to sustain an optimal balance between the yield of financial instruments and their risks. The most important funding source of the Group is deposits. The Bank can also sustain a lengthened liability structure by using long-term borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Group and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Group as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Bank’s foreign currency bid rates prevailing at the balance sheet date and related gains and losses arising from these translations are recognized in the income statement under the account of “Foreign exchange gains/losses”.

As of 30 September 2021, the USD exchange rate used in the translation of foreign currency transactions into Turkish currency and their reflection in the financial statements is TL 8,8785 and the Euro exchange rate is TL 10,2933.

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES:**

Consolidated financial statements are prepared in accordance with the TFRS 10 “Turkish Accounting Standard for Consolidated Financial Statements”. Consolidation principles for subsidiaries:

Subsidiaries are entities controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated using the full consolidation method on the grounds of materiality principle considering their operations, asset and equity sizes. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank.

Control depicts the significant influence the Parent Bank has over an investment to a legal entity, the varying yield the Parent Bank receives due to its relationship with this entity or the rights of the Parent Bank entitled over this yield and the power to impact the yield that the invested legal entity will generate.

In the full consolidation method, 100% of subsidiaries’ assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank’s assets, liabilities, income, expense and off-balance sheet items.

The carrying amount of the Group’s investment in each subsidiary and the Group’s portion of the cost value of the capital of each subsidiary are eliminated. Intergroup balances and intergroup transactions and resulting unrealized profits and losses are eliminated. Minority interests in the net income of consolidated subsidiaries are identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Group. Minority interests are presented in the consolidated balance sheet, under shareholder’s equity. Minority interests are presented separately in the Group’s income.

The Group has no joint ventures as of 30 September 2021 and 31 December 2020.

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:**

The major derivative instruments utilized by the Group are currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

The Bank classifies its currency forwards, swaps, options and futures as transactions at “Fair Value Through Profit or Loss” in accordance with TFRS 9 principles. Derivative transactions are recorded in accordance with their fair value on the contract date. Also, liabilities and receivables arising from derivative instruments are followed in the off-balance sheet accounts from their contractual values.

Derivative instruments are measured at their fair values in the periods following their recording and are disclosed under assets or liabilities in the “Derivative Financial Assets at Fair Value Through Profit or Loss” section according to whether their fair value is positive or negative. Differences in the fair value of trading derivative instruments are reflected to the income statement. The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models.

As of 30 September 2021, the Group applies cash flow hedge accounting through cross and interest currency swaps to protect against changes in interest rates of FC deposits which have average maturities of up to 3 months. The Group implements effectiveness tests at the balance sheet dates for hedge accounting, the effective parts are accounted as defined in TAS 39, on the financial statements under equity “Accumulated Other Comprehensive Income or Expenses to be Reclassified Through Profit or Loss”, whereas the amount concerning ineffective parts is associated with the income statement.

In cash flow hedge accounting, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked; the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized. The renewal of a financial hedging instrument or the transfer of a financial hedging instrument to another financial hedging instrument does not eliminate the hedging relationship, if the financial hedging instrument is part of the hedging strategy in accordance with TFRS 9.

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:**

Interest income and expenses are recognized by using the effective interest method.

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:**

Fees and commission income and expenses are primarily recognized on an accrual basis or "Effective interest (internal efficiency rate) method" according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection. The commissions and fees other than those whose amortised costs are integral part of their effective profit rate, are accounted over time in accordance with the TFRS 15 Revenue From Contracts With Customers Standard.

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

The Group classifies and accounts 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 Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 "Classification and Measurement of Financial Instruments" published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit/Loss", transaction costs are added to fair value or deducted from fair value.

The Group recognizes a financial asset into the financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, the business model determined by the Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments are made to earnings, losses or interests that were previously recorded in the financial statements.

**a. Financial assets at fair value through profit/loss:**

"Financial Assets at Fair Value Through Profit/Loss" are financial assets other than the ones that are managed with business models that aim to hold contractual cash flows in order to collect them and the ones that are managed with business models that aim to collect both the contractual cash flows and cash flows arising from the sale of the assets; If the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at a certain date; That are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at fair value through profit or loss are initially recognized at fair value and are remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the accounts of profit/loss.

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):**

**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 assets with contractual terms that lead to cash flows 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 recognized 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 re-measured at fair value. Interest income calculated with the 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. Unrealized gains and losses, arising from the difference between the amortized 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 “Accumulated Other Comprehensive Income or Expenses to be Reclassified Through Profit or Loss” under shareholders’ equity. When the mentioned marketable securities are collected or sold, the accumulated losses through fair value are reflected on 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/or whose fair values can be reliably measured are carried at their fair value. Equity securities that do not have a quoted market price in an active market and/or whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition, an entity can make an irrevocable decision, by choosing to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in other comprehensive income. If this choice is made, the dividends from the investment are taken into the financial statements as profit or loss.

**c. Financial assets measured at amortized cost:**

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 assets with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at their acquisition cost including the transaction costs which reflect the fair value of those instruments and are subsequently recognized at “Amortized cost” by using “Effective interest (Internal efficiency rate)” method. Interest income obtained from financial assets measured at amortized cost are accounted in the income statement.



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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):**

**d. Loans:**

Loans are financial assets that have fixed or determinable payment terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the “Effective interest rate (internal efficiency rate)” method.

The Group’s loans are recorded under the “Measured at Amortized Cost” account.

Write-down policy is explained in, Section V, the explanations and notes related to assets.

**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:**

The Group allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, in accordance with the Communiqué related to “Procedures and Principles regarding Classification of Loans and Allowances Allocated for Such Loans” published in the Official Gazette no. 29750 dated 22 June 2016, the Bank has started to allocate a loss allowance for expected credit losses on financial assets and loans measured at amortized cost in accordance with TFRS 9. In this context, as of 1 January 2018, the credit loss allowance method within the framework of the BRSA’s related legislation has been changed to the loss allowance for expected credit losses model with the implementation of TFRS 9. The predictions of expected credit loss forecasts include credible information which is objective, probability-weighted, supportable about past events, current conditions, and forecasts of future economic conditions.

Within the scope of Articles 4 and 5 of the Regulation on Principles and Procedures Regarding the Classification of Loans and Provisions in accordance with the BRSA Decision dated 17 March 2020 numbered 8948 and Decision dated 27 March 2020 and numbered 8970, due to the disruptions in economic and commercial activities resulting from the COVID-19 outbreak, the 90 days default period for loans to be classified as non-performing loans shall be applied as 180 days, and 30 days default period for loans classified as Stage 2 shall be applied as 90 days until 30 September 2021 in accordance with the assembly’s resolution dated 8 December 2020 and numbered 9312 and letter dated 18 June 2021.

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):**

The basic parameters used in the calculations of provision are described below:

**Probability of Default (PD):** PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, two different PDs are considered in calculations:

- **12-month PD:** The probability of default occurring within the next 12 months following the balance sheet date.
- **Lifetime PD:** The probability of default occurring over the remaining life of the loan.

The Group generates ratings for the corporate and commercial customers via internal rating system and the 12-month or lifetime probability of defaults are estimated based on these ratings. Macroeconomic expectations are taken into account when carrying out these expectations and the weighted average of the probabilities of default calculated from three different scenarios are considered as the final probability of default.

For retail customers, the score point is generated via the internal scoring system and the 12-month or lifetime probabilities of default are estimated based on these score points by considering the above-mentioned macroeconomic factors.

For the receivables from customers such as sovereign and banks, provision is calculated by using the determined values in the corporate and commercial probability of default table and the loss given default rates.

**Loss Given Default Rate:** If a loan default occurs, it refers to the economic loss that might be encountered by taking into consideration the collection period and the time value of money. The Group has determined the loss given default rates by considering the expert opinion based on the past historical data set.

**Exposure at Default:** For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans, it is the value calculated through using credit conversion factors.

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):**

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

*Stage 1:*

These are the financial assets at initial recognition or financial assets that do not have a significant increase in credit risk since their initial recognition. Impairment for credit risk for these assets is accounted in the amount of 12-month expected credit losses. Therefore, the expected probability of default of 12 months is calculated by considering the maturity of the loan. This value is obtained after weighting the three macroeconomic scenarios and the provision is calculated using the loss given default and risk amounts calculated by taking into consideration the collateral composition of the loan.

*Stage 2:*

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is accounted on the basis of the financial asset's lifetime expected credit losses. The provision which will be allocated for the loan is calculated by considering the maturity and cash flow of the loan for three macroeconomic scenarios as stated above. For this purpose, the probability of default and the loss given default amounts are estimated not only for 12 months but also for the whole life of the loan and the loan provision is determined by using the present value set calculated over the cash flow.

*Stage 3:*

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized. The method is similar to the methodology applied for Stage 2 loans, but the probability of default is considered 100% in these calculations. In general the Group follows the definition of default in the legislation (objective default definition, for example the criterion of the number of days past due). On the other hand, if it is decided that the debt will not be paid, the aforementioned receivable will be considered as Stage 3, even if the default has not occurred yet.

The Group carries out its determination regarding the significant increase in credit risk by taking into consideration of the following criteria:

- Type of customer (calculations are made on separate models for corporate and commercial customers and retail customers).
- Internal rating scores (calculations are based on score points for retail customers and ratings for corporate and commercial customers).
- The deterioration observed in the internal rating score between the drawdown date and the reporting date.

In addition to the criteria above, the Group has also made additional provisions through individual assessment.

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:**

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

**X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:**

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit/loss", "Financial assets at fair value through other comprehensive income" and "Financial assets measured at amortized cost" according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds provided under repurchase agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements ("Reverse repo") to resell are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the "Effective interest (internal efficiency rate) method". The Group has no securities lending transactions.

**XI. EXPLANATIONS ON TANGIBLE ASSETS THAT ARE HELD FOR RESALE, DISCONTINUED OPERATIONS AND LIABILITIES REGARDING THOSE ASSETS:**

Assets held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell. Held for sale assets are not amortized and presented separately in the financial statements. In order to classify an asset as held for sale, only when the sale is highly probable, experienced quite often and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or cancelling the plan is low. Various circumstances and conditions could extend the completion period of the sale more than one year. If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale.

The Group has no discontinued operations.

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:**

**a. Goodwill:**

As of 30 September 2021, the Group has no goodwill (31 December 2020: None).

**b. Other intangible assets:**

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for value decreases, if any.

Intangibles are amortized over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilize the economic benefit of the asset and differs from 3 years to 15 years.

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:**

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for value decrease, if any.

The Group has adopted the “revaluation method” in accordance with the (TFRS 16) Tangible Assets for the revaluation for its properties under tangible assets. Independent expert appraisal values are presented in the financial statements.

Depreciation is calculated over the cost of property and equipment using the straight-line method. The depreciation rates are stated below:

Buildings	2%
Movables, Movables Acquired by Financial Leasing	2-50%

The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

When the carrying amount of an asset is greater than its estimated “Net recoverable amount”, it is written down to its “Net recoverable amount” and the provision for the diminution in value is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the repair and renewal of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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#### EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

#### XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

The Group records its fixed assets obtained via leasing by taking into consideration the "lower of the fair value of the leased asset and the present value of the amount of cash consideration given for the leased asset".

Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "Provision for value decrease" is recognised. Liabilities arising from the leasing transactions are included in "Financial lease payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Group carries out financial leasing operations as a "Lessor" via Burgan Finansal Kiralama A.Ş. which is its subsidiary and included to consolidation.

With the "IFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed, and lease transactions have started to be recognized under "Tangible Assets" as an asset (right-of-use asset) and under "Lease Payables" as a liability.

The Group has applied the changes in accounting policies due to the initial implementation of the "IFRS 16 Leases" standard, which is among the new standards, amendments and interpretations effective from 1 January 2019, in accordance with the transition obligations of the related standard.

On 5 June 2020, the POA made some amendments in IFRS 16 "Leases" by publishing COVID-19 Related Rent Concessions – "Amendments to IFRS 16". Upon this amendment, lessees are exempted from assessing whether the concessions granted due to COVID-19 in rent payments have changed or not. The related amendment has had no material impact on the financial position or performance of the Group.

#### IFRS 16 "Leases" Standard

##### The Group – as lessee:

At the beginning of a contract, the Group assesses whether the contract has the quality of a lease or whether the contract includes a lease transaction. In circumstances when the contract transfers the right of controlling the asset for a certain time period for a certain price, this contract carries the quality of a lease or includes a leasing transaction. The Group reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

##### Right-of-use asset:

The right-of-use asset is first recognized by the cost method and includes the following:

- a) The initial measurement amount of the lease obligation,
- b) The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease,
- c) All initial direct costs incurred by the Group.

When the Group applies the cost method, the existence of the right to use:

- a) accumulated depreciation and accumulated impairment losses are deducted and
- b) measures the restatement of the lease obligation at the restated cost.

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued):**

The Group applies the depreciation statutes included in the TAS 16 Tangible Assets standard while depreciating the right to use an asset.

**Lease obligation:**

At the effective date of the lease, the Group measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Group’s average borrowing interest rates in the case of this rate being easily determined. Otherwise, the Group uses its alternative borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease:

After the effective date of the lease, the Group measures the leasing liability as follows:

- a) Increases the book value to reflect the interest on the lease obligation,
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring, or to reflect fixed lease payments as of revised nature.

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

**XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:**

Provisions and contingent liabilities except for the allowances for expected credit losses recognized for loans and other receivables are accounted in accordance with the “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (“TAS 37”).

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognised in the same period of occurrence in accordance with the “Matching principle”. When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Group, it is considered that a “Contingent” liability exists and it is disclosed in the related notes to the financial statements.

**XVI. EXPLANATIONS ON CONTINGENT ASSETS:**

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements in which the change occurs.

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:**

The Group accounts obligations related to employee termination and vacation rights in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and classifies these items under the "Reserve for Employee Rights" account in the balance sheet.

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation arising from this liability.

According to the TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communiqué published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Bank, the recognition option of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the statement of profit or loss has been eliminated which is effective for annual periods beginning on or after 1 January 2013. The earlier application of the revision is permitted in the section of the transition and effective date of the standard and therefore the Bank has recognised the actuarial gains and losses that occur in related reporting periods in the "Statement of Profit or Loss and Other Comprehensive Income" and presented in "Other Reserves" item in the Shareholders Equity section.

**XVII. EXPLANATIONS ON TAXATION:**

**a. Current Tax:**

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20%. The corporate tax rate is implemented on the total income of the Bank after adjusting for certain disallowable expenses (e.g. income from subsidiaries exception), exempt income and other allowances. No further tax is payable unless the profit is distributed.

In accordance with the Temporary Article 10 and Article 32 paragraph 1 added to the Corporate Tax Law at 5 December 2017, the Corporate Tax rate which was 20% will be applied as 22% for corporate earnings for the taxation periods of 2018, 2019 and 2020. In addition, as per the Article 11 of the Law No. 7316 on the Certain Amendments on the Law on the Collection of the Public Receivables and Certain Laws and as per the temporary Article 13 of the Law No. 5520 on the "Corporate Tax Law" published in the Official Gazette dated 22 April 2021, the corporate tax rate of 20% has been increased to 25% for corporate income for the 2021 taxation period, and to 23% for corporate income for the 2022 taxation period as of 1 April 2021. In accordance with article 14 of the same law, the change in corporate tax rate is applicable to the taxation period from 1 January 2021 (for the institutions designated as a special accounting period, the accounting period starting from 1 January 2021) starting from the declarations that must be submitted as of 1 July 2021 and entering into force on 22 April 2021 to be valid for corporate earnings.



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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**XVIII. EXPLANATIONS ON TAXATION (Continued):**

**a. Current Tax (Continued):**

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporate tax quarterly on their corporate income with the current rate. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

75% portion of the capital gains derived from the sale of equity investments and immovable properties, which are held at least for two years, before 5 December 2017, 50% portion of the capital gains derived from the sale of equity investments and immovable properties after 5 December 2017 are tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder’s equity for 5 years. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

**b. Deferred Tax:**

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with “Turkish Accounting Standard for Income Taxes” (“TAS 12”) and the related decrees of the BRSA concerning income taxes.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

**XIX. EXPLANATIONS ON BORROWINGS:**

The Group’s fund resources in essence consist of borrowing from foreign financial institutions, issued securities and money market debt.

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at “discounted cost” using the effective interest method.

The Group utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued by the Group.

**XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:**

Transaction costs regarding the issuance of share certificates are accounted under shareholders’ equity after eliminating the tax effects.

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:**

Avalized drafts and acceptances shown as liabilities against assets are included in the “Off-balance sheet commitments”.

**XXII. EXPLANATIONS ON GOVERNMENT GRANTS:**

Pursuant to Law No. 5746 on Supporting Research and Development Activities, there is an incentive of TL 4.635 received from TÜBİTAK until the balance sheet date (31 December 2020: TL 6.803).

**XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:**

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code (“TCC”) the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

**XXIV. EXPLANATIONS ON EARNINGS PER SHARE:**

Earnings per share disclosed in the income statement are calculated by dividing net profit/(loss) for the year to the weighted average number of shares outstanding during the period concerned.

	<b>30 September 2021</b>	<b>30 September 2020</b>
Net Profit/(Loss) to be Appropriated to Ordinary Shareholders	121.652	10.221
Weighted Average Number of Issued Ordinary Shares (Thousand)	177.426.740	153.500.000
<b>Profit/(Losses) Per Ordinary Shares (Disclosed as 1,000 nominal in full TL)</b>	<b>0,686</b>	<b>0,067</b>

Based on the Principal Agreement, the Bank has 1.000.000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

In Turkey, companies can increase their share capital by making a pro-rata distribution of “bonus shares” to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of “bonus shares” issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

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**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**XXV. EXPLANATIONS ON RELATED PARTIES:**

Parties defined in Article 49 of the Banking Law No. 5411, the Group's senior management and Board Members are deemed as related parties. Transactions regarding related parties are presented in Note V. of Section Five.

**XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:**

For the purposes of the cash flow statement, "Cash" includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the T.R. Central Bank; and "Cash equivalents" include interbank money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

**XXVII. EXPLANATIONS ON SEGMENT REPORTING:**

Operational field is distinguishable section of the Group that has different characteristics from other operational fields per earning and conducts the presentation of service group, associated bank products or a unique product. Operating segments are disclosed in Note X. in Section Four.

**XXVIII. RECLASSIFICATIONS:**

In order to comply with the presentation of the financial statements as at 30 September 2021, the Bank has made some reclassifications on the 31 December 2020 balance sheet and 30 September 2020 statement of cash flows and related notes. The guarantees given for derivative transactions with foreign banks, which were stated under the "Other Assets" item in the 31 December 2020 balance-sheet, were classified under the "Banks" item in accordance with the amendments made within the scope of the Regulation on the Uniform Chart of Accounts effective from 1 January 2021.

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**SECTION FOUR**

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WITHIN THE SCOPE OF CONSOLIDATION**

**I. EXPLANATIONS ON EQUITY:**

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of 30 September 2021, the Group’s total capital has been calculated as TL 4.650.643 (31 December 2020: TL 3.711.535) and the Capital adequacy ratio is 18,72% (31 December 2020: 16,59%).

As of 30 September 2021, based on the regulation made by the BRSA on 23 March 2020, 8 December 2020 and 18 June 2021, due to the fluctuations in the financial markets as a result of the COVID-19 outbreak, in the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy; within monetary assets and non-monetary assets, excluding foreign currency items that are measured in terms of historical cost, when calculating the values of assets in accordance with Turkish Accounting Standards and the related specific provisions, the average of the last 252 work days of Turkish Accounting Standards is used.

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**I. EXPLANATIONS ON EQUITY (Continued):**

**a. Information about total capital:**

	Current Period 30 September 2021	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.890.000		1.535.000	
Share issue premiums	-		-	
Legal reserves	121.950		397.443	
Gains recognized in equity as per TAS	109.328		118.763	
Profit	121.652		-	
Net Current Period Profit	121.652		-	
Prior Periods' Profit	-		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-		-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>2.242.930</b>		<b>2.051.206</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>				
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-		-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	12.303		303.409	
Improvement costs for operating leasing	13.630		16.100	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	41.224	41.224	44.349	44.349
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-		-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	46.800		13.979	
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	-		-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-		-	
Defined-benefit pension fund net assets	-		-	
Direct and indirect investments of the Bank in its own Common Equity	-		-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-		-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-		-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-		-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-		-	
Excess amount arising from mortgage servicing rights	-		-	
Excess amount arising from deferred tax assets based on temporary differences	-		-	
Other items to be defined by the BRSA	-		-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-		-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>113.957</b>		<b>377.837</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>2.128.973</b>		<b>1.673.369</b>	

(\*) In this section, the accounts that are liable to the temporary articles of “Regulation on Equities of Banks”, which will be considered at the end of the transition period are shown.

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**I. EXPLANATIONS ON EQUITY (Continued):**

**a. Information about total capital (Continued):**

	Current Period 30 September 2021	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)
<b>ADDITIONAL TIER I CAPITAL</b>				
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-	-	-
Debt instruments and premiums approved by BRSA (*)	443.925	-	370.970	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>443.925</b>	-	<b>370.970</b>	-
<b>Deductions from Additional Tier I Capital</b>				
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated 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 Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>				
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 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 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-	-	-
<b>Total Deductions From Additional Tier I Capital</b>				
<b>Total Additional Tier I Capital</b>	<b>443.925</b>	-	<b>370.970</b>	-
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>2.572.898</b>	-	<b>2.044.339</b>	-
<b>TIER II CAPITAL</b>				
Debt instruments and share issue premiums deemed suitable by the BRSA (*)	1.775.700	-	1.409.686	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	302.346	-	257.536	-
<b>Tier II Capital Before Deductions</b>	<b>2.078.046</b>	-	<b>1.667.222</b>	-
<b>Deductions From Tier II Capital</b>				
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	301	-	26	-
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 Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
<b>Total Deductions from Tier II Capital</b>	<b>301</b>	-	<b>26</b>	-
<b>Total Tier II Capital</b>	<b>2.077.745</b>	-	<b>1.667.196</b>	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>4.650.643</b>	-	<b>3.711.535</b>	-
<b>Deductions from Total Capital</b>				
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-	-	-
Net book values of movables and immovables exceeding the limit defined in the article 57, clause 1 of the banking law and the assets acquired against overdue receivables and held for sale but retained more than five years	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>				
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 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 1 capital and Tier 2 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 deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 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 deducted from Common Equity Tier 1 capital for the purposes of the first and second sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-	-	-

(\*) In this section, the accounts that are liable to the temporary articles of “Regulation on Equities of Banks”, which will be considered at the end of the transition period are shown.

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**I. EXPLANATIONS ON EQUITY (Continued):**

**a. Information about total capital (Continued):**

	Current Period 30 September 2021	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)
<b>EQUITY</b>				
<b>Total Capital (Sum of Tier I and Tier II capital)</b>	<b>4.650.643</b>		<b>3.711.535</b>	
Total Risk Weighted Amounts	24.847.716		22.372.338	
<b>CAPITAL ADEQUACY RATIOS</b>				
Core Capital Adequacy Ratio (%)	8,57		7,48	
Tier I Capital Adequacy Ratio (%)	10,35		9,14	
Capital Adequacy Ratio (%)	18,72		16,59	
<b>BUFFERS</b>				
Total buffer requirement (a+b+c)	2,531		2,552	
a. Capital conservation buffer requirement (%)	2,500		2,500	
b. Bank specific counter-cyclical buffer requirement (%)	0,031		0,052	
c. Systematic significant buffer (%)	-		-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	4,07		2,98	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>				
Portion of the total of net long positions of investments in equity items of unconsolidated 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 unconsolidated 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	-		-	
Remaining mortgage servicing rights	-		-	
Amount arising from deferred tax assets based on temporary differences	221.787		189.368	
<b>Limits related to provisions considered in Tier II calculation</b>				
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	970.615		841.201	
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	287.152		257.536	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

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**I. EXPLANATIONS ON EQUITY (Continued):**

**b. Information on instruments related to equity estimation:**

Issuer – Loan grantor	Burgan Bank K.P.S.C.	Burgan Bank K.P.S.C.
Unique Identifier of the Debt Instrument	-	-
Governing Legislation of the Debt Instrument	BRSA	BRSA
Regulatory Treatment in Equity Calculation	Tier II Capital	Tier I Capital
Assessment whether it is subject to being taken into consideration as 10% decreased as of 1/1/2015	No	No
Validity status in a consolidated or unconsolidated basis or in a consolidated and unconsolidated basis	Unconsolidated - Consolidated	Unconsolidated - Consolidated
Instrument type	Subordinated Loan	Subordinated Loan
Amount recognized in equity calculation (As of most recent reporting date – Thousands TL)	1.775.700	443.925
Nominal value of debt instrument (Thousands USD)	200.000	50.000
The account number that the debt instrument is followed	Liability-Subordinated Loans-Amortized Cost	Liability-Subordinated Loans-Amortized Cost
Original date of issuance of the debt instrument	16.08.2021	22.02.2021
Maturity structure of the debt instrument (Perpetual/Dated)	Dated	Perpetual
Original maturity date of the debt instrument	10 Years	-
Whether the issuer has a right to call subject to BRSA approval	Yes	Yes
Optional call date, contingent call options and redemption amount	After 5th year	After 5th year
Subsequent call dates of call options	After 5th year	After 5th year
Coupon/dividend payments	3 Months	-
Fixed or floating dividend/coupon payments	Floating dividend	-
Coupon rate and any related index value	LIBOR+4,25	-
Existence of a restriction which can stop dividend payments	-	-
Being fully discretionary, partially discretionary or mandatory	-	-
Existence of an interest rate increase or other incentive to call	-	-
Being noncumulative or cumulative	Noncumulative	Noncumulative
Being convertible or non-convertible to stock	None	None
If convertible to a stock, conversion trigger(s)	-	-
If convertible to a stock, fully or partially	-	-
If convertible to a stock, conversion rate	-	-
If convertible to a stock, mandatory or optional conversion	-	-
If convertible to a stock, specify instrument type convertible into	-	-
If convertible to a stock, issuer of debt instrument it converts into	-	-
Value reduction feature	None	-
If it has a value reduction feature, write-down trigger(s)	-	If unsustainability occurs, a decrease in value can be realized.
If it has a value reduction feature, full or partial	-	Partially or completely depreciation can be realized.
If it has a value reduction feature, permanent or temporary	-	Constant
If temporary value reduction exists, description of value increase mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to this instrument)	Before debt instruments to be included in Additional Tier I capital calculation but after the deposit holders and all other creditors of the Debtor.	After the right to claim of the holder, the deposit holders, other creditors and contribution capital calculation included borrowings of the Debtor.
Whether it is in compliance with the terms in articles 7 and 8 of the Communiqué on Bank’s Equities	None.	None.
The terms it is not in compliance with in articles 7 and 8 of the Communiqué on Bank’s Equities	None.	None.

(\*) USD 200 million loan obtained by the Bank from Burgan Bank K.P.S.C. has been renewed and with the BRSA's approval dated 13 July 2021 and numbered 19419, it is considered appropriate to be included in the Tier II Capital calculations starting from 30 June 2021 and in the following periods.



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**BURGAN BANK A.Ş.**

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WITHIN THE SCOPE OF CONSOLIDATION (Continued):**

**I. EXPLANATIONS ON EQUITY (Continued):**

**c. Information related to the TFRS 9 transition process:**

	<b>T</b>	<b>T-1</b>
<b>EQUITY ITEMS</b>		
Common Equity Tier 1 Capital	2.128.973	2.089.897
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	2.089.897	2.089.897
Tier 1 Capital	2.572.898	2.533.822
Tier 1 Capital Without the Implementation of the Transition Process	2.533.822	2.533.822
Equity	4.650.643	4.611.567
Equity Without the Implementation of the Transition Process	4.611.567	4.611.567
<b>TOTAL RISK WEIGHTED AMOUNTS</b>		
Total Risk Weighted Amounts	24.847.716	24.847.716
<b>CAPITAL ADEQUACY RATIOS</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	8,57	8,41
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	8,41	8,41
Tier 1 Capital Adequacy Ratio (%)	10,35	10,20
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	10,20	10,20
Capital Adequacy Ratio (%)	18,72	18,56
Capital Adequacy Ratio Without the Implementation of the Transition Process (%)	18,56	18,56
<b>LEVERAGE RATIO</b>		
Leverage Ratio Total Risk Amount	35.986.148	35.986.148
Leverage Ratio	7,05	7,04
Leverage Ratio Without the Implementation of the Transition Process	7,04	7,04

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WITHIN THE SCOPE OF CONSOLIDATION (Continued):**

**II. EXPLANATIONS ON RISK MANAGEMENT:**

**a. Overview of RWA**

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of the date 30 September 2021:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

		Risk Weighted Amounts		Minimum Capital Liability
		Current Period	Prior Period	Current Period
		30 September 2021	31 December 2020	30 September 2021
1	Credit risk (excluding counterparty credit risk) (CCR)	22.505.540	20.039.447	1.800.443
2	Standardised approach (SA)	22.505.540	20.039.447	1.800.443
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	466.649	563.444	37.332
5	Standardised approach for counterparty credit risk (SACCR)	466.649	563.444	37.332
6	Internal Model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory Formula Approach (SSFA)	-	-	-
16	Market risk	193.899	276.989	15.512
17	Standardised approach (SA)	193.899	276.989	15.512
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	1.681.628	1.492.458	134.530
20	Basic indicator approach	1.681.628	1.492.458	134.530
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustments	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>24.847.716</b>	<b>22.372.338</b>	<b>1.987.817</b>

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WITHIN THE SCOPE OF CONSOLIDATION (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK:**

The difference between the Group’s foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the “Net Foreign Currency Position” and it is the basis of currency risk. Another important dimension of the currency risk is the change in the exchange rates of different foreign currencies in net foreign currency position” (cross currency risk).

A series of limits for the tenure of spot and forward foreign exchange positions are set by the Board of Directors annually. The Group has a short-term conservative foreign currency position management policy.

The Parent Bank’s publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date:

	EURO		USD	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020

Bid Rate	TL 10,2933	TL 9,1164	TL 8,8785	TL 7,4194
1. Day Bid Rate	TL 10,2933	TL 9,1164	TL 8,8785	TL 7,4194
2. Day Bid Rate	TL 10,3135	TL 9,0079	TL 8,8433	TL 7,3405
3. Day Bid Rate	TL 10,3486	TL 9,0697	TL 8,8585	TL 7,4063
4. Day Bid Rate	TL 10,3364	TL 9,1370	TL 8,8355	TL 7,4738
5. Day Bid Rate	TL 10,3526	TL 9,2037	TL 8,8240	TL 7,5517

The simple arithmetic average of the Parent Bank’s foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are shown below:

	EURO		USD	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Arithmetic average - 30 days	TL 10,0528	TL 9,3887	TL 8,5339	TL 7,7095

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WITHIN THE SCOPE OF CONSOLIDATION (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):**

**Information on currency risk of the Group:**

	<b>Euro</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>30 September 2021</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.107.478	1.886.061	55.264	4.048.803
Due From Banks	15.953	1.040.033	12.135	1.068.121
Financial Assets at Fair Value Through Profit or Loss (*)	23.041	21.730	15	44.786
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	42.995	66.122	-	109.117
Loans (*)	9.234.023	3.000.091	1	12.234.115
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	170.264	510.667	-	680.931
Hedging Derivative Financial Assets (*)	3.608	38.769	-	42.377
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (*)	38.323	6.110	665	45.098
<b>Total Assets</b>	<b>11.635.685</b>	<b>6.569.583</b>	<b>68.080</b>	<b>18.273.348</b>
<b>Liabilities</b>				
Bank Deposits	85.275	11.570	26	96.871
Foreign Currency Deposits	4.747.992	6.730.312	424.551	11.902.855
Funds From Interbank Money Market	-	139.818	-	139.818
Funds Borrowed From Other Financial Institutions	1.084.957	6.181.630	-	7.266.587
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	547.714	270.421	41.901	860.036
Hedging Derivative Financial Liabilities	14.735	26.686	-	41.421
Other Liabilities (*)	12.611	9.973	6.963	29.547
<b>Total Liabilities</b>	<b>6.493.284</b>	<b>13.370.410</b>	<b>473.441</b>	<b>20.337.135</b>
<b>Net On-balance Sheet Position</b>	<b>5.142.401</b>	<b>(6.800.827)</b>	<b>(405.361)</b>	<b>(2.063.787)</b>
<b>Net Off-balance Sheet Position</b>	<b>(4.367.742)</b>	<b>6.840.960</b>	<b>412.739</b>	<b>2.885.957</b>
Financial Derivative Assets	2.525.933	10.888.962	789.170	14.204.065
Financial Derivative Liabilities	6.893.675	4.048.002	376.431	11.318.108
<b>Non-Cash Loans (**)</b>	<b>1.426.711</b>	<b>2.630.749</b>	<b>220.735</b>	<b>4.278.195</b>
<b>31 December 2020</b>				
Total Assets (*)	10.670.580	5.848.333	38.916	16.557.829
Total Liabilities (*)	5.879.853	13.002.627	282.241	19.164.721
<b>Net On-balance Sheet Position</b>	<b>4.790.727</b>	<b>(7.154.294)</b>	<b>(243.325)</b>	<b>(2.606.892)</b>
<b>Net Off-balance Sheet Position</b>	<b>(4.240.703)</b>	<b>7.314.541</b>	<b>248.637</b>	<b>3.322.475</b>
Financial Derivative Assets	2.552.398	10.476.238	413.273	13.441.909
Financial Derivative Liabilities	6.793.101	3.161.697	164.636	10.119.434
<b>Non-Cash Loans (**)</b>	<b>1.771.089</b>	<b>2.260.017</b>	<b>148.516</b>	<b>4.179.622</b>

(\*) The table above indicates the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets are classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts. Due to this, foreign currency indexed loans amounting to TL 116.430 (31 December 2020: TL 133.622) classified as Turkish Lira assets in the 30 September 2021 financial statements are added to the table above and there are no foreign currency indexed loans received in the current period (31 December 2020: None). Furthermore, in foreign currency assets “Income Accruals of Derivative Financial Instruments” amounting to TL 104.208 (31 December 2020: TL 68.720), “Prepaid Expenses” amounting to TL 743 (31 December 2020: None) and “Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 896.323 (31 December 2020: TL 727.102), in foreign currency liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 55.904 (31 December 2020: TL 143.555) and “Non-cash Loans Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 55.904 (31 December 2020: TL 143.555) and “Provisions for Non-cash Loans First and Second Stage Expected Losses” amounting to TL 6.459 (31 December 2020: TL 56,452) and “Marketable Securities Valuation Reserve” with “ Hedging Derivative Financials” amounting to TL (4.843) (31 December 2020: TL (19.083)) are not included in the table above.

