



2020 ANNUAL REPORT

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Report's date : 01 January 2020 – 31 December 2020
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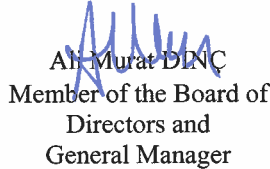
This financial report includes the following sections in accordance with the “Principles and procedures regarding the preparation and issue of Annual Reports” as published by the Banking Regulation and Supervision Agency.

- **Section One** GENERAL INFORMATION
- **Section Two** MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES
- **Section Tree** FINANCIAL INFORMATION AND RISK MANAGEMENT
- **Section Four** CONSOLIDATED FINANCIAL STATEMENTS, FINANCIAL INFORMATIONS, EXPLANATIONS ON SUBSIDIARIES AND AUDITOR'S REPORT

The accompanying unconsolidated and consolidated 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 audited.



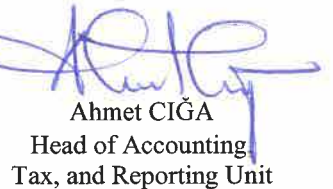
Emin Hakan EMINSOY
Chairman of the
Board of Directors



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



Zeynep TERZIOGLU
Vice General Manager of
Finance




Ahmet CIGA
Head of Accounting,
Tax, and Reporting Unit



Halil CANTEKİN
Head
of the Audit Committee



Adrian Alejandro GOSTUSKI
Member
of the Audit Committee



Fouad Husni DOUGLAS
Member
of the Audit Committee



SECTION ONE

GENERAL INFORMATION

Corporate Profile

Burgan Bank capitalizes on the extensive regional service network of its principal shareholder to produce permanent value for its customers and to deliver accurate and fast solutions to be used in the commercial relations of Turkish companies in the countries in that geography.

The Burgan Bank service cycle is based on the main focus of maintaining customer satisfaction.

The Bank's strategy prescribes profitable and healthy growth. Burgan Bank offers services with its 951 employees out of 32 branches in 14 cities where economic and commercial activity is most concentrated in Turkey.

Burgan Bank has set itself the goal of being the "solution partner for its customers". Operating in all banking segments, Burgan Bank reaches an extensive customer group in the corporate, commercial and retail banking segments, and delivers high-quality and high added-value products and services.

Its subsidiaries that are engaged in financial leasing (Burgan Leasing) and investment banking services (Burgan Securities) business lines function as complementary financial products for Burgan Bank and produce synergic cooperation.

Moving forward with the strength derived from its dedication to banking ethics, particularly integrity, transparency, accountability and reliability, Burgan Bank prioritizes quality and customer orientation. The goal of the Bank is to establish and foster long-term relations with its stakeholders within the context of its service cycle.

The majority shareholder of Burgan Bank is strongly positioned in the Middle East and North Africa.

Burgan Bank K.P.S.C., Burgan Bank's majority shareholder, is the youngest private capital commercial bank in Kuwait and is also the country's second largest bank in terms of asset size. Burgan Bank K.P.S.C. commands a strong position in the Middle East and North Africa (MENA) region and is a player with strong ambition in the global economy.

Burgan Bank takes advantage of its shareholder's extensive regional service network to generate permanent added value for its customers and to offer right and fast solutions for Turkish companies in their commercial relations with the countries in the region.

Burgan Bank's strategy dictates establishment of long-term relations with its customers concurrently with profitable and healthy growth.

The Burgan Bank service cycle is based on the main focus of maintaining customer satisfaction.

Vision

To be the best of class financial service provider in Turkey through sustained execution of best practice, innovation and stakeholder care.

Mission

Burgan Bank is your financial partner, forming a relationship with you based on integrity and trust, to provide expert specialist financial and investment solutions that help your business and personal wealth grow.

Goals

To maximize value for all our stakeholders (clients, personnel and shareholders) by building on Burgan Bank's three pillars of client delight and care, leveraging its operational and technological capabilities and nurturing our staff. Our stakeholders value must be consistent, growth-oriented and accomplished in the spirit of the corporate governance framework.

Corporate Values

Being Us

- We support each other as Burgan family.
- We work in harmony.
- We listen to each other's views and respect different opinions.
- We are open to one another; we act with fairness.

Dynamism

- We consider change as an opportunity; we comply with the changing circumstances quickly.
- We make quickly implementable decisions; we produce creative and practical solutions.
- We make a difference with alternative points of views.

To Win

- We take target-oriented actions; we set challenging goals.
- We make efforts for reaching the better; we do not give up against challenges.
- We always appreciate the efforts for reaching success.
- We efficiently use our resources while reaching our goals.

Milestones from 1989 until 2020

1989

Founded under the name of Tekfen Yatırım Finansman Bankası A.Ş., the Bank quickly became one of the sector's leading banks in corporate and investment banking.

2001

Providing services from a single branch until 2001, the Bank decided to implement an expansion strategy and deployed its knowledge in the area of commercial banking; the same year, it acquired Bank Ekspres, a midsize commercial bank.

2007

Tekfen Group and Eurobank EFG entered a partnership; following the completion of legal requirements, the Bank was renamed Eurobank Tekfen A.Ş.

2012

Burgan Bank K.P.S.C. (former Burgan Bank S.A.K.) acquired the shares in the Bank that had been held by Eurobank and Tekfen Holding on 21 December 2012, and became the majority shareholder with a 99.26% stake. Following the completion of legal amendments, the name of the Bank was changed to Burgan Bank A.Ş. with effect from 25 January 2013.

2013

Burgan Bank had substantially completed the restructuring of its infrastructure and human resources in accordance with its new shareholder's banking strategy, illustrating that it was prepared to achieve efficient and effective growth in its loan volume at a rate above the sector's average.

2014

Burgan Bank's loan and deposit volume outgrew the sector average by a large margin. The Bank achieved a sustainable profit and steady growth.

2015

The year 2015 marked a new milestone for Burgan Bank on its road map which is focused on sustainable growth and profitability.

2016

Burgan Bank has revealed its healthy financial structure and growth potential by achieving a rate of growth that exceeded the sector's average once again.

2017

Burgan Bank sustained its healthy growth, and also began taking steps towards fulfilling the requirements of the digital age and competition in the business lines in which it offers services with its initiatives in digital banking.

2018

Displaying a performance that fully overlaps with its sustainable and profitable growth strategy and targets, Burgan Bank materialized its intensive work in digital banking, and produced permanent value for its stakeholders.

2019

Burgan Bank built on its all-around support to customers and continued to generate value and enhance stakeholder satisfaction in all business lines.

2020

Burgan Bank has continued to provide its customers with its products and services without interruption in the service cycle, focused on protecting the health of its employees and stakeholders throughout the pandemic, which has extensively affected all aspects of our lives and the economy.

ABOUT BURGAN BANK GROUP

Burgan Bank K.P.S.C. is an affiliate of the KIPCO Group (Kuwait Projects Company), one of the leading and pioneering groups in the Middle East and North Africa (MENA) region, and was established in Kuwait in 1977.

Burgan Bank Group is one of the key banking groups operating in the MENA region.

Besides Kuwait, Burgan Bank Group is active in Algeria (Gulf Bank Algeria), Iraq (Bank of Baghdad) and Tunisia (Tunis International Bank) through the banking associates in which it is a majority shareholder.

Burgan Bank Group, which positions our country as a growth area and a leading international financial center, is focused on creating synergy by combining its robust capitalization, high level of liquidity, international recognition and banking experience with Turkey's strength.

Summary Financial Information for the Fiscal Year

(000 TL)	31.12.2020	31.12.2019	Change (%)
Total Assets	23,123,647	18,892,573	22.4
Loans	16,192,341	13,023,574	24.3
Loans (Net)	992,503	619,094	60.3
Deposits	13,942,287	11,563,046	20.6
Funds Borrowed and Money Market Borrowings	5,749,025	4,292,849	33.9
Shareholders' Equity	1,670,057	1,919,275	(13.0)
Guarantees and Warranties	5,171,767	3,479,247	48.6
Capital Adequacy Ratio (%)	18.85	21.27	(2.42)

	1 January 2020- 31 December 2020	1 January 2019- 31 December 2019	Change (%)
Net Profit/(Loss) for the Period	(267,414)	138,554	(293.0)

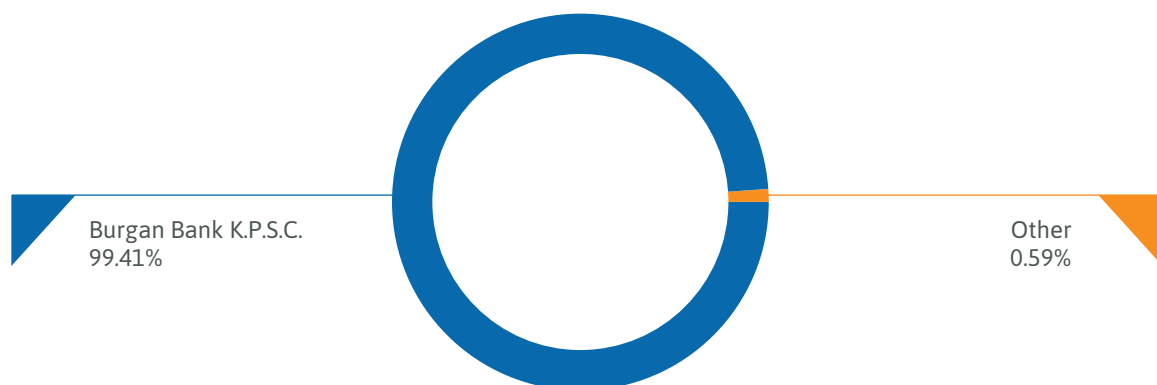
(*) In TL thousand based on unconsolidated financial statements

The Bank's Shareholding Structure, Changes in the Capital and Shareholding Structure During the Reporting Period, Titles and Stakeholding of Real Persons or Legal Entities with Qualified Shares

The Bank's paid-in capital is TL 1,535 million and the Bank has a capital ceiling of TL 4 billion as at year-end 2020.

The Bank's shareholding structure as of 31 December 2020 is presented below and there were no changes to the Bank's shareholder structure apart from the effect stemming from the capital increase.

Company Name	Share Amount (TL thousand)	Share
Burgan Bank K.P.S.C.	1,525,972	99.41%
Other	9,028	0.59%
Total	1,535,000	100.00%



The Historical Development of the Bank, Amendments to the Articles of Association During the Reporting Period and Reasons Thereof

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 was authorized to 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 decision No. 91/2316 dated 22 September 1991, and “The Decree of Establishment Permission” was published in the Official Gazette issue 21017 dated 10 October 1991. The Articles of Association was published in the Trade Registry Gazette no. 2969 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 financial 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 each with a nominal value of TL 0.01 representing 99.46% of the capital of Bank Ekspres A.Ş., in which the SDIF was a shareholder and held the management control pursuant to the Banks Law, were sold and transferred to Tekfen Holding A.Ş. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., in which Tekfen Holding A.Ş. held 57.69% of the shares, 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 transfer took place on 26 October 2001 and the Bank’s name was changed to Tekfenbank Anonim Şirketi (the “Bank”), in which Tekfen Holding A.Ş. had a shareholding interest of 57.30% and TST International S.A. 40.62%.

EFG Eurobank Ergasias S.A. (“Eurobank EFG”) and Tekfen Holding A.Ş. (“Tekfen Group”) signed an agreement on 8 May 2006, whereby Eurobank EFG would purchase Tekfen Group’s 70% stake in Tekfenbank and also Tekfen Leasing, which was fully owned by Tekfenbank, and whereby Tekfen Group would retain its strategic partnership by keeping all of the remaining shares. On 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 closing took place upon share transfer on 16 March 2007.

Based on the resolution adopted in the Extraordinary General Assembly Meeting convened on 25 December 2007, the name of the Bank was changed from Tekfenbank A.Ş. to Eurobank Tekfen A.Ş. (the Bank) and it was registered with the Turkish Trade Registry on 11 January 2008.

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’s shares held by Eurobank EFG Holding (Luxembourg) S.A. and 29.26% of the shares held by Tekfen Holding A.Ş. were purchased by Burgan Bank K.P.S.C. based on the BRSA permission dated 7 December 2012, and then 99.26% of the shares in the Bank were transferred to Burgan Bank K.P.S.C. on 21 December 2012.

At the Extraordinary General Assembly Meeting of the Bank convened on 23 January 2013, a resolution was adopted to change the name of the Bank from Eurobank Tekfen A.Ş. to Burgan Bank A.Ş. (the Bank), which was registered with the Turkish Trade Registry on 25 January 2013.

Chairman's Assessment of the Fiscal Year and Future Outlook



Hakan Eminsoy
Chairman of the Board of Directors

The struggle against the pandemic - in other words, the efforts to cope with the global health crisis, has remained the most important agenda item for all countries in 2020.

Esteemed stakeholders,

A year dominated by the Covid-19 pandemic

In the first days of January 2020, news that the epidemic was spreading around the world led a rapid reversal of the positive predictions about 2020. The Covid-19 outbreak, which began in Wuhan, China, soon took over a world which has been highly globalized in social and economic terms.

On March 11, 2020, the same day that the World Health Organization announced that we were facing the first pandemic in a century, the first case of Covid-19 was diagnosed in Turkey.

Turkey has been one of the few countries to have rounded off 2020 with positive growth.

Although 2020 is behind us, we still live under the shadow of the pandemic which continues to affect our lives. The struggle against the pandemic - in other words, the efforts to cope with the global health crisis, has remained the most important agenda item for all countries in 2020.

Besides the health dimension, the struggle is directly related to the economic axis, and countries rapidly implemented a series of policy changes. Central banks and regulatory authorities mainly focused on revitalizing economic activity. Expansionary policies and asset purchase programs became a popular method with the goal of stimulating a recovery in the production, service and supply cycles which had been interrupted by the lockdown restrictions. The US, EU, China, the UK and many more developed and developing countries mobilized economic recovery and stimulus packages on a scale unprecedented in our recent history, and comprehensively supported households and companies. The period also marked a sharp downward movement in interest rates.

In its January 2021 dated report, the IMF estimated that the global economy had contracted by 3.5% in 2020.

One of the few countries to round off the year with positive growth

In the unprecedented conditions of 2020, our country determined its priority to be the protection of public health with its proactive and careful management approach. While "hygiene, mask, distance" remained the slogan of the period, restrictions were tightened and loosened depending on the developments.

In the first period of this process, the government resorted to expansionary fiscal and monetary policy measures and acted quickly to ensure that the wheels of the economy keep turning. While the economy administration tended towards interest rate cuts and accommodative monetary policies, a significant degree of support was provided to sectors and households which were adversely affected, through asset purchases, liquidity supports and loan programs.

As the effects of the pandemic started to recede in the middle of the year, the possibility of a return to normalization in economic and social life emerged, and with the addition of policy measures which were starting to take effect, a rapid revival in economic activity followed.

This stage was followed by a change in economic policy. The rapid credit expansion and low interest rate environment had precipitated a rise in inflation in the first half of the year, and a set of policies prioritizing price stability resumed in the second half of the year.

The determining factors in this decision were the rapid recovery in growth indicators in the second half of the year as well as the priority of sustainable growth that will be provided by financial and price stability.

Turkey has been one of the few countries to have rounded off 2020 with positive growth.

Our health infrastructure passed its test with flying colors

The success which Turkey achieved on the axis of health practices in 2020 is no coincidence. While the pandemic process has been overcome with relatively few casualties and incidents, recent investments in the health sector and the superior effort of our army of health specialists have played a major role in this success.

On behalf of the Board of Directors at Burgan Bank, I would like to especially thank the Ministry of Health and our healthcare professionals for their extraordinary efforts during the pandemic process.

Rediscovering Turkey's geographical and economic advantages

Another achievement by Turkey, which has been successful in health policies and practices under the pandemic conditions as we described in brief, has been to rediscover and strengthen its competitive advantages. It is our belief that our country has had the opportunity to stake its claim on the future more clearly.

Chairman's Assessment of the Fiscal Year and Future Outlook

In order to determine the issue correctly, it is useful to examine the developments on a global scale. Lockdown decisions taken within the scope of health measures since March in most countries throughout the world have disrupted production, and the production halts, especially in China, have called the continuity of global supply chains into question. Meanwhile, the strict measures taken at the borders have also disrupted and even in some cases halted the international flow of goods. This situation has dealt a significant blow to global trade and growth, especially in the first half of 2020.

The future of supply chains had already started to be called under question before the epidemic had even appeared. The cessation of production in China, which is a key supplier for most countries in the world, has highlighted the importance of geographic diversification in the supply of goods.

Our country did not grind to an economic halt in the first months of the pandemic process, but its economic activity did slow on a relative basis. The controlled and correct approaches implemented on the health front helped to keep the wheels of our industry turning, and helped them return to its normal course after a short pause.

Turkey has been one of the few countries which did not halt production activities in the real sector. For example, our country has continued to increase its production of iron, steel and aluminum at a time when production in Europe contracted by around 20%. Another sector to shine during this period was the petrochemical industry.

Turkey is a natural bridge between Asia and Europe. This advantageous and unique location allows the country to provide value-added services as well as mediate the intercontinental journey of raw materials and energy.

Our country has recently turned into an energy corridor between north and south, and east and west with large-scale projects such as Turkish Stream and TANAP, and has taken revolutionary steps in transportation with the railway line being built between China and Europe.

Taken together with its unique geographical location and highly developed industrial and production infrastructure, all these factors highlight our country's advantages as a supplier. It is vital that Turkey seizes the opportunities of this situation, which are important in a changing world and in the new normal, and positions itself as a value-added production base.

Our industry has taken a proud stance and generated a healthy performance

The Turkish banking sector has managed the pandemic process with a great deal of success. While the first priority has been to protect the health of our employees, our other important goal has been to provide the necessary support to households and companies. Continuing to provide service seamlessly, ensuring cyber security and risk management have been on our agenda as other goals during this fragile period.

I am proud to declare that our sector has achieved successful results in all of the above objectives with its strong human resources management, as well as the soundness of its financial structure and its competencies in physical and alternative distribution channels.

Throughout the year, our common goal has been to keep the wheels of the economy turning, and all participants in our industry have offered their customers the necessary delays and structuring support within their portfolios without hesitation.

As a natural result of this extraordinary period, the volume of non-performing loans has increased. However, we believe this is a temporary phenomenon, and that our banks will be able to easily overcome this issue under the guidance of the regulatory authority.

We confirm that by maintaining our cautious optimism, we will continue to stand by our customers without compromising our quality balance sheet structure.

The support mechanisms we have implemented on a sectoral scale have provided millions of households with at least partial protection from the negative economic fluctuations caused by the pandemic. Similar positive results have been provided for our tradesmen, SMEs and corporate customers. The steadfast stance of the banking sector in this process has proven invaluable, and has been extremely critical in preventing the heavy toll which may arise in the years ahead.

Another area where our industry has passed the endurance test with flying colors has been in IT infrastructure or digitalization, as it is popularly known. In a world where operational processes are digitalized, our banks have successfully internalized IT in every process from risk management to the customer service cycle. Digital banking is an area where the Turkish banking sector has even surpassed the banking systems of most developed countries.

Our banks broke new records in this area during the pandemic, where remote access service capabilities were vital, and the digital service innovations they offered gained great appreciation from their stakeholders.

The Burgan Bank Group's strong belief in the Turkish economy

Our shareholder, the Burgan Bank Group, has maintained its strong belief in the Turkish market and investment, even under the extraordinary conditions of 2020, and provided the necessary strategic and financial support in full.

With the Burgan Bank brand rounding off its eighth year in the Turkish market, our shareholder can derive satisfaction from the experience it has gained and the synergy which has emerged at the Group level.

We believe we will step up our added value creation power and contribute to the lives of our stakeholders in a future where we will evaluate the growth and development opportunities offered by Turkey and the surrounding region.

In addition to our healthy financial structure, our qualified management team and competent human resources provide us with the necessary motivation to grow.

As of the second half of 2021, we anticipate that the Turkish economy will enter a sustainable growth path, where financial stability will increase and inflation, after its uptick in 2020, will gradually decrease.

In such a picture of stability, we think our country's maturing environment of trust will provide the conditions ripe for making decisions more easily for both foreign and domestic investors.

We confirm that by maintaining our cautious optimism, we will continue to stand by our customers without compromising the quality of our balance sheet structure.

On behalf of our Board of Directors and myself, I would like to present my respects to our customers, employees and all our stakeholders.



Hakan Eminsoy
Chairman of the Board of Directors

CEO's Assessment of the Fiscal Year and Future Outlook



Murat Dinç
CEO

Despite the high volatility experienced in 2020, Turkey was able to successfully pass the endurance test.

The Turkish economy started 2020 with hopes of a stronger recovery

The positive market conditions in the first quarter of the year were shattered by an event the like we have not encountered in recent history, with the spread of Covid-19 pandemic, which took on global dimensions from March. As in most countries, economic indicators in Turkey plunged in April 2020.

A rapid recovery trend got underway in towards the middle of the year thanks to the measures taken to tackle the pandemic, both to protect human health and to ensure the seamless operation of the economic cycle.

After the period of relative normalization in the summer months, cases started to increase again during the autumn and restrictions came back in force. It would be reasonable to conclude that the restrictions put in place to tackle the second wave caused less damage to economic activity than in the second quarter of the year.

Despite the high volatility experienced in 2020, Turkey was able to successfully pass the endurance test and was among the few countries to round off 2020 with positive growth, albeit to a curtailed level.

During this period, our sector successfully managed the risks and the service cycle with its solid financial structure and strong corporate management, and fulfilled a historical task in keeping the wheels of the real sector turning and overcoming the short-term financing difficulties of households.

Although the effects and difficulties related to the pandemic will continue in the coming period, we expect our country to decouple positively. The future promises new success stories for both Turkey and our industry.

Regionalization and even localization in production as well as logistical proximity in trade will emerge as great advantages. Provided that the risks are carefully managed, the Turkish economy will be able to achieve a healthy and sustainable growth in the future with its demographic characteristics, the dynamic structure of our real sector and our strong banking sector.

Our strategies and value creation model successfully pass the real environment stress test

In the presence of the extraordinary conditions summarized in brief above, Burgan Bank successfully maintained its balance sheet structure focused on prudent risk management in 2020.

Structuring its main strategy for 2020 on the axes of agile management, on-the-spot decision making and correct execution, our Bank determined its primary focus as

protecting the health of its employees and customers visiting our service points. Our other focus has been on the sustainability of our services, while our third focus has been to support our customers in difficult times with all our resources and to face the volatility together.

Results which match our predictions, with a sustainable financial structure

I would like to express gladly that, in the presence of our prudent banking approach, we have completed 2020 by preserving shareholder value and achieving sustainable financial results.

As a player focused on real banking, loans were the most important component of our portfolio in 2020 as well. Loans have served as an expression of our support to the real sector and our individual customers during this difficult year.

Burgan Bank successfully maintained its deposit collection activities in 2020, reinforcing its strong liquidity level. Our liquidity and capital structure, designed with a rational approach, allowed us to support our customers in need against the backdrop of a volatile market.

As of December 31, 2020, Burgan Bank's assets stood at TL 23.1 billion on an unconsolidated basis and TL 26.5 billion on a consolidated basis. The share of cash loans in Burgan Bank's consolidated balance sheet was 73%. On a consolidated basis, our gross cash and non-cash loans increased by 28% compared to the end of previous year to reach TL 26 billion. Our consolidated total deposits increased by 21% compared to the previous year to reach TL 13.8 billion.

As of the end of the year, the consolidated equity of our Bank had reached TL 1.7 billion and its equity including principal and secondary capital reached TL 3.9 billion. Its capital adequacy ratio was realized at 16.6% on a consolidated basis and 18.9% on an unconsolidated basis, maintaining its course above the sector average.

CEO's Assessment of the Fiscal Year and Future Outlook

A year in which we tested our digital service capabilities and defined our real power...

In 2020, where we tested the competencies and agility offered by our digital infrastructure investments which we implemented in recent years, our customer services and operational processes were carried out smoothly and without interruption in a remote access structure.

Our solid infrastructure has enabled 75% of our Head Office teams to switch to remote working format in line with the decisions we took during the pandemic. In this process, in which we maintained our reputation in terms of service quality, another development which has given us great satisfaction is the increase we have achieved in our number of customers.

We believe we have successfully met both the financial needs and operational expectations of our customers in corporate and commercial banking, our main business lines, throughout the year.

Our advanced technological infrastructure has also enabled us to develop and enrich the range of products and services which we offer our investment banking customers. In the fluctuating and volatile conjuncture of 2020, we have increased our transaction volumes by offering our customers instruments with attractive value propositions. Foreign trade intermediary services have been another area where we have been active throughout the year and recorded growth in volume.

Our affiliate, Burgan Leasing, rounded off the year by adding new successes to its line of achievements. Burgan Leasing, which entered the operational car rental business line, rapidly attained significant volumes and a significant number of customers in its first year. We consider this sector, where we provide operational leasing services to more than 2,700 vehicles, as a growth area.

In 2020, as we carefully maintained our funding costs, our interest margins were managed effectively.

I would like to take this opportunity to declare that we have achieved significant gains within the scope of efforts to reduce our operational expenses with our lean, agile and effective organizational structuring support and our ability to keep the rise in our general expenses to a level below the rate of inflation.

Another issue which Burgan Bank attaches importance to within the scope of balance sheet management has been its meticulous provision policy. Considering the pandemic conditions, the Bank allocated the necessary provisions and managed to preserve the correct and strong structure of the collateral pool, regardless of the conditions.

In this process, where we have also continued to improve our brand reputation, we derive considerable motivation a team from noting how far the level satisfaction has strengthened within the scope of our customer relations.

Our digital banking investments will shape the future.

We believe the future is digital.

In our century, globalization has brought people and financial service providers closer together than ever before. In a digitalizing world, the expectations and behavior of users and companies are also changing. In 2020, this process gained momentum with the pandemic. In the new normal, user behavior has changed and it has become a necessity for bank customers to perform their transactions without contact.

Based on these simple facts, Burgan Bank is working intensively on projects which will take its digital banking muscle to a new dimension. Our digital platform, which we aim to offer to our individual customers, will be a valuable step in the process of transforming banking into an easily accessible service.

Burgan Bank has worked and prepared the 2021 scenarios and action plans to the finest detail, without deviating from its focus on protecting its stakeholders and assets.

In 2021, we aim to complete the launch of this expansion, which we planned to carry out in 2020 but which had been postponed due to the pandemic. We believe we will reach a much wider customer base and expand our other production area with our brand strengthening work which we will carry out within the same scope.

We have prepared intensely for 2021

Another important area on our agenda for 2020 was our preparations for 2021. In a process where the conditions of the pandemic remain a fact of life, our greatest hope is the ongoing vaccination program. In our opinion, if the rollout and isolation measures are carried out with care, our normalization level will reach a very good point in the second half of 2021.

Burgan Bank has worked and prepared the 2021 scenarios and action plans to the finest detail, without deviating from its focus on protecting its stakeholders and assets.

Our human resources are structured for optimal production

The surveys we conducted during the pandemic process indicate that levels of satisfaction among our employees have increased.

Our bank's current human resource structure is balanced at an efficient and correct point. We offer one of the best human resources among banks in Turkey. We manage a large balance sheet with an optimal number of branches and employees.

We attach great importance to updating and improving the competencies of our human resources. In this sense, training, career planning and building the future point to our main responsibilities to each of our employees.

The "Burgan Stands by ,You" employer brand program focuses on carrying its success into the future. I believe that Burgan Bank will take firm steps forward with its holistic human resources management.

About the future

Speed and change will define and shape the future.

We believe that with the uncompromising execution of our digitalization projects and corporate strategies, we will be able to successfully build the future, and we will successfully reflect the new business opportunities offered by speed and change to our performance.

Our experience in 2020 has made us strong. The unwavering support of our shareholders has been another source of strength for us.

Our country will benefit from the process of rapid change taking place in the world. The regionalization and even localization of the supply chain and production will pave the way for expansion and opportunities for strategic value in terms of improving the welfare of Turkey and its people.

We will continue to produce and share as a stakeholder of inclusive and sustainable growth.

On behalf of myself and the management team at Burgan Bank, I would like to thank our employees, business partners and customers, especially our shareholder, for their contributions and support.

With a wish to meet on healthy, happy and productive days ...

Respectfully,



Murat Dinç
CEO

An Overview of 2020

Highlights...

- Burgan Bank's unconsolidated asset size stood at TL 23,124 thousand by the end of 2020 while the consolidated figure was TL 26,477 thousand.
- The Bank's net unconsolidated cash loans were recorded as TL 17,522 thousand while the consolidated figure was TL 20,803 thousand.
- As of year-end 2020, the share of cash loans in the balance sheet was 78.6% on a consolidated basis.
- Burgan Bank manages its credit risk with a careful and prudent approach. In 2020, the Bank preserved the sound collateral structure in parallel to the growth secured in loans.
- The share of the securities portfolio (net) to total assets remained low at TL 993 thousand on the basis of unconsolidated financial statements.
- Burgan Bank continued to improve its deposit volume in 2020. The Bank's deposits increased to TL 13,942 thousand on an unconsolidated basis and to TL 13,847 thousand on a consolidated basis. The growth rate was by 21% ytd in both of them. Deposits accounted for 60% and 52% of the balance sheet according to unconsolidated and consolidated financial statements, respectively.
- The Bank's equity base remained strong in 2020, supporting the growth. The capital adequacy ratio as at year-end stood at 18.85% on an unconsolidated basis and 16.59% on a consolidated basis.
- As of the end of 2020, our Bank, which had prudentially allocated provisions in order to manage the pandemic process and potential risks more efficiently in the upcoming period, announced an after-tax loss of TL 267,414 thousand.
- At year-end 2020 Burgan Bank had a physical service network of 32 branches and a total of 951 employees.

The Bank's equity base remained strong in 2020, supporting the growth. The capital adequacy ratio as at year-end stood at 18.85% on an unconsolidated basis and 16.59% on a consolidated basis.

Sustainable contribution to the Turkish economy

Burgan Bank Loans Group quickly evaluates loan demands of customers in corporate and commercial segments, and produces solutions in close cooperation with the branches. In 2020, Burgan Bank continued to contribute to the economy through cash and non-cash loans.

Burgan Bank continued with the necessary investment, development and marketing activities in order to bring the most up-to-date financial solutions made available by advancing technology also in 2020.

DEVELOPMENTS AND ACHIEVEMENTS BY BUSINESS LINES

CORPORATE BANKING

A year when foreign trade gained priority and importance

In 2020, when the impact of the pandemic was felt profoundly, Burgan Bank's Corporate Banking Department maintained its focus on service in line with its goals and continued to stand by its customers and employees. While catering to its customers' financial needs with an approach that attaches importance to the development of the Turkish economy and the banking sector, Burgan Bank Corporate Banking business line prioritized the necessary steps to implement the fastest and the most effective solution suggestions regarding foreign trade and cash management. In this vein, the Bank backed deposit and credit growth with services targeted at customers' cash flows.

Burgan Bank provides its customers with versatile support, especially in the framework of changing market conditions in line with the pandemic, by most accurately understanding the needs and expectations of customers and offering them the most appropriate solutions and value propositions through the most appropriate channels while pursuing effective management of outstanding financial risks and examination of opportunities. The Bank, being an integral part of corporate life, made sure that this vision is espoused by each and every one of its employees.

Expertise in the MENA region

During 2020, Burgan Bank kept sharing the advantages presented by its shareholder's strong organization in the MENA region in foreign trade business with its customers also in 2019, and also continued to expand its specialist team and correspondent network in North Africa, Middle East, Gulf Region and Far East markets in a bid to sustain and further increase the efficiency in this area.

Offering the best practices in the financial services sector with a vision of being among the best-in-class service providers by constantly implementing innovation and services that contribute value to its stakeholders, Burgan Bank continued with the necessary investment, development and marketing activities in order to bring the most up-to-date financial solutions made available by advancing technology also in 2020. In addition, the updating of the Bank's website is underway.

Growing number of customers

As a result of the strategies pursued, the number of the Bank's customers kept increasing in line with the Bank's target to grow together with its customers. This increase was reflected also in the number of customers choosing Burgan Bank for loan, deposit, foreign trade and cash management products. In the Corporate Banking segment, an increased number of large companies signed agreements with the Direct Debit System (DBS) in 2020, and the synergy achieved with subsidiaries and other business lines with similar solutions and collaborations continued in 2020. The Bank created projects which offer value to its customers in a number of ways through joint efforts.

Burgan Bank Corporate Banking business line will continue to grow together with its customers also in 2021. Within the frame of effective risk management, the Bank is committed to producing need-based financial solutions, supporting the customers' needs both for their long-term projects and daily financing needs, and offering fast and reliable solutions in cash management and foreign trade via its expert team.

COMMERCIAL BANKING

Added value for the Turkish economy

Burgan Bank's Commercial Banking Division predicted possible disruption to its activities due to measures taken against the coronavirus spreading around the world and in our country, and carried out the necessary preparations within the framework of the statements issued by the World Health Organization since January 2020 and the within the framework of the pandemic officially announced on March 11, 2020.

With the support of its well-equipped workforce, the Bank maintained its fast and solution-oriented stance within the framework of its customer-oriented service approach, allowing its customers to concentrate on their core business and supported their financial activities under pandemic conditions.

The Bank directed its operations in accordance with the Turkish economy with the products and services it offers in this segment, and continued to eliminate the negative effects of the process and provide added value with decisions to defer payments such as taxes and social security, as well as its protective measures and support packages.

Throughout the entire Commercial Banking service cycle, Burgan Bank targets to capture a share from customers' financial transactions, to advance together with them, and to be one of their main banking partners. In this scope, the Bank focused particularly on foreign trade transactions, as well as cash and non-cash loans and deposits, and further improved its extensive correspondent network that will facilitate execution of international transactions and maintained its efforts to expand its Correspondent Bank network over the previous years.

The Burgan Bank Group's strong presence and service network in the MENA region, combined with its knowledge and experience regarding the said geography, support the target of being the main bank of customers. One of the focal points that is a priority for Burgan Bank is to back customers' competitive strength both in domestic and international markets, and thereby offer them new opportunities; in summary, the Bank aims to build on customer relationships in a mutual and versatile manner.

Advantageous solutions

In line with its focus on meeting customer needs with special solutions, Burgan Bank has continued to work on solutions which provide cash flow such as collection, payment and Direct Debit System (DBS). In 2020, efforts were stepped up in line with the needs of foreign trade customers. Fees and commissions customers are charged for all their domestic or international banking transactions are simplified, generating cost advantages for customers.

Within the scope of the customer-oriented approach, efforts were taken to alleviate the negative effects of the process to the greatest extent possible with protective measures and supportive practices, with work to improve customer relations with the desire of achieving long-term and mutual efficiency in commercial banking services. As the Bank's sales teams made customers' commercial activities easier through medium and long-term loans, cash management products brought convenience to companies' day-to-day activities.

In 2020, knowledgeable and experienced teams continued to respond to Burgan Bank's commercial customers' project-based credit demands. Customers' projects are designed with an approach paying regard to sectoral/seasonal characteristics and/or cash flow cycles. Putting special emphasis on risk management and preserving its strong collateralization in all circumstances, Commercial Banking continued to grow in 2020, especially in TL loans and foreign trade volume.

In 2021, Burgan Bank will keep increasing its effectiveness in Commercial Banking. The Bank will continue to provide added value for the Turkish economy through the products and services focused on customer satisfaction, designed in response to needs and expectations in the financial markets.

CASH MANAGEMENT

Solutions and products compatible with life in a digital world

Burgan Bank's Cash Management Department continues to offer solution-oriented approaches which contribute to digital integration in line with customer requirements, and mediates in collection and payment processes.

The primary goal of the Cash Management Department is to expand the product range, increase service quality with innovative products and to ensure customer satisfaction. With the effect of the pandemic, digitalization has become increasingly important. In this process, for customers in the Corporate and Commercial segment, the e-signature product, which facilitates their transactions operationally and has the same legal validity as a wet signature, has been brought into practice. Accordingly, customers may create and sign their documents electronically without the need for a wet signature, and send them to Burgan Bank quickly and securely by e-mail or through the SFTP method. Burgan Bank's Cash Management Division aims to increase its market share in 2021 with new customer acquisition and strategies to deepen business with existing customers.

FOREIGN TRADE

An "Expert bank" in foreign trade

Foreign Trade financing remained a key focal point for Burgan Bank in 2020, and the Bank's specialized teams holding international certification offered their customers the most appropriate solutions in this pandemic period, marked by changing market conditions, changes in legislation and changing financial needs.

Burgan Bank, which has built its performance evaluation system on foreign trade as a requirement of the "expert bank" approach in foreign trade, has provided its employees with intensive foreign trade training opportunities, and continued to serve its importers and exporters with its customer relations managers within the branches and headquarters.

Burgan Bank increased the volume of the foreign trade transactions it mediated in by 16% in 2020 compared to the previous year.

The Bank has adopted the principle of minimizing the possible risks facing companies and responding to their financing needs with “tailor-made” solutions suitable for customer needs as well as classical products in foreign trade.

Full support for export

Burgan Bank continued to expand its correspondent bank network in line with the needs of exporters and to support its customers who aim to protect themselves from the risks in these new markets while expanding the export market. With its strong balance sheet structure, in addition to the loans obtained from its own resources, it provided financing support to its customers by intermediating in CBRT and Eximbank loans, and also became a solution partner for the guarantee needs of customers serving in many different regions of the world.

Continued growth in foreign trade

Combining the advantages of its strong structure in the MENA Region, its transaction speed and its quality with a boutique service approach, Burgan Bank increased the volume of its foreign trade transactions in 2020 compared to the previous year.

The goal of the Bank is to maintain this growth momentum in 2021 and beyond and to intermediate in foreign trade transactions of more customers.

Burgan Bank, which provides privileged services such as Global Payment Innovation (GPI) and electronic letter of guarantee, which allows customers to easily monitor all stages from the beginning of the transaction to the moment of transfer in foreign exchange transfers, continued its investment, development and marketing activities in order to bring together the most up-to-date financial solutions offered by the developing technology with its customers in 2020.

Burgan Bank aims to further expand its technological infrastructure and broad correspondent network with its deep knowledge and experience in 2021, and to continue to be the expert bank that produces solutions for its customers with foreign trade bulletins to be shared with them periodically.

WEALTH MANAGEMENT

The goal of raising digital service capabilities

Burgan Bank Wealth Management, serving within the framework of a boutique banking approach, has prioritized the health of its customers with the measures taken at its branches throughout the pandemic conditions in place for most of 2020. By adapting to remote working conditions very rapidly, the Bank has aimed to continue offering a seamless services to customers especially in accordance with the expectations of middle and upper segment customers while at the same time maximizing customer satisfaction.

As the customer experience became a more prominent feature during the pandemic, we focused on developments in non-branch channels so customers unable to come to the branches could perform their transactions through the internet and through the mobile banking channel. In this context, a deep relationship management service is offered to customers in the branches through specialist portfolio managers, while work has been stepped up to ensure uninterrupted and complete execution of transactions through the non-branch channels.

The “Gold Account”, which was launched in 2020, and the “Account which brings smiles”, which allows savings in different currencies, were also opened to transactions via internet banking during this period.

The “Gold Account” and the “Account which brings smiles” were opened to transactions via internet banking during this period.

Investment Services

In 2020, the digital transformation focused on investment products and services, and customers have had the opportunity to get to know the world of Burgan Bank Investment Services without having to come to the branch and open an account at Burgan Investment, with the receipt of contracts for investment services through internet banking.

In addition, within the framework of the developments in digital channels, all hedge funds in Turkish Lira and foreign currency traded in TEFAS (Turkey Electronic Fund Trading System) have been made available for transactions through internet banking and mobile applications. By increasing the number of agreements entered into with portfolio management companies, customers received support in investing their savings in different asset classes, as well as deposit products.

In recognition of its efforts in the area of mutual funds, Burgan Bank received third prize in the category of Leader for Increase in Custody Activities Market Share as a result of the evaluations carried out by the Turkish Capital Markets Association for 2019.

In 2020, customers' non-deposit assets grew by 24% compared to the previous year, and the business segment's treasury products transaction volume increased by 43% in USD terms.

Burgan Investment started to provide investment consultancy services in Wealth Management to middle and upper segment customers. With this service, customers seeking expert opinions and advice for their savings were provided with personalized consultancy on investment products.

The return of Premium Life Insurance

Burgan Bank has come to the forefront with its innovation in the sector with the Survival Guarantee, which is included in the return of the new premium life insurance product which was newly introduced in 2020 in cooperation with NN Hayat ve Emeklilik, which does not change regardless of age or gender.

Burgan Bank customers between the ages of 18-60, who can set the insurance period as three or five years, have the opportunity to earn a high return and benefit from tax advantages in addition to the premiums deposited at the end of the term.

With the 'Supplementary Health Insurance product, which was also included in the product range in 2020, Burgan Bank customers were provided with treatment services in Social Security Institution contracted hospitals, and health services have also started to be offered from a wide range of health institutions affiliated NN Hayat ve Emeklilik with inpatient treatment, outpatient treatment, physical therapy and emergency treatment guarantees within the scope of the policy.

Apart from the ongoing exclusivity agreement with NN Hayat ve Emeklilik, Burgan Bank, which is in cooperation with different insurance companies in the elementary insurance branch, increased its commissions and premiums by 10% in elementary products in 2020 compared to 2019 in the field of retail banking, which includes Wealth Management and Digital Banking customers.

For healthcare professionals

To meet the financial needs of our healthcare professionals who work with such devotion, putting their lives on the line to tackle the pandemic which has affected our country as well as the whole world, a study was carried out to ensure that high interest was offered on their savings while not charging healthcare professionals any fees for banking services. The relevant study was presented to all healthcare professionals in both Burgan Bank branches and Digital Banking and remained valid until the end of 2020.

During the pandemic period, loan deferral and restructuring requests of our healthcare professionals as well as our other customers were responded quickly and constructively.

The Mobile Notification verification system was implemented to allow customers to perform their transactions more securely when logging into Internet Banking.

DIGITAL BANKING

In Turkey, as in the world, the pandemic changed the way of doing business in many ways in 2020, driving digital developments to fruition more rapidly.

A business line which has adopted the agile working methodology

Since the day it was founded in 2017, the Burgan Bank Digital Banking Group has seamlessly continued its services and growth under pandemic conditions thanks to its agile business manner within the scope of its branchless banking vision.

Work on new branchless digital banking brands, products and services continued, and efforts continued to improve the digital channel experience in order to better serve Burgan Digital customers. In this context, application pages were updated with a focus on the user experience, and application status tracking was provided through the mobile application.

The courier application, which enables more effective management of the courier operation, was put into use and the experience in becoming a Burgan Digital customer was brought to a better point.

The Mobile Notification verification system was implemented so customers were able to perform their banking transactions more securely when logging onto Internet Banking. In order to improve both security measures and the user experience, customers were informed by SMS, E-Mail and “push notifications” regarding their banking transactions via the Internet and Mobile Banking Application. Online game code sales have been launched in Internet and Mobile Banking Applications for young people and online gamers.

An increasing and diversifying range of products and services in digital channels

While different products such as the Gold Account and Güldüren Account (The Account which brings smiles) were added to the digital channels, by porting investment transactions to digital channels, all individual and digital customers were able to carry out investment transactions such as stocks, VIOPs and funds.

In order to increase the use of products and, in particular, mobile channels, which have become more important during the pandemic, and to establish deeper and more versatile relationships with our customers and to increase their loyalty and profitability, the Bank focused on portfolio and collaboration efforts. Likewise, communication activities were carried out through the website and social media channels to draw attention to mobile transactions and direct customers to the Burgan Mobile application. In addition to offering special advantages to various professions, campaigns were organized to strengthen existing customers’ relations with Burgan Bank.

Growth in the number of customers and transaction volumes

In light of these efforts in the field of digital banking, Burgan Bank expanded its number of digital customers by 37%, the balance of deposits by 53% and the number of active users of the Internet and Mobile Banking Application by 22% compared to the same period of the previous year.

As a result of user feedback and extensive research studies, work continued on the Burgan Mobile Application, whose interface is to be substantially revamped, and the internet and mobile banking application of the new digital brand. The work is planned to be implemented step by step in the first quarter of 2021.

Work continued on the Burgan Mobile Application and the internet and mobile banking application of the new digital brand. The work is planned to be implemented step by step in the first quarter of 2021.

The Borgan Bank Call Center, which switched to a remote working system due to the pandemic, continued to improve its contact points in 2020 in order to enhance the customer experience. The Borgan Bank Call Center received ISO 18295 Customer Communication Centers Standard certification as a result of these efforts. An infrastructure of the survey system was created to measure customer satisfaction in 2020, and a survey infrastructure was so customers could provide feedback regarding their services following their banking transactions.

A card with new functions

Borgan Bank continued to develop new chip and contactless debit cards in 2020. The new card was designed to offer various opportunities, especially in e-commerce shopping, and a flexible product structure was created where the customer would be in control with the added functions.

One of the leading banks implementing FAST

Borgan Bank is one of the leading banks providing its customers with a FAST (instant and continuous transfer of funds) system that allows funds to be transferred on a 24/7 basis, as implemented by the Central Bank of the Republic of Turkey, and an easy address identification service which allows the transfer of funds by mobile phone, email and national ID number..

A pursuit of higher customer satisfaction

Since the end of 2019, comprehensive surveys were conducted on a quarterly basis to improve the customer experience of the application process, all digital channels and the Customer Communication Center.

As a result of the analysis and layout studies carried out by taking the survey results into account, significant improvements were achieved in the satisfaction, happiness, tendency to continue working, recommendation and trust scores of all customers.

The Alternative Sales Channels team, which provides a customer-oriented service with its experienced team, maintained its healthy growth in 2020. The team will continue to be the driving force behind retail loan growth in 2021.

TREASURY AND CAPITAL MARKETS

A weakened global economic growth backdrop

The year 2020 has been marked by Covid-19 pandemic, which started in China and spread throughout the world.

In the middle of the first quarter, economic shutdowns started to be imposed in response to the rising number of cases worldwide. To tackle this global crisis, which adversely affected growth in all countries, developed and developing countries sought to achieve monetary expansion by lowering interest rates and expanding the balance sheets of central banks. At the same time, efforts were taken to alleviate companies' cash flow problems by facilitating financial support packages and loan opportunities. The common purpose of these efforts was to slow the decline in economic activity and prevent social problems, such as rapid increase in unemployment, from taking hold.

As the number of cases dropped in the summer months, restrictions were relaxed, while a second wave of the virus started to appear in many countries in the fourth quarter with mutations of the virus leading to another round of lockdowns. Simultaneously, news on the development of vaccines in different centers of the world raised hopes for the future.

This picture led to a complete blurring of the outlook and destabilization of expectations regarding world growth. As a result, there have been serious difficulties in pricing financial products, with severe volatility observed.

The Pandemic and the Turkish economy

The developments in the world naturally had their effects on the Turkish economy.

Due to the pandemic that broke out in the first months of 2020, the growth in the Turkish economy was less than what had been predicted at the beginning of the year. In order to prevent the economy from grinding to a sudden stop, a package of Covid-19 measures have been announced and the banking system became the main channel of loan growth. Although the loan expansion had a positive effect on growth in the second half of the year, it exerted pressure on inflation and Turkish Lira. This led to a series of changes in

Burgan Bank compensated for the pressure caused by liquidity in its net interest income by demonstrating successful management in the capital markets.

the economic policies pursued towards the end of the year, and new economy administration took steps aimed at price stability and sustainable growth.

Asset-Liability Management and the Capital Markets Burgan Bank

Within the scope of its 2020 strategy, Burgan Bank sought to keep its liquidity strong and to achieve loan growth without taking the risk of maturity mismatch.

In the second half of 2020, liabilities were diversified and the maturity structure was extended by using foreign resources as well as deposits.

The pressure in net interest income due to liquidity was compensated by highly successful management in the capital markets.

Expectations for 2021

The progress in the development of Covid 19 vaccines have raised hopes of a normalization in global economies as of 2021. In this environment, demand for emerging market assets is expected to increase, to the benefit of Turkey.

In this context, in 2021, Burgan Bank will continue to focus on managing balance sheet risk management and securing low-cost funding within the uncertain political environment and volatile monetary policy framework. The Bank will keep on conserving and strengthening liquidity and capital structure while optimizing profitability.

Solutions catering to customer needs in investment services and financial risk management

Burgan Bank's Treasury Sales Department contributed to the Bank's successful management of this challenging period by standing shoulder to shoulder with its customers and business partners at all times in 2020, a time marked by heightened uncertainty and unpredictability regarding the future.

With the US Presidential elections approaching, the year 2020, which started with a degree of trepidation against a backdrop of trade wars, geopolitical challenges and adverse

macroeconomic conditions, was marked by sharp fluctuations in the financial markets during the second quarter as a result of the Covid-19 pandemic.

The Treasury Sales Department continued to meet the investment and financial risk management needs of its customers in all business lines in this challenging period, a time when many companies' cash flows deteriorated and revenues decreased, as well as large value changes in personal assets.

With the negative effects of the pandemic expected to recede and give way to permanent growth in 2021, the Treasury Sales Department will continue to increase its cooperation with all of Burgan Bank's customers.

FINANCIAL INSTITUTIONS

At the beginning of 2020 the worldwide lockdowns due to Covid-19, have also a negative effect on our country.. The economic difficulties and the uncertainty seen all over the world, suspended the relationship between the correspondent banks for a short while as well. This suspension was kind of a first reaction and followed by a rapid recovery Banks around the world were able to quickly adapt themselves to the new working conditions required by the new normal, and bank technologies and infrastructure systems which easily offer remote access, provided uninterrupted business models and ensured continuity in correspondent banking relationships.

In 2021, when permanent growth is expected to begin, the Treasury Sales Department will continue to increase its cooperation with all of Burgan Bank's customers.

Burgan Bank quickly adapted itself to this new model and managed to maintain uninterrupted relations with all of its correspondent banks. This success was also reflected in the business volumes recorded in the field of trade finance, with Burgan Bank's trade finance volume in 2020 standing at USD 1,989 billion.

Burgan Bank provided a total of USD 520 million foreign funding in 2020. Of this, USD 385 million was from international markets, and USD 135 million was received from the shareholder.

Due to the strong liquidity level and the unfavorable market conditions during this period of economic recession, Burgan Bank did not tap the international syndication market in 2020. On the other hand, the bank continued the strategy to borrow through one-to-one relationship with its correspondent banks. Despite the difficult market conditions, the volume of funds obtained from correspondent banks increased by 159% compared to the previous year.

Burgan Bank will continue to support its customers especially in the field of trade finance in 2021, and will continue to be a preferred tailor made solution partner by developing correspondent banking relationships in this field.

OPERATION AND MANAGEMENT SERVICES

During 2020, in keeping with the Bank's strategies, the Operation and Management Services Group remained true to productive and high-quality performance in:

- Branch Operations
- Central Operations
- Construction & Real Estate
- Fund Management and Securities Operations
- Security
- Administrative Affairs

The pandemic, which has affected the whole world, has ushered in a process of rapid change in ways of doing business, and all operation group employees were given remote access authorization without any service interruption, while the quality of the service provided to customers was maintained and maximum measures were taken to protect the health of team members.

Working areas in the branch and Head Office building were rearranged and rendered efficient and suitable for social distancing.

Numerous legislative changes implemented in 2020 were quickly adapted to Burgan Bank's workflows and banking system.

GPI, a Swift product which allows customers to monitor foreign currency transfers carried out through Burgan Bank or sent to the Bank on behalf of customers on an end-to-end basis, started to be used. The status of the relevant transaction, intermediary / correspondent bank information, commission information, and the date, time and place of the transaction can therefore be monitored instantly.

Major projects such as the implementation of FAST, which enables 24/7 TL transfer in the domestic market, the commissioning of the operational process related to the gold product, have also been completed, and in order to measure the service provided to customers through the branch from end to end and to provide the same standard of service from each branch, time measurement and compliance studies were carried out.

The first steps were taken at Burgan Bank with the aim of transferring some operational processes to robots in 2021. The most important priority of this work is to increase the efficiency, current speed and quality to even higher levels.

The main mission of the Operation and Management Team is defined as delivering the fastest and the highest quality service, and efforts in this vein will be ongoing in 2021.

At the heart of Burgan Bank's vision, mission and goals lies its commitment to maximize and share the value contributed to its customers, employees and shareholders that make up its stakeholders.

HUMAN RESOURCES, ORGANIZATION AND CORPORATE COMMUNICATIONS

At the heart of Burgan Bank's vision, mission and goals lies its commitment to maximize and share the value contributed to its customers, employees and shareholders that make up its stakeholders. The pivotal elements helping Burgan Bank achieve its target of creating value are its corporate culture that has been founded upon the knowledge and experience accumulated throughout the years, and its human resources.

The key components of the Burgan Bank corporate culture can be summed up as follows:

- An understanding that prioritizes fulfillment of customer needs and expectations above all else and that makes a difference,
- A fast, effective and target-oriented business conduct,
- A fair and transparent business relationship based on trust and integrity,
- A modern working atmosphere that fully respects human dignity.

Burgan Bank's corporate culture shapes its human resources practices.

Burgan Bank's corporate culture is embraced as the focal and reference point for organization and process management, talent acquisition and talent management, performance management, career and talent management, compensation and benefits management, labor relations, training and development management, which make up the basic functions of Human Resources.

Management trainees are being educated through Development Center Programs in order to reinforce the corporate culture and to raise the future management team of Burgan Bank. Competent new university graduates are trained and recruited with this approach mentioned above. In 2020, a total of 145 employees joined the Burgan Bank family, including the subsidiaries.

HR Policy, Burgan Bank Employer Brand Project and Employee Value Proposition

Burgan Bank aims to be an organization that is the priority choice of employees, that employees feel proud to belong to, that has goals and that shares its success with its people.

Enriching the existing working culture and experience is crucial for ensuring the sustainability of the preferred employer identity.

With the objectives of making sure that employees have a working experience that is aligned with the employer brand pledge, enriching the existing employee touch points and becoming an attractive workplace, the Employer Brand Project was launched in November 2017 and went live in October 2018.

The pledge of the employer brand is spelled out as "(to) be a boutique bank that sure-footedly grows, presents its employees with a dynamic environment to reflect their energy and potentials, makes candid communication its main principle and gives the priority to fellowship".

Executive candidates are trained through Development Center programs in order to strengthen the corporate culture and train the future managers of Burgan Bank.

The Employee Value Proposition has been described as being in an organization where the bank makes its employees feel that it stands by them through all their experiences, and that envelops its employees with supportive and nurturing friendships and kindness that help the employees thrive. The tag line of the Employer Brand was set as "Burgan Stands by You".

Touching its employees at four main points identified as "career, development, future and life", Burgan Bank introduces practices that enrich the employee experience and boost employee engagement.

Burgan Bank Employer Brand Project completed its second year.

The new practices introduced in connection with the Burgan Stands by You employer value proposition are intended to promote an enjoyable working environment and sense of belonging in the organization, and to support professional development and training.

In the second year of the employer brand project, the main focus of the human resources department has been to support the physical and mental health of its employees while ensuring business continuity under the effects of the pandemic which has left its mark on the whole world. In this context, a detailed business continuity plan has been created, which includes meeting the needs of employees who have contracted Covid 19, carrying out the work on a rotational basis, offering the opportunity to work remotely and regular sanitizing operations for employees who come to the office.

In this process, staff at Burgan Bank began to work on an alternate basis with a maximum of 25% of the staff in the Head Office at any one time. Temperature measurement and checking of HES codes were carried out at the entrance of both the Head Office and the branches. Offices and common areas were organized in accordance with the rules of social distancing, awareness-raising and educational activities were carried out on the subjects of the pandemic and prevention methods, measures to be taken, and pandemic control. In this context, the Safe Return to Work Guide was shared with the employees in video format and in written text.

According to the employee value perception survey conducted at the end of the second year of the Burgan is With You practice, the approaches set out have gained the acclaim and appreciation of employees. Again, according to this survey, significant progress has been achieved in the subjects of the program when compared to its first year of implementation.

Burgan Bank's human resources profile:

- The average age of employees at Burgan Bank is 38.
- Employees have an experience in the sector of 13 years in average.
- 56% of the employees are women.
- 81% of employees hold an undergraduate or higher degree.

Banking technical know-how and skills

- Banking technical know-how and skills,
- Mandatory trainings and certifications,
- Orientation and on the job training programs.

A total of 18,692 hours of training, including 5,594 before the pandemic and 13,098 after the pandemic, were provided, with each employee receiving an average of 2 days' of training in 2020. 68% of the training hours were given by internal trainers.

With the pandemic, all programs were transferred to a digital environment and training and development activities continued. Special training programs developed especially for the pandemic were provided both in the form of live broadcasts and through video training. In addition, articles on Leadership, Personal Development and Emotional Intelligence were shared with our employees with the coronavirus emergency breathing kit for children and parents, the remote working training kit and Harvard Business Review Articles.

The training catalog, which we support with in-house trainers, is also available for all employees who request it. The Learning From Each Other Program, in which employees share their areas of expertise, continued to be digitalized with new subjects. In this context, courses on Photography and German language were organized.

In order to support managerial and personal development, the Journey mobile application was made available for upper / middle management candidates and determined employees for a period of 1 year.

In order to support managerial and personal development, the Journey mobile application was made available for upper / middle management candidates and determined employees for a period of 1 year.

The Rootie Mobile Question Bank Application was made available for our employees who needed a Capital Markets Board license.

As in every year, discount agreements were drawn up with universities for foreign language courses and Master's degree courses in 2020.

The "Corporate Coaching Program" for all employees seeking to participate on a voluntary basis, and the "Meeting Experience Mentoring Program" with mentors consisting of senior management teams for employees with high potential, also continued.

A year without interruption in communication

With the communication activities carried out by the Corporate Communications Department at Burgan Bank in 2020, brand awareness was enhanced and employee loyalty and motivation was increased with in-house events held within the scope of "Burgan Stands by You" and online senior management meetings were held at certain periods.

During the pandemic we worked with a sense of social awareness, with customer notifications provided concerning personal and commercial loan payment postponements according to business lines, while a donation of TL 2 million was provided to the Ministry of Family, Labor and Social Services, a special campaign for healthcare workers and health measures took place in the Branches and the Head Office, and press releases were made available to the general public.

360-degree communication on new products and campaigns of the Bank's business lines and subsidiaries continued throughout the year through the relevant channels.

With a remote work model was in place for the majority of the year, art kit delivery, film reading workshops and online sightseeing tours were organized to encourage the take up of new hobbies, while in the concept of inspirations, live meetings with specialists were continued. Club activities included support projects for various NGOs with the Running

Team and Volunteers Club, with the Izmir Earthquake Aid Campaign created as the Volunteers Club, and sailing sponsorship which continued with online training and exams.

The Burgan Life Magazine, published on a quarterly basis, continued to be published, providing a commentary on the institution, its activities and successes.

INFORMATION TECHNOLOGIES

A busy year for Information Technologies

Under the shadow of the pandemic, the year 2020 marked a period in which legislative and legal changes were internalized as well as the requirements arising from the rapidly changing business and service cycle. Burgan Bank completed numerous IT projects in different fields from customer satisfaction to revenue growth during this period.

Customer Satisfaction

- Customer Notification after Transaction
- Digital Banking Customer Campaigns Gains
- Receiving instructions with e-signature
- Courier Mobile Application
- Welcome Call Application for Deposit Customers
- Regulation of KMH Product and Internet / Mobile Process and messages
- Various utilities payment opportunities to digital customers via Akbank Infrastructure

Burgan Bank completed numerous IT projects in different areas in 2020, from customer satisfaction to revenue growth.

Operational Efficiency

- Salary Improvements for Retired Customers
- Adding Corresponding Bank Expenses to the Workflow
- Automation of Head Office Internal Control Scenarios
- KMH Calculation and Representation

Legal Affairs

- FAST 24/7 EFT
- KOLAS Easy Addressing for Money Transfers
- Swift GPI
- Loans That Are Not Subject to Restrictions
- Precautionary Attachment - Letters of Guarantee with a Precautionary Decision
- EBTIS - E-Commerce Transactions Reporting
- HBAS Legal Reporting
- SMS Notifications within the Scope of KVKK
- TBB New Posting Format: Fees and Commissions
- CBRT Tender Offer Message Changes
- Reporting of Financial Crimes - MASAK
- Notification of Commercial Deposit Accounts to e-government

Digital / Customer Experience

- IB Branch Güldüren Account (The account which brings smiles)
- IB Branch Gold Account
- Digital Game Pin Project
- E-Commerce Company Integration

- Follow-up of application processes without login
- Loan / Deposit Application Flow improvement
- Credit Payment Tables sharing
- Burgan Investment integration 1st phase

Revenue Growth

- Gold Deposits
- TLREF project
- Istanbul Metropolitan Municipality Online Collection
- Staff Proximity Project

Increasing effectiveness of digital channels

In 2020, Burgan Bank focused on efforts to increase the effectiveness of digital channels in individual banking, eliminating the need for branches and enabling customers to receive all services through these channels. In this context, project work continued with significant R&D investments in mobile, web and call center solutions that will solve all the needs of individual customers.

On the corporate and commercial side, solutions suitable for the integration (API Banking) and remote working order (E-Signature, Remote Person Detection, etc.) implemented by Burgan Bank have been enriched, and a wide range of service channels have been contributed.

At a time when remote working is gaining importance

Another priority of 2020 has been to meet the remote access and end-user needs with the IT infrastructure investments implemented under the pandemic conditions. In addition, system capacity increases were made to support digitalization efforts, and applications and hardware transitions to increase cyber security measures were stepped up.

During the pandemic, Burgan Bank's remote access infrastructure was strengthened and its capacities were increased. Including the channels which serve the customer and all operational channels, all of the Bank's employees could work from home without interruptions to service.

The goal for the IT department in 2021 is to implement prioritized requests in accordance with strategies within the framework of a Master Plan created according to IT capacity.

In 2021

The target of the IT department for 2021 is to realize the demands prioritized in line with Burgan Bank's strategies within the scope of the Master Plan set out by planning according to the IT capacity. In addition, the Bank aims to mature the Portfolio Focused Governance structure, work on which started in 2020.

Burgan Bank's main goal is to provide visibility in a traceable, updatable and measurable structure where the right jobs are planned correctly, change is monitored and commitments are met in accordance with the corporate strategies. On the other hand, the Bank also aims to take actions which increase productivity and motivation by reviewing the competencies, role and job descriptions and team configurations of the employees.

Burgan Bank aims to be one of the first banks to provide solutions for Remote Customer Acquisition by adhering to its approach of increasing customer satisfaction and service quality. On the other hand, investments to increase service quality with database virtualization, test automation systems and automatic distribution methodologies are planned in all process steps from solution development to distribution.

INTERNAL AUDIT DEPARTMENT

Audit activities based on a risk-focused and integrated approach

Burgan Bank's Internal Audit Department consists of Finance, IT and Operational Processes Audit, and Credit and Business Processes Audit teams. Internal Audit Department aims to enhance effectiveness and adequacy of risk management and internal control systems, safeguard the Bank's assets and ensure efficient use of resources and assure that the Bank fulfills its strategic goals.

Internal Audit Department reviews the Bank's as well as its subsidiaries' activities by adhering to International Standards for the Professional Practice of Auditing (the Standards), throughout an independent and risk-based perspective.

2020 Annual Audit Plan was successfully completed.

Internal Audit Department revised its 2020 audit plan due to the pandemic conditions. Within the scope of the revised Annual Audit Plan, 5 branch audits, 16 process audits and 3 IT audits were performed. In addition, the Bank's subsidiaries and outsourced support service providers were audited.

The Board of Directors, the Board Audit Committee and the senior management were regularly informed of the results of audit activities.

During the pandemic, assurance and consultancy activities were carried out in order to mitigate risks related to new business models and legislative changes.

Five branches, 16 process audits and three Information Systems process audits were carried out within the scope of the audit activities.

Within the scope of reducing the impacts of the pandemic, business models were updated in 2020 to adapt them to remote working conditions. At the same time, within the framework of the measures implemented in the banking sector, a number of legal amendments entered force. In parallel with these developments, the Internal Audit Department conducted an additional risk assessment study during the pandemic process and additional controls were carried out on a periodical basis within the scope of the risks involved in the remote working model and the regulations published recently in this area. In this context, assurance and consultancy activities regarding the legislative and regulatory changes were added to the annual audit plan in addition to the planned audit activities.

Advisory services

Within the scope of advisory services, the Internal Audit Department provided proactive support to activities enhancing risk management and internal control systems in relation to launch of new products and services, in addition to the major projects that the Bank and its subsidiaries completed in 2020.

Besides, the Internal Audit Department provided advisory services within the scope of review of policies, procedures, job descriptions and handling of customer complaints.

A structure fully compliant with International Standards for Internal Auditing

A Quality Assurance Review Study conducted by an independent consultancy company found that the activities of Burgan Bank Internal Audit Department and its place and processes in the organization were in compliance with the Standards.

In 2020, in line with the Standards, the Internal Audit Department continued to encourage internal auditors to obtain International Certified Internal Auditor (CIA) and other professional certifications awarded by the Institute of Internal Auditors and other professional organizations.

As of 2020 year-end, 8 of 16 Internal Audit Department employees hold at least one professional certification awarded by IIA or other professional organizations.

Continuous improvement in audit methodologies

In line with the new audit strategy launched in 2020, the Internal Audit Department has started to carry out process audits within the framework of agile project management principles. With this new methodology, the Internal Audit Department, as the third line function, had the opportunity to more effectively carry out assurance and consultancy activities regarding the effectiveness, adequacy and efficiency of the internal control environment at the Head Office and Branches.

In 2020, the Internal Audit Department continued to review its charter, procedure, audit methodology and reporting standards, in line with the changes in regulations and international best practices. Aiming to attain maximum use of technology for conducting effective audits, Internal Audit Department continued to invest in computer assisted audit techniques and data mining. During the reporting period, Internal Audit Department provided support to audits conducted by BRSA auditors and Burgan Group Kuwait Internal Audit Department and maintained the coordination of external audits performed by the external audit company.

