

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND RELATED
DISCLOSURES TOGETHER WITH LIMITED
REVIEW REPORT FOR ACCOUNTING PERIOD
ENDED 30 JUNE 2021**

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

REPORT ON REVIEW OF UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

To the General Assembly of Burgan Bank AŞ.;

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

The accompanying unconsolidated interim financial information as at 30 June 2021 includes a general reserve of TL 195,000 thousand which was recognized as expense in the previous periods. This general provision is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

Qualified Conclusion

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

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2020 and as at and for the six month period then ended 30 June 2020 were audited and reviewed by another auditor who expressed a qualified opinion and an unqualified conclusion on 2 March 2021 and 14 August 2020, respectively.

Report on Other Legal and Regulatory Requirements

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

Additional paragraph for English translation:

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

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



Yaman Polat
Partner

İstanbul, 13 August 2021

(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 30 JUNE 2021**

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

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 six 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.

13 August 2021

Emin Hakan EMİNSOY
Chairman of the
Board of Directors

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

Zeynep TERZİOĞLU
Deputy Head of Financial
Affairs

Bahadır AKSU
Head of Accounting,
Tax, and Reporting Unit

Halil CANTEKİN
Head of the Audit Committee

Adrian Alejandro GOSTUSKI
Member of the Audit Committee

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

Name-Surname / Title : Bahadır AKSU / Head of Accounting, Tax, and Reporting Unit
Telephone Number : 0 212 371 34 88
Fax Number : 0 212 371 42 48

TABLE OF CONTENTS

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

	<u>PAGE</u>
I. Bank's foundation date, start-up statute, history about the changes in this mentioned statute	3
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	4
III. Explanation on the president and members of board of directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares and areas of responsibility of the Bank they possess	5
IV. Explanation on shareholders having control shares	6
V. Information on the Bank's service type and field of operations	6
VI. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the parent bank and its subsidiaries	6

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

I. Balance sheet	8
II. Off-balance sheet commitments	10
III. Statements of income	11
IV. Statement of profit or loss and other comprehensive income	12
V. Statement of changes in shareholders' equity	13
VI. Statement of cash flows	15

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD

I. Basis of presentation	16
II. Explanations on strategy of using financial instruments and foreign currency transactions	18
III. Explanations on investments in associates, subsidiaries and joint ventures	18
IV. Explanations on forward transactions, options and derivative instruments	19
V. Explanations on interest income and expenses	19
VI. Explanations on fee and commission income and expense	20
VII. Explanations on financial assets	20
VIII. Explanations on expected credit losses	22
IX. Explanations on offsetting financial assets	25
X. Explanations on sales and repurchase agreements and securities lending transactions	25
XI. Explanations on non-current assets held for resale, discontinued operations and liabilities regarding those assets	25
XII. Explanations on goodwill and other intangible assets	26
XIII. Explanations on property, plant and equipment	26
XIV. Explanations on leasing transactions	27
XV. Explanations on provisions and contingent commitments	29
XVI. Explanations on contingent assets	29
XVII. Explanations on obligations related to employee rights	29
XVIII. Explanations on taxation	30
XIX. Explanations on borrowings	31
XX. Explanations on issuance of share certificates	31
XXI. Explanations on avalized drafts and acceptances	31
XXII. Explanations on government grants	31
XXIII. Explanations on profit reserves and profit distribution	31
XXIV. Explanations on earnings per share	32
XXV. Explanations on related parties	32
XXVI. Explanations on cash and cash equivalents	32
XXVII. Explanations on segment reporting	32
XXVIII. Reclassifications	32

SECTION FOUR

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

I. Explanations on equity	33
II. Explanations on risk management	39
III. Explanations on currency risk	46
IV. Explanations on interest rate risk	48
V. Explanations on share certificate position risk	51
VI. Explanations on liquidity risk management and liquidity coverage	52
VII. Explanations on leverage ratio	58
VIII. Explanations on hedge transactions	59
IX. Explanation on the activities carried out on behalf and account of the bank	60
X. Explanation on operating segments	60

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets	62
II. Explanations and notes related to liabilities	76
III. Explanations and notes related to off-balance sheet accounts	85
IV. Explanations and notes related to income statement	87
V. Explanations and notes related to Bank's risk group	93
VI. Explanations and notes related to subsequent events	95

SECTION SIX

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

I. Explanations on the limited review report	96
II. Explanations and notes prepared by independent auditor	96

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

I. Evaluations for the operating period and expectations for the future by the chairman of the board of directors and the general manager	97
---	----

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 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., 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)

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 amounts to full TL 1.890.000.000.

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 (*):	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	Halil Cantekin	Member	Undergraduate
	Osama T. Al Ghousein	Member	Undergraduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Hasan Kılıç	Member	Undergraduate
	Ali Murat Dinç	Member and General Manager	Graduate
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 Sözügüzel	Corporate & Commercial Banking	Undergraduate
	Banu Ertürk	Loans and Legal Follow-up	Undergraduate
	Darço Akkaranfil	Information Technologies	Graduate
	Zeynep Terzioğlu	Financial Affairs	Graduate
	Ayşen Aslı Koçer	Deposit Management	Undergraduate
	Yener Yazlalı	Loans	Graduate
Audit Committee:	Halil Cantekin	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate

(*) Member of the Board of Directors and Supervisors, Fouad Husni Douglas, resigned on 7 May 2021.
Deputy Chairman and Member of the Board of Directors Faisal M.A. Al Radwan, resigned on 20 May 2021.
Hasan Kılıç took office as a Member of the Board of Directors on 18 June 2021.

(**) Ayşen Aslı Koçer was promoted to Executive Vice General Manager of Deposit Management on 1 July 2021.
Yener Yazlalı was appointed as Vice General Manager of Loans on 2 August 2021.

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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.	1.878.884	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 30 June 2021, the Bank, whose headquarter located in Istanbul, has 32 branches operating in Turkey (31 December 2020: 32). The Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 June 2021, the Bank has 913 (31 December 2020: 951) 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

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

BURGAN BANK A.Ş.
UNCONSOLIDATED BALANCE SHEET AS OF
30 JUNE 2021 AND 31 DECEMBER 2020

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

I. BALANCE SHEET	Note (Section Five)	Reviewed 30/06/2021			Audited 31/12/2020		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (Net)		1.863.232	3.722.659	5.585.891	1.316.077	3.647.883	4.963.960
1.1 Cash and cash equivalents		641.249	3.515.076	4.156.325	352.362	3.281.693	3.634.055
1.1.1 Cash and balances at Central Bank	I-a	369.311	3.173.667	3.542.978	236.800	3.033.781	3.270.581
1.1.2 Banks	I-c	231.942	341.409	573.351	15.528	247.912	263.440
1.1.3 Receivables from Money Markets		40.021	-	40.021	100.050	-	100.050
1.1.4 Expected credit losses (-)		25	-	25	16	-	16
1.2 Financial assets at fair value through profit or loss	I-b	695	17.397	18.092	509	82.251	82.760
1.2.1 Public debt securities		695	10.098	10.793	509	32.178	32.687
1.2.2 Equity instruments		-	-	-	-	-	-
1.2.3 Other financial assets		-	7.299	7.299	-	50.073	50.073
1.3 Financial assets at fair value through other comprehensive income	I-d	262.076	30.571	292.647	262.892	144.122	407.014
1.3.1 Public debt securities		254.402	30.571	284.973	255.218	144.122	399.340
1.3.2 Equity instruments		7.674	-	7.674	7.674	-	7.674
1.3.3 Other financial assets		-	-	-	-	-	-
1.4 Derivative financial assets	I-l	959.212	159.615	1.118.827	700.314	139.817	840.131
1.4.1 Derivative financial assets at fair value through profit or loss		224.164	146.637	370.801	146.782	138.880	285.662
1.4.2 Derivative financial assets at fair value through other comprehensive income		735.048	12.978	748.026	553.532	937	554.469
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		8.315.596	9.191.705	17.507.301	7.044.376	9.658.368	16.702.744
2.1 Loans	I-e-f	9.197.213	9.233.959	18.431.172	7.756.374	9.765.845	17.522.219
2.2 Receivables from leasing transactions	I-k	-	-	-	-	-	-
2.3 Factoring receivables	I-e	-	-	-	-	-	-
2.4 Other financial assets measured at amortized cost	I-g	-	670.946	670.946	-	510.403	510.403
2.4.1 Public debt securities		-	670.946	670.946	-	510.403	510.403
2.4.2 Other financial assets		-	-	-	-	-	-
2.5 Expected credit losses (-)	I-e-f	881.617	713.200	1.594.817	711.998	617.880	1.329.878
III. NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)	I-o	705.470	-	705.470	495.818	-	495.818
3.1 Held for sale		705.470	-	705.470	495.818	-	495.818
3.2 Held from discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		591.989	-	591.989	548.560	-	548.560
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	591.989	-	591.989	548.560	-	548.560
4.2.1 Non-consolidated financial subsidiaries		591.989	-	591.989	548.560	-	548.560
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)		135.835	-	135.835	139.397	-	139.397
VI. INTANGIBLE ASSETS (Net)		40.450	-	40.450	41.147	-	41.147
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		40.450	-	40.450	41.147	-	41.147
VII. INVESTMENT PROPERTIES (Net)	I-m	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		2.520	-	2.520	-	-	-
IX. DEFERRED TAX ASSETS	I-n	81.302	-	81.302	91.757	-	91.757
X. OTHER ASSETS (Net)	I-p	228.889	1.363	230.252	139.234	1.030	140.264
TOTAL ASSETS		11.965.283	12.915.727	24.881.010	9.816.366	13.307.281	23.123.647