(\*\*) Non-cash loans are not included in the total of “Net Off-Balance Sheet Position”.

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WITHIN THE SCOPE OF CONSOLIDATION (Continued):**

**IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK:**

Interest rate risk is the risk that expresses the effects of fluctuations in the market interest rates on the value increase/decrease of the Bank’s interest rate sensitive assets and liabilities. The interest sensitivity of risks regarding the interest rate both on the on-balance sheet and off-balance sheet are monitored following several analyses and are discussed in Asset and Liability Committee weekly.

The Group closely monitors the maturity gap between liabilities and assets that may arise in the balance sheet to manage the interest rate risk better. Additionally, interest rate swaps and cross currency swaps that are followed under banking accounts and aim to hedge risks are conducted by the Treasury, Capital Markets and Financial Institutions Group. Liquidity management is critical in the combination of investments, securities which fair value difference reflected in other comprehensive income and the trading portfolio. Through using these precautions, the possible loss effects on the shareholders’ equity due to both credit risk and interest risk during the volatile periods of the market are minimized.

**a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates (As for the remaining time to repricing):**

<b>30 September 2021</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets (***)</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	961.755	-	-	-	-	3.374.497	4.336.252
Due From Banks	1.272.805	-	-	-	-	223.144	1.495.949
Financial Assets at Fair Value Through Profit or Loss (*)	216.619	216.201	561.095	57.576	6.761	5.334	1.063.586
Interbank Money Market Placements	24.500	-	-	-	-	-	24.500
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	20.673	404.170	89.793	19.517	534.153
Loans	9.918.829	2.648.515	2.940.139	2.570.096	705.654	1.539.851	20.323.084
Financial Assets Measured at Amortized Cost	-	-	202.543	389.247	89.132	-	680.922
Other Assets	50.352	-	-	-	-	1.900.502	1.950.854
<b>Total Assets</b>	<b>12.444.860</b>	<b>2.864.716</b>	<b>3.724.450</b>	<b>3.421.089</b>	<b>891.340</b>	<b>7.062.845</b>	<b>30.409.300</b>
<b>Liabilities</b>							
Bank Deposits	-	82.667	-	-	-	14.524	97.191
Other Deposits	10.630.838	4.445.442	767.314	40.113	-	2.445.257	18.328.964
Funds From Money Market	26.841	-	139.798	-	-	-	166.639
Miscellaneous Payables	-	-	-	-	-	987.630	987.630
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	1.385.079	3.944.692	1.863.062	-	-	443.925	7.636.758
Other Liabilities (*) (**)	126.973	108.699	11.728	143.346	540	2.800.832	3.192.118
<b>Total Liabilities</b>	<b>12.169.731</b>	<b>8.581.500</b>	<b>2.781.902</b>	<b>183.459</b>	<b>540</b>	<b>6.692.168</b>	<b>30.409.300</b>
<b>Balance Sheet Long Position</b>	<b>275.129</b>	<b>-</b>	<b>942.548</b>	<b>3.237.630</b>	<b>890.800</b>	<b>370.677</b>	<b>5.716.784</b>
<b>Balance Sheet Short Position</b>	<b>-</b>	<b>(5.716.784)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5.716.784)</b>
Off-balance Sheet Long Position	2.010.618	1.464.621	455.362	-	-	-	3.930.601
Off-balance Sheet Short Position	-	-	-	(3.124.229)	(62.150)	-	(3.186.379)
<b>Total Position</b>	<b>2.285.747</b>	<b>(4.252.163)</b>	<b>1.397.910</b>	<b>113.401</b>	<b>828.650</b>	<b>370.677</b>	<b>744.222</b>

(\*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 1.028.865 and other liabilities includes hedging derivative financial liabilities amounting to TL 315.708 classified to a related re-pricing periods.

(\*\*) Shareholders’ Equity is presented in the Non-Interest Bearing column.

(\*\*\*) Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

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**IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):**

**a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates (As for the remaining time to repricing) (Continued):**

<b>31 December 2020</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets (***)</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	341.612	-	-	-	-	2.928.969	3.270.581
Due From Banks	52.760	-	-	-	-	276.778	329.538
Financial Assets at Fair Value Through Profit or Loss (*)	125.574	112.458	415.620	154.854	47.919	2.519	858.944
Interbank Money Market Placements	131.550	-	-	-	-	-	131.550
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	73.772	285.056	40.512	17.570	416.910
Loans	7.871.796	2.854.957	3.390.508	2.533.371	1.122.392	1.502.243	19.275.267
Financial Assets Measured at Amortized Cost	-	151.052	-	352.852	6.499	-	510.403
Other Assets	27.208	-	-	-	-	1.656.628	1.683.836
<b>Total Assets</b>	<b>8.550.500</b>	<b>3.118.467</b>	<b>3.879.900</b>	<b>3.326.133</b>	<b>1.217.322</b>	<b>6.384.707</b>	<b>26.477.029</b>
<b>Liabilities</b>							
Bank Deposits	37.096	72.991	-	-	-	26.979	137.066
Other Deposits	8.849.909	3.620.616	376.105	12.550	-	851.202	13.710.382
Funds From Interbank Money Market	35.549	237.974	-	-	-	-	273.523
Miscellaneous Payables	115	-	-	-	-	627.929	628.044
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	1.190.995	6.102.748	1.593.630	-	-	-	8.887.373
Other Liabilities (*) (**)	206.261	110.307	50.618	188.664	15.025	2.269.766	2.840.641
<b>Total Liabilities</b>	<b>10.319.925</b>	<b>10.144.636</b>	<b>2.020.353</b>	<b>201.214</b>	<b>15.025</b>	<b>3.775.876</b>	<b>26.477.029</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>1.859.547</b>	<b>3.124.919</b>	<b>1.202.297</b>	<b>2.608.831</b>	<b>8.795.594</b>
<b>Balance Sheet Short Position</b>	<b>(1.769.425)</b>	<b>(7.026.169)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8.795.594)</b>
Off-balance Sheet Long Position	1.153.754	856.846	755.874	-	-	-	2.766.474
Off-balance Sheet Short Position	-	-	-	(2.402.744)	(14.839)	-	(2.417.583)
<b>Total Position</b>	<b>(615.671)</b>	<b>(6.169.323)</b>	<b>2.615.421</b>	<b>722.175</b>	<b>1.187.458</b>	<b>2.608.831</b>	<b>348.891</b>

(\*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 776.087 and other liabilities includes hedging derivative financial liabilities amounting to TL 495.555 classified to a related re-pricing periods.

(\*\*) Shareholders' Equity is presented in the Non-Interest Bearing column.

(\*\*\*) Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

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**IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):**

**b. Average interest rates for monetary financial instruments:**

Average interest rates in the tables below are calculated by weighting simple interest rates with principal amounts.

<b>30 September 2021</b>	<b>Euro</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	12,50
Due From Banks	-	0,12	-	18,41
Financial Assets at Fair Value Through Profit or Loss	2,92	2,64	-	12,26
Interbank Money Market Placements	-	-	-	18,33
Financial Assets at Fair Value Through Other Comprehensive Income	3,72	4,61	-	17,14
Loans	5,32	5,70	-	20,53
Financial Assets Measured at Amortized Cost	3,43	6,70	-	-
<b>Liabilities</b>				
Bank Deposits	1,21	-	-	0,08
Other Deposits (*)	0,67	1,13	-	15,73
Funds From Interbank Money Market	-	1,13	-	14,88
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	3,17	2,65	-	16,58

(\*) Demand deposits are included in the calculation of the weighted average interest rates.

<b>31 December 2020</b>	<b>Euro</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	12,00
Due From Banks	-	0,36	-	16,62
Financial Assets at Fair Value Through Profit or Loss	4,89	2,49	-	10,30
Interbank Money Market Placements	-	-	-	16,07
Financial Assets at Fair Value Through Other Comprehensive Income	4,65	5,04	-	15,15
Loans	5,40	6,41	-	18,64
Financial Assets Measured at Amortized Cost	-	6,07	-	-
<b>Liabilities</b>				
Bank Deposits	1,24	0,12	-	-
Other Deposits (*)	1,47	2,64	-	15,98
Funds From Interbank Money Market	-	1,29	-	13,93
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,62	3,23	-	13,29

(\*) Demand deposits are included in the calculation of the weighted average interest rates.

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WITHIN THE SCOPE OF CONSOLIDATION (Continued):**

**IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):**

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

1. The measurement frequency of the interest rate risk with important estimations including those relating to the quality of the interest rate resulting from banking accounts, advance loan repayment and movements of deposits other than time deposits is explained by the following:

Interest rate risk resulting from the banking accounts is measured according to the month-end balance in accordance with "Regulation No. 28034 on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method", dated 23 August 2011.

Interest sensitive items are taken into consideration in accordance with the re-pricing period and depending on the estimated cash flows. Demand deposits are taken into account based on the core deposit calculations. The change calculated by implementing interest rate shocks on the differences created in accordance with the re-pricing periods of the assets and liabilities in the banking accounts is proportioned to the equities.

2. The table below presents the economic value differences of the Parent Bank resulting from fluctuations in interest rates in accordance with the "Regulation on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method" under sections divided into different currencies.

<b>Currency</b>	<b>Applied Shock (+/- x basis point)</b>	<b>Earnings/Losses</b>	<b>Earnings/ Equities-Losses/ Equities</b>
1. TL	+500 bp	35.300	0,8%
2. TL	-400 bp	(32.851)	(0,7)%
3. EURO	+200 bp	(10.930)	(0,2)%
4. EURO	-200 bp	(624)	-
5. USD	+200 bp	(14.115)	(0,3)%
6. USD	-200 bp	24.198	0,5%
<b>Total (For Negative Shocks)</b>		<b>(9.277)</b>	<b>(0,2)%</b>
<b>Total (For Positive Shocks)</b>		<b>10.256</b>	<b>0,2%</b>

**V. EXPLANATIONS ON CONSOLIDATED SHARE CERTIFICATE POSITION RISK:**

None.



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**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO:**

Liquidity risk is the risk generated as a result of not having an effect or cash inflow at a level which can meet cash outflow, formed because of an imbalance in cash flow, timely and completely.

Effective liquidity risk management requires assigning appropriate staff for measurement and monitoring and timely informing management of the Parent Bank. Board of Directors and senior management is responsible to understand the nature and level of the liquidity risk taken by the Bank and the instruments measuring these risks. Additionally, Board of Directors and Senior Management are responsible for the compliance of funding strategies to risk tolerance which is determined to be applied.

Liquidity risk management framework of the Parent Bank is determined with “Burgan Bank Risk Management Policy” and “Burgan Bank Liquidity Risk Policy” documents approved by Bank’s Board of Directors and “Burgan Bank Risk Management Policy” and “Burgan Bank Treasury Policy” and “Burgan Bank Assets & Liabilities Management Committee (ALCO)” in scope of banking legislation.

Liquidity management is primarily under the responsibility of ALCO in accordance with the Liquidity Risk Management of the Parent Bank. Treasury, Capital Markets and Financial Corporations Group are responsible to perform required actions in accordance with the liquidity standards determined in accordance with the Liquidity Risk Policy. Market Risk Departments is secondarily responsible and it is responsible to control and report compliance with the limits. Detailed information related to periodic and specific reports related to liquidity risk, stress tests, scenario tests, scenario analysis, compliance with risk limits and legal liquidity reports are included in Liquidity Risk Policy of the Bank.

Liquidity risk exposed by the Bank, risk appetite, liquidity risk reduction appropriate to liquidity and funding policies (diversification of funding sources and maturities, derivative transactions), establishment of effective control environment, risk limits, early warning and triggering market indicators are managed through monitoring closely.

The liquidity risk is removed by short term placements, liquid marketable assets wallet and strong equity structure in the management of liquidity risk. Board of Directors of Bank can perform limit reduction regardless of credit value in current placement limits when the volatility in markets increases. Management of the Bank and ALCO monitors possible marginal costs of payments and spurts as a result of studies made in scope of scenario analysis while tracking interest margin in diversified maturity segments between assets and liabilities. Borrowing limits which can be used in short-term for spurts from Central Bank, BIST Repo Market, Takasbank Money Market and banks are applied at a minimum level. The Bank does not need to use these sources because of its current liquidity position but it uses the aforementioned limits for short-term transaction opportunities. Assets, liabilities and positions on the basis of main types of currencies (currencies forming at least 5% of Bank’s total liabilities) are managed under the control of Treasury and Capital Markets.

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WITHIN THE SCOPE OF CONSOLIDATION (Continued):**

**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):**

Although the Parent Bank is responsible to comply with liquidity limitations which are determined in Liquidity Risk Policy, it is primarily obliged with minimum liquidity limits determined by the legal legislation. There should be no excess in liquidity limits in accordance with the Parent Bank’s policy. Acceptation of current risk level, reduction or termination of activities causing to risk are evaluated for the risk which are not reduced. The actions, which shall be taken if there is an excess in the legal and internal limits, are detailed in Liquidity Risk Policy of the Bank. Overflow which is formed in liquidity ratios tracked according to legal limitations is eliminated in the period which is also determined by legal legislation.

Triggering market indicators are indicators which are tracked as early warning signals before the transition to stress environment which can form in the market as a result of ordinary business condition. Early warning limits related to liquidity risk in Bank are determined and aforementioned limits are monitored closely with the triggering market indicators.

Market Risk Department reports results of scenarios related to liquidity risk to Board of Directors, Risk Coordination Committee, Risk Committee and ALCO through making monthly calculations based on stress scenarios. These stress tests identify negative market conditions and potential fund outflows which occur in funding resources in a liquidity crisis. The purpose of stress test is to inform related committees and Board of Directors regarding liquidity outflows and derogation which can occur in the liquidity ratios of the Parent Bank. Required actions are taken by ALCO if there are similar situations mentioned in stress scenarios.

An ALCO meeting is held with a call made by Treasury, Capital Markets and Deputy General Manager of Financial Corporations if there is a negative development sourcing from the group or liquidity and precautions which shall be taken in this process are determined in scope of Liquidity Emergency Plan. Details related to Liquidity Emergency Plan are included in Liquidity Risk Policy of the Bank.

The Parent Bank does not serve a function as a central funding institution in its relationship with its partnerships. Intra-group liquidity management and funding strategies are limited to related legal limitations.