Activities carried out at the Bank's subsidiaries

The Internal Audit Department oversees the audit activities at Burgan Leasing and Burgan Securities, conducted by these subsidiaries' internal control and audit functions, and provides necessary technical and advisory support. In addition, the Internal Audit Department performs regular process audits at these companies as they are already included in its audit universe, in line with the risk assessment results.

Activities to detect, prevent and deter fraud

During 2020, in addition to planned audit activities, Internal Audit Department conducted several examinations and special investigations. According to the "zero tolerance" attitude of the Board of Directors and the Board Audit Committee towards fraud, internal fraud suspicions are always investigated irrespective of the amount involved. External fraud cases and operational loss events above a certain threshold amount are investigated.

In line with the new audit strategy implemented in 2020, process audits have started to be carried out within the framework of Agile project management principles.

The Internal Audit Department has a dedicated 24/7 phone line and an e-mail address for reporting of tips regarding fraud, irregularities and corruption directly to the Internal Audit Department.

INTERNAL CONTROL DEPARTMENT

A structuring that provides continuous service to Burgan Bank and its Subsidiaries

The mission of Burgan Bank's Internal Control Department (ICD) is to coordinate the relevant business units in order to establish an effective and adequate internal control system, design internal control activities concerning relevant banking operations, contribute to the improvement of the internal control system and carry out independent secondary control activities covering the main risks in the organization.

The Internal Control Department carried out periodic and spot monitoring, inspection and control activities with a risk-oriented perspective and sampling method centrally and on-site (at branches and Head Office units) and via remote access due to the pandemic in line with the 2020 annual control plan.

In 2020 on-site control activities were conducted at 30 branches as well as spot controls on critical processes at the Head Office.

Additionally, the Internal Control Department conducted specific process examinations and control activities for new products and services introduced to customers in 2020 and for rapidly developing and evolving channels and activities, along with the potential risks that might result therefrom.

Burgan Bank ICD offered suggestions to the management of the related business units in an effort to improve the control environment and permanently resolve the relevant problems, and also followed-up on the required action plans. Necessary work was carried out in relation to testing the first level key controls of the relevant main banking and CoBIT (Information Technology) processes within the scope of Management Declaration study. Moreover, ICAAP validation study was performed by ICD.

The ICD also coordinates the internal control units' activities at its subsidiaries (Burgan Leasing and Burgan Securities). Moreover, within the scope of the annual Internal Control Review (ICR) studies conducted at the Burgan Bank Group level, annual process reviews regarding the effectiveness of the Bank's internal control environment were conducted in coordination with the Group's Internal Control Department and the results were reported to the Bank and Group Audit Committee and the Board of Directors.

Increased efficiency with New Information Systems (IS) Controls and Technological investments

In accordance with the relevant BRSA legislation, a new unit under the title of the Information Systems (IS) Control Unit was established under the Internal Control Department and a separate IS control officer was appointed. This insured that IS controls were diversified with a much more specialized point of view and their effectiveness was increased.

In 2020 on-site control activities were conducted at 30 branches as well as spot controls on critical processes at the Head Office.

In 2020, the relevant investments continued to be made in necessary technology aimed at increasing the effectiveness of the control activities conducted by the ICD. Also the development of new additional control scenarios on the data analysis and reporting platform has been ongoing. In addition, efforts on the use of Robotic Process Automation (RPA) technology continued with the aim of increasing efficiency and productivity in audit activities and reducing operational errors and costs.

Continuous support provided through consultancy and training activities

As part of its consulting activities, the ICD kept supporting the major Banking Projects launched in 2020 for improving processes associated with new products and services, increasing operational efficiency, and enhancing the effectiveness of the risk management and internal control.

As part of consultancy, opinions were provided regarding the updates and modifications made in existing and new internal guidelines (policies and procedures).

Besides training programs on "Anti-Fraud and Forgery" provided primarily to branch employees for improving awareness, the ICD, in coordination with the AML Compliance Unit, continued to provide seminars on "Anti Money Laundering, Know Your Customer and Combating the Financing of Terrorism" to branch employees during branch visits.

The Internal Control Department encourages its employees to obtain local and international professional title certificates issued by the relevant organizations. In 2020, the Internal Control Department also carried out a number of inspection and control activities on compliance with the Banking Ethical Principles, Disciplinary Regulation of the Bank and the Bank's Code of Conduct Policy.

COMPLIANCE DEPARTMENT

During 2020, the Compliance Department carried on with its activities; in tandem, also the Regulatory Compliance Unit and the AML Compliance Unit conducted various other activities.

The Regulatory Compliance Unit:

Constituted working groups for major regulatory changes and monitored the Bank's compliance in this respect,

- Published regulatory amendments in periodic bulletins distributed across the Bank,
- Prepared memos on important regulations that were distributed to related business lines,
- Monitored the Bank's compliance risk using legislation follow-up module,
- Prepared training presentations regarding the current regulatory amendments to increase personal awareness of the regulatory framework.

The AML Compliance Unit:

Under the Laws on Prevention of Laundering Proceeds of Crime and Financing of Terrorism and related national and international legislation, the AML Compliance Unit continued its risk measurement, evaluation, monitoring, control and reporting activities in 2020 in order to carry out compliance activities, manage compliance risks and establish compliance risk culture. Information about these activities is summarized below.

Training Activities

Initiatives were carried out to raise increased awareness of the Bank's employees of the prevention of laundering proceeds of crime and financing of terrorism, international sanctions and foreign accounts tax compliance laws (FATCA and CRS); accordingly, internal training was provided within the frame of the annual training plan. Additionally, within the framework of annual training planning, in-house trainings were carried out and the level of awareness was increased through announcements and bulletins.

Systemic improvements have been made to Burgan Bank's obligations under the Common Reporting Standards (CRS) regulation.

Monitoring and Control Activities

In order to fulfill the commitments of the Bank within the scope of compliance activities, control and monitoring activities regarding customer acquisition processes, financial and non-financial transactions of customers, correspondent banking relationships and transactions, product, service and service channels continued with the use of computer-aided programs.

Activities Carried out at the Bank's Subsidiaries

Consultancy was provided to the Bank's subsidiaries, namely Burgan Leasing and Burgan Securities, in relation to training, compliance policy and control activities.

Conformity to the Group Standards

Within the scope of the AFCP (Anti-Financial Crime Program) activities carried out under the leadership of Burgan Bank Kuwait, the Group's policies and procedures were updated as necessary.

New Projects and Implementations with Increased Efficiency

Systematic improvements have been made regarding Burgan Bank's obligations under the Common Reporting Standards (CRS) regulation. System development efforts continued to improve the processes regarding customer acceptance, customer risk classification and periodic customer reviews. Burgan Bank believes that effectively tackling money laundering and financing of terrorism is a task that can be carried out jointly with all employees and continues its activities in this vein.

RISK MANAGEMENT

In 2020, the Risk Management Group continued its risk measurement and monitoring activities on an unconsolidated and consolidated basis, using methods which are in compliance with the legislation while also taking international standards as a reference.

The Risk Management department, which coordinates the preparation of the Internal Capital Adequacy Assessment Process (ICCAP) report with the relevant managements within the Bank, has also carried out stress tests in which the effects on the capital adequacy ratio are evaluated, in accordance with the determined scenarios and with an approach taking into account the changes in regulations.

In terms of credit risk, in addition to periodic internal and regulatory reports and analyses, credit portfolio review, stress test and scenario studies were carried out in order to analyze the possible effects of the developments in the markets on Burgan Bank.

Validation and calibration studies of the internal corporate and commercial rating model and retail scorecard models have been completed.

In order to effectively manage the rise in market and liquidity risk which has accompanied the pandemic, the senior management was supported through more frequent scenario analyses and stress tests which include different alternatives.

Operational risk continued to be managed with three lines of defense approach within the framework of risk management policies approved by the Board of Directors. Considering the possible impacts of the pandemic on the markets and life, a focus has been placed on activities aimed at ensuring business continuity and a wide range of studies have been implemented.

Burgan Finansal Kiralama A.Ş. (Burgan Leasing)

21% growth in a challenging year

In 2020, total assets of Burgan Leasing grew by 21% to TL 3.9 billion. The Company's capitalized leasing receivables reached TL 2.9 billion. With these results posted, Burgan Leasing has maintained its tradition of outpacing the sector's growth. Burgan Leasing booked a net profit of TL 17.8 million at end-2020.

The COVID-19 pandemic, which spread globally in the first quarter of 2020, seriously impacted economic life. During this period, the Company managed to maintain its asset quality and continued to grow without compromising its strong loan allocation policy. By taking a proactive approach, it effectively maintained its relations with its customers and successfully managed its loan portfolio. In line with the needs of the customers, it supported them with the deferral of debt which was due and the restructuring of debt to include a grace period.

Target products of 2020: Renewable Energy and Operating Lease

Burgan Leasing has focused on expanding its portfolio in operational leasing activities with renewable energy investments, which it had determined as its target product for 2020. Burgan Leasing, which has focused its growth strategy on small and medium-sized business customers operating in areas which require expertise and specific knowledge, continued to ramp up its activities in 2020 with this approach. While the Company continues to support companies which invest in production, especially in the manufacturing and textiles sectors, in a sectoral basis, it has also worked with clients with intensive export work.

New products by Burgan Leasing

Burgan Leasing's strategy is to penetrate the market by positioning itself in specific areas that call for extensive know-how and expertise, and to grow within the frame of this strategy while also adding new products to its portfolio.

In line with this strategic approach, the Company has mainly funded renewable energy transactions and focused on fleet rental transactions in 2020. The Company's sales policy is targeted at acquiring new customers, as well as deepening in existing customers through financial solutions developed for renewable energy, health, construction and manufacturing machinery sectors, and fleet rental services.

Targeting to expand the customer base

A key goal of Burgan Leasing in 2021 is to expand its customer base. The company will sustain its expansion in the financial leasing sector, driven by the strong support from its principal shareholder, competent human resource, and its robust financial structure. The Company intends to remain as the innovative firm in the sector. In 2021 the Company will keep investing in its human resources and in information technology in this process that renders the digitalization in the sector inevitable.

Burgan Leasing has focused on expanding its portfolio in operational leasing activities with renewable energy investments, which it had determined as its target product for 2020.

Burgan Yatırım Menkul Değerler A.Ş. (Burgan Securities)

High-quality services shaped by technology and strong equity

A leading player in the Turkish capital markets, Burgan Securities services all investor profiles -domestic, foreign, individual and institutional- in the areas of brokerage and corporate finance in capital markets with a customer- and service-oriented approach.

Based on Turkish Capital Markets Association's data released in September 2020, Burgan Securities ranks 18th and 4th in terms of highest shareholders' equity and highest paid-in capital, respectively, among 60 brokerage houses.

In 2020, Burgan Securities continued servicing its customers and stakeholders in line with an understanding giving priority to consistency and quality, based on a strategy that relies on technology and focused on centralized sales organization.

Burgan Securities continues to deliver brokerage services via experienced customer representatives, along with Internet branch and mobile app (burgantrade).

As a full scope brokerage house, Burgan Securities holds license to offer brokerage services, Discretionary Portfolio Management, Investment Advisory, Corporate Finance through Underwriting and Best Effort methods, and Limited Custody Services.

Activities carried out successfully under pandemic conditions

In 2020, Burgan Securities continued to provide brokerage services through various channels in organized markets such as the Equity Market, the Derivatives Market, Debt Instruments and the Takasbank (Istanbul Clearing, Settlement and Custody Bank Inc.) Money Market.

In 2020, integration between Burgan Bank and Burgan Securities has been established within the scope of order transfer. Accordingly, Burgan Bank customers were enabled to digitally open an account with Burgan Securities and trade in financial markets via Burgan Bank internet branch.

Corporate Finance Activities

Corporate finance is a business line in which Burgan Securities is experienced. The Company kept offering consultancy services for various projects to its domestic and foreign customers in 2020.

Burgan Wealth – Dubai

Burgan Wealth was liquidated on 15 July 2020.

Based on the data released in September 2020, Burgan Securities ranks 18th and 4th in terms of the highest shareholders' equity and the highest paid-in capital, respectively, among 60 brokerage houses operating in Turkey.

Information on the Bank's Personnel and Branch Number, Types of Services, Fields of Activities, and Evaluation of the Bank's Position in the Sector Based on These

With a total of 32 branches composed of 8 retail branches, 1 corporate branch and 23 mixed branches, along with the internet banking application, a call center and 951 personnel, Burgan Bank provides high value added banking products and services in corporate and commercial banking, small business banking, retail banking, private banking and factoring, as well as in leasing and investment banking through its subsidiaries.

The Bank's market shares in the sector in terms of key indicators are presented below.

TL million	31 December 2020		
	Burgan Bank	Sector*	Burgan Bank's Share (%)
Cash Loans	14,923	3,576,732	0.42
Customer Deposits	13,768	3,455,314	0.40
Number of Branches	32	9,939	0.32
Number of Employees	951	186,612	0.51

*Source: BRSA (Banking Regulatory and Supervision Agency), BAT (The Banks Association of Turkey)

R&D Practices Related to New Services and Activities

Burgan Bank introduced new services to its customers and carried on with its product research and development activities in 2020.

Our E-signature product has been launched for our customers in the Corporate and Commercial segment. In this way, our customers have the opportunity to create and sign their documents electronically without the need for wet signature, and to deliver them to our Bank in a fast and secure way via e-mail or SFTP method.

Information on Benefits Provided to Top Management

The top management of the Bank is composed of the Chairman of the Board, the General Manager, Senior Executive Vice President and Vice General Managers.

The sum of benefits paid to the top management in the current period totaled TL 28,511 thousand (31 December 2019: TL 24,045 thousand) which includes total gross salaries, travel, meal allowances, health insurance, life insurance, vehicle expenses and other expenses.

As of 31 December 2020, total benefit which was provided to top management, was provided to following groups as a salary package: TL 13,207 thousand to Board Members and the General Manager (1st Group), TL 13,648 thousand to Chief Financial Officer (CFO), Internal Systems Vice President (CIA) and Chief Risk Officer (CRO) and first 5 managers who receive the highest salary (2nd Group).

Information Concerning Legal Action Taken Against the Bank Which May Affect the Financial Status or Operations of the Bank and Their Possible Results

As of 31 December 2020, the total amount of legal action taken against the Bank stood at TL 27,425 thousand (31 December 2019: TL 54,309 thousand) and the Bank sets aside a provision of TL 8,939 thousand (31 December 2019: TL 9,236 thousand) regarding these risks.

Explanations with Respect to Administrative or Legal Sanctions Imposed on the Bank, Members of the Board or Top Management in Connection with Acts or Procedures in Violation of the Codes

None.

Sum of Financial Benefits Provided Such As Daily Allowances, Salaries, Premiums, Bonuses or Dividends

The sum of the Bank's personnel expenses totaled TL 214,251 thousand as of 31 December 2020 (31 December 2019: TL 195,489 thousand), while the Bank set aside a provision of premiums and leaves amounting to TL 16,744 thousand (31 December 2019: TL 29,620 thousand) to be paid to the Bank's personnel.

SECTION TWO
INFORMATION ON
MANAGEMENT AND
CORPORATE GOVERNANCE
PRACTICES

Names & Surnames, Terms of Office, Area of Responsibility, Academic Backgrounds and Professional Experience of the Chairman of the Board of Directors, Director and Members of the Audit Committee, General Manager and Vice Presidents, and Heads of the Units under Internal Systems

Name and Surname	Position	Date of Appointment to Office	Academic Background	Experience in Banking or Business Administration Prior to Appointment to Office (Years)
Chairman and Members of the Board of Directors:				
Emin Hakan Eminsoy	Chairman	7.08.2019	Bachelor's Degree	34
Faisal M.A. Al Radwan	Vice Chairman	21.12.2012	Bachelor's Degree	23
Adrian Alejandro Gostuski	Member	21.12.2012	Master's Degree	35
Mehmet Alev Göçmez	Member	23.01.2013	Master's Degree	33
Halil Cantekin	Member	30.03.2015	Bachelor's Degree	31
Osama T. Al Ghousein	Member	25.06.2014	Bachelor's Degree	33
Fouad Husni Douglas	Member	13.06.2019	Master's Degree	32
Khaled F.A.O. Alzouman	Member	13.06.2019	Bachelor's Degree	31
Ali Murat Dinç	Member and CEO	3.02.2014	Master's Degree	21
Chief Executive Officer:				
Ali Murat Dinç	Member and CEO	3.02.2014	Master's Degree	21
Executive Vice Presidents:				
Esra Aydın	Operations & Management Services	1.08.2007	Bachelor's Degree	16
Cihan Vural	Internal Systems	3.11.2008	Bachelor's Degree	13
Rasim Levent Ergin	Human Resources	1.11.2012	Master's Degree	17
Suat Kerem Sözügüzel	Corporate and Commercial Banking	1.04.2014	Bachelor's Degree	17
Banu Ertürk	Credits Monitoring and Legal Follow Up	1.08.2020	Bachelor's Degree	22
Darço Akkaranfil	Information Technologies	14.09.2020	Master's Degree	15
Zeynep Terzioğlu	Finance	15.01.2021	Master's Degree	13
Managers under Internal Systems				
Tuba Onay Ergelen	Risk Management Group Head	01.07.2019	Bachelor's Degree	21

*The persons mentioned above do not have any shares in the Bank.

Changes in the Bank's top management during 2020 and until the reporting date:

Appointments:

Banu Ertürk, Credits Monitoring and Legal Follow-up Group Head, has been appointed as Executive Vice President as of 01 August 2020.

Darço Akkaranfil started to serve as the Executive Vice President responsible for the Information Systems Group on 14 September 2020.

Zeynep Terzioğlu started to serve as the Executive Vice President responsible for Finance on 15 January 2021.

Departures:

Hasan Ufuk Dinç, Executive Vice President responsible for Digital Banking and Information Technologies, left our Bank as of 31 August 2021.

Ümit Sönmez, Executive Vice President responsible for Finance left our Bank as of 30 September 2021.

Mutlu Akpara, Executive Vice President responsible for Treasury, Capital Markets and Financial Institutions left this position on 8 February 2021.

Hasan Hüseyin Uyar, Executive Vice President responsible for Credits, left on 22 February 2021.

Information on the Bank's Personnel and Number of Branches, Types of Services, Fields of Activities, and Evaluation of the Bank's Position in the Sector Based on These

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE OF STATUTORY AUDITORS

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) was elected as an external auditor in pursuant to decision made in our Bank's General Assembly which was held on 31 March 2019.

Activities of the Credit Committee and of the Committees Reporting to, or Set Up to Assist, the Board of Directors Under Risk Management Systems Pursuant to the Regulation on Banks' Internal Systems, and the Names, Surnames and Principal Duties of the Heads and Members Serving on These Committees

CREDIT AND RECOVERY COMMITTEE

The chairman of the Credit Committee is Emin Hakan Eminsoy, the chairman of the Board of Directors. The Bank's CEO, Ali Murat Dinç and board member Faisal M.A. Al Radwan serve as members of the Committee. Halil Cantekin and Adrian Alejandro Gostuski who are board members were elected as substitute member.

BOARD NOMINATION AND REMUNERATION COMMITTEE

The Board Nomination and Remuneration Committee shall be responsible for presenting recommendations to the Board regarding nomination to the Board's membership, review of Board structure on an annual basis, undertake performance evaluation of the overall Board and the performance of each member on annual basis and developing Bank-wide reward policy in line with the rules in force. In addition, the Board Nomination and Remuneration Committee shall be responsible for appointment of the senior positions of the Executive Management, ensuring that these positions are occupied by qualified employees along with setting performance standards and succession plans. The Chairman of the Committee is Faisal M.A. Al Radwan, Khaled F.A.O Alzouman and Mehmet Alev Göçmez serve as members of the Committee. This committee meets when necessary and held 2 meetings in 2019.

INTERNAL SYSTEMS ORGANIZATIONAL FUNCTION GROUPS

AUDIT COMMITTEE

The Audit Committee is responsible for ensuring compliance with the current laws, policies, guidelines, business conduct rules, code of ethics and other responsibilities assigned pursuant to the BRSA's Regulation on the Banks' Internal Systems. The Committee is also charged with verifying and monitoring the adequacy of internal control and audit functions.

Halil Cantekin is the Chairman of Audit Committee while Adrian Alejandro Gostuski and Fouad Husni Douglas serve as the committee members. Risk Management and Internal Audit and Control Groups report to Audit Committee functionally.

A. RISK MANAGEMENT SYSTEM

The Risk Management System has been set up to regulate the definition, measurement, reporting and monitoring of the risks involved in all aspects of the banking activities, subject to the principles established jointly by the Bank's executive management and the Risk Management Group and approved by the Board of Directors. One of the main aims of Risk Management System is to establish a common risk management conception within the Bank.

The organizational components of the Risk Management System are the Risk Committee and the Risk Management Group.

1) RISK COMMITTEE

Risk committee is composed of Adrian Alejandro Gostuski, chairman of the committee and board member, Osama T. Al Ghousein and Halil Cantekin. Risk Management Group reports to Risk Committee functionally.

Primary roles of the Risk Committee are approval of Strategic Risk Management decisions (such as the Bank's risk appetite, capital allocation and risk management structure) and qualitative and quantitative monitoring of Market, Liquidity, Credit and Operational Risks; and auditing compliance with risk policies that are approved by the Board of Directors.

2) RISK MANAGEMENT GROUP

The Head of Risk Management Group is assigned with the coordination among the Credit Risk and Modelling Unit, Market Risk Unit and Operational Risk Unit and presentation of the results of their works to the Risk Committee.

a) Market Risk Unit

The objective of the Market Risk Unit is to monitor and analyze the market risks that the Bank and affiliates subject to consolidation are exposed to and to create and report risk policies and implementation procedures. The monitoring and the reporting of limits defined related to Treasury Risk Parameters and liquidity risk are among the unit's responsibilities. Limit on counterparty credit risk - risk monitoring, stress tests and scenario analysis are among the responsibilities of the unit.

The Bank employs the standardized approach in the calculation of the Value at Risk (VaR) for the market risk for statutory reporting and additionally the Bank uses internal method based VaR for its management reporting and internal processes.

Interest-sensitivity and liquidity gap analysis of balance sheet items in order to track interest rate and liquidity risks are performed. Based on these efforts, maturity mismatches in relation to credits and deposits are monitored and reported. Analyses are conducted using DV01 metrics to measure the banking accounts' sensitivity to changes in interest rates.

b) Credit Risk and Modeling Unit

Credit Risk and Modeling Unit is responsible for monitoring, on a portfolio basis, the credit risk undertaken by the Bank as a result of its lending activities. The Unit provides information flow to the executive management of the Bank in terms of the current position and performance direction of the loan portfolio through regular monitoring of all the stages of lending activities and by regular and frequent reporting of credit limits and risks on the basis of collaterals, sectors, geographical regions and internal rating scores. The Unit also makes proposals for the identification and improvement of hitches and vulnerabilities in the lending system, as and when necessary.

On the loan portfolio, scenario analysis, stress test and reverse stress tests are carried out and results are shared with senior management, Risk Committee, Audit Committee and Board of Directors. Credit Risk and Modeling Unit is responsible for the monitoring, analysis, calibration and validation of the results of the automatic decision systems and the internal rating systems used to measure the credit risk /coordination of the process. Within this framework, models used in the calculation of provision figures are revised according to TFRS9 standards, and the compatibility of the results of these calculations and models is verified. In addition, validation and calibration studies of TFRS 9 models are carried out by the Unit. The Unit prepares the estimates of the probability of default and loss given default ratios, which are the key inputs of IFRS 9 calculations.

c) Operational Risk Unit

Operational Risk Unit is responsible for monitoring and analyzing the operational risks that the Bank and affiliates subject to consolidation are jointly exposed to, and creating and reporting risk policies and implementation procedures. In this context, operational risk incidents are compiled, key risk indicators are collected, and risk control self-assessments are carried out.

Operational Risk Unit coordinates the activities for maintaining, testing and improving the Business Continuity Plan created against the risk of potential business interruption at the Bank.

Meeting Frequencies of Committees:

As defined in the Bank's Risk Policies document, the Risk Committee meets at least four times a year and the Risk Coordination Committee meets monthly. The Risk Coordination Committee is set up in order to determine joint actions for Internal Audit and Risk Management. Participants are Chairman of the Audit Committee, General Manager, Head of Risk Management Group, Executive Vice President Responsible for Internal Audit and Control, Head of Internal Audit, Head of Internal Control, Head of Compliance and Head of Credit and Market Risk. According to the meeting agenda, the Internal Audit Department, Internal Control Department, Compliance Department and Risk Management Unit Managers and employees, top-level managers of executive functions and other managers are invited to the meeting.

Information on the Bank's Personnel and Number of Branches, Types of Services, Fields of Activities, and Evaluation of the Bank's Position in the Sector Based on These

B. INTERNAL SYSTEMS GROUP

Internal Systems Group consists of Internal Audit, Internal Control and Compliance Department. Heads of Internal Audit and Internal Control report to the executive vice president responsible for Internal Audit and Control who directly reports to the Audit Committee. Compliance officer of the Bank reports directly to the member of the Board of Directors and Head of Audit Committee. The Compliance Department operates directly linked to Executive Vice President of Internal Systems, who reports to the Audit Committee in administrative terms.

B.1. INTERNAL AUDIT

The Internal Audit Department operates in accordance with the Internal Audit Department By-laws and Guidelines approved by the Board of Directors and the Audit Committee.

The mission of the Internal Audit Department is to perform the internal audit of all operations of the Bank and its subsidiaries independently, with the objectives of adding value to the Bank, improving operational efficiency and effectiveness and adequacy of risk management and internal control system, preserving its assets, efficiently using resources and ensuring attainment of the goals and targets set for the operations.

The vision of the Internal Audit Department is to act as a business partner and consultant for stakeholders by carrying out assurance and consultancy activities that are in line with the strategic goals of the Bank and its subsidiaries as well as the expectations of stakeholders and are focused on productivity, improvement and added value creation within the frame of International Internal Audit Standards including the Quality Assurance Improvement Program.

Consisting of Financial and Operational Processes Audit, Loan and Business Processes Audit, IT Audit and Quality Assurance Audit teams, the Internal Audit Department carries out branch audits, examinations/interrogations and consultancy activities, as well as process audits of business and information systems at the Bank, subsidiaries and support services providers under the annual audit plan and in accordance with the International Internal Audit Standards.

B.2 INTERNAL CONTROL

The Internal Control Department reports its activities to the Audit Committee through the Assistant General Manager for Internal Systems. The Internal Control Department consists of the Branch Control Unit, the Headquarters Control Unit.

Internal Control Department aims protection of Bank's property and assets, assuring conduct of activities in compliance with all in-house developed policies and rules of the Bank, banking practices, the Banking Law and other related regulations, ensuring division of functional roles within the Bank, allocating responsibilities within the Bank, ensuring that accounting and financial reporting system, information system and intra-Bank communication channels operate in an effective manner and operates in line with these goals.

Internal Control Department's activities are carried on with a risk focused approach, in terms of main control points mainly on lending, deposit collection, accounting, financial/legal reporting, operation, information systems, alternative delivery channels, treasury/derivatives and capital market transactions. The conformity of these transactions and others in different fields to applicable legislation, the Bank's strategy and policies, internal implementation procedures, limits and internal guidelines is regularly controlled at the second level through both centralized and on-site audits.

In this context, branch on-site audits and periodic and spot controls performed on the main banking and information systems processes at the Head Office scheduled under the 2019 control plan have been brought to completion. Periodic information has been provided to the Bank's executive management and primarily to the Audit Committee and the Board of Directors about these control activities and their outcomes.

Within the frame of its consultancy services, the Internal Control Department performed specific process reviews for risks that might result from new products/services, and rapidly evolving and changing channels/operations, and continued to extend support to major projects by sharing its opinions and suggestions about improving related processes, and increasing the operational efficiency and the effectiveness of risk management and internal control system in 2019.

In order to increase awareness across the Bank, the Internal Control Department continued to give seminars on the "Prevention of Laundering Proceeds of Crime" to branch personnel during branch visits in coordination with the AML Compliance Unit, as well as training programs on "Fraud and Misconduct Awareness" across the Bank in 2019. In addition, the Internal Control Department performed review and control activities about compliance with Ethical Banking Principles, Disciplinary Regulation and Code of Ethics in addition to its planned activities in 2019.

Burgan Bank's Internal Control Department also continued to coordinate the internal control activities at the Bank's subsidiaries, namely Burgan Leasing and Burgan Securities.

C. COMPLIANCE DEPARTMENT

Compliance officer of the Bank reports directly to the member of the Board of Directors and Head of Audit Committee. The Compliance Department operates directly linked to Executive Vice President of Internal Systems, who reports to the Audit Committee in administrative terms.

The activities of the Compliance Department are carried out within the frame of the current legislation and the Group's principles.

The Compliance Department consists of the Regulatory Compliance and AML Compliance units.

The Regulatory Compliance Unit:

- Follows up the banking legislation apart from the tax legislation, announces the changes and new requirements across the Bank, and offers consultancy to the related departments/units of the Bank regarding applicable legislation with respect to the delivery of new and existing products and services;
- Ensures that the Bank's practices and operations are carried out in accordance with the regulatory framework, and work on raising the knowledge of the bank employees about the legislation to a higher level is carried out.

AML Compliance Unit:

The AML Compliance Unit is responsible for ensuring compliance with the Law no. 5549 on the Prevention of Laundering Proceeds of Crime and Law no. 6415 on Prevention of Financing of Terrorism and the obligations related to anti-money laundering and financing of terrorism enforced based on the said laws. The Unit continues to carry out customer acceptance, transaction monitoring, risk management, consultancy and training activities to combat the laundering of proceeds of crime and financing of terrorism in accordance with the national legislation published by MASAK (Financial Crimes Investigation Board) in particular, and the standards published by international agencies such as the Financial Action Task Force (FATF), as well as the Group's own rules.

Board of Directors' Summary Report Presented to the General Assembly

Dear Shareholders,

Drawing the strength of the Burgan Bank Group, our Bank targeted stable growth in its activities in 2020. In this context, Burgan Bank pursued its banking activity in accord with the Turkish Commercial Code, tax legislation, the Banking Law, Banking Ethics, the "Know Your Customer" and Suspicious Transaction, provisions and the Competition Laws and Guidelines.

In formulating its risk policies, Burgan Bank aims to enhance the total benefit for its shareholders and customers, with keen consideration of risk-sensitive capital management principles and liquidity factors. Internal audit and risk management systems are being developed in line with the BRSA's guidelines.

In 2020, the Bank realized the necessary organizational changes and investments in line with its efficiency and effectiveness notion, intensified its customer-oriented activities via its 32 branches countrywide and digital banking channel and with its 951 employees, and successfully satisfied all of the financial needs of its corporate, commercial and retail customers with its effective pricing policy and rich product range. As well as its expanding balance sheet, the Bank also effected significant improvements, which will further strengthen its performance in the future in terms of product and service portfolio, the number of customers and the structure of service channels.

As of 31 December 2020 the Bank's total assets were recorded as TL 23,123,647 thousand with an increase of 22.4%.

The Bank's gross cash loans increased by 26.8% to TL 17,522,219 thousand, and its customer deposits increased by 20.6% to TL 13,942,287 thousand.

As of December 31, 2020, 70.0% of our assets consisted of loans, 4.3% of securities and 15.0% of cash, CBT and bank placements.

60.3% of our total liabilities consisted of deposits, 24.9% of loans and money market debts, including subordinated loans, and 7.2% of equity.

The Bank has reserved precautionary provisions in order to manage the pandemic process and potential risks in the upcoming period more efficiently and announced a loss of TL 267,414 thousand after tax in 2020. With the supportive actions of our main shareholder in terms of capital and liquidity, which continued in the previous years, our Bank maintained strong capital adequacy and liquidity ratios in 2020 as well.

The equity of our bank reached TL 1,670,057 thousand with equity capital, including contribution capital, reaching TL 3,898,578 thousand, the capital adequacy ratio was 16.6% on a consolidated basis and 18.9% on an unconsolidated basis, remaining above the sector average.

Burgan Bank has everything it needs to remain on course as a bank that generates long-term added value for its stakeholders. A unique blend of knowledge and experience, disciplined approach to business, superior quality human resources and effective risk management make our Bank an excellent financial institution capable of creating value for its stakeholders.

I take this opportunity to thank, both personally and on behalf of the Board of Directors, those who have contributed the most to our success; our colleagues for the dedicated efforts and our customers for the confidence in and loyalty to our Bank.

I hereby submit for your consideration and approval Burgan Bank's independently audited financial statements dated 31 December 2020.

Very truly yours,

THE BOARD OF DIRECTORS

Information about Human Resources Practices

Human Resources Policy

The Human Resources of a financial institution are the most valuable part of its assets. The success of the Bank is closely linked to its human resources policies that provide recruitment, development, loyalty and high motivation. The main responsibilities of Human Resources are outlined below:

- Formulating human resource policies and programs to support the Bank's strategic goals and priorities,
- Recruiting competent and result oriented human resources, capable of contributing to the attainment of the Bank's goals and strategies, always ensuring the maintenance of transparency and meritocracy, whether sourcing refers to internal transfer or external hiring,
- Contributing to the enhancement of the Bank's performance by designing a competitive pay policy and by rewarding superior performance,
- Gearing up our employees who are trained within the corporate culture and specialized in their careers for managerial positions, thus fortifying the Bank's corporate culture,
- Assuring employee satisfaction through proactive human resources practices and building an efficient and highly motivated organization.

Recruitment

Human resource needs are fulfilled in line with the Bank's short and medium-term strategic goals.

Our target is to attract the human resource possessing good academic background, that is open to innovation and change and that will espouse and maintain the Bank's values.

The considerations in the selection of new employees are conformity of individuals possessing potential for improvement to the Bank's competencies, as well as the conditions prevailing in the sector.

The Bank's overall Annual Headcount Budget is approved by the Board of Directors. The Executive Vice President of Human Resources, Organization and Corporate Communications reviews and approves all recruitments of the Bank. All new recruitments within the budget are also approved by the Executive Vice President of Human Resources, Organization and Corporate Communications, the respective Executive Vice

President and Group Head, while recruitments outside the budget are also approved by the General Manager.

Training and Development

The purpose of the Training and Development Department is to provide the employees with need-based training and development opportunities and learning tools, so as to help the Bank achieve its goals for the purposes of:

- Providing opportunities for improving their performances in their current positions,
- Preparing the employees for new and future roles,
- Providing the concrete information required by changing business needs and conditions,
- Satisfying legal requirements in relation to training,
- Developing new information and skills, strengthening behaviors and competencies targeted at increasing productivity
- Helping the employees with their career planning in line with succession planning.

In this context, training and development support is provided in four categories in classroom/distance learning formats.

- Banking technical knowledge and skills programs
- Management and personal training programs
- Compulsory certifications
- Orientation and on-the-job training programs.

In addition, development support was extended through "Corporate Coaching Program" offered to volunteering employees, through "Meet the Experience" mentoring program, to high-potential employees and through the "Journey" application, a managerial and personal development platform, to the management team / selected employees.

Webinar catalog prepared with in-house trainers and video-based trainings were made available to all employees in distance training. Thanks to the "Learning From Each Other" Program launched concurrently with the Employer Brand, the Bank employees continued to share their expertise with the teams on the online platform with new topics.

It is of utmost importance to take care in ensuring that the training and development opportunities targeted in this direction are in conformity with the Bank's goals, strategies and competencies, as well as to have them monitored and followed-up by the Bank's managers.

Career Management

The Bank's primary goal is to ensure planning of promotion for high potential employees who have espoused the Bank's vision, mission and values, to managerial positions. It is targeted that the employees are actively involved in and manage their own career planning in cooperation with their line managers based on the results of performance appraisals.

For vacant positions in the Bank, the main strategy is recruitment from internal sources of the Bank. Our employees may be appointed to the vacant position by promotion or by keeping their existing titles and rights, depending on the requirements of such position. In order for the employees to be promoted in line with the Bank's needs, the relevant position must be vacant, the person must possess the knowledge and experience required by the position to which he/she will be promoted and he/she must have displayed a high performance or must have a high potential.

Performance Appraisal

The primary goal of performance appraisal is to achieve the Bank's goals and strategies and to ensure attainment of better results by the employees and the Bank through management of individual performance. Our corporate culture encourages our employees to receive and give feedback to their managers on their annual performance. In addition, once a year employees' contributions to business results and their development in competencies are measured.

The appraisal process serves to the rewarding of individuals displaying superior performances, as well as to the identification of people with high potentials and the determination of development needs of the employees. Performance levels of employees open the way for their promotion to various positions within the frame of personal career plans and also have an influence on their remunerations.

Remuneration

The Board of Directors Nomination and Remuneration Committee ((BNRC)) determines the remuneration policies, including the pay of senior executives at Burgan Bank and the benefits of their employees. The BNRC consists of three non-executive members of the board of directors, at least one of which is independent, and the chairman of the committee is an independent member.

The Bank has in place a remuneration policy which aims at:

- Enabling the Bank to attract, acquire, motivate and retain highly competent employees,
- Setting a specific framework in order to ensure a consistent approach in rewarding employees, in line with their roles and responsibilities as well as knowledge and experience.

The Remuneration Policy ensures also that Compensation & Benefits;

- a- are in line with Banking Sector practices,
- b- maintain internal equity,
- c- are in line with the personnel expenses budget,
- d- are aligned with Performance Management Evaluation, thus promoting the result-oriented culture of the Bank.

Compliance of our Bank's wage management and compensation practices with the determined policy is reviewed by an independent consultancy company each year. Based on the 2020 report, it was concluded that:

Our Bank's pay policy was 98% compatible with the banking market,

In the internal balance analysis conducted by Burgan Bank, it was found that 80% of employees were positioned in a 80% - 120% band according to the pay policy median.

Staff Vacation Policy

The Bank adheres to the provisions of the Labor Law no 4857 in relation to vacations. Accordingly, annual vacation days according to years of service are as follows:

Years of Service	Vacation Days
1 to 5 Years	17 Days
5 to 15 Years	20 Days
More than 15 Years	26 Days

Critical positions within the Bank were identified in view of the following criteria. Our employees in these positions will be taking leave for two consecutive weeks.

Positions with any one of the following characteristics are defined as critical:

- One-on-one contact with customers
- Direct engagement in cash transactions, involvement in goods and services procurement processes
- Involvement in processes related to processing of, and modifications to, customer data and accounts
- Capability to perform transactions impacting the Bank's financials and/or involvement in decision-making processes
- Capability to intervene and alter Information Systems, applications, databases and production environment
- Engagement in information security and fraud monitoring and prevention
- Authorization to access and modify user authorizations and system logs

Employment of Relatives Policy

The aim of this policy is to ensure that Management decisions relating to the recruitment of relatives and promotions/transfers of relatives already in service are taken in a way that does not give rise to conflicts of interest.

Employees who are related are not allowed to be placed in posts where one can control, evaluate, examine, approve or determine the work done by the other, or affect the pay and promotion of the other in any way.

This commitment is not limited to cases of service in the same unit but also relates to posts in collaborating units which provide complementary services or operate as approval/audit services..

Fringe Benefits

Healthcare expenses of our employees and their families (spouse and children) are covered under the health insurance policies revised every year.

Furthermore, our employees are provided with life insurance that includes life, personal accident and critical illness coverage.

Contributory private pension contracts are made for employees, on a voluntary basis, for which the Bank contributes 2% to 5% of their monthly gross salaries depending on seniority.

Organization and Process Management

Work processes and workloads are regularly followed up with a lean organization perspective and for ensuring continuity of workforce productivity.

Process activities are being carried out across the Bank's business units and subsidiaries, which are aimed at increasing productivity and enhancing service quality. Work is carried out on new products/services and channels, as well as efforts to secure increased productivity in existing processes.

Activities are being carried out to improve customer experience at different business lines of the Bank and at customer touch points. Process and customer experience improvement efforts are being analyzed through end-to-end process performance measurements.

The Bank's Transactions with Its Risk Group

	Total Risk Group	Share in Financial Statements (%)
Borrowings	3,233,562	58.72
Deposits	290,470	2.08
Non-cash Loans	75,441	1.46
Banks and Other Financial Institutions	19,398	22.10
Loans	790	0.00

Information Regarding Affiliate Report

In according to the article 199 of the Turkish Commercial Code numbered 6102 which is effective since 1 July 2012; The Board of Directors are obliged to prepare an affiliate report regarding the transactions/relations between the controlling company and other affiliates of the controlling company within the first quarter of the activity year and attach the conclusion part of the affiliate report to the activity report.

The required information with respect to the transactions between the Bank and related parties has been stated in the part 5 numbers VII of the Footnotes and Information Regarding the Non-Consolidated Financial Statement (Appendix-2). It has been explained at the Affiliate Report which has been prepared by the Board of Directors; "All transactions between the controlling company of the Bank and the affiliate companies of the controlling company in the fiscal year 2020, in the circumstances and conditions known to the board at the time at which the company conducted the legal proceeding or took or refrained from taking the measure, obtained appropriate counter-performance in relation to each proceeding and whether the company incurred any loss due to taking or refraining from taking the measure and in this regard there is no transaction or prevention required to net-off."

Fields of Activity in Which Support Services Were Procured and the Persons and Companies from Which They Were Procured Pursuant to the Regulation on the Support Services to be Procured by Banks and Authorization of Support Service Providers

Support Service Company	Area of Expertise	Description of Service
Active Bilgisayar Hizmetleri Tic. Ltd. Şti.	Information Systems	Nova 2000 Software System (Nova Sirius Fixed Income Securities Application)
Austria Card Turkey Kart Operasyonları A.Ş.	Operational Services	Personalization and Processing of Debit/Credit Cards, Password Printing and Enveloping
Banksoft Bilişim Bilgisayar Hizmetleri Ltd. Şti.	Information Systems	ATM Management System, ATM Card Management System, ATM Fraud Management System
Bantaş Nakit ve Kıymetli Mal Taşıma Güvenlik Hizmetleri A.Ş.	Operational Services	CIT Cash Management Services
Bantaş Nakit ve Kıymetli Mal Taşıma Güvenlik Hizmetleri A.Ş.	Operational Services	Offsite ATM Loading/Unloading Services
BİLİN Yazılım ve Bilişim Danışmanlığı A.Ş.	Information Systems	Software (Personnel records, payroll formalities, legal reporting, data entry into the performance and recruitment module, candidate database) Support and Continuous Development Support Services
Fineksus Bilişim Çözümleri Ticaret A.Ş.	Information Systems	SWIFT Application Software Repair and Maintenance Support
FU Gayrimenkul Yatırım Danışmanlık A.Ş.	Operational Services	Placing and Releasing of Mortgages, Encumbrance Investigation Services
Konut Kredisi com.tr Danışmanlık A.Ş. (Hesapkurdu.com)	Operational Services	Loan application service
Innova Bilişim Çözümleri A.Ş.	Information Systems	Innova Payflex Collection System
Iron Mountain Arşivleme Hizmetleri A.Ş.	Operational Services	Archiving Services
İpoteka Gayrimenkul Danışmanlık A.Ş.	Operational Services	Creation and Revocation of Lien, Encumbrance Investigation Services
İSNET Telekomünikasyon Servis Hizm. Tic.Ltd. Şti.	Information Systems	Communication Equipment Supply Services
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	Information Systems	DC and DRC Hosting / Data Storage Center (Business Continuity Services)
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	Information Systems	Derivatives and Investment Statements Printing and Transmission
MTM Holografi Güvenlikli Basım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş.	Operational Services	Printing of negotiable instruments
PayCore Ödeme Hizmetleri ve Takas Mutabakat Servisleri A.Ş. - Kartek (MASTERCARD Payment Transaction Services Turkey Bilişim Hiz. A.Ş.)	Operational Services	ATM and Debit Card Clearing Operation Service
Postkom Basım Posta ve İletişim Hizmetleri A.Ş. (Yeni Unvan) -Provus Basım Posta ve İletişim Hizmetleri A.Ş.	Operational Services	Printing and enveloping of account and card statements, notices and information letters sent to bank customers
Risk Aktif Danışmanlık Eğitim ve Yazılım San. Tic. Ltd. Şti.	Information Systems	Basel II reporting

Fields of Activity in Which Support Services Were Procured and the Persons and Companies from Which They Were Procured Pursuant to the Regulation on the Support Services to be Procured by Banks and Authorization of Support Service Providers

TAGAR Tapu Garanti Hizmetleri A.Ş.	Operational Services	Placing and Releasing of Mortgages, Encumbrance Investigation Services
Halıcıoğlu Yazılım Danışmanlık ve Tic. Ltd. Şti.	Information Systems	Legal Follow-up System
Indigo Consulting SAL Offshore	Information Systems	Murex support services
Hangisi Internet ve Bilgi Hizmetleri A.Ş.- Hangikredi	Operational Services	Routing of loan applications online
Securitas Güvenlik Hizmetleri A.Ş.	Operational Services	Physical Security services
RGN İletişim Hizmetleri A.Ş.	Operational Services	Collection calls
VEGA Bilgisayar Hizmetleri Ltd. Şti.	Information Systems	Legal reporting software support service
Posta ve Telgraf Teşkilatı A.Ş. (PTT)	Operational Services	Debit card dispatches
Tele Kurye A.Ş.	Operational and IT Services	Identification and delivery of Account opening documents
Sistaş Sayısal İletişim Sanayi ve Ticaret A.Ş.	Information Systems	Call center infrastructure service
Posta ve Telgraf Teşkilatı A.Ş. (PTT)	Operational Services	Credit payment and deposit online transactions
Mobiltel İletişim Hizmetleri San. Tic. A.Ş.	Operational Services	Credit application collection services
Loomis Güvenlik Hizmetleri A.Ş.	Operational Services	Cheque clearing operation
Fineksus Bilişim Çözümleri Ticaret A.Ş.	Information Systems	Paygate-SWIFT consolidated project
Aras Kurye Servisi A.Ş.	Operational and IT Services	Identification and delivery of Account opening documents
Çetmen Mağazaları Mobilya Day.Tük. Mal.Oto.San.Tic.A.Ş. (Çetmen Mobilya)	Operational Services	Providing consumer loans to real persons who will make product purchases, collecting applications and submitting them to the Bank
Mobilgi Bilgisayar Teknolojileri Sanayi ve Tic. Ltd. Şti.	Operational and IT Services	Credit application collection services
Mudo Satış Mağazaları A.Ş.	Operational Services	Providing consumer loans to real persons who will make product purchases, collecting applications and submitting them to the Bank
Kartek Kart ve Bilişim Tek. Tic. A.Ş. - Paycore	Information Systems	ATM, Debit card, clearing infrastructure services
Invictus Bilişim Güvenlik Hiz. Dan. ve Üretim Tic. A.Ş.	Information Systems	Cyber security consultancy
Adeo Bilişim Danışmanlık Hizmetleri San. Tic. A.Ş.	Information Systems	Cyber security consultancy
Adeo Bilişim Danışmanlık Hizmetleri San. Tic. A.Ş.	Information Systems	Penetration test
Birleşik Ödeme Hizmetleri A.Ş.	Information Systems	Interbank money transfers outside of CBRT EFT hours
Migros Ticaret A.Ş.	Operational Services	Loan application service in sales channels
Barikat BT Bilişim Ticaret A.Ş.	Information Systems	SOC & SIEM consultancy and MSSP service
Akbank T.A.Ş.	Information Systems	Invoice Collection
Sistem Kurye	Operational Services	Submission of foreclosure letters

Corporate Governance Report

Board of Directors

The Board of Directors is the ultimate decision-making body at the Bank. The Board of Directors fulfills its decision-making function through the Board Committees. In order to set up the board committees in the number required by the Articles of Association, the Board of Directors is made up of sufficient number of members which must not be less than five. Each member of the Board of Directors is elected for a term of office of three years. Members whose terms of office expire may be re-elected. The Board held 8 meetings during 2020. The members of our Bank's Board of Directors as of the date of this writing are presented below.

Member	Position	Number of Meetings Attended in 2020
Emin Hakan Eminsoy	Chairman of the Board	8
Faisal M.A. Al Radwan	Vice Chairman of the Board	8
Osama T. Al Ghousein	Board Member	8
Adrian Alejandro Gostuski	Board Member	8
Fouad Husni Douglas	Board Member	6
Khaled F.A.O. Alzouman	Board Member	7
Mehmet Alev Göçmez	Board Member	8
Halil Cantekin	Board Member	8
Ali Murat Dinç	Board Member & CEO	8

BOARD OF DIRECTORS COMMITTEES

Board of Directors Corporate Governance Committee (BCGC)

The BCGC is mainly responsible for assisting the Board of Directors in setting the Bank's corporate governance policies, following-up on their execution, and periodic reviewing thereof to ensure their effectiveness. The BCGC held two meetings in 2020. The members of the Bank's Corporate Governance Committee as of the date of this writing are presented below.

Member	Position	Number of Meetings Attended in 2020
Faisal M.A. Al Radwan	Head of the Board of Directors Corporate Governance Committee	2
Emin Hakan Eminsoy	Member of the Board of Directors Corporate Governance Committee	2
Ali Murat Dinç	Member of the Board of Directors Corporate Governance Committee	2

Board of Directors Nomination and Remuneration Committee (BNRC)

The BNRC is responsible for making recommendations to the Board of Directors regarding nomination to the Board's membership, review of Board structure on an annual basis, overall performance evaluation of the Board and individual performance review of each member on annual basis, and developing Bank-wide remuneration policy in line with applicable laws and regulations. The BNRC held 2 meetings in 2020. The members of the Bank's Nomination and Remuneration Committee as of the date of this writing are presented below.

Member	Position	Number of Meetings Attended in 2020
Faisal M.A. Al Radwan	Head of the Board of Directors Remuneration Committee	2
Khaled F.A.O. Alzouman	Member of the Board of Directors Remuneration Committee	2
Mehmet Alev Göçmez	Member of the Board of Directors Remuneration Committee	2

Board of Directors Audit Committee (BAC)

The BAC is responsible for establishing and overseeing the adequacy of internal control and audit functions of the Bank, as well as for ensuring compliance with applicable laws, policies, guidelines, and code of business conduct and ethics, and also other responsibilities provided under the BRSA Regulation on Internal Systems of Banks. The BAC held 7 meetings in 2020. The members of the Bank's Audit Committee as of the date of this writing are presented below.

Member	Position	Number of Meetings Attended in 2020
Halil Cantekin	Head of the Board of Directors Audit Committee	7
Adrian Alejandro Gostuski	Member of the Board of Directors Audit Committee	7
Fouad Husni Douglas	Member of the Board of Directors Audit Committee	7

Board of Directors Risk Committee (BRC)

The BRC is responsible for supervising whether the risk strategy is implemented by the executive management, and for presenting review feedbacks and reports regarding the current and future risk strategy and tolerance to the Board of Directors. The BRC held 3 meetings in 2020. The members of the Bank's Risk Committee as of the date of this writing are presented below.

Member	Position	Number of Meetings Attended in 2020
Adrian Alejandro Gostuski	Head of the Board of Directors Risk Committee	3
Osama T. Al Ghousein	Member of the Board of Directors Risk Committee	3
Halil Cantekin	Member of the Board of Directors Risk Committee	3

Board of Directors Credit Committee (BCC)

The BCC authorizes the loans referred to it by the Bank's Board of Directors subject to the legal regulations. The Committee meets once in two weeks and as and when necessary. The BCC held 28 meetings in 2020. The members of the Bank's Credit and Recovery Committee as of the date of this writing are presented below.

Member	Position	Number of Meetings Attended in 2020
Emin Hakan Eminsoy	Head of the Board of Directors Credit Committee	28
Faisal M.A. Al Radwan	Member of the Board of Directors Credit Committee	28
Ali Murat Dinç	Member of the Board of Directors Credit Committee	28

Management Risk Coordination Committee (RCCOM)

The primary objective of RCCOM is to present internal audit and internal control findings, risk management, regulatory and compliance matters for the information of the Chairman of the Board of Directors, Head of the Audit Committee and the CEO in an expedited manner. It also aims to initiate the necessary cooperation between internal systems departments in accordance with the BRSA regulations, and thus, assist the CEO in taking the necessary corrective actions as appropriate.

Executive Committees

The head of execution is the Chief Executive Officer, who fulfills the management function through the executive committees and together with the managerial staff reporting to him/her.

- Executive Committee (EXCO)
- Asset and Liability Management Committee (ALCO)
- Operational Risk Committee (ORCOM)
- Executive Credit Committee (ECCOM)
- Credit Provision Committee (CPCOM)
- Product Service Committee (PSCOM)
- Purchasing Committee (PURCOM)
- Discipline Committee (DISCOM)
- Human Resources Committee (HRCOM)
- Change and Steering Committee (CSCOM)
- Information Systems Strategy Committee (ISSCOM)
- Information Systems Steering Committee (ISSC)
- Information Security Committee (ISC)
- Information Systems Continuity Committee (ISCCOM)
- Crisis Management Committee (CMCOM)
- Legal Coordination Committee (LCC)
- Customer Experience Committee (CECOM)

The Bank pursues its operations within a well-defined and formulated corporate governance structure that achieves maximum conformity to ethical banking principles. The Bank applies corporate governance code of ethics and practices to its operations on the basis of the four main pillars of corporate governance, namely accountability, transparency, fairness and integrity. The Bank has set transparency as the central principle of risk management. The Bank adheres to the guidelines based on the Basel Committee Corporate Governance recommendations of the Capital Markets Board of Turkey (CMB) and the Banking Regulation and Supervision Agency (BRSA). The Bank adopts the policies of the regulatory authorities of its principal shareholder as reference, to the extent they do not conflict with local laws and regulations. The Bank makes sure that any hitches in the implementation of the principles mentioned above are shared with all related authorized individuals and authorities, including the Board of Directors.

SECTION THREE

**FINANCIAL INFORMATION
AND RISK MANAGEMENT**

Report by Statutory Auditors Organized Pursuant to Article 397 of the Turkish Commercial Code Dated 13/01/2011 and No.6102

Please refer to Appendix-1.

An Assessment by the Audit Committee of the Operation of Internal Control, Internal Audit and Risk Management Systems and Their Activities in the Reporting Period

The primary function of the Burgan Bank Audit Committee is to assist the Bank's Board of Directors in the fulfillment of the latter's responsibility to supervise the Bank and its affiliates subject to consolidation, by reviewing the financial data to be presented to the shareholders, ensuring the productivity and efficiency of the Internal Control Framework set up by the Board of Directors and the Management level and monitoring the audit process.

The Audit Committee meets at least four times a year and reviews and evaluates the efficiency, adequacy and productivity of the Internal Control Framework and Systems particularly with respect to the achievement of the objectives in the categories listed below:

- Efficiency, productivity and adequacy of the Bank's accounting and reporting systems, as well as of the Bank's Internal Audit, Internal Control and Risk Management,
- Accuracy of the data provided by the systems mentioned above,
- Reliability of financial reporting,
- Establishment of communication channels and information system control,
- Compliance with the laws and legislation in force.,

The Audit Committee informs the Board of Directors on any case of noncompliance, also presenting a proposal relating to the corrective action that needs to be taken.

The Audit Committee's assessment of the operation of internal control, internal audit and risk management systems is as follows:

Risk Management System at Burgan Bank has been formulated based on this significance and our commitment to the banking concept we are willing to implement; the system is in a constant evolution process. The purpose of Burgan Bank is to make Risk Management System a part of the decision-making process, rather than using it merely for measurement and reporting purposes.

The Internal Control and Internal Audit Systems make it the focal point of their work to provide reasonable assurance for the adequacy of the internal control system in place at the Bank and to improve the same, in line with a risk based approach. In their activities, these systems do not solely focus on identifying errors, but are rather concentrated on the establishment and implementation of measures that will prevent the occurrence of errors.

Independent Auditors' Report

Please refer to Appendix-1.

Financial Statements and Information on Financial Structure

Please refer to Appendix-2 & 3.

An Assessment of the Financial Status, Profitability and Solvency

As of end 2020, the Bank's total assets were recorded as TL 23,123,647 thousand.

Liquid assets accounted for 15.0% of the Bank's balance sheet.

At TL 992,503 thousand, the Bank's net securities portfolio made up a 4.3% share of its balance sheet.

Cash loans amounted to TL 16,192,341 thousand of which share of the total balance sheet was 70% as of year-end.

As of 31 December 2020, the Bank's total deposits amounted to TL 13,942,287 thousand, up 20.6% year-on-year. This corresponds to a 60.3% share of the balance sheet.

The Bank's registered share capital ceiling is TL 4 billion; its paid-in capital amounts to TL 1,535 million.

As of end-2020, the Bank recorded a net loss of TL 267,414 thousand

Burgan Bank A.Ş. Balance Sheet Analysis (TL Thousand)

Assets	31 December 2020	31 December 2019	Change (%)
Liquid Assets (Net)	3,458,372	3,274,960	5.6
Securities (Net)	992,503	619,094	60.3
Loans and Factoring Receivables (Net)	16,192,341	13,023,574	24.3
Subsidiaries	548,560	523,728	4.7
Tangible and Intangible Assets	676,362	610,045	10.9
Other Assets (Net)	1,255,509	841,172	49.3
Total Assets	23,123,647	18,892,573	22.4

Liabilities	31 December 2020	31 December 2019	Change (%)
Deposits	13,942,287	11,563,046	20.6
Funds Borrowed	5,749,025	4,292,849	33.9
Other Liabilities	1,762,278	1,117,403	57.7
Shareholders' Equity	1,670,057	1,919,275	(13.0)
Total Liabilities	23,123,647	18,892,573	22.4

^(*) In the table above, the expected loss provisions set aside in the current period as per IFRS 9 are netted off from related balance sheet items.

Burgan Bank A.Ş. Structural Balance Sheet (%)

Assets	31 December 2020	31 December 2019
Liquid Assets (Net)	15.0	17.3
Securities (Net)	4.3	3.3
Loans and Factoring Receivables (Net)	70.0	68.9
Subsidiaries	2.4	2.8
Tangible and Intangible Assets	2.9	3.2
Other Assets (Net)	5.4	4.6
Total Assets	100.0	100.0

Liabilities	31 December 2020	31 December 2019
Deposits	60.3	61.2
Funds Borrowed	24.9	22.7
Other Liabilities	7.6	5.9
Shareholders' Equity	7.2	10.2
Total Liabilities	100.0	100.0

Burgan Bank A.Ş. Net Interest Income (TL Thousand)

	31 December 2020	31 December 2019	Change (%)
Interest Income	1,612,129	2,157,978	(25.3)
Interest on Loans	1,274,862	1,517,244	(16.0)
Interest on Reserve Requirements	2,218	28,593	(92.2)
Interest on Banks	23,043	53,646	(57.0)
Interest on Money Market Transactions	31,783	101,599	(68.7)
Interest on Securities	59,234	56,120	5.5
Finance Lease Interest Income	-	-	-
Other Interest Income	220,989	400,776	(44.9)
Interest Expense	(1,076,481)	(1,494,053)	(27.9)
Interest on Deposits	(537,762)	(891,313)	(39.7)
Interest on Funds Borrowed	(189,673)	(274,348)	(30.9)
Interest on Money Market Borrowing	(8,312)	(8,605)	(3.4)
Interest on Securities Issued	-	-	-
Finance Lease Interest Expenses	(9,588)	(9,912)	100.0
Other Interest Expenses	(331,146)	(309,875)	6.9
Net Interest Income	535,648	663,925	(19.3)

Burgan Bank A.Ş. Structural Net Interest Income Analysis (%)

	31 December 2020	31 December 2019
Interest Income	100.0	100.0
Interest on Loans	79.1	70.3
Interest on Reserve Requirements	0.1	1.3
Interest on Banks	1.4	2.5
Interest on Money Market Transactions	2.0	4.7
Interest on Securities	3.7	2.6
Finance Lease Interest Income	0.0	0.0
Other Interest Income	13.7	18.6
Interest Expense	100.0	99.9
Interest on Deposits	50.0	59.7
Interest on Funds Borrowed	17.6	18.4
Interest on Money Market Borrowing	0.8	0.6
Interest on Securities Issued	0.0	0.0
Finance Lease Interest Expenses	0.9	0.7
Other Interest Expenses	30.7	20.6

An Assessment of the Financial Status, Profitability and Solvency

Burgan Bank A.Ş. Net Income Analysis (TL Thousand)

	31 December 2020	31 December 2019	Change (%)
Net Interest Income	535,648	663,925	(19.3)
Net Commission and Fee Income	32,611	38,180	(14.5)
Dividend Income	8	2,769	(99.7)
Trading Income/Loss (Net)	104,398	32,868	217.6
Other Operating Income	26,393	15,532	69.9
Allowances for Expected Credit Losses	(408,420)	(254,538)	60.4
Other Operating Expenses	(618,010)	(401,560)	53.9
Profit/Loss From Equity Method Applied Subsidiaries	31,299	61,683	(49.3)
Income Before Tax	(296,073)	158,859	(286.4)
Tax	28,659	(20,305)	(241.1)
Net Income/Loss	(267,414)	138,554	(293.0)

Information on Risk Management Policies Implemented by Types of Risks

The Bank's risk strategy is its main component of risk management system. The Board of Directors is responsible for approving and periodically reviewing the risk policy of the Bank to ensure it is in line with corporate strategy and strategic goals. A basic component of the risk strategy is the risk appetite. The risk appetite defines which risks and into what extent the Bank will actively seek and which risks are undesirable and should be avoided or eliminated. Bank aims to set out the main elements of its risk taking activities in order to attain its business goals within the limits prescribed by the risk strategy and risk appetite.

The Bank regards the formulation of a clear and realistic risk strategy as an essential part of its overall corporate strategy and as the foundation upon which all risk management policies are to be based.

Risk Management Policies

The Bank adopts following principles that form the basis of risk management processes for a healthy risk management process:

The Board of Directors is responsible for approving and periodically reviewing the risk policy of the Bank.

Senior management is responsible for the implementation of the risk policy approved by the Board of Directors and for the development of systems and procedures for identifying, measuring, monitoring and mitigating risk.

The Bank has defined appropriate credit underwriting criteria, ensuring a thorough understanding of the borrower or counterparty, as well as the purpose and structure of the exposure and its source of repayment.

The Bank has defined certain principles and policies to ensure the efficient monitoring of market and liquidity risks.

The Bank is carrying out its business by setting procedures which clearly define the responsibility and accountability of all business units engaged in a particular type of business or transaction.

Appropriate systems and processes are in place to monitor all exposures, both on or off-balance sheet.

The Bank promotes an open risk culture under which all material risks are communicated to the appropriate authorities of the Bank as well as to the Board of Directors. The Bank considers risk transparency as an essential element of its approach to risk management.

Risk management supervision is independent from any business decisions, in order to ensure sound risk governance and avoid conflicts of interest.

Risk management is properly resourced in order to carry out its mission, given the risk appetite of the Bank.

Sound risk management is a key element of Burgan Bank in its effort to achieve its business goals. The Bank has established a comprehensive risk management framework in order to ensure that risk taking which is inherent in the Bank business activities remains always within desirable and controlled parameters. The risk management framework includes clearly defined processes for the approval and authorization of all risk taking activities plus a risk oversight function in order to ensure independent monitoring and measurement of risk.

Risk Management

Bank's management aims to ensure that:

- Risk taken by the Bank is in line with the risk appetite as defined by the Board of Directors,
- Total risk taken does not exceed the ability of the Bank to absorb losses,
- Risk is adequately mitigated by the implementation of proper risk management systems and procedures,

Risk awareness is constituted among all units of the Bank and

Appropriate risk transparency is provided and all risk figures are properly communicated across all relevant business units as well as to the Board of Directors.

Information on Risk Management Policies Implemented by Types of Risks

Risk Limits

Bankanın alabileceği risk düzeyine uyumlu olarak sayısallaştırılabilen risk kategorilerinde risk limitleri belirlenir. Bu kapsamda kredi, piyasa, likidite ve operasyonel risk kategorilerinde limitler belirlenmiştir. Risk limitleri Yönetim Kurulu tarafından belirlenir.

Risk Türleri İtibariyle Uygulanan Risk Yönetimi Politikalarına İlişkin Bilgiler

Risk limits are specified for quantified risk categories in line with the level of risk that the Bank is exposed to. In this respect, limits are determined in credit, market and operational risk categories. Risk limits are determined by the Board of Directors.

Risk limits are revised and updated depending on market conditions and changes in Bank's strategy. Board of Directors is responsible of reviewing risk limits. In case of a change is needed in risk limits, it is presented to the attention of the risk committee. After the evaluation of risk committee, the proposal is sent to the sanction of Board of Directors.

Risk Strategy Objectives

The objectives of the Bank's risk strategy with regard to the main risk categories are presented below.

Credit Risk Strategy

The Bank shall engage in lending activities towards legal entities and individuals which exhibit satisfactory creditworthiness and financial standing.

The Bank shall maintain a diversified credit portfolio. As such, all business sectors where opportunities for profitable growth exist may be eligible for lending purposes. However the effect of economic cycles and other endogenous or exogenous factors must always be taken under consideration in any credit decision.

The Bank will assume credit risk of which it has a good understanding and is capable to manage, either at individual or at portfolio level.

The Bank shall require that credit exposures are adequately covered by satisfactory collateral to mitigate probable credit losses. Unsecured exposures shall be taken with prudence.

The Bank shall avoid significant concentrations of credit risk, either to single or groups of borrowers or sectors of the economy.

The Bank aims to extend credit facilities towards customers with a satisfactory credit history and successful overall track record. As such, the Bank shall proceed with financing of start-ups and new ventures with outmost care and on exceptional cases.

Market and Liquidity Risk Strategy

The Bank aims to ensure the efficient monitoring of market risks that emanate from its overall activities.

The Bank shall maintain a prudent approach in managing its exposure to market risk and liquidity risk.

The Bank shall be protected against unforeseen market losses through the independent identification, assessment and understanding of the market risks inherent in the business.

Risk/return balances are provided by using appropriate financial instruments in the management of cash flows.

Positions on the basis of intra-day liquidity and foreign exchange are managed in a way that is compatible with the economic interests of the Bank.