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)

BURGAN BANK A.Ş.
UNCONSOLIDATED BALANCE SHEET AS OF
30 JUNE 2021 AND 31 DECEMBER 2020

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

I. BALANCE SHEET	Note (Section Five)	Reviewed 30/06/2021			Audited 31/12/2020		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	5.953.058	10.549.935	16.502.993	4.030.308	9.911.979	13.942.287
II. LOANS RECEIVED	II-c	31.407	1.838.585	1.869.992	39.279	3.238.656	3.277.935
III. MONEY MARKET FUNDS		1.601	137.187	138.788	3.651	238.918	242.569
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	240.245	152.328	392.573	308.583	246.236	554.819
7.1 Derivative financial liabilities at fair value through profit or loss		174.817	110.239	285.056	252.184	207.663	459.847
7.2 Derivative financial liabilities at fair value through other comprehensive income		65.428	42.089	107.517	56.399	38.573	94.972
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	II-f	83.475	54	83.529	74.101	771	74.872
X. PROVISIONS	II-h	251.700	14.907	266.607	265.953	61.324	327.277
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		40.038	-	40.038	38.930	-	38.930
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		211.662	14.907	226.569	227.023	61.324	288.347
XI. CURRENT TAX LIABILITIES	II-i	26.241	-	26.241	43.659	-	43.659
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	-	2.171.152	2.171.152	-	2.228.521	2.228.521
14.1 Loans		-	2.171.152	2.171.152	-	2.228.521	2.228.521
14.2 Other debt instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-e	377.182	906.052	1.283.234	204.622	557.029	761.651
XVI. SHAREHOLDERS' EQUITY	II-l	2.158.508	(12.607)	2.145.901	1.689.140	(19.083)	1.670.057
16.1 Paid-in capital		1.890.000	-	1.890.000	1.535.000	-	1.535.000
16.2 Capital reserves		(2.532)	-	(2.532)	(736)	-	(736)
16.2.1 Equity share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(2.532)	-	(2.532)	(736)	-	(736)
16.3 Other accumulated comprehensive income or expenses that will not be reclassified in profit or loss		17.956	-	17.956	17.956	-	17.956
16.4 Other accumulated comprehensive income or expenses that will be reclassified in profit or loss		52.703	(12.607)	40.096	12.438	(19.083)	(6.645)
16.5 Profit reserves		124.482	-	124.482	398.179	-	398.179
16.5.1 Legal reserves		25.728	-	25.728	24.839	-	24.839
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		98.754	-	98.754	373.340	-	373.340
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		75.899	-	75.899	(273.697)	-	(273.697)
16.6.1 Prior years' profits or losses		-	-	-	(6.283)	-	(6.283)
16.6.2 Current period net profit or loss		75.899	-	75.899	(267.414)	-	(267.414)
16.7 Minority shares		-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES		9.123.417	15.757.593	24.881.010	6.659.296	16.464.351	23.123.647

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)

BURGAN BANK A.Ş.

UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT

30 JUNE 2021 AND 31 DECEMBER 2020

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

II. OFF-BALANCE SHEET	Note (Section Five)	Reviewed 30.06/2021			Audited 31/12/2020		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I-II-III)		7.278.238	44.887.269	52.165.507	6.196.669	43.168.968	49.365.637
I. GUARANTEES AND WARRANTIES	III-a-2-3	1.270.505	5.001.856	6.272.361	992.145	4.179.622	5.171.767
1.1. Letters of Guarantee		1.270.505	1.584.971	2.855.476	992.145	1.562.036	2.554.181
1.1.1. Guarantees Subject to State Tender Law		13.072	366	13.438	14.924	358	15.282
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		1.257.433	1.584.605	2.842.038	977.221	1.561.678	2.538.899
1.2. Bank Loans		-	67.347	67.347	-	171.038	171.038
1.2.1. Import Letter of Acceptance		-	67.347	67.347	-	171.038	171.038
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	1.632.386	1.632.386	-	1.117.312	1.117.312
1.3.1. Documentary Letters of Credit		-	1.632.386	1.632.386	-	1.117.312	1.117.312
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	1.717.152	1.717.152	-	1.329.236	1.329.236
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-a-1	821.456	1.233.813	2.055.269	904.940	1.300.616	2.205.556
2.1. Irrevocable Commitments		821.456	1.233.813	2.055.269	904.940	1.300.616	2.205.556
2.1.1. Asset Purchase and Sales Commitments		450.805	1.233.813	1.684.618	555.391	1.163.870	1.719.261
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		291.000	-	291.000	276.854	-	276.854
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		79.651	-	79.651	72.695	-	72.695
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	-	-	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		5.186.277	38.651.600	43.837.877	4.299.584	37.688.730	41.988.314
3.1. Hedging Derivative Financial Instruments		910.458	4.791.446	5.701.904	731.835	2.810.876	3.542.711
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		910.458	4.791.446	5.701.904	731.835	2.810.876	3.542.711
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		4.275.819	33.860.154	38.135.973	3.567.749	34.877.854	38.445.603
3.2.1. Forward Foreign Currency Buy/Sell Transactions		34.138	178.703	212.841	24.096	164.866	188.962
3.2.1.1. Forward Foreign Currency Transactions-Buy		16.413	90.856	107.269	16.564	79.529	96.093
3.2.1.2. Forward Foreign Currency Transactions-Sell		17.725	87.847	105.572	7.532	85.337	92.869
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		3.034.175	30.855.290	33.889.465	3.193.457	33.580.116	36.773.573
3.2.2.1. Foreign Currency Swap-Buy		808.664	10.765.503	11.574.167	689.629	11.397.039	12.086.668
3.2.2.2. Foreign Currency Swap-Sell		2.225.511	9.286.119	11.511.630	2.503.828	9.796.659	12.300.487
3.2.2.3. Interest Rate Swap-Buy		-	5.401.834	5.401.834	-	6.193.209	6.193.209
3.2.2.4. Interest Rate Swap-Sell		-	5.401.834	5.401.834	-	6.193.209	6.193.209
3.2.3. Foreign Currency, Interest rate and Securities Options		913.831	2.526.031	3.439.862	350.196	1.132.872	1.483.068
3.2.3.1. Foreign Currency Options-Buy		624.747	1.043.829	1.668.576	165.033	561.256	726.289
3.2.3.2. Foreign Currency Options-Sell		289.084	1.482.202	1.771.286	185.163	571.616	756.779
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		293.675	300.130	593.805	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		271.715	24.721	296.436	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		21.960	275.409	297.369	-	-	-
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)		105.899.773	101.438.297	207.338.070	68.335.658	88.284.319	156.619.977
IV. ITEMS HELD IN CUSTODY		5.437.202	3.123.534	8.560.736	5.173.862	2.522.930	7.696.792
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		4.135.957	1.206.260	5.342.217	4.046.787	1.037.420	5.084.207
4.3. Cheques Received for Collection		1.289.478	152.364	1.441.842	1.116.771	130.300	1.247.071
4.4. Commercial Notes Received for Collection		11.767	9.564	21.331	10.304	12.978	23.282
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	1.755.346	1.755.346	-	1.342.232	1.342.232
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		100.242.395	98.314.763	198.557.158	62.941.620	85.761.389	148.703.009
5.1. Marketable Securities		272.561	-	272.561	286.197	-	286.197
5.2. Guarantee Notes		21.885.746	27.366.405	49.252.151	21.605.410	23.723.645	45.329.055
5.3. Commodity		3.698.290	4.002.278	7.700.568	3.365.837	3.444.097	6.809.934
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		71.731.544	59.839.103	131.570.647	35.416.586	52.395.494	87.812.080
5.6. Other Pledged Items		2.654.254	7.106.977	9.761.231	2.267.590	6.198.153	8.465.743
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)		113.178.011	146.325.566	259.503.577	74.532.327	131.453.287	205.985.614