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**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):**

**Liquidity Coverage Ratio:**

30 September 2021		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
<b>1</b>	<b>High quality liquid assets</b>			<b>4.441.324</b>	<b>3.791.505</b>
<b>CASH OUTFLOWS</b>					
<b>2</b>	<b>Retail and Small Business Customers Deposits</b>	<b>11.833.465</b>	<b>7.290.771</b>	<b>1.122.887</b>	<b>729.077</b>
3	Stable deposits	1.209.192	-	60.460	-
4	Less stable deposits	10.624.273	7.290.771	1.062.427	729.077
<b>5</b>	<b>Unsecured Funding other than Retail and Small Business Customers Deposits</b>	<b>4.000.790</b>	<b>2.983.081</b>	<b>1.970.974</b>	<b>1.398.083</b>
6	Operational deposits	1.449.034	1.149.912	362.258	287.478
7	Non-Operational Deposits	1.864.703	1.495.244	921.663	772.680
8	Other Unsecured Funding	687.053	337.925	687.053	337.925
<b>9</b>	<b>Secured funding</b>			<b>-</b>	<b>-</b>
<b>10</b>	<b>Other cash outflows</b>	<b>478.084</b>	<b>475.634</b>	<b>478.084</b>	<b>475.634</b>
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	478.084	475.634	478.084	475.634
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
<b>14</b>	<b>Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15</b>	<b>Other irrevocable or conditionally revocable commitments</b>	<b>5.927.267</b>	<b>4.638.941</b>	<b>877.211</b>	<b>688.786</b>
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>4.449.156</b>	<b>3.291.580</b>
<b>CASH INFLOWS</b>					
17	Secured lending transactions	-	-	-	-
18	Unsecured lending transactions	3.453.122	1.430.932	2.475.385	1.010.623
19	Other contractual cash inflows	48.119	335.399	48.119	335.399
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>3.501.241</b>	<b>1.766.331</b>	<b>2.523.504</b>	<b>1.346.022</b>
				<b>Upper Limit Applied Values</b>	
<b>21</b>	<b>TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>4.441.324</b>	<b>3.791.505</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>1.925.652</b>	<b>1.945.558</b>
<b>23</b>	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>230,64</b>	<b>194,88</b>

(\*) The arithmetic average of the last three months weekly Liquidity Coverage Ratio's are used.

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**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):**

31 December 2020		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
<b>1</b>	<b>High quality liquid assets</b>			<b>4.743.725</b>	<b>4.130.511</b>
<b>CASH OUTFLOWS</b>					
<b>2</b>	<b>Retail and small business customers deposits</b>	<b>9.416.529</b>	<b>6.314.802</b>	<b>896.440</b>	<b>631.480</b>
3	Stable deposits	904.264	-	45.213	-
4	Less stable deposits	8.512.265	6.314.802	851.227	631.480
<b>5</b>	<b>Unsecured Funding other than Retail and Small Business Customers Deposits</b>	<b>4.907.804</b>	<b>4.168.913</b>	<b>2.153.523</b>	<b>1.697.701</b>
6	Operational deposits	2.285.040	2.127.473	571.260	531.868
7	Non-Operational Deposits	2.059.150	1.735.324	1.018.649	859.717
8	Other Unsecured Funding	563.614	306.116	563.614	306.116
<b>9</b>	<b>Secured funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10</b>	<b>Other cash outflows</b>	<b>425.195</b>	<b>408.259</b>	<b>425.195</b>	<b>408.259</b>
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	425.195	408.259	425.195	408.259
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
<b>14</b>	<b>Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15</b>	<b>Other irrevocable or conditionally revocable commitments</b>	<b>4.801.050</b>	<b>3.865.523</b>	<b>610.479</b>	<b>460.361</b>
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>4.085.637</b>	<b>3.197.801</b>
<b>CASH INFLOWS</b>					
17	Secured lending transactions	-	-	-	-
18	Unsecured lending transactions	2.573.626	1.223.309	1.800.770	817.266
19	Other contractual cash inflows	21.507	569.027	21.507	569.027
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>2.595.133</b>	<b>1.792.336</b>	<b>1.822.277</b>	<b>1.386.293</b>
				<b>Upper Limit Applied Values</b>	
<b>21</b>	<b>TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>4.743.725</b>	<b>4.130.511</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>2.263.360</b>	<b>1.811.508</b>
<b>23</b>	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>209,59</b>	<b>228,02</b>

(\*) The arithmetic average of the last three months weekly Liquidity Coverage Ratio's are used.

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**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):**

Liquidity coverage rate is calculated through estimating high quality liquid assets owned by the Bank to net cash out flows based on 30 days of maturity. Balance items which are determinant on the ratio are sorted as required reserves kept in Central Bank of Turkey, securities which are not subject to repo/guarantee, deposit having a corporate transaction, banks deposits, foreign sourced funds and receivables from banks. The impacts of aforementioned items on liquidity coverage ratio are higher than other items since they have a higher share in liquid assets and net cash out flows and they can change in time.

High quality liquid assets of the Group consist of accounts in Central Bank of Turkey, at a ratio of 77% and securities issued by Undersecretariat of Treasury at a ratio of 19%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 27%, 40% and 10% respectively.

Fluctuations in foreign currency derivative transaction volumes, mainly in foreign currency swaps, can have an impact on foreign currency liquidity coverage rate although derivative transactions generate a lower level of net cash flow with respect to liquidity coverage rate.

Absolute value of net warrant flows realized as of 30 days periods for each transaction and liability are calculated provided that changes in fair values of derivative transactions and other liabilities can form a margin liability in accordance with “Regulation on Calculation of Liquidity Coverage Ratio of Banks” entered into force through publishing in Official Gazette dated 21 March 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. Information related to the aforementioned cash outflow occurred on 30 September 2021 is given below:

Date	FC	FC + TL
30 September 2021	467.769	467.769

Liquidity coverage rates are calculated weekly for unconsolidated basis and monthly for consolidated basis as of 31 December 2015 in accordance with the “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage rates must be at least 80% for foreign currency assets and liabilities and at least 100% in total assets and liabilities for the period 30 September 2021. Dates and values of lowest and highest foreign currency and total consolidated liquidity coverage rates calculated weekly related to the last quarter and average rates are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC+TL	FC	FC+TL
Weekly Arithmetic Average (%)	337,07%	356,03%	154,84%	180,00%
Week	30.09.2021	30.09.2021	31.07.2021	31.07.2021

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**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):**

**Breakdown of assets and liabilities according to their outstanding maturities:**

<b>30 September 2021</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 years</b>	<b>5 Years and Over</b>	<b>Unclassified (***)</b>	<b>Total</b>
<b>Assets (****)</b>								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1.612.816	2.723.436	-	-	-	-	-	4.336.252
Banks	163.927	1.272.805	-	-	-	-	59.217	1.495.949
Financial Assets at Fair Value Through Profit or Loss (*)	-	103.685	119.872	533.809	291.762	9.124	5.334	1.063.586
Interbank Money Market Placements	-	24.500	-	-	-	-	-	24.500
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	20.673	404.170	89.793	19.517	534.153
Loans	-	3.911.395	3.343.601	3.111.685	5.670.211	2.746.341	1.539.851	20.323.084
Financial Assets Measured at Amortized Cost	-	-	-	202.543	389.247	89.132	-	680.922
Other Assets (**)	12.209	171.998	19.520	84.764	76.569	-	1.585.794	1.950.854
<b>Total Assets</b>	<b>1.788.952</b>	<b>8.207.819</b>	<b>3.482.993</b>	<b>3.953.474</b>	<b>6.831.959</b>	<b>2.934.390</b>	<b>3.209.713</b>	<b>30.409.300</b>
<b>Liabilities</b>								
Bank Deposits	14.524	-	82.667	-	-	-	-	97.191
Other Deposits	2.445.257	10.630.838	4.445.442	767.314	40.113	-	-	18.328.964
Funds Borrowed From Other Financial Institutions	-	212.816	106.191	2.408.912	2.679.315	2.229.524	-	7.636.758
Funds From Interbank Money Market	-	26.841	-	139.798	-	-	-	166.639
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	3.439	31.876	-	-	-	-	952.315	987.630
Other Liabilities (*) (***)	-	297.443	91.804	197.283	100.601	144	2.504.843	3.192.118
<b>Total Liabilities</b>	<b>2.463.220</b>	<b>11.199.814</b>	<b>4.726.104</b>	<b>3.513.307</b>	<b>2.820.029</b>	<b>2.229.668</b>	<b>3.457.158</b>	<b>30.409.300</b>
<b>Liquidity Gap</b>	<b>(674.268)</b>	<b>(2.991.995)</b>	<b>(1.243.111)</b>	<b>440.167</b>	<b>4.011.930</b>	<b>704.722</b>	<b>(247.445)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>531.227</b>	<b>160.517</b>	<b>317.382</b>	<b>129.560</b>	<b>12.644</b>	<b>-</b>	<b>1.151.330</b>
Financial Derivative Assets	-	8.243.340	2.499.537	1.224.473	2.061.222	324.714	-	14.353.286
Financial Derivative Liabilities	-	(7.712.113)	(2.339.020)	(907.091)	(1.931.662)	(312.070)	-	(13.201.956)
<b>Non-cash Loans</b>	<b>-</b>	<b>3.607.660</b>	<b>747.616</b>	<b>821.843</b>	<b>343.642</b>	<b>9.446</b>	<b>-</b>	<b>5.530.207</b>
<b>31 December 2020</b>								
<b>Total Assets</b>	<b>1.628.074</b>	<b>5.246.718</b>	<b>3.036.168</b>	<b>3.718.182</b>	<b>7.412.537</b>	<b>2.629.079</b>	<b>2.806.271</b>	<b>26.477.029</b>
<b>Total Liabilities</b>	<b>881.296</b>	<b>9.828.037</b>	<b>4.951.474</b>	<b>3.873.618</b>	<b>3.125.557</b>	<b>1.142.265</b>	<b>2.674.782</b>	<b>26.477.029</b>
<b>Liquidity Gap</b>	<b>746.778</b>	<b>(4.581.319)</b>	<b>(1.915.306)</b>	<b>(155.436)</b>	<b>4.286.980</b>	<b>1.486.814</b>	<b>131.489</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>179.769</b>	<b>89.620</b>	<b>130.407</b>	<b>243.244</b>	<b>(455)</b>	<b>-</b>	<b>642.585</b>
Financial Derivative Assets	-	7.474.260	3.570.238	965.738	1.681.932	273	-	13.692.441
Financial Derivative Liabilities	-	(7.294.491)	(3.480.618)	(835.331)	(1.438.688)	(728)	-	(13.049.856)
<b>Non-cash Loans</b>	<b>-</b>	<b>3.282.154</b>	<b>638.933</b>	<b>1.005.282</b>	<b>240.760</b>	<b>4.638</b>	<b>-</b>	<b>5.171.767</b>

(\*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 1.028.865 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 315.708.

(\*\*) Assets forming the balance sheet such as fixed and intangible assets, subsidiaries, associates and stationary stocks are classified in this column.

(\*\*\*) Shareholders' equity is presented under the "Other liabilities" item in the "Unclassified" column.

(\*\*\*\*) Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

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**VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:**

**Information on subjects that causes difference in leverage ratio between current and prior periods:**

As of 30 September 2021, leverage ratio of the Bank calculated from the arithmetic average of the three months is 7,05% (31 December 2020: 5,75%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in balance sheet and off-balance sheet assets.

**Disclosure of leverage ratio template:**

	30 September 2021 (*)	31 December 2020 (*)
<b>Balance sheet assets</b>		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	27.955.457	27.431.411
(Assets deducted from Core capital)	55.767	54.796
Total risk amount of balance sheet assets	27.899.690	27.376.615
<b>Derivative financial assets and credit derivatives</b>		
Cost of replenishment for derivative financial assets and credit derivatives	709.871	616.111
Potential credit risk amount of derivative financial assets and credit derivatives	137.167	154.165
Total risk amount of derivative financial assets and credit derivatives	847.038	770.276
<b>Financing transactions secured by marketable security or commodity</b>		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
<b>Off-balance sheet transactions</b>		
Gross nominal amount of off-balance sheet transactions	7.239.420	6.706.223
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	7.239.420	6.706.223
<b>Capital and total risk</b>		
Core Capital	2.529.551	2.001.411
Total risk amount	35.986.148	34.853.114
<b>Leverage ratio</b>		
Leverage ratio	7,05%	5,75%

(\*) The arithmetic average of the last 3 months in the related periods.

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WITHIN THE SCOPE OF CONSOLIDATION (Continued):**

**VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:**

As of 30 September 2021, The Bank applies cash flow hedge accounting using interest swaps to hedge its FC deposits with an average maturity up to 3 months against interest rate fluctuations. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TFRS 9, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with the statement of profit or loss.

As of the balance sheet date derivative financial assets of which carrying amount is TL 815.394 (31 December 2020: TL 490.425) and derivative financial payables of which carrying amount is TL 151.611 (31 December 2020: TL 94.972), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value income amounting to TL 54.424 (31 December 2020: TL 21.901 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2020: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments Fair Value		Hedging Funds	Ineffective Part Accounted in the Statement of Profit or Loss (Net)
			Assets	Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	786.431	105.092	57.767	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	28.963	46.519	(13.580)	-

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in TAS 39, the accounting application is ended. In case of deterioration of efficiency, the effective amounts, which are recognized under the equity due to the risk hedge accounting, are eliminated from equities in the periods or periods, when cash flow effects profit and losses (periods, when interest income or expenses are recognized) as re-classification adjustment and then it is re-classified in the profit and loss. There is no amount, which is transferred to income statement due to the swaps, of which effectiveness is damaged or closed in the current period (31 December 2020: None).

The measurements conducted as of 30 September 2021 show that the cash flow hedging transactions shown above are effective.



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**IX. EXPLANATION ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PARTIES:**

Bank carries out marketable security trading and custody services on behalf of customers and on their account. The details of items held in custody is given in Off-Balance Sheet commitments.

**X. EXPLANATIONS ON OPERATING SEGMENTS:**

The Parent Bank manages its banking operations through three main business units: retail banking, corporate and commercial banking and treasury.

Retail banking provides products and services to individual and private customers. Products and services include primarily deposit, loan, automatic payment services, internet banking and other various banking services.

Corporate and commercial banking provides loan, deposit, cash management products, foreign trade financing, non-cash loans, foreign currency transaction services and other corporate banking services to corporate clients.

Treasury transactions include fixed income security investments, fund management, foreign currency transactions, money market transactions, derivative transactions and other related services.

**Stated balance sheet and income statement items based on operating segments:**

The prior period information is presented as of 31 December 2020 for balance sheet and 30 September 2021 for income statement items.

					<b>Total Operations of the Group</b>
<b>30 September 2021</b>	<b>Retail Bank</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Other and Unclassified (*)</b>	
Net Interest Income	109.650	285.585	(43.176)	120.013	472.072
Net Fees and Comissions	7	23.466	-	4.447	27.920
Trading Profit/Loss	21.698	2.968	62.512	(2.173)	85.005
Other Operating Income	44	139.396	-	56.071	195.511
<b>Operating Income</b>	<b>131.399</b>	<b>451.415</b>	<b>19.336</b>	<b>178.358</b>	<b>780.508</b>
<b>Operating and Provision Costs (-)</b>	<b>85.551</b>	<b>289.525</b>	<b>34.851</b>	<b>219.144</b>	<b>629.071</b>
<b>Net Operating Income</b>	<b>45.848</b>	<b>161.890</b>	<b>(15.515)</b>	<b>(40.786)</b>	<b>151.437</b>
Dividend Income	-	-	-	46	46
Income/Loss from Subsidiaries Based on Equity Method	-	-	-	-	-
<b>Profit Before Tax</b>	<b>45.848</b>	<b>161.890</b>	<b>(15.515)</b>	<b>(40.740)</b>	<b>151.483</b>
Tax Provisions (-)	9.170	32.378	(3.103)	(8.614)	29.831
<b>Net Profit/Loss</b>	<b>36.678</b>	<b>129.512</b>	<b>(12.412)</b>	<b>(32.126)</b>	<b>121.652</b>
Segment Assets	2.525.831	17.604.383	5.305.205	3.796.281	29.231.700
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Unallocated Assets	-	-	-	1.177.600	1.177.600
<b>Total Assets</b>	<b>2.525.831</b>	<b>17.604.383</b>	<b>5.305.205</b>	<b>4.973.881</b>	<b>30.409.300</b>
Segments Liabilities	13.276.525	4.874.590	5.105.265	4.961.369	28.217.749
Unclassified Liabilities	-	-	-	2.191.551	2.191.551
<b>Total Liabilities</b>	<b>13.276.525</b>	<b>4.874.590</b>	<b>5.105.265</b>	<b>7.152.920</b>	<b>30.409.300</b>

(\*) Other activities include the unallocated items of the Parent Bank and the activities carried out by Burgan Financial Leasing A.Ş, and Burgan Yatırım Menkul Değerler AŞ consolidated as its subsidiaries.