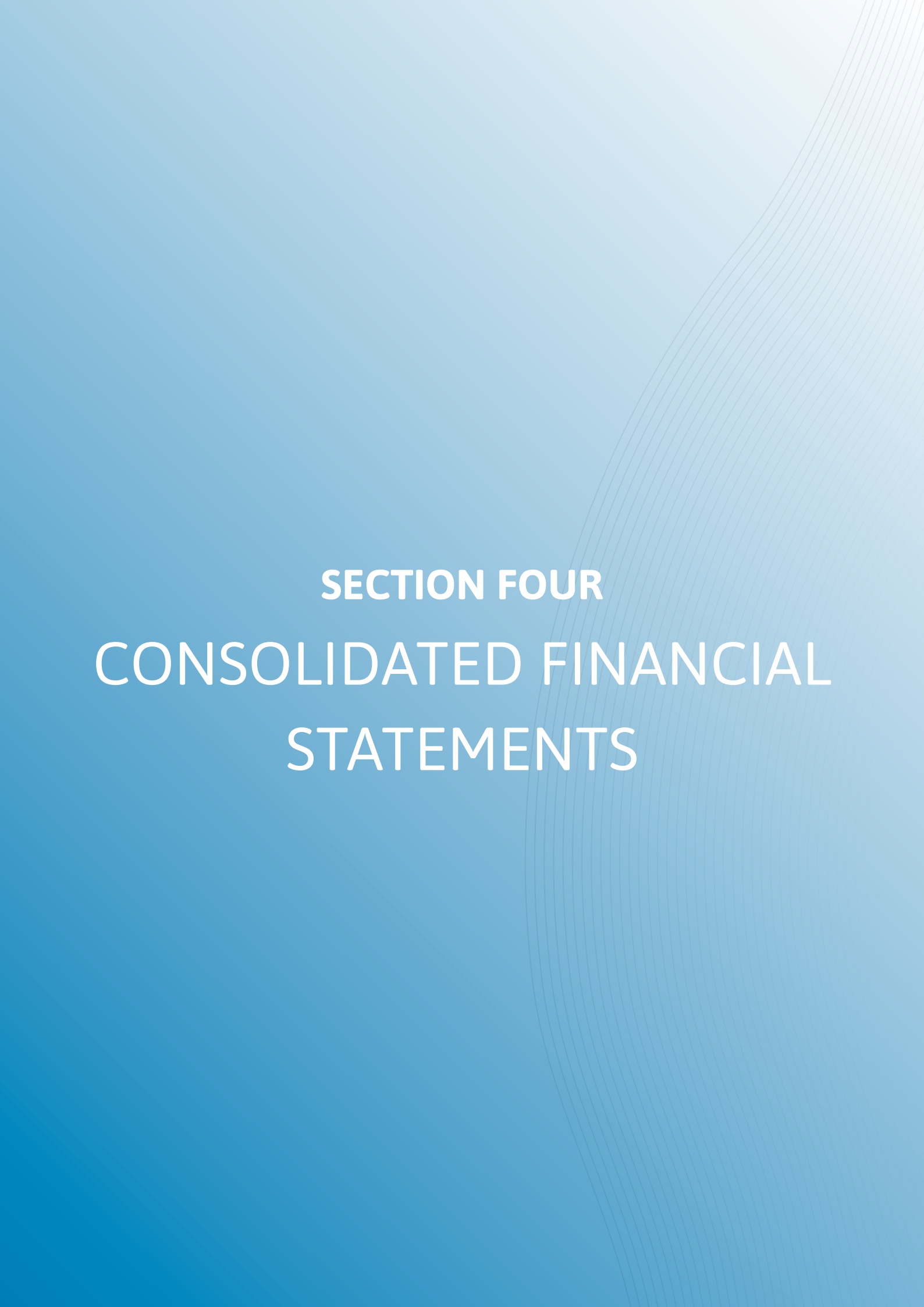
Ratings Granted by Rating Agencies and their Contents

FITCH (26 February 2021)

Outlook	Stable
Long Term Foreign Currency	B+
Short Term Foreign Currency	B
Long Term Local Currency	BB-
Short Term Local Currency	B
Support	4
National	AA(tur)
Financial Capacity	b-

Summary Financial Data for the Past Five Years Including the Reporting Period

TL Thousand	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Total Assets	23,123,647	18,892,573	19,581,399	16,807,309	13,721,616
Loans	17,522,219	13,816,067	14,085,758	13,262,537	10,685,527
Deposits	13,942,287	11,563,046	10,060,455	8,928,115	8,309,833
Shareholders' Equity	1,670,057	1,919,275	1,875,980	1,512,475	1,092,558
Net Income/(Loss)	(267,414)	138,554	161,759	109,848	71,673
Guarantees	5,171,767	3,479,247	2,319,967	2,118,649	1,982,236
Capital Adequacy Ratio	18.85%	21.27%	20.74%	19.59%	17.66%



SECTION FOUR

CONSOLIDATED FINANCIAL

STATEMENTS

Consolidated Financial Information

	31.12.2020 ^(*)	31.12.2019 ^(*)	%
Total Assets	26,477,029	21,546,808	22.9
Loans, factoring and financial lease receivables	19,275,267	15,911,311	21.1
Securities	942,527	619,192	60.2
Deposits	13,847,448	11,405,865	21.4
Borrowings and money market placements	9,160,896	7,059,569	29.8
Shareholders' Equity	1,670,057	1,919,275	-13.0
Non-cash Loans	5,171,767	3,479,247	48.6
Current Year Income/ (Loss)	(267,414)	138,554	-
Capital Adequacy Ratio ^(**)	16.59%	18.95%	-2.36

^(*) Based on Consolidated Financial Statements (TL thousand)

Information on Consolidated Subsidiaries

Our consolidated subsidiaries are presented below as of 31 December 2020:

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

Subsidiaries	Address (City / Country)	Bank's Share (%)	Share of Other Partners (%)
1 Burgan Finansal Kiralama A.Ş.	İstanbul/Turkey	99.99	0.01
2 Burgan Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100	0

^(*) The liquidation process of Burgan Wealth Limited Company, which is a subsidiary of Burgan Yatırım, was completed by the approval of Dubai Financial Services Authority (DFSA) on 15 July 2020.

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

	Total Assets	Shareholders' Equity	Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	3,942,580	393,354	431,478	335,039	-	17,785	39,384	-
2	203,561	155,291	2,429	17,191	11	13,514	22,299	-

Appendices

Appendice-1

Independent Auditor's Report on the Annual Report

Appendix-2

**Publicly Announced Unconsolidated Financial Statements
and Related Disclosures together with Independent Audit
Report at 31 December 2020**

Appendix-3

**Publicly Announced Consolidated Financial Statements
and Related Disclosures Together with Independent Audit
Report at 31 December 2020**

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Burgan Bank A.Ş.

1) Qualified Opinion

We have audited the annual report of Burgan Bank A.Ş. (the "Bank") and its subsidiaries (collectively referred as the "Group") for the period of 1 January 2020 – 31 December 2020.

In our opinion, except for the matter disclosed in the Basis for Qualified Opinion Paragraph, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

2) Basis for Qualified Opinion

As we have expressed a qualified opinion in our auditor's reports dated 2 March 2021, the consolidated financial statements of the Group as at 31 December 2020 include a free provision at an amount of TL 195.000 thousand, which was provided in current year by the Bank management, for the possible effects of the negative circumstances which may arise in the economy or market conditions. Due to the fact that the above mentioned items do not meet the requirements of TAS 37, the "Profit/Loss" as of 31 December 2020 is understated by TL 195.000 thousand.

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

3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed a qualified opinion in our auditor's reports dated 2 March 2021 on the full set consolidated and unconsolidated financial statements of the Group and the Bank, respectively, for the period of 1 January 2020 – 31 December 2020.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks', the management of the Group is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c) The annual report also includes the matters below:
 - Subsequent events occurred after the end of the fiscal year which have significance,

- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged with governance, allowances, travel, accommodation, and representation expenses, financial aids and aids in kind, insurances and similar deposits.
- Other matters prescribed in the communiqué on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué on 'Principles and procedures set out by the regulations on preparation and issuance of the annual reports of Banks' published in official gazette no.26333 dated November 1, 2006 , "Regulation on Accounting Applications for Banks Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA"), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards ("TFRS") for the matters which are not regulated by these regulations, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated and unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated and unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Yaşar Bivas.

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



4 March 2021
İstanbul, Türkiye

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDIT REPORT ORIGINALLY ISSUED IN
TURKISH, SEE IN NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
TOGETHER WITH INDEPENDENT AUDIT REPORT
AT **31 DECEMBER 2020**

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Burgan Bank Anonim Şirketi:

A) Audit of Unconsolidated Financial Statements

1) Qualified Opinion

We have audited the accompanying unconsolidated financial statements of Burgan Bank A.Ş (the "Bank") which comprise the statement of financial position as at December 31, 2020, and the unconsolidated statement of income, unconsolidated statement of income and expenses recognized under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and notes to the unconsolidated financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter on the unconsolidated financial statements described in the Basis for Qualified Opinion paragraph, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at December 31, 2020 and unconsolidated financial performance and unconsolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standards ("TAS") for those matters not regulated by the aforementioned regulations.

2) Basis for Qualified Opinion

As explained in note h 2ii in the Explanations and Disclosures related to the Liabilities, the accompanying unconsolidated financial statements as at 31 December 2020 include a free provision at an amount of TL 195.000 thousand, which was provided in current year by the Bank management, for the possible effects of the negative circumstances which may arise in the economy or market conditions. Due to the fact that the above mentioned item do not meet the requirements of TAS 37, the "net profit loss for the period" as of 31 December 2020 is understated by TL 195.000 thousand.

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

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter disclosed in the Basis of Qualified Opinion section, the issues described below have been identified as key audit matters and are reported in the report:



**Building a better
working world**

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

<i>Derivative Financial Instruments</i>	
<p>Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in Section Five Note I-1 ("Table of positive differences related to derivative financial assets") and Note II-g ("The table of negative differences related to derivative financial liabilities").</p> <p>Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.</p>	<p>Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the Bank management fair value calculations of the selected derivative financial instruments and the assessment of used estimations and the judgements and testing the assessment of operating effectiveness of the key controls in the process of fair value determination.</p> <p>In addition to our current audit procedures, considered the fair value measurement of derivative financial instruments for Turkey Accounting Standards ("TAS") and Turkey Financial Reporting Standards ("TFRS") requirements.</p>

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

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

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

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

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

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

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

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

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

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

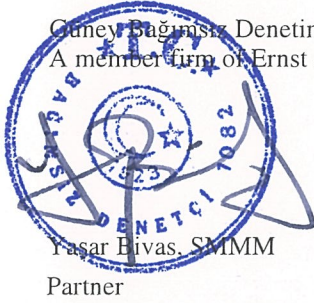
We also provide those charged with government with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

B) Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) no 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities and financial statements for the period January 1 – December 31, 2020 are not in compliance with the TCC and provisions of the Bank’s articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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



March 2, 2021
İstanbul, Turkey

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

**THE UNCONSOLIDATED SIX MONTH INTERIM FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 31 DECEMBER 2020**

Address of the Bank's Head Office : Maslak Mahallesi, Eski Büyükdere Caddesi, No:13 34485 Sarıyer / İstanbul
Telephone and Fax Numbers of the Bank : Telephone: 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

The unconsolidated six months 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 BANK
- **Section Two** UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- **Section Three** EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD
- **Section Four** INFORMATION RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- **Section Five** EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** EXPLANATIONS ON THE LIMITED REVIEW REPORT
- **Section Seven** EXPLANATIONS ON INTERIM ACTIVITY REPORT

The accompanying unconsolidated twelve 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.

02 March 2021

Emin Hakan EMİNSOY
Chairman of the
Board of Directors

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

Zeynep TERZİOĞLU
Assistant General Manager
Financial Affairs

Ahmet CİĞA
Head of Accounting,
Tax, and Reporting Unit

Halil CANTEKİN
Head of the Audit Committee

Adrian Alejandro GOSTUSKI
Member of the Audit Committee

Fouad Husni DOUGLAS
Member of the Audit Committee

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

Name-Surname / Title : Ahmet CİĞA / Head of Accounting, Tax, and Reporting Unit
Telephone Number : 0 212 371 34 84
Fax Number : 0 212 371 42 48

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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. 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 31 December 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 (the "Bank"), 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. On 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.) in 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.) in 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., and has been registered to the Turkish Trade Registry as of 25 January 2013.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

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

GENERAL INFORMATION ABOUT THE BANK (Continued):

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

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

Bank’s capital amounting to full TL 1.535.000.000 has been registered as of 8 August 2018.

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 Middle East and North Africa (MENA) 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).

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

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

GENERAL INFORMATION ABOUT THE BANK (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 BANK THEY POSSESS:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Emin Hakan Eminsoy	Chairman of Board of Directors	Undergraduate
Board of Directors Members:	Faisal M.A. Al Radwan	Deputy Chairman	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	Halil Cantekin	Member	Undergraduate
	Osama T. Al Ghousein	Member	Undergraduate
	Fouad Husni Douglas	Member	Graduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Ali Murat Dinç	Member and General Manager	Graduate
General Manager:	Ali Murat Dinç	Member and General Manager	Graduate
Vice General Managers: (*)	Esra Aydın	Operations & Management Services	Undergraduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Suat Kerem Sözügözel	Commercial and Corporate Banking	Undergraduate
	Banu Ertürk	Loans Monitoring and Legal Follow-Up	Undergraduate
	Darço Karanfil	gInformation Technologies	Graduate
	Zeynep Terzioğlu	Financial Affairs	Graduate
Audit Committee:	Halil Cantekin	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Fouad Housni Douglas	Member	Graduate

(*) Zeynep Terzioğlu has been appointed as the Assistant General Manager of Financial Affairs as of 15 January 2021.
Mutlu Akpara Treasury, Assistant General Manager in charge of Capital Markets and Graduate Financial Institutions resigned from the position on 8 February 2021.
Hasan Hüseyin Uyar, Assistant General Manager in charge of Loans resigned from the position on 22 February 2021

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

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

GENERAL INFORMATION ABOUT THE BANK (Continued):

IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES:

Name/Commercial title	Share Amounts	Share percentage	Paid-in Capital	Unpaid portion
Burgan Bank K.P.S.C.	1.525.972	99,41%	99,41%	-

Based on the Principal Agreement, the 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 BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:

As of 31 December 2020, the Bank, whose headquarter located in Istanbul, has 32 branches operating in Turkey (31 December 2019: 35). The Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2020, the Bank has 951 (31 December 2019: 943) 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

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

- I. Balance sheet (Statement of financial position)
- II. Off-balance sheet commitments
- III. Statement of profit or loss
- IV. Statement of profit or loss and other comprehensive income
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flows
- VII. Statement of profit appropriation

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

BURGAN BANK A.Ş.

UNCONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)

AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

I. BALANCE SHEET	ASSETS	Note (Section Five)	Reviewed (31/12/2020)			Audited (31/12/2019)		
			TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)			1.316.077	3.472.200	4.788.277	1.993.667	2.295.728	4.289.395
1.1 Cash and cash equivalents			352.362	3.106.010	3.458.372	1.252.946	2.022.014	3.274.960
1.1.1 Cash and balances at Central Bank	I-a		236.800	3.033.781	3.270.581	172.637	1.990.025	2.162.662
1.1.2 Banks	I-c		15.528	72.229	87.757	540.201	31.989	572.190
1.1.3 Receivables from Money Markets			100.050	-	100.050	540.169	-	540.169
1.1.4 Expected credit losses (-)			16	-	16	61	-	61
1.2 Financial assets at fair value through profit or loss	I-b		509	82.251	82.760	704	34.739	35.443
1.2.1 Public debt securities			509	32.178	32.687	704	3.813	4.517
1.2.2 Equity instruments			-	-	-	-	-	-
1.2.3 Other financial assets			-	50.073	50.073	-	30.926	30.926
1.3 Financial assets at fair value through other comprehensive income	I-d		262.892	144.122	407.014	168.674	159.728	328.402
1.3.1 Public debt securities			255.218	144.122	399.340	160.490	159.728	320.218
1.3.2 Equity instruments			7.674	-	7.674	7.674	-	7.674
1.3.3 Other financial assets			-	-	-	510	-	510
1.4 Derivative financial assets	I-l		700.314	139.817	840.131	571.343	79.247	650.590
1.4.1 Derivative financial assets at fair value through profit or loss			146.782	138.880	285.662	123.155	73.996	197.151
1.4.2 Derivative financial assets at fair value through other comprehensive income			553.532	937	554.469	448.188	5.251	453.439
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)			7.044.376	9.658.368	16.702.744	4.319.291	8.967.206	13.286.497
2.1 Loans	I-e-f		7.756.374	9.765.845	17.522.219	4.626.037	9.190.030	13.816.067
2.2 Receivables from leasing transactions	I-k		-	-	-	-	-	-
2.3 Factoring receivables	I-e		-	-	-	7	-	7
2.4 Other financial assets measured at amortized cost	I-g		-	510.403	510.403	-	262.923	262.923
2.4.1 Public debt securities			-	510.403	510.403	-	262.923	262.923
2.4.2 Other financial assets			-	-	-	-	-	-
2.5 Expected credit losses (-)	I-e-f		711.998	617.880	1.329.878	306.753	485.747	792.500
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	I-r		495.818	-	495.818	408.176	-	408.176
3.1 Held for sale			495.818	-	495.818	408.176	-	408.176
3.2 Held from discontinued operations			-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES			548.560	-	548.560	523.728	-	523.728
4.1 Investments in associates (Net)	I-h		-	-	-	-	-	-
4.1.1 Associates accounted by using equity method			-	-	-	-	-	-
4.1.2 Non-consolidated associates			-	-	-	-	-	-
4.2 Investments in subsidiaries (Net)	I-i		548.560	-	548.560	523.728	-	523.728
4.2.1 Non-consolidated financial subsidiaries			548.560	-	548.560	523.728	-	523.728
4.2.2 Non-consolidated non-financial subsidiaries			-	-	-	-	-	-
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	I-j		-	-	-	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method			-	-	-	-	-	-
4.3.2 Non-consolidated jointly controlled partnerships			-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	I-m		139.397	-	139.397	164.471	-	164.471
VI. INTANGIBLE ASSETS (Net)	I-n		41.147	-	41.147	37.398	-	37.398
6.1 Goodwill			-	-	-	-	-	-
6.2 Other			41.147	-	41.147	37.398	-	37.398
VII. INVESTMENT PROPERTIES (Net)	I-o		-	-	-	-	-	-
VIII. CURRENT TAX ASSETS			-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	I-p		91.757	-	91.757	44.480	-	44.480
X. OTHER ASSETS (Net)	I-s		139.234	176.713	315.947	73.378	65.050	138.428
TOTAL ASSETS			9.816.366	13.307.281	23.123.647	7.564.589	11.327.984	18.892.573

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)

AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

I. BALANCE SHEET	Note (Section Five)	Reviewed (31/12/2020)			Audited (31/12/2019)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	4.030.308	9.911.979	13.942.287	3.703.958	7.859.088	11.563.046
II. LOANS RECEIVED	II-c	39.279	3.238.656	3.277.935	34.728	2.266.255	2.300.983
III. MONEY MARKET FUNDS		3.651	238.918	242.569	1.595	192.346	193.941
IV. MARKETABLE SECURITIES (Net)	II-d	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	II-b	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-g	308.583	246.236	554.819	188.481	89.780	278.261
7.1 Derivative financial liabilities at fair value through profit or loss		252.184	207.663	459.847	121.825	78.523	200.348
7.2 Derivative financial liabilities at fair value through other comprehensive income		56.399	38.573	94.972	66.656	11.257	77.913
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	II-f	74.101	771	74.872	26.364	87.994	114.358
X. PROVISIONS	II-h	265.953	61.324	327.277	65.930	15.737	81.667
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		38.930	-	38.930	48.290	-	48.290
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		227.023	61.324	288.347	17.640	15.737	33.377
XI. CURRENT TAX LIABILITIES	II-i	43.659	-	43.659	34.210	-	34.210
XII. DEFERRED TAX LIABILITIES	II-i	-	-	-	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	II-j	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	II-k	-	2.228.521	2.228.521	-	1.797.925	1.797.925
14.1 Loans		-	2.228.521	2.228.521	-	1.797.925	1.797.925
14.2 Other debt instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-e	204.622	557.029	761.651	166.203	442.704	608.907
XVI. SHAREHOLDERS' EQUITY	II-l	1.689.140	(19.083)	1.670.057	1.935.465	(16.190)	1.919.275
16.1 Paid-in capital		1.535.000	-	1.535.000	1.535.000	-	1.535.000
16.2 Capital reserves		(736)	-	(736)	(736)	-	(736)
16.2.1 Equity share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(736)	-	(736)	(736)	-	(736)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		17.956	-	17.956	15.617	-	15.617
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		12.438	(19.083)	(6.645)	(12.595)	(16.190)	(28.785)
16.5 Profit reserves		398.179	-	398.179	259.625	-	259.625
16.5.1 Legal reserves		24.839	-	24.839	22.870	-	22.870
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		373.340	-	373.340	236.755	-	236.755
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		(273.697)	-	(273.697)	138.554	-	138.554
16.6.1 Prior years' profits or losses		(6.283)	-	(6.283)	-	-	-
16.6.2 Current period net profit or loss		(267.414)	-	(267.414)	138.554	-	138.554
16.7 Minority shares		-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES		6.659.296	16.464.351	23.123.647	6.156.934	12.735.639	18.892.573

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

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

BURGAN BANK A.Ş.

**UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT
31 DECEMBER 2020 AND 31 DECEMBER 2019**

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

II.	OFF-BALANCE SHEET	Note (Section Five)	Reviewed 31/12/2020			Audited 31/12/2019		
			TP	FC	Total	TP	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		6.196.669	43.168.968	49.365.637	3.208.630	30.170.553	33.379.183
I.	GUARANTEES AND WARRANTIES	III-a-2-3	992.145	4.179.622	5.171.767	754.905	2.724.342	3.479.247
1.1.	Letters of Guarantee		992.145	1.562.036	2.554.181	754.905	1.045.827	1.800.732
1.1.1.	Guarantees Subject to State Tender Law		14.924	358	15.282	15.047	287	15.334
1.1.2.	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3.	Other Letters of Guarantee		977.221	1.561.678	2.538.899	739.858	1.045.540	1.785.398
1.2.	Bank Acceptances		-	171.038	171.038	-	214.924	214.924
1.2.1.	Import Letter of Acceptance		-	171.038	171.038	-	214.924	214.924
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		-	1.117.312	1.117.312	-	624.297	624.297
1.3.1.	Documentary Letters of Credit		-	1.117.312	1.117.312	-	624.297	624.297
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		-	1.329.236	1.329.236	-	839.294	839.294
1.9.	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	III-a-1	904.940	1.300.616	2.205.556	290.597	138.379	428.976
2.1.	Irrevocable Commitments		904.940	1.300.616	2.205.556	290.597	138.379	428.976
2.1.1.	Asset Purchase and Sales Commitments		555.391	1.163.870	1.719.261	67.343	138.379	205.722
2.1.2.	Deposit Purchase and Sales Commitments		-	136.746	136.746	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4.	Commitments for Loan Limits		276.854	-	276.854	151.731	-	151.731
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheques		72.695	-	72.695	71.523	-	71.523
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		-	-	-	-	-	-
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		4.299.584	37.688.730	41.988.314	2.163.128	27.307.832	29.470.960
3.1.	Hedging Derivative Financial Instruments		731.835	2.810.876	3.542.711	690.286	2.452.991	3.143.277
3.1.1.	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2.	Transactions for Cash Flow Hedge		731.835	2.810.876	3.542.711	690.286	2.452.991	3.143.277
3.1.3.	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2.	Trading Derivative Financial Instruments		3.567.749	34.877.854	38.445.603	1.472.842	24.854.841	26.327.683
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		24.096	164.866	188.962	191.740	342.198	533.938
3.2.1.1.	Forward Foreign Currency Transactions-Buy		16.564	79.529	96.093	159.606	111.731	271.337
3.2.1.2.	Forward Foreign Currency Transactions-Sell		7.532	85.337	92.869	32.134	230.467	262.601
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		3.193.457	33.580.116	36.773.573	438.686	22.761.967	23.200.653
3.2.2.1.	Foreign Currency Swap-Buy		689.629	11.397.039	12.086.668	174.727	5.511.909	5.686.636
3.2.2.2.	Foreign Currency Swap-Sell		2.503.828	9.796.659	12.300.487	263.959	5.441.478	5.705.437
3.2.2.3.	Interest Rate Swap-Buy		-	6.193.209	6.193.209	-	5.904.290	5.904.290
3.2.2.4.	Interest Rate Swap-Sell		-	6.193.209	6.193.209	-	5.904.290	5.904.290
3.2.3.	Foreign Currency, Interest rate and Securities Options		350.196	1.132.872	1.483.068	838.192	1.746.518	2.584.710
3.2.3.1.	Foreign Currency Options-Buy		165.033	561.256	726.289	269.717	1.009.481	1.279.198
3.2.3.2.	Foreign Currency Options-Sell		185.163	571.616	756.779	568.475	737.037	1.305.512
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		-	-	-	4.224	4.158	8.382
3.2.4.1.	Foreign Currency Futures-Buy		-	-	-	4.224	-	4.224
3.2.4.2.	Foreign Currency Futures-Sell		-	-	-	-	4.158	4.158
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.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		68.335.658	88.284.319	156.619.977	39.436.086	50.870.916	90.307.002
IV.	ITEMS HELD IN CUSTODY		5.173.862	2.522.930	7.696.792	1.593.284	1.526.244	3.119.528
4.1.	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		4.046.787	1.037.420	5.084.207	758.261	522.415	1.280.676
4.3.	Cheques Received for Collection		1.116.771	130.300	1.247.071	806.039	125.768	931.807
4.4.	Commercial Notes Received for Collection		10.304	12.978	23.282	28.984	8.642	37.626
4.5.	Other Assets Received for Collection		-	-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		-	1.342.232	1.342.232	-	869.419	869.419
4.8.	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		62.941.620	85.761.389	148.703.009	37.622.626	49.344.672	86.967.298
5.1.	Marketable Securities		286.197	-	286.197	79.361	-	79.361
5.2.	Guarantee Notes		21.605.410	23.723.645	45.329.055	21.688.143	18.204.640	39.892.783
5.3.	Commodity		3.365.837	3.444.097	6.809.934	746.113	1.361.832	2.107.945
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		35.416.586	52.395.494	87.812.080	13.477.365	25.384.363	38.861.728
5.6.	Other Pledged Items		2.267.590	6.198.153	8.465.743	1.631.644	4.393.837	6.025.481
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		220.176	-	220.176	220.176	-	220.176
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		74.532.327	131.453.287	205.985.614	42.644.716	81.041.469	123.686.185

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

III. INCOME STATEMENTS INCOME AND EXPENSE ITEMS		Note (Section Five)	Reviewed 01/01/2020- 31/12/2020	Reviewed 01/01/2019- 31/12/2019
I.	INTEREST INCOME	IV-a	1.612.129	2.157.978
1.1	Interest received from loans		1.274.862	1.517.244
1.2	Interest received from reserve deposits		2.218	28.593
1.3	Interest received from banks		23.043	53.646
1.4	Interest received from money market transactions		31.783	101.599
1.5	Interest received from marketable securities portfolio		59.234	56.120
1.5.1	Financial assets at fair value through profit or loss		1.698	1.514
1.5.2	Financial assets at fair value through other comprehensive income		31.251	43.220
1.5.3	Financial assets measured at amortized cost		26.285	11.386
1.6	Finance lease interest income		-	-
1.7	Other interest income	IV-l	220.989	400.776
II.	INTEREST EXPENSES (-)	IV-b	1.076.481	1.494.053
2.1	Interest on deposits		537.762	891.313
2.2	Interest on funds borrowed		189.673	274.348
2.3	Interest on money market transactions		8.312	8.605
2.4	Interest on securities issued		-	-
2.5	Finance lease interest expenses		9.588	9.912
2.6	Other interest expenses	IV-l	331.146	309.875
III.	NET INTEREST INCOME/EXPENSE (I - II)		535.648	663.925
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		32.611	38.180
4.1	Fees and commissions received		46.663	48.587
4.1.1	Non-cash loans		28.049	27.079
4.1.2	Other	IV-l	18.614	21.508
4.2	Fees and commissions paid (-)		14.052	10.407
4.2.1	Non-cash loans (-)		62	62
4.2.2	Other (-)	IV-l	13.990	10.345
V.	DIVIDEND INCOME	IV-c	8	2.769
VI.	TRADING PROFIT/LOSS (Net)	IV-d	104.398	32.868
6.1	Profit/losses from capital market transactions		38.921	15.826
6.2	Profit/losses from derivative financial transactions		(32.805)	21.611
6.3	Foreign exchange profit/losses		98.282	(4.569)
VII.	OTHER OPERATING INCOME	IV-e	26.393	15.532
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		699.058	753.274
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-f	408.420	254.538
X.	OTHER PROVISION EXPENSES (-)	IV-f	210.704	1.943
XI.	PERSONNEL EXPENSES (-)		214.251	195.489
XII.	OTHER OPERATING EXPENSES (-)	IV-g	193.055	204.128
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		(327.372)	97.176
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		31.299	61.683
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	IV-h	(296.073)	158.859
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-i	28.659	(20.305)
18.1	Current tax provision		32.862	50.761
18.2	Expense effect of deferred tax (+)		7.726	78.740
18.3	Income effect of deferred tax (-)		69.247	109.196
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII+XVIII)	IV-j	(267.414)	138.554
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
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		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
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		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII+XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	IV-k	(267.414)	138.554
	Profit / (Loss) per share (1.000 nominal in TL full)		(1,742)	0,903

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Reviewed 31/12/2020	Reviewed 31/12/2019
I.	CURRENT PERIOD INCOME/LOSS	(267.414)	138.554
II.	OTHER COMPREHENSIVE INCOME	24.479	(94.622)
2.1	Other comprehensive income not to be reclassified to profit or loss	2.897	(935)
2.1.1	Revaluation Differences of Tangible Assets	3.648	1.240
2.1.2	Revaluation Differences of Intangible Assets	-	-
2.1.3	Defined benefit plans re-measurement gains / loss	(500)	(2.646)
2.1.4	Other comprehensive income not to be reclassified to profit or loss	-	-
2.1.5	Income tax relating to components of other comprehensive income not to be reclassified to profit or loss	(251)	471
2.2	Other comprehensive income to be reclassified to profit or loss	21.582	(93.687)
2.2.1	Exchange differences on translation of foreign operations	(5.749)	79
2.2.2	Gains or losses on valuation or reclassification arising from financial assets at fair value through other comprehensive income	7.485	26.379
2.2.3	Gains or losses arising on cash flow hedges	27.376	(145.326)
2.2.4	Gains or losses arising on net investment hedges	-	-
2.2.5	Other comprehensive income to be reclassified to profit or loss	-	-
2.2.6	Taxes relating to components of other comprehensive income that will be reclassified to profit or loss	(7.530)	25.181
III.	TOTAL COMPREHENSIVE INCOME (I+II)	(242.935)	43.932

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2020

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other comprehensive income not to be reclassified to profit or loss			Other comprehensive income to be reclassified to profit or loss						
Reviewed CURRENT PERIOD 31/12/2020	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or Loss	Current Period Net Income or Loss	Total Shareholders' Equity
I. Prior Period End Balance	II-I	1.535.000	-	-	(736)	20.713	(5.096)	-	5.749	(2.396)	(32.138)	259.625	138.554	-	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
IV. Total Comprehensive Income		-	-	-	-	2.739	(400)	-	(5.749)	5.988	21.901	-	-	(267.414)	(242.935)
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 or Loss related to Other Changes		-	-	-	-	-	-	-	-	-	-	-	(6.283)	-	(6.283)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	138.554	(138.554)	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	138.554	(138.554)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1.535.000	-	-	(736)	23.452	(5.496)	-	-	3.592	(10.237)	398.179	(6.283)	(267.414)	1.670.057

Describes;

1. Fixed assets revaluations increases / decreases,
2. Accumulated re-measurement gains / (losses) of defined benefits,
3. Other (the share of other comprehensive income of the investments accounted by the equity method that cannot 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 UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2019

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other comprehensive income not to be reclassified to profit or loss			Other comprehensive income to be reclassified to profit or loss						
Reviewed PRIOR PERIOD 31/12/2019	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or Loss	Current Period Net Income or Loss	Total Shareholders' Equity
I. Prior Period End Balance	II-I	1.535.000	-	-	(99)	19.610	(3.058)	-	5.670	(22.972)	81.216	273.197	(174.343)	161.759	1.875.980
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	-	-	(99)	19.610	(3.058)	-	5.670	(22.972)	81.216	273.197	(174.343)	161.759	1.875.980
IV. Total Comprehensive Income		-	-	-	-	1.103	(2.038)	-	79	20.576	(113.354)	-	(988)	138.554	43.932
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 or Loss related to Other Changes		-	-	-	(637)	-	-	-	-	-	-	-	-	-	(637)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	(13.572)	175.331	(161.759)	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	(13.572)	175.331	(161.759)	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1.535.000	-	-	(736)	20.713	(5.096)	-	5.749	(2.396)	(32.138)	259.625	-	138.554	1.919.275

Describes;

1. Fixed assets revaluations increases / decreases,
2. Accumulated re-measurement gains / (losses) of defined benefits,
3. Other (the share of other comprehensive income of the investments accounted by the equity method that cannot 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 UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

VI.	STATEMENT OF CASH FLOWS	Note (Section Five)	Reviewed 31/12/2020	Reviewed 31/12/2019
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		358.201	156.135
1.1.1	Interest Received		1.599.376	2.132.304
1.1.2	Interest Paid		(1.076.481)	(1.480.465)
1.1.3	Dividend Received		8	2.769
1.1.4	Fees and Commissions Received		33.916	35.670
1.1.5	Other Income		-	-
1.1.6	Collections from Previously Written-off Loans and Other Receivables		347.946	259.567
1.1.7	Payments to Personnel and Service Suppliers		(214.251)	(195.489)
1.1.8	Taxes Paid		(11.936)	(11.482)
1.1.9	Other	VI-b	(320.377)	(586.739)
1.2	Changes in Operating Assets and Liabilities		(301.077)	(423.881)
1.2.1	Net Increase/(Decrease) in Financial Assets at Fair Value Through Profit or Loss		(47.317)	(23.875)
1.2.2	Net (Increase)/Decrease in Due from Banks and Other Financial Institutions		(518.333)	(563.590)
1.2.3	Net (Increase)/Decrease in Loans		(3.990.703)	626.070
1.2.4	Net (Increase)/Decrease in Other Assets		(437.503)	593.925
1.2.5	Net (Increase)/Decrease in Bank Deposits		(91.769)	113.746
1.2.6	Net Increase/(Decrease) in Other Deposits		2.471.010	1.387.999
1.2.7	Net Increase/(Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8	Net Increase/(Decrease) in Funds Borrowed		1.407.548	(1.827.095)
1.2.9	Net Increase/(Decrease) in Payables		-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	VI-b	905.990	(731.061)
I.	Net Cash Provided from Banking Operations		57.124	(267.746)
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities		(397.804)	9.479
2.1	Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-	(100.000)
2.2	Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3	Purchases of Property and Equipment		(9.384)	(13.969)
2.4	Disposals of Property and Equipment		7.544	31.476
2.5	Cash Paid for Purchase of Investments Available-for-Sale		(564.543)	(63.628)
2.6	Cash Obtained from Sale of Investments Available-for-Sale		168.579	155.600
2.7	Cash Paid for Purchase of Investment Securities		-	-
2.8	Cash Obtained from Sale of Investment Securities		-	-
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities			
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		-	-
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		-	-
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	VI-b	29.901	24.302
V.	Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		(310.779)	(233.965)
VI.	Cash and Cash Equivalents at Beginning of the Period	VI-a	2.187.746	2.421.711
VII.	Cash and Cash Equivalents at end of the Period	VI-a	1.876.967	2.187.746

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

VII. PROFIT APPROPRIATION STATEMENT	(31/12/2020) (*)	(31/12/2019) (**)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	(296.073)	158.859
1.2 TAXES AND DUTIES PAYABLE (-)	(28.659)	20.305
1.2.1 Corporate Tax (Income tax)	32.862	50.761
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (***)	(61.521)	(30.456)
A. NET INCOME FOR THE YEAR (1.1-1.2)	(267.414)	138.554
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]		138.554
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	138.554
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) TL 31.299 of net loss, represents net profit/loss of subsidiaries which the Bank applies equity accounting method under the principals of TAS 27 and such amount cannot be subject to profit distributions. Authorized body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(**) Contains "Profit Appropriation Statement" approved by the Bank's General Assembly held on 26 March 2020, TL 61.683 includes the effects of TAS 27 standard.

(***) It has been considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be qualified as cash or internal resources, and therefore, the part of the period profit arising from the said assets should not be subject to profit distribution and capital increase. The deferred tax income that will not be subject to distribution as of 31 December 2020 is TL 61.521 (31 December 2019: Deferred Tax Expense TL 30.456).

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD

I. BASIS OF PRESENTATION:

a. The preparation of the 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements and notes related to these financial statements have been expressed in thousands of Turkish Lira, unless otherwise stated. The preparation of unconsolidated 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 epidemic, 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 December 31, 2020, 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 and revise the realizations of past estimates.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

I. BASIS OF PRESENTATION (Continued):

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

Accounting policies and valuation principles used in the preparation of the unconsolidated financial statements are determined in accordance with the regulations, Communiques, interpretations and legislations related to accounting and financial reporting principles published by the BRSA, and in case where a specific regulation is not made by BRSA, TAS/IFRS (all “BRSA Accounting and Financial Reporting Legislation”) and related appendices and interpretations are put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

Communique on “TAS 27 Separate Financial Statements” standard, which is in force in order to be applied for accounting periods after 31 December 2012 via Public Oversight Accounting and Auditing Standards Authority (POA) website and published in Official Gazette dated 28 October 2011 and numbered 28098, has entered into force through making amendments to be applied for accounting periods after 1 January 2016 with “Communique on amending the Communique on TAS 27 Separate Financial Statements” (Communique) published in the Official Gazette dated 9 April 2015 and numbered 29321.

Before the amendments in the Communique, it was specified that an entity which is preparing separate financial statements was able to recognize its investments in associates, subsidiaries and joint ventures in accordance with the cost value or in accordance with the IFRS 9 Financial Instruments Standard, with the amendments in the Communique the entity which is preparing separate financial statements will also be able to recognize its investments in associates, subsidiaries and joint ventures following the equity method.

The Bank recognized its associates, in which it has direct or indirect shares, according to equity method in accordance with the Communique having a permission to be applied earlier while preparing its unconsolidated financial tables with the 4th quarter of 2015 in conjunction with the approval letter of Banking Regulation and Supervision Authority (BRSA) dated 20 July 2015 and realized the implementation retrospectively in the framework of TAS 8 Accounting Policies, Amendments and Errors in Accounting Estimates standard.

Burgan Finansal Kiralama A.Ş., Burgan Yatırım Menkul Değerler A.Ş whose shares are directly or indirectly owned by the Bank, are subsidiaries included in the scope of full consolidation in the consolidated financial statements and recognized according to the equity method in separate financial statements in accordance with the Communique.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

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

The overall strategy of the Bank 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 Bank 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 Bank 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 Bank 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 or losses".

As of 31 December 2020, foreign currency denominated balances are translated into TL using the exchange rates of TL 7,4194 and TL 9,1164 for USD and EURO respectively.

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

Unconsolidated financial associates are recognized according to equity method in the framework of TAS 28 Communique on Investments in Subsidiaries and Associates with respect to TAS 27 Separate Financial Statements Communique in unconsolidated financial statements. Associates, which were recognized with cost value in the unconsolidated financial statement previously, are recognized according to equity method as of 31 December 2015 along with the year-end of 2015.

The Bank has no joint ventures as of 31 December 2020 and 31 December 2019.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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 Bank 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 31 December 2020, The Bank 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 Bank implements effectiveness tests at the balance sheet dates for hedge accounting, the effective parts are accounted as defined in TFRS 9, on the financial statements under equity "Accumulated other comprehensive income or expense 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.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective interest 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 Bank classifies and accounts its financial assets as "Financial Assets at Fair Value Through Profit or 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 or Loss", transaction costs are added to fair value or deducted from fair value.

The Bank 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 or loss:

"Financial Assets at Fair Value Through Profit or 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 income statement.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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 expense 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:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest 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.

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 Rate of Return)" method.

The Bank'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.

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

The Bank 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 Principals 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 numbered 8948 dated March 17, 2020, 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 for loans classified Stage 1 and 2 according to assembly's resolution dated on March 17, 2020; with the BRSA's decision numbered 9312 dated December 8, 2020 the 30 day default period for loans classified Stage 2 shall be applied as 90 days until June 30, 2021.

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

Due to the uncertain process of the Coronavirus pandemic, the expected credit losses impact can not be predicted precisely. However, for the effects that may be encountered, the Bank has made additional provisions with the updates it has made in macroeconomic expectations in the calculation of expected credit loss.

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 Bank 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 Bank 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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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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 macro-economic 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 Bank 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 Bank carries out its determination regarding the significant increase in credit risk by taking into consideration of the following criterias:

- 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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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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 Bank 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 or loss", "Financial assets at fair value through other comprehensive income" and "Measured at amortized cost" according to the investment purposes of the Bank 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 Rate (Internal Efficiency) method". The Bank 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 Bank 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 31 December 2020, the Bank has no goodwill (31 December 2019: 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 Bank has adopted the "revaluation method" in accordance with the "Communiqué Regarding the Principles and Procedures for the Tangible Assets ("TFRS 16")" for its buildings. 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 "Recoverable amount", it is written down to its "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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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

The Bank 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 "TFRS 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 Fixed Assets" as an asset (right to use asset) and under "Lease Payables" as a liability.

The Bank has applied the changes in accounting policies due to the initial implementation of the "TFRS 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 June 5, 2020, KGK made amendments to TFRS 16 "Leases" standard by publishing Concessions Granted in Lease Payments - "TFRS 16 Leases" in relation to COVID-19. With this change, lessee are exempted from the concessions granted to lessee due to COVID-19 in their lease payments, not to assess whether there is a change in the lease. The change in question did not have a significant impact on the financial status or performance of the Bank.

TFRS 16 "Leases" Standard

Bank – lessee:

At the beginning of a contract, the Bank 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 Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Existence of right to use:

The right to 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 Bank

When the bank 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.

The Bank 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 Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates in the case of this rate being easily determined. Otherwise, the Bank 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 Bank 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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:

Allocated for loans and other receivables provisions other than expected loss provisions and contingent liabilities "Provisions, Contingent Liabilities and Related to Contingent Assets, Turkey Accounting Standard ("TAS 37") is recognized as appropriate.

Provisions are accounted when there is a legal or structural obligation existing as of the balance sheet date and arising from the past. It is probable that the resources that provide economic benefits to perform the obligation and a reliable estimate can be made about the amount of the liability. In accordance with the "Periodicity Principle", provision is made for liabilities that arise as a result of events in the previous periods in which these liabilities occurred. In cases where the amount not able be measured reliably enough and there is no possibility of outflow of resources from the Bank to fulfill the liability, the liability is considered "Contingent" and explained in the notes.

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.

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

The Bank 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 Bank 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 of the Bank 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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

XVIII. 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% for 2020. In accordance with the Temporary Article 10 and Article 32 paragraph 1 added to the Corporate Tax Law at 05.12.2017, the Corporate Tax rate which was 20% will be applied as 22% for corporate earnings for the taxation periods of 2018, 2019 and 2020. 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 05.12.2017, 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 the absence of a new regulation, Corporate tax rate of 20% will be applied for corporate earnings for the 2021 and subsequent taxation periods.

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 before 05.12.2017, 50% portion of the capital gains derived from the sale of equity investments and immovable properties after 05.12.2017 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 Bank 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. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. Since 20% corporate tax rate will be applied for corporate earnings for 2021 and subsequent taxation periods, the rate of 20% is applied in the deferred tax calculation in the Financial Statements dated 31 December 2020.

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

XIX. EXPLANATIONS ON BORROWINGS:

The Bank’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 “amortized cost” using the effective interest method.

The Bank 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 Bank.

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.

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:

As of 31 December 2020, pursuant to Law No. 5746 on Supporting Research and Development Activities, there is an incentive of TL 6.803 (31 December 2019: TL 884) received from TÜBİTAK until the balance sheet date.

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.

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

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.

	31 December 2020	31 December 2019
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	(267.414)	138.554
Weighted Average Number of Issued Ordinary Shares (Thousand)	153.500.000	153.500.000
Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)	(1,742)	0,903

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.

XXV. EXPLANATIONS ON RELATED PARTIES:

Parties defined in Article 49 of the Banking Law No.5411, Bank'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 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 Bank 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:

None.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

SECTION FOUR

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK

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 31 December 2020 Bank's total capital has been calculated as TL 3.669.974 (31 December 2019: TL 3.580.806) and the Capital adequacy ratio is 18,85% (31 December 2019: 21,27%).

As of 31 December 2020, based on the BRSA's articles dated March 23, 2020, in the calculation of the capital adequacy ratio, in the calculation of the equity amount calculated without considering the negative valuation differences of marketable securitites classified as "Financial Assets Measured at Fair Value through Other Comprehensive Income" obtained before this date and the credit risk basis amount, the foreign exchange buying rates, which are the basis for the preparation of the financial statements dated December 31, 2019, have been used by the Bank.

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

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

I. EXPLANATIONS ON EQUITY (Continued):

a. Information about total capital:

	Current Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
COMMON EQUITY TIER 1 CAPITAL				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.535.000		1.535.000	
Share issue premiums	-		-	
Legal Reserves	397.443		258.889	
Gains recognized in equity as per IAS	107.019		123.145	
Profit	-		138.554	
Current Period Profit	-		138.554	
Prior Period Profit	-		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-		-	
Common Equity Tier 1 Capital Before Deductions	2.039.462		2.055.588	
Deductions from Common Equity Tier 1 Capital	-		-	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-		-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	303.409		39.630	
Improvement costs for operating leasing	14.810		15.979	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	42.069	42.069	37.712	37.712
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	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	-		-	
Total Deductions From Common Equity Tier 1 Capital	374.267		93.321	
Total Common Equity Tier 1 Capital	1.665.195		1.962.267	

(*) 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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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL				
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-	-	-
Debt instruments and premiums approved by BRSA	370.970	-	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-	-	-
Additional Tier I Capital before Deductions	370.970	-	-	-
Deductions from Additional Tier I Capital				
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-	-	-
Total of Net Long Positions of the Investments in Equity Items of 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	-	-	-	-
Transition from the Core Capital to Continue to deduce Components				
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 (-)	-	-	-	-
Total Deductions From Additional Tier I Capital	-	-	-	-
Total Additional Tier I Capital	370.970	-	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	2.036.165	-	1.962.267	-
TIER II CAPITAL				
Debt instruments and share issue premiums deemed suitable by the BRSA	1.409.686	-	1.425.600	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	224.149	-	195.618	-
Tier II Capital Before Deductions	1.633.835	-	1.621.218	-
Deductions From Tier II Capital				
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.	26	-	2.679	-
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 (-)	-	-	-	-
Total Deductions from Tier II Capital	26	-	2.679	-
Total Tier II Capital	1.633.809	-	1.618.539	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.669.974	-	3.580.806	-
Deductions from Total Capital				
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components				
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not 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 sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-

(*) USD 150 million loan within the scope of contribution capital, which was obtained from Burgan Bank K.P.S.C, the main shareholder of the Bank, on 06.12.2013 and which term will expire on 06.12.2023, 50 million USD was converted into additional stock capital with the approval of the Banking Regulation and Supervision Agency dated 19 February 2021 and numbered 4976 and was taken into account in the capital adequacy calculations as of December 31,2020.

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL				
Total Capital	3,669,974		3,580,806	
Total risk weighted amounts	19,464,794		16,837,504	
Capital Adequacy Ratios				
Core Capital Adequacy Ratio (%)	8,55		11,65	
Tier I Capital Adequacy Ratio (%)	10,46		11,65	
Capital Adequacy Ratio (%)	18,85		21,27	
BUFFERS				
Total buffer requirement (a+b+c)	2,558		2,533	
a.Capital conservation buffer requirement (%)	2,500		2,500	
b.Bank specific counter-cyclical buffer requirement (%)	0,058		0,033	
c. Systematic significant buffer (%)	-		-	
The ratio of Additional Common Equity Tier I 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	4,06		7,15	
Amounts below the Excess Limits as per the Deduction Principles				
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	162,049		130,048	
Limits related to provisions considered in Tier II calculation				
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	720,221		532,528	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	224,149		195,618	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

I. EXPLANATIONS ON EQUITY (Continued):

b. Information on instruments related to equity estimation

Details on debt instruments that will be included in equity calculation:			
Issuer – Loan grantor	Burgan Bank K.P.S.C.	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	BRSA
Regulatory Treatment in Equity Calculation	Tier II Capital	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	No
Validity status in a consolidated or unconsolidated basis or in a consolidated and unconsolidated basis	Unconsolidated – Consolidated	Unconsolidated - Consolidated	Unconsolidated - Consolidated
Instrument type	Subordinated Loan	Subordinated Loan	Subordinated Loan
Amount recognized in equity calculation (As of most recent reporting date – Thousands TL)	296.776	1.112.910	370.970
Nominal value of debt instrument (USD)	100.000	150.000	50.000
The account number that the debt instrument is followed	Liability-Subordinated Loans-Amortized Cost	Liability-Subordinated Loans-Amortized Cost	Liability-Subordinated Loans-Amortized Cost
Original date of issuance of the debt instrument	6.12.2013	30.03.2016	22.02.2021
Maturity structure of the debt instrument (Perpetual/Dated)	Dated	Dated	Undated
Original maturity date of the debt instrument	10 Years	10 Years	-
Whether the issuer has a right to call subject to BRSA approval	Yes	Yes	Yes
Optional call date, contingent call options and redemption amount	After 5th year	After 5th year	After 5th year
Subsequent call dates of call options	After 5th year	After 5th year	After 5th year
Coupon/dividend payments	3 Months	3 Months	-
Fixed or floating dividend/coupon payments	Floating dividend	Floating dividend	-
Coupon rate and any related index value	LIBOR+3,75	LIBOR+3,75	-
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	Noncumulative
Being convertible or non-convertible to stock	None	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	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.	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.	None.
The terms it is not in compliance with in articles 7 and 8 of the Communiqué on Bank's Equities	None.	None.	None.

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

I. EXPLANATIONS ON EQUITY (Continued):

c. Information related to the TFRS 9 transition process:

	T	T-1	T-2
EQUITY ITEMS			
Common Equity Tier 1 Capital	1.665.195	1.632.968	1.600.740
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	1.600.740	1.600.740	1.600.740
Tier 1 Capital	2.036.165	2.003.938	1.971.710
Tier 1 Capital Without the Implementation of the Transition Process	1.971.710	1.971.710	1.971.710
Equity	3.669.974	3.637.747	3.605.519
Equity Without the Implementation of the Transition Process	3.605.519	3.605.519	3.605.519
TOTAL RISK WEIGHTED AMOUNTS			
Total Risk Weighted Amounts	19.464.794	19.464.794	19.464.794
CAPITAL ADEQUACY RATIOS			
Common Equity Tier 1 Capital Adequacy Ratio (%)	8,55	8,39	8,22
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	8,22	8,22	8,22
Tier 1 Capital Adequacy Ratio (%)	10,46	10,30	10,13
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	10,13	10,13	10,13
Capital Adequacy Ratio (%)	18,85	18,69	18,52
Capital Adequacy Ratio Without the Implementation of the Transition Process	18,52	18,52	18,52
LEVERAGE RATIO			
Leverage Ratio Total Risk Amount	31.515.587	31.515.587	31.515.587
Leverage Ratio (%)	6,33	6,36	6,26
Leverage Ratio Without the Implementation of the Transition Process	6,26	6,26	6,26

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

II. EXPLANATIONS ON CREDIT RISK :

Credit risk represents the potential financial loss that the Bank may incur as a result of defaults or non-fulfillment of the loan agreements obligations of counterparties.

In order to control and mitigate credit risk, the Parent Bank takes into consideration the payment capacity of the debtors, the confirmation of the fact that primary and secondary payment sources exist, the fact that provisions allocated for loans can cover expected credit losses, the fact that firms responsible for the valuation of collaterals are operating in accordance with competition rules, the fact that sectoral, geographical and regional concentration is avoided, the fact that the customer portfolio and loans provided are not diversified and credit risk is not common, the fact that information from all sources possible to evaluate or quantify the risks taken on a transaction or customer basis are collected the fact that the payment capacity of loans are monitored.

Credit rankings of borrowers that are present at loans and other accounts receivable accounts are monitored in accordance with the relevant legislation at regular intervals. Account status documents obtained for the issued credits are audited to make sure that the documents are meeting the requirements of the relevant legislation given that the cash transactions are exempted from this rule. As a result of regular monitoring of credit worthiness, credit limits have been changed when necessary. Loans and other receivables are collateralized considering the credit worthiness.

With respect to credit risk, debtor and debtor groups are subject to risk limitations envisaged in the Banking Law. There is no risk limitation in terms of geographical region while the sectoral concentration has been limited. Credit limits allocated are subject to revision at least once a year. The credit worthiness of the borrowers classified as "loans and other receivables under close monitoring" are revised at least twice a year due to Procedures and Principles regarding the regulation on determination of loans and other receivables. The loan limit is controlled by the main banking system and exceeding the specified limits is prohibited. When a revision becomes due, limits for which the loan worthiness has not been reviewed are suspended (except for cash provisions).

The Bank's loan policy approved by the Board of Directors is reviewed a regular basis. In order to maintain the credit risk under control, there are additional limitations in the scope of Bank credit policies apart from the Banking Law limitations. As defined in the document of credit policy, authorization of credit extension has been delegated to branches, the headquarters and the credit committee. Constraints on the use of these delegations;

- Collaterals, accepted as guarantees of loans issued, are clearly stated at credit policy.
- The Bank does not provide loans for arms manufacturers and traders, religious organizations, gambling companies, media companies, political organizations, sport clubs and companies operating in nuclear industry. Exceptions could be evaluated by the head office.
- Loans issued to the companies founded within last two years, real estate development companies and financial institutions as well as the investment projects , cash loan guarantees or refinancing loans are evaluated by headquarters and authorized upper management.
- Derivative products' limits cannot be allocated in Branch authorization. Foreign currency loans and counter party / external guarantees cannot be issued by branches.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

II. EXPLANATIONS ON CREDIT RISK (Continued):

The loans that are overdue more than 90 days as of the end of the reporting date or the loans in which the Bank has decided that the debtor has lost its credibility are classified as impaired receivables and specific provision is allocated for these loans within TFRS 9. According to the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves," stage II loans and 90 day-delayed loans are considered as non-performing loan and general provision is allocated within TFRS 9. (180 days until 30 June 2021 due to the temporary regulation of the BRSA is implemented.)

Total amount of exposures after offsetting transactions before applying credit risk mitigations and the average exposure amounts that are classified under different risk groups and types for the relevant period:

31 December 2020		
Risk Group	Amount	Average
Claims on sovereigns and Central Banks	3.684.298	3.483.777
Claims on regional governments or local authorities	348.950	267.037
Claims on administrative bodies and other non-commercial undertakings	113	86
Claims on multilateral development banks	24.172	11.103
Claims on international organizations	-	-
Claims on banks and intermediary institutions	1.758.761	2.108.626
Claims on corporates	14.589.211	11.426.547
Claims included in the regulatory retail portfolios	268.590	398.456
Claims secured by residential property	4.328.419	4.478.261
Past due loans	1.201.814	896.720
Higher risk categories decided by the Board	-	-
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other Receivables	1.682.302	1.478.098
Total	27.886.630	24.548.711

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

II. EXPLANATIONS ON CREDIT RISK (Continued):

31 December 2019		
Risk Group	Amount	Average
Claims on sovereigns and Central Banks	2.647.575	2.542.678
Claims on regional governments or local authorities	198.532	19.933
Claims on administrative bodies and other non-commercial undertakings	71	44
Claims on multilateral development banks	7.543	5.192
Claims on international organizations	-	-
Claims on banks and intermediary institutions	2.290.307	2.371.586
Claims on corporates	10.688.310	10.188.134
Claims included in the regulatory retail portfolios	514.551	576.103
Claims secured by residential property	4.947.053	5.196.347
Past due loans	670.561	567.987
Higher risk categories decided by the Board	-	-
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other Receivables	1.297.890	1.089.798
Total	23.262.393	22.557.802

The Bank's derivative transactions are mainly composed of foreign exchange and interest rate swaps money and foreign exchange options and forward transactions. The credit risks of these products are managed by deducting them from the company's credit limit, which is specified only for these types of transactions, in proportion to the term of the transaction. Market risk is managed by the Treasury, Capital market and Financial Institutions Group.

Indemnified non-cash credits are subjected to the same risk weight as the credits which are past due date.

The Bank does not perform any kind of banking activity abroad.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

II. EXPLANATIONS ON CREDIT RISK (Continued):

In the current period, the share of the Bank's receivables due to cash loans extended to its top 100 and top 200 customers are 83%, 91% (31 December 2019: 79% and 86%) within the total cash loan portfolio.

In the current period, the share of the Bank's receivables due to non-cash loans extended to its top 100 and top 200 customers are 60%, 78% (31 December 2019: 53% and 78%) within the total non-cash loans portfolio.

In the current period, the share of the Bank's receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 77%, 88% (31 December 2019: 74% and 85%) within cash loans in balance sheet and non-cash loans in off-balance sheet.

As of 31 December 2019, the Bank's allocated expected credit losses for loans amounts to TL 720.221 (31 December 2019: TL 532.528).

a. Information on types of loans and specific provisions:

31 December 2020	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Standard Loans	12.941.263	259.952	-	-	13.201.215
Loans under close monitoring	2.432.005	17.521	-	-	2.449.526
Non-performing loans	1.835.683	35.674	121	-	1.871.478
Specific provision (-)	650.966	18.592	106	-	669.664
Total	16.557.985	294.555	15	-	16.852.555

31 December 2019	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Standard Loans	9.652.403	509.940	-	7	10.162.350
Loans under close monitoring	2.667.754	38.826	-	-	2.706.580
Non-performing loans	918.292	28.554	298	-	947.144
Specific provision (-)	260.190	16.115	278	-	276.583
Total	12.978.259	561.205	20	7	13.539.491

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

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

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

II. EXPLANATIONS ON CREDIT RISK (Continued):

b. Information on loans and receivables past due but not impaired

31 December 2020	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Past due 0-30 days	2.170.095	23.051	-	-	2.193.146
Past due 30-60 days	105.482	10.796	-	-	116.278
Past due 60-90 days	204.852	9.789	-	-	214.641
Total	2.480.429	43.636	-	-	2.524.065

31 December 2019	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Past due 0-30 days	2.487.878	49.108	-	-	2.536.986
Past due 30-60 days	122.791	15.306	-	-	138.097
Past due 60-90 days	77.592	13.909	-	-	91.501
Total	2.688.261	78.323	-	-	2.766.584

c. Information on debt securities, treasury bills and other bills:

31 December 2020	Financial Assets at Fair Value through P/L (Net)	Financial Assets at Fair Value through Other Comprehensive Income (Net)	Other Financial Assets Measured at Amortized Cost (Net)	Total
Moody's Rating				
B2 (*)	32.687	399.340	510.403	942.430
Total	32.687	399.340	510.403	942.430

(*) This table contains only Turkish Republic government bank bonds, bank bonds and treasury bills which are rated by Moody's.

31 December 2019	Financial Assets at Fair Value through P/L (Net)	Financial Assets at Fair Value through Other Comprehensive Income (Net)	Other Financial Assets Measured at Amortized Cost (Net)	Total
Moody's Rating				
B1 (*)	4.517	320.728	262.923	588.168
Total	4.517	320.728	262.923	588.168

(*) This table contains only Turkish Republic government bank bonds, bank bonds and treasury bills which is rated by Moody's.

d. Information on rating concentration:

The Bank evaluates its credit risk based on an internal rating system and the portfolio is classified from least probability of default to highest. The information about the concentration of cash and non cash loans which are classified with the rating system is presented below.