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)

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS ENDED

30 JUNE 2021 AND 30 JUNE 2020

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

III.	INCOME STATEMENTS	Note	Reviewed	Reviewed	Reviewed	Reviewed
	INCOME AND EXPENSE ITEMS	(Section	01/01/2021-	01/01/2020-	01/04/2021-	01/04/2020-
		Five)	30/06/2021	30/06/2020	30/06/2021	30/06/2020
I.	INTEREST INCOME	IV-a	1.080.222	789.289	583.392	393.815
1.1	Interest received from loans		818.592	621.321	435.481	315.930
1.2	Interest received from reserve deposits		16.345	-	9.990	-
1.3	Interest received from banks		21.110	13.853	14.896	5.685
1.4	Interest received from money market transactions		16.770	17.362	7.800	8.715
1.5	Interest received from marketable securities portfolio		40.119	24.146	20.095	13.664
1.5.1	Financial assets at fair value through profit or loss		1.332	932	424	420
1.5.2	Financial assets at fair value through other comprehensive income		21.319	13.241	10.939	6.626
1.5.3	Financial assets measured at amortized cost		17.468	9.973	8.732	6.618
1.6	Finance lease interest income		-	-	-	-
1.7	Other interest income	IV-k	167.286	112.607	95.130	49.821
II.	INTEREST EXPENSES (-)	IV-b	851.066	503.041	459.754	260.058
2.1	Interest on deposits		490.547	245.507	268.912	124.397
2.2	Interest on funds borrowed		73.691	104.190	33.279	53.166
2.3	Interest on money market transactions		1.776	4.762	549	2.582
2.4	Interest on securities issued		-	-	-	-
2.5	Finance lease interest expenses		5.972	4.799	3.053	2.424
2.6	Other interest expenses	IV-k	279.080	143.783	153.961	77.489
III.	NET INTEREST INCOME/EXPENSE (I - II)		229.156	286.248	123.638	133.757
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		13.413	20.157	7.241	10.608
4.1	Fees and commissions received		24.931	24.835	13.389	12.815
4.1.1	Non-cash loans		18.219	13.829	9.587	6.788
4.1.2	Other	IV-k	6.712	11.006	3.802	6.027
4.2	Fees and commissions paid (-)		11.518	4.678	6.148	2.207
4.2.1	Non-cash loans (-)		27	30	15	15
4.2.2	Other (-)	IV-k	11.491	4.648	6.133	2.192
V.	DIVIDEND INCOME		19	8	19	8
VI.	TRADING PROFIT/LOSS (Net)	IV-c	67.660	43.336	9.726	29.715
6.1	Profit/losses from capital market transactions		16.392	27.162	7.556	17.357
6.2	Profit/losses from derivative financial transactions		25.306	14.319	(6.300)	16.089
6.3	Foreign exchange profit/losses		25.962	1.855	8.470	(3.731)
VII.	OTHER OPERATING INCOME	IV-d	112.448	10.243	84.029	4.786
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		422.696	359.992	224.653	178.874
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-e	148.998	163.908	106.839	98.076
X.	OTHER PROVISION EXPENSES (-)	IV-e	-	67	-	67
XI.	PERSONNEL EXPENSES (-)		112.880	106.284	58.009	53.276
XII.	OTHER OPERATING EXPENSES (-)	IV-f	110.493	98.134	55.726	40.842
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		50.325	(8.401)	4.079	(13.387)
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED		-	-	-	-
XVI.	SUBSIDIARIES		28.160	9.245	14.241	942
XVII.	NET MONETARY POSITION GAIN/LOSS		-	-	-	-
XVIII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	IV-g	78.485	844	18.320	(12.445)
XIX.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-h	(2.586)	2.399	7.046	3.292
18.1	Current tax provision		-	17.240	-	17.240
18.2	Expense effect of deferred tax (+)		89.959	14.567	(28.073)	(19.444)
18.3	Income effect of deferred tax (-)		87.373	34.206	(21.027)	1.088
XX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVIII±XIX)		75.899	3.243	25.366	(9.153)
XXI.	INCOME FROM DISCONTINUED OPERATIONS	IV-i	-	-	-	-
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		-	-	-	-
XXII.	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		-	-	-	-
XXIII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)		-	-	-	-
XXIV.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1	Current tax provision		-	-	-	-
23.2	Expense effect of deferred tax (+)		-	-	-	-
23.3	Income effect of deferred tax (-)		-	-	-	-
XXV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXVI.	NET PROFIT/LOSS FOR THE PERIOD (XIX+XXV)	IV-j	75.899	3.243	25.366	(9.153)
	Profit / Loss per share (1.000 nominal in TL full)		0,442	0,021	0,148	(0,060)

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)

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED AS AT 30 JUNE 2021 AND 30 JUNE 2020

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Reviewed 01/01/2021 30/06/2021	Reviewed 01/01/2020 30/06/2020
I. CURRENT PERIOD PROFIT/LOSS	75.899	3.243
II. OTHER COMPREHENSIVE INCOME	46.741	16.755
2.1 Other comprehensive income not to be reclassified to profit or loss	-	-
2.1.1 Revaluation differences of tangible assets	-	-
2.1.2 Revaluation differences of intangible assets	-	-
2.1.3 Defined benefit plans re-measurement gains / loss	-	-
2.1.4 Other comprehensive income not to be reclassified to profit or loss	-	-
2.1.5 Income tax relating to components of other comprehensive income not to be reclassified to profit or loss	-	-
2.2 Other comprehensive income to be reclassified to profit or loss	46.741	16.755
2.2.1 Exchange differences on translation of foreign operations	-	(275)
2.2.2 Gains or losses on valuation and/or reclassification arising from financial assets at fair value through other comprehensive income	(8.851)	4.514
2.2.3 Gains or losses arising on cash flow hedges	67.278	17.319
2.2.4 Gains or losses arising on foreign net investment hedges	-	-
2.2.5 Other comprehensive income items 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	(11.686)	(4.803)
III. TOTAL COMPREHENSIVE INCOME (I+II)	122.640	19.998

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)