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WITHIN THE SCOPE OF CONSOLIDATION (Continued):**

**X. EXPLANATIONS ON OPERATING SEGMENTS (Continued):**

<b>30 September 2020</b>	<b>Retail Bank</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Other and Unclassified (*)</b>	<b>Total Operations of the Group</b>
Net Interest Income	73.832	300.442	46.173	131.592	552.039
Net Fees and Comissions	1.826	23.960	-	3.945	29.731
Commercial Profit/Loss	19.764	2.581	67.220	25.494	115.059
Other Operating Income	1.493	19.054	-	28.366	48.913
<b>Operating Income</b>	<b>96.915</b>	<b>346.037</b>	<b>113.393</b>	<b>189.397</b>	<b>745.742</b>
<b>Operating and Provision Costs (-)</b>	<b>68.909</b>	<b>379.433</b>	<b>28.765</b>	<b>257.763</b>	<b>734.870</b>
<b>Net Operating Income</b>	<b>28.006</b>	<b>(33.396)</b>	<b>84.628</b>	<b>(68.366)</b>	<b>10.872</b>
Dividend Income	-	-	-	8	8
Income/Loss from Subsidiaries Based on Equity Method	-	-	-	-	-
<b>Profit Before Tax</b>	<b>28.006</b>	<b>(33.396)</b>	<b>84.628</b>	<b>(68.358)</b>	<b>10.880</b>
Tax Provisions (-)	6.161	(7.347)	18.618	(16.773)	659
<b>Net Profit/ Loss</b>	<b>21.845</b>	<b>(26.049)</b>	<b>66.010</b>	<b>(51.585)</b>	<b>10.221</b>
<b>31 December 2020</b>					
Segment Assets	1.876.080	16.039.165	3.751.459	3.901.942	25.568.646
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Unallocated Assets	-	-	-	908.383	908.383
<b>Total Assets</b>	<b>1.876.080</b>	<b>16.039.165</b>	<b>3.751.459</b>	<b>4.810.325</b>	<b>26.477.029</b>
Segments Liabilities	11.307.269	2.190.886	6.440.907	4.867.910	24.806.972
Unclassified Liabilities	-	-	-	1.670.057	1.670.057
<b>Total Liabilities</b>	<b>11.307.269</b>	<b>2.190.886</b>	<b>6.440.907</b>	<b>6.537.967</b>	<b>26.477.029</b>

(\*) Other activities include the unallocated items of the Parent Bank and the activities carried out by Burgan Financial Leasing A.Ş., and Burgan Yatırım Menkul Değerler AŞ consolidated as its subsidiaries.

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**SECTION FIVE**

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS**

**a. Information related to cash and the account of Central Bank of the Republic of Turkey (“CBRT”):**

1. Information on cash and the account of the CBRT:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Cash / Effective	20.241	211.510	18.805	376.722
CBRT	267.208	3.817.626	217.995	2.637.422
Other	-	19.667	-	19.637
<b>Total</b>	<b>287.449</b>	<b>4.048.803</b>	<b>236.800</b>	<b>3.033.781</b>

2. Information on the account of the CBRT:

	30 September 2021		31 December 2020	
	TP	YP	TP	YP
Demand Unrestricted Amount	267.208	1.346.342	217.995	915.591
Time Unrestricted Amount	-	720.531	-	136.746
Time Restricted Amount	-	1.750.753	-	1.585.085
<b>Total</b>	<b>267.208</b>	<b>3.817.626</b>	<b>217.995</b>	<b>2.637.422</b>

3. Information on reserve requirements:

In accordance with the “Communiqué Regarding Reserve Requirements” No. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the “Communiqué Regarding Reserve Requirements”, reserve requirements in CBRT can be maintained as TL, USD, EUR and standard gold. As of 19 September 2019, interest on foreign currency reserve deposits is not paid. As for Turkish lira denominated required reserves, interest is paid at the rate of 12,5%.

**b. Information on Financial Assets at Fair Value Through Profit/Loss:**

1. Financial assets at fair value through profit/loss given as collateral/blocked:

As of 30 September 2021, assets given as collateral/blocked to financial assets at fair value through profit/loss is TL 80 (31 December 2020: TL 97).

2. Financial assets at fair value through profit/loss subject to repo transactions:

As of 30 September 2021, there is no amount subject to repo transactions from financial assets at fair value through profit/loss (31 December 2020: None).

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):**

**c. Information on banks:**

1. Information on banks:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Banks				
Domestic	427.859	484.668	25.244	60.111
Foreign	-	583.453	-	244.199
Foreign Headquartes and Branches	-	-	-	-
<b>Total</b>	<b>427.859</b>	<b>1.068.121</b>	<b>25.244</b>	<b>304.310</b>

**d. Information on Financial Assets at Fair Value Through Other Comprehensive Income:**

1. Financial assets at fair value through other comprehensive income given as collateral/blocked:

As of 30 September 2021, there are TL 117.654 financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2020: TL 58.080).

2. Characteristics and book value of financial assets at fair value through other comprehensive income subject to repurchase agreements:

As of 30 September 2021, there are TL 2.399 financial assets at fair value through other comprehensive income subject to repurchase agreements (31 December 2020: TL 3.711).

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

	30 September 2021	31 December 2020
Debt Securities	519.210	400.296
Quoted on Stock Exchange	519.210	400.296
Not Quoted	-	-
Share Certificates	19.517	17.570
Quoted on Stock Exchange	-	-
Not Quoted	19.517	17.570
Impairment Provision (-)	4.574	956
<b>Total</b>	<b>534.153</b>	<b>416.910</b>

**e. Explanations on loans:**

1. Information on all types of loan or advance balances given to shareholders and employees of the Bank:

	30 September 2021		31 December 2020	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	8.729	-	12.944
Loans Given to Legal Entity Partners	-	8.729	-	12.944
Loans Given to Real Person Partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	3.983	-	4.238	-
<b>Total</b>	<b>3.983</b>	<b>8.729</b>	<b>4.238</b>	<b>12.944</b>

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

2. Information on the first and second group loans and other receivables including the loans that have been restructured or rescheduled and other receivables:

i.

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Change in Contract Conditions	Re-finance
Non-Specialized Loans	14.166.034	1.065.154	1.713.980	-
Loans Given to Enterprises	-	-	-	-
Export Loans	750.400	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.415.316	-	-	-
Consumer Loans	202.356	4.557	6.983	-
Credit Cards	-	-	-	-
Other (*)	11.797.962	1.060.597	1.706.997	-
Specialized Loans	-	-	-	-
Other Receivables (**)	1.608.220	38.645	1.150.800	-
<b>Total</b>	<b>15.774.254</b>	<b>1.103.799</b>	<b>2.864.780</b>	<b>-</b>

(\*) Standard loans also include loans given by Burgan Yatirim to its customers.

(\*\*) Other receivables include lease receivables of Burgan Financial Leasing.

ii.

	Standard Loans	Loans Under Close Monitoring
<b>General provisions</b>	<b>40.719</b>	<b>918.881</b>
12 Month Expected Credit Losses	40.719	-
Significant Increase in Credit Risk	-	918.881

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

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

	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>16.907</b>	<b>182.562</b>	<b>199.469</b>
Real Estate Loans		44.985	44.985
Automotive Loans	493	10.479	10.972
Consumer Loans	16.414	127.098	143.512
Other	-	-	-
<b>Consumer Loans-FC Indexed</b>	-	-	-
Real Estate Loans			
Automotive Loans			
Consumer Loans			
Other			
<b>Consumer Loans-FC</b>		<b>5.438</b>	<b>5.438</b>
Real Estate Loans		5.438	5.438
Automotive Loans			
Consumer Loans			
Other			
<b>Individual Credit Cards-TL</b>			
With Installments			
Without Installments			
<b>Individual Credit Cards-FC</b>			
With Installments			
Without Installments			
<b>Personnel Loans-TL</b>	<b>243</b>	<b>3.740</b>	<b>3.983</b>
Real Estate Loans			
Automotive Loans			
Consumer Loans	243	3.740	3.983
Other			
<b>Personnel Loans-Fc Indexed</b>			
Real Estate Loans			
Automotive Loans			
Consumer Loans			
Other			
<b>Personnel Loans-FC</b>			
Real Estate Loans			
Automotive Loans			
Consumer Loans			
Other			
<b>Personnel Credit Cards- TL</b>			
With Installments			
Without Installments			
<b>Personnel Credit Cards-FC</b>			
With Installments			
Without Installments			
<b>Credit Deposit Account-TL (Real Person)</b>	<b>5.006</b>		<b>5.006</b>
<b>Credit Deposit Account-FC (Real Person)</b>			
<b>Total</b>	<b>22.156</b>	<b>191.740</b>	<b>213.896</b>

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continue):**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

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

	Short-Term	Medium and Long-Term	Total
<b>Commercial Installments Loans-TL</b>	<b>438.884</b>	<b>1.123.973</b>	<b>1.562.857</b>
Business Loans	-	-	-
Automotive Loans	-	682	682
Consumer Loans	438.884	1.123.291	1.562.175
Other	-	-	-
<b>Commercial Installments Loans-FC Indexed</b>	-	<b>79.900</b>	<b>79.900</b>
Business Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	79.900	79.900
Other	-	-	-
<b>Commercial Installments Loans-FC</b>	-	<b>7.116.461</b>	<b>7.116.461</b>
Business Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	7.116.461	7.116.461
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Corporate Credit Cards-FC</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>6.870</b>	-	<b>6.870</b>
<b>Credit Deposit Account-FC (Legal Person)</b>	-	-	-
<b>Total</b>	<b>445.754</b>	<b>8.320.334</b>	<b>8.766.088</b>

5. Loans according to types of borrowers (\*):

	30 September 2021	31 December 2020
Public	103.625	182.698
Private	19.639.208	18.372.044
<b>Total</b>	<b>19.742.833</b>	<b>18.554.742</b>

(\*) Including “Receivables from Leasing Transactions”.

6. Distribution of domestic and foreign loans (\*):

	30 September 2021	31 December 2020
Domestic Loans	19.742.422	18.548.564
Foreign Loans	411	6.178
<b>Total</b>	<b>19.742.833</b>	<b>18.554.742</b>

(\*) Including “Receivables from Leasing Transactions”.

7. Loans given to associates and subsidiaries:

None (31 December 2020: None).

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(Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

8. Specific provisions provided against loans or default (third level) provisions (\*):

	<b>30 September 2021</b>	<b>31 December 2020</b>
Loans with Limited Collectability	107.732	111.330
Loans with Doubtful Collectability	96.202	318.208
Uncollectible Loans	703.744	316.569
<b>Total</b>	<b>907.678</b>	<b>746.107</b>

(\*) Including “Special provisions for Receivables from Leasing Transactions”.

9. Information on non-performing loans (Net):

- i. Information on non-performing loans restructured or rescheduled and other receivables:

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>30 September 2021</b>			
Gross amounts before the Provisions	-	-	-
Restructured Loans	-	2.224	16.560
<b>31 December 2020</b>			
Gross amounts before the Provisions	-	-	-
Restructured Loans	-	-	21.343



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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

ii. Information on the movement of total non-performing loans (\*):

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>Prior Period End Balance</b>	<b>311.541</b>	<b>854.162</b>	<b>1.082.124</b>
Additions (+)	410.200	15.535	98.475
Transfers from Other Categories of Non-performing Loans (+)	-	490.888	958.930
Transfers to Other Categories of Non-performing Loans (-)	490.888	958.930	-
Collections (-)	29.504	152.401	127.172
Write-offs (-)	-	-	15.431
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>201.349</b>	<b>249.254</b>	<b>1.996.926</b>
<b>Provision (-)</b>	<b>107.732</b>	<b>96.202</b>	<b>703.744</b>
<b>Net Balance on Balance Sheet</b>	<b>93.617</b>	<b>153.052</b>	<b>1.293.182</b>

(\*) Including “Receivables from Leasing Transactions”.

iii. Information on non-performing loans granted as foreign currency loans (\*):

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>30 September 2021</b>			
Period-End Balance	8.299	172.022	1.360.052
Provision Amount (-)	1.116	73.987	504.726
<b>Net Balance on Balance Sheet</b>	<b>7.183</b>	<b>98.035</b>	<b>855.326</b>
<b>31 December 2020</b>			
Period-End Balance	255.347	747.867	474.008
Provision Amount (-)	103.601	280.940	139.777
<b>Net Balance on Balance Sheet</b>	<b>151.746</b>	<b>466.927</b>	<b>334.231</b>

(\*) Including “Receivables from Leasing Transactions”.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

iv. Information on gross and net amounts of non-performing loans based on types of borrowers (\*):

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with Limited</b>	<b>Loans with Doubtful</b>	<b>Uncollectible Loans</b>
<b>30 September 2021</b>			
<b>Current Period (Net)</b>	<b>93.617</b>	<b>153.052</b>	<b>1.293.182</b>
Loans Given to Real Persons and Legal Persons (Gross)	182.488	209.673	1.670.691
Provision Amount (-)	99.498	91.488	653.061
Loans Given to Real Persons and Legal Persons (Net)	82.990	118.185	1.017.630
Banks (Gross)			
Provision Amount (-)			
Banks (Net)	-	-	-
Other Loans (Gross)	18.861	39.581	326.235
Provision Amount (-)	8.234	4.714	50.683
Other Loans (Net)	10.627	34.867	275.552
<b>Prior Period (Net)</b>	<b>200.211</b>	<b>535.954</b>	<b>765.555</b>
Loans Given to Real Persons and Legal Persons (Gross)	223.439	782.901	865.138
Provision Amount (-)	98.377	294.996	276.290
Loans Given to Real Persons and Legal Persons (Net)	125.062	487.905	588.848
Banks (Gross)			
Provision Amount (-)			
Banks (Net)	-	-	-
Other Loans (Gross)	88.102	71.261	216.986
Provision Amount (-)	12.953	23.212	40.279
Other Loans (Net)	75.149	48.049	176.707

(\*) Including “Receivables from Leasing Transactions”.

Information on the calculation of interest accruals, valuation differences and their provisions for non-performing loans by banks which allocate expected credit losses according to TFRS 9:

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>Current Period (Net)</b>	<b>105</b>	<b>2.876</b>	<b>95.379</b>
Interest Accruals and Discounts and Valuation Differences	193	6.174	162.607
Provision Amount (-)	88	3.298	67.228
<b>Prior Period (Net)</b>	<b>4.918</b>	<b>18.023</b>	<b>75.319</b>
Interest Accruals and Discounts and Valuation Differences	8.766	28.553	128.608
Provision Amount (-)	3.848	10.530	53.289

10. Policy followed-up for the collection of uncollectible loans and other receivables:

Loans and other receivables in the nature of loss are collected through legal proceedings and conversion of guarantees into cash.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

11. Explanations of the write-off policy:

Within the scope of the amendment to the Banking Act, the Regulation on the Classification of Loans and the Procedures and Principles for the provisions to be allocated for them were also amended;

- Classified under Fifth Group-Uncollectible Loans,
- Part of the borrower's default for the lifetime expected credit losses or if there are no reasonable expectations for the recover of loans allocated in specific provision,
- From the first reporting period (interim or year-end reporting period) following their classification in the 5<sup>th</sup> group,

It has been allowed to be written-off from the accounts under TFRS 9.

Accordingly, non-performing loans are tracked in off-balance sheet accounts by writing-off the records. This transaction is an accounting application that allows the transfer of the legal proceeding balance to the off-balance sheet by removing it from asset accounts and not the result of the Bank giving up the right to credit.

It is not compulsory that the entire receivable for collecting from registration has no possibility to collect, but it is possible to remove the part that does not have partial collection possibility from the assets.

In order to write-off any legal proceedings from the account;

- Classified under Fifth Group (Uncollectible Loans),
- 100% provision for the portion of the account balance that will be written-off,
- Either the legal proceedings to be continued or to be started,

must be met.