	31 December 2020	31 December 2019
Above average (%)	34,17	28,22
Average (%)	52,70	53,79
Below average (%)	11,74	14,53
Not rated (%)	1,40	3,45

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

e. Fair value of collaterals (loans and advances to customers):

31 December 2020	Corporate Loans	Consumer Loans	Credit Cards	Factoring Receivables	Total
Loans under close monitoring	545.286	8.372	-	-	553.658
Non-performing loans	265.854	73	-	-	265.927
Total	811.140	8.445	-	-	819.585

31 December 2019	Corporate Loans	Consumer Loans	Credit Cards	Factoring Receivables	Total
Loans under close monitoring	983.117	18.955	-	-	1.002.072
Non-performing loans	87.565	-	-	-	87.565
Total	1.070.682	18.955	-	-	1.089.637

Type of Collaterals	31 December 2020	31 December 2019
Real-estate mortgage	545.418	683.085
Pledge	-	64.546
Cash and cash equivalents	274.167	342.006
Total	819.585	1.089.637

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

f. Profile of significant exposures in major regions:

	Exposure Categories (*)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
31 December 2020																		
Domestic	4.213.813	206.625	94	-	-	413.746	12.592.536	221.123	4.258.154	1.086.447	-	-	-	-	-	-	1.682.306	24.674.844
EU Countries	-	-	-	-	-	140.006	15	5	1	-	-	-	-	-	-	-	-	140.027
OECD Countries (**)	-	-	-	24.172	-	1.119.066	-	2	-	-	-	-	-	-	-	-	-	1.143.240
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	63.862	-	-	-	-	-	-	-	-	-	-	-	63.862
Other Countries	-	-	-	-	-	13.192	-	-	441	-	-	-	-	-	-	-	-	13.633
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	4.213.813	206.625	94	24.172	-	1.749.872	12.592.551	221.130	4.258.596	1.086.447	-	-	-	-	-	-	1.682.306	26.035.606

1. Conditional and unconditional exposures to central governments or central banks
2. Conditional and unconditional exposures to regional governments or local authorities
3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
4. Conditional and unconditional exposures to multilateral development banks
5. Conditional and unconditional exposures to international organisations
6. Conditional and unconditional exposures to banks and brokerage houses
7. Conditional and unconditional exposures to corporates
8. Conditional and unconditional retail exposures
9. Conditional and unconditional exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization Positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Stock Exchange
17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

(**) Includes OECD countries other than EU countries, USA and Canada.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

f. Profile of significant exposures in major regions (continued):

	Exposure Categories (*)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
31 December 2019																		
Domestic	3.654.647	198.532	71	-	-	786.165	9.016.205	464.277	4.804.383	670.561	-	-	-	-	-	-	1.306.506	20.901.347
EU Countries	-	-	-	7.543	-	956.291	15	8	1	-	-	-	-	-	-	-	-	963.858
OECD Countries (**)	-	-	-	-	-	15.243	-	-	-	-	-	-	-	-	-	-	-	15.243
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	9.155	-	-	-	-	-	-	-	-	-	-	-	9.155
Other Countries	-	-	-	-	-	6.889	18	1	474	-	-	-	-	-	-	-	-	7.382
Associates, Subsidiaries and Joint – Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	3.654.647	198.532	71	7.543	-	1.773.743	9.016.238	464.286	4.804.858	670.561	-	-	-	-	-	-	1.306.506	21.896.985

1. Conditional and unconditional exposures to central governments or central banks
 2. Conditional and unconditional exposures to regional governments or local authorities
 3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
 4. Conditional and unconditional exposures to multilateral development banks
 5. Conditional and unconditional exposures to international organisations
 6. Conditional and unconditional exposures to banks and brokerage houses
 7. Conditional and unconditional exposures to corporates
 8. Conditional and unconditional retail exposures
 9. Conditional and unconditional exposures secured by real estate property
 10. Past due receivables
 11. Receivables defined in high risk category by BRSA
 12. Exposures in the form of bonds secured by mortgages
 13. Securitization Positions
 14. Short term exposures to banks, brokerage houses and corporates
 15. Exposures in the form of collective investment undertakings
 16. Stock Exchange
 17. Other receivables
- (*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.
(**) OECD countries other than EU Countries, USA and Canada

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

g. Risk profile according to sectors and counterparties:

31 December 2020	Exposure Categories (*)																TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
Agriculture	-	-	-	-	-	-	215.707	832	4.624	1.105	-	-	-	-	-	-	49.466	172.802	222.268
Farming and Stockbreeding	-	-	-	-	-	-	208.896	597	3.127	1.102	-	-	-	-	-	-	41.141	172.581	213.722
Forestry	-	-	-	-	-	-	5.186	-	67	1	-	-	-	-	-	-	5.254	-	5.254
Fishery	-	-	-	-	-	-	1.625	235	1.430	2	-	-	-	-	-	-	3.071	221	3.292
Manufacturing	-	-	-	-	-	-	4.936.991	8.266	989.735	299.692	-	-	-	-	-	-	1.403.428	4.831.256	6.234.684
Mining and Quarrying	-	-	-	-	-	-	280.742	499	638.667	22.740	-	-	-	-	-	-	87.828	854.820	942.648
Production	-	-	-	-	-	-	3.341.361	7.759	338.108	276.643	-	-	-	-	-	-	1.156.532	2.807.339	3.963.871
Electricity, Gas and Water	-	-	-	-	-	-	1.314.888	8	12.960	309	-	-	-	-	-	-	159.068	1.169.097	1.328.165
Construction	-	-	-	-	-	-	2.322.799	2.824	1.734.602	431.619	-	-	-	-	-	-	2.133.603	2.358.241	4.491.844
Services	-	-	19	24.172	-	1.749.872	4.974.290	7.298	1.460.586	304.310	-	-	-	-	-	-	3.268.277	5.252.270	8.520.547
Wholesale and Retail Trade	-	-	-	-	-	-	1.509.535	5.390	146.672	55.661	-	-	-	-	-	-	711.279	1.005.979	1.717.258
Hotel, Food and Beverage services	-	-	-	-	-	-	815.609	350	1.078.454	2.730	-	-	-	-	-	-	37.227	1.859.916	1.897.143
Transportation and Telecom	-	-	-	-	-	-	489.920	460	179.392	51.650	-	-	-	-	-	-	191.388	530.034	721.422
Financial Institutions	-	-	-	24.172	-	1.749.872	1.994.951	402	48.290	81	-	-	-	-	-	-	2.029.091	1.788.677	3.817.768
Real Estate and Rental Services	-	-	-	-	-	-	93.511	658	2.391	190.636	-	-	-	-	-	-	231.121	56.075	287.196
Self-employment Services	-	-	-	-	-	-	7.944	2	1.995	148	-	-	-	-	-	-	7.650	2.439	10.089
Educational Services	-	-	-	-	-	-	31.377	22	2.916	1.963	-	-	-	-	-	-	36.278	-	36.278
Health and Social Services	-	-	19	-	-	-	31.443	14	476	1.441	-	-	-	-	-	-	24.243	9.150	33.393
Other	4.213.813	206.625	75	-	-	-	142.764	201.910	69.049	49.721	-	-	-	-	-	-	1.682.306	2.868.755	3.697.508
Total	4.213.813	206.625	94	24.172	-	1.749.872	12.592.551	221.130	4.258.596	1.086.447	-	-	-	-	-	-	1.682.306	9.723.529	16.312.077

1. Conditional and unconditional exposures to central governments or central banks
2. Conditional and unconditional exposures to regional governments or local authorities
3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
4. Conditional and unconditional exposures to multilateral development banks
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11. Receivables defined in high risk category by BRSA
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16. Stock Exchange
17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued):

g. Risk profile according to sectors and counterparties:

31 December 2019	Exposure Categories (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agriculture	-	-	-	-	-	-	69.578	2.725	4.982	1.167	-	-	-	-	-	-	-	24.208	54.244	78.452
Farming and Stockbreeding	-	-	-	-	-	-	63.255	2.725	3.395	1.164	-	-	-	-	-	-	-	19.293	51.246	70.539
Forestry	-	-	-	-	-	-	1	-	156	1	-	-	-	-	-	-	-	158	-	158
Fishery	-	-	-	-	-	-	6.322	-	1.431	2	-	-	-	-	-	-	-	4.757	2.998	7.755
Manufacturing	-	-	-	-	-	-	4.216.636	16.191	1.130.797	219.408	-	-	-	-	-	-	-	895.225	4.687.807	5.583.032
Mining and Quarrying	-	-	-	-	-	-	175.130	840	638.698	28.425	-	-	-	-	-	-	-	87.590	755.503	843.093
Production	-	-	-	-	-	-	2.898.585	15.301	480.794	190.979	-	-	-	-	-	-	-	745.894	2.839.765	3.585.659
Electricity, Gas and Water	-	-	-	-	-	-	1.142.921	50	11.305	4	-	-	-	-	-	-	-	61.741	1.092.539	1.154.280
Construction	-	-	-	-	-	-	2.023.708	3.839	1.813.413	230.772	-	-	-	-	-	-	-	1.157.969	2.913.763	4.071.732
Services	-	-	-	7.543	-	1.773.743	2.592.348	15.180	1.733.957	190.206	-	-	-	-	-	-	-	1.911.719	4.401.258	6.312.977
Wholesale and Retail Trade	-	-	-	-	-	-	1.280.079	10.957	173.288	86.394	-	-	-	-	-	-	-	568.202	982.516	1.550.718
Hotel, Food and Beverage services	-	-	-	-	-	-	422.942	310	1.080.247	16.559	-	-	-	-	-	-	-	52.429	1.467.629	1.520.058
Transportation and Telecom	-	-	-	-	-	-	376.684	1.338	208.542	52.747	-	-	-	-	-	-	-	235.154	404.157	639.311
Financial Institutions	-	-	-	7.543	-	1.773.743	315.265	197	60.138	137	-	-	-	-	-	-	-	934.360	1.222.663	2.157.023
Real Estate and Rental Services	-	-	-	-	-	-	137.238	2.061	202.956	28.626	-	-	-	-	-	-	-	77.186	293.695	370.881
Self-employment Services	-	-	-	-	-	-	24.530	40	2.441	148	-	-	-	-	-	-	-	14.943	12.216	27.159
Educational Services	-	-	-	-	-	-	5.440	90	3.319	3.374	-	-	-	-	-	-	-	10.921	1.302	12.223
Health and Social Services	-	-	-	-	-	-	30.170	187	3.026	2.221	-	-	-	-	-	-	-	18.524	17.080	35.604
Other	3.654.647	198.532	71	-	-	-	113.968	426.351	121.709	29.008	-	-	-	-	-	-	-	1.306.506	3.166.210	5.850.792
Total	3.654.647	198.532	71	7.543	-	1.773.743	9.016.238	464.286	4.804.858	670.561	-	-	-	-	-	-	-	7.155.331	14.741.654	21.896.985

1. Conditional and unconditional exposures to central governments or central banks
2. Conditional and unconditional exposures to regional governments or local authorities
3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
4. Conditional and unconditional exposures to multilateral development banks
5. Conditional and unconditional exposures to international organisations
6. Conditional and unconditional exposures to banks and brokerage houses
7. Conditional and unconditional exposures to corporates
8. Conditional and unconditional retail exposures
9. Conditional and unconditional exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization Positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Stock Exchange
17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

II. EXPLANATIONS ON CREDIT RISK (Continued):

h. Analysis of maturity-bearing exposures according to remaining maturities:

31 December 2020	Term To Maturity				
Risk classifications	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Claims on sovereigns and Central Banks	89.422	152.884	17.552	80.071	1.055.956
Claims on regional governments or local authorities	-	-	-	191.498	157.452
Claims on administrative bodies and other non-commercial undertakings	75	-	-	-	19
Claims on multilateral development banks	-	-	-	-	24.172
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	129.276	320.720	172.069	202.273	735.825
Claims on corporates	2.546.559	1.367.560	948.585	1.311.636	6.400.610
Claims included in the regulatory retail portfolios	2.544	8.030	12.524	46.154	151.879
Claims secured by residential property	97.122	101.944	211.989	316.091	3.531.449
Past due loans	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	2.864.998	1.951.138	1.362.719	2.147.723	12.057.362

31 December 2019	Term To Maturity				
Risk classifications	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Claims on sovereigns and Central Banks	497.502	79.808	23.477	17.191	1.015.054
Claims on regional governments or local authorities	-	-	-	-	198.532
Claims on administrative bodies and other non-commercial undertakings	71	-	-	-	-
Claims on multilateral development banks	-	-	-	-	7.543
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	710.618	320.595	104.914	130.678	483.825
Claims on corporates	1.296.410	708.589	879.528	1.449.460	4.682.251
Claims included in the regulatory retail portfolios	22.398	7.464	21.769	66.339	346.317
Claims secured by residential property	82.278	94.026	166.717	523.299	3.938.535
Past due loans	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	2.609.277	1.210.482	1.196.405	2.186.967	10.672.057

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

II. EXPLANATIONS ON CREDIT RISK (Continued):

i. Information about the risk exposure categories:

In the standard approach calculations, the Bank uses Fitch Credit Rating Institution ratings when determining the risk weights of risk classes in accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks".

Fitch Credit Rating Institution ratings are taken into consideration when evaluating the entire class of receivables from central governments or central banks and receivable portfolios from financial institutions. Fitch Ratings are not taken into consideration for other risk classes.

The Fitch Rating assigned to a debtor is valid for all of the debtor's assets, no exception is made for a specific category of assets.

A Credit Rating Institution which is not included in the institution's mapping table is not taken into consideration in the credit risk amount calculation process.

j. Exposures by risk weights:

31 December 2020								
Risk Weights	0%	20%	35%	50%	75%	100%	150%	Deductions from Equity
1.Exposures before Credit Risk Mitigation	4.073.005	1.305.266	479.053	4.174.729	220.732	15.662.876	119.945	26
2. Exposures after Credit Risks Mitigation (*)	4.820.885	1.496.687	467.712	3.808.088	211.574	15.158.368	72.292	26

(*) The bank mitigates the credit risk using the simple financial collateral methods.

31 December 2019								
Risk Weights	0%	20%	35%	50%	75%	100%	150%	Deductions from Equity
1.Exposures before Credit Risk Mitigation	2.374.864	1.129.853	564.303	3.989.785	472.234	13.224.523	141.421	2.679
2. Exposures after Credit Risks Mitigation (*)	2.928.175	1.737.714	536.822	3.263.519	451.384	12.906.048	73.321	2.679

(*) The bank mitigates the credit risk using the simple financial collateral methods.

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

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

II. EXPLANATIONS ON CREDIT RISK (Continued):

k. Informations in terms of major sectors and type of counterparties:

31 December 2020	Loans		Provisions	
Major Sectors / Counterparties	Significant Increase of Credit Risk (Stage 2)	Default(Stage 3)	Expected Credit Loss Provision (Regulation of provision-Stage 2)	Expected Credit Loss Provision (Regulation of provision-Stage 3)
Agriculture	3.190	1.786	-	681
Farming and Stockbreeding	3.123	1.775	-	673
Forestry	67	5	-	4
Fishery	-	6	-	4
Manufacturing	341.981	500.460	36.451	200.768
Mining and Quarrying	-	31.183	-	8.443
Production	341.809	468.582	36.451	191.939
Electricity, Gas and Water	172	695	-	386
Construction	356.981	633.292	97.044	201.673
Services	1.498.401	500.302	360.660	195.992
Wholesale and Retail Trade	550.191	104.634	123.296	48.973
Accommodation and Dining	902.804	6.622	234.998	3.892
Transportation and Telecom	21.951	72.316	1.681	20.666
Financial Institutions	-	423	-	342
Real Estate and Rental Services	19.084	310.056	518	119.420
Professional Services	-	153	-	5
Educational Services	260	4.519	2	2.556
Health and Social Services	4.111	1.579	165	138
Other	323.512	235.638	108.360	70.550
Total	2.524.065	1.871.478	602.515	669.664

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

II. EXPLANATIONS ON CREDIT RISK (Continued):

k. Informations in terms of major sectors and type of counterparties (continued):

31 December 2019	Credits		Provisions	
Major Sectors / Counterparties	Significant Increase of Credit Risk (Stage 2)	Default(Stage 3)	Expected Credit Loss Provision (Regulation of provision-Stage 2)	Expected Credit Loss Provision (Regulation of provision-Stage 3)
Agriculture	3.381	1.772	1	605
Farming and Stockbreeding	3.381	1.763	1	599
Forestry	-	4	-	3
Fishery	-	5	-	3
Manufacturing	450.239	316.828	97.483	97.420
Mining and Quarrying	25.682	33.292	546	4.867
Production	424.328	283.525	96.937	92.546
Electricity, Gas and Water	229	11	-	7
Construction	467.900	290.578	24.896	59.806
Services	1.429.190	292.494	259.958	102.288
Wholesale and Retail Trade	506.613	143.363	78.636	56.969
Accommodation and Dining	602.918	20.369	134.805	3.810
Transportation and Telecom	26.998	75.750	228	23.003
Financial Institutions	-	423	-	286
Real Estate and Rental Services	280.265	45.362	46.081	16.736
Professional Services	-	154	-	6
Educational Services	6.111	4.499	3	1.125
Health and Social Services	6.285	2.574	205	353
Other	415.874	45.472	87.955	16.464
Total	2.766.584	947.144	470.293	276.583

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

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

II. EXPLANATIONS ON CREDIT RISK (Continued):

1. Information about Value Adjustment and Change in Provisions:

31 December 2020	Opening Balance	Provision for Period	Write off from Asset(*)	Other Adjustments (**)	Closing Balance
1. Specific Provisions	284.893	389.361	-	4.779	679.033
2. General Provisions	532.528	19.059	-	168.634	720.221
TOTAL	817.421	408.420	-	173.413	1.399.254

(*) The Other Adjustments column consists of asset sales and exchange rate differences of provisions in foreign currencies.

(**) Includes specific provisions allocated for uncompensated non-cash loans, cheque-book allowances and free provisions which the Bank has classified as non-performing loans.

31 December 2019	Opening Balance	Provision for Period	Write off from Asset(*)	Other Adjustments (**)	Closing Balance
1. Specific Provisions (***)	203.260	227.903	(59.706)	(86.564)	284.893
2. General Provisions	424.885	109.105	(22.764)	21.302	532.528
TOTAL	628.145	337.008	(82.470)	(65.262)	817.421

(*) Includes special provisions for receivables that the Bank has written off from its assets by selling to an asset management company on March 29, 2019.

(**)The Other Adjustments column includes exchange rate differences of specific and general provisions in foreign currencies and written-off loans amount to TL 54.110.

(***) Includes specific provisions allocated for uncompensated non-cash loans which the Bank has classified as non-performing loans.

m. Risks Included in Cyclical Capital Buffer Calculation :

None.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT:

Risk Management Approach and Risk Weighted Amounts

a. Risk Management Approach of the Bank:

1. The way risk profile of the Bank is determined by business model and its interaction and risk appetite:

The Bank prepares its business strategy including medium and long term growth objectives and makes an annual revision through reviewing. The Bank reviews its business strategy annually in a periodic manner and aforementioned business strategies are reviewed ad hoc and more frequently and can be revised if it is required by economic developments and market conditions. Risk appetite of the Bank is designated in full compliance with its business strategy and main risks, which shall be taken due to main components of main activity area and business strategy of the Bank, comprise main inputs of risk appetite determined by Board of Directors.

2. Risk management structure: Responsibilities assigned within the body of the Bank:

Board of Directors is responsible for developing a risk appetite in compliance with business strategy of the Bank and establishing a risk management system in line with risk appetite. Board of Directors carries out activities such as definition, monitoring, reporting of the risk and developing risk mitigating measures through Audit Committee, Board of Directors Risk Committee, Risk Coordination Committee, Assets and Liabilities Committee (ALCO) and Risk Management Group, Internal Control Department, Directorate of Supervisory Board and Compliance Departments.

Audit Committee controls whether provisions included in legislation related risk management and intra-group and implementation procedures approved by the Board of Directors are applied or not and makes recommendations to board of directors regarding measures which should be taken. It also evaluates whether there are method, instrument and implementations procedures required for identification, measurement, monitoring and controlling of Group's risks or not.

Board Risk Committee is responsible for the development of risk management systems in line with business strategy and risk appetite of the Bank, presentation of amendment recommendations related to risk management policies to Board of Directors and establishment of required method, instrument and implementation procedures in order to ensure identification, measurement, monitoring and reporting of risks by non-executive independent departments.

ALCO is responsible to monitor and manage structural asset-liability non-compliance of the Bank together with the monitoring and controlling of liquidity and exchange risks through holding meetings on a weekly basis.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Risk management structure: Responsibilities assigned within the body of the Bank (Continued):

Risk Management Group, which carries out its activities independent from executive functions, consist of Credit Risk and Modelling Unit, Market Risk Unit and Operational Risk Unit which operate under the Credit and Market Risk Unit. Credit Risk and Modelling Unit is responsible for defining, measuring, monitoring and reporting of outputs with respect to risks exposed by the Bank and its partners which are subject to consolidation and sharing of solution recommendations for risk mitigation with related departments. Credit risk appetite limits, which are approved by Board of Directors, are monitored in specific periods and results are reported to Board of Directors and senior management. The unit gives support to credit risk analysis through stress tests, reverse stress tests and scenario analysis. The department is also responsible for monitoring the results of internal rating systems and TFRS 9 models, conducting validation and calibration works.

Market Risk Unit is responsible for defining, measuring, monitoring and reporting of outputs with respect to risks exposed by the Bank and its partners which are subject to consolidation. The Unit is also responsible to monitor and report limits specified related to treasury risk parameters and liquidity risk. Limit-risk follow-up regarding counterparty credit risk, stress tests and scenario analysis are also under the responsibility of the unit in question.

Operational Risk Unit carries out definition, measurement, assessment, controlling, mitigation, monitoring and reporting activities of operational risks. Internal Audit is responsible for the evaluation of operational risk management framework with its all aspects in an independent manner. The aforementioned evaluation includes both activities of business units and also activities of Operational Risk Management.

Internal Control Center carries out activities at secondary control level in order to monitor and report risks and develop measures reducing risks with executive departments. Directorate of Supervisory Board carries out required intra-company audits in order to reduce risks exposed by the Bank to a minimum level.

Compliance Department carries out the function to monitor legislative amendments and validity and effective date of regulations and timely informing of related parties with respect to aforementioned issues. Regulations, which are directly or indirectly related to risks exposed by Bank are shared with both executive and non-executive departments such as Risk Management Group.

3. Channels which are used to extend and apply risk culture in the Bank:

Risk Management application is developed on Intranet platform for the purpose of increasing awareness of employees in order to extend risk culture within the body of the Bank. Through this application, trainings and documents increasing awareness are shared with employees. Online trainings, related to risk management developed in order to raise awareness of employees, are shared with employees via remote training platform. Risk point of views of employees are supported through in-class trainings, if required.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

3. Channels which are used to extend and apply risk culture in the Bank(Continued):

Information on risk position of the Bank, expected and unexpected loss estimations, impacts of negative conditions on balance sheet of the Bank and realization levels of risk appetite limits determined by Board of Directors is share with Board of Directors, related committees and senior management by Risk Management Group through reports issued. If there exists an overflow on the risk appetite limits, related departments are informed in order to ensure taking of pre-determined measures and results are monitored by Risk Management Group.

4. Main components and scope of Risk measurement systems:

Rating is used for corporate and commercial customers while score card and decision tree is used for retail loans in the Bank in order to measure loan risk. Internal rating systems are designated in the framework of business strategy, risk appetite, regulations of authorities with respect to rating systems and internal policies and their performances are periodically monitored by Risk Management Group and results are reported to Board of Directors and senior management. On the other hand, validations and calibrations of rating models are executed/coordinated by Credit Risk and Modelling Unit. The Bank has information systems enabling reporting according to sector, segment, branch, exchange rate, maturity, internal rating grade and risk class of credit portfolio. Risk appetite limits determined in the Loan Risk Policy are monitored on a monthly basis and conclusions reported to Board of Directors and senior management.

The Bank determines internal limits which are revised in the framework of business model, strategy and risk appetite of the Bank reviewed at least on an annual basis for exchange rate, interest, counterparty and liquidity risk which may be exposed. All limits are approved by Board of Directors and monitored in an effective manner by Board of Directors.

Basic Indicator Approach is used in order to determine capital requirement required for operational risk in accordance with legislations of BRSA. The Bank records operational risk events in the operational risk database and performs self-evaluation studies in order to raise awareness in operational risks, determine current operational risks and reduce possible negative impacts of such risks to minimum.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

5. Disclosures on risk reporting processes provided to Board of Directors and senior management:

Risk Management Group reports results of analysis related to risks such as credit, liquidity and operational to Board of Directors, Audit Committee, Board Risk Committee, Risk Coordination Committee, ALCO and senior management. Reporting is made to Risk Coordination Committee and Board of Directors on a monthly basis while it is made to Audit Committee and Board of Directors Risk Committee on a quarterly basis.

Results of concentration and credit risk stress test based on sector, segment, maturity, collateral, currency, internal rating of customers; structural interest rate risk sourcing from banking accounts, details related to derivatives, liquidity analysis, stress tests made related to counterparty credit risk, deposit concentration, realizations related to risk appetite limits of market and liquidity; historical developments of operational risks based on loss categories and their distribution based on Bank and subsidiaries are included in aforementioned reports.

6. Disclosures on Stress Test:

The Bank makes stress tests for risk categories of credit, market, liquidity and operational risk both in scope of Internal Capital Adequacy Assessment Process (ICAAP) and also as periodical internal and results are shared with Board of Directors, senior management and audit authority, if required.

The Bank considers scenarios announced by BRSA and pre-determined negative and extremely negative scenarios for stress tests made in scope of ICAAP. Scenarios are determined through taking macro-economic variables, business strategy and risk appetite of the Bank and negative past conditions into account. In scope of ICAAP, both particular and also total stress tests are made based on significant risk types.

Internal periodic stress tests are made in the framework of scenarios determined internally in accordance with portfolio, business strategy, risk appetite and retrospective estimations of the Bank. The Bank prepares its internal periodic stress tests through benefiting from sensitivity analysis, stress test, reverse stress test and scenarios analysis instruments. Credit risk stress tests include scenarios such as depreciation of Turkish Lira, increase in overdue receivables and decrease in real estate values. On the other hand, reverse stress tests towards risk appetite limits through scenario analysis related to concentration index are periodically made.

Impact of each shocks on profitability and capital is measured in stress tests made in scope of Market Risk. Risk factors, for which a shock is applied, are exchange rates, interests and prices of shares. Foreign exchange position gain/loss sourcing from sudden exchange and interest movements, banking activities, impact of Interbank transactions and Commercial Funding on capital, bond, derivative and share portfolio gain/loss are calculated in stress tests.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

6. Disclosures on Stress Test (Continued):

Impact of exchange, volatility and interest rate shocks on derivative portfolio specific for customer is reviewed in scope of Counterparty Credit Risk stress tests and results are discussed in related committees.

In scope of operational risk tests, loss estimation is made through statistical methods via taking historical loss data into account and its effect on capital requirement is reviewed.

7. Risk management, hedging and mitigation strategies and process of the group sourcing from its business model and Monitoring processes of continuing effects of protection and mitigation

The Bank includes collaterals in Communique on Credit Risk Mitigation Techniques to credit risk mitigation with respect to capital requirements calculations and those collaterals are used in calculations over their consideration rates in the aforementioned communique. The operational conditions mentioned in the Communique should be met in order to be able to include collaterals in credit risk mitigation.

Determination of actions towards mitigation through assessing risks exposed in current processes, key risk indicators and loss events, use of support services and pre-evaluation studies of implementation procedures and policies of new products are carried out in order to mitigate risk which are exposed or shall be exposed in operational risk management. Insurances towards risk mitigation are made. Risk mitigation exposed due to a disruption is aimed to be reduced through Business Continuity Plan approved by Board of Directors ensuring the continuity of operations in reasonable periods. In this scope, Business Continuity Plan is periodically tested and required updates are made.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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 31 December 2020:

- 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
		31 December 2020	31 December 2019	31 December 2020
1	Credit risk (excluding counterparty credit risk) (CCR)	17.403.946	15.094.397	1.392.316
2	Standardised approach (SA)	17.403.946	15.094.397	1.392.316
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	527.962	555.067	42.237
5	Standardised approach for counterparty credit risk (SACCR)	527.962	555.067	42.237
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	220.164	114.989	17.613
17	Standardised approach (SA)	220.164	114.989	17.613
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	1.312.722	1.073.051	105.018
20	Basic indicator approach	1.312.722	1.073.051	105.018
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	Total (1+4+7+8+9+10+11+12+16+19+23+24)	19.464.794	16.837.504	1.557.184

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued):

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

c. Relations between Financial Tables and Regulatory Exposure Volume

1. Differences and Matchmaking Between Accounting Consolidation and Legal Consolidation

31 December 2020	Carrying values of items in accordance with TAS					
	Valued amount according to TAS within legal consolidation (*)	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances with the Central Bank (net)	3.270.581	3.046.360	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss (net)	368.422	-	285.662	-	274.995	26
Financial Assets at Fair Value Through Profit or Loss (net)	-	-	-	-	-	-
Banks (net)	87.741	83.477	-	-	-	-
Money Market Placements (net)	100.050	-	100.050	-	-	-
Financial Assets Available-for-Sale (net)	407.014	407.014	3.711	-	-	-
Loans and Receivables (net)	16.192.341	15.846.312	-	-	-	-
Factoring Receivables (net)	-	-	-	-	-	-
Other Financial Assets measured at Amortized Cost (net)	510.403	510.403	304.621	-	-	-
Investment in Associates (net)	-	-	-	-	-	-
Investment in Subsidiaries (net)	548.560	548.560	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-	-
Lease Receivables (net)	-	-	-	-	-	-
Derivative Financial Assets Held For Hedging (net)	554.469	-	554.469	-	-	-
Property And Equipment (net)	139.397	124.587	-	-	-	14.810
Intangible Assets (net)	41.147	-	-	-	-	41.147
Investment Property (net)	-	-	-	-	-	-
Tax Asset (net)	91.757	90.835	-	-	-	-
Assets Held For Resale And Related To Discontinued Operations (net)	495.818	495.818	-	-	-	-
Other Assets (net)	315.947	305.479	-	-	-	-
Total assets	23.123.647	21.458.845	1.248.513	-	274.995	55.983
Liabilities						
Deposits	13.942.287	-	-	-	-	13.942.287
Derivative Financial Liabilities Held for Trading	459.847	-	457.783	-	213.751	2.064
Funds Borrowed	3.277.935	-	-	-	-	3.277.935
Money Markets	242.569	-	242.569	-	-	-
Marketable Securities Issued	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous Payables	639.214	-	-	-	-	639.214
Other Liabilities	122.437	-	-	-	-	122.437
Factoring Payables	-	-	-	-	-	-
Lease Payables	74.872	-	-	-	-	74.872
Derivative Financial Liabilities Held For Hedging	94.972	-	-	-	-	94.972
Provisions	327.277	-	-	-	-	327.277
Tax Liability	43.659	-	-	-	-	43.659
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-	-
Subordinated Loans	2.228.521	-	-	-	-	2.228.521
Shareholder's Equity	1.670.057	-	-	-	-	1.670.057
Total liabilities	23.123.647	-	700.352	-	213.751	22.423.295

(*) On the table above, amounts of allocated TFRS 9 loss provisions in the current period are presented in the related balance sheet entries.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

c. Relations between Financial Tables and Regulatory Exposure Volume (Continued):

1. Differences and Matchmaking Between Accounting Consolidation and Legal Consolidation

31 December 2019	Carrying values of items in accordance with TAS					
	Valued amount according to TAS within legal consolidation (*)	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances with the Central Bank (net)	2.162.662	2.162.662	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss (net)	232.594	-	197.151	-	191.406	2.679
Financial Assets at Fair Value Through Profit or Loss (net)	-	-	-	-	-	-
Banks (net)	572.129	572.190	-	-	-	-
Money Market Placements (net)	540.169	-	540.169	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (net)	328.402	328.402	11.651	-	-	-
Loans and Receivables (net)	13.023.567	13.539.485	-	-	-	-
Factoring Receivables (net)	7	7	-	-	-	-
Other Financial Assets measured at Amortized Cost (net)	262.923	262.923	247.227	-	-	-
Investment in Associates (net)	-	-	-	-	-	-
Investment in Subsidiaries (net)	523.728	523.728	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-	-
Lease Receivables (net)	-	-	-	-	-	-
Derivative Financial Assets Held For Hedging (net)	453.439	-	453.439	-	-	-
Property And Equipment (net)	164.471	148.492	-	-	-	15.979
Intangible Assets (net)	37.398	-	-	-	-	37.398
Investment Property (net)	-	-	-	-	-	-
Tax Asset (net)	44.480	44.480	-	-	-	-
Assets Held For Resale And Related To Discontinued Operations (net)	408.176	408.176	-	-	-	-
Other Assets (net)	138.428	139.134	-	-	-	-
Total assets	18.892.573	18.129.679	1.449.637	-	191.406	56.056
Liabilities						
Deposits	11.563.046	-	-	-	-	11.563.046
Derivative Financial Liabilities Held for Trading	200.348	-	197.011	-	163.199	3.337
Funds Borrowed	2.300.983	-	-	-	-	2.300.983
Money Markets	193.941	-	193.941	-	-	-
Marketable Securities Issued	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous Payables	497.518	-	-	-	-	497.518
Other Liabilities	111.389	-	-	-	-	111.389
Factoring Payables	-	-	-	-	-	-
Lease Payables	114.358	-	-	-	-	114.358
Derivative Financial Liabilities Held For Hedging	77.913	-	-	-	-	77.913
Provisions	81.667	-	-	-	-	81.667
Tax Liability	34.210	-	-	-	-	34.210
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-	-
Subordinated Loans	1.797.925	-	-	-	-	1.797.925
Shareholder's Equity	1.919.275	-	-	-	-	1.919.275
Total liabilities	18.892.573	-	390.952	-	163.199	18.501.621

(*) On the table above, amounts of allocated TFRS 9 loss provisions in the current period are presented in the related balance sheet entries.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Main Sources of Differences between Amounts valued in accordance with TAS and Risk Exposures

	31 December 2020	Total	Subject To Credit Risk	Subject to Securitisation	Subject To Counterparty Credit Risk	Subject To Market Risk
1	Asset carrying value amount under scope of regulatory consolidation	22.982.353	21.458.845	-	1.248.513	274.995
2	Liabilities carrying value amount under regulatory scope of consolidation	(914.103)	-	-	(700.352)	(213.751)
3	Total net amount under regulatory scope of consolidation	22.068.250	21.458.845	-	548.161	61.244
4	Off-Balance Sheet Amounts	5.177.710	5.177.710	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences Resulted from the BRSA's Applications	(990.190)	(1.851.024)	-	701.914	158.920
9	Differences due to risk reduction	-	-	-	-	-
10	Risk Amounts	26.255.770	24.785.531	-	1.250.075	220.164

	31 December 2019	Total	Subject To Credit Risk	Subject to Securitisation	Subject To Counterparty Credit Risk	Subject To Market Risk
1	Asset carrying value amount under scope of regulatory consolidation	19.770.722	18.129.679	-	1.449.637	191.406
2	Liabilities carrying value amount under regulatory scope of consolidation	(554.151)	-	-	(390.952)	(163.199)
3	Total net amount under regulatory scope of consolidation	19.216.571	18.129.679	-	1.058.685	28.207
4	Off-Balance Sheet Amounts	3.690.087	3.690.087	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences Resulted from the BRSA's Applications	(894.686)	(1.365.409)	-	383.941	86.782
9	Differences due to risk reduction	-	-	-	-	-
10	Risk Amounts	22.011.972	20.454.357	-	1.442.626	114.989

3. Disclosures on Differences between Amounts valued in accordance with TAS and Risk Exposures

There exist no difference between accounting and legal consolidation scopes of the Bank.

Significant differences between amounts valued in accordance with TAS and Risk exposures source from securities and derivatives. Securities mentioned in repo transaction in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are designated in Money Markets Debts item. For derivative transactions, the Bank has foreign exchange swap and interest swap products which are monitored under trading accounts and made for structural interest rate risk and liquidity risk management. Therefore, those products should not be considered in scope of market risk although they are monitored under trading accounts in accordance with TAS.

Valuation methodologies, including disclosure on using of market value and model value methodologies, performs valuation of financial assets of the Bank tracked under trading accounts on a daily basis. Market prices, obtained from independent data providers, are kept in treasury system and valuations are made systemically.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

Market values of products such as forward exchange, foreign exchange swaps and interest swaps traded in over the counter markets are calculated based on discounting of cash flows over market interest rates. Globally accepted valuation methodologies are used for option products.

The Bank uses weighted average prices for securities trades in BIST for Turkish Lira securities portfolio while it uses prices in nature of indicator announced by Central Bank for securities not traded on BIST. Market average prices, obtained from independent data providers, are used for foreign currency securities.

Description of independent price approval processes: The Bank obtains market prices, which shall be used in valuation, from independent data providers and manages through checkpoints established independent from risk generating unit/departments. Valuation prices are determined through collection of data in treasury system for risk factors exposed at a pre-determined hour in each day. The aforementioned data is formed following an inquiry executed by Information Technologies without the interruption of any users. Prices, which shall be used in valuations, are controlled by Market Risk Department on a daily basis.

Besides, Market Risk Department controls and documents yield curves methodologically, valuation methods and accuracy of fair value calculations periodically.

Processes for valuations adjustments or differences: The Bank does not make valuation adjustment since financial assets recognized at fair value are traded on an active market.

d. Credit Risk Disclosures

1. General Qualitative Information on Credit Risk

i. Conversion of Bank's business model to components of credit risk profile:

The Bank has forward-looking measurement and forecast instruments which are sensitive to risk and including appropriate information technology applications and management information systems in order to take expected or unexpected losses into account in all types of risk under both normal and also negative market conditions. The conversion of business model to components in risk profile is digitized through aforementioned instruments. The Bank especially uses stress test and scenario analysis in order to measure effects of negative conditions on bank's portfolio and business strategy and risk appetite of the Bank is considered while determining parameters for respective analysis.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

ii. Criteria and approaches used in determining the credit risk policy and credit risk limits

The Bank determines its short, medium and long term credit strategy in line with its business strategy and risk appetite and implement operations according to the criteria detailed in credit policies and credit risk policies in order to minimize expected and unexpected losses to be incurred due to load activities. The loan policies determine the procedures for the Bank's lending, monitoring, collection, administrative and legal follow-up processes, based on the principle of prudence and applicability. In other respect, with the credit risk policy, the general framework of the credit risk operations demanded by the legal authorities and/or performed effectively manage the credit risk internally is drawn. Therefore, the Credit Risk Policy, which sets the highest level framework of the Bank's credit risk operations, and the credit risk appetite limits detailed in this document are determined on the basis of legal requirements, the Bank's business strategy, credit strategy, risk appetite and credit policies are reviewed at least once a year and if necessary are being updated. While determining the credit risk appetite limits, the economic conjuncture, the Bank's business strategy, risk appetite and retroactive portfolio realizations are taken into considerations. In other respect, methods such as stress test and reverse stress test are used in the process of determining limit levels.

iii. Structure and organization of credit risk management and control function

All of the process related to direct or indirect credit allocation, extension, monitoring and operation of the Bank in favour of individuals or legal entities are reviewed in scope of credit risk management. In this context, first level of controls are detailed in credit policies and procedures. Internal rating systems are benefited as well as credit allocation processes in order to measure creditability of customers.

Credit risk studies in scope of capital adequacy are carried out by Credit Risk and Modelling Unit within the body of Risk Management Group in the framework of Credit Risk Policy. Credit Risk Policy includes activities related to credit risk management, credit risk management organization, related parties and their responsibilities and duties, main principles, implementations, limits and reporting determine in credit risk management.

Duties and responsibilities of Risk Management Group Credit Risk and Modelling Unit with respect to credit risk management are as follows:

- To make principal amount calculations subject to legal credit risk in the framework of determined rules by related regulations of BRSA and to monitor up-to-dateness of application used in this scope,
- To report results of analysis related to risk definition, measurement, analysis, monitoring and portfolio subject to in/off balance sheet credit risks to senior management in scope of Credit Risk Policy approved by Board of Directors and related application principles,
- To support development of rating/score card models for corporate, commercial and retail credits, to monitor their performances and to participate/coordinate their validation studies,

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

iii. Structure and organization of credit risk management and control function

- To perform credit risk stress test, reverse stress test and scenario analysis determined through related regulations of BRSA and approved by Board of Directors and to share respective results with Risk Coordination Committee, senior management, Audit Committee, Board of Directors Risk Committee and Board of Directors,
- To make probability of default (PD), loss given default (LGD) and residual risk calculations based on internal rating models and share opinion and recommendations for the establishment of infra-structure for aforementioned calculations,
- To analyse credits portfolio through applying stress test, reverse stress test and scenario analysis, if required, for credit risk management,
- To monitor, report risk appetite limits determined in Credit Risk Policy periodically and share opinion and recommendations in revision of risk appetite limits,
- To share recommendations developed for stress test and scenario analysis in order to be presented to Board of Directors, with Risk Coordination Committee and Risk Committee.
- To monitor the performance of TFRS 9 models, to perform and/or to coordinate model revision, validation and calibration works.

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

Three lines control mechanism is established in order manage credit risk and to reduce expected and unexpected losses to a minimum level at the Bank. The first line of controls are performed by executive units and include controls in entering into credit relation with customers having high level of creditability, credit allocation, crediting, repayment and monitoring phases. The second line of controls include activities performed by Risk Management Group and Internal Control Department and consist of definition, measurement, monitoring, reporting of risks and development of measures which shall reduce credit risk with executive departments. The third line of controls are performed by Supervisory Board. Directorate of Supervisory Board carries out required intra-company audits in order to reduce risks exposed by the Bank to a minimum level.

Compliance Department carries out the function to monitor legislative amendments and validity and effective date of regulations and timely informing of related parties with respect to aforementioned issues. Regulations, which are directly or indirectly related to risks exposed by Bank are shared with both executive and non-executive departments such as Risk Management Group.

Internal Audit function is executed by Directorate of Supervisory Board at the Bank. In this context, evaluations with respect to credit risk are carried out by Directorate of Supervisory Board through taking risks exposed by the Bank and related controls into account in the framework of annual audit plans. Assurance is provided on effectiveness and sufficiency of internal control and risk management strategies related to credit risk activity field executed towards strategies and objectives of the Bank through credit risk management in scope of headquarters unit and process audits and branch audits including participation of Directorate of Supervisory Board.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

iv. Relation between credit risk management, risk control, legal compliance and internal audit functions (Continued)

Managers of Risk Management Group, Internal Control Department, Compliance Department and Directorate of Supervisory Board inform members of Committee through holding Risk Coordination Committee on a monthly basis and Audit Committee and Board of Directors Risk Committee meetings held on quarterly basis.

Issues determined in the framework of second and third lines of controls are examined in meetings for credit risk management and risk mitigation measures are reviewed. Those departments report to Board of Directors through Audit Committee and Board of Directors Risk Committee.

v. Disclosures regarding risk reporting processes provided to members of Board of Directors and senior management

Credit risk exposed by the Bank is monitored periodically by Risk Management Group Credit Risk and Modelling Unit and results are shared with senior managers of ALCO, credit marketing and allocation on a weekly basis, with Board of Directors and Risk Coordination Committee on a monthly basis and with Board of Directors Risk Committee on a quarterly basis. The scope and main content of aforementioned reports consist of sector, segment, risk classes, internal rating grades, collateral concentration of credit portfolio; close monitoring and legal proceedings portfolios, ageing analysis, probability of default estimations calculated based on rating and scoring systems, foreign currency and maturity concentrations, capital adequacy, periodical comparisons and result of stress test and scenarios analysis.

2. Credit quality of assets

31 December 2020		Gross carrying values of as per TAS		Allowances/ impairments	Net values
	Current Period	Defaulted exposures	Non-defaulted exposures		
1	Loans	1.871.478	15.650.741	1.330.842	16.191.377
2	Debt Securities	-	992.503	4	992.499
3	Off-balance sheet exposures	29.057	5.658.062	68.408	5.618.711
4	Total	1.900.535	22.301.306	1.399.254	22.802.587

31 December 2019		Gross carrying values of as per TAS		Allowances/ impairments	Net values
	Current Period	Defaulted exposures	Non-defaulted exposures		
1	Loans	947.144	12.868.930	793.267	13.022.807
2	Debt Securities	-	619.094	13	619.081
3	Off-balance sheet exposures	27.624	3.702.501	24.141	3.705.984
4	Total	974.768	17.190.525	817.421	17.347.872

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

3. Changes in stock of defaulted loans and debt securities

	31 December 2020	
1	Defaulted loans and debt securities at the end of the previous reporting period	974.768
2	Loans and debt securities that have defaulted since the last reporting period	1.280.367
3	Returned to non-defaulted status	-
4	Amounts written off (-)	-
5	Other changes	(354.600)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	1.900.535

	31 December 2019	
1	Defaulted loans and debt securities at the end of the previous reporting period	711.756
2	Loans and debt securities that have defaulted since the last reporting period	628.407
3	Returned to non-defaulted status	-
4	Amounts written off (-)	108.145
5	Other changes	(257.250)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	974.768

4. Additional disclosures related to credit quality of assets:

i. Scope and descriptions of “overdue” receivables and “provisioned” receivables which are used for accounting and differences between descriptions of “overdue” and “provisioned”, if available.

Receivables having a delay of more than 90 days are defined as “overdue receivables”. There is no difference between “overdue receivable” and “provisioned” definitions since provisions are allocated for the whole overdue receivables.(Due to the temporary regulation of the BRSA, it is applied as 180 days until 30 June 2021.)

ii. Part of overdue receivables (more than 90 days) which are not evaluated as “provisioned” and reasons for this application:

None.

iii. Descriptions of methods used while determining provision amounts:

As of 1 January 2018, in accordance with the Communiqué related to “Procedures and Principals 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 31 December 2017, 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

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(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

4. Additional disclosures related to credit quality of assets (Continued):

iv. Descriptions of restructured receivables:

Loans and other receivables can be restructured, through providing additional loan, if required, or linked to a repayment schedule in order to provide collection of receivable of the bank and provide liquidity capacity to debtor if the non-fulfillment of liabilities related to credits and other receivables is sourcing from temporary liquidity deficiency.

v. Breakdown of receivables according to geographical regions, sector and residual maturity:

Separation of receivables according to geographical area (Cash and non-cash loans and non-performing loans):

		31 December 2020	31 December 2019
1	Domestic	21.165.593	16.399.262
2	European Union Countries	124.609	87.309
3	OECD Countries (*)	59.343	14.777
4	Off-shore Banking Regions	-	-
5	USA, Canada	343	274
6	Other Countries	14.220	1.199
7	Associates, Subsidiaries and Jointly Controlled Entities	-	-
8	Unallocated Assets / Liabilities	-	-
9	Total	21.364.108	16.502.821

(*) Includes OECD countries other than EU countries, USA and Canada.

Breakdown of receivables by sector (Cash and non-cash loans and non-performing loans):

		31 December 2020	31 December 2019
1	Agriculture	369.838	90.839
2	Farming and Stockbreeding	361.325	83.016
3	Forestry	5.233	157
4	Fishery	3.280	7.666
5	Manufacturing	7.573.591	5.916.830
6	Mining and Quarrying	1.071.629	877.138
7	Production	5.048.087	3.863.447
8	Electricity, Gas and Water	1.453.875	1.176.245
9	Construction	4.649.821	4.150.032
10	Services	7.660.833	4.828.122
11	Wholesale and Retail Trade	1.843.704	1.520.687
12	Accommodation and Dining	1.952.312	1.413.376
13	Transportation and Telecom	804.721	614.773
14	Financial Institutions	2.616.282	774.148
15	Real Estate and Rental Services	364.899	410.610
16	Professional Services	8.776	46.508
17	Educational Services	36.222	13.221
18	Health and Social Services	33.917	34.799
19	Other	1.110.025	1.516.998
20	Total	21.364.108	16.502.821

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

Separate receivables according to remaining demand (Cash and non-cash loans and non-performing loans):

31 December 2020	1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Undistributable	Total
Cash and Non-cash Loans	5.937.058	3.360.975	3.976.239	4.972.444	1.915.578	1.201.814	21.364.108
31 December 2019							
Cash and Non-cash Loans	3.670.716	2.439.677	3.171.151	4.960.992	1.589.724	670.561	16.502.821

vi. Amounts of receivables provisioned based on geographical regions and sector and amount written-off from assets through related provisions

Geographical and sectoral breakdowns of impaired and overdue receivables and provisions made for those receivables and value adjustments are in the below table and all amounts included are domestic.

		31 December 2020		31 December 2019	
		Non Performing Loan	Specific Provision	Non Performing Loan	Specific Provision
1	Agriculture	1.786	681	1.772	605
2	Farming and Stockbreeding	1.775	673	1.763	599
3	Forestry	5	4	4	3
4	Fishery	6	4	5	3
5	Manufacturing	500.460	200.768	316.828	97.420
6	Mining and Quarrying	31.183	8.443	33.292	4.867
7	Production	468.582	191.939	283.525	92.546
8	Electricity, Gas and Water	695	386	11	7
9	Construction	633.292	201.673	290.578	59.806
10	Services	500.302	195.992	292.494	102.288
11	Wholesale and Retail Trade	104.634	48.973	143.363	56.969
12	Accommodation and Dining	6.622	3.892	20.369	3.810
13	Transportation and Telecom	72.316	20.666	75.750	23.003
14	Financial Institutions	423	342	423	286
15	Real Estate and Rental Ser.	310.056	119.420	45.362	16.736
16	Professional Services	153	5	154	6
17	Educational Services	4.519	2.556	4.499	1.125
18	Health and Social Services	1.579	138	2.574	353
19	Other	235.638	70.550	45.472	16.464
20	Total	1.871.478	669.664	947.144	276.583

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

Provision amounts and sectoral breakdowns of non-performing loans written-off from assets and accounts are as follows:

	Written-off (Accounts)	Written-off (Assets)
Agriculture	382	3.254
Farming and Stockbreeding	336	2.736
Forestry	24	518
Fishery	22	-
Manufacturing	17.394	43.176
Mining and Quarrying	1.494	567
Production	15.900	42.609
Electricity, Gas and Water	-	-
Construction	11.574	4.033
Services	7.642	9.198
Wholesale and Retail Trade	7.457	8.420
Accommodation and Dining	141	275
Transportation and Telecom	5	364
Financial Institutions	-	2
Real Estate and Rental Services	9	137
Professional Services	-	-
Educational Services	3	-
Health and Social Services	27	-
Other	17.118	45
Total	54.110	59.706

vii. Aging analysis for overdue receivables.

Aging analysis for overdue receivables are included in Section Four II.b.

viii. Breakdown of restructured receivables based on being provisioned or not.

Specific and general provision are allocated for restructured receivables and free provision is allocated for miscellaneous risks in accordance with TFRS 9 and the Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" and there is no situation in which no provision is made.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

e. Credit Risk Mitigation

1. Qualitative disclosure on credit risk mitigation techniques

Collaterals obtained as guarantees of credits are secondary repayment sources of credits. Therefore, it should be considered that market values of assets and commitments, obtained as collaterals, are measureable and whether they have a second hand market or not. Collaterals accepted by Banks are listed in Corporate Credit Policy and its annexes.

Collaterals, which should be received as a guarantee for each credits and loan to value ratio with respect to those collaterals are determined during the allocation of credits. Related approval authority is authorized to determine a laon to value ratio for each customer and credit. If assets traded on markets having higher level of volatility are received as collaterals, a prudential loan to value rate is determined through considering maturity of the credit and price volatility of the asset.

Short term fluctuations in fair value of assets are not considered in evaluation of collaterals. Regular reviews of collaterals such as property and cheque whose change of value and translation to cash ability can not be monitored simultaneously are made. Market value of properties received as collateral are reviewed in accordance with rules determined by BRSA and internal rules determined in related policies.

Insuring of collaterals against possible losses is preferred, when possible.

In collateralized credit transactions, additional collateral should be received in case of the revaluation of the collateral shows that there is a significant decrease on the collateral and actual loan to value ratio is under the contractual loan to value ratio.

Establishment of type of collateral guarantor in a versatility preventing concentration on collateral providers and geography, is one of the main principles.

The Bank considers collaterals in its calculations for principal amount subject to credit risk in accordance with rules mentioned in Communique on Measurement and Evaluation of Bank's Capital Adequacy and its annexes and Communique on Risk Mitigation Techniques.

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(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Credit risk mitigation techniques

		Exposures unsecured carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
	31 December 2020							
1	Loans	11.503.571	4.687.806	3.163.480	-	-	-	-
2	Debt securities	992.499	-	-	-	-	-	-
3	Total	12.496.070	4.687.806	3.163.480	-	-	-	-
4	Of which defaulted	1.221.505	412.164	385.364	-	-	-	-

		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
	31 December 2019							
1	Loans	7.944.875	5.077.932	3.371.339	145.990	145.990	-	-
2	Debt securities	619.081	-	-	-	-	-	-
3	Total	8.563.956	5.077.932	3.371.339	145.990	145.990	-	-
4	Of which defaulted	689.874	165.110	93.403	-	-	-	-

f. Credit Risk if the Standard Approach is used

1. Qualitative Disclosures which shall be made related to Rating Grades used in the calculation of Credit Risk with Standard Approach by Banks

Credit Risk if the Standard Approach is used

Fitch Grades are used in credit risk standard approach calculations for the determined receivable classifications by the Bank.

Grades of Fitch Credit Rating are taken into consideration for claims on sovereign and claims on banks and other financial institutions.

The CRA rating assigned to a debtor is taken into account for all assets of the debtor, no difference is made for any asset category.

CRA, which is not included in twinning table of the institution, is not used.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects

31 December 2020		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	3.664.801	-	4.094.266	-	-	-
2	Exposures to regional governments or local authorities	348.950	-	206.624	-	103.312	%50,0
3	Receivables from administrative units and non-commercial enterprises	-	38	-	19	-	-
4	Exposures to multilateral development banks	-	24.172	-	24.172	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Exposures to institutions	460.823	250.011	603.147	198.849	369.939	%46,1
7	Exposures to corporates	9.609.444	4.797.858	9.356.630	3.054.010	11.534.755	%92,9
8	Retail exposures	205.202	62.721	205.225	15.240	159.104	%72,2
9	Exposures secured by residential property	473.102	14.581	463.838	5.820	163.699	%34,9
10	Exposures secured by commercial real estate	3.812.407	28.329	3.769.726	19.211	2.660.009	%70,2
11	Past-due loans	1.201.814	-	1.086.448	-	1.095.357	%100,8
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other receivables	1.682.302	-	1.682.306	-	1.317.771	%78,3
17	Equity Investment	-	-	-	-	-	-
18	Total	21.458.845	5.177.710	21.468.210	3.317.321	17.403.946	%70,2

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects

31 December 2019		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Exposure Categories		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	2.647.575	-	3.227.814	-	695.197	%21,5
2	Exposures to regional governments or local authorities	198.532	-	198.532	-	39.706	%20,0
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	7.543	-	7.543	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Exposures to institutions	773.709	178.627	844.152	131.787	427.926	%43,8
7	Exposures to corporates	7.206.755	3.377.576	6.798.163	2.114.096	8.657.306	%97,1
8	Retail exposures	451.153	62.793	443.236	20.446	339.016	%73,1
9	Exposures secured by residential property	555.664	21.307	530.631	8.480	187.888	%34,9
10	Exposures secured by commercial real estate	4.327.841	42.241	4.240.348	25.398	3.003.567	%70,4
11	Past-due loans	670.561	-	557.225	-	579.681	%104,0
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other receivables	1.297.889	-	1.306.506	-	1.164.110	%89,1
17	Equity Investment	-	-	-	-	-	-
18	Total	18.129.679	3.690.087	18.146.607	2.307.750	15.094.397	%73,8

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

3. Standardised approach – exposures by asset classes and risk weights

	31 December 2020										Total credit risk exposure amount (after CCF and CRM)
	Asset classes/ Risk weight	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%	
1	Exposures to central governments or central banks	4.094.266	-	-	-	-	-	-	-	-	4.094.266
2	Exposures to regional governments or local authorities	-	-	-	-	206.624	-	-	-	-	206.624
3	Exposures to public sector entities	19	-	-	-	-	-	-	-	-	19
4	Exposures to multilateral development banks	24.172	-	-	-	-	-	-	-	-	24.172
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	128.852	-	657.949	-	15.195	-	-	801.996
7	Exposures to corporates	66.806	-	846.921	-	263.087	-	11.233.826	-	-	12.410.640
8	Retail exposures	4.938	-	4.620	-	-	210.907	-	-	-	220.465
9	Exposures secured by residential property	1.946	-	-	467.712	-	-	-	-	-	469.658
10	Exposures secured by commercial real estate	2.126	-	1.040	-	2.251.940	-	1.533.831	-	-	3.788.937
11	Past-due loans	12	-	-	-	54.448	-	959.696	72.292	-	1.086.448
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-
17	Other receivables	364.535	-	-	-	-	-	1.317.771	-	-	1.682.306
18	Total	4.558.820	-	981.433	467.712	3.434.048	210.907	15.060.319	72.292	-	24.785.531

	31 December 2019										Total credit risk exposure amount (after CCF and CRM)
	Asset classes/ Risk weight	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%	
1	Exposures to central governments or central banks	2.532.617	-	-	-	-	-	695.197	-	-	3.227.814
2	Exposures to regional governments or local authorities	-	-	198.532	-	-	-	-	-	-	198.532
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	7.543	-	-	-	-	-	-	-	-	7.543
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	550.291	-	215.561	-	210.087	-	-	975.939
7	Exposures to corporates	40.208	-	161.284	-	171.434	-	8.539.333	-	-	8.912.259
8	Retail exposures	8.240	-	4.663	-	-	450.779	-	-	-	463.682
9	Exposures secured by residential property	2.289	-	-	536.822	-	-	-	-	-	539.111
10	Exposures secured by commercial real estate	939	-	1.318	-	2.520.372	-	1.743.117	-	-	4.265.746
11	Past-due loans	1	-	-	-	28.408	-	455.495	73.321	-	557.225
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-
17	Other receivables	142.396	-	-	-	-	-	1.164.110	-	-	1.306.506
18	Total	2.734.233	-	916.088	536.822	2.935.775	450.779	12.807.339	73.321	-	20.454.357

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

g. Disclosures regarding Counterparty Credit Risk

1. Qualitative Disclosures on Counterparty Credit Risk

i. Objectives and policies of risk management with respect to CCR,

Counterparty credit risk (CCR) states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. Derivative financial instruments, repo and reverse repo transactions, securities and commodities lending transactions, transactions having long clearing process and margin trading transactions are considered in the aforementioned scope. The Bank ensures timely and accurate briefing for senior management and related departments and assignment of appropriate staff for measurement and monitoring for the purpose of an effective counterparty credit risk management. Senior Management is responsible for understanding significance and level of counterparty credit risk taken by the Bank.

The Bank allocates limits approved on the basis of customer and approved in different level of authorization in order to manage counterparty credit risk. Those limits are determined in a way including risk, which shall be taken, instrument and maturity information and periodically reviewed.

Activities, job definitions and responsibilities related to management, measurement, monitoring and reporting of counterparty credit risk are determined through policies and procedures. Counterparty credit risks can be simultaneously controlled on treasury system and early warning limit excess mechanisms are triggered if the use of limits are over 80%.

The Bank uses mark-to-market approach in order to measure counterparty credit risk and therefore, determines coefficients (add-on) used in order to add current market value through multiplying nominal amount of transaction for the purpose of establishing the risk exposed by counterparty until the maturity. Aforementioned coefficients are calculated based on market data obtained from independent data providers and it is principal that aforementioned coefficients should be lower than coefficients determined in Part 3 of Annex -2 of Communiqué on Measurement and Evaluation of Bank's Capital Adequacy prepared by BRSA and coefficients used in legal capital calculations. Market Risk Department reviews add-on coefficients with updated market data periodically reserving its right to update add-on coefficients more frequently if the volatility increases.

Besides, senior management is periodically supported with stress tests for business lines, Treasury and Credit Allocation decision making processes. With monthly meetings, the business lines, Treasury, Credit Allocation, Monitoring and Risk Management teams evaluate the stress test results.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

ii. Operational limit allocation method determined in scope of calculated internal capital for CCR and central counterparty risk

The Bank assigns limits mentioned in transactions causing counterparty credit risk and central counterparty credit risk in accordance with principles determined in credit policies. It is principal to select customers having a high creditability and sufficient collateral conditions. Therefore, compliance of off-balance sheet transactions subject to CCR to in-balance sheet position of the customer in addition to creditability and collateral conditions of the customer, should be especially considered while allocating limits of the customer subject to such risks. Exchange rate and maturity compliance of in/off balance sheet transactions of the Customer and the customer having a foreign currency income reducing foreign currency risk to a minimum level are other important components which are considered while allocating aforementioned limits. The Bank should be careful in not allocating high level of leverage and/or long term off balance sheet transaction limits.

The Bank performs its treasury limit allocation in line with its Financial Institutions Credit Allocation and Borrowing Policy for those whose counterparty is a financial institution.

Daily Exchange Limit, Total Lending Limits, Issuer limit, Limit before Exchange and Total nominal limit are allocated for financial institutions.

A limit before exchange is allocated for customers apart from financial institutions.

There is a minimal CCP risk exposure due to the future transactions carried out by the Bank in Takasbank market.

iii. Policies towards determination of Guarantee and other risk mitigations and CCR including central counterparty risk:

International Swaps and Derivatives Association (ISDA), Credit Support Annex (CSA) and/or Global Master Repurchase Agreement (GMRA), which have international validity, are concluded in counterparty credit risk management with respect to financial institutions and collateral management process is operated on a daily basis.

Collateralization principles and procedures within the framework of credit policies applied at Bank for companies apart from financial institutions and individuals.

iv. Rules with respect to Counter-trend risk

The Bank uses results of counterparty stress test performed periodically related to counter-trend risk and evaluates impact of deterioration in macro-economic conditions on credit risk of the customer.

v. Amount of additional collateralization, which have to be provided by the Bank if there exist a decline in credit rating grade.

There exists no additional collateral amount, which have to be provided by the Bank if there exists a decline in credit rating grade.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Assessment of Counterparty Credit Risk According To The Models Of Measurement

		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
	31 December 2020						
1	Standart Approach-CCR						
2	Internal Model Approach - (for derivative financial instruments, repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)						
3	Simplified Standardised Approach for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					1.250.075	541.745
4	Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)						
5	Value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions						
6	Total					1.250.075	541.745

		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
	31 December 2019						
1	Standart Approach-CCR						
2	Internal Model Approach - (for derivative financial instruments, repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)						
3	Simplified Standardised Approach for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					1.442.626	687.179
4	Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)						
5	Value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions						
6	Total					1.442.626	687.179

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

3. Credit Valuation Adjustment (CVA) Capital Charge

		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
	31 December 2020		
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at risk component (including 3*multiplier)		
2	(ii) Stressed Value at Risk (including 3*multiplier)		
3	All portfolios subject to Standardised CVA capital obligation	1.250.075	139.342
4	Total amount of CVA capital adequacy	1.250.075	139.342

		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
	31 December 2019		
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at risk component (including 3*multiplier)		
2	(ii) Stressed Value at Risk (including 3*multiplier)		
3	All portfolios subject to Standardised CVA capital obligation	1.442.626	127.699
4	Total amount of CVA capital adequacy	1.442.626	127.699

4. Standardised approach – CCR exposures by regulatory portfolio and risk weights

31 December 2020									
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Risk Classes									
Central governments and central banks receivables	19.497	-	100.050	-	-	-	-	-	119.547
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	75	-	-	75
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	238.919	-	406.853	302.105	-	-	-	-	947.877
Corporate receivables	3.649	-	8.351	71.935	-	97.974	-	-	181.909
Retail receivables	-	-	-	-	667	-	-	-	667
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	262.065	-	515.254	374.040	667	98.049	-	-	1.250.075

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

4. Standardised approach – CCR exposures by regulatory portfolio and risk weights (Continued):

31 December 2019									
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Risk Classes									
Central governments and central banks receivables	-	-	540.169	-	-	-	-	-	540.169
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	71	-	-	71
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	192.347	-	281.457	323.874	-	125	-	-	797.803
Corporate receivables	1.595	-	-	3.870	-	98.513	-	-	103.978
Retail receivables	-	-	-	-	605	-	-	-	605
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	193.942	-	821.626	327.744	605	98.709	-	-	1.442.626

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

5. Composition of collateral for CCR exposure

31 December 2020	Collaterals for Derivatives Transactions				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - Local Currency	-	-	-	-	103.701	-
Cash - Foreign Currency	-	-	-	-	238.918	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
Total	-	-	-	-	342.619	-

31 December 2019	Collaterals for Derivatives Transactions				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - Local Currency	-	-	-	-	1.595	-
Cash - Foreign Currency	-	-	-	-	192.348	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
Total	-	-	-	-	193.943	-

6. Credit derivatives:

None.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

7. Risks to Central Counterparty:

None.

h . Securitization disclosures:

None.

j. Disclosures on Market Risk

1. Qualitative information which shall be disclosed to public related to market risk

- i. The Bank defines market risk as the potential financial loss which may occur as a result of fluctuations in capital markets. The aforementioned loss can occur due to fluctuations on share prices, interest rates, commodity prices and exchange rate.

The purpose of controlling and observance on market risk is to control and monitor impacts of markets risks on gain and economic value. In a more detail expression, the purpose of market risk control and audit is to protect Bank from unexpected market losses and to establish transparent, objective and consistent market risk information which shall form a basis for decision making process.

Market Risk is managed by Treasury, Capital Markets and Financial Institutions. The Bank limits the market risk which shall be exposed for different risk factors in the framework of risk appetite. The framework of the limit and tracking method is determined with Treasury Risk Parameters document approved by Board of Directors and limits are reviewed at least on an annual basis.

- ii. Management of market risk is under responsibility of Treasury, Capital Markets and Financial Markets, which generate risk at primary level. Second line controls are provided through independent risk management and internal control functions. Treasury Internal Control Department is established under Market Risk Department and Directorate of Internal Control Department which operates independent of risk generating departments/units in the framework of authorizations and frameworks described at the Bank.

Third line of controls are made through audits of treasury processes and market risk management made periodically by Directorate of Supervisory Board. The audits in question reviews compliance of market risk management to BRSA regulations related to market risk and policy and procedures of Group and Bank, monitoring of limit usages and reporting related to limit excesses and market risk

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

j. Disclosures on Market Risk (Continued):

**1. Qualitative information which shall be disclosed to public related to market risk
(Continued):**

- iii.** The Bank uses Historical Simulation Method as internal method for market risk. one sided 99% confidence level, historical data belonging to working days in past two years and 10 days of holding period are taken into consideration in the calculation. The Bank also calculates stressed value at risk on a daily basis.

Treasury Risk Parameters are monitored by Market Risk Unit during the day and at the end of day and use of limits and related other analysis are reported to ALCO, Risk Committee, Audit Committee, Risk Coordination Committee and Board of Directors.

Early warning levels for limit usage are determined and the way, which shall be applied in case of an early warning or final limit excess, is stated clearly in Treasury Risk Parameters.

Risk parameters include different type of limits such as foreign currency position limit, nominal, maturity, foreign exchange breakdowns related to bond portfolio, value at risk limits, limits related to interest rate (DV01), option vega limits and loss limits determined for trading portfolio.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

iv. Market risk under standardised approach

	31 December 2020	RAT
	Outright products	
1	Interest rate risk (general and specific)	138.527
2	Equity risk (general and specific)	-
3	Foreign exchange risk	79.279
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	2.358
7	Scenario approach	-
8	Securitisation	-
9	Total	220.164

	31 December 2019	RAT
	Outright products	
1	Interest rate risk (general and specific)	85.897
2	Equity risk (general and specific)	-
3	Foreign exchange risk	25.833
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	3.259
7	Scenario approach	-
8	Securitisation	-
9	Total	114.989

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

IV. EXPLANATIONS ON OPERATIONAL RISK:

The amount subject to operational risk is calculated once a year by using the "Basic Indicator Method" in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette dated June 28, 2012 and numbered 28337. The operational risk capital requirement dated 31 December 2020 was calculated using the year 2018, 2019, 2020 revenues.

Annual gross income is calculated through deducting profit/loss sourcing from sales of securities whose accounts are tracked in fair value through other comprehensive income and measured at amortized cost, and extraordinary income, activity expenses made in return for support service and amounts compensated from insurance from total of net amount of interest revenues and non-interest revenues.

	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
31 December 2020						
Gross Income	514.290	780.176	805.889	700.118	15	105.018
Amount subject to operational risk (Total*12,5)	-	-	-	-	-	1.312.722

	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
31 December 2019						
Gross Income	422.416	514.290	780.176	572.294	15	85.844
Amount subject to operational risk (Total*12,5)	-	-	-	-	-	1.073.051

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

V. EXPLANATIONS ON CURRENCY RISK:

The difference between the Bank'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 Bank has a short-term conservative foreign currency position management policy.

The 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:

	EUR		USD	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Bid rate	TL 9,1164	TL 6,6621	TL 7,4194	TL 5,9400
1. Day Bid Rate	TL 9,1164	TL 6,6621	TL 7,4194	TL 5,9400
2. Day Bid Rate	TL 9,0079	TL 6,5606	TL 7,3405	TL 5,9402
3. Day Bid Rate	TL 9,0697	TL 6,6117	TL 7,4063	TL 5,9370
4. Day Bid Rate	TL 9,1370	TL 6,5759	TL 7,4738	TL 5,9302
5. Day Bid Rate	TL 9,2037	TL 6,5755	TL 7,5517	TL 5,9293

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

	EUR		USD	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Arithmetic average - 30 days	TL 9,3887	TL 6,4983	TL 7,7095	TL 5,8455

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

V. EXPLANATIONS ON CURRENCY RISK (Continued):

Information on currency risk of the Bank:

	EUR	USD	Other FC	Total
31 December 2020				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	981.483	2.017.982	34.316	3.033.781
Due From Banks	4.069	63.569	4.591	72.229
Financial Assets at Fair Value Through Profit or Loss (*)	52.527	99.875	9	152.411
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	60.443	83.679	-	144.122
Loans (*)	7.606.518	2.292.949	-	9.899.467
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	510.403	-	510.403
Hedging Derivative Financial Assets (*)	243	694	-	937
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	33.195	143.518	-	176.713
Total Assets	8.738.478	5.212.669	38.916	13.990.063
Liabilities				
Bank Deposits	73.760	62.234	22	136.016
Foreign Currency Deposits	4.008.438	5.489.726	277.799	9.775.963
Funds From Interbank Money Market	-	238.918	-	238.918
Funds Borrowed From Other Financial Institutions	145.704	5.321.473	-	5.467.177
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	253.288	296.893	2.345	552.526
Hedging Derivative Financial Liabilities	2.463	35.955	-	38.418
Other Liabilities (*)	35.692	36.642	2.075	74.409
Total Liabilities	4.519.345	11.481.841	282.241	16.283.427
Net On-balance Sheet Position	4.219.133	(6.269.172)	(243.325)	(2.293.364)
Net Off-balance Sheet Position	(3.762.291)	6.405.294	248.637	2.891.640
Financial Derivative Assets	3.222.255	10.476.238	413.273	14.111.766
Financial Derivative Liabilities	6.984.546	4.070.944	164.636	11.220.126
Non-Cash Loans (**)	1.771.089	2.260.017	148.516	4.179.622
31 December 2019				
Total Assets (*)	6.772.616	5.265.926	16.574	12.055.116
Total Liabilities (*)	3.070.773	9.479.913	154.116	12.704.802
Net On-balance Sheet Position	3.701.843	(4.213.987)	(137.542)	(649.686)
Net Off-balance Sheet Position	(3.402.548)	4.442.833	138.159	1.178.444
Financial Derivative Assets	1.292.592	6.429.169	172.834	7.894.595
Financial Derivative Liabilities	4.695.140	1.986.336	34.675	6.716.151
Non-Cash Loans (**)	1.081.865	1.566.223	76.254	2.724.342

(*) The above table shows 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 133.622 (31 December 2019: TL 260.472) classified as Turkish Lira assets in the 31 December 2020 financial statements are added to the table above. Furthermore, in foreign currency assets "Income Accruals of Derivative Financial Instruments" amounting to TL 68.720 (31 December 2019: TL 19.087) and "Stages 1&2 Allowances for Expected Credit Losses" amounting to TL 617.880 (31 December 2019: TL 485.747), in foreign currency liabilities "Expense Accruals of Derivative Financial Instruments" amounting to TL 143.555 (31 December 2019: TL 39.869) and "Non-cash Loans Stages 1&2 Allowances for Expected Credit Losses" amounting to TL 56.452 (31 December 2019: TL 7.158) and "Marketable Securities Valuation Reserve" with " Hedging Derivative Financials" amounting to TL (19.083) (31 December 2019: TL (16.190)) 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 BANK (Continued):

V. EXPLANATIONS ON CURRENCY RISK (Continued):

Currency risk sensitivity analysis:

If foreign currency appreciated/depreciated against TL at a ratio of 10% and all other variables remain fixed as of 31 December 2020 and 2019, changes, which shall occur in net profit and equity regardless of tax effect due to exchange rate loss/profit sourcing from foreign currency net monetary position, are as follows:

	31 December 2020				31 December 2019			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
	%10 increase	%10 decrease	%10 increase	%10 decrease	%10 increase	%10 decrease	%10 increase	%10 decrease
USD	(4.774)	4.774	(6.309)	6.309	(4.502)	4.502	(5.977)	5.977
EUR	(5.796)	5.796	(6.170)	6.170	2.405	(2.405)	2.261	(2.261)
Other currency units	526	(526)	526	(526)	(62)	62	(62)	62
Total, net	(10.044)	10.044	(11.953)	11.953	(2.159)	2.159	(3.778)	3.778

(*)The equity effect also includes the effects of the income statement.