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other comprehensive income and expenses not to be reclassified to profit or loss			Other comprehensive income and expenses to be reclassified to profit or loss			Profit Reserves	Prior Period Profit / (Loss)	Current Period Net Income or Loss	Total Shareholders' Equity
						1	2	3	4	5	6				
Reviewed CURRENT PERIOD 30.06.2021	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves										
I. Prior Period End Balance	II-1	1.535.000	-	-	(736)	23.452	(5.496)	-	-	3.592	(10.237)	398.179	(273.697)	-	1.670.057
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1.535.000	-	-	(736)	23.452	(5.496)	-	-	3.592	(10.237)	398.179	(273.697)	-	1.670.057
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	(7.081)	53.822	-	-	75.899	122.640
V. Capital Increase in Cash		355.000	-	-	-	-	-	-	-	-	-	-	-	-	355.000
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain or Loss related to Other Changes		-	-	-	(1.796)	-	-	-	-	-	-	-	-	-	(1.796)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	(273.697)	273.697	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	(273.697)	273.697	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1.890.000	-	-	(2.532)	23.452	(5.496)	-	-	(3.489)	43.585	124.482	-	75.899	2.145.901

Descriptions;

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

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other comprehensive income and expenses not to be reclassified to profit or loss			Other comprehensive income and expenses to be reclassified to profit or loss			Profit Reserves	Prior Period Profit / (Loss)	Current Period Net Income or Loss	Total Shareholders' Equity
						1	2	3	4	5	6				
Reviewed PRIOR PERIOD 30.06.2020	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves										
I. Prior Period End Balance	II-1	1.535.000	-	-	(736)	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		-	-	-	-	1	-	-	(275)	3.521	13.508	-	-	3.243	19.998
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	20.714	(5.096)	-	5.474	1.125	(18.630)	398.179	-	3.243	1.939.273

Descriptions;

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

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

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

BURGAN BANK A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
AS OF 30 JUNE 2021 AND 30 JUNE 2020

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	Reviewed 30/06/2021	Reviewed 30/06/2020
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		320.431	445.832
1.1.1 Interest Received		1.123.251	870.102
1.1.2 Interest Paid		(877.699)	(444.408)
1.1.3 Dividend Received		19	8
1.1.4 Fees and Commissions Received		16.657	20.700
1.1.5 Other Income		-	-
1.1.6 Collections from Non-performing Loans Recognized as Loss		200.365	61.673
1.1.7 Payments to Personnel and Service Suppliers		(112.880)	(106.284)
1.1.8 Taxes Paid		(10.108)	(6.024)
1.1.9 Other		(19.174)	50.065
1.2 Changes in Operating Assets and Liabilities		(672.461)	(66.903)
1.2.1 Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss		63.141	(34.693)
1.2.2 Net (Increase)/Decrease in the Account of Banks		(189.947)	(60.587)
1.2.3 Net (Increase)/Decrease in Loans		(1.033.461)	(2.010.606)
1.2.4 Net (Increase)/Decrease in Other Assets		(597.208)	(479.901)
1.2.5 Net Increase/(Decrease) in Bank Deposits		74.774	145.739
1.2.6 Net Increase/(Decrease) in Other Deposits		2.485.932	576.470
1.2.7 Net Increase/(Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		37.683	-
1.2.8 Net Increase/(Decrease) in Funds Borrowed		(1.476.362)	1.325.346
1.2.9 Net Increase/(Decrease) in Payables Due		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		(37.013)	471.329
I. Net Cash Provided from Banking Operations		(352.030)	378.929
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		222.112	(207.395)
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 Movable and Immovable Properties		(6.644)	(5.488)
2.4 Disposals of Movable and Immovable Properties		186.988	25.301
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(19.466)	(237.946)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		124.639	178.512
2.7 Purchase of Financial Assets Measured at Amortized Cost		(228.699)	(167.774)
2.8 Sale of Financial Assets Measured at Amortized Cost		165.294	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		355.000	-
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		355.000	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		99.474	42.914
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		324.556	214.448
VI. Cash and Cash Equivalents at Beginning of the Period		1.876.967	2.187.746
VII. Cash and Cash Equivalents at end of the Period		2.201.523	2.402.194

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)

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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.

Additional paragraph for convenience translation into English:

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 30 June 2021, foreign currency denominated balances are translated into TL using the exchange rates of TL 8,6803 and TL 10,3249 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 30 June 2021 and 31 December 2020.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 30 June 2021, 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 TAS 39, 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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 accounts of profit or loss.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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):

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.

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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 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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

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

Stage 1:

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

Stage 2:

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

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized. The method is similar to the methodology applied for Stage 2 loans, but the probability of default is considered 100% in these calculations. In general the 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 criteria:

- Type of customer (calculations are made on separate models for corporate and commercial customers and retail customers).
- Internal rating scores (calculations are based on score points for retail customers and ratings for corporate and commercial customers).

The deterioration observed in the internal rating score between the drawdown date and the reporting date.

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill:

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

b. Other intangible assets:

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

The 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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 "IFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed, and lease transactions have started to be recognized under "Tangible Assets" as an asset (right 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 "IFRS 16 Leases" standard, which is among the new standards, amendments and interpretations effective from 1 January 2019, in accordance with the transition obligations of the related standard.

On 5 June 2020, the POA made some amendments in IFRS 16 "Leases" by publishing COVID-19 Related Rent Concessions – "Amendments to IFRS 16". Upon this amendment, lessees were granted the exemption to elect not to assess whether a COVID 19 related rent concession is a lease modification. The related amendment has had no material impact on the financial position or performance of the Bank.

IFRS 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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 (Continued):

Right-of-use asset:

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

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

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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 2021. 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 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. As of 30 June 2021, the corporate tax rate has been applied as 20% in the financial statements. In addition, as per the Article 11 of the Law No. 7316 on the Certain Amendments on the Law on the Collection of the Public Receivables and Certain Laws and and as per the temporary Article 13 of the Law No. 5520 on the "Corporate Tax Law" published in the Official Gazette dated 22 April 2021, the corporate tax rate of 20% has been increased to 25% for corporate income for the 2021 taxation period, and to 23% for corporate income for the 2022 taxation period as of 1 April 2021. In accordance with article 14 of the same law, the change in corporate tax rate is applicable to the taxation period from 1 January 2021 (for the institutions designated as a special accounting period, the accounting period starting from 1 January 2021) starting from the declarations that must be submitted as of 1 July 2021 and entering into force on 22 April 2021 to be valid for corporate earnings.

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

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

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

b. Deferred Tax:

The 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.

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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 “discounted 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:

Pursuant to Law No. 5746 on Supporting Research and Development Activities, there is an incentive of TL 3.061 received from TÜBİTAK until the balance sheet date (31 December 2020: TL 6.803).

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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.

	30 June 2021	30 June 2020
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	75.899	3.243
Weighted Average Number of Issued Ordinary Shares (Thousand)	171.544.199	153.500.000
Earnings/(Losses) Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)	0,442	0,021

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:

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 30 June 2021 Bank's total capital has been calculated as TL 4.486.735 (31 December 2020: TL 3.669.974) and the Capital adequacy ratio is 21,24% (31 December 2020: 18,85%).