Provisions allocated for amounts written-off from the accounts are considered "expense" in terms of tax legislation. The write-off process is only an accounting process and will continue the legal proceedings for the collection of the Bank's receivables. After the writing-off process, the balance in the off-balance sheet accounts will be collected for the part of the debt that is written-off from the account in full or part of the collection by agreeing with the borrower and the debtor's request.

As of 30 September 2021, the Group has written-off liabilities amounting to TL 15.431 (31 December 2020: None).

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

**f. Information on financial assets measured at amortized cost:**

1. Information on financial assets valued at amortized cost subject to repurchase agreements:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	179.984	-	304.621
Other	-	-	-	-
<b>Total</b>	-	<b>179.984</b>	-	<b>304.621</b>

2. Information on financial assets measured at amortized cost given as collateral/blocked:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	249.320	-	205.782
Other	-	-	-	-
<b>Total</b>	-	<b>249.320</b>	-	<b>205.782</b>

3. Information on government debt securities measured at amortized cost:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Government Bond	-	680.931	-	510.403
Treasury Bond	-	-	-	-
Other Public Debt Securities	-	-	-	-
<b>Total</b>	-	<b>680.931</b>	-	<b>510.403</b>

4. Information on financial assets measured at amortized cost:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Debt Securities	-	680.931	-	510.403
Publicly-Traded	-	680.931	-	510.403
Not Publicly-Traded	-	-	-	-
Provision for Impairment (-)	-	-	-	-
<b>Total</b>	-	<b>680.931</b>	-	<b>510.403</b>

5. Movement of financial assets measured at amortized cost within the period:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Opening Balance	-	510.403	-	262.923
Foreign Exchange Differences in Monetary Assets	-	107.123	-	79.706
Purchases During The Year	-	228.699	-	167.774
Disposals Through Sales and Redemptions	-	165.294	-	-
Value Decrease Provision (-)	-	-	-	-
<b>Period End Balance</b>	-	<b>680.931</b>	-	<b>510.403</b>

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

**h. Information on associates (Net):**

None (31 December 2020: None).

**i. Information on subsidiaries (Net):**

1. Capital adequacy status of significant subsidiaries:

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

2. Information on unconsolidated subsidiaries:

None (31 December 2020: None).

3. Main financial figures of the unconsolidated subsidiaries in order of the below table:

None (31 December 2020: None).

4. Information on subsidiaries that are consolidated in consolidated accounts:

	<b>Title</b>	<b>Address (City/ Country)</b>	<b>Bank’s Share Percentage, Voting Percentage, If Different (%)</b>	<b>Other Shareholders’ Share Percentage (%)</b>
1	Burgan Finansal Kiralama A.Ş	Istanbul/Turkey	99,99	0,01
2	Burgan Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100,00	-

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

5. Main financial figures of the consolidated subsidiaries in the order of the above table:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair value
1	3.811.065	435.437	507.811	297.028	-	24.175	9.548	-
2	206.381	169.897	4.449	23.581	11	14.606	11.737	-

6. Konsolide edilen bağıli ortaklıklara ilişkin hareket tablosu:

	30 September 2021	31 December 2020
<b>Balance at the beginning of the Period</b>	<b>548.560</b>	<b>523.728</b>
<b>Movements during the Period</b>	<b>56.689</b>	<b>24.832</b>
Purchases	-	-
Bonus Shares Obtained	-	-
Dividends from Current Year Income	38.781	31.299
Sales	-	-
Revaluation Increase/Decrease (*)	17.908	(6.467)
Impairment Provision	-	-
<b>Balance at the end of the Period</b>	<b>605.249</b>	<b>548.560</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the end of the Period (%)</b>	<b>99,99%</b>	<b>99,99%</b>

(\*) Including data before consolidation transactions.

7. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

Subsidiaries (*)	30 September 2021	31 December 2020
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	512.428	470.345
Financing Companies	-	-
Other Financial Subsidiaries	92.821	78.215
<b>Total</b>	<b>605.249</b>	<b>548.560</b>

(\*) Including data before consolidation transactions.

8. Subsidiaries quoted on stock exchange:

None (31 December 2020: None).

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

**j. Information on jointly controlled partnerships (Joint Ventures):**

None (31 December 2020: None).

**k. Information on lease receivables (net):**

Representation of investments in financial leasing by remaining maturities:

	30 September 2021		31 December 2020	
	Gross	Net	Gross	Net
Less Than 1 Year	1.446.567	1.203.745	1.326.187	1.110.828
Between 1-4 Years	1.452.283	1.198.842	1.571.237	1.298.970
More Than 4 Years	871.884	779.755	909.104	798.892
<b>Total</b>	<b>3.770.734</b>	<b>3.182.342</b>	<b>3.806.528</b>	<b>3.208.690</b>

**l. Information on derivative financial assets:**

1. The portion of derivative financial assets at fair value through profit/loss:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Forward Transactions	1.014	2.852	2.441	4.879
Swap Transactions	96.076	101.386	143.179	132.365
Futures Transactions	50	-	-	-
Options	514	11.579	1.162	1.636
Other	-	-	-	-
<b>Total</b>	<b>97.654</b>	<b>115.817</b>	<b>146.782</b>	<b>138.880</b>

2. The portion of derivative financial assets at fair value through other comprehensive income:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	768.519	46.875	486.117	4.308
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>768.519</b>	<b>46.875</b>	<b>486.117</b>	<b>4.308</b>

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**m. Information on investment property:**

None (31 December 2020: None).

**n. Information on deferred tax asset:**

As of 30 September 2021, the Group has netted-off the calculated deferred tax asset of TL 285.058 (31 December 2020: TL 208.278) and deferred tax liability of TL 204.406 (31 December 2020: TL 89.518) in accordance with TAS 12 and has recorded a net deferred tax asset of TL 81.602 (31 December 2020: TL 118.760 net deferred tax assets) and net deferred tax liability of TL 950 (31 December 2020: None) in the financial statements.

As of 30 September 2021 and 31 December 2020, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred Tax Assets/ Liabilities	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Carried Financial Loss	224.520	-	52.312	-
Provision for Legal Cases	9.470	22.211	1.894	4.442
Provision for Expected Credit Losses	1.012.828	939.644	215.722	187.929
Reserve for Employee Rights	33.969	28.228	6.835	5.646
Unearned Revenue	20.993	28.370	4.198	5.674
Other	20.184	22.937	4.097	4.587
<b>Deferred Tax Assets</b>	<b>1.321.964</b>	<b>1.041.390</b>	<b>285.058</b>	<b>208.278</b>
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	173.578	131.212	32.388	23.637
Valuation Differences of Derivative Instruments	752.702	313.883	169.265	62.777
Other	12.877	15.520	2.753	3.104
<b>Deferred Tax Liabilities</b>	<b>939.157</b>	<b>460.615</b>	<b>204.406</b>	<b>89.518</b>
<b>Deferred Tax Assets/(Liabilities) (Net)</b>			<b>80.652</b>	<b>118.760</b>

Movement of deferred tax asset/liabilities is presented below:

	30 September 2021	31 December 2020
<b>Balance as of 1 January</b>	<b>118.760</b>	<b>65.844</b>
Current year deferred tax income/(expense), net	(26.066)	60.697
Deferred tax charged to equity, net	(12.042)	(7.781)
<b>Balance at the end of the period</b>	<b>80.652</b>	<b>118.760</b>



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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

**o. Information on assets held for resale and discontinued operations:**

The Bank has assets held for resale amounting to TL 787.816 (31 December 2020: TL 613.988) and has no discontinued operations.

	<b>30 September 2021</b>	<b>31 December 2020</b>
<b>Prior Period</b>		
Cost	614.352	409.843
Accumulated Depreciation (-)	364	428
<b>Net Book Value</b>	<b>613.988</b>	<b>409.415</b>
<b>Current Period</b>		
Net book value at beginning of the period	613.988	409.415
Additions	316.052	289.199
Disposals (-), net	142.224	84.260
Impairment (-)	-	366
Depreciation (-)	-	-
Cost at the end of the period	788.171	614.352
Accumulated Depreciation at the End of the Period (-)	355	364
<b>Closing Net Book Value</b>	<b>787.816</b>	<b>613.988</b>

**p. Information on other assets:**

Other assets amount to TL 385.868 (31 December 2020: TL 306.892) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES:**

**a. Information on deposits:**

1. Information on maturity structure of deposits:

i. 30 September 2021:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	87.352	-	915.538	2.753.211	218.131	241.856	480.260	-	4.696.348
Foreign Currency Deposits	1.384.539	-	1.485.783	8.440.759	465.450	45.994	51.785	-	11.874.310
Residents in Turkey	1.283.981	-	1.472.450	8.371.170	461.113	35.829	41.687	-	11.666.230
Residents Abroad	100.558	-	13.333	69.589	4.337	10.165	10.098	-	208.080
Public Sector Deposits	213.988	-	-	-	-	-	-	-	213.988
Commercial Deposits	723.724	-	103.286	422.610	40.973	137.211	22.587	-	1.450.391
Other Institutions Deposits	7.109	-	1.140	17.748	139	3.027	36.219	-	65.382
Precious Metal Deposits	28.545	-	-	-	-	-	-	-	28.545
Bank Deposits	14.524	-	-	-	-	82.667	-	-	97.191
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	495	-	-	-	-	-	-	-	495
Foreign Banks	14.029	-	-	-	-	82.667	-	-	96.696
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2.459.781</b>	<b>-</b>	<b>2.505.747</b>	<b>11.634.328</b>	<b>724.693</b>	<b>510.755</b>	<b>590.851</b>	<b>-</b>	<b>18.426.155</b>

ii. 31 December 2020:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	64.374	-	408.687	2.463.424	120.609	36.776	128.231	4	3.222.105
Foreign Currency Deposits	642.042	-	665.370	7.961.569	279.388	57.809	59.593	-	9.665.771
Residents in Turkey	607.430	-	614.103	7.877.919	273.774	56.527	39.673	-	9.469.426
Residents Abroad	34.612	-	51.267	83.650	5.614	1.282	19.920	-	196.345
Public Sector Deposits	28.353	-	-	-	-	-	-	-	28.353
Commercial Deposits	95.249	-	144.333	463.169	86	2.676	175	-	705.688
Other Institutions Deposits	1.820	-	32.035	4.797	352	-	30.097	-	69.101
Precious Metal Deposits	19.364	-	-	-	-	-	-	-	19.364
Bank Deposits	26.979	-	37.097	72.990	-	-	-	-	137.066
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	1.097	-	37.097	-	-	-	-	-	38.194
Foreign Banks	25.882	-	-	72.990	-	-	-	-	98.872
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>878.181</b>	<b>-</b>	<b>1.287.522</b>	<b>10.965.949</b>	<b>400.435</b>	<b>97.261</b>	<b>218.096</b>	<b>4</b>	<b>13.847.448</b>

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):**

2. Information on saving deposits insurance:

i. Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

	Under The Guarantee of Deposit Insurance		Exceeding Limit of The Deposit Insurance	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
<b>Saving Deposits</b>				
Saving Deposits	1.692.505	1.276.718	3.003.843	1.945.387
Foreign Currency Savings Deposit	714.937	756.960	7.107.005	5.472.613
Other Deposits in the Form of Savings Deposits	8.814	5.956	19.731	13.408
Foreign Branches’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Off-shore Banking Regions’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
<b>Total</b>	<b>2.416.256</b>	<b>2.039.634</b>	<b>10.130.579</b>	<b>7.431.408</b>

ii. There are no deposits covered under foreign authorities’ insurance since the Parent Bank is incorporated in Turkey.

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	30 September 2021	31 December 2020
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	10.823	16.763
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 “TCK” Dated 26 September 2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
<b>Total</b>	<b>10.823</b>	<b>16.763</b>

**b. Information on financial liabilities at fair value through profit/loss:**

None (31 December 2020: None).

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):**

**c. Information on borrowings:**

1. Information on banks and other financial institutions:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	370.171	123.360	495.281	623.197
From Foreign Banks, Institutions and Funds	-	4.913.704	-	5.540.374
<b>Total</b>	<b>370.171</b>	<b>5.037.064</b>	<b>495.281</b>	<b>6.163.571</b>

2. Information on maturity structure of borrowings:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Short-term	264.514	714.218	349.350	1.976.580
Medium and Long-term	105.657	4.322.846	145.931	4.186.991
<b>Total</b>	<b>370.171</b>	<b>5.037.064</b>	<b>495.281</b>	<b>6.163.571</b>

3. Additional information on the major concentration of the Group’s liabilities:

The Group’s main funding sources are deposits and borrowings. As of 30 September 2021, deposits and borrowings from Group’s risk group comprise 1,0% (31 December 2020: 1,4%) of total deposits. Besides this, Borrowings from Group’s risk group comprise 65,6% (31 December 2020: 62,1%) of subordinated and other borrowings.

**d. Information on marketable securities issued:**

None (31 December 2020: None).

**e. Information on other liabilities:**

Other foreign liabilities amounting to TL 1.283.642 (31 December 2020: TL 824.722) do not exceed 10% of the total of the balance sheet excluding off-balance sheet commitments.

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):**

**f. Information on derivative financial liabilities:**

	30 September 2021		31 December 2020	
	Gross	Net	Gross	Net
Less Than 1 Year	1.905	1.760	1.637	1.458
Between 1-4 Years	77.673	62.036	21.405	17.162
More Than 4 Years	20.562	13.338	79.897	58.482
<b>Total</b>	<b>100.140</b>	<b>77.134</b>	<b>102.939</b>	<b>77.102</b>

**g. Information on derivative financial liabilities:**

1. Information on Derivative Financial Liabilities at Fair Value Through Profit or Loss:

Trading Derivative Financial Liabilities	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Forward Transactions	2.298	2.733	1.907	1.916
Swap Transactions	93.905	56.735	173.833	220.863
Futures Transactions	-	-	-	-
Options	8	8.418	-	2.064
Other	-	-	-	-
<b>Total</b>	<b>96.211</b>	<b>67.886</b>	<b>175.740</b>	<b>224.843</b>

2. Information on Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	107.689	43.922	56.399	38.573
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>107.689</b>	<b>43.922</b>	<b>56.399</b>	<b>38.573</b>

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):**

**h. Information on provisions:**

1. Reserves for Employee Benefits:

Under the Turkish Labor Law, the Group is required to pay a specific amount to the employees who have been working more than one year, when employment is terminated due to obligatory reasons or they retire, when they have fulfilled 25 working years (women 20) and are eligible for retirement (for women 58 years, for men 60 years), when they have been called up for military service or when they die. After the amendment of legislation on 23 May 2002, some of the transition process articles related to the working period before retirement were enacted.

The payment amount that is one month's salary for each working year is restricted to TL 8.284,51 since 1 July 2021 (31 December 2020: TL 7.117,17). Employment termination benefits are not funded, as there is no funding requirement.

In accordance with Turkish Labor Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 necessitates the actuarial valuation methods to calculate liabilities of enterprises. Independent actuaries are used in determining the liability of the Group. There are assumptions in the calculation as discount rate, employee turnover and expected salary increases. In this context, the following actuarial assumptions are used in the calculation of total liabilities.

	30 September 2021	31 December 2020
Discount Rate (%)	3,01	3,01
Salary Increase Rate (%)	9,50	9,50
Average Remaining Work Period (Year)	11,22	11,22

Movement of reserve for employment termination benefits during the period:

	30 September 2021	31 December 2020
Prior period balance	23.621	19.641
Service cost	6.591	3.551
Interest cost	-	1.996
Reductions and payments	-	76
Actuarial loss/gain	-	396
Benefits paid (-)	2.226	2.039
<b>Period End Balance</b>	<b>27.986</b>	<b>23.621</b>

In addition, as of 30 September 2021 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 22.766 (31 December 2020: TL 18.376).

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(Continued):**

**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):**

2. Other Provisions:

i. Information on provisions related with foreign currency difference of foreign indexed loans:

The provisions related to foreign currency differences of foreign indexed loans calculated as of the balance sheet date have been netted-off from the loan amount in the financial statements, and there is no the provision related to foreign currency differences of foreign indexed loans (31 December 2020: None).

ii. Information on other provisions:

The Bank set aside reserves under other provisions amounting to TL 195.000 (31 December 2020: TL 195.000) for general reserve, TL 24.522 (31 December 2020: TL 68.408) for provisions for non-cash loans and commitments that are not converted to cash and not indemnified. There is allowance covered for miscellaneous receivables in the current period amounting to TL 9.470 (31 December 2020: 38.381) and provision for others amounting to TL 444 (31 December 2020: TL 38.381).