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VI. EXPLANATIONS ON 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 Bank 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) :

31 December 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets (***)							
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	37.251	-	-	-	-	50.490	87.741
Financial Assets at Fair Value Through Profit/Loss (*)	128.093	173.036	479.664	94.276	47.822	-	922.891
Interbank Money Market Placements	100.050	-	-	-	-	-	100.050
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	73.772	285.056	40.512	7.674	407.014
Loans	7.652.879	2.764.402	2.915.499	1.158.008	499.739	1.201.814	16.192.341
Financial Assets Measured at Amortized Cost	-	151.052	-	352.852	6.499	-	510.403
Other Assets	-	-	-	-	-	1.632.626	1.632.626
Total Assets	8.259.885	3.088.490	3.468.935	1.890.192	594.572	5.821.573	23.123.647
Liabilities							
Bank Deposits							
Other Deposits	37.096	72.991	-	-	-	26.979	137.066
Funds From Interbank Money Market	8.850.589	3.620.616	376.105	12.550	-	945.361	13.805.221
Miscellaneous Payables	4.595	237.974	-	-	-	-	242.569
Marketable Securities Issued	-	-	-	-	-	624.929	624.929
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (*) (**)	116.177	4.131.558	1.258.721	-	-	-	5.506.456
Total Liabilities	181.716	186.421	113.895	133.082	14.579	2.177.713	2.807.406
Balance Sheet Long Position	9.190.173	8.249.560	1.748.721	145.632	14.579	3.774.982	23.123.647
Balance Sheet Short Position	-	-	1.720.214	1.744.560	579.993	2.046.591	6.091.358
Off-balance Sheet Long Position	(930.288)	(5.161.070)	-	-	-	-	(6.091.358)
Off-balance Sheet Short Position	847.970	615.686	987.303	-	-	-	2.450.959
Total Position	-	-	-	(1.954.904)	(14.839)	-	(1.969.743)
	(82.318)	(4.545.384)	2.707.517	(210.344)	565.154	2.046.591	481.216

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 554.469 and other liabilities includes hedging derivative financial liabilities amounting to TL 94.972 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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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VI. EXPLANATIONS ON 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) :

31 December 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets (***)							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	-	-	-	-	-	2.162.662	2.162.662
Due From Banks	549.016	-	-	-	-	23.113	572.129
Financial Assets at Fair Value Through Profit/Loss (*)	72.430	133.911	387.448	59.713	32.531	-	686.033
Interbank Money Market Placements	540.169	-	-	-	-	-	540.169
Financial Assets at Fair Value Through Other Comprehensive Income	-	76.262	-	153.966	90.509	7.665	328.402
Loans	3.220.887	3.678.465	3.447.094	1.839.917	166.650	670.561	13.023.574
Financial Assets Measured at Amortized Cost	-	-	-	262.923	-	-	262.923
Other Assets	-	-	-	-	-	1.316.681	1.316.681
Total Assets	4.382.502	3.888.638	3.834.542	2.316.519	289.690	4.180.682	18.892.573
Liabilities							
Bank Deposits	148.507	53.383	-	-	-	20.910	222.800
Other Deposits	7.958.729	2.357.439	423.328	29.273	-	571.477	11.340.246
Funds From Interbank Money Market	3.418	190.523	-	-	-	-	193.941
Miscellaneous Payables	-	-	-	-	-	497.518	497.518
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	1.526.038	1.922.258	650.612	-	-	-	4.098.908
Other Liabilities (*) (**)	107.506	55.500	114.627	108.012	6.972	2.146.543	2.539.160
Total Liabilities	9.744.198	4.579.103	1.188.567	137.285	6.972	3.236.448	18.892.573
Balance Sheet Long Position	-	-	2.645.975	2.179.234	282.718	944.234	6.052.161
Balance Sheet Short Position	(5.361.696)	(690.465)	-	-	-	-	(6.052.161)
Off-balance Sheet Long Position	233.181	284.172	1.248.785	-	-	-	1.766.138
Off-balance Sheet Short Position	-	-	-	(1.167.973)	-	-	(1.167.973)
Total Position	(5.128.515)	(406.293)	3.894.760	1.011.261	282.718	944.234	598.165

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 453.439 and other liabilities includes hedging derivative financial liabilities amounting to TL 77.913 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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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VI. EXPLANATIONS ON 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) :**

Interest rate sensitivity analysis :

Change in interest rate 31 December 2020	Profit/ Loss Effect	Effect on funds under equity
(+) 1%	(732)	(32.144)
(-) 1%	228	34.202

Change in interest rate 31 December 2019	Profit/ Loss Effect	Effect on funds under equity
(+) 1%	695	(35.980)
(-) 1%	(980)	37.291

In the table above, the effects of (+) % 1 and (-) % 1 changes in interest rates on period profit/loss and the "capital reserves" item under equity are shown by excluding tax effects.

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VI. EXPLANATIONS ON INTEREST RATE RISK (Continued):

b. Average interest rates for monetary financial instruments (Continued):

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

31 December 2020	EUR	USD	Yen	TL
Assets	%	%	%	%
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	-	0,29	-	16,91
Financial Assets at Fair Value Through Profit/Loss	4,89	2,49	-	10,30
Interbank Money Market Placements	-	-	-	15,45
Financial Assets at Fair Value Through Other Comprehensive Income	4,65	5,04	-	15,15
Loans	5,28	6,17	-	18,65
Financial Assets Measured at Amortized Cost	-	6,07	-	-
Liabilities				
Bank Deposits	1,24	0,12	-	-
Other Deposits (*)	1,44	2,63	-	15,97
Funds From Interbank Money Market	-	1,29	-	13,93
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,55	3,02	-	10,02

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

31 December 2019	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due From Banks	-	0,76	-	11,12
Financial Assets at Fair Value Through Profit/Loss	3,46	3,10	-	10,48
Interbank Money Market Placements	-	-	-	9,74
Financial Assets at Fair Value Through Other Comprehensive Income	3,05	4,66	-	15,60
Loans	5,30	7,51	-	18,54
Financial Assets Measured at Amortized Cost	-	4,41	-	-
Liabilities				
Bank Deposits	0,99	1,41	-	-
Other Deposits (*)	0,65	2,37	-	11,97
Funds From Interbank Money Market	-	3,08	-	9,14
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,63	4,83	-	10,38

(*) 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 BANK (Continued):

VI. EXPLANATIONS ON 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 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.

Currency	Applied Shock (+/- x basis point)	Earnings/(Losses)	Earnings/ Equities-Losses/ Equities
1. TRY	+500 bp	(35.127)	%(1,0)
2. TRY	-400 bp	33.152	%(1,0)
3. EURO	+200 bp	(36.534)	%(1,1)
4. EURO	-200 bp	(8.504)	%(0,3)
5. USD	+200 bp	(10.551)	%(0,3)
6. USD	-200 bp	2.817	%(0,1)
Total (For Negative Shocks)		27.465	%0,8
Total (For Positive Shocks)		(82.212)	%(2,4)

VII. EXPLANATIONS ON SHARE CERTIFICATE POSITION RISK:

None.

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VIII. EXPLANATIONS ON 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 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 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 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 BANK (Continued):

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

Although the 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 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 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 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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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

Liquidity Coverage Ratio:

31 December 2020	Unweighted Amounts (*)		Weighted Amounts (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High Quality Liquid Assets			4.734.317	4.119.046
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	9.439.072	6.333.964	899.174	633.396
3 Stable deposits	894.666	-	44.733	-
4 Less stable deposits	8.544.406	6.333.964	854.441	633.396
5 Unsecured Funding other than Retail and Small Business Customers Deposits	4.816.994	4.125.771	2.017.395	1.613.806
6 Operational deposits	2.273.640	2.116.033	568.410	529.008
7 Non-Operational Deposits	2.155.507	1.823.848	1.061.138	898.907
8 Other Unsecured Funding	387.847	185.890	387.847	185.891
9 Secured funding	-	-	-	-
10 Other Cash Outflows	426.062	408.259	426.062	408.259
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	426.062	408.259	426.062	408.259
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	4.817.995	3.881.699	611.852	461.660
16 TOTAL CASH OUTFLOWS			3.954.483	3.117.121
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	2.377.083	1.172.295	1.668.902	787.550
19 Other contractual cash inflows	8.480	442.138	8.480	442.138
20 TOTAL CASH INFLOWS	2.385.563	1.614.433	1.677.382	1.229.688
			Upper Limit Applied Values	
21 TOTAL HIGH QUALITY LIQUID ASSETS			4.734.317	4.119.046
22 TOTAL NET CASH OUTFLOWS			2.277.101	1.887.433
23 LIQUIDITY COVERAGE RATIO (%)			207,91	218,24

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

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

31 December 2019	Unweighted Amounts (*)		Weighted Amounts (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High Quality Liquid Assets			2.960.686	2.074.640
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	7.537.817	4.498.149	712.927	449.815
3 Stable deposits	817.085	-	40.854	-
4 Less stable deposits	6.720.732	4.498.149	672.073	449.815
5 Unsecured Funding other than Retail and Small Business Customers Deposits	3.744.816	3.061.426	1.866.175	1.504.873
6 Operational deposits	1.063.477	962.832	265.869	240.708
7 Non-Operational Deposits	2.326.385	1.885.791	1.245.352	1.051.363
8 Other Unsecured Funding	354.954	212.803	354.954	212.802
9 Secured funding	-	-	-	-
10 Other Cash Outflows	209.155	220.375	209.155	220.375
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	209.155	220.375	209.155	220.375
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	3.145.092	2.430.733	386.273	277.880
16 TOTAL CASH OUTFLOWS			3.174.530	2.452.943
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	1.919.388	903.034	1.384.998	636.265
19 Other contractual cash inflows	10.035	109.848	10.035	109.848
20 TOTAL CASH INFLOWS	1.929.423	1.012.882	1.395.033	746.113
			Upper Limit Applied Values	
21 TOTAL HIGH QUALITY LIQUID ASSETS			2.960.686	2.074.640
22 TOTAL NET CASH OUTFLOWS			1.779.497	1.706.830
23 LIQUIDITY COVERAGE RATIO (%)			166,38	121,55

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

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VIII. EXPLANATIONS ON 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 Bank consist of accounts in Central Bank of Turkey, at a ratio of 71% and securities issued by Undersecretariat of Treasury at a ratio of 18%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 24%, 40% and 7% 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 31 December 2020 is given below:

Date	FC	FC + TL
31 December 2020	408.259	408.259

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 31 December 2020. Dates and values of lowest and highest foreign currency and total unconsolidated 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 (%)	254,92%	266,38%	178,79%	163,91%
Week	9.10.2020	9.10.2020	4.12.2020	11.12.2020

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

Breakdown of assets and liabilities according to their outstanding maturities:

31 December 2020	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified (***)	Total
Assets (****)								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1.341.667	1.928.914	-	-	-	-	-	3.270.581
Due From Banks	50.490	37.251	-	-	-	-	-	87.741
Financial Assets at Fair Value Through Profit or Loss (*)	-	46.424	44.502	237.207	546.819	47.939	-	922.891
Interbank Money Market Placements	-	100.050	-	-	-	-	-	100.050
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	73.772	285.055	40.513	7.674	407.014
Loans	-	2.654.904	2.722.042	2.970.957	4.731.684	1.910.940	1.201.814	16.192.341
Financial Assets Measured at Amortized Cost	-	-	151.052	-	352.852	6.499	-	510.403
Other Assets (**)	-	56.239	644	25.281	93.788	438	1.456.236	1.632.626
Total Assets	1.392.157	4.823.782	2.918.240	3.307.217	6.010.198	2.006.329	2.665.724	23.123.647
Liabilities								
Bank Deposits	26.979	37.096	72.991	-	-	-	-	137.066
Other Deposits	945.361	8.850.589	3.620.616	376.105	12.550	-	-	13.805.221
Funds Borrowed From Other Financial Institutions	-	116.175	897.996	2.114.336	1.264.913	1.113.036	-	5.506.456
Funds From Interbank Money Market	-	3.651	121.632	-	117.286	-	-	242.569
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	1.006	-	-	-	-	623.923	624.929
Other Liabilities (*) (***)	-	294.441	114.507	62.187	275.812	29.229	2.031.230	2.807.406
Total Liabilities	972.340	9.302.958	4.827.742	2.552.628	1.670.561	1.142.265	2.655.153	23.123.647
Net Liquidity Gap	419.817	(4.479.176)	(1.909.502)	754.589	4.339.637	864.064	10.571	-
Net Off-balance sheet Position	-	186.736	93.064	(389.169)	(672.443)	(965)	-	(782.777)
Financial Derivative Assets	-	7.644.932	3.893.619	661.899	4.371.203	2.501	-	16.574.154
Financial Derivative Liabilities	-	(7.458.196)	(3.800.555)	(1.051.068)	(5.043.646)	(3.466)	-	(17.356.931)
Non-cash Loans	-	3.282.154	638.933	1.005.282	240.760	4.638	-	5.171.767
31 December 2019								
Total Assets	936.842	3.662.376	2.345.865	2.744.711	5.610.008	1.708.479	1.884.292	18.892.573
Total Liabilities	593.982	8.793.439	2.644.381	2.386.114	1.473.738	1.007.676	1.993.243	18.892.573
Net Liquidity Gap	342.860	(5.131.063)	(298.516)	358.597	4.136.270	700.803	(108.951)	-
Net Off-balance sheet Position	-	340.029	165.939	(19.881)	118.654	541	-	605.282
Financial Derivative Assets	-	4.806.031	1.432.903	328.631	1.267.102	821	-	7.835.488
Financial Derivative Liabilities	-	(4.466.002)	(1.266.964)	(348.512)	(1.148.448)	(280)	-	(7.230.206)
Non-cash Loans	-	2.457.879	246.823	566.093	204.173	4.279	-	3.479.247

(*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 554.469 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 94.972. These accounts are mainly shown under the 1-5 year maturity period.

(**) 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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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)**

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

Breakdown of financial liabilities according to their remaining contractual maturities:

31 December 2020	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	64.076	73.161	-	-	-	137.237
Funds borrowed from other financial institutions	9.816.308	3.651.002	393.307	14.971	-	13.875.588
Funds from money market	116.283	929.807	2.299.635	1.416.890	1.123.344	5.885.959
Payables to money market	3.657	122.110	-	117.673	-	243.440
Total	10.000.324	4.776.080	2.692.942	1.549.534	1.123.344	20.142.224

31 December 2019	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	169.422	53.436	-	-	-	222.858
Funds borrowed from other financial institutions	8.543.134	2.379.330	454.913	34.127	-	11.411.504
Funds from money market	42.189	244.581	2.017.815	1.250.361	933.230	4.488.176
Payables to money market	1.596	-	-	194.018	-	195.614
Total	8.756.341	2.677.347	2.472.728	1.478.506	933.230	16.318.152

Derivative instruments of bank, counter-based maturity analysis:

31 December 2020	Up to 1 month	1-3 months	3-12 months	1-5 months	Above 5 years	Total
Derivative instruments held for trading						
Exchange rate derivatives:						
- Entry	7.540.797	3.754.592	323.245	-	-	11.618.634
- Out	7.357.855	3.664.508	311.916	-	-	11.334.279
Interest rate derivatives:						
- Entry	31.470	28.357	90.217	98.174	2.501	250.719
- Out	29.196	20.516	68.650	99.083	3.466	220.911
Derivative instruments protection from risk						
Exchange rate derivatives:						
- Entry	72.665	106.442	247.773	4.273.029	-	4.699.909
- Out	69.370	82.234	652.745	4.909.628	-	5.713.977
Interest rate derivatives:						
- Entry	-	4.228	664	-	-	4.892
- Out	1.775	33.297	17.757	34.935	-	87.764
Total cash entry	7.644.932	3.893.619	661.899	4.371.203	2.501	16.574.154
Total cash out	7.458.196	3.800.555	1.051.068	5.043.646	3.466	17.356.931

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(Continued):**

VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):

Derivative instruments of bank, counter-based maturity analysis (continued):

31 December 2019	Up to 1 month	1-3 months	3-12 months	1-5 months	Above 5 years	Total
Derivative instruments held for trading						
Exchange rate derivatives:						
- Entry	4.593.073	1.176.928	191.991	17.322	-	5.979.314
- Out	4.252.783	1.128.820	172.904	17.764	-	5.572.271
Interest rate derivatives:						
- Entry	4.292	5.615	17.675	26.227	821	54.630
- Out	3.739	3.181	12.872	22.245	280	42.317
Derivative instruments protection from risk						
Exchange rate derivatives:						
- Entry	208.666	247.757	118.218	1.223.553	-	1.798.194
- Out	209.312	132.267	157.041	1.098.801	-	1.597.421
Interest rate derivatives:						
- Entry	-	2.603	747	-	-	3.350
- Out	168	2.696	5.695	9.638	-	18.197
Total cash entry	4.806.031	1.432.903	328.631	1.267.102	821	7.835.488
Total cash out	4.466.002	1.266.964	348.512	1.148.448	280	7.230.206

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):

IX. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 31 December 2020, leverage ratio of the Bank calculated from the arithmetic average of the three months is 5,94% (31 December 2019: 8,18%). 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:

	31 December 2020 (*)	31 December 2019 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	23.957.801	18.930.593
(Assets deducted from Core capital)	51.190	52.342
Total risk amount of balance sheet assets	23.906.611	18.878.251
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	658.232	531.860
Potential credit risk amount of derivative financial assets and credit derivatives	164.521	107.092
Total risk amount of derivative financial assets and credit derivatives	822.753	638.952
Financing transactions secured by marketable security or commodity		
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	-	-
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	6.786.223	4.395.837
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	6.786.223	4.395.837
Capital and total risk		
Core Capital	1.993.273	1.953.230
Total risk amount	31.515.587	23.913.040
Leverage ratio		
Leverage ratio	%6,33	%8,18

(*) 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 BANK (Continued):

X. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 31 December 2020, 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 554.469 (31 December 2019: TL 453.439) and derivative financial payables of which carrying amount is TL 94.972 (31 December 2019: TL 77.913), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value income amounting to TL 21.901 (31 December 2019: TL (113.354) fair value expense) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2019: 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	554.185	82.099	10.251	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	284	12.873	(20.488)	-

(*) Includes TAS 27 impacts and describes after tax amounts.

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in TFRS 9, 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 2019: None).

The measurements conducted as of 31 December 2020 show that the cash flow hedging transactions shown above are effective.

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

XI. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

a. Financial Assets and Liabilities at their fair values:

Financial assets measured at amortized cost, market prices or in cases where this price is indetermined, are determined based on the quoted market prices for other securities subject to the same qualifying redemption in terms of interest, maturity and other similar conditions.

The estimated fair value of the demand placements and deposits represents the amount to be paid upon request. The estimated fair value of the fixed rate deposit is calculated by determining the cash flow discounted using the current bank interest rates as of the balance sheet date.

Calculating the discounted cash flows using the Bank's current interest rates for fixed interest loans. For the loans with floating interest rates, it is assumed that the book value reflects the fair value. The expected fair value of bank placements, money market placements and bank deposits are determined by calculating the discounted cash flows using the current market interest rates of similar assets and liabilities. The book value represents the sum of the acquisition cost and accumulated interest accruals of the related assets and liabilities.

The following table summarises the book values and fair values of some financial assets and liabilities of the Bank.

	Book Value		Fair Value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial Assets	17.434.311	14.727.258	17.884.370	15.596.907
Receivables from Money Markets	100.050	540.169	100.371	540.609
Banks (*)	224.503	572.190	220.840	572.333
Financial Assets at fair value through other comprehensive income	407.014	328.402	407.014	328.402
Other financial assets measured at amortized cost	510.403	262.923	547.097	266.129
Loans	16.192.341	13.023.574	16.609.048	13.889.434
Financial Liabilities	20.087.957	16.159.472	20.091.183	16.208.655
Bank Deposits	137.066	222.800	136.897	222.652
Other Deposits	13.805.221	11.340.246	13.772.916	11.388.309
Borrowings	5.506.456	4.098.908	5.542.156	4.100.176
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	639.214	497.518	639.214	497.518

(*)Includes CBRT time deposit accounts.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued):**

XI. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):

b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- Quoted market prices (non-adjusted) for identical assets or liabilities. (1st level)
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
- Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

31 December 2020	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	82.760	285.662	-	368.422
Government Debt Securities	32.687	-	-	32.687
Share Certificates	-	-	-	-
Derivative financial assets at fair value through profit or loss	-	285.662	-	285.662
Other Securities	50.073	-	-	50.073
Financial Assets at Fair Value Through other comprehensive income (*)	399.340	7.674	-	407.014
Share Certificates	-	7.674	-	7.674
Government Debt Securities	399.340	-	-	399.340
Other Securities	-	-	-	-
Derivative financial assets at fair value through other comprehensive income	-	554.469	-	554.469
Total Assets	482.100	847.805	-	1.329.905
Derivative financial liabilities at fair value through profit or loss	-	459.847	-	459.847
Derivative financial liabilities at fair value through other comprehensive income	-	94.972	-	94.972
Total Liabilities	-	554.819	-	554.819

(*) As noted in the footnote VII-d, written down values of financial assets at fair value through other comprehensive income are reported if such securities are not traded in the markets and if the fair market value of such securities cannot be determined for any reason. There are no transfer between 1st and 2nd levels in the current period.

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(Continued):**

XI. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):

b. Fair value hierarchy (Continued):

31 December 2019	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	35.443	197.151	-	232.594
Government Debt Securities	4.517	-	-	4.517
Share Certificates	-	-	-	-
Derivative financial assets at fair value through profit or loss	-	197.151	-	197.151
Other Securities	30.926	-	-	30.926
Financial Assets at Fair Value Through other comprehensive income (*)	320.218	8.184	-	328.402
Share Certificates	-	7.674	-	7.674
Government Debt Securities	320.218	-	-	320.218
Other Securities	-	510	-	510
Derivative financial assets at fair value through other comprehensive income	-	453.439	-	453.439
Total Assets	355.661	658.774	-	1.014.435
Derivative financial liabilities at fair value through profit or loss	-	200.348	-	200.348
Derivative financial liabilities at fair value through other comprehensive income	-	77.913	-	77.913
Total Liabilities	-	278.261	-	278.261

(*) As noted in the footnote VII-d, written down values of financial assets at fair value through other comprehensive income are reported if such securities are not traded in the markets and if the fair market value of such securities cannot be determined for any reason. There are no transfer between 1st and 2nd levels in the current period.

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

XII. 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.

XIII. EXPLANATIONS ON OPERATING SEGMENTS:

The 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 2019 for balance sheet and 31 December 2019 for income statement items.

31 December 2020	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Bank
Net Interest Income	85.619	384.164	65.865	-	535.648
Net Fees and Commissions	1.853	30.758	-	-	32.611
Trading Profit/Loss	25.985	3.393	75.020	-	104.398
Other Operating Income	1.500	24.893	-	-	26.393
Operating Income	114.957	443.208	140.885	-	699.050
Operating Costs (-)	93.492	445.146	39.420	448.372	1.026.430
Net Operating Income	21.465	(1.938)	101.465	(448.372)	(327.380)
Dividend Income	-	-	-	8	8
Income/Loss from subsidiaries based on equity method	-	-	-	31.299	31.299
Profit Before Tax	21.465	(1.938)	101.465	(417.065)	(296.073)
Tax Provisions (-)	4.722	(426)	22.322	(55.277)	(28.659)
Net Profit/Loss	16.743	(1.512)	79.143	(361.788)	(267.414)
Segment Assets	1.876.080	16.039.165	3.575.776	-	21.491.021
Investments in associates, subsidiaries and joint ventures	-	-	-	548.560	548.560
Unallocated Assets	-	-	-	1.084.066	1.084.066
Total Assets	1.876.080	16.039.165	3.575.776	1.632.626	23.123.647
Segments Liabilities	11.307.269	2.435.085	6.440.907	1.270.329	21.453.590
Unallocated Liabilities	-	-	-	1.670.057	1.670.057
Total Liabilities	11.307.269	2.435.085	6.440.907	2.940.386	23.123.647

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

XIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

31 December 2019	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Bank
Net Interest Income	124.366	502.388	37.171	-	663.925
Net Fees and Commissions	4.972	33.208	-	-	38.180
Commercial Profit/Loss	15.960	7.725	9.183	-	32.868
Other Operating Income	2.023	13.509	-	-	15.532
Operating Income	147.321	556.830	46.354	-	750.505
Operating Costs (-)	108.971	377.371	36.902	132.854	656.098
Net Operating Income	38.350	179.459	9.452	(132.854)	94.407
Dividend Income	-	-	-	2.769	2.769
Income/(Loss) from subsidiaries based on equity method	-	-	-	61.683	61.683
Profit Before Tax	38.350	179.459	9.452	(68.402)	158.859
Tax Provisions (-)	(8.437)	(39.481)	(2.079)	29.692	(20.305)
Net Profit / Loss	29.913	139.978	7.373	(38.710)	138.554
31 December 2019					
Segment Assets	1.531.640	12.784.757	3.259.495	-	17.575.892
Investments in associates, subsidiaries and joint ventures	-	-	-	523.728	523.728
Unallocated Assets	-	-	-	792.953	792.953
Total Assets	1.531.640	12.784.757	3.259.495	1.316.681	18.892.573
Segments Liabilities	7.900.248	3.492.166	4.793.910	786.974	16.973.298
Unallocated Liabilities	-	-	-	1.919.275	1.919.275
Total Liabilities	7.900.248	3.492.166	4.793.910	2.706.249	18.892.573

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO 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:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Cash/Foreign currency	18.805	376.722	16.388	126.008
CBRT	217.995	2.637.422	156.249	1.864.017
Other	-	19.637	-	-
Total	236.800	3.033.781	172.637	1.990.025

2. Information on the account of the CBRT:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Demand Unrestricted Amount	217.995	915.591	156.249	771.221
Time Unrestricted Amount	-	136.746	-	-
Time Restricted Amount	-	1.585.085	-	1.092.796
Total	217.995	2.637.422	156.249	1.864.017

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 "Communique Regarding Reserve Requirements", reserve requirements in CBRT can be maintained as TL, USD, EUR and standard gold. As of September 19, 2019, interest on foreign currency reserve deposits is not paid. %12 interest is paid for Turkish Lira required reserves as of November 22,2020.

As of 31 December 2020, The valid TL required reserve rates vary between 1% and 6% according to their maturities (31 December 2019: Between 1% and 7%). The valid foreign currency required reserve rates vary between 5% and 22% according to their maturities (31 December 2019: Between 5% and 21%).

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

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

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

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

As of 31 December 2020, there is non amount subject to assets given as collateral/blocked to financial assets at fair value through profit or loss (31 December 2019: TL 52).

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

As of 31 December 2020, there is no amount subject to repo transactions from financial assets at fair value through profit or loss (31 December 2019: None).

c. Information on banks:

1. Information on banks:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Banks				
Domestic	15.528	3.713	540.201	2.973
Foreign	-	68.516	-	29.016
Headquarters and Branches Abroad	-	-	-	-
Total	15.528	72.229	540.201	31.989

2. Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
EU Countries	22.626	13.073	-	-
USA, Canada	42.400	9.017	-	-
OECD Countries (*)	2.504	465	-	-
Off-shore Banking Regions	-	-	-	-
Others	986	6.461	-	-
Total	68.516	29.016	-	-

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

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

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

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:

As of 31 December 2020, there are TL 58.080 financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2019: TL 203.247).

2. Financial assets at fair value through other comprehensive income subject to repo transactions:

There are TL 3.711 financial assets at fair value through other comprehensive income subject to repurchase agreements. (31 December 2019: TL 11.651).

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

	31 December 2020	31 December 2019
Debt Securities	400.296	323.080
Quoted on Stock Exchange	400.296	323.080
Not Quoted	-	-
Share Certificates	7.674	7.674
Quoted on Stock Exchange	-	-
Not Quoted	7.674	7.674
Impairment Provision (-)	956	2.352
Total	407.014	328.402

e. Explanations on loans:

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

	31 December 2020		31 December 2019	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	12.944	-	35.560
Corporate Shareholders	-	12.944	-	35.560
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	4.238	-	4.227	-
Total	4.238	12.944	4.227	35.560

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

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

e. Explanations on loans (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.

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables with Revised Contract Terms	Re-finance
Cash Loans				
Non-Specialized Loans	13.201.215	988.071	1.461.455	-
Loans given to enterprises	-	-	-	-
Export Loans	414.784	-	-	-
Import Loans		-	-	-
Loans Given to Financial Sector	1.599.042	-	-	-
Consumer Loans	259.952	4.944	12.577	-
Credit Cards	-	-	-	-
Other	10.927.437	983.127	1.448.878	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	13.201.215	988.071	1.461.455	-

ii.

	Standard Loans	Loans Under Close Monitoring
General Provisions (*)	64.154	656.067
12 Month Expected Credit Losses	64.154	-
Significant Increase in Credit Risk	-	656.067

(*) Non-cash loan provisions are included in the table.

3. Distribution of cash loans according to their maturities:

	Standard Loans	Loans Under Close Monitoring	
		Loans without Revised Contract Terms	Restructured Loans
Short-term Loans	4.874.575	4.402	62.139
Medium and Long-term Loans	8.326.640	983.669	1.399.316
Total	13.201.215	988.071	1.461.455

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

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

e. Explanations on loans (Continued):

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	9.479	252.940	262.419
Real estate loans	-	54.208	54.208
Automotive loans	10	3.645	3.655
Consumer loans	9.469	195.087	204.556
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	5.518	5.518
Real estate loans	-	5.518	5.518
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans-TL	310	3.928	4.238
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	310	3.928	4.238
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-TL (Real Person)	5.298	-	5.298
Credit Deposit Account-FC (Real Person)	-	-	-
Total	15.087	262.386	277.473

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

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	284.000	1.062.421	1.346.421
Real estate Loans	-	-	-
Automotive Loans	-	915	915
Consumer Loans	284.000	1.061.506	1.345.506
Other	-	-	-
Commercial Installments Loans-FC Indexed	-	101.715	101.715
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	101.715	101.715
Other	-	-	-
Commercial Installments Loans-FC	63.965	6.899.754	6.963.719
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	63.965	6.899.754	6.963.719
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Corporate Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-TL (Legal Person)	3.636	-	3.636
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	351.601	8.063.890	8.415.491

6. Loans according to types of borrowers:

	31 December 2020	31 December 2019
Public	182.698	129.080
Private	15.468.043	12.739.850
Total	15.650.741	12.868.930

7. Distribution of domestic and foreign loans:

	31 December 2020	31 December 2019
Domestic Loans	15.650.276	12.868.457
Foreign Loans	465	473
Total	15.650.741	12.868.930

8. Loans given to associates and subsidiaries;

None (31 December 2019: None).

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

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

9. Specific provisions provided against loans:

	31 December 2020	31 December 2019
Loans with Limited Collectability	98.377	33.942
Loans with Doubtful Collectability	294.996	107.190
Uncollectible Loans	276.291	135.451
Total	669.664	276.583

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

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

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
31 December 2020			
Gross amounts before the Provisions	-	-	-
Restructured Loans	-	-	21.343
31 December 2019			
Gross amounts before the Provisions	-	-	-
Restructured Loans	1.028	1.963	8.201

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

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

ii. Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Prior Period End Balance	110.211	300.585	536.348
Additions (+)	1.104.661	106.525	61.094
Transfers from Other Categories of Non-performing Loans (+)	-	948.489	412.203
Transfers to Other Categories of Non-performing Loans (-)	948.489	412.203	-
Collections (-)	42.944	160.495	144.507
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	223.439	782.901	865.138
Specific Provision (-)	98.377	294.996	276.291
Net Balance on Balance Sheet	125.062	487.905	588.847

iii. Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
31 December 2020			
Period-End Balance	217.685	688.633	271.847
Specific Provision (-)	97.352	263.876	109.152
Net Balance on balance sheet	120.333	424.757	162.695
31 December 2019			
Period-End Balance	64.439	70.532	155.143
Specific Provision (-)	22.427	36.154	50.712
Net Balance on balance sheet	42.012	34.378	104.431

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

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

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans and other
31 December 2020			
Current Period (Net)	125.062	487.905	588.847
Loans Given to Real Persons and Legal Persons (Gross)	223.439	782.901	865.138
Provision Amount (-)	98.377	294.996	276.291
Loans Given to Real Persons and Legal Persons (Net)	125.062	487.905	588.847
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net)	76.269	193.395	400.897
Loans Given to Real Persons and Legal Persons (Gross)	110.211	300.585	536.348
Provision Amount (-)	33.942	107.190	135.451
Loans Given to Real Persons and Legal Persons (Net)	76.269	193.395	400.897
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-

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

The Bank aims to collect uncollectible loans and other receivables are collected through the liquidation of collaterals by legal procedures.

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

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

12. 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 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 31 December 2020, the Bank has no written-off liabilities. (31 December 2019 TL 54.110)

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

- f. 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:

	III. Group:	IV. Group:	V. Group:
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	4.918	18.023	75.319
Interest Accruals and Valuation Differences	8.766	28.553	128.608
Provision Amount (-)	3.848	10.530	53.289
Prior Period (Net)	11.282	34.873	34.259
Interest Accruals and Valuation Differences	17.656	55.354	56.507
Provision Amount (-)	6.374	20.481	22.248

- g. Information on financial assets measured at amortized cost:

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

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	304.621	-	247.227
Other	-	-	-	-
Total	-	304.621	-	247.227

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

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	205.782	-	-
Other	-	-	-	-
Toplam	-	205.782	-	-

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

	31 December 2020	31 December 2019
Government Bond	510.403	262.923
Treasury Bond	-	-
Other Public Debt Securities	-	-
Total	510.403	262.923

4. Information on financial assets measured at amortized cost:

	31 December 2020	31 December 2019
Debt securities	510.403	262.923
Publicly-traded	510.403	262.923
Not publicly-traded	-	-
Provision for impairment	-	-
Total	510.403	262.923

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

g. Information on financial assets measured at amortized cost (Continued):

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

	31 December 2020	31 December 2019
Opening balance	262.923	236.801
Foreign exchange differences in monetary assets	79.706	26.122
Purchases during the year	167.774	-
Disposals through Sales and Redemptions	-	-
Value decrease equivalent (-)	-	-
Period end balance	510.403	262.923

h. Information on associates (Net):

None (31 December 2019: None).

i. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

None (31 December 2019: None).

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

None (31 December 2019: None).

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

	Title	Address (City/Country)	Bank's share percentage, if different voting percentage (%)	Other shareholders' share percentage (%)
1	Burgan Finansal Kiralama A.Ş.	Istanbul/Turkey	99,99	0,01
2	Burgan Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100,00	-

(*) The liquidation process of Burgan Wealth Limited Company, which is a subsidiary of Burgan Investment, was approved by Dubai Financial Services Authority (DFSA) on 15 July 2020 and the liquidation process of the Company was completed.

4. 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	3.942.580	393.354	431.478	335.039	-	17.785	39.384	-
2	203.561	155.291	2.429	17.191	11	13.514	22.299	-

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

5. Movement schedules of consolidated subsidiaries:

	31 December 2020	31 December 2019
Balance at the beginning of the Period	523.728	381.091
Movements during the Period	24.832	142.637
Purchases	-	100.000
Bonus Shares Obtained	-	-
Dividends from Current Year Income	31.299	61.683
Sales	-	-
Revaluation Increase/Decrease (*)	(6.467)	(19.046)
Impairment Provision	-	-
Balance at the end of the Period	548.560	523.728
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	%99,99	%99,99

(*) Includes the increases occurred as a result of the application of the equity method in accordance with TAS 27 disclosed in Note XXVIII, in Section Three.

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

Subsidiaries	31 December 2020	31 December 2019
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	470.345	453.279
Finance Companies	-	-
Other Financial Subsidiaries	78.215	70.449
Total	548.560	523.728

7. Subsidiaries quoted on stock exchange:

None (31 December 2019: None).

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

None (31 December 2019: None).

k. Information on lease receivables (net):

None (31 December 2019: None).

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

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

1. Information on derivative financial assets:

1. Information on derivative financial assets at fair value through profit or loss:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Forward Transactions	2.441	4.879	10.508	939
Swap Transactions	143.179	132.365	112.328	69.496
Futures Transactions	-	-	2	-
Options	1.162	1.636	317	3.561
Other	-	-	-	-
Total	146.782	138.880	123.155	73.996

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

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	553.532	937	448.188	5.251
Foreign Net Investment Hedge	-	-	-	-
Total	553.532	937	448.188	5.251

m. Information on investment property:

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2019				
Cost	28.912	627	216.636	246.175
Accumulated depreciation (-)	4.412	34	77.258	81.704
Net book value	24.500	593	139.378	164.471
31 December 2020				
Net book value at beginning of the period	24.500	593	139.378	164.471
Additions	-	116	11.961	12.077
Disposals (-), net	-	-	13.484	13.484
Impairment (-)	-	-	-	-
Depreciation (-)	535	133	25.784	26.452
Revaluation Increase	2.785	-	-	2.785
Cost at Period End	31.697	709	193.165	225.571
Accumulated Depreciation at Period End (-)	4.947	133	81.094	86.174
Closing Net Book Value at Period End	26.750	576	112.071	139.397

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

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

m. Information on investment property (Continued):

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2018				
Cost	27.672	-	80.516	108.188
Accumulated depreciation (-)	3.922	-	45.812	49.734
Net book value	23.750	-	34.704	58.454
31 December 2019				
Net book value at beginning of the period	23.750	-	34.704	58.454
Additions	-	627	142.224	142.851
Disposals (-), net	-	-	568	568
Impairment (-)	-	-	-	-
Depreciation (-)	490	34	36.982	37.506
Revaluation Increase	1.240	-	-	1.240
Cost at Period End	28.912	627	216.636	246.175
Accumulated Depreciation at Period End (-)	4.412	34	77.258	81.704
Closing Net Book Value at Period End	24.500	593	139.378	164.471

n. Information on intangible assets:

1. Book value and accumulated depreciation at the beginning and at the end of the period:

	31 December 2020	31 December 2019
Gross Book Value	119.189	102.927
Accumulated Depreciation (-)	78.042	65.529
Net Book Value	41.147	37.398

2. Information on movements between the beginning and end of the period:

	31 December 2020	31 December 2019
Beginning of the Period	37.398	44.058
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	16.262	6.187
Disposals	-	5
Amount Accounted under Revaluation Reserve	-	-
Impairment	-	-
Impairment Reversal	-	-
Amortisation (-)	12.513	12.842
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	41.147	37.398

o. Information on investment property:

None (31 December 2019: None)

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

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

p. Information on deferred tax asset:

As of 31 December 2020, Bank has netted-off the calculated deferred tax asset of TL 162.492 (31 December 2019: TL 132.396) and deferred tax liability of TL 70.735 (31 December 2019: TL 87.916) in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 91.757 (31 December 2019: TL 44.480 net deferred tax assets) in the financial statements.

As of 31 December 2020 and 31 December 2019, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Provision for Legal Cases	8.939	9.236	1.788	2.031
General Provisions and Other Provisions	749.547	539.650	149.909	118.723
Reserve for Employee Rights	25.604	21.875	5.121	4.812
Unearned Revenue	28.370	28.527	5.674	6.276
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	-	37.427	-	554
Deferred Tax Assets	812.460	636.715	162.492	132.396
Valuation Differences of Derivative Instruments	40.138	-	5.422	-
Other	318.663	396.852	63.733	87.307
Deferred Tax Liabilities	7.901	2.770	1.580	609
	366.702	399.622	70.735	87.916
Deferred Tax Assets/(Liabilities) (Net)				
			91.757	44.480

Movement of deferred tax asset/liabilities is presented below:

	31 December 2020	31 December 2019
Balance as of 1 January	44.480	(6.203)
Current year deferred tax income/(expense), net	61.521	30.456
Deferred tax charged to equity, net (*)	(14.244)	20.227
Balance at the End of the Period	91.757	44.480

(*) Deferred tax accounted in equity due to the effects of TAS 27 amounts to TL (180).

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

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

r. Information on assets held for resale and discontinued operations:

The Bank has assets held for resale amounting to TL 495.818 (31 December 2019: TL 408.176) and has no discontinued operations.

Prior Period	31 December 2020	31 December 2019
Cost	408.604	113.600
Accumulated Depreciation (-)	428	510
Net Book Value	408.176	113.090
Current Period		
Net book value at beginning of the period	408.176	113.090
Additions	172.268	328.001
Disposals (-), net	84.260	31.476
Impairment (-)	366	1.439
Depreciation (-)	-	-
Cost	496.182	408.604
Accumulated Depreciation (-)	364	428
Closing Net Book Value	495.818	408.176

s. Information on other assets:

Other assets amount to TL 315.947 (31 December 2019: TL 138.428) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 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	732.870	-	665.370	7.961.569	279.388	57.809	59.593	-	9.756.599
Residents in Turkey	698.258	-	614.103	7.877.919	273.774	56.527	39.673	-	9.560.254
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	98.580	-	145.013	463.169	86	2.676	175	-	709.699
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
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	972.340	-	1.288.202	10.965.949	400.435	97.261	218.096	4	13.942.287

ii. 31 December 2019:

	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	49.770	-	439.397	2.225.553	15.482	67.162	282.974	40	3.080.378
Foreign Currency Deposits	381.249	-	801.874	6.163.650	149.637	78.931	61.293	-	7.636.634
Residents in Turkey	362.300	-	782.115	6.078.883	147.360	75.909	54.677	-	7.501.244
Residents Abroad	18.949	-	19.759	84.767	2.277	3.022	6.616	-	135.390
Public Sector Deposits	43.782	-	-	-	-	-	-	-	43.782
Commercial Deposits	94.463	-	180.449	188.649	11.428	54.188	146	-	529.323
Other Institutions Deposits	2.213	-	4.046	43.870	-	-	-	-	50.129
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	20.910	-	148.507	53.383	-	-	-	-	222.800
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	344	-	148.507	-	-	-	-	-	148.851
Foreign Banks	20.566	-	-	53.383	-	-	-	-	73.949
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	592.387	-	1.574.273	8.675.105	176.547	200.281	344.413	40	11.563.046

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

II. EXPLANATIONS AND NOTES RELATED TO 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	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Saving Deposits				
Saving Deposits	1.276.718	1.268.116	1.945.387	1.812.262
Foreign Currency Savings Deposit	756.960	622.528	5.472.613	3.996.749
Other Deposits in the Form of Savings Deposits	5.956	-	13.408	-
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	2.039.634	1.890.644	7.431.408	5.809.011

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

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

	31 December 2020	31 December 2019
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	16.763	10.890
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 "TCK" Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	16.763	10.890

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

None (31 December 2019: None).

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

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

c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	39.279	37.976	34.728	13.214
From Foreign Banks, Institutions and Funds	-	3.200.680	-	2.253.041
Total	39.279	3.238.656	34.728	2.266.255

2. Information on maturity structure of borrowings:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Short-term	39.279	374.550	34.728	238.164
Medium and Long-term	-	2.864.106	-	2.028.091
Total	39.279	3.238.656	34.728	2.266.255

3. Additional information on the major concentration of the Bank's liabilities:

The Bank's main funding sources are deposits and borrowings. As of 31 December 2020, deposits and borrowings from Bank's risk group comprise 2,08% (31 December 2019: 2,76%) of total deposits. Besides this, Borrowings from Bank's risk group comprise 58,72% (31 December 2019: 78,16%) of subordinated and other borrowings.

d. Information on marketable securities issued:

None (31 December 2019: None).

e. Information on other liabilities:

Other foreign liabilities amounting to TL 761.651 (31 December 2019: TL 608.907) do not exceed 10% of the total of the balance sheet excluding off-balance sheet commitments.

f. Information on lease payables:

	31 December 2020		31 December 2019	
	Gross	Net	Gross	Net
Less Than 1 Year	937	924	7.884	5.512
Between 1-4 Years	19.852	15.912	11.931	10.490
More Than 4 Years	79.451	58.036	122.423	98.356
Total	100.240	74.872	142.238	114.358

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

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

g. Information on derivative financial liabilities:

1. Information on derivative financial liabilities at fair value through profit or loss:

Trading Derivative Financial Liabilities	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Forward Transactions	1.907	1.916	6.963	1.247
Swap Transactions	250.277	203.683	114.834	73.957
Futures Transactions	-	-	10	-
Options	-	2.064	18	3.319
Other	-	-	-	-
Total	252.184	207.663	121.825	78.523

2. Information on derivative financial liabilities at fair value through other comprehensive income:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	56.399	38.573	66.656	11.257
Foreign Net Investment Hedge	-	-	-	-
Total	56.399	38.573	66.656	11.257

h. Information on provisions:

1. Information on reserve for employment termination benefits:

Under the Turkish Labor Law, the Bank 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 7.117,17 since 1 July 2020 (31 December 2019: TL 6.379,86). Employee 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 Bank. 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:

	31 December 2020	31 December 2019
Discount rate (%)	3,01	3,26
Salary increase rate (%)	9,50	8,50
Average remaining work period (Year)	11,22	11,60

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(Continued):**

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

Movement of reserve for employment termination benefits during the period:

	31 December 2020	31 December 2019
Prior period balance	18.670	12.902
Service cost	3.006	2.539
Interest cost	1.996	1.926
Settlement cost	76	578
Actuarial loss/gain	396	2.685
Benefits paid (-)	1.958	1.960
Total	22.186	18.670

In addition, as of 31 December 2020 the Bank has accounted for vacation rights provision and personnel bonus provision amounting to TL 16.744 (31 December 2019: TL 29.620).

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 2019: None).

ii. Information on other provisions:

The Bank set aside reserves under other provisions amounting to TL 195.000 (31 December 2019: None) for lawsuits, TL 68.408 (31 December 2019: TL 24.141) for provisions for non-cash loans and commitments that are not converted to cash and not indemnified and other provisions amounting to TL 24.939 (31 December 2019: None).

i. Information on taxes payable:

1. Information on tax provision:

As of 31 December 2020, there is TL 13.461 corporate tax provision (31 December 2019: TL 7.178).

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(Continued):**

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

i. Information on taxes payable (Continued):

2. Information on taxes payable:

	31 December 2020	31 December 2019
Corporate Tax Payable	13.461	7.178
Taxation of Marketable Securities	8.958	10.601
Property Tax	36	76
Banking Insurance Transaction Tax	12.149	8.399
Foreign Exchange Transaction Tax	237	241
Value Added Tax Payable	651	511
Other	4.301	3.810
Total	39.793	30.816

3. Information on premium payables:

	31 December 2020	31 December 2019
Social Security Premiums-Employee	1.618	1.421
Social Security Premiums-Employer	1.916	1.681
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	111	97
Unemployment Insurance-Employer	221	195
Other	-	-
Total	3.866	3.394

4. Explanations on deferred tax liability:

As of 31 December 2020, the Bank has netted-off the calculated deferred tax asset of TL 162.492 (31 December 2019: TL 132.396) and deferred tax liability of TL 70.735 (31 December 2019: TL 87.916) in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 91.757 (31 December 2019: TL 44.480 net deferred tax asset) in the financial statements.

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(Continued):**

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

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

None (31 December 2019: None).

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 150.000.000	6 December 2013	4 December 2023	LIBOR+3,75
Burgan Bank K.P.S.C. (Main Shareholder)	USD 150.000.000	30 March 2016	30 March 2026	LIBOR+3,75

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

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic Institutions	-	-	-	-
Foreign Banks	-	2.228.521	-	1.797.925
Other Foreign Institutions	-	-	-	-
Total	-	2.228.521	-	1.797.925

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Debt Instruments Subject to Common Equity	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments Subject to Tier 2 Equity	-	2.228.521	-	1.797.925
Subordinated Loans	-	2.228.521	-	1.797.925
Subordinated Debt Instruments	-	-	-	-
Total	-	2.228.521	-	1.797.925

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

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

I. Information on shareholders' equity:

1. Presentation of paid-in capital:

	31 December 2020	31 December 2019
Common Stock	1.535.000	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	1.535.000	4.000.000

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

None.

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 Bank within several risk limits and legal limits.

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

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.

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

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

I. Information on shareholders' equity (Continued):

8. Information on marketable securities valuation reserve:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(1.541)	5.133	5.674	(2.321)
Foreign Currency Translation Difference	-	-	-	-
Total	(1.541)	5.133	5.674	(2.321)

9. Information on tangible assets revaluation reserve:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	23.452	-	20.713	-
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 March 26, 2020; TL 138.554 including the effects of TMS 27 Standard, which is the profit of 2019, was not distributed and transferred to reserve funds.

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

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	31 December 2020	31 December 2019
Foreign currency buy/sell commitments	1.704.275	174.661
Loan limit commitments	276.854	151.731
Deposits buy/sell commitments	136.746	-
Commitments for cheques	72.695	71.523
Securities buy/sell commitments	14.986	31.061
Total	2.205.556	428.976

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:

	31 December 2020	31 December 2019
Letter of guarantees	2.554.181	1.800.732
Other guarantees	1.329.236	839.294
Letter of credits	1.117.312	624.297
Bank acceptance loans	171.038	214.924
Total	5.171.767	3.479.247

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

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Irrevocable letters of guarantee	727.790	725.036	600.097	485.135
Revocable letters of guarantee	58.393	4.576	90.696	4.664
Letters of guarantee given in advance	17.904	394.099	8.294	287.252
Guarantees given to customs	28.924	94.492	32.342	70.385
Other letters of guarantee	159.134	343.833	23.476	198.391
Total	992.145	1.562.036	754.905	1.045.827

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

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

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

	31 December 2020	31 December 2019
Non-cash loans given against cash loans	1.812.420	1.043.071
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	1.812.420	1.043.071
Other non-cash loans	3.359.347	2.436.176
Total	5.171.767	3.479.247

ii. Information on the risk concentration on the basis of sector in the non-cash loans account:

	31 Aralık 2020				31 Aralık 2019			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	33.422	3,37	303.559	7,26	5.615	0,74	54.454	2,00
Farming and Stockbreeding	33.193	3,35	303.318	7,26	5.386	0,71	51.456	1,89
Forestry	-	0,00	-	0,00	-	0,00	-	0,00
Fishery	229	0,02	241	0,01	229	0,03	2.998	0,11
Manufacturing	261.790	26,39	2.526.352	60,44	201.774	26,73	1.735.867	63,72
Mining and Quarrying	26.579	2,68	927	0,02	50.222	6,65	96.429	3,54
Production	195.898	19,74	2.503.852	59,91	97.847	12,96	1.622.087	59,54
Electricity, Gas and Water	39.313	3,96	21.573	0,52	53.705	7,11	17.351	0,64
Construction	119.230	12,02	445.534	10,66	135.029	17,89	424.250	15,57
Services	540.333	54,46	896.466	21,45	368.870	48,86	468.787	17,21
Wholesale and Retail Trade	198.457	20,00	330.127	7,90	102.754	13,61	141.425	5,19
Accommodation and Dining	703	0,07	53.605	1,28	2.315	0,31	14.216	0,52
Transportation and Telecom	46.998	4,74	166.282	3,98	41.845	5,54	38.524	1,41
Financial Institutions	275.529	27,77	234.722	5,62	171.203	22,68	139.463	5,12
Real Estate and Rental Ser.	18.067	1,82	110.539	2,64	28.948	3,83	109.694	4,03
Professional Services	112	0,01	1.191	0,03	18.437	2,44	22.467	0,82
Educational Services	40	0,00	-	0,00	2.070	0,27	-	0,00
Health and Social Services	427	0,04	-	0,00	1.298	0,17	2.998	0,11
Other	37.370	3,77	7.711	0,18	43.617	5,78	40.984	1,50
Total	992.145	100	4.179.622	100	754.905	100	2.724.342	100

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

Cari Dönem (*)	I inci Grup		II nci Grup	
	TP	YP	TP	YP
Letters of Guarantee	971.518	1.361.125	11.057	189.331
Bill of Exchange and Acceptances	-	171.038	-	-
Letters of Credit	-	1.116.047	-	-
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	1.329.236	-	-
Total	971.518	3.977.446	11.057	189.331

(*) In addition to the non-cash loans stated in the table above, the Bank has a non-cash loan amounting to TL 24.415, which is classified as total non-performing loans. As of 31 December 2020, the Bank has recorded a TL 7.558 provision regarding these loans.

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

b. Information on derivative financial instruments:

	31 December 2020	31 December 2019
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	26.059.185	14.519.103
Currency forward transactions	188.962	533.938
Currency swap transactions	24.387.155	11.392.073
Futures transactions	-	8.382
Options	1.483.068	2.584.710
Interest related derivative transactions (II)	12.386.418	11.808.580
Forward rate agreements	-	-
Interest rate swaps	12.386.418	11.808.580
Interest rate options	-	-
Interest rate futures	-	-
Other Trading Derivative Transactions (III)	-	-
A. Total trading derivative transactions (I+II+III)	38.445.603	26.327.683
Types of hedging transactions	3.542.711	3.143.277
Fair value hedges	-	-
Cash flow hedges	3.542.711	3.143.277
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	3.542.711	3.143.277
Total derivative transactions (A+B)	41.988.314	29.470.960

c. Information on contingent assets and contingent liabilities:

As of 31 December 2020, the total amount of legal cases against the Bank is TL 27.425 (31 December 2019: TL 54.309) and the Bank sets aside a provision of TL 8.939 (31 December 2019: TL 9.236) regarding these risks.

d. Brief information on the Bank's rating given by International Rating Institutions:

FITCH (26 February 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 (tur)
Viability Note	b-

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

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	321.537	51.027	514.462	64.195
Medium/Long-term Loans	352.377	535.924	395.094	536.658
Interest on Loans Under Follow-up	13.997	-	6.835	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	687.911	586.951	916.391	600.853

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

2. Information on interest income on banks:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
From the CBRT	229	71	7.778	-
From Domestic Banks	21.084	374	37.503	867
From Foreign Banks	-	1.285	-	7.498
Headquarters and Branches Abroad	-	-	-	-
Total	21.313	1.730	45.281	8.365

3. Information on interest income on marketable securities:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	139	1.559	259	1.255
Financial Assets Measured at Fair Value through Other Comprehensive Income	25.781	5.470	35.971	7.249
Financial Assets Measured at Amortized Cost	-	26.285	-	11.386
Total	25.920	33.314	36.230	19.890

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

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

a. Information on interest income (Continued):

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

	31 December 2020	31 December 2019
Interest Received From Investments in Associates and Subsidiaries	46	3.406

b. Information on interest expense:

1. Information on interest expense on borrowings:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Banks	3.561	177.466	2.054	258.192
The CBRT	-	-	-	-
Domestic Banks	3.561	470	2.054	1.475
Foreign Banks	-	176.996	-	256.717
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	8.646	-	14.102
Total (*)	3.561	186.112	2.054	272.294

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

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

	31 December 2020	31 December 2019
Interest Paid to Investment in Associates and Subsidiaries	727	5.230

3. Interest expense on issued marketable securities:

None. (31 December 2019: None)

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

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

4. Information on interest rate and maturity structure of deposits:

Current Period	Demand Deposit	Time Deposit						Total	Prior Period Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accum. Deposit		
Turkish Currency									
Bank Deposits	-	2.005	-	-	-	-	-	2.005	328
Savings Deposits	-	47.972	261.520	5.256	2.966	36.660	-	354.374	606.037
Public Deposits	-	3	-	-	-	-	-	3	-
Commercial Deposits	-	8.276	18.188	294	2.483	14	-	29.255	70.122
Other Deposits	-	292	3.332	2	27	97	-	3.750	40.369
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Total	-	58.548	283.040	5.552	5.476	36.771	-	389.387	716.856
Foreign Currency									
Foreign Currency Account	-	9.233	131.467	3.494	1.164	948	-	146.306	172.680
Bank Deposits	-	2.069	-	-	-	-	-	2.069	1.777
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	-	11.302	131.467	3.494	1.164	948	-	148.375	174.457
Grand Total	-	69.850	414.507	9.046	6.640	37.719	-	537.762	891.313

c. **Explanations on dividend income:**

	31 December 2020	31 December 2019
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	8	2.769
Other	-	-
Total	8	2.769

d. **Information on trading loss/income (Net):**

	31 December 2020	31 December 2019
Income	33.966.466	28.708.304
Capital Market Transactions	44.193	19.850
Derivative Financial Transactions	283.058	93.933
Foreign Exchange Gains	33.639.215	28.594.521
Loss (-)	33.862.068	28.675.436
Capital Market Transactions	5.272	4.024
Derivative Financial Transactions	315.863	72.322
Foreign Exchange Losses	33.540.933	28.599.090
Net Income/Loss	104.398	32.868

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

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

e. Information on other operating income:

In the current period, the Bank's other operating income is TL 26.393 (31 December 2019: TL 15.532). TL 15.607 (31 December 2019: TL 7.816) amount of the other operating income is composed of the profit from sales of the fixed assets that were classified as "Asset Held for Resale".

f. Expected loss provisions and other provision expenses:

	31 December 2020	31 December 2019
Expected Credit Loss	408.420	254.538
12 Month Expected Credit Loss (Stage 1)	-	-
Significant Increase in Credit Risk (Stage 2)	19.059	86.341
Non-performing Loans (Stage 3)	389.361	168.197
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Joint Ventures Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	210.704	1.943
Total	619.124	256.481

g. Information related to other operating expenses:

	31 December 2020	31 December 2019
Reserve For Employee Termination Benefits (*)	5.289	5.043
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Amortization Expenses of Fixed Assets	26.452	37.506
Impairment Expenses of Intangible Assets	-	-
Amortization Expenses of Intangible Assets	12.513	12.842
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	366	1.439
Amortization Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	127.592	112.811
Leasing expenses related to TFRS 16 exceptions	1.320	1.826
Maintenance Expenses	1.510	1.627
Advertising Expenses	7.591	6.241
Other Expense	117.171	103.117
Loss on Sales of Assets	21	2.185
Other	20.822	32.302
Total	193.055	204.128

(*) As of 31 December 2020, there is "Employee Vacation Fee Provision Expense" amounting to TL 211 (31 December 2019: TL None).

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

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

h. Information on net income/(loss) before taxes from discontinued and continuing operations:

The Bank has no discontinued operations. The Bank's net in profit before taxes from continuing operations is TL 296.073 (31 December 2019: TL 158.859 profit).

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

The Bank 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 31 December 2020, the Bank has TL 32.862 current tax expense. Deferred tax income amounts to TL 61.521.

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

The Bank has TL 69.247 deferred tax income from temporary differences. The bank also has deferred tax expense from closed temporary differences amounting to TL 7.726, deferred tax expense and income net-off to TL 61.521 deferred tax income.

3. 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 31 December 2020, the Bank has TL 61.521 (31 December 2019: TL 70.049 deferred tax income) deferred tax income arising from temporary differences and has no deferred tax income/expense from financial loss carried forward from prior periods (31 December 2019: TL 51.789 deferred tax expense)

j. Information on continuing and discontinued operations' current period net profit/(loss):

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

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

k. Information on net income/(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 Bank, the composition and amount of these items:

As of December 31, 2020, TL 195.000 of the Bank's loss of TL 267,414 consists of free provisions in the period.

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.

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

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

I. Information on other income and expenses:

1. In the current period, the Bank's interest income amounts to TL 1.612.129 (31 December 2019: TL 2.157.978) and TL 220.989 (31 December 2019: TL 400.776) of this amount is classified as "Other Interest Income" in the income statement.

	31 December 2020	31 December 2019
Other Interest Income		
Interest Income Related to Derivative Transactions	209.054	386.265
Other	11.935	14.511
Total	220.989	400.776

2. In the current period, the Bank's interest expense amounts to TL 1.076.481 (31 December 2019: TL 1.494.053), TL 331.146 (31 December 2019: TL 309.875) of this amount is classified as "Other Interest Expense" in the income statement.

	31 December 2020	31 December 2019
Other Interest Expense		
Interest Expense Related to Derivative Transactions	301.940	293.452
Other	29.206	16.423
Total	331.146	309.875

3. In the current period, the Bank's fee and commission income amounts to TL 46.663 (31 December 2019: TL 48.587) and TL 18.614 (31 December 2019: TL 21.508) the related amount is classified under "Other" account in the income statement.

	31 December 2020	31 December 2019
Other Fee and Commissions Received		
Commissions on Investment Fund Services	6.551	2.576
Insurance Commissions	4.125	7.137
Commissions from Correspondent Banks	1.058	607
Transfer Commissions	280	519
Common Point Commissions	157	102
Account Operating Fees	98	4.390
Card and POS Transaction Commission	35	141
Other	6.310	6.036
Total	18.614	21.508

4. In the current period, Bank's fee and commission expense amounts to TL 14.052 (31 December 2019: TL 10.407) and TL 13.990 (31 December 2019: TL 10.345) of the related amount is classified under "Other" account.

	31 December 2020	31 December 2019
Other Fee and Commissions Given		
Card Transaction Commission	3.055	1.984
Commissions Granted to Correspondent Banks	1.313	1.277
Common Point Commissions	585	491
EFT Commissions	542	520
Transfer Commissions	69	101
Other	8.426	5.972
Total	13.990	10.345

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY

a. Information on change in the shareholder structure of the Bank:

There is no change in Bank's partnership structure in 2020.

b. Information on distribution of profit:

According to the decision of the Bank held at the Ordinary General Assembly Meeting held on 26 March 2020; While adapting TAS 27 Standard, the profit of 2019, TL 138.554 was not distributed. It is classified as legal and extraordinary reserves.

c. Information on capital increase:

There is no change in Bank's capital structure in 2020.

d. Information on valuation differences of marketable securities:

"Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the "Marketable securities valuation reserve" account under equity, until the financial assets are sold, disposed or impaired.

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(1.541)	5.133	5.674	(2.321)
Foreign Currency Difference	-	-	-	-
Total	(1.541)	5.133	5.674	(2.321)

e. Information on revaluation differences of tangible and intangible assets :

The reversal from revaluation reserve to their fair value for immovables amounting to TL 2.739 net of tax (31 December 2019: TL 1.103) is accounted under "Revaluation differences of tangible assets and intangible assets".

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalent assets:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

i. Cash and cash equivalents at the beginning of period:

	31 December 2020	31 December 2019
Cash	1.641.806	1.977.380
Cash, Foreign Currency and Other	142.396	84.257
Demand Deposits in Banks	1.499.411	1.893.123
Cash Equivalents	545.940	444.331
Interbank Money Market	540.000	-
Time Deposits in Bank	5.940	444.331
Total Cash and Cash Equivalents	2.187.746	2.421.711

The total amount from the operations that occurred in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

ii. Cash and cash equivalents at the end of the period:

	31 December 2020	31 December 2019
Cash	1.758.418	1.641.806
Cash, Foreign Currency and Other	415.164	142.396
Demand Deposits in Banks	1.343.254	1.499.411
Cash Equivalents	118.549	545.940
Interbank Money Market	100.000	540.000
Time Deposits in Bank	18.549	5.940
Total Cash and Cash Equivalents	1.876.967	2.187.746

b. Information on other items presented in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents :

"Other" items presented in "Net operating income before changes in operating assets and liabilities" amount to negative TL 320.377 (31 December 2019: negative TL 586.739) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

"Net increase/decrease in liabilities" items presented in "Changes in operating assets and liabilities" amount to positive TL 905.989 (31 December 2019: negative TL 731.061) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2020, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately positive TL 29.901 (31 December 2018: positive TL 24.302).

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

VII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP:

a. The volume of transactions relating to the Bank'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 2019 for balance sheet and 31 December 2019 income statement items.