Based on the regulation made by the BRSA on 23 March 2020, 8 December 2020 and 18 June 2021, due to the fluctuations in the financial markets as a result of the COVID-19 outbreak, in the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy; within monetary assets and non-monetary assets, excluding foreign currency items that are measured in terms of historical cost, when calculating the values of assets in accordance with Turkish Accounting Standards and the related specific provisions, if the revaluation differences of securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" which were acquired before 23 March 2020 with the average of the last 252 work days is negative, in accordance with the Communique related to Bank's Equity it has been permitted that these differences may not be included in the calculation of the equity amount which will be used in capital adequacy calculation.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

I. EXPLANATIONS ON EQUITY (Continued):

a. Information about total capital:

	Current Period 30 June 2021	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2020	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	1.890.000		1.535.000	
Share issue premiums	-		-	
Legal reserves	121.950		397.443	
Gains recognized in equity as per TAS	112.012		107.019	
Profit	75.899		-	
Current Period Profit	75.899		-	
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	2.199.861		2.039.462	
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	17.417		303.409	
Improvement costs for operating leasing	13.287		14.810	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	41.245	41.245	42.069	42.069
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	55.506		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	127.455		374.267	
Total Common Equity Tier 1 Capital	2.072.406		1.665.195	

(*) 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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

I. EXPLANATIONS ON EQUITY (Continued):

a. Information about total capital (Continued):

	Current Period 30 June 2021	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2020	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	434.015	-	370.970	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-	-	-
Additional Tier I Capital before Deductions	434.015	-	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 I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-	-	-
Total Deductions From Additional Tier I Capital	-	-	-	-
Total Additional Tier I Capital	434.015	-	370.970	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	2.506.421	-	2.036.165	-
TIER II CAPITAL				
Debt instruments and share issue premiums deemed suitable by the BRSA	1.736.060	-	1.409.686	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	244.284	-	224.149	-
Tier II Capital Before Deductions	1.980.344	-	1.633.835	-
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.	30	-	26	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
Total Deductions from Tier II Capital	30	-	26	-
Total Tier II Capital	1.980.314	-	1.633.809	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	4.486.735	-	3.669.974	-
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	-	-	-	-

(*)Under the scope of article 8 and 9 of Regulation on Equity of Banks, the effect of the tier 2 loans that were borrowed from Burgan Bank K.P.S.C on 6 December 2013 with a maturity of 4 December 2023 amounting to USD 50 million and tier 2 loan which was borrowed on 31 March 2016 with a maturity of 31 March 2026 amounting to USD 150 million, has decreased to USD 140 Million due to their maturity has decreased under 5 years. The bank has applied to BRSA in order to upgrade the terms of a new Tier 2 agreement with a 10 year maturity. It has been approved by the BRSA that amounting to USD 200 million tier 2 loan could be included in the tier 2 capital calculations with the decision as of 13 July 2021 and the approval no 19419.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

a. EXPLANATIONS ON EQUITY (Continued):

b. Information about total capital (Continued):

	Current Period 30 June 2021	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)
EQUITY				
Total Capital (Sum of Tier I and Tier II capital)	4.486.735		3.669.974	
Total Risk Weighted Amounts	21.126.003		19.464.794	
CAPITAL ADEQUACY RATIOS				
Core Capital Adequacy Ratio (%)	9,81		8,55	
Tier I Capital Adequacy Ratio (%)	11,86		10,46	
Capital Adequacy Ratio (%)	21,24		18,85	
BUFFERS				
Total buffer requirement (a+b+c)	2.533		2.558	
a. Capital conservation buffer requirement (%)	2,500		2,500	
b. Bank specific counter-cyclical buffer requirement (%)	0,033		0,058	
c. Systematic significant buffer (%)	-		-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	5,31		4,06	
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	230.874		162.049	
Limits related to provisions considered in Tier II calculation				
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	867.169		720.221	
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	244.284		224.149	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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)	434.015	1.302.045	434.015
Nominal value of debt instrument (Thousands USD)	50.000	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	Perpetual
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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

**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
EQUITY ITEMS		
Common Equity Tier 1 Capital	2.072.406	2.039.352
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	2.039.352	2.039.352
Tier 1 Capital	2.506.421	2.473.367
Tier 1 Capital Without the Implementation of the Transition Process	2.473.367	2.473.367
Equity	4.486.735	4.453.681
Equity Without the Implementation of the Transition Process	4.453.681	4.453.681
TOTAL RISK WEIGHTED AMOUNTS		
Total Risk Weighted Amounts	21.126.003	21.126.003
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	9,81	9,65
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	9,65	9,65
Tier 1 Capital Adequacy Ratio (%)	11,86	11,71
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	11,71	11,71
Capital Adequacy Ratio (%)	21,24	21,08
Capital Adequacy Ratio Without the Implementation of the Transition Process	21,08	21,08
LEVERAGE RATIO		
Leverage Ratio Total Risk Amount	34.519.043	34.519.043
Leverage Ratio (%)	7,26	7,17
Leverage Ratio Without the Implementation of the Transition Process	7,17	7,17

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 RISK MANAGEMENT:

Overview of RWA

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

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

		Risk Weighted Amounts		Minimum
		Current Period	Prior Period	Capital Liability
		30 June 2021	31 December 2020	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	19.042.883	17.403.946	1.523.431
2	Standardised approach (SA)	19.042.883	17.403.946	1.523.431
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	499.843	527.962	39.987
5	Standardised approach for counterparty credit risk (SACCR)	499.843	527.962	39.987
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	148.536	220.164	11.883
17	Standardised approach (SA)	148.536	220.164	11.883
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	1.434.741	1.312.722	114.779
20	Basic indicator approach	1.434.741	1.312.722	114.779
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)	21.126.003	19.464.794	1.690.080

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 RISK MANAGEMENT (Continued):

1. Credit Quality of Assets:

		Gross carrying values of as per TAS		Allowances/depreciation and impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	1.893.997	16.537.175	1.594.817	16.836.355
2	Debt Securities	-	974.011	7	974.004
3	Off-balance sheet receivables	42.406	6.643.012	22.334	6.663.084
4	Total	1.936.403	24.154.198	1.617.158	24.473.443

2. Changes in Stock of Defaulted Loans and Debt Securities:

1	Defaulted loans and debt securities at the end of the previous reporting period	1.900.535
2	Loans and debt securities that have defaulted since the last reporting period	251.664
3	Returned to non-defaulted status	-
4	Amounts written off (-)	15.431
5	Other changes	(200.365)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	1.936.403

3. 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
1	Loans	17.400.617	4.912.409	3.340.781	-	-	-	-
2	Debt securities	974.004	-	-	-	-	-	-
3	Total	18.374.621	4.912.409	3.340.781	-	-	-	-
4	Defaulted	1.083.935	100.866	100.735	-	-	-	-

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 RISK MANAGEMENT (Continued):

4. Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects:

	Exposure Categories	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Receivables from central governments or central banks	3.639.984	-	4.038.173	-	-	-
2	Receivables from regional governments or local authorities	316.226	-	187.837	-	93.919	50,0%
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	42.056	-	42.056	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and intermediary institutions	752.053	682.607	880.441	627.047	626.222	41,5%
7	Receivables from corporates	10.856.112	5.256.897	10.597.527	3.336.420	12.813.650	92,0%
8	Retail exposures	145.521	49.903	145.521	11.459	112.424	71,6%
9	Exposures secured by residential property	474.072	17.014	462.846	7.204	163.753	34,8%
10	Exposures secured by commercial real estate	3.580.833	25.525	3.549.590	15.865	2.495.685	70,0%
11	Past-due loans	1.155.733	-	1.071.933	-	1.077.853	100,6%
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	2.235.253	-	2.235.253	-	1.659.377	74,2%
17	Equity Investment	-	-	-	-	-	-
18	Total	23.155.787	6.074.002	23.169.121	4.040.051	19.042.883	70,0%

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 RISK MANAGEMENT (Continued):

5. Standardised Approach – Exposures by Asset Classes and Risk Weights:

		0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to central governments or central banks	4.038.173	-	-	-	-	-	-	-	-	4.038.173
2	Exposures to regional governments or local authorities	-	-	-	-	187.837	-	-	-	-	187.837
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	42.056	-	-	-	-	-	-	-	-	42.056
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	449.134	-	1.043.918	-	14.436	-	-	1.507.488
7	Exposures to corporates	180.461	-	903.853	-	433.469	-	12.416.147	17	-	13.933.947
8	Retail exposures	4.924	-	2.944	-	-	149.112	-	-	-	156.980
9	Exposures secured by residential property	2.174	-	25	467.851	-	-	-	-	-	470.050
10	Exposures secured by commercial real estate	5.615	-	3.895	-	2.122.078	-	1.433.867	-	-	3.565.455
11	Past-due loans	-	-	-	-	37.237	-	985.619	49.077	-	1.071.933
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	575.876	-	-	-	-	-	1.659.377	-	-	2.235.253
18	Total	4.849.279	-	1.359.851	467.851	3.824.539	149.112	16.509.446	49.094	-	27.209.172

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 RISK MANAGEMENT (Continued):