**i. Information on taxes payable:**

1. Information on tax provision:

As of 30 September 2021, the corporate tax provision is TL 1.506 (31 December 2020: TL 26.132).

2. Information on taxes payable:

	<b>30 September 2021</b>	<b>31 December 2020</b>
Corporate Tax Payable	1.506	26.132
Taxation of Marketable Securities	7.459	8.958
Property Tax	198	36
Banking Insurance Transaction Tax	8.063	12.305
Foreign Exchange Transaction Tax	237	237
Value Added Tax Payable	960	706
Other	7.441	4.367
<b>Total</b>	<b>25.864</b>	<b>52.741</b>

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):**

3. Information on premium payables:

	30 September 2021	31 December 2020
Social Security Premiums-Employee	1.978	1.974
Social Security Premiums-Employer	2.374	2.092
Bank Social Aid Pension Fund Premiums-Employee	-	-
Bank Social Aid Pension Fund Premiums-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	135	119
Unemployment Insurance-Employer	271	237
Other	397	300
<b>Total</b>	<b>5.155</b>	<b>4.722</b>

4. Explanations on deferred tax asset/liability:

As of 30 September 2021, the Group has netted-off the calculated deferred tax asset of TL 285.058 (31 December 2020: TL 208.278) and deferred tax liability of TL 204.406 (31 December 2020: TL 89.518) in accordance with TAS 12 and has recorded a net deferred tax asset of TL 81.602 (31 December 2020: TL 118.760 net deferred tax asset) and net deferred tax liability of TL 950 (31 December 2020: None) in the financial statements.

**j. Information on payables for assets held for resale and discontinued operations:**

None (31 December 2020: None).



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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):**

**k. Information on subordinated debt instruments:**

Detailed explanation on subordinated loans including quantity, maturity, interest rate, issuing institution, if available, option to be converted into stock certificate:

Issuing Institution	Amount	Opening Date	Maturity Date	Interest Rate (%)
Burgan Bank K.P.S.C. (Main Shareholder)	USD 200.000.000	16 August 2021	18 August 2021	LIBOR+4,25
Burgan Bank K.P.S.C. (Main Shareholder)	USD 50.000.000	22 February 2021	Indefinite	0,00

The subordinated loan does not have the option to be converted into stock certificate.

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic Institutions	-	-	-	-
Foreign Banks	-	2.229.523	-	2.228.521
Other Foreign Institutions	-	-	-	-
<b>Total</b>	-	<b>2.229.523</b>	-	<b>2.228.521</b>

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
<b>Debt Instruments to be Included in the Additional Capital Calculation</b>	-	<b>443.925</b>	-	-
Subordinated Loans	-	443.925	-	-
Subordinated Debt Instruments	-	-	-	-
<b>Debt Instruments to be Included in the Tier II Capital Calculation</b>	-	<b>1.785.598</b>	-	<b>2.228.521</b>
Subordinated Loans	-	1.785.598	-	2.228.521
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	-	<b>2.229.523</b>	-	<b>2.228.521</b>

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):**

**I. Information on equity:**

1. Presentation of paid-in capital:

	30 September 2021	31 December 2020
Common Stock	1.890.000	1.535.000
Preferred Stock	-	-

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

Capital System	Paid-in Capital	Ceiling
Registered Capital	1.890.000	4.000.000

3. Information on the share capital increases during the period and their sources:

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
31.03.2021	355.000	355.000	-	-

(\*) In accordance with the Decision of the Board of Directors of the Bank dated 24 February 2021 and numbered 2021/06, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to TL 1.535.000.000 by TL 355.000.000 to TL 1.890.000.000, being within the limit of registered capital ceiling amounting to TL 4.000.000.000, and it was notified that there is no objection for consummation of transactions regarding the capital increase. In this context, the capital amount provided by the shareholders were transferred to the paid-in capital account and it is registered and announced in the Turkish Trade Registry Gazette dated 21 April 2021 and numbered 10314.

4. Information on capital increases from capital reserves during the current period:

None.

5. Information on capital commitments, up until the end of the fiscal year and the subsequent period:

None.

6. Information on equity by considering the prior period indicators of income, profitability and liquidity of the Parent Bank and the uncertainties on these indicators:

The interest, liquidity and foreign exchange risk on on-balance sheet and off-balance sheet assets and liabilities are managed by the Parent Bank within several risk limits and legal limits.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):**

7. Information on privileges given to shares representing the capital:

Based on the Principal Agreement, the Parent Bank has 1.000.000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

8. Information on marketable securities valuation reserve:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (from Subsidiaries)	-	-	-	-
Valuation Difference	(1.964)	(2.230)	(1.541)	5.133
Foreign Currency Difference	-	-	-	-
<b>Total</b>	<b>(1.964)</b>	<b>(2.230)</b>	<b>(1.541)</b>	<b>5.133</b>

9. Information on tangible assets revaluation reserve:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	23.452	-	23.452	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales	-	-	-	-
Income from Immovables (*)	1.413	-	1.413	-

(\*) Classified under other capital reserves.

10. Information on distribution of prior year's profit:

In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 26 March 2021, TL 267.414 including the effects of TAS 27 Standard, which is the loss of 2020, was transferred to extraordinary reserves.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	30 September 2021	31 December 2020
Foreign currency buy-sell commitments	1.519.275	1.704.275
Guaranteed loan allocation commitment	334.547	136.746
Deposits buy-sell commitments	271.925	196.854
Blocked checks given to customers	87.254	-
Commitments for cheques	79.979	72.695
Securities buy-sell commitments	34.338	14.986
<b>Total</b>	<b>2.327.318</b>	<b>2.125.556</b>

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance Sheet Commitments".

- i. Non-cash loans including guarantees, bank avalized and acceptance loans, collaterals that are accepted as financial commitments and other letters of credit:

	30 September 2021	31 December 2020
Letters of guarantee	2.366.632	2.554.181
Other guarantees	1.551.839	1.329.236
Letters of credit	1.511.423	1.117.312
Bank acceptance loans	100.313	171.038
<b>Total</b>	<b>5.530.207</b>	<b>5.171.767</b>

- ii. Revocable, irrevocable guarantees, contingencies and other similar guarantees:

	30 September 2021		31 December 2020	
	FC	TL	FC	TL
Irrevocable Letters of Guarantee	1.053.648	480.943	727.790	725.036
Revocable Letters of Guarantee	53.344	5.926	58.393	4.576
Letters of Guarantee Given in Advance	19.716	357.534	17.904	394.099
Guarantees Given to Customs	13.999	106.690	28.924	94.492
Other Letters of Guarantee	111.305	163.527	159.134	343.833
<b>Total</b>	<b>1.252.012</b>	<b>1.114.620</b>	<b>992.145</b>	<b>1.562.036</b>

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(Continued):**

**III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS (Continued):**

3. i. Total amount of non-cash loans:

	30 September 2021	31 December 2020
Non-cash loans given against cash loans	1.804.798	1.812.420
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	1.804.798	1.812.420
Other non-cash loans	3.725.409	3.359.347
<b>Total</b>	<b>5.530.207</b>	<b>5.171.767</b>

ii. Information on non-cash loans classified in group I and II:

Current Period (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	1.230.285	1.067.543	9.163	24.787
Bill of Exchange and Acceptances	-	100.313	-	-
Letters of Credit	-	1.509.909	-	-
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	1.551.839	-	-
<b>Total</b>	<b>1.230.285</b>	<b>4.229.604</b>	<b>9.163</b>	<b>24.787</b>

**b. Information on contingent assets and contingent liabilities:**

As of 30 September 2021, the total amount of legal cases against the Group is TL 27.738 (31 December 2020: TL 40.697) and a provision of TL 9.026 (31 December 2020: TL 22.211) has been made in the financial statements of 30 September 2021 regarding the contingent matters within this scope.

**c. Brief information on the banks' rating given by International Rating Institutions:**

**FITCH (11 August 2021)**

Outlook	Stable
Long Term FC	B+
Short Term FC	B
Long Term TL	BB-
Short Term TL	B
Support Rating	4
National Rating	AA(tour)
Viability Note	b-(negative)

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued):****IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT:****a. Information on interest income:**

## 1. Information on interest income on loans:

	30 September 2021		30 September 2020	
	TL	FC	TL	FC
<b>Interest Income on Loans (*)</b>				
Short-term Loans	583.165	15.724	187.721	41.230
Medium and Long-term Loans	290.089	355.641	275.632	401.238
Interest on Loans Under Follow-up	18.468	-	11.440	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
<b>Total</b>	<b>891.722</b>	<b>371.365</b>	<b>474.793</b>	<b>442.468</b>

(\*) Includes fee and commission income related with cash loans.

## 2. Information on interest income on banks:

	30 September 2021		30 September 2020	
	TL	FC	TL	FC
From the CBRT	860	-	229	72
From Domestic Banks	45.264	396	19.039	245
From Foreign Banks	-	310	-	1.224
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>46.124</b>	<b>706</b>	<b>19.268</b>	<b>1.541</b>

## 3. Information on interest income on marketable securities:

	30 September 2021		30 September 2020	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	449	1.124	108	1.128
Financial Assets Measured at Fair Value through Other Comprehensive Income	32.554	1.588	17.142	3.868
Financial Assets Measured at Amortized Cost	-	27.451	-	18.609
<b>Total</b>	<b>33.003</b>	<b>30.163</b>	<b>17.250</b>	<b>23.605</b>

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

None (30 September 2020: None).

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT (Continued):**

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	30 September 2021		30 September 2020	
	TL	FC	TL	FC
<b>Banks</b>	<b>47.581</b>	<b>170.922</b>	<b>32.933</b>	<b>200.293</b>
The CBRT	-	-	-	-
Domestic Banks	47.581	698	32.834	11.371
Foreign Banks	-	170.224	99	188.922
Headquarters and Branches Abroad	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>3.458</b>	<b>-</b>	<b>7.078</b>
<b>Total (*)</b>	<b>47.581</b>	<b>174.380</b>	<b>32.933</b>	<b>207.371</b>

(\*) Also including fees and commission expenses related to cash loans.

2. Information on interest expense given to investments in associates and subsidiaries:

None (30 September 2020: None).

3. Interest expense on issued marketable securities:

None (30 September 2020: None).

4. Information on the interest paid on the deposit according to the maturity structure:

Current Period	Demand Deposit	Time Deposit					Accum. Deposit	Total	Prior Period Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year			
<b>Turkish Lira</b>									
Bank Deposits	-	276	-	-	-	-	-	276	641
Savings Deposits	-	85.636	372.300	25.501	19.156	50.033	-	552.626	249.859
Public Deposits	-	-	-	-	-	-	-	-	4
Commercial Deposits	-	21.334	59.286	2.217	4.100	2.276	-	89.213	17.999
Other Deposits	-	544	14.792	32	136	4.148	-	19.652	2.642
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>107.790</b>	<b>446.378</b>	<b>27.750</b>	<b>23.392</b>	<b>56.457</b>	-	<b>661.767</b>	<b>271.145</b>
<b>Foreign Currency</b>									
Foreign Currency Account	-	7.155	94.332	4.657	1.506	811	-	108.461	91.412
Bank Deposits	-	1.098	-	-	-	-	-	1.098	1.671
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>8.253</b>	<b>94.332</b>	<b>4.657</b>	<b>1.506</b>	<b>811</b>	-	<b>109.559</b>	<b>93.083</b>
<b>Grand Total</b>	-	<b>116.043</b>	<b>540.710</b>	<b>32.407</b>	<b>24.898</b>	<b>57.268</b>	-	<b>771.326</b>	<b>364.228</b>

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued):****IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT  
(Continued):****c. Information on trading loss/income (Net):**

	30 September 2021	30 September 2020
<b>Profit</b>	<b>28.249.889</b>	<b>25.938.401</b>
Capital Market Transactions Profit	31.975	35.289
Derivative Financial Transactions Profit	393.579	185.203
Foreign Exchange Gains Profit	27.824.335	25.717.909
<b>Loss (-)</b>	<b>28.164.884</b>	<b>25.823.342</b>
Capital Market Transactions Loss	6.745	4.340
Derivative Financial Transactions Loss	210.174	209.194
Foreign Exchange Losses	27.947.965	25.609.808
<b>Net Income/Loss</b>	<b>85.005</b>	<b>115.059</b>

**d. Information on other operating income:**

In the period ended 30 September 2021, other operating income consist of adjustments to prior years' expenses and other operating income.

**e. Expected loss provisions and other provision expenses:**

	30 September 2021	30 September 2020
<b>Expected Credit Loss Provisions</b>	<b>208.586</b>	<b>375.715</b>
12 Month Expected Credit Loss Provisions (Stage 1)	4.881	-
Significant Increase in Credit Risk (Stage 2)	56.428	69.024
Non-performing Loans (Stage 3)	147.277	306.691
<b>Marketable Securities Impairment Expense Provisions</b>	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
<b>Investments in Associates, Subsidiaries and Joint Ventures Value Decrease Provisions</b>	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
<b>Other</b>	-	<b>2.732</b>
<b>Total</b>	<b>208.586</b>	<b>378.447</b>



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**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued):**

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT  
(Continued):**

**f. Information related to other operating expenses:**

	<b>30 September 2021</b>	<b>30 September 2020</b>
Provision For Employment Termination Benefits (*)	7.703	6.189
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Amortization Expenses of Tangible Assets	33.691	25.687
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	9.783	10.159
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	341
Amortization Expenses of Assets Held for Resale	-	-
Impairment Expenses on Fixed Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	143.072	113.738
Leasing Expenses Related to TFRS 16 Exceptions	1.399	1.548
Maintenance Expenses	1.047	2.471
Advertising Expenses	5.186	4.602
Other Expense	135.440	105.117
Loss on Sales of Assets	17	21
Other	29.856	22.062
<b>Total</b>	<b>224.122</b>	<b>178.197</b>

(\*) As of 30 September 2021, there is “Employee Vacation Fee Provision Expense” amounting to TL 1.255 (30 September 2020: TL 444).

**g. Information on net income/loss before taxes from discontinued and continuing operations:**

The Group has no discontinued operations. The Group’s net in profit before taxes from continuing operations is TL 151.483 (30 September 2020: TL 10.880 profit before tax).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued):**

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT  
(Continued):**

**h. Information on provision for taxes from discontinued or continuing operations:**

The Group has no discontinued operations and the explanations below represent the provision for taxes of continuing operations.

1. Information on calculated current tax income or expense and deferred tax income or expense:

As of 30 September 2021, the Group has current tax expense amounting to TL 3.765 and deferred tax expense amounting to TL 26.066.

1. Explanations on deferred tax income or expense arising from the temporary differences occurred or have been closed:

The Group has TL 44.009 deferred tax income from temporary differences and TL 52.312 deferred tax income from financial loss carried forward from prior periods. The Group also has deferred tax expense from closed temporary differences amounting to TL 122.387, deferred tax expense and income net-off to TL 26.066 deferred tax expense.

2. Information on recognition of deferred tax income or expense as of temporary difference, financial loss, diminution of tax and exceptions on income statement:

As of 30 September 2021, the Group has 78.378 deferred tax expense (30 September 2020: TL 19.376 deferred tax expense) arising from temporary differences and deferred tax income from financial loss carried forward from prior periods amounting to TL 52.312 (30 September 2020: TL 45.998 deferred tax income).

**i. Information on continuing and discontinued operations' current period net profit/loss:**

The Group has no discontinued operations and the below article (j) represents the current period net profit/loss from continuing operations.

**j. Information on net profit/loss for the period:**

1. If the disclosure of usual banking transactions, income and expenditure items' composition is necessary to understand the annual performance of the Group, the composition and amount of these items:

None.

2. If an estimation change related to financial statement items significantly affects profit/loss or has the probability of affecting the profit/loss of the following periods, the effect including these periods:

None.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued):

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT  
(Continued):

k. Information on other items in the statement of income:

1. In the current period, the Group's interest income amounts to TL 1.898.317 (30 September 2020: TL 1.382.066) and TL 304.112 (30 September 2020: TL 193.027) of this amount is classified as "Other Interest Income" in the income statement.

	30 September 2021	30 September 2020
<b>Other Interest Income</b>		
Interest Income Related to Derivative Transactions	156.428	115.173
Other	147.684	77.854
<b>Total</b>	<b>304.112</b>	<b>193.027</b>

2. In the current period, the Group's interest expense amounts to TL 1.426.245 (30 September 2020: TL 830.027), TL 421.818 (30 September 2020: TL 211.115) of this amount is classified as "Other Interest Expense" in the income statement.