31 December 2020	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Banks' Risk Group	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	39.591	-	35.560	98	-
Balance at the End of the Period	-	62.497	-	12.944	790	-
Interest and Commission Income Received	46	411	-	4	53	-

31 December 2019	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Banks' Risk Group	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	22.858	10.792	-	149.865	166	87
Balance at the End of the Period	-	39.591	-	35.560	98	-
Interest and Commission Income Received	3.406	206	7	8	21	1

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

Banks' Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Deposit	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period	157.181	145.154	147.223	11.951	15.264	12.172
End of the Period	94.838	157.181	171.520	147.223	24.112	15.264
Interest Expense on Deposits	727	5.230	3.250	6.324	1.189	1.319

Banks' Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Repurchase Transactions	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense on Repurchase Transactions	-	-	2	-	6	3

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

VII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP (Continued):

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

Banks' Risk Group	Investments in associates, subsidiaries and joint ventures		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
Transactions at fair value through profit or loss						
Beginning of the Period (*)	1.294.994	1.437.332	-	-	-	-
End of the period (*)	2.508.920	1.294.994	-	-	-	-
Total Profit/Loss	27.246	6.454	-	3.251	-	-
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

(*) The information in the table above shows the total amount of "buy".

b. With respect to the Bank's risk group:

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

The Bank 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 (%)
Borrowings and Subordinated Debt Instruments	3.233.562	58,72
Deposit	290.470	2,08
Non-cash Loans	75.441	1,46
Banks and Other Institutions	19.398	22,10
Loans	790	-

As of 31 December 2020, the Bank has realized interest income from deposits given to banks included in the risk group amounting to TL 480 (31 December 2019: TL 2.608), the Bank has realized interest expense amounting to TL 141.810 (31 December 2019: TL 166.800) on loans borrowed from the banks in the Bank's risk group.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

VII. EXPLANATIONS AND NOTES RELATED TO BANK'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:

According to the Joint Expense Sharing Agreement with the Bank and its subsidiaries; the Bank has received TL 696 (31 December 2019: TL 544) from Burgan Finansal Kiralama A.Ş., TL 301 (31 December 2019: TL 127) other operation income from Burgan Yatırım Menkul Değerler A.Ş.

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 0,34% (31 December 2019: 0,44%) of the Bank's total cash and non-cash loans.

As of 31 December 2020 there are no purchase-sales transactions on any assets including real estate with the risk group consisting the Bank.

As of 31 December 2020 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Bank is included.

c. Information on benefits provided to top management:

Top management of the Bank is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management in the current period, totals TL 28.511 (31 December 2019: TL 24.045) which constitutes of the sum of other benefits including yearly gross salaries and other payments and travel, meal aids, health and life insurances and vehicle expenses.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

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

VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

- a. Information on domestic, foreign branches and foreign representatives:

	Number	Employee number			
Domestic Branch	32	951			
			Country of Incorporation		
Foreign Representative	-	-	-		
				Total Asset	Statutory share capital
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	-	-	-	-	-

- b. There is no event that would affect opening or closing a domestic branch, a foreign branch or a representative office of the Parent Bank.

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

With the decision of the Board of Directors dated 24.02.2021 and numbered 2021/06; within the registered authorized stock of TL 4.000.000.000 of the Bank's capital TL 1.535.000.000; it has been decided to be increased by TL 355.000.000 to TL 1.890.000.000, to obtain the necessary permissions from the Banking Regulation and Supervision Agency regarding the capital increase, to publish the announcements regarding the use of priority rights and to authorize the General Management for the registration and announcement of the capital increase.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

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

SECTION SIX

OTHER EXPLANATIONS

I. OTHER OPERATIONS RELATED TO BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDIT REVIEW REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT:

The unconsolidated financial statements as of 31 December 20120 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young Global Limited) and the auditor’s audit report dated 2 March 2021 has been presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR:

None.

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
TOGETHER WITH INDEPENDENT AUDIT REPORT
AT 31 DECEMBER 2020**

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Burgan Bank Anonim Şirketi:

A) Audit of Consolidated Financial Statements

1) Qualified Opinion

We have audited the accompanying consolidated financial statements of Burgan Bank A.Ş (the "Bank") and its subsidiaries (collectively referred as "The Group"), which comprise the statement of financial position as at December 31, 2020, and the consolidated statement of income, consolidated statement of income and expenses recognized under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter on the unconsolidated financial statements described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and consolidated financial performance and consolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standards ("TAS") for those matters not regulated by the aforementioned regulations.

2) Basis for Qualified Opinion

As explained in note h 2ii in the Explanations and Disclosures related to the Liabilities, the accompanying consolidated financial statements as at 31 December 2020 include a free provision at an amount of TL 195.000 thousand, which was provided in current year by the Bank management, for the possible effects of the negative circumstances which may arise in the economy or market conditions. Due to the fact that the above mentioned item do not meet the requirements of TAS 37, the "net profit loss for the period" as of 31 December 2020 is understated by TL 195.000 thousand.

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

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter disclosed in the Basis of Qualified Opinion section, the issues described below have been identified as key audit matters and are reported in the report:

Key Audit Matter	How the Key Audit Matter is addressed in our audit
<p><i>Financial impact of TFRS 9 “Financial Instruments” standard and recognition of impairment on financial assets and related important disclosures</i></p> <p>As disclosed in footnote VIII. of Section 3; We considered expected credit loss calculations of financial assets outlined in TFRS 9 as a key audit matter due to:</p> <ul style="list-style-type: none"> Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements The applications TFRS 9 are complex and comprehensive The classification of financial instruments based on the Group’s business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows According to the relevant business model category, fair value of the bank financial assets reflected with their fair value, non-observable in the measurement of fair value, significant financial inputs including estimates and assumptions determination according to Level 3 due to its presence. Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses The complexity and intensity of the control environment in the processes designed or reorganized for TFRS 9 Estimations and assumptions used in expected credit losses are important and complex Complex and comprehensive disclosure requirements of TFRS 9. 	<p>Our audit procedures in addition to our current audit procedures:</p> <ul style="list-style-type: none"> Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Group's past performance, and local and global practices Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Information Systems and Process Audit specialists Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of the effects of Covid 19, standard requirements, industry and global practices Testing criteria used for determining the contractual cash flows including interest payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Bank's business model Classifying the bank’s financial instruments and measurement models (fair value financial instruments whose hierarchy is set to Level 3) with comparison of the requirements of TFRS 9 standard. Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Bank’s historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses Detailed testing of mathematical verification of expected credit losses’ calculation on a sample basis Evaluation of the assumptions and estimations used for the individually assessed financial assets based on expert judgment Evaluating the necessity and accuracy of the updates made or required updates after the modeling process Auditing of disclosures related to TFRS 9.

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

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

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

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

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

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

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

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

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

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

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

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

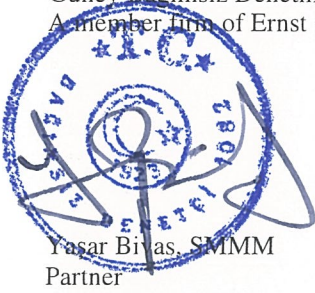
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law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

B) Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) no 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities and financial statements for the period January 1 – December 31, 2020 are not in compliance with the TCC and provisions of the Bank’s articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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



March 2, 2021
İstanbul, Türkiye

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

**THE CONSOLIDATED FINANCIAL AUDIT REPORT OF
BURGAN BANK A.Ş. AS OF 31 DECEMBER 2020**

Address of the Bank's Head Office : Maslak Mahallesi, Eski Büyükdere Caddesi, No:13 34485 Sarıyer/İstanbul
Telephone and Fax Numbers of Bank : Telephone: 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

The consolidated financial audit 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**
- **Section Five** **EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL
STATEMENTS**
- **Section Six** **OTHER EXPLANATIONS**
- **Section Seven** **EXPLANATIONS ON INDEPENDENT AUDIT REPORT**

Investments in associates, subsidiaries and joint ventures whose financial statements have been consolidated in this reporting package 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 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 audited.

2 March 2021

Emin Hakan EMİNSOY
Chairman of the Board of
Directors

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

Zeynep TERZİOĞLU
Assistant General Manager
Financial Affairs

Ahmet CİĞA
Head of Accounting,
Tax, and Reporting Unit

Halil CANTEKİN
Head of the Audit Committee

Adrian Alejandro GOSTUSKI
Member of the Audit Committee

Fouad Husni DOUGLAS
Member of the Audit Committee

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

Name-Surname / Title : Ahmet CİĞA / Head of Accounting Tax and Reporting Unit
Telephone Number : 0 212 371 34 84
Fax Number : 0 212 371 42 48

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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

(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 (the "Bank"), 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. On 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) in 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) in 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 as of 25 January 2013.

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

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

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.

Bank's capital amounting to full TL 1.535.000.000 has been registered as of 8 August 2018.

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 Middle East and North Africa (MENA) 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).

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

(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:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Emin Hakan Eminsoy	Chairman of Board of Directors	Undergraduate
Board of Directors Members:	Faisal M.A. Al Radwan	Deputy Chairman	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	Halil Cantekin	Member	Undergraduate
	Osama T. Al Ghoussein	Member	Undergraduate
	Fouad Husni Douglas	Member	Graduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Ali Murat Dinç	Member and General Manager	Graduate
General Manager:	Ali Murat Dinç	Member and General Manager	Graduate
Vice General Managers:	Esra Aydın	Operations & Management Services	Undergraduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Suat Kerem Sözügözel	Commercial and Corporate Banking	Undergraduate
	Banu Ertürk	Credits Monitoring and Legal Follow-Up	Undergraduate
	Darço Karanfil	Digital Banking and Information Technologies	Graduate
	Zeynep Terzioğlu	Financial Affairs	Graduate
Audit Committee:	Halil Cantekin	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Fouad Husni Douglas	Member	Undergraduate

(*) Zeynep Terzioğlu has been appointed as the Assistant General Manager of Financial Affairs as of 15 January 2021. Mutlu Akpara Treasury, Assistant General Manager in charge of Capital Markets and Graduate Financial Institutions resigned from the position on 8 February 2021. Hasan Hüseyin Uyar, Assistant General Manager in charge of Loans resigned from the position on 22 February 2021.

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

(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:

Name/Commercial title	Share Amounts	Share percentage	Paid-in Capital	Unpaid portion
Burgan Bank K.P.S.C.	1.525.972	99,41%	99,41%	-

Based on the Principal Agreement, the 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 31 December 2020, the Parent Bank, whose headquarter located in Istanbul, has 32 branches operating in Turkey (31 December 2019: 35). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2020, the Group has 1.042 (31 December 2019: 1.024) 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 commitments
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- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows
- VII. Consolidated statement of profit appropriation

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

BURGAN BANK A.Ş.

CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)

AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

I. BALANCE SHEET	ASSETS	Note (Section Five)	Audited (31/12/2020)			Audited (31/12/2019)		
			TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)			1.289.975	3.541.865	4.831.840	1.997.500	2.304.665	4.302.165
I.1 Cash and cash equivalents			393.578	3.162.408	3.555.986	1.271.783	2.023.492	3.295.275
I.1.1 Cash and balances at Central Bank		I-a	236.800	3.033.781	3.270.581	172.637	1.990.025	2.162.662
I.1.2 Banks		I-c	25.244	128.627	153.871	541.238	33.467	574.705
I.1.3 Receivables from Money Markets			131.550	-	131.550	557.969	-	557.969
I.1.4 Expected credit losses (-)			16	-	16	61	-	61
I.2 Financial assets at fair value through profit or loss		I-b	606	82.251	82.857	1.553	34.739	36.292
I.2.1 Public debt securities			606	32.178	32.784	802	3.813	4.615
I.2.2 Equity instruments			-	-	-	751	-	751
I.2.3 Other financial assets			-	50.073	50.073	-	30.926	30.926
I.3 Financial assets at fair value through other comprehensive income		I-d	262.892	154.018	416.910	168.674	167.651	336.325
I.3.1 Public debt securities			255.218	144.122	399.340	160.490	159.728	320.218
I.3.2 Equity instruments			7.674	9.896	17.570	7.674	7.923	15.597
I.3.3 Other financial assets			-	-	-	510	-	510
I.4 Derivative financial assets		I-l	632.899	143.188	776.087	555.490	78.783	634.273
I.4.1 Derivative financial assets at fair value through profit or loss			146.782	138.880	285.662	123.155	73.996	197.151
I.4.2 Derivative financial assets at fair value through other comprehensive income			486.117	4.308	490.425	432.335	4.787	437.122
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)			7.781.438	12.004.232	19.785.670	4.890.565	11.283.669	16.174.234
2.1 Loans		I-e-f	7.828.034	9.765.845	17.593.879	4.673.923	9.190.030	13.863.953
2.2 Receivables from leasing transactions		I-k	745.171	2.463.519	3.208.690	570.956	2.372.175	2.943.131
2.3 Factoring receivables		I-e-f	-	-	-	7	-	7
2.4 Other financial assets measured at amortized cost		I-g	-	510.403	510.403	-	262.923	262.923
2.4.1 Public debt securities			-	510.403	510.403	-	262.923	262.923
2.4.2 Other financial assets			-	-	-	-	-	-
2.5 Expected credit losses (-)		I-e-f	791.767	735.535	1.527.302	354.321	541.459	895.780
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)		I-r	613.988	-	613.988	409.415	-	409.415
3.1 Held for sale			613.988	-	613.988	409.415	-	409.415
3.2 Held from discontinued operations			-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES			-	-	-	-	-	-
4.1 Investments in associates (Net)		I-h	-	-	-	-	-	-
4.1.1 Associates accounted by using equity method			-	-	-	-	-	-
4.1.2 Non-consolidated associates			-	-	-	-	-	-
4.2. Investments in subsidiaries (Net)		I-i	-	-	-	-	-	-
4.2.1 Non-consolidated financial subsidiaries			-	-	-	-	-	-
4.2.2 Non-consolidated non-financial subsidiaries			-	-	-	-	-	-
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)		I-j	-	-	-	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method			-	-	-	-	-	-
4.3.2 Non-consolidated jointly controlled partnerships			-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		I-m	573.200	-	573.200	322.442	-	322.442
VI. INTANGIBLE ASSETS (Net)		I-n	43.623	-	43.623	38.824	-	38.824
6.1 Goodwill			-	-	-	-	-	-
6.2 Other			43.623	-	43.623	38.824	-	38.824
VII. INVESTMENT PROPERTIES (Net)		I-o	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS			27.373	-	27.373	13.854	-	13.854
IX. DEFERRED TAX ASSETS		I-p	118.760	-	118.760	65.844	-	65.844
X. OTHER ASSETS (Net)		I-s	262.847	219.728	482.575	130.008	90.022	220.030
TOTAL ASSETS			10.711.204	15.765.825	26.477.029	7.868.452	13.678.356	21.546.808

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, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)

AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

I. BALANCE SHEET	Note (Section Five)	Audited (31/12/2020)			Audited (31/12/2019)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	4.026.297	9.821.151	13.847.448	3.626.459	7.779.406	11.405.865
II. LOANS RECEIVED	II-c	495.281	6.163.571	6.658.852	228.779	4.821.351	5.050.130
III. MONEY MARKET FUNDS		34.605	238.918	273.523	19.168	192.346	211.514
IV. MARKETABLE SECURITIES (Net)	II-d	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	II-b	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-g	232.139	263.416	495.555	120.688	103.806	224.494
7.1 Derivative financial liabilities at fair value through profit or loss		175.740	224.843	400.583	54.032	92.549	146.581
7.2 Derivative financial liabilities at fair value through other comprehensive income		56.399	38.573	94.972	66.656	11.257	77.913
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	II-f	76.331	771	77.102	26.364	92.604	118.968
X. PROVISIONS	II-h	282.462	61.324	343.786	75.314	15.737	91.051
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		41.997	-	41.997	52.740	-	52.740
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		240.465	61.324	301.789	22.574	15.737	38.311
XI. CURRENT TAX LIABILITIES	II-i	57.463	-	57.463	40.314	-	40.314
XII. DEFERRED TAX LIABILITIES	II-i	-	-	-	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	II-j	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	II-k	-	2.228.521	2.228.521	-	1.797.925	1.797.925
14.1 Loans		-	2.228.521	2.228.521	-	1.797.925	1.797.925
14.2 Other debt instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-e	237.666	587.056	824.722	201.677	485.595	687.272
XVI. SHAREHOLDERS' EQUITY	II-l	1.689.140	(19.083)	1.670.057	1.935.465	(16.190)	1.919.275
16.1 Paid-in capital		1.535.000	-	1.535.000	1.535.000	-	1.535.000
16.2 Capital reserves		(736)	-	(736)	(736)	-	(736)
16.2.1 Equity share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(736)	-	(736)	(736)	-	(736)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		17.956	-	17.956	15.617	-	15.617
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		12.438	(19.083)	(6.645)	(12.595)	(16.190)	(28.785)
16.5 Profit reserves		398.179	-	398.179	259.625	-	259.625
16.5.1 Legal reserves		24.839	-	24.839	22.870	-	22.870
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		373.340	-	373.340	236.755	-	236.755
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		(273.697)	-	(273.697)	138.554	-	138.554
16.6.1 Prior years' profits or losses		(6.283)	-	(6.283)	-	-	-
16.6.2 Current period net profit or loss		(267.414)	-	(267.414)	138.554	-	138.554
16.7 Minority shares		-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES		7.131.384	19.345.645	26.477.029	6.274.228	15.272.580	21.546.808

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, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

II.	OFF-BALANCE SHEET	Note (Section Five)	Audited (31/12/2020)			Audited (31/12/2019)		
			TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		5.569.605	38.682.730	44.252.335	2.996.151	27.645.987	30.642.138
I.	GUARANTEES AND WARRANTIES	III-a-2-3	992.145	4.179.622	5.171.767	754.905	2.724.342	3.479.247
1.1	Letters of Guarantee		992.145	1.562.036	2.554.181	754.905	1.045.827	1.800.732
1.1.1	Guarantees Subject to State Tender Law		14.924	358	15.282	15.047	287	15.334
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		977.221	1.561.678	2.538.899	739.858	1.045.540	1.785.398
1.2	Bank Acceptances		-	171.038	171.038	-	214.924	214.924
1.2.1	Import Letter of Acceptance		-	171.038	171.038	-	214.924	214.924
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	1.117.312	1.117.312	-	624.297	624.297
1.3.1	Documentary Letters of Credit		-	1.117.312	1.117.312	-	624.297	624.297
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		-	1.329.236	1.329.236	-	839.294	839.294
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	III-a-1	824.940	1.300.616	2.125.556	210.597	138.379	348.976
2.1	Irrevocable Commitments		824.940	1.300.616	2.125.556	210.597	138.379	348.976
2.1.1	Asset Purchase and Sales Commitments		555.391	1.163.870	1.719.261	67.343	138.379	205.722
2.1.2	Deposit Purchase and Sales Commitments		-	136.746	136.746	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Commitments for Loan Limits		196.854	-	196.854	71.731	-	71.731
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		72.695	-	72.695	71.523	-	71.523
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		-	-	-	-	-	-
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		3.752.520	33.202.492	36.955.012	2.030.649	24.783.266	26.813.915
3.1	Hedging Derivative Financial Instruments		907.234	6.946.783	7.854.017	822.765	4.964.281	5.787.046
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		907.234	6.946.783	7.854.017	822.765	4.964.281	5.787.046
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		2.845.286	26.255.709	29.100.995	1.207.884	19.818.985	21.026.869
3.2.1	Forward Foreign Currency Buy/Sell Transactions		24.096	164.866	188.962	191.740	342.198	533.938
3.2.1.1	Forward Foreign Currency Transactions-Buy		16.564	79.529	96.093	159.606	111.731	271.337
3.2.1.2	Forward Foreign Currency Transactions-Sell		7.532	85.337	92.869	32.134	230.467	262.601
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		2.470.994	24.957.971	27.428.965	173.728	17.726.111	17.899.839
3.2.2.1	Foreign Currency Swap-Buy		175.511	10.006.154	10.181.665	42.248	5.305.663	5.347.911
3.2.2.2	Foreign Currency Swap-Sell		2.295.483	8.128.375	10.423.858	131.480	5.235.280	5.366.760
3.2.2.3	Interest Rate Swap-Buy		-	3.411.721	3.411.721	-	3.592.584	3.592.584
3.2.2.4	Interest Rate Swap-Sell		-	3.411.721	3.411.721	-	3.592.584	3.592.584
3.2.3	Foreign Currency, Interest rate and Securities Options		350.196	1.132.872	1.483.068	838.192	1.746.518	2.584.710
3.2.3.1	Foreign Currency Options-Buy		165.033	561.256	726.289	269.717	1.009.481	1.279.198
3.2.3.2	Foreign Currency Options-Sell		185.163	571.616	756.779	568.475	737.037	1.305.512
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		-	-	-	4.224	4.158	8.382
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	4.224	-	4.224
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	4.158	4.158
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.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		78.343.108	153.836.559	232.179.667	47.615.522	91.314.436	138.929.958
IV.	ITEMS HELD IN CUSTODY		5.749.144	2.522.930	8.272.074	1.872.492	1.526.244	3.398.736
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		4.596.545	1.037.420	5.633.965	1.037.469	522.415	1.559.884
4.3	Cheques Received for Collection		1.116.771	130.300	1.247.071	806.039	125.768	931.807
4.4	Commercial Notes Received for Collection		10.304	12.978	23.282	28.984	8.642	37.626
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		25.524	1.342.232	1.367.756	-	869.419	869.419
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		72.373.788	151.313.629	223.687.417	45.522.854	89.788.192	135.311.046
5.1	Marketable Securities		286.197	-	286.197	79.361	-	79.361
5.2	Guarantee Notes		21.605.410	23.723.645	45.329.055	21.688.143	18.204.640	39.892.783
5.3	Commodity		3.365.837	3.444.097	6.809.934	746.113	1.361.832	2.107.945
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		37.700.884	52.755.839	90.456.723	15.392.907	25.611.999	41.004.906
5.6	Other Pledged Items		9.415.460	71.390.048	80.805.508	7.616.330	44.609.721	52.226.051
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		220.176	-	220.176	220.176	-	220.176
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			83.912.713	192.519.289	276.432.002	50.611.673	118.960.423	169.572.096

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, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

III. STATEMENT OF PROFIT OR LOSS	Note	Audited	Audited
INCOME AND EXPENSE ITEMS	(Section Five)	01/01/2020 - 31/12/2020	01/01/2019-31/12/2019
I. INTEREST INCOME	IV-a	1.900.210	2.413.070
1.1 Interest received from loans		1.274.816	1.513.838
1.2 Interest received from reserve deposits		2.218	28.593
1.3 Interest received from banks		27.151	53.684
1.4 Interest received from money market transactions		33.348	113.202
1.5 Interest received from marketable securities portfolio		59.245	56.131
1.5.1 Financial assets at fair value through profit or loss		1.709	1.525
1.5.2 Financial assets at fair value through other comprehensive income		31.251	43.220
1.5.3 Financial assets measured at amortized cost		26.285	11.386
1.6 Finance lease interest income		237.722	247.019
1.7 Other interest income	IV-1	265.710	400.603
II. INTEREST EXPENSES (-)	IV-b	1.197.896	1.600.423
2.1 Interest on deposits		537.035	886.083
2.2 Interest on funds borrowed		325.095	404.785
2.3 Interest on money market transactions		8.312	8.623
2.4 Interest on securities issued		-	-
2.5 Finance lease interest expenses		9.709	10.145
2.6 Other interest expenses	IV-1	317.745	290.787
III. NET INTEREST INCOME/EXPENSE (I - II)		702.314	812.647
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		37.822	32.962
4.1 Fees and commissions received		55.169	50.455
4.1.1 Non-cash loans		27.638	26.873
4.1.2 Other	IV-1	27.531	23.582
4.2 Fees and commissions paid (-)		17.347	17.493
4.2.1 Non-cash loans (-)		132	161
4.2.2 Other (-)	IV-1	17.215	17.332
V. DIVIDEND INCOME	IV-c	8	2.769
VI. TRADING PROFIT/LOSS (Net)	IV-d	108.305	40.440
6.1 Profit/losses from capital market transactions		37.960	15.889
6.2 Profit/losses from derivative financial transactions		(22.279)	26.728
6.3 Foreign exchange profit/losses		92.624	(2.177)
VII. OTHER OPERATING INCOME	IV-e	64.052	55.554
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		912.501	944.372
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-f	482.190	305.589
X. OTHER PROVISION EXPENSES (-)	IV-f	218.808	2.067
XI. PERSONNEL EXPENSES (-)		237.671	212.543
XII. OTHER OPERATING EXPENSES (-)	IV-g	258.389	249.925
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		(284.557)	174.248
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI. NET MONETARY POSITION GAIN/LOSS		-	-
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	IV-h	(284.557)	174.248
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-i	17.143	(35.694)
18.1 Current tax provision		43.554	59.129
18.2 Expense effect of deferred tax (+)		32.389	89.188
18.3 Income effect of deferred tax (-)		93.086	112.623
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII+XVIII)	IV-j	(267.414)	138.554
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
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		-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
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		-	-
XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current tax provision		-	-
23.2 Expense effect of deferred tax (+)		-	-
23.3 Income effect of deferred tax (-)		-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII+XXIII)		-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	IV-k	(267.414)	138.554
25.1 Group's Profit / Loss		(267.414)	138.554
25.2 Minority Shares' Profit / Loss (-)		-	-
Profit / (Loss) per share (1.000 nominal in TL full)		(1,742)	0,903

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, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Audited 31/12/2020	Audited 31/12/2019
I.	CURRENT PERIOD INCOME/LOSS	(267.414)	138.554
II.	OTHER COMPREHENSIVE INCOME	24.479	(94.622)
2.1	Other comprehensive income not to be reclassified to profit or loss	2.897	(935)
2.1.1	Revaluation Differences of Tangible Assets	3.648	1.240
2.1.2	Revaluation Differences of Intangible Assets	-	-
2.1.3	Defined benefit plans re-measurement gains / loss	(500)	(2.646)
2.1.4	Other comprehensive income not to be reclassified to profit or loss	-	-
2.1.5	Income tax relating to components of other comprehensive income not to be reclassified to profit or loss	(251)	471
2.2	Other comprehensive income to be reclassified to profit or loss	21.582	(93.687)
2.2.1	Exchange differences on translation of foreign operations	(5.749)	79
2.2.2	Gains or losses on valuation or reclassification arising from financial assets at fair value through other comprehensive income	7.485	26.379
2.2.3	Gains or losses arising on cash flow hedges	27.376	(145.326)
2.2.4	Gains or losses arising on net investment hedges	-	-
2.2.5	Other comprehensive income to be reclassified to profit or loss	-	-
2.2.6	Taxes relating to components of other comprehensive income that will be reclassified to profit or loss	(7.530)	25.181
III.	TOTAL COMPREHENSIVE INCOME (I+II)	(242.935)	43.932

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, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2020

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other comprehensive income not to be reclassified to profit or loss			Other comprehensive income to be reclassified to profit or loss								
Audited CURRENT PERIOD 31/12/2020	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or Loss	Current Period Net Income or Loss	Total Shareholders' Equity Except From Minority Interest	Minority Interest	Total Shareholders' Equity
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		-	-	-	-	2.739	(400)	-	(5.749)	5.988	21.901	-	-	(267.414)	(242.935)	-	(242.935)
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 or Loss related to Other Changes		-	-	-	-	-	-	-	-	-	-	-	(6.283)	-	(6.283)	-	(6.283)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	138.554	(138.554)	-	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	138.554	(138.554)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1.535.000	-	-	(736)	23.452	(5.496)	-	-	3.592	(10.237)	398.179	(6.283)	(267.414)	1.670.057	-	1.670.057

Describes;

1.Fixed assets revaluations increases/decreases,

2.Accumulated re-measurement gains / (losses) of defined benefits,

3.Other (the share of other comprehensive income of the investments accounted by the equity method that cannot 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 amounts of other comprehensive income items 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, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2019

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other comprehensive income not to be reclassified to profit or loss			Other comprehensive income to be reclassified to profit or loss									
Audited PRIOR PERIOD 31/12/2019		Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or Loss	Current Period Net Income or Loss	Total Shareholders' Equity Except From Minority Interest	Minority Interest	Total Shareholders' Equity
I.	Prior Period End Balance	II-I	1.535.000	-	-	(99)	19.610	(3.058)	-	5.670	(22.972)	81.216	273.197	(174.343)	161.759	1.875.980	-	1.875.980
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	-	-	(99)	19.610	(3.058)	-	5.670	(22.972)	81.216	273.197	(174.343)	161.759	1.875.980	-	1.875.980
IV.	Total Comprehensive Income		-	-	-	-	1.103	(2.038)	-	79	20.576	(113.354)	-	(988)	138.554	43.932	-	43.932
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 or Loss related to Other Changes		-	-	-	(637)	-	-	-	-	-	-	-	-	-	(637)	-	(637)
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	(13.572)	175.331	(161.759)	-	-	-
11.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	(13.572)	175.331	(161.759)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)			1.535.000	-	-	(736)	20.713	(5.096)	-	5.749	(2.396)	(32.138)	259.625	-	138.554	1.919.275	-	1.919.275

Describes;

- 1.Fixed assets revaluations increases / decreases,
- 2.Accumulated re-measurement gains / (losses) of defined benefits,
- 3.Other (the share of other comprehensive income of the investments accounted by the equity method that can not be classified as profit / (loss) and the accumulated amount of other comprehensive income 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.

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	Audited 31/12/2020	Audited 31/12/2019
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		454.734	194.900
1.1.1 Interest Received		1.847.705	2.360.565
1.1.2 Interest Paid		(1.183.798)	(1.586.325)
1.1.3 Dividend Received		8	2.769
1.1.4 Fees and Commissions Received		35.312	30.452
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		432.310	342.188
1.1.7 Payments to Personnel and Service Suppliers		(237.671)	(229.597)
1.1.8 Taxes Paid		(23.053)	(21.842)
1.1.9 Other	VI-b	(416.079)	(703.310)
1.2 Changes in Operating Assets and Liabilities		(5.209)	(615.730)
1.2.1 Net Increase/(Decrease) in Financial Assets at Fair Value Through Profit or Loss		(46.663)	(24.643)
1.2.2 Net (Increase)/Decrease in Due from Banks and Other Financial Institutions		(599.802)	(623.431)
1.2.3 Net (Increase)/Decrease in Loans		(3.887.060)	506.051
1.2.4 Net (Increase)/Decrease in Other Assets		(512.619)	369.502
1.2.5 Net (Increase)/Decrease in Bank Deposits		(91.769)	113.746
1.2.6 Net Increase/(Decrease) in Other Deposits		2.442.449	1.375.974
1.2.7 Net Increase/(Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase/(Decrease) in Funds Borrowed		1.824.083	(1.625.276)
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities	VI-b	866.172	(707.653)
I. Net Cash Provided from Banking Operations		449.525	(420.830)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(692.690)	107.542
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(344.877)	(15.369)
2.4 Disposals of Property and Equipment		48.151	31.607
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(396.769)	(67.006)
2.6 Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income		168.579	158.310
2.7 Cash Paid for Purchase of Investment Securities		(167.774)	-
2.8 Cash Obtained from Sale of Investment Securities		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		-	-
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		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		35.723	28.636
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		(207.442)	(284.652)
VI. Cash and Cash Equivalents at Beginning of the Period	VI-a	2.365.411	2.650.063
VII. Cash and Cash Equivalents at end of the Period	VI-a	2.157.969	2.365.411

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, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

VII.	STATEMENT OF PROFIT APPROPRIATION	31/12/2020 (*)	31/12/2019 (**)
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	(296.073)	158.859
1.2	TAXES AND DUTIES PAYABLE (-)	(28.659)	20.305
1.2.1	Corporate Tax (Income tax)	32.862	50.761
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties (***)	(61.521)	(30.456)
A.	NET INCOME FOR THE YEAR (1.1-1.2)	(267.414)	138.554
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	-	138.554
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	138.554
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES	-	-
3.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) TL 31.299 of net loss, represents net profit/loss of subsidiaries which the Bank applies equity accounting method under the principals of TAS 27 and such amount cannot be subject to profit distributions. Authorized body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(**) Contains "Profit Appropriation Statement" approved by the Bank's General Assembly held on 26 March 2020, TL 61.683 includes the effects of TAS 27 standard.

(***) It has been considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be qualified as cash or internal resources, and therefore, the part of the period profit arising from the said assets should not be subject to profit distribution and capital increase. The deferred tax income that will not be subject to distribution as of 31 December 2020 is TL 61.521 (31 December 2019: Deferred Tax Expense TL 30.456).

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

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 the the Public Oversight Accounting and Auditing Standards Authority (POA). The format and the 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 related to these Financial Statements" published in the Official Gazette No. 28337 dated 28 June 2012, and changes and amendments to this communiqué. The Parent 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 unconsolidated financial statements and notes related to these financial statements have been expressed in thousands of Turkish Lira, unless otherwise stated. The preparation of unconsolidated 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 epidemic, 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 December 31, 2020, 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 and revise the realizations of past estimates.

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

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

I. BASIS OF PRESENTATION (Continued):

b. Explanations on accounting policies and changes in financial statement presentations:

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 general strategy of the Group is using financial instruments to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Group is deposits. Additionally, the Group 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 are being held at minimum levels and the exposed currency risk is followed within the levels determined by the Board of Directors, considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank's foreign currency bid rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognized in the income statement under the account of "Foreign exchange gains or losses".

As of 31 December 2020, foreign currency denominated balances are translated into TL using the exchange rates of TL 7,4194 and 9,1164 for USD and EURO respectively.

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

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 31 December 2020 and 31 December 2019.

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

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 Group 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. Valuation 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 31 December 2020, 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 TFRS 9, on the financial statements under equity "Accumulated other comprehensive income or expense 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 in the income statement by using the effective interest method.

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CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective Interest (Internal Efficiency) 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 an 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 or 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 three "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 or 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 or loss:

"Financial Assets at Fair Value Through Profit or 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 remeasured at their fair value after recognition. The gains and losses arising from the conducted valuations are included in profit/loss accounts.

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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 income statement. 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 income statement 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 "Accumulated other comprehensive income or expense 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 income statement.

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:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest 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.

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 Rate of Return)" method.

The Group's loans are recorded under the "Measured at Amortized Cost" account.

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

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

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 Principals 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 numbered 8948 dated March 17, 2020, 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 for loans classified Stage 1 and 2 according to assembly's resolution dated on March 17, 2020; with the BRSA's decision numbered 9312 dated December 8, 2020 the 30 day default period for loans classified Stage 2 shall be applied as 90 days until June 30, 2021.

Due to the uncertain process of the Coronavirus pandemic, the expected credit losses impact can not be predicted precisely. However, for the effects that may be encountered, the Bank has made additional provisions with the updates it has made in macroeconomic expectations in the calculation of expected credit loss.

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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 macro-economic 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 based on 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 criterias:

- 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.

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.

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

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 or 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 are 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 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.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill:

As of 31 December 2020, the Group has no goodwill (31 December 2019: 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.

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS (Continued):

b. Other intangible assets (Continued):

Intangibles are amortized over their estimated useful lives using the straight-line amortization 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 are measured at their initial cost when recognized 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 "Communiqué Regarding the Principles and Procedures for the Tangible Assets ("TFRS 16")" for its buildings. Independent expert appraisal values determined by independent experts 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%

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

When the carrying amount of an asset is greater than its estimated "Recoverable amount", it is written down to its "Recoverable amount" and the provision for the diminution 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 recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized 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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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 these assets are depreciated by taking their useful lives into consideration. If impairment is detected in the value of the leased asset, a "Provision for impairment" is recognized. Liabilities arising from 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 realizes financial leasing transactions as a "Lessor" by means of Burgan Finansal Kiralama A.Ş. which is the consolidated subsidiary of the Group.

With the "TFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between operating lease and financial lease has been removed, and lease transactions have started to be recognized under "Tangible Fixed Assets" as an asset (right to 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 "TFRS 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 June 5, 2020, KGK made amendments to TFRS 16 "Leases" standard by publishing Concessions Granted in Lease Payments - "TFRS 16 Leases" in relation to COVID-19. With this change, lessee are exempted from the concessions granted to lessee due to COVID-19 in their lease payments, not to assess whether there is a change in the lease. The change in question did not have a significant impact on the financial status or performance of the Bank.

TFRS 16 "Leases" Standard

Bank – 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. Group, reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Existence of right to use:

The right to 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 Bank

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.

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued):

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 specific and general provisions 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 recognized 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 recognized 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 recognized in financial statements since this may result in the recognition of income that may never be realized. 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 recognized in the financial statements in which the change occurs.

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

XVII. 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 of the Group 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 the Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Group, 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 have 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 Group 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.

XVIII. 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, general corporate tax rate in Turkey is payable at the rate of 20%. But in accordance with the Temporary Article 10 and Article 32 paragraph 1 added to the Corporate Tax Law at 05 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. The corporate tax rate is calculated on the total income after adjusting for certain disallowable expenses, 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 05 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 the absence of a new regulation, Corporate tax rate of 20% will be applied for corporate earnings for the 2021 and subsequent taxation periods.

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.

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

XVIII. EXPLANATIONS ON TAXATION (Continued):

a. Current tax (Continued):

75% portion of the capital gains derived from the sale of equity investments and immovable properties before 05 December 2017, the 50% portion of the capital gains derived from the sale of equity investments and immovable properties after 05 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 5 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. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements. Since 20% corporate tax rate will be applied for corporate earnings for 2021 and subsequent taxation periods, the rate of 20% is applied in the deferred tax calculation in the Financial Statements dated 31 December 2020.

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.

Financial liabilities and derivative transactions are valued with their fair values and other financial liabilities are carried at "amortized cost" using the effective interest method in the following periods.

The Group utilizes various hedging techniques to minimize 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.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

The Group's, in accordance with the Law No. 5746 on Supporting Research and Development Activities, total incentive received from TÜBİTAK until the balance sheet date is TL 6.803 (31 December 2019: TL 884).

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.

	31 December 2020	31 December 2019
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	(267.414)	138.554
Weighted Average Number of Issued Ordinary Shares (Thousand)	153.500.000	153.500.000
Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)	(1,742)	0,903

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.

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.

XXV. EXPLANATIONS ON RELATED PARTIES:

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

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

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 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 the 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:

None.

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SECTION FOUR

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS

I. EXPLANATIONS ON CONSOLIDATED 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 31 December 2020 Bank's total capital has been calculated as TL 3.711.535 (31 December 2019: TL 3.622.102) and the Capital adequacy ratio is 16,59% (31 December 2019: 18,95%).

As of 31 December 2020, based on the BRSA's articles dated March 23, 2020, in the calculation of the capital adequacy ratio, in the calculation of the equity amount calculated without considering the negative valuation differences of marketable securitites classified as "Financial Assets Measured at Fair Value through Other Comprehensive Income" obtained before this date and the credit risk basis amount, the foreign exchange buying rates, which are the basis for the preparation of the financial statements dated December 31, 2019, have been used by the Bank.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

a. Information about total capital:

	Current Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
COMMON EQUITY TIER 1 CAPITAL				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.535.000		1.535.000	
Share issue premiums	-		-	
Legal Reserves	397.443		258.889	
Gains recognized in equity as per TAS	118.763		140.761	
Profit	-		138.554	
Current Period Profit	-		138.554	
Prior Period Profit	-		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-		-	
Common Equity Tier 1 Capital Before Deductions	2.051.206		2.073.204	
Deductions from Common Equity Tier 1 Capital				
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-		-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	303.409		39.630	
Improvement costs for operating leasing	16.100		17.554	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	44.349	44.349	39.115	39.115
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	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	-		-	
Total Deductions from Common Equity Tier 1 Capital	377.837		96.299	
Total Common Equity Tier 1 Capital	1.673.369		1.976.905	

(*) In this section, the accounts that are liable to transition principles "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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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

	Current Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL				
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-	-	-
Debt instruments and premiums approved by BRSA	370.970	-	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-	-	-
Additional Tier I Capital before Deductions	370.970	-	-	-
Deductions from Additional Tier I Capital	-	-	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-	-	-
Total of Net Long Positions of the Investments in Equity Items of 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	-	-	-	-
Transition from the Core Capital to Continue to deduce Components	-	-	-	-
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 (-)	-	-	-	-
Total Deductions From Additional Tier I Capital	-	-	-	-
Total Additional Tier I Capital	370.970	-	-	-
Total Tier I Capital (Tier I Capital=Common Equity + Additional Tier I Capital)	2.044.339	-	1.976.905	-
TIER II CAPITAL	-	-	-	-
Debt instruments and share issue premiums deemed suitable by the BRSA	1.409.686	-	1.425.600	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	257.536	-	222.276	-
Tier II Capital Before Deductions	1.667.222	-	1.647.876	-
Deductions From Tier II Capital	-	-	-	-
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.	26	-	2.679	-
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	-	-	-	-
Total Deductions from Tier II Capital	26	-	2.679	-
Total Tier II Capital	1.667.196	-	1.645.197	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.711.535	-	3.622.102	-
Deductions from Total Capital	-	-	-	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not 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 sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-

(*) USD 150 million loan within the scope of contribution capital, which was obtained from Burgan Bank K.P.S.C, the main shareholder of the Bank, on 06.12.2013 and which term will expire on 06.12.2023, 50 million USD was converted into additional stock capital with the approval of the Banking Regulation and Supervision Agency dated 19 February 2021 and numbered 4976 and was taken into account in the capital adequacy calculations as of December 31, 2020.

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I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

	Current Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL				
Total Capital (Tier I and Tier II Capital)	3,711,535		3,622,102	
Total risk weighted amounts	22,372,338		19,116,167	
Capital Adequacy Ratios				
Core Capital Adequacy Ratio (%)	7.48		10.34	
Tier I Capital Adequacy Ratio (%)	9.14		10.34	
Capital Adequacy Ratio (%)	16.59		18.95	
BUFFERS				
Total additional Tier I Capital requirement (a + b + c)	2,552		2,533	
a. Capital conservation buffer requirement (%)	2,500		2,500	
b. Bank specific counter-cyclical buffer requirement (%)	0,052		0,033	
c. Systematically important bank buffer ratio (%)	-		-	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	2,98		5,84	
Amounts below the Excess Limits as per the Deduction Principles				
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	-		-	
Amount arising from deferred tax assets based on temporary differences	-		-	
Limits related to provisions considered in Tier II calculation	189,368		168,007	
Limits related to provisions considered in Tier II calculation				
General provisions for standard based receivables (before ten thousand twenty-five limitation)	841,201		585,475	
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	257,536		222,276	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

(*) This column shows the amounts to be taken into account at the end of the transition period for items subject to transition provisions within the scope of the Temporary Articles of the "Regulation on Equities of Bank".

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

b. Information on instruments related to equity estimation:

Details on debt instruments that will be included in equity calculation:			
Issuer – Loan grantor	Burgan Bank K.P.S.C.	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	BRSA
Regulatory Treatment in Equity Calculation	Tier II Capital	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	No
Validity status in a consolidated or unconsolidated basis or in a consolidated and unconsolidated basis	Unconsolidated – Consolidated	Unconsolidated - Consolidated	Unconsolidated - Consolidated
Instrument type	Subordinated Loan	Subordinated Loan	Subordinated Loan
Amount recognized in equity calculation (As of most recent reporting date – Thousands TL)	296.776	1.112.910	370.970
Nominal value of debt instrument (USD)	100.000	150.000	50.000
The account number that the debt instrument is followed	Liability-Subordinated Loans- Amortized Cost	Liability-Subordinated Loans- Amortized Cost	Liability-Subordinated Loans- Amortized Cost
Original date of issuance of the debt instrument	6.12.2013	30.03.2016	22.02.2021
Maturity structure of the debt instrument (Perpetual/Dated)	Dated	Dated	Undated
Original maturity date of the debt instrument	10 Years	10 Years	-
Whether the issuer has a right to call subject to BRSA approval	Yes	Yes	Yes
Optional call date, contingent call options and redemption amount	After 5th year	After 5th year	After 5th year
Subsequent call dates of call options	After 5th year	After 5th year	After 5th year
Coupon/dividend payments	3 Months	3 Months	-
Fixed or floating dividend/coupon payments	Floating dividend	Floating dividend	-
Coupon rate and any related index value	LIBOR+3,75	LIBOR+3,75	-
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	Noncumulative
Being convertible or non-convertible to stock	None	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	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.	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.	None.
The terms it is not in compliance with in articles 7 and 8 of the Communiqué on Bank's Equities	None.	None.	None.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

c. Information related to the TFRS 9 transition process:

	T	T-1	T-2
EQUITY ITEMS			
Common Equity Tier 1 Capital	1.673.369	1.635.270	1.597.170
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	1.597.170	1.597.170	1.597.170
Tier 1 Capital	2.044.339	2.006.240	1.968.140
Tier 1 Capital Without the Implementation of the Transition Process	1.968.140	1.968.140	1.968.140
Equity	3.711.535	3.673.435	3.635.336
Equity Without the Implementation of the Transition Process	3.635.336	3.635.336	3.635.336
TOTAL RISK WEIGHTED AMOUNTS			
Total Risk Weighted Amounts	22.372.338	22.372.338	22.372.338
CAPITAL ADEQUACY RATIOS			
Common Equity Tier 1 Capital Adequacy Ratio (%)	7,48	7,31	7,14
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	7,14	7,14	7,14
Tier 1 Capital Adequacy Ratio (%)	9,14	8,97	8,80
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	8,80	8,80	8,80
Capital Adequacy Ratio (%)	16,59	16,42	16,25
Capital Adequacy Ratio Without the Implementation of the Transition Process	16,25	16,25	16,25
LEVERAGE RATIO			
Leverage Ratio Total Risk Amount	34.853.114	34.853.114	34.853.114
Leverage Ratio (%)	5,75	5,76	5,65
Leverage Ratio Without the Implementation of the Transition Process	5,65	5,65	5,65

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK:

Credit risk represents the potential financial loss that the Parent Bank may incur as a result of defaults or non-fulfillment of the loan agreements obligations of counterparties.

In order to control and mitigate credit risk, the Parent Bank takes into consideration the payment capacity of the debtors, the confirmation of the fact that primary and secondary payment sources exist, the fact that provisions allocated for loans can cover expected credit losses, the fact that firms responsible for the valuation of collaterals are operating in accordance with competition rules, the fact that sectoral, geographical and regional concentration is avoided, the fact that the customer portfolio and loans provided are not diversified and credit risk is not common, the fact that information from all sources possible to evaluate or quantify the risks taken on a transaction or customer basis are collected the fact that the payment capacity of loans are monitored.

Credit rankings of borrowers that are present at loans and other accounts receivable accounts are monitored in accordance with the relevant legislation on a regular basis. Account status documents obtained for the issued credits are audited to make sure that the documents are meeting the requirements of the relevant legislation given that the cash transactions are exempted from this rule. As a result of regular monitoring of credit worthiness, credit limits have been changed when necessary. Loans and other receivables are collateralized considering the credit worthiness.

With respect to credit risk, debtor and debtor groups are subject to risk limitations envisaged in the Banking Law. There is no risk limitation in terms of geographical region while the sectoral concentration has been limited. Credit limits allocated are subject to revision at least once a year. The credit worthiness of the borrowers classified as “loans and other receivables under close monitoring” are revised at least twice a year due to Procedures and Principles regarding the regulation on classification of loans and provisions to be allocated for them. The loan limit is controlled by the main banking system and exceeding the specified limits is prohibited. When a revision becomes due, limits for which the loan worthiness has not been reviewed are suspended.

The Parent Bank's loan policy approved by the Board of Directors is reviewed a regular basis. In order to maintain the credit risk under control, there are additional limitations in the scope of Parent Bank credit policies apart from the Banking Law limitations. As defined in the document of credit policy, authorization of credit extension has been delegated to branches, the headquarters and the credit committee. Constraints on the use of these delegations;

- Collaterals, accepted as guarantees of loans issued, are clearly stated at credit policy.
- The Bank does not provide loans for arms manufacturers and traders, religious organizations, gambling companies, media companies, political organizations, sport clubs and companies operating in nuclear industry. Exceptions could be evaluated by the head office.
- Loans issued to the companies founded within last two years, real estate development companies and financial institutions as well as the investment projects, cash loan guarantees and refinancing loans are evaluated by headquarters and authorized upper management.
- Derivative products' limits cannot be allocated in Branch authorization. Foreign currency loans and counter party / external guarantees cannot be issued by branches.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

The loans that are overdue more than 90 days as of the end of the reporting date or the loans in which the Bank has decided that the debtor has lost its credibility are classified as impaired receivables and specific provision is allocated for these loans within TFRS 9. The general provision is allocated within TFRS 9 for the loans which are classified as second stage under 'Procedures and Principles regarding the regulation on classification of loans and provisions to be allocated for them' and the loans that are overdue up to 90 days as of the end of the reporting date. (180 days until 30 June 2021 due to the temporary regulation of the BRSA is implemented.)

Total amount of exposures after offsetting transactions before applying credit risk mitigations and the average exposure amounts that are classified under different risk groups and types for the relevant period:

31 December 2020		
Risk Group	Amount	Average
Claims on sovereigns and Central Banks	3.738.871	3.530.169
Claims on regional governments or local authorities	348.950	260.933
Claims on administrative bodies and other non-commercial undertakings	113	89
Claims on multilateral development banks	24.172	11.156
Claims on international organizations	-	-
Claims on banks and intermediary institutions	1.892.928	2.255.111
Claims on corporates	16.002.684	12.691.169
Claims included in the regulatory retail portfolios	280.416	425.176
Claims secured by residential property	5.439.217	5.636.804
Past due loans	1.472.853	1.114.231
Higher risk categories decided by the Board	-	-
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other Receivables	1.777.862	1.432.164
Total	30.978.066	27.357.002

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

31 December 2019		
Risk Group	Amount	Average
Claims on sovereigns and Central Banks	2.682.805	2.565.220
Claims on regional governments or local authorities	198.532	19.933
Claims on administrative bodies and other non-commercial undertakings	71	44
Claims on multilateral development banks	7.543	5.192
Claims on international organizations	-	-
Claims on banks and intermediary institutions	2.266.336	2.346.864
Claims on corporates	12.020.745	11.501.188
Claims included in the regulatory retail portfolios	552.483	624.242
Claims secured by residential property	6.194.259	6.468.426
Past due loans	865.857	743.031
Higher risk categories decided by the Board	-	-
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other Receivables	1.111.395	841.497
Total	25.900.026	25.115.637

The Parent Bank's derivative transactions are mainly composed of foreign exchange and interest rate swaps money and interest options and forward transactions. The credit risks of these products are managed by deducting them from the company's credit limit, which is specified only for these types of transactions, in proportion to the term of the transaction. Market risk is managed by the Treasury, Capital market and Financial Institutions Group.

Indemnified non-cash credits are subjected to the same risk weight as the credits which are past due date.

The Group does not perform any kind of banking activity abroad.

In the current period, the share of the Group receivables due to cash loans extended to its top 100 and top 200 customers are 74%, 81% (31 December 2019: 74% and 80%) within the total cash loan portfolio.

In the current period, the share of the Group receivables due to non-cash loans extended to its top 100 and top 200 customers are 60%, 78% (31 December 2019: 53% and 77) within the total non-cash loans portfolio.

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BURGAN BANK A.Ş.

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

In the current period, the share of the Group receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 70%, 80% (31 December 2018: 70% and 80%) within cash loans in balance sheet and non-cash loans in off-balance sheet.

The Group's allocated expected credit losses for loans amounts to TL 841.201 (31 December 2019: TL 585.475).

a. Information on types of loans and specific provisions:

31 December 2020	Corporate	Consumer	Credit Cards	Leasing Receivables	Factoring Receivables	Total
Standard Loans	13.012.923	259.952	-	1.979.136	-	15.252.011
Loans under close monitoring	2.432.005	17.521	-	853.205	-	3.302.731
Non-performing loans	1.835.683	35.674	121	376.349	-	2.247.827
Specific provision (-)	650.966	18.592	106	76.443	-	746.107
Total	16.629.645	294.555	15	3.132.247	-	20.056.462

31 December 2019	Corporate	Consumer	Credit Cards	Leasing Receivables	Factoring Receivables	Total
Standard Loans	9.700.289	509.940	-	2.000.557	7	12.210.793
Loans under close monitoring	2.667.754	38.826	-	696.946	-	3.403.526
Non-performing loans	918.292	28.554	298	245.628	-	1.192.772
Specific provision (-)	260.190	16.115	278	50.332	-	326.915
Total	13.026.145	561.205	20	2.892.799	7	16.480.176

b. Information on loans and receivables past due but not impaired:

31 December 2020	Corporate	Consumer	Credit Cards	Leasing Receivables	Factoring Receivables	Total
Past due 0-30 days	2.170.095	23.051	-	696.375	-	2.889.521
Past due 30-60 days	105.482	10.796	-	39.407	-	155.685
Past due 60-90 days	204.852	9.789	-	117.423	-	332.064
Total	2.480.429	43.636	-	853.205	-	3.377.270

31 December 2019	Corporate	Consumer	Credit Cards	Leasing Receivables	Factoring Receivables	Total
Past due 0-30 days	2.487.878	49.108	-	432.770	-	2.969.756
Past due 30-60 days	122.791	15.306	-	139.179	-	277.276
Past due 60-90 days	77.592	13.909	-	124.997	-	216.498
Total	2.688.261	78.323	-	696.946	-	3.463.530

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

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

c. Information on debt securities, treasury bills and other bills:

31 December 2020	Financial Assets at Fair Value through P/L (Net)	Financial Assets at Fair Value through Other Comprehensive Income (Net)	Other Financial Assets Measured at Amortized Cost (Net)	Total
Moody's Rating				
B1 (*)	32.784	399.340	510.403	942.527
Total	32.784	399.340	510.403	942.527

31 December 2019	Financial Assets at Fair Value through P/L (Net)	Financial Assets at Fair Value through Other Comprehensive Income (Net)	Other Financial Assets Measured at Amortized Cost (Net)	Total
Moody's Rating				
Ba3 (*)	4.615	320.728	262.923	588.266
Total	4.615	320.728	262.923	588.266

(*) This table contains only Turkish Republic government bank bonds, bank bonds and treasury bills which are rated by Moody's.

d. Information on rating concentration:

The Group evaluates its credit risk based on an internal rating system and the corporate and commercial loans are classified from least probability of default to highest. The information about the concentration of cash and non cash loans which are classified with the rating system is presented below.

	31 December 2020	31 December 2019
Above average (%)	31,44	25,58
Average (%)	54,70	56,42
Below average (%)	12,64	15,03
Not rated (%)	1,22	2,96

e. Fair value of collaterals (loans and advances to customers):

31 December 2020	Corporate Loans	Consumer Loans	Credit Cards	Leasing Receivables	Factoring Receivables	Total
Loans under close monitoring	545.286	8.372	-	338.948	-	892.606
Non-performing loans	265.854	73	-	235.372	-	501.299
Total	811.140	8.445	-	574.320	-	1.393.905

31 December 2019	Corporate Loans	Consumer Loans	Credit Cards	Leasing Receivables	Factoring Receivables	Total
Loans under close monitoring	983.117	18.955	-	390.286	-	1.392.358
Non-performing loans	87.565	-	-	17.323	-	104.888
Total	1.070.682	18.955	-	407.609	-	1.497.246

Type of Collaterals	31 December 2020	31 December 2019
Real-estate mortgage	1.029.374	1.002.730
Pledge	90.187	152.177
Cash and cash equivalents	274.344	342.339
Total	1.393.905	1.497.246

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS
(Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

f. Profile of significant exposures in major regions:

	Exposure Categories (*)																	
Current Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
31 December 2020																		
Domestic	4.268.386	206.625	94	-	-	579.914	14.037.101	232.950	5.368.952	1.341.090	-	-	-	-	-	-	1.777.862	27.812.974
EU Countries	-	-	-	-	-	140.006	15	5	1	-	-	-	-	-	-	-	-	140.027
OECD Countries (**)	-	-	-	24.172	-	1.119.066	-	2	-	-	-	-	-	-	-	-	-	1.143.240
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	63.862	16.489	-	-	818	-	-	-	-	-	-	-	81.169
Other Countries	-	-	-	-	-	13.192	-	-	441	-	-	-	-	-	-	-	-	13.633
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	4.268.386	206.625	94	24.172	-	1.916.040	14.053.605	232.957	5.369.394	1.341.908	-	-	-	-	-	-	1.777.862	29.191.043

- 1. Conditional and unconditional exposures to central governments or central banks
- 2. Conditional and unconditional exposures to regional governments or local authorities
- 3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
- 4. Conditional and unconditional exposures to multilateral development banks
- 5. Conditional and unconditional exposures to international organisations
- 6. Conditional and unconditional exposures to banks and brokerage houses
- 7. Conditional and unconditional exposures to corporates
- 8. Conditional and unconditional retail exposures
- 9. Conditional and unconditional exposures secured by real estate property
- 10. Past due receivables
- 11. Receivables defined in high risk category by BRSA
- 12. Exposures in the form of bonds secured by mortgages
- 13. Securitization Positions
- 14. Short term exposures to banks, brokerage houses and corporates
- 15. Exposures in the form of collective investment undertakings
- 16. Stock Exchange
- 17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.
(**) Includes OECD countries other than EU countries, USA and Canada.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS
(Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

f. Profile of significant exposures in major regions (Continued):

	Exposure Categories (*)																	Total
Prior Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
31 December 2019																		23.558.786
Domestic	3.672.932	198.532	71	-	-	796.233	10.374.425	502.212	6.051.588	851.393	-	-	-	-	-	-	1.111.400	-
EU Countries	-	-	-	7.543	-	956.291	15	8	1	-	-	-	-	-	-	-	-	963.858
OECD Countries (**)	-	-	-	-	-	15.243	-	-	-	-	-	-	-	-	-	-	-	15.243
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	9.155	21.115	-	-	14.464	-	-	-	-	-	-	-	44.734
Other Countries	-	-	-	-	-	6.889	18	1	474	-	-	-	-	-	-	-	-	7.382
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	3.672.932	198.532	71	7.543	-	1.783.811	10.395.573	502.221	6.052.063	865.857	-	-	-	-	-	-	1.111.400	24.590.003

- 1. Conditional and unconditional exposures to central governments or central banks
- 2. Conditional and unconditional exposures to regional governments or local authorities
- 3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
- 4. Conditional and unconditional exposures to multilateral development banks
- 5. Conditional and unconditional exposures to international organisations
- 6. Conditional and unconditional exposures to banks and brokerage houses
- 7. Conditional and unconditional exposures to corporates
- 8. Conditional and unconditional retail exposures
- 9. Conditional and unconditional exposures secured by real estate property
- 10. Past due receivables
- 11. Receivables defined in high risk category by BRSA
- 12. Exposures in the form of bonds secured by mortgages
- 13. Securitization Positions
- 14. Short term exposures to banks, brokerage houses and corporates
- 15. Exposures in the form of collective investment undertakings
- 16. Stock Exchange
- 17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.
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(Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

g. Risk profile according to sectors and counterparties:

31 December 2020	Exposure Categories (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agriculture	-	-	-	-	-	-	216.311	832	13.993	1.104	-	-	-	-	-	-	-	54.955	177.285	232.240
Farming and Stockbreeding	-	-	-	-	-	-	209.500	597	12.429	1.102	-	-	-	-	-	-	-	46.631	176.997	223.628
Forestry	-	-	-	-	-	-	5.186	-	134	0	-	-	-	-	-	-	-	5.253	67	5.320
Fishery	-	-	-	-	-	-	1.625	235	1.430	2	-	-	-	-	-	-	-	3.071	221	3.292
Manufacturing	-	-	-	-	-	-	5.747.930	16.532	1.107.412	360.097	-	-	-	-	-	-	-	1.543.792	5.688.179	7.231.971
Mining and Quarrying	-	-	-	-	-	-	342.515	1.137	639.245	23.088	-	-	-	-	-	-	-	93.398	912.587	1.005.985
Production	-	-	-	-	-	-	3.813.060	15.387	447.591	333.532	-	-	-	-	-	-	-	1.284.848	3.324.722	4.609.570
Electricity, Gas and Water	-	-	-	-	-	-	1.592.355	8	20.576	3.477	-	-	-	-	-	-	-	165.546	1.450.870	1.616.416
Construction	-	-	-	-	-	-	2.566.744	4.647	2.243.274	589.876	-	-	-	-	-	-	-	2.226.514	3.178.027	5.404.541
Services	-	-	19	24.172	-	1.916.040	5.255.041	8.831	1.929.844	342.569	-	-	-	-	-	-	-	3.539.911	5.936.605	9.476.516
Wholesale and Retail Trade	-	-	-	-	-	-	1.690.750	6.004	527.462	57.026	-	-	-	-	-	-	-	814.616	1.466.626	2.281.242
Hotel, Food and Beverage services	-	-	-	-	-	-	828.194	350	1.150.217	32.737	-	-	-	-	-	-	-	49.114	1.962.384	2.011.498
Transportation and Telecom	-	-	-	-	-	-	539.075	1.046	186.463	52.689	-	-	-	-	-	-	-	217.746	561.527	779.273
Financial Institutions	-	-	-	24.172	-	1.916.040	1.907.513	443	49.767	81	-	-	-	-	-	-	-	2.111.451	1.786.565	3.898.016
Real Estate and Rental Services	-	-	-	-	-	-	197.009	928	3.878	193.769	-	-	-	-	-	-	-	259.495	136.089	395.584
Self-employment Services	-	-	-	-	-	-	7.944	2	1.995	148	-	-	-	-	-	-	-	7.650	2.439	10.089
Educational Services	-	-	-	-	-	-	35.424	22	2.916	1.963	-	-	-	-	-	-	-	40.325	0	40.325
Health and Social Services	-	-	19	-	-	-	49.132	36	7.146	4.156	-	-	-	-	-	-	-	39.514	20.975	60.489
Other	4.268.386	206.625	75	-	-	-	267.579	202.115	74.871	48.262	-	-	-	-	-	-	-	1.777.862	3.081.222	3.764.553
Total	4.268.386	206.625	94	24.172	-	1.916.040	14.053.605	232.957	5.369.394	1.341.908	-	-	-	-	-	-	-	1.777.862	10.446.394	18.744.649

- 1. Conditional and unconditional exposures to central governments or central banks
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- 5. Conditional and unconditional exposures to international organisations
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- 16. Stock Exchange
- 17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank.

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(Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

g. Risk profile according to sectors and counterparties (Continued):

31 December 2019	Exposure Categories (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agriculture	-	-	-	-	-	-	71.573	2.725	16.822	1.167	-	-	-	-	-	-	-	29.714	62.573	92.287
Farming and Stockbreeding	-	-	-	-	-	-	64.971	2.725	15.235	1.164	-	-	-	-	-	-	-	24.520	59.575	84.095
Forestry	-	-	-	-	-	-	280	-	156	1	-	-	-	-	-	-	-	437	-	437
Fishery	-	-	-	-	-	-	6.322	-	1.431	2	-	-	-	-	-	-	-	4.757	2.998	7.755
Manufacturing	-	-	-	-	-	-	5.042.003	44.603	1.321.324	265.417	-	-	-	-	-	-	-	981.020	5.692.327	6.673.347
Mining and Quarrying	-	-	-	-	-	-	246.199	1.857	645.819	3.198	-	-	-	-	-	-	-	69.410	827.663	897.073
Production	-	-	-	-	-	-	3.410.076	42.446	653.431	258.604	-	-	-	-	-	-	-	848.615	3.515.942	4.364.557
Electricity, Gas and Water	-	-	-	-	-	-	1.385.728	300	22.074	3.615	-	-	-	-	-	-	-	62.995	1.348.722	1.411.717
Construction	-	-	-	-	-	-	2.220.236	6.791	2.323.441	273.812	-	-	-	-	-	-	-	1.245.467	3.578.813	4.824.280
Services	-	-	-	7.543	-	1.783.811	2.894.915	20.838	2.265.549	185.068	-	-	-	-	-	-	-	2.044.325	5.113.399	7.157.724
Wholesale and Retail Trade	-	-	-	-	-	-	1.315.510	13.065	192.644	72.867	-	-	-	-	-	-	-	572.851	1.021.235	1.594.086
Hotel, Food and Beverage services	-	-	-	-	-	-	522.865	1.883	1.280.654	29.987	-	-	-	-	-	-	-	82.483	1.752.906	1.835.389
Transportation and Telecom	-	-	-	-	-	-	444.495	2.085	461.525	52.282	-	-	-	-	-	-	-	295.580	664.807	960.387
Financial Institutions	-	-	-	7.543	-	1.783.811	284.991	197	66.197	137	-	-	-	-	-	-	-	936.063	1.206.813	2.142.876
Real Estate and Rental Services	-	-	-	-	-	-	225.432	2.234	248.976	24.030	-	-	-	-	-	-	-	84.840	415.832	500.672
Self-employment Services	-	-	-	-	-	-	24.530	40	2.441	148	-	-	-	-	-	-	-	14.943	12.216	27.159
Educational Services	-	-	-	-	-	-	10.841	90	3.319	3.374	-	-	-	-	-	-	-	16.322	1.302	17.624
Health and Social Services	-	-	-	-	-	-	66.251	1.244	9.793	2.243	-	-	-	-	-	-	-	41.243	38.288	79.531
Other	3.672.932	198.532	71	-	-	-	166.846	427.264	124.927	140.393	-	-	-	-	-	-	1.111.400	3.058.225	2.784.140	5.842.365
Total	3.672.932	198.532	71	7.543	-	1.783.811	10.395.573	502.221	6.052.063	865.857	-	-	-	-	-	-	1.111.400	7.358.751	17.231.252	24.590.003

- 1. Conditional and unconditional exposures to central governments or central banks
- 2. Conditional and unconditional exposures to regional governments or local authorities
- 3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
- 4. Conditional and unconditional exposures to multilateral development banks
- 5. Conditional and unconditional exposures to international organisations
- 6. Conditional and unconditional exposures to banks and brokerage houses
- 7. Conditional and unconditional exposures to corporates
- 8. Conditional and unconditional retail exposures
- 9. Conditional and unconditional exposures secured by real estate property
- 10. Past due receivables
- 11. Receivables defined in high risk category by BRSA
- 12. Exposures in the form of bonds secured by mortgages
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- 14. Short term exposures to banks, brokerage houses and corporates
- 15. Exposures in the form of collective investment undertakings
- 16. Stock Exchange
- 17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank.