6. 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
1	Standart Approach-CCR (for derivatives)	-	-	-	-	-	-
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)	-	-	-	-	1.228.373	442.664
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	-	-	-	-	1.228.373	442.664

7. Credit Valuation Adjustment (CVA) Capital Charge:

		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	1.228.373	138.468
4	Total amount of CVA capital adequacy	1.228.373	138.468

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 RISK MANAGEMENT (Continued):

8. Standardised Approach – CCR Exposures by Regulatory Portfolio and Risk Weights:

Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Risk Classes	33.026	-	40.021	-	-	-	-	-	73.047
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	47	-	-	47
Administrative and non-commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	137.188	-	626.642	282.024	-	-	-	-	1.045.854
Banks and Intermediary Institutions receivables	1.600	-	7.091	32.013	-	68.378	16	-	109.098
Corporate receivables	-	-	-	-	327	-	-	-	327
Retail receivables	-	-	-	-	-	-	-	-	-
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	171.814	-	673.754	314.037	327	68.425	16	-	1.228.373

9. Composition of Collateral for CCR Exposure:

	Collaterals for Derivatives Transactions				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – Local Currency	-	-	-	-	41.622	-
Cash – Foreign Currency	-	-	-	-	137.187	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
Total	-	-	-	-	178.809	-

10. Cash Derivatives: None.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 RISK MANAGEMENT (Continued):

11. Risks to Central Counterparty:

There is a minimal CCP risk exposure due to the future transactions carried out by the Bank in Takasbank market.

30 June 2021		Exposure at default (post-CRM)	RWA
1	Total Exposure to Qualified Central Counterparties (QCCPs)	-	910
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	-	-

12. Securitization Disclosures: None.

13. Market Risk under Standardised Approach:

		RAT
	Outright products	
1	Interest rate risk (general and specific)	87.788
2	Equity risk (general and specific)	-
3	Foreign exchange risk	60.043
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	705
7	Scenario approach	-
8	Securitisation	-
9	Total	148.536

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

III. 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:

	EURO		USD	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Bid Rate	TL 10,3249	TL 9,1164	TL 8,6803	TL 7,4194
1. Day Bid Rate	TL 10,3249	TL 9,1164	TL 8,6803	TL 7,4194
2. Day Bid Rate	TL 10,3645	TL 9,0079	TL 8,7052	TL 7,3405
3. Day Bid Rate	TL 10,4077	TL 9,0697	TL 8,7219	TL 7,4063
4. Day Bid Rate	TL 10,3646	TL 9,1370	TL 8,6772	TL 7,4738
5. Day Bid Rate	TL 10,3356	TL 9,2037	TL 8,6593	TL 7,5517

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:

	EURO		USD	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Arithmetic average - 30 days	TL 10,3617	TL 9,3887	TL 8,6022	TL 7,7095

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

III. EXPLANATIONS ON CURRENCY RISK (Continued):

Information on currency risk of the Bank:

	Euro	USD	Other FC	Total
30 June 2021				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.284.289	1.841.388	47.990	3.173.667
Due From Banks	19.712	311.650	10.047	341.409
Financial Assets at Fair Value Through Profit or Loss (*)	39.766	33.674	16	73.456
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	22.111	8.460	-	30.571
Loans (*)	7.160.914	2.194.057	-	9.354.971
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	169.341	501.605	-	670.946
Hedging Derivative Financial Assets	2.650	8.590	-	11.240
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	831	532	-	1.363
Total Assets (*)	8.699.614	4.899.956	58.053	13.657.623
Liabilities				
Bank Deposits	137.083	74.384	27	211.494
Foreign Currency Deposits	4.833.877	5.134.551	370.013	10.338.441
Funds From Interbank Money Market	-	137.187	-	137.187
Funds Borrowed From Other Financial Institutions	26.381	3.983.356	-	4.009.737
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	505.153	352.206	41.244	898.603
Hedging Derivative Financial Liabilities	3.683	36.657	-	40.340
Other Liabilities	26.097	35.682	4.709	66.488
Total Liabilities (*)	5.532.274	9.754.023	415.993	15.702.290
Net On-balance Sheet Position	3.167.340	(4.854.067)	(357.940)	(2.044.667)
Net Off-balance Sheet Position	(2.601.333)	4.751.605	362.299	2.512.571
Financial Derivative Assets	3.981.736	10.396.923	597.056	14.975.715
Financial Derivative Liabilities	6.583.069	5.645.318	234.757	12.463.144
Non-Cash Loans (**)	1.988.135	2.797.529	216.192	5.001.856
31 December 2020				
Total Assets (*)	8.738.478	5.212.669	38.916	13.990.063
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

(*) 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 121.012 (31 December 2020: TL 133.622) classified as Turkish Lira assets in the 30 June 2021 financial statements are added to the table above. Furthermore, in foreign currency assets “Income Accruals of Derivative Financial Instruments” amounting to TL 92.316 (31 December 2020: TL 68.720) and “Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 713.200 (31 December 2020: TL 617.880), in foreign currency liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 61.257 (31 December 2020: TL 143.555) and “Non-cash Loans Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 6.653 (31 December 2020: TL 56.452) and “Marketable Securities Valuation Reserve” with “Hedging Derivative Financials” amounting to TL (12.607) (31 December 2020: TL (19.083)) are not included in the table above.

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

IV. 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):

30 June 2021	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	329.037	-	-	-	-	3.213.941	3.542.978
Due From Banks	389.818	-	-	-	-	183.508	573.326
Financial Assets at Fair Value Through Profit/Loss (*)	221.195	163.802	693.960	50.474	7.488	-	1.136.919
Interbank Money Market Placements	40.021	-	-	-	-	-	40.021
Financial Assets at Fair Value Through Other Comprehensive Income	-	75.485	20.696	172.453	16.339	7.674	292.647
Loans	10.255.010	772.984	2.580.734	1.581.254	490.648	1.155.732	16.836.362
Financial Assets Measured at Amortized Cost	-	-	-	583.816	87.123	-	670.939
Other Assets	-	-	-	-	-	1.787.818	1.787.818
Total Assets	11.235.081	1.012.271	3.295.390	2.387.997	601.598	6.348.673	24.881.010
Liabilities							
Bank Deposits	112.387	-	82.658	-	-	16.795	211.840
Other Deposits	9.886.526	3.544.163	716.626	24.197	-	2.119.641	16.291.153
Funds From Money Market	2.111	-	-	136.677	-	-	138.788
Miscellaneous Payables	-	-	-	-	-	1.079.596	1.079.596
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	481.651	2.114.880	1.010.078	520	-	434.015	4.041.144
Other Liabilities (*) (**)	106.828	128.097	137.907	103.041	230	2.642.386	3.118.489
Total Liabilities	10.589.503	5.787.140	1.947.269	264.435	230	6.292.433	24.881.010
Balance Sheet Long Position	645.578	-	1.348.121	2.123.562	601.368	56.240	4.774.869
Balance Sheet Short Position	-	(4.774.869)	-	-	-	-	(4.774.869)
Off-balance Sheet Long Position	1.565.291	1.000.488	1.200.274	-	-	-	3.766.053
Off-balance Sheet Short Position	-	-	-	(2.757.441)	(60.762)	-	(2.818.203)
Total Position	2.210.869	(3.774.381)	2.548.395	(633.879)	540.606	56.240	947.850

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 1.118.827 and other liabilities includes hedging derivative financial liabilities amounting to TL 392.573 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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