	30 September 2021	30 September 2020
<b>Other Interest Expense</b>		
Interest Expense Related to Derivative Transactions	337.021	157.032
Other	84.797	54.083
<b>Total</b>	<b>421.818</b>	<b>211.115</b>

3. In the current period, the Group's fee and commission income amounts to TL 44.356 (30 September 2020: TL 41.369) and TL 16.828 (30 September 2020: TL 21.226) the related amount is classified under "Other" account in the income statement.

	30 September 2021	30 September 2020
<b>Other Fee and Commissions Received</b>		
Commissions on Investment Fund Services	4.459	5.269
Insurance Commissions	2.650	2.993
Futures Options Exchange Brokerage Commissions	1.699	3.635
Commissions from Correspondent Banks	822	742
Transfer Commissions	232	198
Credit Card and POS Transaction Commission	109	26
Common Point Commissions	77	118
Other	6.780	8.245
<b>Total</b>	<b>16.828</b>	<b>21.226</b>

In the current period, the Group's fee and commission expense amounts to TL 16.436 (30 September 2020: TL 11.638) and TL 15.963 (30 September 2020: TL 11.543) of the related amount is classified under "Other" account.

	30 September 2021	30 September 2020
<b>Other Fee and Commissions Given</b>		
Card Transaction Commission	3.075	2.059
Common Point Exchange Commissions	1.258	893
Commissions Granted to Correspondent Banks	549	425
EFT Fees and Commissions	387	181
Transfer Commissions	75	55
Other	10.619	7.930
<b>Total</b>	<b>15.963</b>	<b>11.543</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued):

## V. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP

## a. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Prior period financial information is presented as at 31 December 2020 for balance sheet items and 30 September 2020 income statement items.

30 September 2021	Investments in Associates, Subsidiaries and Joint Ventures (Subsidiaries)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that Have Been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Group's Risk Group</b>						
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	-	62.497	-	12.944	790	-
Balance at the End of the Period	-	37.338	-	8.729	695	-
<b>Interest and Commission Income Received</b>	-	-	-	4	96	1

31 December 2020	Investments in Associates, Subsidiaries and Joint Ventures (Subsidiaries)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that Have Been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Group's Risk Group</b>						
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	-	39.591	-	35.560	98	-
Balance at the End of the Period	-	62.497	-	12.944	790	-
<b>Interest and Commission Income Received</b>	-	-	-	3	23	-

2. Information on deposits and repurchase transactions of the Group's risk group:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Subsidiaries)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that Have Been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposit</b>						
Beginning of the Period	-	-	171.520	147.223	24.112	15.264
End of the Period	-	-	170.610	171.520	20.357	24.112
<b>Interest Expense on Deposits</b>	-	-	2.811	2.483	1.522	790

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Subsidiaries)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that Have Been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Repurchase Transactions</b>						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
<b>Interest Expense on Repurchase Transactions</b>	-	-	-	4	1	1

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**V. EXPLANATIONS AND NOTES RELATED TO GROUP’S RISK GROUP (Continued):**

3. Information on forward and option agreements and other similar agreement with the Group’s risk group:

The Bank’s Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Subsidiaries)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons That Have Been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions at Fair Value Through Profit Or Loss</b>						
Beginning of the Period	-	-	-	-	-	-
End of the period	-	-	-	-	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-
<b>Transactions for Hedging Purposes</b>						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-

**b. With respect to the Group’s risk group:**

1. The relations with entities that are included in the Group’s risk group and controlled by the Group regardless of the presence of a transaction between parties:

The Group performs various transactions with related parties during its banking activities. These are commercial transactions realised with market prices.

2. Along with the type of relationship, the type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

	Total Risk Group	Share in financial statements (%)
Loans Received and Subordinated Debt Instruments	5.013.116	65,64
Deposit	190.967	1,04
Non-cash Loans	46.067	0,83
Banks and Other Institutions	30.704	2,05
Loans	695	-

As of 30 September 2021, the Group has realized interest income from deposits given to banks included in the risk group amounting to TL 73 (30 September 2020: TL 447). The Group has realized interest expense amounting to TL 129.893 (30 September 2020: TL 152.615) on loans borrowed from the banks in the Group’s risk group.

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued):**

**VII. EXPLANATIONS AND NOTES RELATED TO GROUP’S RISK GROUP (Continued):**

**b. With respect to the Group’s risk group (Continued):**

3. Information on transactions such as purchase-sale of immovable and other assets, purchase-sale of service, agent agreements, financial lease agreements, transfer of the information gained as a result of research and development, license agreements, financing (including loans and cash or in kind capital), guarantees, collaterals and management contracts:

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Bank’s risk group and the amount composes 0,19% (31 December 2020: 0,33%) of the Bank’s total cash and non-cash loans.

As of 30 September 2021, there are no purchase-sales transactions on any assets including real estate with the risk group consisting the Parent Bank.

As of 30 September 2021, there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Parent Bank is included.

**c. Information on benefits provided to top management:**

The total amount of benefits provided to top management in the current period is TL 27.951 (30 September 2020: TL 25.087).

**VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS:**

None.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

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**SECTION SIX**

**EXPLANATIONS ON THE LIMITED REVIEW REPORT**

**I. EXPLANATIONS ON THE LIMITED REVIEW REPORT:**

The consolidated financial statements as of 30 September 2021 and for the period then ended have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of DELOITTE TOUCHE TOHMATSU LIMITED) and the auditor’s limited review report dated 12 November 2021 has been presented prior to the consolidated financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR**

None.

**SECTION SEVEN**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT**

**I. EVALUATIONS FOR THE OPERATING PERIOD AND EXPECTATIONS FOR THE FUTURE BY THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE GENERAL MANAGER**

Despite the ongoing COVID-19 pandemic, the global economic recovery continues. Accelerating global demand and supply shortages such as pandemic disruptions and bad weather are together causing shipping disruptions and shortages of some input products. Demand and supply mismatch is causing longer delivery times, higher shipping costs and higher commodity prices in global trade. In addition to these developments, it has been observed that the energy prices have increased rapidly in recent years and energy shortages have been experienced in some countries due to factors such as low inventories, increasing demand for more environment-friendly energy sources and insufficient investment in traditional energy sources. This environment causes concerns regarding the fact that the accelerating global inflation will stay higher for longer than anticipated, while slowing down the strong global recovery. Although the Fed is planning to reduce the amount of asset purchases as of the end of this year in line with the economic recovery, it maintains its view that the rise in inflation is temporary. However, due to the increase in input and energy costs, global inflation expectations deteriorate and the pressure on long-term interest rates increases.

The Turkish economy achieved high growth rates in 2021, thanks to strong export growth, rebounding tourism sector and ongoing impact of the supportive policies implemented last year. In an environment of global economic recovery and global supply shortages, Turkey's exports show a rapid increase with its proximity to export markets. With the relaxation of international travel restrictions, the recovery in the tourism sector is also accelerating. The improvement in the current account balance in the third quarter of the year also had positive effects on financial markets through these effects. On the other hand, the inflation is above the expectations due to the high increases in input and import prices. With the tight monetary policy stance changing to support activity as of the end of the third quarter, the development of commercial loans, which are still below historical averages, is important in the upcoming period.

The balance sheet size of our bank dated 30 September 2021 is TL 30.409.300, while consolidated deposits are TL 18.426.155. In the current period Burgan Bank has maintained its support to its customers uninterruptedly and the consolidated net cash loans have been realized as TL 20.323.084 TL. The net profit of our bank in the third quarter of 2021 is TL 121.652, and our equity has been realized as TL 2.191.551. Our capital adequacy ratio is around 18,72%. In addition to deepening our existing customers in 14 provinces in which we operate, we will continue to serve with new customer acquisitions, keeping customer satisfaction in the foreground.

We believe that our Bank will reach its future targets easily with the support and guidance of our shareholders and board of directors. We would like to take this opportunity to thank our customers, employees and investors for their valuable contributions, trusts to Burgan brand and their loyalty.

Ali Murat DİNÇ  
Member of Board of Directors and General Manager

Emin Hakan EMİNSOY  
Chairman of Board of Directors



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**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):**

**II. NAMES AND SURNAMES, DUTY TERMS, FIELDS OF RESPONSIBILITIES, EDUCATIONAL BACKGROUNDS, PROFESSIONAL EXPERIENCES OF MEMBERS AND CHAIRMAN OF BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, GENERAL MANAGER AND DEPUTY GENERAL MANAGERS AND MANAGERS OF DEPARTMENTS WITHIN THE SCOPE OF INTERNAL SYSTEMS:**

<u>Name</u>	<u>Duty</u>	<u>Date of Assignment</u>	<u>Educational Background</u>	<u>Banking and Managership Experience (Year)</u>
<i>Chairman and Members of Board of Directors:</i>				
Emin Hakan Eminsoy	Chairman	07.08.2019	Bachelor’s degree	34
Abdelkarim A. S. Kabariti	Deputy Chairman	04.11.2021	Bachelor’s degree	32
Adrian Alejandro Gostuski	Member	21.12.2012	Post graduate	35
Mehmet Alev Göçmez	Member	23.01.2013	Post graduate	33
Halil Cantekin	Member	30.03.2015	Bachelor’s degree	31
Osama T. Al Ghoussein	Member	25.06.2014	Bachelor’s degree	33
Khaled F.A.O. Alzouman	Member	13.06.2019	Bachelor’s degree	31
Hasan Kılıç	Member	10.06.2021	Bachelor’s degree	32
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>General Manager:</i>				
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>Deputy General Managers:</i>				
Suat Kerem Sözügüzel	Corporate & Commercial Banking	01.04.2014	Bachelor’s degree	17
Zeynep Bozkurt	Financial Affairs	15.01.2021	Post graduate	13
<i>Vice General Managers:</i>				
Esra Aydın	Operation & Management Services	01.08.2007	Bachelor’s degree	16
Cihan Vural	Internal Systems	03.11.2008	Bachelor’s degree	13
Rasim Levent Ergin	Human Resources	01.11.2012	Post graduate	17
Suat Kerem Sözügüzel	Corporate & Commercial Banking	01.04.2014	Bachelor’s degree	17
Banu Ertürk	Loan Follow-up and Legal Procedures	01.08.2020	Bachelor’s degree	22
Darço Akkaranfil	Information Technologies	14.09.2020	Post graduate	15
Zeynep Bozkurt	Financial Affairs	15.01.2021	Post graduate	13
Ayşen Aslı Koçer	Deposit Management	01.07.2021	Bachelor’s degree	24
Yener Yazlalı	Loans	02.08.2021	Post graduate	18

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):**

**II. NAMES AND SURNAMES, DUTY TERMS, FIELDS OF RESPONSIBILITIES, EDUCATIONAL BACKGROUNDS, PROFESSIONAL EXPERIENCES OF MEMBERS AND CHAIRMAN OF BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, GENERAL MANAGER AND DEPUTY GENERAL MANAGERS AND MANAGERS OF DEPARTMENTS WITHIN THE SCOPE OF INTERNAL SYSTEMS (Continued):**

***Assignments:***

Hasan Kılıç took office as a Member of the Board of Directors on 18 June 2021.

Ayşen Aslı Koçer was promoted to Executive Vice General Manager of Deposit Management on 1 July 2021.

Yener Yazlalı was appointed as Vice General Manager Loans on 2 August 2021.

Abdelkarim A. S. Kabariti was appointed as a Member of the Board of Directors and Deputy Chairman on 4 November 2021.

Zeynep Bozkurt was appointed as Deputy General Manager on 11 November 2021.

***Resignations:***

Member of the Board of Directors and Supervisors, Fouad Husni Douglas, resigned on 7 May 2021.

Deputy Chairman and Member of the Board of Directors Faisal M.A. Al Radwan, resigned on 20 May 2021.

There is no share of the above individuals in the Bank.

**III. INFORMATION ON ACTIVITIES OF COMMITTEES ESTABLISHED LINKED TO BOARD OF DIRECTORS OR IN ORDER TO ASSIST BOARD OF DIRECTORS IN THE FRAMEWORK OF RISK MANAGEMENT SYSTEMS IN ACCORDANCE WITH THE REGULATION ON CREDIT COMMITTEE AND INTERNAL SYSTEMS OF THE BANK AND NAMES, SURNAMES AND FUNDAMENTAL DUTIES OF CHAIRMAN AND MEMBERS ASSIGNED IN AFOREMENTIONED COMMITTEES:**

Emin Hakan Eminsoy, chairman of Board of Directors, performs the duty of chairmanship of Credit Committee. Ali Murat Dinç, Member of Board of Directors and General Manager, is performing his duties as noble member of the committee. Halil Cantekin and Adrian Alejandro Gostuski, who are also members of Board of Directors, are substitute members of the Committee.

Halil Cantekin has been elected as the Chairman of the Audit Committee while Adrian Alejandro Gostuski has been elected as a member of the Audit Committee.

Adrian Alejandro Gostuski has been elected as the Chairman of the Risk Committee while Halil Cantekin and Osama T. Al Ghousein have been elected as members of the Risk Committee.

Emin Hakan Eminsoy and Ali Murat Dinç have been elected as members of the Corporate Governance Committee.

Khaled F.A.O Alzouman and Mehmet Alev Göçmez have been elected as members of the Appointment and Pricing Committee.

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**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):**

**IV. EVALUATIONS OF THE AUDIT COMMITTEE REGARDING INTERNAL CONTROL, INTERNAL AUDIT AND OPERATION OF RISK MANAGEMENT SYSTEMS AND INFORMATION ON THEIR ACTIVITIES WITHIN THE ACCOUNTING PERIOD:**

The principal duty of Burgan Bank A.Ş. Audit Committee is to provide assistance to the Board of Directors of the Bank in order to fulfil its supervision responsibility related to the Bank and its consolidated affiliates through examining financial information which shall be presented to shareholders, ensuring the effectiveness, adequateness and efficiency of internal systems established by the management and Board of Directors and monitoring audit process. There is no change in the period related to activities of the Audit Committee.

**V. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD:**

There is no significant change related to information except the explanations including numeric disclosures in financial statements included in the annual activity report prepared in accordance with the Regulation on Procedures and Principals related to Preparation and Publication of Activity Report.

## BURGAN BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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#### EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

#### VI. SUMMARY FINANCIAL INFORMATION RELATED TO ACTIVITY RESULTS OF ACCOUNTING PERIOD:

	30.06.2021	31.12.2020	Change (%)
Total Assets	30.409.300	26.477.029	14,9
Receivables from Loans and Leasing Transactions (Net)	20.323.084	19.275.267	5,4
Securities	1.204.803	942.527	27,8
Deposits	18.426.155	13.847.448	33,1
Debts Having Loan Characteristics	7.803.397	9.160.896	(14,8)
Equity	2.191.551	1.670.057	31,2
Guarantee and Suretyship	5.530.207	5.171.767	6,9
Capital Adequacy Ratio	18,72%	16,59%	1,3

	(01/01/2021 - 30/09/2021)	(01/01/2020 - 30/09/2020)	(01/07/2021- 30/09/2021)	(01/07/2020- 30/09/2020)
Current Period Net Profit/(Loss)	121.652	10.221	45.753	6.978

#### VII. DISCLOSURE RELATED TO PERSONNEL AND BRANCH NUMBER, SERVICE TYPE OF THE BANK AND ACTIVITY SUBJECTS AND EVALUATION OF THE POSITION OF THE BANK IN THE SECTOR BASED UPON AFOREMENTIONED ITEMS:

The Bank provides high value added banking services and products in corporate, commercial, individual, financial leasing with private banking and via factoring and associates and investment banking areas with a total of 32 branches, including 8 retail, 1 corporate and 23 mixed banking branches, internet banking applications, call center and 1.027 group employees.

Indicators related to shares of the Parent Bank in the sector with respect to base quantities are as follows.

Million TL	Burgan Bank (**)	Sector (*)	Share of our Bank (%)
Cash Loans	15.915	3.910.020	0,41
Customer Deposits	18.269	3.911.751	0,47
Branch Number	32	11.080	0,29
Personnel Number	928	200.896	0,46

(\*) The source is prepared from the data of BRSA 31 August 2021, and no rediscount and accrual are added to the balance sheet items.

(\*\*) Prepared with unconsolidated data in order to make sector comparisons.