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

h. Analysis of maturity-bearing exposures according to remaining maturities:

31 December 2020	Term To Maturity				
Risk classifications	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Claims on sovereigns and Central Banks	89.422	152.884	17.552	80.071	1.110.529
Claims on regional governments or local authorities	-	-	-	191.498	157.452
Claims on administrative bodies and other non-commercial undertakings	75	-	-	-	19
Claims on multilateral development banks	-	-	-	-	24.172
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	304.834	320.720	172.069	202.273	727.825
Claims on corporates	2.612.171	1.355.037	958.938	1.446.226	7.646.658
Claims included in the regulatory retail portfolios	2.900	8.422	12.646	48.950	160.041
Claims secured by residential property	97.171	102.002	213.311	324.428	4.632.480
Past due loans	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	3.106.573	1.939.065	1.374.516	2.293.446	14.459.176

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

h. Analysis of maturity-bearing exposures according to remaining maturities:

31 December 2019	Term To Maturity				
Risk classifications	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Claims on sovereigns and Central Banks	500.812	79.808	23.477	17.191	1.046.975
Claims on regional governments or local authorities	-	-	-	-	198.532
Claims on administrative bodies and other non-commercial undertakings	71	-	-	-	-
Claims on multilateral development banks	-	-	-	-	7.543
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	718.170	320.595	104.914	130.678	483.825
Claims on corporates	1.334.992	710.315	893.265	1.480.497	5.959.563
Claims included in the regulatory retail portfolios	22.436	7.641	22.200	68.317	381.626
Claims secured by residential property	83.385	100.401	170.807	531.405	5.166.065
Past due loans	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	2.659.866	1.218.760	1.214.663	2.228.088	13.244.129

i. Information about the risk exposure categories:

In the standard approach calculations, the Group uses Fitch Credit Rating Institution ratings when determining the risk weights of risk classes in accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks".

Fitch Credit Rating Institution ratings are taken into consideration when evaluating the entire class of receivables from central governments or central banks and receivable portfolios from financial institutions. Fitch Ratings are not taken into consideration for other risk classes.

The Fitch Rating assigned to a debtor is valid for all of the debtor's assets, no exception is made for a specific category of assets.

A Credit Rating Institution which is not included in the institution's mapping table is not taken into consideration in the credit risk amount calculation process.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

j. Exposures by risk weights:

31 December 2020								
Risk Weights	0%	20%	35%	50%	75%	100%	150%	Deductions from Equity
1.Exposures before Credit Risk Mitigation	4.127.578	1.296.916	508.677	4.949.834	232.558	17.931.745	143.735	26
2. Exposures after Credit Risks Mitigation (*)	4.889.222	1.488.760	497.335	4.583.194	223.400	17.426.907	82.225	26

(*) The Group mitigates the credit risk using the simple financial collateral methods.

31 December 2019								
Risk Weights	0%	20%	35%	50%	75%	100%	150%	Deductions from Equity
1.Exposures before Credit Risk Mitigation	2.410.094	1.129.853	647.394	4.816.198	510.166	14.918.167	158.128	2.679
2. Exposures after Credit Risks Mitigation (*)	3.013.190	1.739.218	619.913	4.089.345	489.238	14.562.658	76.441	2.679

(*) The Group mitigates the credit risk using the simple financial collateral methods.

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

k. Informations in terms of major sectors and type of counterparties:

31 December 2020	Loans		Provisions	
Major Sectors / Counterparties	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provision (Regulation of Provision-Stage 2)	Expected Credit Loss Provision (Regulation of Provision-Stage 3)
Agriculture	8.354	1.785	-	681
Farming and Stockbreeding	8.287	1.775	-	673
Forestry	67	4	-	4
Fishery	-	6	-	4
Manufacturing	485.303	587.988	50.760	219.959
Mining and Quarrying	7.352	32.689	173	9.199
Production	477.779	550.836	50.587	210.096
Electricity, Gas and Water	172	4.463	-	664
Construction	713.295	837.235	180.331	230.629
Services	1.837.844	582.342	377.023	223.750
Wholesale and Retail Trade	748.405	108.480	135.701	51.447
Accommodation and Dining	943.546	52.456	234.998	16.654
Transportation and Telecom	32.957	75.840	4.426	22.929
Financial Institutions	1.554	423	-	342
Real Estate and Rental Services	92.957	333.213	1.639	127.024
Professional Services	-	153	-	5
Educational Services	4.232	4.519	4	2.556
Health and Social Services	14.193	7.258	255	2.793
Other	332.474	238.477	108.420	71.088
Total	3.377.270	2.247.827	716.534	746.107

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

k. Informations in terms of major sectors and type of counterparties (Continued):

31 December 2019	Loans		Provisions	
Major Sectors / Counterparties	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provision (Regulation of Provision-Stage 2)	Expected Credit Loss Provision (Regulation of Provision-Stage 3)
Agriculture	9.828	1.777	13	610
Farming and Stockbreeding	9.548	1.768	11	604
Forestry	280	4	2	3
Fishery	-	5	-	3
Manufacturing	602.236	383.873	104.174	118.456
Mining and Quarrying	34.034	5.697	665	2.499
Production	567.973	374.244	103.509	115.640
Electricity, Gas and Water	229	3.932	-	317
Construction	632.679	338.110	27.414	64.298
Services	1.802.915	290.456	293.423	105.388
Wholesale and Retail Trade	506.784	123.642	78.637	50.775
Accommodation and Dining	834.486	38.653	166.412	8.666
Transportation and Telecom	83.537	75.810	302	23.528
Financial Institutions	1.231	423	-	286
Real Estate and Rental Services	347.935	44.646	46.163	20.616
Professional Services	-	154	-	6
Educational Services	11.512	4.499	11	1.125
Health and Social Services	17.430	2.629	1.898	386
Other	415.872	178.556	87.955	38.163
Total	3.463.530	1.192.772	512.979	326.915

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

1. Information about Value Adjustment and Change in Provisions:

31 December 2020	Opening Balance	Provision for Period	Write off from Asset (*)	Other Adjustments (**)	Closing Balance
1. Specific Provisions (**)	335.225	410.464	-	9.788	755.477
2. General Provisions	585.476	71.726	-	183.999	841.201
Total	920.701	482.190	-	193.787	1.596.678

(*) Includes specific provisions allocated for uncompensated non-cash loans, cheque-book allowances and free provisions which the Bank has classified as non-performing loans.

(**) The Other Adjustments column consists of asset sales and exchange rate differences of provisions in foreign currencies.

31 December 2019	Opening Balance	Provision for Period	Write off from Asset(*)	Other Adjustments (**)	Closing Balance
1. Specific Provisions (***)	269.964	204.070	-	(138.808)	335.226
2. General Provisions	462.655	101.519	-	21.301	585.475
Total	732.619	305.589	-	(117.507)	920.701

(*) Includes special provisions for receivables that the Bank has written off from its assets by selling to an asset management company on March 29, 2019.

(**) The Other Adjustments column includes exchange rate differences of specific and general provisions in foreign currencies and written-off loans amount to TL 106.335.

(***) Includes specific provisions allocated for uncompensated non-cash loans which the Bank has classified as non-performing loans.

m. Risks Included in Cyclical Capital Buffer Calculation:

None.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT:

Risk Management Approach and Risk Weighted Amounts

a. Risk Management Approach of the Group:

1. The way risk profile of the Group is determined by business model and its interaction and risk appetite:

The Group prepares its business strategy and medium and long term plans including medium and long term growth objectives and makes an annual revision through reviewing. The Group reviews its business strategy and plans annually in a periodic manner and aforementioned business strategies are reviewed ad hoc and more frequently and can be revised if it is required by economic developments and market conditions. Risk appetite of the Group is designated in full compliance with its business strategy and main risks, which shall be taken due to main components of main activity area and business strategy of the Group, comprise main inputs of risk appetite determined by Board of Directors.

2. Risk management structure: Responsibilities assigned within the body of the Group:

Board of Directors is responsible for developing a risk appetite in compliance with business strategy of the Bank and establishing a risk management system in line with risk appetite. Board of Directors carries out activities such as definition, monitoring, reporting of the risk and developing risk mitigating measures through Audit Committee, Board of Directors Risk Committee, Risk Coordination Committee, Assets and Liabilities Committee (ALCO) and Risk Management Group, Internal Control Centre, Directorate of Supervisory Board and Compliance Departments.

Audit Committee controls whether provisions included in legislation related risk management and intra-group and implementation procedures approved by the Board of Directors are applied or not and makes recommendations to board of directors regarding measures which should be taken. It also evaluates whether there are method, instrument and implementations procedures required for identification, measurement, monitoring and controlling of Group’s risks or not.

Board of Directors Risk Committee is responsible for the development of risk management systems in line with business strategy and risk appetite of the Group, presentation of amendment recommendations related to risk management policies to Board of Directors and establishment of required method, instrument and implementation procedures in order to ensure identification, measurement, monitoring and reporting of risks by non-executive independent departments.

ALCO is responsible to monitor and manage structural asset-liability non-compliance of the Parent Bank together with the monitoring and controlling of liquidity and exchange risks through holding meetings on a weekly basis.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

2. Risk management structure: Responsibilities assigned within the body of the Group (Continued):

Risk Management Department, which carries out its activities independent from executive functions, consist of Credit Risk and Modelling Department operating under Credit and Market Risk Department, Market Risk Department and Operation Risk Department. Credit Risk and Modelling Department is responsible for defining, measuring, monitoring and reporting of outputs with respect to risks exposed by the Parent Bank and its partners which are subject to consolidation and sharing of solution recommendations for risk mitigation with related departments. Credit risk appetite limits, which are approved by Board of Directors, are monitored in specific periods and results are reported to Board of Directors and Senior Management. The department gives support to credit risk analysis through stress tests, reverse stress tests and scenario analysis. The department is also responsible for monitoring the results of internal rating systems and TFRS 9 models, conducting validation and calibration works.

Market Risk Department is responsible for defining, measuring, monitoring and reporting of outputs with respect to risks exposed by the Parent Bank and its partners which are subject to consolidation. The department is also responsible to monitor and report limits specified related to treasury risk parameters and liquidity risk. Limit-risk follow-up regarding counterparty credit risk, stress tests and scenario analysis are also under the responsibility of the department in question.

Operation Risk Department carries out definition, measurement, evaluation, controlling, mitigation, monitoring and reporting activities of operational risks. Internal Audit is responsible for the evaluation of operational risk management framework with its all aspects in an independent manner. The aforementioned evaluation includes both activities of business units and also activities of Operation Risk Management.

Internal Control Center carries out activities at secondary control level in order to monitor and report risks and develop measures reducing risks with executive departments. Directorate of Supervisory Board carries out required intra-company audits in order to reduce risks exposed by the Parent Bank to a minimum level.

Compliance Department carries out the function to monitor legislative amendments and validity and effective date of regulations and timely informing of related parties with respect to aforementioned issues. Regulations, which are directly or indirectly related to risks exposed by Parent Bank are shared with both executive and non-executive departments such as Risk Management Group.

3. Channels which are used to extend and apply risk culture in the Group:

Risk Management application is developed on Intranet platform for the purpose of increasing awareness of employees in order to extend risk culture within the body of the Group. Through this application, trainings and documents increasing awareness are shared with employees. Online trainings, related to risk management developed in order to raise awareness of employees, are shared with employees via remote training platform. Risk point of views of employees are supported through in-class trainings, if required.

Information on risk position of the Group, expected and unexpected loss estimations, impacts of negative conditions on balance sheet of the Group and realization levels of risk appetite limits determined by Board of Directors is share with Board of Directors, related committees and senior management by Risk Management Group through reports issued. If there exists an overflow on the risk appetite limits, related departments are informed in order to ensure taking of pre-determined measures and results are monitored by Risk Management Group.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

4. Main components and scope of risk measurement systems:

Rating is used for corporate and commercial clients while score card and decision tree are used for retail loans in the Group in order to measure loan risk. Internal rating systems are designated in the framework of business strategy, risk appetite, regulations of authorities with respect to rating systems and internal policies and their performances are periodically monitored by Risk Management Group and results are reported to Board of Directors and senior management. On the other hand, validations and calibrations of rating models are carried out / coordinated by Credit Risk and Modelling Department. The Group has information systems enabling reporting according to sector, segment, branch, currency, maturity, internal rating grade and risk class of credit portfolio. Risk appetite limits determined in the Loan Risk Policy are monitored on a monthly basis and the results are reported to Board of Directors and senior management.

The Group determines internal limits which are revised in the framework of business model, strategy and risk appetite of the Group reviewed at least on an annual basis for exchange rate, interest, counterparty and liquidity risk which may be exposed. All limits are approved by Board of Directors and monitored in an effective manner by Board of Directors.

Basic Indicator Approach is used in order to determine capital requirement required for operational risk in accordance with legislations of BRSA. The Group registers operational risk situations in the operational risk database and performs risk control self-evaluation studies in order to raise awareness in operational risks, determine current operational risks and reduce possible negative impacts of such risks to minimum.

5. Disclosures on risk reporting processes provided to Board of Directors and senior management:

Risk Management Group reports results of analysis related to risks such as credit, liquidity and operational to Board of Directors, Audit Committee, Board of Directors Risk Committee, Risk Coordination Committee, ALCO and senior management. Reporting is made to Risk Coordination Committee and Board of Directors on a monthly basis while it is made to Audit Committee and Board of Directors Risk Committee on a quarterly basis.

Results of concentration and credit risk stress test based on sector, segment, maturity, collateral, currency, internal rating grade of credit; structural interest rate risk sourcing from banking accounts, details related to derivatives, liquidity analysis, stress tests made related to counterparty credit risk, deposit concentration, realizations related to risk appetite limits of market and liquidity; historical developments of operational risks based on loss categories and their distribution based on Parent Bank and subsidiaries are included in aforementioned reports.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

6. Disclosures on Stress Test:

The Group makes stress tests for risk categories of credit, market, liquidity and operational risk both in scope of Internal Capital Adequacy Assessment Process (ICAAP) and also as periodical internal and results are shared with Board of Directors, senior management and audit authority, if required.

The Group considers scenarios announced by BRSA and pre-determined negative and extremely negative scenarios for stress tests made in scope of ICAAP. Scenarios are determined through taking macro-economic variables, business strategy and risk appetite of the Group and negative past conditions into account. In scope of ICAAP, both particular and also total stress tests are made based on significant risk types.

Internal periodic stress tests are made in the framework of scenarios determined internally in accordance with portfolio, business strategy, risk appetite and retrospective estimations of the Group. The Group prepares its internal periodic stress tests through benefiting from sensitivity analysis, stress test, reverse stress test and scenarios analysis instruments. Credit risk stress tests include scenarios such as depreciation of Turkish Lira, increase in overdue receivables and decrease in the value of real estate. On the other hand, reverse stress tests towards risk appetite limits through scenario analysis related to concentration index are periodically made.

Impact of each shocks on profitability and capital is measured in stress tests made in scope of Market Risk. Risk factors, for which a shock is applied, are exchange rates, interests and prices of shares. Foreign exchange position gain/loss sourcing from sudden exchange and interest movements, banking activities, impact of Interbank transactions and Commercial Funding on capital, bond, derivative and share portfolio gain/loss are calculated in stress tests.

Impact of exchange, volatility and interest shocks on derivative portfolio specific for customer is reviewed in scope of Counterparty Credit Risk stress tests and results are discussed in related committees.

In scope of operational risk tests, loss estimation is made through statistical methods via taking historical loss data into account and its effect on capital requirement is reviewed.

7. Risk management, hedging and mitigation strategies and process of the group sourcing from its business model and Monitoring processes of continuing effects of protection and mitigation

The Group includes collaterals in Communique on Credit Risk Mitigation Techniques to credit risk mitigation with respect to capital requirements calculations and those collaterals are used in calculations over their consideration rates in the aforementioned communique. The operational conditions mentioned in the related Communique should be met in order to be able to include collaterals in credit risk mitigation.

Determination of actions towards mitigation through evaluating risks exposed in current processes, key risk indicators and loss events, use of support services and pre-evaluation studies of implementation procedures and policies of new products are carried out in order to mitigate risk which are exposed or shall be exposed in operational risk management. Insurances towards risk mitigation are made. Risk mitigation exposed due to a cut-off is aimed to be reduced through Business Continuity Plan approved by Board of Directors ensuring the continuity of operations in reasonable periods. In this scope, Business Continuity Plan is periodically tested and required updates are made.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

b. Overview of risk weighted amounts

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 31 December 2020:

- 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
		31 December 2020	31 December 2019	31 December 2020
1	Credit risk (excluding counterparty credit risk) (CCR)	20.039.447	17.246.856	1.603.156
2	Standardised approach (SA)	20.039.447	17.246.856	1.603.156
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	563.444	535.184	45.076
5	Standardised approach for counterparty credit risk (SA-CCR)	563.444	535.184	45.076
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	276.989	111.282	22.159
17	Standardised approach (SA)	276.989	111.282	22.159
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	1.492.458	1.222.845	119.397
20	Basic indicator approach	1.492.458	1.222.845	119.397
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	Total (1+4+7+8+9+10+11+12+16+19+23+24)	22.372.338	19.116.167	1.789.788

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

c. Relationships between financial statements and risk amounts

1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation:

31 December 2020	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with TAS	Carrying values of items in accordance with TAS				
			Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with the Central Bank (net)	3.270.581	3.270.581	3.046.360	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss (net)	368.519	368.519	-	285.662	-	184.987	26
Financial Assets at Fair Value Through Profit or Loss (net)	-	-	-	-	-	-	-
Banks (net)	153.855	153.855	145.637	-	-	-	-
Money Market Placements (net)	131.550	131.550	-	131.550	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (net)	416.910	416.910	416.910	3.711	-	-	-
Loans and Receivables (net)	16.264.001	16.264.001	15.917.972	-	-	-	-
Factoring Receivables (net)	-	-	-	-	-	-	-
Other Financial Assets measured at Amortized Cost (net)	510.403	510.403	510.403	304.621	-	-	-
Investment in Associates (net)	-	-	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-	-	-
Lease Receivables	3.011.266	3.011.266	2.812.299	-	-	-	-
Derivative Financial Assets Held For Hedging (net)	490.425	490.425	-	490.425	-	-	-
Property And Equipment (net)	573.200	573.200	557.100	-	-	-	16.100
Intangible Assets (net)	43.623	43.623	-	-	-	-	43.623
Investment Property (net)	-	-	-	-	-	-	-
Tax Asset	146.133	146.133	146.133	-	-	-	-
Assets Held For Resale And Related To Discontinued Operations (net)	613.988	613.988	613.988	-	-	-	-
Other Assets	482.575	482.575	472.106	-	-	-	-
Total assets	26.477.029	26.477.029	24.638.908	1.215.969	-	184.987	59.749
Liabilities							
Deposits	13.847.448	13.847.448	-	-	-	-	13.847.448
Derivative Financial Liabilities Held for Trading	400.583	400.583	-	398.519	-	128.522	2.064
Funds Borrowed	6.658.852	6.658.852	-	-	-	-	6.658.852
Money Markets	273.523	273.523	-	273.523	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous Payables	642.329	642.329	-	-	-	-	642.329
Other Liabilities	182.393	182.393	-	-	-	-	182.393
Factoring Payables	-	-	-	-	-	-	-
Lease Payables	77.102	77.102	-	-	-	-	77.102
Derivative Financial Liabilities Held For Hedging	94.972	94.972	-	-	-	-	94.972
Provisions	343.786	343.786	-	-	-	-	343.786
Tax Liability	57.463	57.463	-	-	-	-	57.463
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-	-	-
Subordinated Loans	2.228.521	2.228.521	-	-	-	-	2.228.521
Shareholder's Equity	1.670.057	1.670.057	-	-	-	-	1.670.057
Total Liabilities	26.477.029	26.477.029	-	672.042	-	128.522	25.804.987

(*) On the table above, amounts of allocated TFRS 9 loss provisions in the current period are presented in the related balance sheet entries.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

c. Relationships between financial statements and risk amounts

1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation:

31 December 2019	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with TAS	Carrying values of items in accordance with TAS				
			Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with the Central Bank (net)	2.162.662	2.162.662	2.162.662	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss (net)	233.443	233.443	-	197.151	-	159.253	2.679
Financial Assets at Fair Value Through Profit or Loss (net)	-	-	-	-	-	-	-
Banks (net)	574.644	574.644	574.705	-	-	-	-
Money Market Placements (net)	557.969	557.969	-	557.969	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (net)	336.325	336.325	336.325	1.730	-	-	-
Loans and Receivables (net)	12.968.173	12.968.173	13.552.869	-	-	-	-
Factoring Receivables (net)	7	7	7	-	-	-	-
Other Financial Assets measured at Amortized Cost (net)	262.923	262.923	262.923	247.227	-	-	-
Investment in Associates (net)	-	-	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-	-	-
Lease Receivables	2.943.131	2.943.131	2.943.131	-	-	-	-
Derivative Financial Assets Held For Hedging (net)	437.122	437.122	-	437.122	-	-	-
Property And Equipment (net)	259.666	259.666	242.112	-	-	-	17.554
Intangible Assets (net)	38.824	38.824	-	-	-	-	38.824
Investment Property (net)	-	-	-	-	-	-	-
Tax Asset	79.698	79.698	79.698	-	-	-	-
Assets Held For Resale And Related To Discontinued Operations (net)	409.415	409.415	409.415	-	-	-	-
Other Assets	282.806	282.806	283.512	-	-	-	-
Total assets	21.546.808	21.546.808	20.847.359	1.441.199	-	159.253	59.057
Liabilities							
Deposits	11.405.865	11.405.865	-	-	-	-	11.405.865
Derivative Financial Liabilities Held for Trading	146.581	146.581	-	143.244	-	93.598	3.337
Funds Borrowed	5.050.130	5.050.130	-	-	-	-	5.050.130
Money Markets	211.514	211.514	-	193.941	-	-	17.573
Marketable Securities Issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous Payables	575.877	575.877	-	-	-	-	575.877
Other Liabilities	112.161	112.161	-	-	-	-	112.161
Factoring Payables	-	-	-	-	-	-	-
Lease Payables	118.202	118.202	-	-	-	-	118.202
Derivative Financial Liabilities Held For Hedging	77.913	77.913	-	-	-	-	77.913
Provisions	91.051	91.051	-	-	-	-	91.051
Tax Liability	40.314	40.314	-	-	-	-	40.314
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-	-	-
Subordinated Loans	1.797.925	1.797.925	-	-	-	-	1.797.925
Shareholder's Equity	1.919.275	1.919.275	-	-	-	-	1.919.275
Total Liabilities	21.546.808	21.546.808	-	337.185	-	93.598	21.209.623

(*) On the table above, amounts of allocated TFRS 9 loss provisions in the current period are presented in the related balance sheet entries.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

2. Main sources of differences between Amounts valued in accordance with TAS and Risk Exposures

	31 December 2020	Total	Subject To Credit Risk	Subject to the Securitisation	Subject To Counterparty Credit Risk	Subject To Market Risk
1	Asset carrying value amount under scope of regulatory consolidation	26.039.864	24.638.908	-	1.215.969	184.987
2	Liabilities carrying value amount under regulatory scope of consolidation	(800.564)	-	-	(672.042)	(128.522)
3	Total net amount under regulatory scope of consolidation	25.239.300	24.638.908	-	543.927	56.465
4	Off-Balance Sheet Amounts	5.097.710	5.097.710	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences Resulted from the BRSA's Applications	(868.978)	(1.774.157)	-	684.655	220.524
9	Differences due to credit risk reduction	-	-	-	-	-
10	Risk Amounts	29.468.032	27.962.461	-	1.228.582	276.989

	31 December 2019	Total	Subject To Credit Risk	Subject to the Securitisation	Subject To Counterparty Credit Risk	Subject To Market Risk
1	Asset carrying value amount under scope of regulatory consolidation	22.447.811	20.847.359	-	1.441.199	159.253
2	Liabilities carrying value amount under regulatory scope of consolidation	(430.783)	-	-	(337.185)	(93.598)
3	Total net amount under regulatory scope of consolidation	22.017.028	20.847.359	-	1.104.014	65.655
4	Off-Balance Sheet Amounts	3.610.088	3.610.088	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences Resulted from the BRSA's Applications	(925.831)	(1.287.646)	-	316.188	45.627
9	Differences due to credit risk reduction	-	-	-	-	-
10	Risk Amounts	24.701.285	23.169.801	-	1.420.202	111.282

3. Disclosures on Differences between Amounts valued in accordance with TAS and Risk Exposures

There exists no difference between accounting and legal consolidation scopes of the Group.

Significant differences between amounts valued in accordance with TAS and Risk exposures source from securities and derivatives. Securities mentioned in repo transaction in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are designated in Money Markets Debts item. For derivative transactions, the Group has foreign exchange swap and interest swap products which are monitored under trading accounts and made for structural interest rate risk and liquidity risk management. Therefore, those products should not be considered in scope of market risk although they are monitored under trading accounts in accordance with TAS.

Valuation methodologies, including disclosure on using of market value and model value methodologies, performs valuation of financial assets of the Parent Bank tracked under trading accounts on a daily basis. Market prices, obtained from independent data providers, are kept in treasury system and valuations are made systemically.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

Market values of products such as forward exchange, foreign exchange swaps and interest swaps traded in over the counter markets are calculated based on discounting of cash flows over market interest rates. Globally accepted valuation methodologies are used for option products.

The Parent Bank uses weighted average prices for securities trades in BIST for Turkish Lira securities portfolio while it uses prices in nature of indicator announced by Central Bank for securities not traded on BIST. Market average prices, obtained from independent data providers, are used for foreign currency securities.

Description of independent price approval processes: The Parent Bank obtains market prices, which shall be used in valuation, from independent data providers and manages through checkpoints established independent from risk generating unit/departments. Valuation prices are determined through collection of data in treasury system for risk factors exposed at a pre-determined hour in each day. The aforementioned data is formed following an inquiry executed by Information Technologies without the interruption of any users. Prices, which shall be used in valuations, are controlled by Market Risk Department on a daily basis.

Besides, Market Risk Department methodologically controls and documents yield curves, valuation methods and accuracy of fair value calculations periodically.

Processes for valuations adjustments or differences: The Group does not make valuation adjustment since financial assets recognized at fair value are traded on an active market.

d. Credit Risk Disclosures

1. General Qualitative Information on Credit Risk

i. Conversion of Bank's business model to components of credit risk profile

The Group has forward-looking measurement and forecast instruments which are sensitive to risk and including appropriate information technology applications and management information systems in order to take expected or unexpected losses into account in all types of risk under both normal and also negative market conditions. The conversion of business model to components in risk profile is digitized through aforementioned instruments. The Group especially uses stress test and scenario analysis in order to measure effects of negative conditions on bank's portfolio and business strategy and risk appetite to the Group is considered while determining parameters for respective analysis.

ii. Criteria and approach used during the determination of credit risk policy and credit risk limits

The Group determines short, medium and long term credit strategies in line with business strategy and risk appetite and performs studies in line with criteria details in policies of credit policies and credit risk policies in order to minimize expected and unexpected losses exposed due to credit operations. Credit policies determines procedures related to crediting, monitoring, collection and administrative and legal proceedings based on prudent man and applicability principles. Besides, general framework of credit risk studies made in order to execute credit risk in an efficient manner which is requested by legal authorities. Therefore, Credit Risk Policy, forming top level framework of credit risk studies of the Group, and credit risk limits detailed in this document are determined based on legal requirements, business strategy of the Group, credit strategy, risk appetite and credit policies and reviewed at least annually and updated, if required. Business strategy, risk appetite and retrospective portfolio realizations are taken into consideration while determining credit risk limits. On the other hand, methods such as stress test and reverse stress test are used during the determination of limit levels.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

iii. Structure and organization of credit risk management and control function

All of the process related to direct or indirect credit allocation, extension, monitoring and operation of the Group in favour of individuals or legal entities are reviewed in scope of credit risk management. In this context, first level of controls are detailed in credit policies and implementation principles. Internal rating systems are benefited as well as credit allocation processes in order to measure creditability of customers.

Credit risk studies in scope of capital adequacy are carried out by Credit Risk and Modelling Department within the body of Risk Management Group in the framework of Credit Risk Policy. Credit Risk Policy include activities related to credit risk management, credit risk management organization, related parties and their responsibilities and duties, main principles, implementations, limits and reporting determine in credit risk management.

Duties and responsibilities of Risk Management Group Credit Risk and Modelling Department with respect to credit risk management are as follows:

- To make principal amount calculations subject to legal credit risk in the framework of determined rules by related regulations of BRSA and to monitor up-to-dateness of application used in this scope,
- To report results of analysis related to risk definition, measurement, analysis, monitoring and portfolio subject to in/off balance sheet credit risks to senior management in scope of Credit Risk Policy approved by Board of Directors and related application principles,
- To support development of rating/score card models for corporate, commercial and retail credits, to monitor their performances and to participate/coordinate their validation studies,
- To perform credit risk stress test, reverse stress test and scenario analysis determined through related regulations of BRSA and approved by Board of Directors and to share respective results with Risk Coordination Committee, senior management, Audit Committee, Board of Directors Risk Committee and Board of Directors,
- To make probability of default (PD), loss given default (LGD) and residual risk calculations based on internal rating models and share opinion and recommendations for the establishment of infra-structure for aforementioned calculations,
- To analyse credits portfolio through applying stress test, reverse stress test and scenario analysis, if required, for credit risk management,
- To monitor, report risk appetite limits determined in Credit Risk Policy periodically and share opinion and recommendations in revision of risk appetite limits,
- To share recommendations developed for stress test and scenario analysis in order to be presented to Board of Directors, with Risk Coordination Committee and Risk Committee.
- To monitor the performance of TFRS 9 models, to perform and/or to coordinate model revision, validation and calibration works.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

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

A triple layered control mechanism is established in order manage credit risk and to reduce expected and unexpected losses to a minimum level at the Group. First level of controls are performed by executive units and include controls in entering into credit relation with customers having high level of creditability, credit allocation, crediting, repayment and monitoring phases. Second level of controls includes activities performed by Risk Management Group and Internal Control Centre and consist of definition, measurement, monitoring, reporting of risks and development of measures which shall reduce credit risk with executive departments. Third level of controls are performed by Supervisory Board. Directorate of Supervisory Board carries out required intra-company audits in order to reduce risks exposed by the Bank to a minimum level.

Compliance Department carries out the function to monitor legislative amendments and validity and effective date of regulations and timely informing of related parties with respect to aforementioned issues. Regulations, which are directly or indirectly related to risks exposed by Bank are shared with both executive and non-executive departments such as Risk Management Group.

Internal Audit function is executed by Directorate of Supervisory Board at the Bank. In this context, evaluations with respect to credit risk are carried out by Directorate of Supervisory Board through taking risks exposed by the Parent Bank and related controls into account in the framework of annual audit plans. Assurance is provided on effectiveness and sufficiency of internal control and risk management strategies related to credit risk activity field executed towards strategies and objectives of the Group through credit risk management in scope of headquarters unit and process audits and branch audits including participation of Directorate of Supervisory Board.

Managers of Risk Management Group, Internal Control Centre, Compliance Department and Directorate of Supervisory Board inform members of Committee through holding Risk Coordination Committee on a monthly basis and Audit Committee and Board of Directors Risk Committee meetings held on quarterly basis. Issues determined in the framework of second and third level of controls are examined in meetings for credit risk management and risk mitigation measures are reviewed. Those departments report to Board of Directors through Audit Committee and Board of Directors Risk Committee.

v. Disclosures regarding risk reporting processes provided to members of Board of Directors and senior management

Credit risk exposed by the Group is monitored periodically by Risk Management Group Credit Risk and Modelling Departments and results are shared with senior managers of ALCO, credit marketing and allocation on a weekly basis, with Board of Directors and Risk Coordination Committee on a monthly basis and with Board of Directors Risk Committee on a quarterly basis. The scope and main content of aforementioned reports consist of sector, segment, risk classes, internal rating grades, collateral concentration of credit portfolio; close monitoring and legal proceedings portfolios, ageing analysis, probability of default estimations calculated based on rating and scoring systems, foreign currency and maturity concentrations, capital adequacy, periodical comparisons and result of stress test and scenarios analysis.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

2. Credit quality of assets

31 December 2020		Gross carrying values of as per TAS		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	2.247.827	18.554.742	1.528.267	19.274.302
2	Debt Securities	-	992.600	4	992.596
3	Off-balance sheet exposures	29.057	5.578.062	68.408	5.538.711
4	Total	2.276.884	25.125.404	1.596.679	25.805.609

31 December 2019		Gross carrying values of as per TAS		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	1.192.772	15.614.319	896.547	15.910.544
2	Debt Securities	-	619.943	13	619.930
3	Off-balance sheet exposures	27.624	3.622.501	24.141	3.625.984
4	Total	1.220.396	19.856.763	920.701	20.156.458

3. Changes in stock of defaulted loans and debt securities

31 December 2020		
1	Defaulted loans and debt securities at the end of the previous reporting period	1.220.396
2	Loans and debt securities that have defaulted since the last reporting period	1.460.992
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	(404.504)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	2.276.884

31 December 2019		
1	Defaulted loans and debt securities at the end of the previous reporting period	896.305
2	Loans and debt securities that have defaulted since the last reporting period	730.441
3	Returned to non-defaulted status	-
4	Amounts written off	(160.390)
5	Other changes	(245.960)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	1.220.396

4. Additional disclosures related to credit quality of assets:

i. Scope and descriptions of "overdue" receivables and "provisioned" receivables which are used for accounting and differences between descriptions of "overdue" and "provisioned", if available.

Receivables having a delay of more than 90 days are defined as "overdue receivables". There is no difference between "overdue receivable" and "provisioned" definitions since whole overdue receivables are subject to the calculation of provision. (Due to the temporary regulation of the BRSA, it is applied as 180 days until 30 June 2021.)

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

ii. Part of overdue receivables (more than 90 days) which are not evaluated as “provisioned” and reasons for this application:

None.

iii. Descriptions of methods used while determining provision amounts:

As of 1 January 2018, in accordance with the Communiqué related to “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” published in the Official Gazette no. 29750 dated 22 June 2016, the Group 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 31 December 2017, 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.

iv. Descriptions of restructured receivables:

Loans and other receivables can be restructured, through providing additional loan, if required, or linked to a repayment schedule in order to provide collection of receivable of the bank and provide liquidity capacity to debtor if the non-fulfillment of liabilities related to credits and other receivables is sourcing from temporary liquidity deficiency in accordance with Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” (“Provisioning Regulation”).

v. Breakdown of receivables according to geographical regions, sector and residual maturity:

Separation of receivables according to geographical area (cash and non-cash loans, leasing receivables and non-performing loans):

	31 December 2020	31 December 2019
1 Domestic	24.228.780	19.265.884
2 European Union Countries	124.609	87.309
3 OECD Countries (*)	59.343	14.777
4 Off-shore Banking Regions	-	-
5 USA, Canada	20.082	21.389
6 Other Countries	14.220	1.199
7 Associates, Subsidiaries and Jointly Controlled Entities	-	-
8 Unallocated Assets / Liabilities	-	-
9 Total	24.447.034	19.390.558

(*) Includes OECD countries other than EU countries, USA and Canada.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

Breakdown of receivables by sector (Cash and non-cash loans and non-performing loans):

	31 December 2020	31 December 2019
1 Agriculture	379.862	104.675
2 Farming and Stockbreeding	371.273	96.572
3 Forestry	5.309	437
4 Fishery	3.280	7.666
5 Manufacturing	8.618.618	7.060.206
6 Mining and Quarrying	1.137.397	956.582
7 Production	5.724.304	4.670.088
8 Electricity, Gas and Water	1.756.917	1.433.536
9 Construction	5.550.894	4.923.232
10 Services	8.600.620	5.715.751
11 Wholesale and Retail Trade	2.447.578	1.577.597
12 Accommodation and Dining	2.077.586	1.726.163
13 Transportation and Telecom	863.165	936.742
14 Financial Institutions	2.619.960	782.403
15 Real Estate and Rental Services	481.185	549.003
16 Professional Services	8.776	46.508
17 Educational Services	40.195	18.622
18 Health and Social Services	62.175	78.713
19 Other	1.297.040	1.586.694
20 Total	24.447.034	19.390.558

Separate receivables according to remaining demand (cash and non-cash loans and non-performing loans):

	1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributable	Total
31 December 2020							
Cash and Non-cash loans	6.155.975	3.451.530	4.451.248	6.347.807	2.538.231	1.502.243	24.447.034
31 December 2019							
Cash and Non-cash loans	3.925.098	2.516.711	3.559.457	6.412.952	2.110.483	865.857	19.390.558

vi. Amounts of receivables provisioned based on geographical regions and sector and amount written-off from assets through related provisions:

Geographical and sectoral breakdowns of impaired and overdue receivables and provisions made for those receivables and value adjustments are shown below, and all amounts included in this table are domestic.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

- vi. Amounts of receivables provisioned based on geographical regions and sector and amount written-off from assets through related provisions (Continued):

		31 December 2020		31 December 2019	
		Non Performing Loans	Special Provisions	Non Performing Loans	Special Provisions
1	Agriculture	1.785	681	1.777	610
2	Farming and Stockbreeding	1.775	673	1.768	604
3	Forestry	4	4	4	3
4	Fishery	6	4	5	3
5	Manufacturing	587.988	219.959	383.873	118.456
6	Mining and Quarrying	32.689	9.199	5.697	2.499
7	Production	550.836	210.096	374.244	115.640
8	Electricity, Gas and Water	4.463	664	3.932	317
9	Construction	837.235	230.629	338.110	64.298
10	Services	582.342	223.750	290.456	105.388
11	Wholesale and Retail Trade	108.480	51.447	123.642	50.775
12	Accommodation and Dining	52.456	16.654	38.653	8.666
13	Transportation and Telecom	75.840	22.929	75.810	23.528
14	Financial Institutions	423	342	423	286
15	Real Estate and Rental Services	333.213	127.024	44.646	20.616
16	Professional Services	153	5	154	6
17	Educational Services	4.519	2.556	4.499	1.125
18	Health and Social Services	7.258	2.793	2.629	386
19	Other	238.477	71.088	178.556	38.163
20	Total	2.247.827	746.107	1.192.772	326.915

There are no provision amounts and sectoral breakdowns of non-performing loans written-off assets in 2020. Provision amounts and sectoral breakdowns of non-performing loans written-off from assets and accounts in 2019 are as follows:

	Written-off from accounts	Written-off from assets
Agriculture	5.579	3.254
Farming and Stockbreeding	5.460	2.736
Forestry	97	518
Fishery	22	-
Manufacturing	36.457	43.176
Mining and Quarrying	3.219	567
Production	32.994	42.609
Electricity, Gas and Water	244	-
Construction	21.214	4.033
Services	25.987	9.198
Wholesale and Retail Trade	7.575	8.420
Accommodation and Dining	1.793	275
Transportation and Telecom	15.241	364
Financial Institutions	-	2
Real Estate and Rental Services	9	137
Professional Services	-	-
Educational Services	3	-
Health and Social Services	1.366	-
Other	17.118	45
Total	106.355	59.706

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

vii. Aging analysis for overdue receivables.

Aging analysis for overdue receivables are included in Section IV Part II.b.

viii. Breakdown of restructured receivables based on being provisioned or not.

Specific and general provision are allocated for restructured receivables and free provision is allocated for miscellaneous risks, if required, in accordance with TFRS 9 and the Communiqué Related to Principles and Procedures on Classification of Loans and the Provisions to be allocated for These Loans" and there is no situation in which no provision is made.

e. Credit Risk Mitigation

1. Qualitative disclosure on credit risk mitigation techniques

Collaterals obtained as guarantees of credits are secondary repayment sources of credits. Therefore, it should be considered that market values of assets and commitments, obtained as collaterals, are measureable and whether they have a second hand market or not. Collaterals accepted by Groups are listed in Corporate Credit Policy and its annexes.

Collaterals, which should be received as a guarantee for each credits and credit collateral ratio with respect to those collaterals are determined during the allocation of credits. Related approval authority is authorized to determine a credit collateral ratio for each customer and credit. If assets traded on markets having higher level of volatility are received as collaterals, a prudential credit collateral rate is determined through considering maturity of the credit and price volatility of the asset.

Short term fluctuations in fair value of assets are not considered in evaluation of collaterals. Regular reviews of collaterals such as property and cheque whose change of value and translation to cash ability cannot be monitored simultaneously are made. Market value of properties received as collateral are reviewed in accordance with rules determined by BRSA and internal rules determined in related policies.

Insuring of collaterals against possible losses is preferred, when possible.

In collateralized credit transactions, if it is established as a result of revaluations tests made on collaterals that there exist an impairment and therefore the collaterals received remained under credit collateral ratio, additional collateral should be received.

Establishment of Type of collateral guarantor in a versatility preventing concentration on collateral providers and geography, is one of the main principles.

The Group considers collaterals in its calculations for principal amount subject to credit risk in accordance with rules mentioned in Communiqué on Measurement and Evaluation of Bank's Capital Adequacy and its annexes and Communiqué on Risk Mitigation Techniques.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

2. Credit risk mitigation techniques

		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
	31 December 2020							
1	Loans	13.025.101	6.249.201	4.023.717	-	-	-	-
2	Debt Securities	992.596	-	-	-	-	-	-
3	Total	14.017.697	6.249.201	4.023.717	-	-	-	-
4	Of which defaulted	1.521.411	904.214	572.016	-	-	-	-

		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
	31 December 2019							
1	Loans	9.556.223	6.354.321	4.378.458	145.990	145.990	-	-
2	Debt Securities	619.930	-	-	-	-	-	-
3	Total	10.176.153	6.354.321	4.378.458	145.990	145.990	-	-
4	Of which defaulted	885.170	165.110	93.403	-	-	-	-

f. Credit Risk if the Standard Approach is used:

1. Qualitative Disclosures which shall be made related to Rating Grades used in the calculation of Credit Risk with Standard Approach by Banks:

Credit Risk if the Standard Approach is used:

Fitch Grades are used for receivable classifications set out in credit risk standard approach calculations by the Group.

Fitch Rating Grades are taken into account by risk receivables from centralized administrations or from central banks and by foreign banks or by the financial institutions receivables portfolio.

Fitch Marks assigned to a debtor is taken into account for all assets of the debtor, no exception is made for a significant category of assets.

CRA's which are not included in the twinning table of the institution, are not used.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

2. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects:

31 December 2020		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	3.719.374	-	4.148.840	-	-	-
2	Exposures to regional governments or local authorities	348.950	-	206.625	-	103.312	50,0%
3	Receivables from administrative units and non-commercial enterprises	-	38	-	19	-	-
4	Exposures to multilateral development banks	-	24.172	-	24.172	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Exposures to institutions	634.993	210.011	777.316	190.849	453.023	46,8%
7	Exposures to corporates	11.071.541	4.757.858	10.847.176	3.046.010	12.975.213	93,4%
8	Retail exposures	217.028	62.721	217.051	15.240	167.974	72,3%
9	Exposures secured by residential property	502.726	14.581	493.461	5.820	174.068	34,9%
10	Exposures secured by commercial real estate	4.893.581	28.329	4.850.901	19.211	3.397.479	69,8%
11	Past-due loans	1.472.853	-	1.341.908	-	1.355.051	101,0%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other receivables	1.777.862	-	1.777.862	-	1.413.327	79,5%
17	Equity Investment	-	-	-	-	-	-
18	Total	24.638.908	5.097.710	24.661.140	3.301.321	20.039.447	71,7%

31 December 2019		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	2.682.805	-	3.263.045	-	695.196	%21,3
2	Exposures to regional governments or local authorities	198.532	-	198.532	-	39.706	%20,0
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	7.543	-	7.543	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Exposures to institutions	789.738	138.627	860.181	123.787	432.680	%44,0
7	Exposures to corporates	8.601.609	3.337.577	8.211.153	2.106.096	10.016.291	%97,1
8	Retail exposures	441.198	62.793	481.168	20.446	367.407	%73,2
9	Exposures secured by residential property	638.755	21.307	613.722	8.480	216.970	%34,9
10	Exposures secured by commercial real estate	5.491.957	42.241	5.403.273	25.398	3.752.099	%69,1
11	Past-due loans	865.857	-	735.577	-	757.508	%103,0
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other receivables	1.136.908	-	1.111.400	-	968.999	%87,2
17	Equity Investment	-	-	-	-	-	-
18	Total	20.847.359	3.610.088	20.878.051	2.291.750	17.246.856	%74,4

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

3. Exposures by asset classes and risk weights

	31 December 2020										Total credit risk exposure amount (after CCF and CRM)
	Exposure Categories/ Risk weight	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%	
1	Exposures to central governments or central banks	4.148.840	-	-	-	-	-	-	-	-	4.148.840
2	Exposures to regional governments or local authorities	-	-	-	-	206.625	-	-	-	-	206.625
3	Exposures to public sector entities	19	-	-	-	-	-	-	-	-	19
4	Exposures to multilateral development banks	24.172	-	-	-	-	-	-	-	-	24.172
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	128.853	-	824.119	-	15.193	-	-	968.165
7	Exposures to corporates	80.569	-	847.345	-	255.086	-	12.710.186	-	-	13.893.186
8	Retail exposures	4.938	-	4.620	-	-	222.733	-	-	-	232.291
9	Exposures secured by residential property	1.946	-	-	497.335	-	-	-	-	-	499.281
10	Exposures secured by commercial real estate	2.126	-	1.040	-	2.939.345	-	1.927.601	-	-	4.870.112
11	Past-due loans	12	-	-	-	55.914	-	1.203.757	82.225	-	1.341.908
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-
17	Other receivables	364.535	-	-	-	-	-	1.413.327	-	-	1.777.862
18	Total	4.627.157	-	981.858	497.335	4.281.089	222.733	17.270.064	82.225	-	27.962.461

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

3. Exposures by asset classes and risk weights (Continued):

	31 December 2019										Total credit risk exposure amount (after CCF and CRM)
	Exposure Categories/ Risk weight	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%	
1	Exposures to central governments or central banks	2.567.848	-	-	-	-	-	695.197	-	-	3.263.045
2	Exposures to regional governments or local authorities	-	-	198.532	-	-	-	-	-	-	198.532
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	7.543	-	-	-	-	-	-	-	-	7.543
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	550.290	-	222.112	-	211.566	-	-	983.968
7	Exposures to corporates	89.248	-	162.488	-	163.433	-	9.902.080	-	-	10.317.249
8	Retail exposures	8.318	-	4.663	-	-	488.633	-	-	-	501.614
9	Exposures secured by residential property	2.289	-	-	619.913	-	-	-	-	-	622.202
10	Exposures secured by commercial real estate	1.606	-	1.618	-	3.347.348	-	2.078.099	-	-	5.428.671
11	Past-due loans	1	-	-	-	32.578	-	626.557	76.441	-	735.577
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-
17	Other receivables	142.396	-	-	-	-	-	969.004	-	-	1.111.400
18	Total	2.819.249	-	917.591	619.913	3.765.471	488.633	14.482.503	76.441	-	23.169.801

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

g. Disclosures regarding Counterparty Credit Risk

1. Qualitative Disclosures on Counterparty Credit Risk

i. Objectives and policies of risk management with respect to CCR,

Counterparty credit risk states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. Derivative financial instruments, repo and reverse repo transactions, securities and commodities lending transactions, transactions having long clearing process and margin trading transactions are considered in the aforementioned scope. The Group ensures timely and accurate briefing for senior management and related departments and assignment of appropriate staff for measurement and monitoring for the purpose of an effective counterparty credit risk management. Senior Management is responsible for understanding significance and level of counterparty credit risk taken by the Group.

The Group allocates limits approved on the basis of customer and approved in different level of authorization in order to manage counterparty credit risk. Those limits are determined in a way including risk, which shall be taken, instrument and maturity information and periodically reviewed.

Activities, job definitions and responsibilities related to management, measurement, monitoring and reporting of counterparty credit risk are determined through policies and procedures. Counterparty credit risks can be simultaneously controlled on treasury system and early warning limit excess mechanisms are triggered if the use of limits are over 80%. Counterparty credit risk usage in the subsidiaries are constantly reported to the General Manager of Risk Management, Treasury Department, Vice President responsible for Capital Markets and Financial Institutions, Chief Financial Officer, and the Market Risk Department of the Parent Bank.

The Parent Bank uses mark-to-market approach in order to measure counterparty credit risk and therefore, determines coefficients (add-on) used in order to add current market value through multiplying nominal amount of transaction for the purpose of establishing the risk exposed by counterparty until the maturity. Aforementioned coefficients are calculated based on market data obtained from independent data providers and it is principal that aforementioned coefficients should be lower than coefficients determined in Part 3 of Annex -2 of Communiqué on Measurement and Evaluation of Bank’s Capital Adequacy prepared by BRSA and coefficients used in legal capital calculations. Market Risk Department reviews add-on coefficients with updated market data periodically reserving its right to update add-on coefficients more frequently if the volatility increases.

Besides, senior management is periodically supported with stress tests for business lines, Treasury and Credit Allocation decision making processes. With monthly meetings, the business lines, Treasury, Credit Allocation, Monitoring and Risk Management teams evaluate the stress test results.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

1. Qualitative Disclosures on Counterparty Credit Risk (Continued):

ii. Operational limit allocation method determined in scope of calculated internal capital for CCR and central counterparty risk

The Group assigns limits mentioned in transactions causing counterparty credit risk and central counterparty credit risk in accordance with principles determined in credit policies. It is principal to select customers having a high creditability and sufficient collateral conditions. Therefore, compliance of off-balance sheet transactions subject to CCR to in-balance sheet position of the customer in addition to creditability and collateral conditions of the customer, should be especially considered while allocating limits of the customer subject to such risks. Exchange rate and maturity compliance of in/off balance sheet transactions of the Customer and the customer having a foreign currency income reducing foreign currency risk to a minimum level are other important components which are considered while allocating aforementioned limits. The Group should be careful in not allocating high level of leverage and/or long term off balance sheet transaction limits.

The Parent Bank performs its treasury limit allocation in line with its Financial Institutions Credit Allocation and Borrowing Policy for those whose counterparty is a financial institution.

Daily Exchange Limit, Total Lending Limits, Issuer limit, Limit before Exchange and Total nominal limit are allocated for financial institutions.

A limit before exchange is allocated for customers apart from financial institutions. On the other hand, a Lending Limit is allocated affiliates in line with the content of the transactions.

On the consolidated basis, there is a minimal CCP risk exposure due to the future transactions carried out by the Bank in Takasbank market and in scope of products offered to customers of Burgan Yatırım A.Ş. Capital requirements are calculated for commercial risks and amounts of guarantee fund within an alternative method for CCP risks.

iii. Policies towards determination of Guarantee and other risk mitigations and CCR including central counterparty risk,

International Swaps and Derivatives Association (ISDA), Credit Support Annex (CSA) and/or Global Master Repurchase Agreement (GMRA), which have international validity, are concluded in counterparty credit risk management with respect to financial institutions and collateral management process is operated on a daily basis.

Collateralization principles and procedures within the framework of credit policies applied at Group for companies apart from financial institutions and individuals.

iv. Rules with respect to Counter-trend risk

The Parent Bank uses results of counterparty stress test performed periodically related to counter-trend risk and evaluates impact of deterioration in macro-economic conditions on credit risk of the customer. If it exists on a Group basis, the specific reverse tendency risk is monitored regularly with reports.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

- v. Amount of additional collateralization, which have to be provided by the Bank if there exist a decline in credit rating grade.**

There exists no additional collateral amount, which have to be provided by the Group if there exist a decline in credit rating grade.

2. Assessment of Counterparty Credit Risk according to the models of measurement

		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
	31 December 2020						
1	Standart Approach-CCR	-	-	-	-	-	-
2	Internal Model Approach - (for derivative financial instruments, repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					1.228.582	409.776
4	Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					-	-
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions - value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions					-	-
6	Total					1.228.582	409.776

		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
	31 December 2019						
1	Standart Approach-CCR	-	-	-	-	-	-
2	Internal Model Approach - (for derivative financial instruments, repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					1.420.202	406.872
4	Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					-	-
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions - value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions					-	-
6	Total					1.420.202	406.872

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

3. Credit valuation adjustment (CVA) capital charge

	31 December 2020	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at risk component (including 3*multiplier)		
2	(ii) Stressed Value at Risk (including 3*multiplier)		
3	All portfolios subject to Standardised CVA capital obligation	1.228.582	119.484
4	Total amount of CVA capital adequacy	1.228.582	119.484

	31 December 2019	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
	Total portfolio value with comprehensive approach CVA capital adequacy		
1	(i) Value at risk component (including 3*multiplier)		
2	(ii) Stressed Value at Risk (including 3*multiplier)		
3	All portfolios subject to Standardised CVA capital obligation	1.420.202	121.220
4	Total amount of CVA capital adequacy	1.420.202	121.220

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

4. Standardised approach – CCR exposures by regulatory portfolio and risk weights

31 December 2020									
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Risk Classes									
Central governments and central banks receivables	19.497	-	100.050	-	-	-	-	-	119.547
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	75	-	-	75
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	238.918	-	406.852	302.105	-	-	-	-	947.875
Corporate receivables	3.650	-	-	-	-	156.768	-	-	160.418
Retail receivables	-	-	-	-	667	-	-	-	667
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	262.065	-	506.902	302.105	667	156.843	-	-	1.228.582

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

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

4. Standardised approach – CCR exposures by regulatory portfolio and risk weights

31 December 2019									
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Risk Classes									
Central governments and central banks receivables	-	-	540.169	-	-	-	-	-	540.169
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	71	-	-	71
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	192.347	-	281.457	323.874	-	125	-	-	797.803
Corporate receivables	1.595	-	-	-	-	79.959	-	-	81.554
Retail receivables	-	-	-	-	605	-	-	-	605
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	193.942	-	821.626	323.874	605	80.155	-	-	1.420.202

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

5. Composition of collateral for CCR exposure

31 December 2020	Collaterals for Derivatives Transactions				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given			
	Segregated	Unsegregated	Segregated	Unsegregated	Collaterals Taken	Collaterals Given
Cash - Local Currency	-	-	-	-	103.701	-
Cash - Foreign Currency	-	-	-	-	238.918	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
Total	-	-	-	-	342.619	-

31 December 2019	Collaterals for Derivatives Transactions				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given			
	Segregated	Unsegregated	Segregated	Unsegregated	Collaterals Taken	Collaterals Given
Cash - Local Currency	-	-	-	-	1.595	-
Cash - Foreign Currency	-	-	-	-	192.346	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
Total	-	-	-	-	193.943	-

6. Credit derivatives:

None.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

7. Risks to Central Counterparty:

There is a minimal CCP risk exposure due to the future transactions carried out by the Bank in Takasbank market. On the consolidated basis, there is a minimal CCP risk exposure in scope of products offered to customers of Burgan Yatırım A.Ş. Capital requirements are calculated for commercial risks and amounts of guarantee fund within an alternative method for CCP risks.

31 December 2020		Exposure at default (post-CRM)	RWA
1	Total Exposure to Qualified Central Counterparties (QCCPs)	-	2.199
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

7. Risks to Central Counterparty (Continued):

31 December 2019		Exposure at default (post-CRM)	RWA
1	Total Exposure to Qualified Central Counterparties (QCCPs)	-	7.092
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

h. Securitization disclosures:

None.

j. Disclosures on Market Risk

1. Qualitative information which shall be disclosed to public related to market risk

- i. The Group defines market risk as the potential financial loss which may occur as a result of fluctuations in capital markets. The aforementioned loss can occur due to fluctuations on share prices, interest rates, commodity prices and exchange rate.

The purpose of controlling and observance on market risk is to control and monitor impacts of markets risks on gain and economic value. In a more detail expression, the purpose of market risk control and audit is to protect Group from unexpected market losses and to establish transparent, objective and consistent market risk information which shall form a basis for decision making process.

Market Risk exposed by the Parent Bank is managed by Treasury, Capital Markets and Financial Institutions. The risk which the subsidiaries are exposed to is managed by the Treasury and Financial Institutions departments of Burgan Securities and Burgan Leasing which operate independently from the Parent Bank. The Parent Bank limits the market risk which shall be exposed for different risk factors in the framework of risk appetite. The framework of the limit and tracking method is determined with Treasury Risk Parameters document approved by Board of Directors and limits are reviews at least on an annual basis.

- ii. Management of market risk is under responsibility of Treasury, Capital Markets and Financial Markets, which generate risk at primary level. Secondary degree controls are provided through independent risk management and internal control functions. Treasury Internal Control Department is established under Market Risk Department and Directorate of Internal Control Centre which operates independent of risk generating departments/units in the framework of authorizations and frameworks described at the Group.

Third level of controls are made through audits of treasury processes and market risk management made periodically by Directorate of Supervisory Board. The audits in question reviews compliance of market risk management to BRSA regulations related to market risk and policy and procedures of Group and Bank, monitoring of limit usages and reporting related to limit excesses and market risk.

- iii. The Parent Bank uses Historical Simulation Method as internal method in order to digitize value at market risk. Unilateral 99% trust range, historical data belonging to working days in past two years and 10 days of holding period are taken into consideration in the calculation. The Parent Bank also calculates stress risk at value on a daily basis.

Treasury Risk Parameters are monitored by Market Risk Department during the day and at the end of day and use of limits and related other analysis are reported to ALCO, Risk Committee, Audit Committee, Risk Coordination Committee and Board of Directors.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

j. Disclosures on Market Risk (Continued):

Early warning levels for limit usage are determined and the way, which shall be applied in case of an early warning or final limit excess, is stated clearly in Board of Directors approved policies.

Risk parameters include different type of limits such as foreign currency position limit, nominal, maturity, foreign exchange breakdowns related to bond portfolio, value at risk limits, limits related to interest rate (DV01), option vega limits and loss limits determined for trading portfolio. Some of these limits are monitored on consolidated basis, while others are monitored by the subsidiaries via independent limits from the Parent Bank, however all usages are followed up through daily reporting in the Parent Bank.

2. Market risk under standardised approach

	31 December 2020	RWA
	Outright products	
1	Interest rate risk (general and specific)	136.149
2	Equity risk (general and specific)	-
3	Foreign exchange risk	138.482
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	2.358
7	Scenario approach	-
8	Securitisation	-
9	Total	276.989

	31 December 2019	RWA
	Outright products	
1	Interest rate risk (general and specific)	90.009
2	Equity risk (general and specific)	1.497
3	Foreign exchange risk	16.517
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	3.259
7	Scenario approach	-
8	Securitisation	-
9	Total	111.282

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

IV. EXPLANATIONS ON CONSOLIDATED OPERATIONAL RISK:

The amount subject to operational risk is calculated once a year by using the "Basic Indicator Approach" in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette No. 28337 dated 28 June 2012. The operational risk capital requirement dated 31 December 2020 has been calculated using the income in 2018, 2019 and 2020.

Annual gross income is calculated through deducting profit/loss sourcing from sales of securities whose accounts are tracked in fair value through other comprehensive income and measured at amortized cost, and extraordinary income, activity expenses made in return for support service and amounts compensated from insurance from total of net amount of interest revenues and non-interest revenues.

	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
31 December 2020						
Gross Income	588.992	868.663	930.278	795.978	15	119.397
Amount subject to operational risk (Total*12,5)	-	-	-	-	-	1.492.458

	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
31 December 2019						
Gross Income	498.897	588.992	868.663	652.184	15	97.828
Amount subject to operational risk (Total*12,5)	-	-	-	-	-	1.222.845

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

V. 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:

	EUR		USD	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Bid rate	TL 9,1164	TL 6,6621	TL 7,4194	TL 5,9400
1. Day Bid Rate	TL 9,1164	TL 6,6621	TL 7,4194	TL 5,9400
2. Day Bid Rate	TL 9,0079	TL 6,6506	TL 7,3405	TL 5,9402
3. Day Bid Rate	TL 9,0697	TL 6,6117	TL 7,4063	TL 5,9370
4. Day Bid Rate	TL 9,1370	TL 6,5759	TL 7,4738	TL 5,9302
5. Day Bid Rate	TL 9,2037	TL 6,5755	TL 7,5517	TL 5,9293

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:

	EUR		USD	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Arithmetic average – 30 days	TL 9,3887	TL 6,4983	TL 7,7095	TL 5,8455

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Information on currency risk of the Group:

	EUR	USD	Other FC	Total
31 December 2020				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	981.483	2.017.982	34.316	3.033.781
Due From Banks	7.000	117.036	4.591	128.627
Financial Assets at Fair Value Through Profit or Loss (*)	52.527	99.874	9	152.410
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	60.443	93.575	-	154.018
Loans (*)	9.503.436	2.851.117	-	12.354.553
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	510.403	-	510.403
Hedging Derivative Financial Assets (*)	243	4.066	-	4.309
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets(*)	65.448	154.280	-	219.728
Total Assets	10.670.580	5.848.333	38.916	16.557.829
Liabilities				
Bank Deposits	73.760	62.234	22	136.016
Foreign Currency Deposits	3.925.298	5.482.038	277.799	9.685.135
Funds From Interbank Money Market	-	238.918	-	238.918
Funds Borrowed From Other Financial Institutions	1.589.351	6.802.741	-	8.392.092
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	253.289	297.008	2.345	552.642
Hedging Derivative Financial Liabilities	2.463	36.047	-	38.510
Other Liabilities (*)	35.692	83.641	2.075	121.408
Total Liabilities	5.879.853	13.002.627	282.241	19.164.721
Net On-balance Sheet Position	4.790.727	(7.154.294)	(243.325)	(2.606.892)
Net Off-balance Sheet Position	(4.240.703)	7.314.541	248.637	3.322.475
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
Non-Cash Loans (**)	1.771.089	2.260.017	148.516	4.179.622
31 December 2019				
Total Assets (*)	8.581.361	5.856.613	16.574	14.454.548
Total Liabilities (*)	4.820.447	10.267.180	154.116	15.241.743
Net On-balance Sheet Position	3.760.914	(4.410.567)	(137.542)	(787.195)
Net Off-balance Sheet Position	(3.409.210)	4.649.032	138.159	1.377.981
Financial Derivative Assets	1.285.930	6.429.169	172.834	7.887.933
Financial Derivative Liabilities	4.695.140	1.780.137	34.675	6.509.952
Non-Cash Loans (**)	1.081.865	1.566.223	76.254	2.724.342

(*) The above table shows 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 133.622 (31 December 2019: TL 260.472) classified as Turkish Lira assets in the 31 December 2020 financial statements are added to the table above. However, 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 68.720 (31 December 2019: TL 19.087) and "Stages 1&2 Allowances for Expected Credit Losses" amounting to TL 727.102 (31 December 2019: TL 534.807), in foreign currency liabilities "Expense Accruals of Derivative Financial Instruments" amounting to TL 143.555 (31 December 2019: TL 39.869) and "Non-cash Loans Stages 1&2 Allowances for Expected Credit Losses" amounting to TL 56.452 (31 December 2019: TL 7.158) and "Marketable Securities Valuation Reserve" with "Hedging Derivative Financials" amounting to TL (19.083) (31 December 2019: TL (16.190)) 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 THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Currency risk sensitivity analysis:

If foreign currency appreciated/depreciated against TL at a ratio of 10% and all other variables remain fixed as of 31 December 2020 and 2019, changes, which shall occur in net profit and equity regardless of tax effect due to exchange rate loss/profit sourcing from foreign currency net monetary position, are as follows:

	31 December 2020				31 December 2019			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
	%10 increase	%10 decrease	%10 increase	%10 decrease	%10 increase	%10 decrease	%10 increase	%10 decrease
USD	(6.284)	6.284	(7.819)	7.819	(6.392)	6.392	(6.958)	6.958
EUR	(6.907)	6.907	(7.281)	7.281	8.291	(8.291)	8.114	(8.114)
Other currency units	527	(527)	527	(527)	(53)	53	(53)	53
Total, net	(12.664)	12.664	(14.573)	14.573	1.846	(1.846)	1.103	(1.103)

(*) Equity effect also includes income table effects.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VI. 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, fair value through 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):

31 December 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets (***)							
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	-	-	-	-	101.095	153.855
Financial Assets at Fair Value Through Profit/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	-	-	-	-	1.832.311	1.859.519
Total Assets	8.550.500	3.118.467	3.879.900	3.326.133	1.217.322	6.384.707	26.477.029
Liabilities							
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
Total Liabilities	10.319.925	10.144.636	2.020.353	201.214	15.025	3.775.876	26.477.029
Balance Sheet Long Position	-	-	1.859.547	3.124.919	1.202.297	2.608.831	8.795.594
Balance Sheet Short Position	(1.769.425)	(7.026.169)	-	-	-	-	(8.795.594)
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)
Total Position	(615.671)	(6.169.323)	2.615.421	722.175	1.187.458	2.608.831	348.891

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 490.425 and other liabilities includes hedging derivative financial liabilities amounting to TL 94.972 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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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VI. 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):

31 December 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets (***)							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	-	-	-	-	-	2.162.662	2.162.662
Due From Banks	551.531	-	-	-	-	23.113	574.644
Financial Assets at Fair Value Through Profit/Loss (*)	72.433	117.591	387.448	59.713	32.629	751	670.565
Interbank Money Market Placements	557.969	-	-	-	-	-	557.969
Financial Assets at Fair Value Through Other Comprehensive Income	-	76.262	-	153.966	90.509	15.588	336.325
Loans	3.475.269	3.755.499	3.835.400	3.291.877	687.409	865.857	15.911.311
Financial Assets Measured at Amortized Costs	-	-	-	262.923	-	-	262.923
Other Assets	-	-	-	-	-	1.070.409	1.070.409
Total Assets	4.657.202	3.949.352	4.222.848	3.768.479	810.547	4.138.380	21.546.808
Liabilities							
Bank Deposits	148.507	53.383	-	-	-	20.910	222.800
Other Deposits	7.802.995	2.357.439	423.328	29.273	-	570.030	11.183.065
Funds From Interbank Money Market	20.991	190.523	-	-	-	-	211.514
Miscellaneous Payables	-	-	-	-	-	575.877	575.877
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	2.315.772	3.306.855	1.197.741	27.687	-	-	6.848.055
Other Liabilities (*)(**)	107.506	1.682	114.627	108.012	7.738	2.165.932	2.505.497
Total Liabilities	10.395.771	5.909.882	1.735.696	164.972	7.738	3.332.749	21.546.808
Balance Sheet Long Position	-	-	2.487.152	3.603.507	802.809	805.631	7.699.099
Balance Sheet Short Position	(5.738.569)	(1.960.530)	-	-	-	-	(7.699.099)
Off-balance Sheet Long Position	746.862	939.975	1.129.985	-	-	-	2.816.822
Off-balance Sheet Short Position	-	-	-	(2.285.809)	-	-	(2.285.809)
Total Position	(4.991.707)	(1.020.555)	3.617.137	1.317.698	802.809	805.631	531.013

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 437.122 and other liabilities includes hedging derivative financial liabilities amounting to TL 77.913 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.