IV. 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 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	37.096	72.991	-	-	-	26.979	137.066
Other Deposits	8.850.589	3.620.616	376.105	12.550	-	945.361	13.805.221
Funds From Interbank Money Market	4.595	237.974	-	-	-	-	242.569
Miscellaneous Payables	-	-	-	-	-	624.929	624.929
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	116.177	4.131.558	1.258.721	-	-	-	5.506.456
Other Liabilities (*) (**)	181.716	186.421	113.895	133.082	14.579	2.177.713	2.807.406
Total Liabilities	9.190.173	8.249.560	1.748.721	145.632	14.579	3.774.982	23.123.647
Balance Sheet Long Position	-	-	1.720.214	1.744.560	579.993	2.046.591	6.091.358
Balance Sheet Short Position	(930.288)	(5.161.070)	-	-	-	-	(6.091.358)
Off-balance Sheet Long Position	847.970	615.686	987.303	-	-	-	2.450.959
Off-balance Sheet Short Position	-	-	-	(1.954.904)	(14.839)	-	(1.969.743)
Total Position	(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 840,131 and other liabilities includes hedging derivative financial liabilities amounting to TL 554,819 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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

IV. 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.

30 June 2021	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	-	-	-	13,50
Due From Banks	-	0,19	-	18,60
Financial Assets at Fair Value Through Profit/Loss	4,88	6,26	-	11,61
Interbank Money Market Placements	-	-	-	16,43
Financial Assets at Fair Value Through Other Comprehensive Income	3,38	5,88	-	16,76
Loans	5,41	5,74	-	20,41
Financial Assets Measured at Amortized Cost	3,43	6,69	-	-
Liabilities				
Bank Deposits	0,76	0,16	-	-
Other Deposits (*)	1,09	1,50	-	15,76
Funds From Interbank Money Market	-	1,18	-	14,88
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,45	2,65	-	13,61

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

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	-	0,09	-	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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

IV. 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. TL	+500 bp	(8.909)	(0,2)%
2. TL	-400 bp	7.712	0,2%
3. EURO	+200 bp	(43.098)	(1,0)%
4. EURO	-200 bp	(6.043)	(0,1)%
5. USD	+200 bp	(31.909)	(0,7)%
6. USD	-200 bp	24.555	0,6%
Total (For Negative Shocks)		26.224	0,6%
Total (For Positive Shocks)		(83.916)	(1,9)%

V. EXPLANATIONS ON SHARE CERTIFICATE POSITION RISK:

None.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

VI. 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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

VI. 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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

Liquidity Coverage Ratio:

30 June 2021	Unweighted Amounts (*)		Weighted Amounts (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS			4.410.198	3.657.301
1 High Quality Liquid Assets				
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	11.514.640	7.143.474	1.093.352	714.347
3 Stable deposits	1.162.236	-	58.112	-
4 Less stable deposits	10.352.404	7.143.474	1.035.240	714.347
5 Unsecured Funding other than Retail and Small Business Customers Deposits	4.012.132	3.131.286	1.978.641	1.522.209
6 Operational deposits	1.439.565	1.166.874	359.891	291.719
7 Non-Operational Deposits	1.925.325	1.554.470	971.508	820.548
8 Other Unsecured Funding	647.242	409.942	647.242	409.942
9 Secured funding	-	-	-	-
10 Other cash outflows	472.680	640.976	472.680	640.976
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	472.680	640.976	472.680	640.976
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	5.998.741	4.817.073	839.234	661.931
16 TOTAL CASH OUTFLOWS			4.383.907	3.539.463
CASH INFLOWS				
17 Secured lending transactions	-	-	-	-
18 Unsecured lending transactions	2.747.362	1.057.619	1.986.049	777.948
19 Other contractual cash inflows	68.318	383.336	68.318	383.336
20 TOTAL CASH INFLOWS	2.815.680	1.440.955	2.054.367	1.161.284
			Upper Limit Applied Values	
21 TOTAL HIGH QUALITY LIQUID ASSETS			4.410.198	3.657.301
22 TOTAL NET CASH OUTFLOWS			2.329.540	2.378.179
23 LIQUIDITY COVERAGE RATIO (%)			189,32	153,79

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

VI. 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 66% and securities issued by Undersecretariat of Treasury at a ratio of 19%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 22%, 38% and 18% respectively.

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

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

Date	FC	FC + TL
30 June 2021	467.769	467.769

Liquidity coverage rates are calculated weekly for unconsolidated basis and monthly for consolidated basis as of 31 December 2015 in accordance with the “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage rates must be at least 80% for foreign currency assets and liabilities and at least 100% in total assets and liabilities for the period 30 June 2021. 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 (%)	257,31%	228,77%	104,09%	148,26%
Week	14.06.2021	14.06.2021	10.05.2021	10.05.2021

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

Breakdown of assets and liabilities according to their outstanding maturities:

30 June 2021	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	1.623.803	1.919.175	-	-	-	-	-	3.542.978
Due From Banks	183.508	389.818	-	-	-	-	-	573.326
Financial Assets at Fair Value Through Profit or Loss (*)	-	130.454	152.948	580.248	264.048	9.221	-	1.136.919
Interbank Money Market Placements	-	40.021	-	-	-	-	-	40.021
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	75.485	20.696	172.453	16.339	7.674	292.647
Loans	-	3.576.913	2.398.715	2.920.456	4.522.085	2.262.461	1.155.732	16.836.362
Financial Assets Measured at Amortized Cost	-	-	-	-	583.816	87.123	-	670.939
Other Assets (**)	-	94.652	-	27.766	81.303	-	1.584.097	1.787.818
Total Assets	1.807.311	6.151.033	2.627.148	3.549.166	5.623.705	2.375.144	2.747.503	24.881.010
Liabilities								
Bank Deposits	16.795	112.387	-	82.658	-	-	-	211.840
Other Deposits	2.119.641	9.886.526	3.544.163	716.626	24.197	-	-	16.291.153
Funds Borrowed From Other Financial Institutions	-	481.651	377.743	1.010.078	1.737.657	434.015	-	4.041.144
Funds From Interbank Money Market	-	2.111	-	-	136.677	-	-	138.788
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	25.311	-	-	-	-	1.054.285	1.079.596
Other Liabilities (*) (***)	-	264.290	29.573	147.177	231.443	230	2.445.776	3.118.489
Total Liabilities	2.136.436	10.772.276	3.951.479	1.956.539	2.129.974	434.245	3.500.061	24.881.010
Net Liquidity Gap	(329.125)	(4.621.243)	(1.324.331)	1.592.627	3.493.731	1.940.899	(752.558)	-
Net Off-balance sheet Position	-	239.611	146.636	238.779	52.891	(3.148)	-	674.769
Financial Derivative Assets	-	8.622.947	2.782.908	1.553.556	2.736.903	308	-	15.696.622
Financial Derivative Liabilities	-	(8.383.336)	(2.636.272)	(1.314.777)	(2.684.012)	(3.456)	-	(15.021.853)
Non-cash Loans	-	4.438.368	547.750	967.395	314.197	4.651	-	6.272.361
31 December 2020								
Total Assets	1.567.840	4.823.782	2.918.240	3.307.217	6.010.198	2.006.329	2.490.041	23.123.647
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	595.500	(4.479.176)	(1.909.502)	754.589	4.339.637	864.064	(165.112)	-
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

(*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 1.118.827 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 392.573.

(**) 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 UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

VII. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 30 June 2021, leverage ratio of the Bank calculated from the arithmetic average of the three months is 7,26% (31 December 2020: 6,33%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in balance sheet and off-balance sheet assets.

Disclosure of leverage ratio template:

	30 June 2021 (*)	30 June 2020 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	24.692.399	23.957.801
(Assets deducted from Core capital)	55.618	51.190
Total risk amount of balance sheet assets	24.636.781	23.906.611
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	914.904	658.232
Potential credit risk amount of derivative financial assets and credit derivatives	164.568	164.521
Total risk amount of derivative financial assets and credit derivatives	1.079.472	822.753
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	8.802.790	6.786.223
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	8.802.790	6.786.223
Capital and total risk		
Core Capital	2.504.342	1.993.273
Total risk amount	34.519.043	31.515.587
Leverage ratio		
Leverage ratio	7,26%	6,33%

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 30 June 2021, The Bank applies cash flow hedge accounting using interest swaps to hedge its FC deposits with an average maturity up to 3 months against interest rate fluctuations. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, 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 748.026 (31 December 2020: TL 554.469) and derivative financial payables of which carrying amount is TL 107.517 (31 December 2020: TL 94.972), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value income amounting to TL 53.822 (31 December 2020: TL 21.901 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2020: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments Fair Value		Hedging Funds (*)	Ineffective Part Accounted in the Statement of Profit or Loss(Net)
			Assets	Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	747.388	97.720	57.751	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	638	9.797	(14.166)	-

(*) Includes TAS 27 impacts and describes after tax amounts.