Interest rate sensitivity analysis:

Change in interest rate	Profit/ Loss Effect	Effect on funds under equity
31 December 2020		
(+) %1	779	(48.212)
(-) %1	(1.464)	6.717

Change in interest rate	Profit/ Loss Effect	Effect on funds under equity
31 December 2019		
(+) %1	22.567	(45.599)
(-) %1	(24.052)	12.748

In the above study, the effects of (+) 1% and (-) 1% change in interest rates on "capital back-up" items under period profit / loss and equity are shown excluding tax effects.

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):

b. Average interest rates for monetary financial instruments:

The average interest rates calculated by weighing the simple rates with their principals are given below:

31 December 2020	EUR	USD	Yen	TL
Assets	%	%	%	%
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	-	0,80	-	16,62
Financial Assets at Fair Value Through Profit/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	-	-
Liabilities				
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.

31 December 2019	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due From Banks	-	0,76	-	11,11
Financial Assets at Fair Value Through Profit/Loss	3,46	3,10	-	10,49
Interbank Money Market Placements	-	-	-	9,78
Financial Assets at Fair Value Through Other Comprehensive Income	3,05	4,66	-	15,60
Loans	5,44	7,40	-	18,52
Financial Assets Measured at Amortized Cost	-	4,41	-	-
Liabilities				
Bank Deposits	0,99	1,41	-	-
Other Deposits (*)	0,65	2,39	-	12,02
Funds From Interbank Money Market	-	3,08	-	24,68
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,89	4,78	-	14,77

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

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VI. 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.

Currency	Applied Shock (+/- x basis point)	Earnings/(Losses)	Earnings/ Equities-Losses/Equities
1. TRY	+500 bp	(35.127)	%(1,0)
2. TRY	-400 bp	33.152	%(1,0)
3. EURO	+200 bp	(36.534)	%(1,1)
4. EURO	-200 bp	(8.504)	%(0,3)
5. USD	+200 bp	(10.551)	%(0,3)
6. USD	-200 bp	2.817	%(0,1)
Total (For Negative Shocks)		27.465	%0,8
Total (For Positive Shocks)		(82.212)	%(2,4)

VII. EXPLANATIONS ON CONSOLIDATED SHARE CERTIFICATE POSITION RISK:

None.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED 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 bank. Board of directors and senior management is responsible to understand the nature and level of the liquidity risk taken by the Parent 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 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 (frequency of reports and the authorities to which they are presented) 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 Parent 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 Parent 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 THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

The Parent Bank and subsidiaries subject to consolidation are responsible to be in accord with the minimum liquidity restrictions that are set by legislation and consolidated and unconsolidated liquidity restrictions that is determined in the Bank’s Liquidity Risk Policy. There should be no excess in liquidity limits in accordance with the 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 tests 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. Precautions which shall be taken in this process are determined in scope of Liquidity Emergency Plan and details related to Liquidity Emergency Plan are included in Liquidity Risk Policy of the Parent Bank.

The Parent Bank has a central funding institution function in its relations with partners. Intra-group liquidity management and funding strategies are limited to related legal limitations.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

Consolidated Liquidity Coverage Ratio:

31 December 2020	Unweighted Amounts (*)		Weighted Amounts (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High Quality Liquid Assets			4.743.725	4.130.511
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	9.416.529	6.314.802	896.440	631.480
3 Stable deposits	904.264	-	45.213	-
4 Less stable deposits	8.512.265	6.314.802	851.227	631.480
5 Unsecured Funding other than Retail and Small Business Customers Deposits	4.907.804	4.168.913	2.153.523	1.697.701
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
9 Secured funding	-	-	-	-
10 Other Cash Outflows	425.195	408.259	425.195	408.259
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	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	4.801.050	3.865.523	610.479	460.361
16 TOTAL CASH OUTFLOWS			4.085.637	3.197.801
CASH INFLOWS				
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
20 TOTAL CASH INFLOWS	2.595.133	1.792.336	1.822.277	1.386.293
			Upper Bound Applied Amounts	
21 TOTAL HIGH QUALITY LIQUID ASSETS			4.743.725	4.130.511
22 TOTAL NET CASH OUTFLOWS			2.263.360	1.811.508
23 Liquidity Coverage Ratio (%)			209,59	228,02

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

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VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

31 December 2019	Unweighted Amounts (*)		Weighted Amounts (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High Quality Liquid Assets			2.959.863	2.073.299
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	7.535.330	4.496.728	712.697	449.673
3 Stable deposits	816.734	-	40.837	-
4 Less stable deposits	6.718.596	4.496.728	671.860	449.673
5 Unsecured Funding other than Retail and Small Business Customers Deposits	3.723.531	3.026.723	1.912.957	1.524.195
6 Operational deposits	1.075.164	973.412	268.791	243.353
7 Non-Operational Deposits	2.199.011	1.782.885	1.194.810	1.010.416
8 Other Unsecured Funding	449.356	270.426	449.356	270.426
9 Secured funding	-	-	-	-
10 Other Cash Outflows	208.906	211.680	208.906	211.680
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	208.906	211.680	208.906	211.680
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	3.141.140	2.427.506	385.804	277.514
16 TOTAL CASH OUTFLOWS			3.220.364	2.463.062
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	2.071.525	962.087	1.475.375	671.039
19 Other contractual cash inflows	14.098	131.056	14.098	131.056
20 TOTAL CASH INFLOWS	2.085.623	1.093.143	1.489.473	802.095
			Upper Bound Applied Amounts	
21 TOTAL HIGH QUALITY LIQUID ASSETS			2.959.863	2.073.299
22 TOTAL NET CASH OUTFLOWS			1.730.891	1.660.966
23 Liquidity Coverage Ratio (%)			171,00	124,82

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

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VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED 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.

As of the period-end, high quality liquid assets of the Bank consist of accounts in Central Bank of Turkey at a ratio of 71% and securities issued by under secretariat of Treasury at a ratio of 18%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to bank debt at ratios of 23%, 38% and 11% 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 31 December 2020 is given below:

Date	FC	FC + TL
31 December 2020	408.259	408.259

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. As of 31 December 2020, liquidity coverage rates must be at least 80% for foreign currency assets and liabilities and at least 100% in total assets and liabilities. Dates and values of the lowest and highest foreign currency and total consolidated liquidity coverage ratios related to the three-month period calculated by taking daily arithmetic averages are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC + TL	FC	FC + TL
Monthly Arithmetic Average (%)	240,00%	233,00%	213,78%	200,43%
Month	30.11.2020	31.10.2020	31.12.2020	31.12.2020

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VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

Breakdown of assets and liabilities according to their outstanding maturities:

31 December 2020	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified (***)	Total
Assets (****)								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1.341.667	1.928.914	-	-	-	-	-	3.270.581
Due From Banks	101.095	52.760	-	-	-	-	-	153.855
Financial Assets at Fair Value Through Profit or Loss (*)	-	46.424	44.502	173.163	546.819	48.036	-	858.944
Interbank Money Market Placements	-	131.550	-	-	-	-	-	131.550
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	73.772	285.055	40.513	17.570	416.910
Loans	-	2.873.821	2.812.597	3.445.966	6.107.047	2.533.593	1.502.243	19.275.267
Financial Assets Measured at Amortized Cost	-	-	151.052	-	352.852	6.499	-	510.403
Other Assets (**)	9.629	213.249	28.017	25.281	120.764	438	1.462.141	1.859.519
Total Assets	1.452.391	5.246.718	3.036.168	3.718.182	7.412.537	2.629.079	2.981.954	26.477.029
Liabilities								
Bank Deposits	26.979	37.096	72.991	-	-	-	-	137.066
Other Deposits	851.202	8.849.909	3.620.616	376.105	12.550	-	-	13.710.382
Funds Borrowed From Other Financial Institutions	-	526.492	1.026.497	3.498.241	2.723.107	1.113.036	-	8.887.373
Funds From Interbank Money Market	-	34.605	121.632	-	117.286	-	-	273.523
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	3.115	1.006	-	-	-	-	623.923	628.044
Other Liabilities (*) (***)	-	378.929	109.738	(728)	272.614	29.229	2.050.859	2.840.641
Total Liabilities	881.296	9.828.037	4.951.474	3.873.618	3.125.557	1.142.265	2.674.782	26.477.029
Net Liquidity Gap	571.095	(4.581.319)	(1.915.306)	(155.436)	4.286.980	1.486.814	307.172	-
Net Off-balance sheet position	-	175.702	41.157	(448.532)	(4.116.099)	(965)	-	(4.348.737)
Financial Derivative Assets	-	7.503.659	3.572.529	472.581	496.767	2.501	-	12.048.037
Financial Derivative Liabilities	-	(7.327.957)	(3.531.372)	(921.113)	(4.612.866)	(3.466)	-	(16.396.774)
Non-cash Loans	-	3.282.154	638.933	1.005.282	240.760	4.638	-	5.171.767
31 December 2019								
Total Assets	936.845	4.006.003	2.493.065	3.133.671	7.022.692	2.229.336	1.725.196	21.546.808
Total Liabilities	592.535	8.765.426	2.673.240	3.325.832	3.104.299	1.007.676	2.077.800	21.546.808
Net Liquidity Gap	344.310	(4.759.423)	(180.175)	(192.161)	3.918.393	1.221.660	(352.604)	-
Net Off-balance sheet position	-	379.336	168.200	61.985	489.380	541	-	1.099.442
Financial Derivative Assets	-	4.709.201	1.427.269	322.591	1.190.928	821	-	7.650.810
Financial Derivative Liabilities	-	(4.329.865)	(1.259.069)	(260.606)	(701.548)	(280)	-	(6.551.368)
Non-cash Loans	-	2.457.879	246.823	566.093	204.173	4.279	-	3.479.247

(*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 490.425 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 94.972. These accounts are mainly shown under the 1-5 year maturity period.

(**) 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.

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

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

Breakdown of financial liabilities according to their remaining contractual maturities:

31 December 2020	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	64.075	73.161	-	-	-	137.236
Funds borrowed from other financial institutions	9.815.627	3.651.002	393.307	14.971	-	13.874.907
Funds from money market	540.572	1.078.395	3.743.988	2.957.526	1.123.344	9.443.825
Payables to money market	35.162	122.110	-	117.673	-	274.945
Total	10.455.436	4.924.668	4.137.295	3.090.170	1.123.344	23.730.913

31 December 2019	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	169.422	53.436	-	-	-	222.858
Funds borrowed from other financial institutions	8.385.929	2.379.330	454.913	34.127	-	11.254.299
Funds from money market	135.657	282.343	3.873.040	3.247.096	933.230	8.471.366
Payables to money market	19.169	-	-	194.018	-	213.187
Total	8.710.177	2.715.109	4.327.953	3.475.241	933.230	20.161.710

Derivative instruments of group, counter-based maturity analysis:

31 December 2020	Up to 1 month	1-3 months	3-12 months	1-5 Years	Above 5 Years	Total
Derivative instruments held for trading						
Exchange rate derivatives:						
- Entry	7.455.474	3.526.050	292.465	-	-	11.273.989
- Out	7.267.638	3.426.218	275.451	-	-	10.969.307
Interest rate derivatives:						
- Entry	6.582	16.131	60.960	70.953	2.501	157.127
- Out	29.196	20.516	68.650	99.083	3.466	220.911
Derivative instruments protection from risk						
Exchange rate derivatives:						
- Entry	41.603	26.120	118.492	425.814	-	612.029
- Out	29.348	51.341	559.255	4.478.848	-	5.118.792
Interest rate derivatives:						
- Entry	-	4.228	664	-	-	4.892
- Out	1.775	33.297	17.757	34.935	-	87.764
Total cash entry	7.503.659	3.572.529	472.581	496.767	2.501	12.048.037
Total cash out	7.327.957	3.531.372	921.113	4.612.866	3.466	16.396.774

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

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

31 December 2019	Up to 1 month	1-3 months	3-12 months	1-5 Years	Above 5 years	Total
Derivative instruments held for trading						
Exchange rate derivatives:						
- Entry	4.586.462	1.176.928	191.991	17.322	-	5.972.703
- Out	4.246.121	1.128.820	172.904	17.764	-	5.565.609
Interest rate derivatives:						
- Entry	2.428	4.561	11.635	19.141	821	38.586
- Out	2.581	2.610	12.872	22.245	280	40.588
Derivative instruments protection from risk						
Exchange rate derivatives:						
- Entry	120.311	243.177	118.218	1.154.465	-	1.636.171
- Out	80.995	124.943	69.135	651.901	-	926.974
Interest rate derivatives:						
- Entry	-	2.603	747	-	-	3.350
- Out	168	2.696	5.695	9.638	-	18.197
Total cash entry	4.709.201	1.427.269	322.591	1.190.928	821	7.650.810
Total cash out	4.329.865	1.259.069	260.606	701.548	280	6.551.368

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

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

IX. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:

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

As of 31 December 2020, the leverage ratio of the Group calculated from the arithmetic average of the three months is 5,75 % (31 December 2019: 7,46%). 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 the on and off balance sheet assets.

Disclosure of leverage ratio template:

	31 December 2020 (*)	31 December 2019 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	27.431.411	21.536.223
(Assets deducted from Core capital)	54.796	55.299
Total risk amount of balance sheet assets	27.376.615	21.480.924
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	616.111	513.049
Potential credit risk amount of derivative financial assets and credit derivatives	154.165	101.092
Total risk amount of derivative financial assets and credit derivatives	770.276	614.141
Financing transactions secured by marketable security or commodity		
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	-	-
Off-balance sheet transactions		
Gross notional amount of off-balance sheet transactions	6.706.223	4.315.837
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	6.706.223	4.315.837
Capital and total risk		
Core Capital	2.001.411	1.967.889
Total risk amount	34.853.114	26.410.902
Leverage ratio		
Leverage ratio	%5,75	%7,46

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

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

X. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 31 December 2020, The Group applies cash flow hedge accounting using interest swaps to hedge its FC deposits and other liabilities with an average maturity up to 3 months against interest rate fluctuations. The Group 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 with a carrying amount of TL 490.425 (31 December 2019: TL 437.122) and derivative financial payables with a carrying amount of TL 94.972 (31 December 2019: TL 77.913), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value expense at the amount of TL 21.901 (31 December 2019: TL (113.354) fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2018: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments Fair Value		Hedging Funds	Ineffective Part Accounted in Income Statement (Net)
			Assets	Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	618.231	82.099	10.251	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	284	12.873	(20.488)	-

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in TFRS 9, 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 statement of profit or loss due to the swaps, of which effectiveness is damaged or closed in the current period (31 December 2019: None).

The measurements conducted as of 31 December 2020 show that the cash flow hedging transactions shown above are effective.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XI. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

a. Financial Assets and Liabilities at their fair values:

Financial assets measured at amortized cost are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand placements and deposits represents the amount to be paid upon request. The expected fair value of the fixed rate deposits is determined by calculating the discounted cash flow using the Bank's current interest rates as of balance sheet date.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the Bank's current interest rates for fixed interest loans. For the loans with floating interest rates, it is assumed that the book value reflects the fair value.

The expected fair value of bank placements, money market placements and bank deposits are determined by calculating the discounted cash flows using the current market interest rates of similar assets and liabilities. The book value represents the sum of acquisition cost and accumulated interest accruals of the related assets and liabilities.

The following table summarises the book values and fair values of some financial assets and liabilities of the Group.

	Book Value		Fair Value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial Assets	20.624.747	17.643.233	21.064.638	19.248.196
Receivables from Money Markets	131.550	557.969	131.871	558.409
Banks (*)	290.617	574.705	286.954	574.848
Financial assets at fair value through other comprehensive income	416.910	336.325	416.910	336.325
Other financial assets measured at amortized cost	510.403	262.923	547.097	266.129
Loans	19.275.267	15.911.311	19.681.806	17.512.485
Financial Liabilities	23.574.175	19.052.597	23.459.333	18.879.012
Bank Deposits	137.066	222.800	136.897	222.652
Other Deposits	13.847.448	11.405.865	13.678.075	11.231.101
Borrowings	8.887.373	6.848.055	8.942.073	6.849.382
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	702.288	575.877	702.288	575.877

(*) Includes TCMB time deposits.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XI. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- a) Quoted market prices (non-adjusted for identical assets or liabilities) (1st level)
- b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
- c) Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

31 December 2020	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	82.857	285.662	-	368.519
Government Debt Securities	32.784	-	-	32.784
Share Certificates	-	-	-	-
Derivative financial assets at fair value through profit or loss	-	285.662	-	285.662
Other Securities	50.073	-	-	50.073
Financial Assets at Fair Value Through other comprehensive income (*)	399.340	17.570	-	416.910
Share Certificates	-	17.570	-	17.570
Government Debt Securities	399.340	-	-	399.340
Other Securities	-	-	-	-
Derivative financial assets at fair value through other comprehensive income	-	490.425	-	490.425
Total Assets	482.197	793.657	-	1.275.854
Derivative financial liabilities at fair value through profit or loss	-	400.583	-	400.583
Derivative financial liabilities at fair value through other comprehensive income	-	94.972	-	94.972
Total Liabilities	-	495.555	-	495.555

(*) As noted in the footnote VII-d, written down values of financial assets at fair value through other comprehensive income are reported if such securities are not traded in the markets and if the fair market value of such securities cannot be determined for any reason. There are no transfers between 1st and 2nd levels in the current period.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XI. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):

b. Fair value hierarchy (Continued):

31 December 2019	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	36.292	197.151	-	233.443
Government Debt Securities	4.615	-	-	4.615
Share Certificates	-	-	-	-
Derivative financial assets at fair value through profit or loss	-	197.151	-	197.151
Other Securities	31.677	-	-	31.677
Financial Assets at Fair Value Through other comprehensive income (*)	320.218	16.107	-	336.325
Share Certificates	-	15.597	-	15.597
Government Debt Securities	320.218	-	-	320.218
Other Securities	-	510	-	510
Derivative financial assets at fair value through other comprehensive income	-	437.122	-	437.122
Total Assets	356.510	650.380	-	1.006.890
Derivative financial liabilities at fair value through profit or loss	-	146.581	-	146.581
Derivative financial liabilities at fair value through other comprehensive income	-	77.913	-	77.913
Total Liabilities	-	224.494	-	224.494

(*) As noted in the footnote VII-d, written down values of financial assets at fair value through other comprehensive income are reported if such securities are not traded in the markets and if the fair market value of such securities cannot be determined for any reason. There are no transfers between 1st and 2nd levels in the current period.

XII. EXPLANATIONS 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.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XIII. 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 services like loan, deposit, cash management, foreign trade financing, non-cash loans, foreign currency transaction services to customers.

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 2019 for balance sheet and income statement items.

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
31 December 2020					
Net Interest Income	85.619	384.164	65.865	166.666	702.314
Net Fees and Commissions	1.853	30.758	-	5.211	37.822
Trading Profit/Loss	25.985	3.393	75.020	3.907	108.305
Other Operating Income	1.500	24.197	-	38.355	64.052
Operating Income	114.957	442.512	140.885	214.139	912.493
Operating Costs (-)	93.492	444.450	39.420	619.696	1.197.058
Net Operating Income	21.465	(1.938)	101.465	(405.557)	(284.565)
Dividend Income	-	-	-	8	8
Income/Loss from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	21.465	(1.938)	101.465	(405.549)	(284.557)
Tax Provisions (-)	4.722	(426)	22.322	(43.761)	(17.143)
Net Profit/(Loss)	16.743	(1.512)	79.143	(361.788)	(267.414)
Segment Assets	1.876.080	16.039.165	3.575.776	3.901.942	25.392.963
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	1.084.066	1.084.066
Total Assets	1.876.080	16.039.165	3.575.776	4.986.008	26.477.029
Segments Liabilities	11.307.269	2.190.886	6.440.907	4.867.910	24.806.972
Unallocated Liabilities	-	-	-	1.670.057	1.670.057
Total Liabilities	11.307.269	2.190.886	6.440.907	6.537.967	26.477.029

(*) Other operations include non-distributable items of Parent Bank and operations of Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş..

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

31 December 2019	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
Net Interest Income	124.366	502.388	37.171	148.722	812.647
Net Fees and Commissions	4.972	33.208	-	(5.218)	32.962
Trading Profit/Loss	15.960	7.725	9.183	7.572	40.440
Other Operating Income	2.023	12.965	-	40.566	55.554
Operating Income	147.321	556.286	46.354	191.642	941.603
Operating Costs (-)	108.971	376.827	36.902	247.424	770.124
Net Operating Income	38.350	179.459	9.452	(55.782)	171.479
Dividend Income	-	-	-	2.769	2.769
Income/(Loss) from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	38.350	179.459	9.452	(53.013)	174.248
Tax Provisions (-)	(8.437)	(39.481)	(2.079)	14.303	(35.694)
Net Profit / Loss	29.913	139.978	7.373	(38.710)	138.554
Segment Assets	1.531.640	12.784.757	3.259.495	3.177.963	20.753.855
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	792.953	792.953
Total Assets	1.531.640	12.784.757	3.259.495	3.970.916	21.546.808
Segments Liabilities	7.900.248	3.248.989	4.793.910	3.684.386	19.627.533
Unallocated Liabilities	-	-	-	1.919.275	1.919.275
Total Liabilities	7.900.248	3.248.989	4.793.910	5.603.661	21.546.808

(*) Other operations include non-distributable items of Parent Bank and operations of Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş. and its affiliated partner Burgan Wealth Limited Dubai which are consolidated as affiliated partnerships of the Parent Bank.

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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 The Central Bank of the Republic of Turkey (the "CBRT"):

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

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Cash/Foreign currency	18.805	376.722	16.388	126.008
CBRT	217.995	2.637.422	156.249	1.864.017
Other	-	19.637	-	-
Total	236.800	3.033.781	172.637	1.990.025

2. Information on the account of the CBRT:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Demand Unrestricted Amount	217.995	915.591	156.249	771.221
Time Unrestricted Amount	-	136.746	-	-
Time Restricted Amount	-	1.585.085	-	1.092.796
Total	217.995	2.637.422	156.249	1.864.017

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 "Communique Regarding Reserve Requirements", reserve requirements in CBRT can be maintained as TL, USD, EUR and standard gold. As of September 19, 2019, interest on foreign currency reserve deposits is not paid. As of November 22, 2020 for Turkish lira denominated required reserves, 12 % interest is paid.

As of 31 December 2020, the valid TL required reserve rates vary between 1% and 6% according to their maturities (31 December 2019: Between 1% and 7%). The valid foreign currency required reserve rates vary between 5% and 22% according to their maturities (31 December 2019: Between 5% and 21%).

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

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

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

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

As of 31 December 2020, there are TL 97 subject to assets given as collateral/blocked to financial assets at fair value through profit or loss (31 December 2019: TL 150).

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

As of 31 December 2020, there is no amount subject to repo transactions from financial assets at fair value through profit or loss (31 December 2019: None).

c. Information on banks:

1. Information on banks:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Banks				
Domestic	25.244	60.111	541.238	4.451
Foreign	-	68.516	-	29.016
Headquarters and Branches Abroad	-	-	-	-
Total	25.244	128.627	541.238	33.467

2. Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
EU Countries	22.626	13.073	-	-
USA, Canada	42.400	9.017	-	-
OECD Countries (*)	2.504	465	-	-
Off-shore Banking Regions	-	-	-	-
Others	986	6.461	-	-
Total	68.516	29.016	-	-

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

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

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

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:

As of 31 December 2020, there are TL 58.080 financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2019: TL 203.247).

2. Financial assets at fair value through other comprehensive income subject to repo transactions:

There are TL 3.711 financial assets at fair value through other comprehensive income subject to repurchase agreements. (31 December 2019: 11.651).

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

	31 December 2020	31 December 2019
Debt Securities	400.296	323.080
Quoted on Stock Exchange	400.296	323.080
Not Quoted	-	-
Share Certificates	17.570	15.597
Quoted on Stock Exchange	-	-
Not Quoted	17.570	15.597
Impairment Provision (-)	956	2.352
Total	416.910	336.325

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

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

e. Explanations on loans:

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

	31 December 2020		31 December 2019	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	12.944	-	35.560
Corporate Shareholders	-	12.944	-	35.560
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	4.238	-	4.227	-
Total	4.238	12.944	4.227	35.560

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

i.

		Loans and Other Receivables Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables with Revised Contract Terms	Re-finance
Cash Loans	Standard Loans			
Non-Specialized Loans	13.272.875	988.071	1.461.455	-
Loans given to enterprises	-	-	-	-
Export Loans	414.784	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.599.042	-	-	-
Consumer Loans	259.952	4.944	12.577	-
Credit Cards	-	-	-	-
Other (*)	10.999.097	983.127	1.448.878	-
Specialized Loans	-	-	-	-
Other Receivables (**)	1.979.136	369.529	483.676	-
Total	15.252.011	1.357.600	1.945.131	-

(*) Standard loans also include Burgan Yatırım's loans given out to clients.

(**) Other receivables include the lease receivables of Burgan Finansal Kiralama A.Ş.

ii.

	Standard Loans	Loans Under Close Monitoring
General Provisions (*)	71.116	770.086
12 Month Expected Credit Losses	71.116	-
Significant Increase in Credit Risk	-	770.086

(*) Non-cash loan provisions and finance lease receivables provisions are included in the table.

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

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

e. Explanations on loans (Continued):

3. Distribution of Cash Loans according to their maturities:

	Standard Loans	Loans Under Close Monitoring	
		Loans without Revised Contract Terms	Restructured Loans
Short-term Loans	5.895.614	10.812	78.357
Medium and Long-term Loans	9.356.397	1.346.788	1.866.774
TOTAL	15.252.011	1.357.600	1.945.131

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

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

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	9.479	252.940	262.419
Real estate loans	-	54.208	54.208
Automotive loans	10	3.645	3.655
Consumer loans	9.469	195.087	204.556
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	5.518	5.518
Real estate loans	-	5.518	5.518
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans-TL	310	3.928	4.238
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	310	3.928	4.238
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-TL (Real Person)	5.298	-	5.298
Credit Deposit Account-FC (Real Person)	-	-	-
Total	15.087	262.386	277.473

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

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	284.000	1.062.421	1.346.421
Real estate loans	-	-	-
Automotive loans	-	915	915
Consumer loans	284.000	1.061.506	1.345.506
Other	-	-	-
Commercial Installments Loans-FC Indexed	-	101.715	101.715
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	101.715	101.715
Other	-	-	-
Commercial Installments Loans-FC	63.965	6.899.754	6.963.719
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	63.965	6.899.754	6.963.719
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Corporate Credit Cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit Deposit Account-TL (Legal Person)	3.636	-	3.636
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	351.601	8.063.890	8.415.491

6. Loans according to types of borrowers (*):

	31 December 2020	31 December 2019
Public	182.698	129.080
Private	18.372.044	15.485.239
Total	18.554.742	15.614.319

(*) It includes the "Receivables from Leasing Transactions".

7. Distribution of domestic and foreign loans (*):

	31 December 2020	31 December 2019
Domestic Loans	18.548.564	15.607.499
Foreign Loans	6.178	6.820
Total	18.554.742	15.614.319

(*) It includes the "Receivables from Leasing Transactions".

8. Loans given to investments in associates and subsidiaries:

None (31 December 2019: None).

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

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

9. Specific provisions provided against loans (*):

	31 December 2020	31 December 2019
Loans with Limited Collectability	111.330	49.369
Loans with Doubtful Collectability	318.208	115.215
Uncollectible Loans	316.570	162.331
Total	746.107	326.915

(*) It includes the "Receivables from Leasing Transactions".

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

i. Information on loans and other receivables that are restructured or rescheduled by the Parent Bank:

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
31 December 2020			
Gross Amounts before the Provisions	-	-	-
Restructured Loans	-	-	21.343
31 December 2019			
Gross Amounts before the Provisions	-	-	-
Restructured Loans	1.028	1.963	8.201

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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 (*):

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Prior Period End Balance	201.830	334.836	656.106
Additions (+)	1.106.942	190.308	155.655
Transfers from Other Categories of Non-performing Loans (+)	34.460	977.440	481.833
Transfers to Other Categories of Non-performing Loans (-)	977.440	481.833	-
Collections (-)	54.251	166.589	211.470
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	311.541	854.162	1.082.124
Specific Provision (-)	111.330	318.208	316.569
Net Balance on Balance Sheet	200.211	535.954	765.555

(*) It includes the "Receivables from Leasing Transactions".

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

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
31 December 2020			
Period-End Balance	255.347	747.867	474.008
Specific Provision (-)	103.601	280.940	139.777
Net Balance on balance sheet	151.746	466.927	334.231
31 December 2019			
Period-End Balance	119.529	95.434	231.067
Specific Provision (-)	35.899	39.551	67.835
Net Balance on balance sheet	83.630	55.883	163.232

(*) It includes the "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 regarding gross and net amounts of non-performing loans with respect to user groups (*):

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
31 December 2020			
Current Period (Net)	200.211	535.954	765.555
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 and Receivables (Gross)	88.102	71.261	216.986
Provision Amount (-)	12.953	23.212	40.279
Other Loans and Receivables (Net)	75.149	48.049	176.707
Prior Period (Net)	152.461	219.621	493.775
Loans Given to Real Persons and Legal Persons (Gross)	110.211	300.585	536.348
Provision Amount (-)	33.942	107.190	135.451
Loans Given to Real Persons and Legal Persons (Net)	76.269	193.395	400.897
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	91.619	34.251	119.758
Provision Amount (-)	15.427	8.025	26.880
Other Loans and Receivables (Net)	76.192	26.226	92.878

(*) It includes the "Receivables from Leasing Transactions".

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

Uncollectible loans and other receivables are collected through the liquidation of collaterals by legal procedures.

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

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

12. 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 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 31 December 2020, the Bank has no reasonable expectations for the recovery. (31 December 2019: TL 106.355)

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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 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:

	III. Group:	IV. Group:	V. Group:
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	4.918	18.023	75.319
Interest Accruals and Valuation Differences	8.766	28.553	128.608
Provision Amount (-)	3.848	10.530	53.289
Prior Period (Net)	11.282	34.873	34.259
Interest Accruals and Valuation Differences	17.656	55.354	56.507
Provision Amount (-)	6.374	20.481	22.248

g. Information on financial assets measured at amortized cost:

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

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	304.621	-	247.227
Other	-	-	-	-
Total	-	304.621	-	247.227

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

	31 Aralık 2020		31 Aralık 2019	
	TL	YP	TL	YP
Bonds	-	-	-	-
Bonds and Similar Securities	-	205.782	-	-
Other	-	-	-	-
Total	-	205.782	-	-

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

	31 December 2020	31 December 2019
Government Bond	510.403	262.923
Treasury Bond	-	-
Other Public Debt Securities	-	-
Total	510.403	262.923

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

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

g. Information on financial assets measured at amortized cost (Continued):

4. Information on financial assets measured at amortized cost:

	31 December 2020	31 December 2019
Debt securities	510.403	262.923
Publicly-traded	510.403	262.923
Not publicly-traded	-	-
Provision for impairment (-)	-	-
Total	510.403	262.923

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

	31 December 2020	31 December 2019
Opening balance	262.923	236.801
Foreign exchange differences in monetary assets	79.706	26.122
Purchases during the year	167.774	-
Disposals through Sales and Redemptions	-	-
Value decrease equivalent (-)	-	-
Period end balance	510.403	262.923

h. Information on investments in associates (Net):

None. (31 December 2019: None).

i. Information on subsidiaries (Net):

1. Capital adequacy situation of major subsidiaries:

The Parent Bank does not need any capitals arising from subsidiaries who inserted capital adequacy standard ratio.

2. Information on unconsolidated subsidiaries:

None. (31 December 2019: None).

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

None. (31 December 2019: None).

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

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

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

4. Information on consolidated subsidiaries:

	Title	Address (City/ Country)	Bank’s share percentage, if different voting percentage (%)	Other shareholders’ share percentage (%)
1	Burgan Finansal Kiralama A.Ş.	Istanbul/Turkey	99,99	0,01
2	Burgan Yatırım Menkul Değerler A.Ş.(*)	Istanbul/Turkey	100,00	-

(*) The liquidation process Board of Directors of Burgan Wealth Limited which is a subsidiary of Burgan Investment, was approved by Dubai Financial Services Institution (DFSİ) on July 15, 2020 and the liquidation process of the Company was completed.

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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	3.942.580	393.354	431.478	335.039	-	17.785	39.384	-
2	203.561	155.291	2.429	17.191	11	13.514	22.299	-

6. Movement schedules of consolidated subsidiaries:

	31 December 2020	31 December 2019
Balance at the beginning of the Period	523.728	381.091
Movements during the Period	24.832	142.637
Purchases	-	100.000
Bonus Shares Obtained	-	-
Dividends from Current Year Income	31.299	61.683
Sales	-	-
Revaluation Increase/Decrease (*)	(6.467)	(19.046)
Impairment Provision	-	-
Balance at the end of the Period	548.560	523.728
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	%99,99	%99,99

(*) Includes the data before consolidation procedures.

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

Subsidiaries(*)	31 December 2020	31 December 2019
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	470.345	453.279
Finance Companies	-	-
Other Financial Subsidiaries	78.215	70.449
Total	548.560	523.728

(*) Includes data given prior to consolidation applications.

8. Subsidiaries quoted on stock exchange:

None (31 December 2019: 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 joint ventures:

None. (31 December 2019: None).

k. Information on lease receivables (net):

Presentation of financial lease receivables based on their days to maturity:

	31 December 2020		31 December 2019	
	Gross	Net	Gross	Net
Less than 1 year	1.326.187	1.110.828	898.754	679.943
Between 1-4 years	1.571.237	1.298.970	1.981.806	1.493.095
More than 4 years	909.104	798.892	698.379	770.093
Total	3.806.528	3.208.690	3.578.939	2.943.131

l. Information on derivative financial assets:

1. Information on derivative financial assets at fair value through profit or loss:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Forward Transactions	2.441	4.879	10.508	939
Swap Transactions	143.179	132.365	112.328	69.496
Futures Transactions	-	-	2	-
Options	1.162	1.636	317	3.561
Other	-	-	-	-
Total	146.782	138.880	123.155	73.996

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

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	486.117	4.308	432.335	4.787
Foreign Net Investment Hedge	-	-	-	-
Total	486.117	4.308	432.335	4.787

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

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

m. Information on tangible assets:

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2019				
Cost	32.468	165.593	230.829	428.890
Accumulated depreciation (-)	5.257	16.043	85.148	106.448
Net book value	27.211	149.550	145.681	322.442
31 December 2020				
Net book value at beginning of the period	27.211	149.550	145.681	322.442
Additions	-	288.452	13.609	302.061
Disposals (-), net	623	-	17.259	17.882
Impairment	-	-	-	-
Depreciation (-)	893	8.682	26.631	36.206
Revaluation Increase	2.785	-	-	2.785
Cost at Period End	33.619	440.074	197.819	671.512
Accumulated Depreciation at Period End (-)	5.139	10.754	82.419	98.312
Closing Net Book Value at Period End	28.480	429.320	115.400	573.200

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2018				
Cost	27.672	2.824	89.794	120.290
Accumulated depreciation (-)	3.922	588	52.043	56.553
Net book value	23.750	2.236	37.751	63.737
31 December 2019				
Net book value at beginning of the period	23.750	2.236	37.751	63.737
Additions	3.556	165.028	147.271	315.855
Disposals (-), net	-	2.259	699	2.958
Impairment	-	-	-	-
Depreciation (-)	1.335	15.455	38.642	55.432
Revaluation Increase	1.240	-	-	1.240
Cost at Period End	32.468	165.593	230.829	428.890
Accumulated Depreciation at Period End (-)	5.257	16.043	85.148	106.448
Closing Net Book Value at Period End	27.211	149.550	145.681	322.442

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued):

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

n. Information on intangible assets:

1. Book value and accumulated depreciation at the beginning and at the end of the period:

	31 December 2020	31 December 2019
Gross Book Value	130.580	112.307
Accumulated Depreciation (-)	86.957	73.483
Net Book Value	43.623	38.824

2. Information on movements between the beginning and end of the period:

	31 December 2020	31 December 2019
Beginning of the Period	38.824	45.003
Internally Generated Amounts	1.425	1.270
Additions due to Mergers, Transfers and Acquisitions	16.847	6.187
Disposals (-)	-	5
Amount Accounted under Revaluation Reserve	-	-
Impairment (-)	-	-
Impairment Reversal	-	-
Amortisation (-)	13.473	13.631
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	43.623	38.824

o. Information on investment properties:

None (31 December 2019: None).

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

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

p. Information on deferred tax asset:

As of 31 December 2020, the Group has netted-off the calculated deferred tax asset of TL 208.278 (31 December 2019: TL 158.801) and deferred tax liability of TL 89.518 (31 December 2019: TL 92.957) on the basis of company in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 118.760 (31 December 2019: TL 65.844 net deferred tax asset) in the financial statements.

As of 31 December 2020 and 31 December 2019, the accumulated temporary differences and the detail of the deferred tax assets/liabilities are as follows:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Provision for Legal Cases	22.211	14.170	4.442	3.117
General Provisions and Other Provisions	939.644	592.599	187.929	130.372
Reserve for Employee Rights	28.228	26.178	5.646	5.759
Unearned Revenue	28.370	58.504	5.674	12.871
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	-	37.427	-	554
Other	22.937	27.860	4.587	6.128
Deferred Tax Assets	1.041.390	756.738	208.278	158.801
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	131.212	17.442	23.637	3.840
Valuation Differences of Derivative Instruments	313.883	396.852	62.777	87.307
Other	15.520	8.221	3.104	1.810
Deferred Tax Liabilities	460.615	422.515	89.518	92.957
Deferred Tax Assets/(Liabilities) (Net)			118.760	65.844

The deferred tax asset/liability summary is as follows:

	31 December 2020	31 December 2019
Balance as of 1 January	65.844	16.757
Current year deferred tax income/(expense), net	60.697	23.435
Deferred tax charged to equity, net	(7.781)	25.652
Balance at the End of the Period	118.760	65.844

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

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

r. Information on assets held for resale and discontinued operations:

The Group has assets held for resale amounting to TL 613.988 (31 December 2019: TL 409.415) and has no discontinued operations.

	31 December 2020	31 December 2019
Prior Period		
Cost	409.843	113.895
Accumulated Depreciation (-)	428	510
Net Book Value	409.415	113.385
Current Period		
Net book value at beginning of the period	409.415	113.385
Additions	289.199	332.839
Disposals (-), net	84.260	35.370
Impairment (-)	366	1.439
Depreciation (-)	-	-
Cost	614.352	409.843
Accumulated Depreciation (-)	364	428
Closing Net Book Value	613.988	409.415

s. Information on other assets:

Other assets amount to TL 482.575 (31 December 2019: TL 220.030) 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. 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
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	878.181	-	1.287.522	10.965.949	400.435	97.261	218.096	4	13.847.448

ii. 31 December 2019:

	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	49.770	-	439.397	2.225.553	15.482	67.162	282.974	40	3.080.378
Foreign Currency Deposits	380.732	-	722.709	6.163.650	149.637	78.931	61.293	-	7.556.952
Residents in Turkey	361.783	-	702.950	6.078.883	147.360	75.909	54.677	-	7.421.562
Residents Abroad	18.949	-	19.759	84.767	2.277	3.022	6.616	-	135.390
Public Sector Deposits	43.782	-	-	-	-	-	-	-	43.782
Commercial Deposits	93.533	-	103.879	188.649	11.428	54.188	146	-	451.823
Other Institutions Deposits	2.213	-	4.046	43.871	-	-	-	-	50.130
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	20.910	-	148.507	53.383	-	-	-	-	222.800
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	344	-	148.507	-	-	-	-	-	148.851
Foreign Banks	20.566	-	-	53.383	-	-	-	-	73.949
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	590.940	-	1.418.538	8.675.106	176.547	200.281	344.413	40	11.405.865

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

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	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Saving Deposits				
Saving Deposits	1.276.718	1.268.116	1.945.387	1.812.262
Foreign Currency Savings Deposit	756.960	622.528	5.472.613	3.996.749
Other Deposits in the Form of Savings Deposits	5.956	-	13.408	-
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	2.039.634	1.890.644	7.431.408	5.809.011

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:

	31 December 2020	31 December 2019
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	16.763	10.890
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 "TCK" Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	16.763	10.890

b. Information on derivative financial liabilities at fair value through profit or loss:

None (31 December 2019: 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:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	495.281	623.197	212.492	336.008
From Foreign Banks, Institutions and Funds	-	5.540.374	16.287	4.485.343
Total	495.281	6.163.571	228.779	4.821.351

2. Information on maturity structure of borrowings:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Short-term	349.350	1.976.580	103.779	1.229.361
Medium and Long-term	145.931	4.186.991	125.000	3.591.990
Total	495.281	6.163.571	228.779	4.821.351

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

The Group's main funding sources are deposits and borrowings. As of 31 December 2020, deposits and borrowings from Group's risk group comprise 1,4% (31 December 2019: 1,4%) of total deposits. Besides this, borrowings from Group's risk group comprise 62,1% (31 December 2019: 75,4%) of subordinated and other borrowings.

d. Information on marketable securities issued:

None (31 December 2019: None).

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 824.722 (31 December 2019: TL 687.272) do not exceed 10% of the total 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 lease payables:

	31 December 2020		31 December 2019	
	Gross	Net	Gross	Net
Less than 1 year	1.637	1.458	8.892	6.288
Between 1-4 years	21.405	17.162	15.023	13.162
More than 4 years	79.897	58.482	123.731	99.518
Total	102.939	77.102	147.646	118.968

g. Information on derivative financial liabilities:

1. Information on derivative financial liabilities at fair value through profit or loss:

Trading Derivative Financial Liabilities	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Forward Transactions	1.907	1.916	6.963	1.247
Swap Transactions	173.833	220.863	47.041	87.983
Futures Transactions	-	-	10	-
Options	-	2.064	18	3.319
Other	-	-	-	-
Total	175.740	224.843	54.032	92.549

2. Information on derivative financial liabilities at fair value through other comprehensive income:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	56.399	38.573	66.656	11.257
Foreign Net Investment Hedge	-	-	-	-
Total	56.399	38.573	66.656	11.257

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

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

h. Information on provisions:

1. Information on reserve for employment termination benefits:

Under the Turkish Labour 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.

As of the date of 1 July 2020, the payment amount which is one month's salary for each working year is restricted to TL 7.117,17 (31 December 2019: TL 6.379,86). Employee termination benefits are not funded as there is no funding requirement.

In accordance with Turkish Labour Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Group 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 were used in the calculation of total liabilities:

	31 December 2020	31 December 2019
Discount rate (%)	3,01	3,26
Salary increase rate (%)	9,50	8,50
Average remaining work period (Year)	11,22	11,60

Movement of reserve for employment termination benefits during the period:

	31 December 2020	31 December 2019
Prior Period End Balance	19.641	14.517
Service cost	3.551	2.875
Interest cost	1.996	1.926
Settlement cost	76	578
Actuarial loss/gain	396	2.646
Benefits paid (-)	2.039	2.901
Total	23.621	19.641

In addition, as of 31 December 2020 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 18.376. (31 December 2019: TL 33.099).

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (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 2019: None).

ii. Information on other provisions:

The Group has set aside under other provisions amounting to TL 195.000 (31 December 2019: TL None), TL 68.408 (31 December 2019: TL 24.141) for provisions for non-cash loans that are not converted to cash and are not indemnified. And there is other provision TL 38.381 period (31 December 2019: TL 14.170).

i. Information on taxes payable:

1. Information on tax provision:

As of 31 December 2020, corporate tax provision is TL 26.132 (31 December 2019: TL 10.459).

2. Information on taxes payable:

	31 December 2020	31 December 2019
Corporate Tax Payable	26.132	10.459
Taxation of Marketable Securities	8.958	10.601
Property Tax	36	76
Banking Insurance Transaction Tax	12.305	8.451
Foreign Exchange Transaction Tax	237	241
Value Added Tax Payable	706	574
Other	4.367	6.156
Total	52.741	36.558

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued):

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

3. Information on premium payables:

	31 December 2020	31 December 2019
Social Security Premiums-Employee	1.974	1.620
Social Security Premiums-Employer	2.092	1.825
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	119	103
Unemployment Insurance-Employer	237	208
Other	300	-
Total	4.722	3.756

4. Explanations on deferred tax asset/liability:

As of 31 December 2020, the Group has netted-off the calculated deferred tax asset of TL 208.278 (31 December 2019: TL 158.801) and tax liability of TL 89.518 (31 December 2019: TL 92.957) on a company basis in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 118.760 (31 December 2019: TL 65.844 net deferred tax asset) in the financial statements.

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

None (31 December 2019: None).

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

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

k. Information on subordinated loans:

Detailed explanation on subordinated loans including quantity, maturity, interest rate, issuing institution, 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 150.000.000	6 December 2013	4 December 2023	LIBOR+3,75
Burgan Bank K.P.S.C. (Main Shareholder)	USD 150.000.000	30 March 2016	30 March 2026	LIBOR+3,75

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

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	2.228.521	-	1.797.925
Other Foreign	-	-	-	-
Total	-	2.228.521	-	1.797.925

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Debt Instruments Subject to Common Equity	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments Subject to Tier 2 Equity	-	2.228.521	-	1.797.925
Subordinated Loans	-	2.228.521	-	1.797.925
Subordinated Debt Instruments	-	-	-	-
Total	-	2.228.521	-	1.797.925

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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 shareholders' equity:

1. Presentation of paid-in capital:

	31 December 2020	31 December 2019
Common Stock	1.535.000	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	1.535.000	4.000.000

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

None

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 its Subsidiaries 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 and its Subsidiaries within several risk limits and legal limits.

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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 shareholders' equity (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:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Controlled Partnerships (Joint Ventures)	-	-	-	-
Valuation Difference	(1.541)	5.133	5.674	(2.321)
Foreign Currency Translation Difference	-	-	-	-
Total	(1.541)	5.133	5.674	(2.321)

9. Information on tangible assets revaluation reserve:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	23.452	-	20.713	-
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:

According to the General Assembly meeting decision on 26 March 2020, the profit amounting to TL 138.554, including the effects of TAS 27 has been deducted from statutory 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:

	31 December 2020	31 December 2019
Foreign currency buy/sell commitments	1.704.275	174.661
Loan limit commitments	196.854	71.731
Forward deposit buy/sell commitments	136.746	-
Commitments for cheques	72.695	71.523
Forward securities commitments	14.986	31.061
Total	2.125.556	348.976

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:

	31 December 2020	31 December 2019
Letter of guarantees	2.554.181	1.800.732
Other guarantees	1.329.236	839.294
Letter of credits	1.117.312	624.297
Bank acceptance loans	171.038	214.924
Total	5.171.767	3.479.247

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

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Irrevocable letters of guarantee	727.790	725.036	600.097	485.135
Revocable letters of guarantee	58.393	4.576	90.696	4.664
Letters of guarantee given in advance	17.904	394.099	8.294	287.252
Guarantees given to customs	28.924	94.492	32.342	70.385
Other letters of guarantee	159.134	343.833	23.476	198.391
Total	992.145	1.562.036	754.905	1.045.827

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

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

a. Information on off balance sheet commitments (Continued):

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

	31 December 2020	31 December 2019
Non-cash loans given against cash loans	1.812.420	1.043.071
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	1.812.420	1.043.071
Other non-cash loans	3.359.347	2.436.176
Total	5.171.767	3.479.247

ii. Information on sectoral concentration of non-cash loans:

	31 December 2020				31 December 2019			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	33.422	3,37	303.559	7,26	5.615	0,74	54.454	2,00
Farming and Livestock	33.193	3,35	303.318	7,26	5.386	0,71	51.456	1,89
Forestry	-	0,00	-	0,00	-	0,00	-	0,00
Fishing	229	0,02	241	0,01	229	0,03	2.998	0,11
Manufacturing	261.790	26,39	2.526.352	60,44	201.774	26,73	1.735.867	63,72
Mining	26.579	2,68	927	0,02	50.222	6,65	96.429	3,54
Production	195.898	19,74	2.503.852	59,91	97.847	12,96	1.622.087	59,54
Electric, Gas, Water	39.313	3,96	21.573	0,52	53.705	7,11	17.351	0,64
Construction	119.230	12,02	445.534	10,66	135.029	17,89	424.250	15,57
Services	540.333	54,46	896.466	21,45	368.870	48,86	468.787	17,21
Wholesale and Retail Trade	198.457	20,00	330.127	7,90	102.754	13,61	141.425	5,19
Hotel and Food Services	703	0,07	53.605	1,28	2.315	0,31	14.216	0,52
Transportation and Telecommunication	46.998	4,74	166.282	3,98	41.845	5,54	38.524	1,41
Financial Institutions	275.529	27,77	234.722	5,62	171.203	22,68	139.463	5,12
Real Estate and Leasing Ser.	18.067	1,82	110.539	2,64	28.948	3,83	109.694	4,03
Professional Services	112	0,01	1.191	0,03	18.437	2,44	22.467	0,82
Education Services	40	0,00	-	0,00	2.070	0,27	-	0,00
Health and Social Services	427	0,04	-	0,00	1.298	0,17	2.998	0,11
Other	37.370	3,77	7.711	0,18	43.617	5,78	40.984	1,50
Total	992.145	100	4.179.622	100	754.905	100,00	2.724.342	100,00

iii. Information on non-cash loans classified in 1st and 2nd group:

	Group I		Group II	
Current Period (*)	TL	FC	TL	FC
Letters of Guarantee	971.518	1.361.125	11.057	189.331
Bank Acceptances	-	171.038	-	-
Letters of Credit	-	1.116.047	-	-
Endorsements	-	-	-	-
Securities Issuance Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	1.329.236	-	-
Total	971.518	3.977.446	11.057	189.331

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 22.415. As of 31 December 2020, the Group has allocated provisions amounting to TL 7.558 provision regarding these risks.

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

b. Information on derivative financial instruments:

	31 December 2020	31 December 2019
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	22.277.553	13.841.701
Currency forward transactions	188.962	533.938
Currency swap transactions	20.605.523	10.714.671
Futures transactions	-	8.382
Options	1.483.068	2.584.710
Interest related derivative transactions (II)	6.823.442	7.185.168
Forward rate agreements	-	-
Interest rate swaps	6.823.442	7.185.168
Interest rate options	-	-
Interest rate futures	-	-
Other trading derivative transactions (III)	-	-
A. Total trading derivative transactions (I+II+III)	29.100.995	21.026.869
Types of hedging transactions	7.854.017	5.787.046
Fair value hedges	-	-
Cash flow hedges	7.854.017	5.787.046
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	7.854.017	5.787.046
Total derivative transactions (A+B)	36.955.012	26.813.915

c. Information on contingent assets and contingent liabilities:

As of 31 December 2020, the total amount of legal cases against the Group is TL 40.697 (31 December 2019: TL 59.243) and the Group sets aside a provision of TL 22.211 (31 December 2019: TL 14.170) regarding these risks.

d. Brief information on the Bank's rating given by International Rating Institutions:

FITCH (26 February 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 (tur)
Viability Rating	b-

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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 :

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	321.491	51.027	511.056	64.195
Medium/Long-term Loans	352.377	535.924	395.094	536.658
Interest on Loans Under Follow-up	13.997	-	6.835	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	687.865	586.951	912.985	600.853

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

2. Information on interest income on banks:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
From the CBRT	229	71	7.778	-
From Domestic Banks	25.147	419	37.541	867
From Foreign Banks	-	1.285	-	7.498
Headquarters and Branches Abroad	-	-	-	-
Total	25.376	1.775	45.319	8.365

3. Information on marketable securities:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value Through Profit/Loss	150	1.559	270	1.255
Financial Assets Measured at Fair Value Through Other Comprehensive Income	25.781	5.470	35.971	7.249
Financial Assets Measured at Amortized Cost	-	26.285	-	11.386
Total	25.931	33.314	36.241	19.890

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

None (31 December 2019: None).

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

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

b. Information on interest expense:

1. Information on interest expense on borrowings:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Banks	49.082	267.367	31.001	359.682
The CBRT	-	-	-	-
Domestic Banks	49.082	470	31.001	1.475
Foreign Banks	-	266.897	-	358.207
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	8.646	-	14.102
Total (*)	49.082	276.013	31.001	373.784

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

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

None (31 December 2019: None).

3. Information on interest expense on issued securities:

None (31 December 2019: None).

4. Information on interest rate and maturity structure of deposits:

Current Period	Demand Deposit	Time Deposit						Total	Prior Period Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accum. Deposit		
TL									
Bank Deposits	-	2.005	-	-	-	-	-	2.005	328
Savings Deposits	-	47.972	261.520	5.256	2.966	36.660	-	354.374	606.037
Public Deposits	-	3	-	-	-	-	-	3	-
Commercial Deposits	-	7.588	18.188	294	2.483	14	-	28.567	66.680
Other Deposits	-	292	3.332	2	27	97	-	3.750	40.369
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Total	-	57.860	283.040	5.552	5.476	36.771	-	388.699	713.414
FC									
Foreign Currency Account	-	9.194	131.467	3.494	1.164	948	-	146.267	170.892
Bank Deposits	-	2.069	-	-	-	-	-	2.069	1.777
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	-	11.263	131.467	3.494	1.164	948	-	148.336	172.669
Grand Total	-	69.123	414.507	9.046	6.640	37.719	-	537.035	886.083

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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 dividend income:

	31 December 2020	31 December 2019
Financial Assets at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	8	2.769
Other	-	-
Total	8	2.769

d. Information on trading loss/income (Net):

	31 December 2020	31 December 2019
Income	33.983.419	31.474.903
Capital Market Transactions	44.193	20.427
Derivative Financial Transactions	293.584	172.591
Foreign Exchange Gains	33.645.642	31.281.885
Loss (-)	33.875.114	31.434.463
Capital Market Transactions	6.233	4.538
Derivative Financial Transactions	315.863	145.863
Foreign Exchange Losses	33.553.018	31.284.062
Net Income/(Loss)	108.305	40.440

e. Information on other operating income:

The Group's other operating income in the current period is TL 64.052 (31 December 2019: TL 55.554). TL 15.607 (31 December 2019: TL 7.816) of the amount of other operating income is composed of profit from sales of the fixed assets that were classified as "Asset Held for Resale" of the Parent Bank.

f. Expected loss provisions and other provision expenses:

	31 December 2020	31 December 2019
Expected Credit Loss	482.190	305.589
12 Month Expected Credit Loss (Stage 1)	-	(9.948)
Significant Increase in Credit Risk (Stage 2)	70.017	111.468
Non-performing Loans (Stage 3)	412.173	204.069
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Joint Ventures Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	218.808	2.067
Total	700.998	307.656

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

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

g. Information related to other operating expenses:

	31 December 2020	31 December 2019
Reserve For Employee Termination Benefits (*)	5.900	5.707
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Amortization Expenses of Fixed Assets	36.206	55.432
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	13.473	13.631
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	366	1.439
Amortization Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	169.113	139.932
Leasing expenses related to TFRS 16 exceptions	1.940	2.579
Maintenance Expenses	1.551	6.425
Advertising Expenses	7.773	7.968
Other Expense	157.849	122.960
Loss on Sales of Assets	21	2.185
Other	33.310	31.599
Total	258.389	249.925

(*) As of 31 December 2020, there is “Employee Vacation Fee Provision Expense” amounts to TL 277 (31 December 2019: TL 328).

h. Information on net income/(loss) before taxes from discontinued and continuing operations:

The Group has no discontinued operations. The Group’s income before tax from continuing operations is TL 284.557 (31 December 2019: TL 174.248 income before tax).

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

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

i. Information on provision for taxes from discontinued and continuing operations:

The Group has no discontinued operations, 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 31 December 2020, the Group has current tax expense amounting to TL (43.554) and deferred tax income amounting to TL 60.697.

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

The Group has TL 93.085 deferred tax income from temporary differences, there is no deferred tax expense from carried financial loss. The deferred tax expense due to the closing of temporary differences amounts to TL (32.388), netting off to TL 60.697 deferred tax income.

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

As of 31 December 2020, the Group has TL 60.697 (31 December 2019: TL 75.224 deferred tax expense) deferred tax income arising from temporary differences and there is no deferred tax expense as a result of financial loss. (31 December 2019: TL 51.789 deferred tax income).

j. Information on net income/(loss) before taxes from discontinued and continuing operations:

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

k. Information on net income/(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:

As of December 31, 2020, TL 195.000 of the Bank's loss of TL 267,414 consists of free provisions in the period.

2. If an estimation change related to financial statement items significantly affects profit/loss or has the probability of affecting the profit/loss of 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):

1. Information on other income and expenses:

1. In the current period, the Group's interest income amounts to TL 1.900.210 (31 December 2019: TL 2.413.070) and TL 265.710 (31 December 2018: TL 400.603) of the related amount is classified as "Other Interest Income" account in income statement.

	31 December 2020	31 December 2019
Other Interest Income		
Interest income related to derivative transactions	145.678	334.117
Other	120.032	66.486
Total	265.710	400.603

2. In the current period, the Group's interest expense amounting to TL 1.197.896 (31 December 2019: TL 1.600.423) and TL 317.745 (31 December 2019: TL 290.787) of the related amount is classified as "Other Interest Expense" in the income statement.

	31 December 2020	31 December 2019
Other Interest Expense		
Interest expense related to derivative transactions	238.564	241.304
Other	79.181	49.483
Total	317.745	290.787

3. In the current period, the Group's fee and commission income amounts to TL 55.169 (31 December 2019: TL 50.455) and TL 27.531 (31 December 2019: TL 23.582) of the related amount is classified under "Other" account.

	31 December 2020	31 December 2019
Other Fees and Commissions Received		
Commissions on Investment Fund Services	6.551	2.576
Insurance Commissions	4.125	7.137
Commissions from Stock Brokerage Activity	2.193	491
Commissions received from Correspondent Banks	1.058	607
Transfer Commissions	280	519
Common Point Commissions	157	102
Accounting Operating Fees	98	4.390
Card and POS Transaction Commission	35	141
Other	13.034	7.619
Total	27.531	23.582

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

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

In the current period, Group’s fees and commissions expense amounts to TL 17.347 (31 December 2019: TL 17.493) and TL 17.215 (31 December 2019: TL 17.332) of the related amount is classified under “Other” account.

	31 December 2020	31 December 2019
Other Fees and Commissions Given		
Card Transaction Commission	3.055	1.984
Common Point Clearing Commissions	1.313	491
Commissions Granted to Correspondent Banks	585	1.692
EFT Commissions	260	2.003
Transfer Commissions	69	101
Other	11.933	11.061
Total	17.215	17.332

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

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CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

(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 CHANGES IN SHAREHOLDERS' EQUITY

a. Information on change in the shareholder structure of the Bank:

There is no change in Parent Bank's partnership structure in 2020.

b. Information on distribution of profit:

According to the decision of the Parent Bank held at the Ordinary General Assembly Meeting held on 26 March 2020; While adapting TAS 27 Standard, the profit of 2019, TL 138.554 was not distributed, the amount was allocated as legal reserves and extraordinary reserves.

c. Information on capital increase:

There is no change in the capital structure of the Group in 2020.

d. Information on valuation differences of marketable securities:

"Unrealized gains and losses" arising from changes in the fair value of securities classified as fair value through other comprehensive income are not recognized in current year income statements; they are recognized in the "Marketable securities valuation reserve" account under equity, until the financial assets are sold, disposed or impaired.

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(1.541)	5.133	5.674	(2.321)
Foreign Currency Difference	-	-	-	-
Total	(1.541)	5.133	5.674	(2.321)

e. Information on revaluation differences of tangible and intangible assets:

The reversal from revaluation reserve to their fair value for immovables amounting to TL 2.739 increase net of tax (31 December 2019: TL 1.103 increase) is accounted under "Revaluation differences of tangible assets and intangible assets".

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

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

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalent assets:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

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

	31 December 2020	31 December 2019
Cash	1.669.296	2.053.698
Cash, Foreign Currency and Other	142.396	156.316
Demand Deposits in Banks	1.526.901	1.897.382
Cash Equivalents	696.115	596.366
Interbank Money Market	557.969	9.000
Time Deposits in Bank	138.146	587.366
Total Cash and Cash Equivalents	2.365.411	2.650.063

The total amount from the operations that occurred in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

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

	31 December 2019	31 December 2018
Cash	1.857.111	1.669.296
Cash, Foreign Currency and Other	415.164	142.396
Demand Deposits in Banks	1.441.947	1.526.901
Cash Equivalents	300.858	696.115
Interbank Money Market	131.550	557.969
Time Deposits in Bank	169.308	138.146
Total Cash and Cash Equivalents	2.157.969	2.365.411

b. Information on other items presented in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents:

"Other" items presented in "Net operating income before changes in operating assets and liabilities" amount to negative TL 416.079 TL (31 December 2019: negative TL 703.310) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

"Net increase/decrease in liabilities" items presented in "Changes in operating assets and liabilities" amount to positive TL 866.172 (31 December 2019: negative TL 707.653) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2020, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately positive TL 35.723 (31 December 2019: positive TL 28.636).

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

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

VII. 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 2019 for balance sheet and income statement items.

31 December 2020	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
Groups' Risk Group	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period		39.591	-	35.560	98	-
Balance at the End of the Period		62.497	-	12.944	790	-
Interest and Commission Income Received		-	-	4	53	-

31 December 2019	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
Groups' Risk Group	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	10.792	-	149.865	166	87
Balance at the End of the Period	-	39.591	-	35.560	98	-
Interest and Commission Income Received	-	-	7	8	21	1

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

Groups' Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
Deposit	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period	-	-	147.223	11.951	15.264	12.172
End of the Period	-	-	171.520	147.223	24.112	15.264
Interest Expense on Deposits	-	-	3.250	6.324	1.189	1.319

Groups' Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
Repurchase Transactions	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense on Repurchase Transactions	-	-	2	-	6	3

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

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

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

VII. 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:

Groups' Risk Group Fair value through other comprehensive income transactions	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		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
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	3.251	-	-
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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 whether there is a transaction between parties:

The Group performs various transactions with related parties during its banking activities. These are commercial transactions realized 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 (%)
Borrowings and Subordinated Debt Instruments	5.517.579	62,08
Deposits	195.632	1,41
Non-cash Loans	75.441	1,46
Banks and Other Financial Institutions Loans	19.398	12,61
Loans	790	-

As of 31 December 2020, the Group has TL 480 interest income from deposits given to banks included in the risk group (31 December 2019: TL 2.608), the Group has realized interest expense amounting to TL 204.555 (31 December 2019: TL 239.639) on loans borrowed from the banks included in the risk group

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

BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

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

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

VII. EXPLANATIONS AND NOTES RELATED TO 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 Parent Bank's risk group and the amount composes 0,33% (31 December 2019: 0,43%) of the Group's total cash and non-cash loans.

As of 31 December 2020 there are no purchase-sales transactions on any assets including real estate with the risk group consisting the Parent Bank.

As of 31 December 2020 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:

Top management of the Group is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, amounts to TL 34.820 (31 December 2019: TL 28.323) which constitutes of the sum of other benefits including yearly gross salaries and other payments and travel, meal aids, health and life insurances and vehicle expenses.

VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

- a. Information on domestic, foreign branches and foreign representatives of the Parent Bank:

	Number	Employee number	Country of Incorporation	Total Asset	Statutory share capital
Domestic Branch	32	951			
Foreign Representative	-	-	-		
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	-	-	-	-	-

- b. There is no event that would affect opening or closing a domestic branch, a foreign branch or a representative office of the Parent Bank.

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

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

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

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS:

With the decision of the Board of Directors dated 24.02.2021 and numbered 2021/06; within the registered authorized stock of TL 4.000.000.000 of the Bank’s capital TL 1.535.000.000; it has been decided to be increased by TL 355.000.000 to TL 1.890.000.000, to obtain the necessary permissions from the Banking Regulation and Supervision Agency regarding the capital increase, to publish the announcements regarding the use of priority rights and to authorize the General Management for the registration and announcement of the capital increase.

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BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

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

SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS RELATED TO THE GROUP’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

I. EXPLANATIONS ON INDEPENDENT AUDIT REPORT

The consolidated financial statements as of 31 December 2020 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) and the independent auditor’s audit report dated 2 March 2021 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR:

None.

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Ankara Plaza

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Antakya

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Antalya

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Ataşehir Finans Merkezi Şubesi

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Bakırköy

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Hacıali Bey Mah. Sakarya-1 Cad. No: 62/A Tepebaşı / Eskişehir
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Etiler

Etiler Mah. Nispetiye Cad.No: 84 34340 Beşiktaş / İstanbul
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Gaziantep

Değirmiş Mah. Mithat Enç Caddesi No: 3/2 Şehitkamil / Gaziantep
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Gebze

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Güneşli

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İzmir

Cumhuriyet Bulv. No. 140/1 35210 Alsancak / İzmir
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İzmit

Yenişehir Mah. Dönmez Sok. No: 2 İç kapı: 3 İzmit / KOCAELİ
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Mersin

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Nişantaşı

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Maslak Commercial

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Tekstilkent

Oruçreis Mah. Tekstilkent Cad. No: 12/A B blok Kat: 21 İç Kapı: 214 Esenler / İstanbul
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MERSİS NO: 0140003231000116

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