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

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

X. EXPLANATIONS ON OPERATING SEGMENTS:

The Bank manages its banking operations through three main business units; Retail banking, corporate and commercial banking and treasury.

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

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

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

Stated balance sheet and income statement items based on operating segments

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

	Retail Bank	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Bank
30 June 2021					
Net Interest Income	69.691	189.394	(29.929)	-	229.156
Net Fees and Comissions	(5)	13.418	-	-	13.413
Trading Profit/Loss	14.568	2.264	50.828	-	67.660
Other Operating Income	(44)	112.492	-	-	112.448
Operating Income	84.210	317.568	20.899	-	422.677
Operating Costs (-)	52.557	232.077	23.158	64.579	372.371
Net Operating Income	31.653	85.491	(2.259)	(64.579)	50.306
Dividend Income	-	-	-	19	19
Income/Loss from subsidiaries based on equity method	-	-	-	28.160	28.160
Profit Before Tax	31.653	85.491	(2.259)	(36.400)	78.485
Tax Provisions (-)	6.331	17.098	(452)	(20.391)	2.586
Net Profit/Loss	25.322	68.393	(1.807)	(16.009)	75.899
Segment Assets	1.876.861	17.076.409	4.139.922	-	23.093.192
Investments in associates, subsidiaries and joint ventures	-	-	-	591.989	591.989
Unallocated Assets	-	-	-	1.195.829	1.195.829
Total Assets	1.876.861	17.076.409	4.083.225	1.844.515	24.881.010
Segments Liabilities	12.164.460	4.135.529	4.784.358	1.650.762	22.735.109
Unclassified Liabilities	-	-	-	2.145.901	2.145.901
Total Liabilities	12.164.460	4.135.529	4.784.358	3.796.663	24.881.010

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

X. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

30 June 2020	Retail Bank	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Bank
Net Interest Income	49.759	202.971	33.518	-	286.248
Net Fees and Comissions	2.088	18.069	-	-	20.157
Commercial Profit/Loss	14.359	1.463	27.514	-	43.336
Other Operating Income	1.061	9.182	-	-	10.243
Operating Income	67.267	231.685	61.032	-	359.984
Operating Costs (-)	45.704	229.492	18.370	74.827	368.393
Net Operating Income	21.563	2.193	42.662	(74.827)	(8.409)
Dividend Income	-	-	-	8	8
Income/Loss from subsidiaries based on equity method	-	-	-	9.245	9.245
Profit Before Tax	21.563	2.193	42.662	(65.574)	844
Tax Provisions (-)	4.744	483	9.386	(17.012)	(2.399)
Net Profit / Loss	16.819	1.710	33.276	(48.562)	3.243
Segment Assets	1.876.080	16.039.165	3.751.459	-	21.666.704
Investments in associates, subsidiaries and joint ventures	-	-	-	548.560	548.560
Unallocated Assets	-	-	-	908.383	908.383
Total Assets	1.876.080	16.039.165	3.751.459	1.456.943	23.123.647
Segments Liabilities	11.307.269	2.435.085	6.440.907	1.270.329	21.453.590
Unclassified Liabilities	-	-	-	1.670.057	1.670.057
Total Liabilities	11.307.269	2.435.085	6.440.907	2.940.386	23.123.647

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Cash/Foreign currency	21.188	624.091	18.805	376.722
CBRT	348.123	2.532.958	217.995	2.637.422
Other	-	16.618	-	19.637
Total	369.311	3.173.667	236.800	3.033.781

2. Information on the account of the CBRT:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Demand Unrestricted Amount	348.123	952.815	217.995	915.591
Time Unrestricted Amount	-	-	-	136.746
Time Restricted Amount	-	1.580.143	-	1.585.085
Total	348.123	2.532.958	217.995	2.637.422

3. Information on reserve requirements:

In accordance with the “Communiqué Regarding Reserve Requirements” No. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the “Communiqué Regarding Reserve Requirements”, reserve requirements in CBRT can be maintained as TL, USD, EUR and standard gold. As of 19 September 2019, interest on foreign currency reserve deposits is not paid. As for Turkish lira denominated required reserves, 13,5%.

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 30 June 2021, there are no assets given as collateral/blocked to financial assets at fair value through profit or loss (31 December 2020: None).

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

c. Information on banks:

1. Information on banks:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Banks				
Domestic	231.942	134.550	15.528	3.713
Foreign	-	206.859	-	244.199
Headquarters and Branches Abroad	-	-	-	-
Total	231.942	341.409	15.528	247.912

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 30 June 2021, there are TL 111.773 financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2020: TL 58.080).

2. Financial assets at fair value through other comprehensive income subject to repo transactions:

As of 30 June 2021, there are TL 1.613 financial assets at fair value through other comprehensive income subject to repurchase agreements (31 December 2020: TL 3.711).

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

	30 June 2021	31 December 2020
Debt Securities	287.602	400.296
Quoted on Stock Exchange	287.602	400.296
Not Quoted	-	-
Share Certificates	7.674	7.674
Quoted on Stock Exchange	-	-
Not Quoted	7.674	7.674
Impairment Provision (-)	2.629	956
Total	292.647	407.014

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

e. Explanations on loans:

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

	30 June 2021		31 December 2020	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	9.701	-	12.944
Corporate Shareholders	-	9.701	-	12.944
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	3.924	-	4.238	-
Total	3.924	9.701	4.238	12.944

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	
			Loans and Receivables with Revised Contract Terms	Re-finance
Cash Loans				
Non-Specialized Loans	13.556.864	1.247.307	1.733.004	-
Loans given to enterprises	-	-	-	-
Export Loans	498.682	787	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.625.950	-	-	-
Consumer Loans	195.992	5.664	7.250	-
Credit Cards	-	-	-	-
Other	11.236.240	1.240.856	1.725.754	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	13.556.864	1.247.307	1.733.004	-

ii.

	Standard Loans	Loans Under Close Monitoring
General Provisions (*)	32.338	824.214
12 Month Expected Credit Losses	32.338	-
Significant Increase in Credit Risk	-	824.214

(*) Non-cash loan provisions are included in the table.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

e. Explanations on loans (Continued):

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

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	10.261	184.313	194.574
Real estate loans		48.669	48.669
Automotive loans	172	2.616	2.788
Consumer loans	10.089	133.028	143.117
Other			
Consumer Loans-FC Indexed			
Real estate loans			
Automotive loans			
Consumer loans			
Other			
Consumer Loans-FC		5.371	5.371
Real estate loans		5.371	5.371
Automotive loans			
Consumer loans			
Other			
Individual Credit Cards-TL			
With installments			
Without installments			
Individual Credit Cards-FC			
With installments			
Without installments			
Personnel Loans-TL	330	3.594	3.924
Real estate loans			
Automotive loans			
Consumer loans	330	3.594	3.924
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)	5.037		5.037
Credit Deposit Account-FC (Real Person)			
Total	15.628	193.278	208.906

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	512.731	1.172.692	1.685.423
Real estate Loans	-	-	-
Automotive Loans	-	735	735
Consumer Loans	512.731	1.171.957	1.684.688
Other	-	-	-
Commercial Installments Loans-FC Indexed	-	83.669	83.669
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	83.669	83.669
Other	-	-	-
Commercial Installments Loans-FC	6.341	7.291.515	7.297.856
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	6.341	7.291.515	7.297.856
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Corporate Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-TL (Legal Person)	7.551	-	7.551
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	526.623	8.547.876	9.074.499

5. Loans according to types of borrowers:

	30 June 2021	31 December 2020
Public	160.747	182.698
Private	16.376.428	15.468.043
Total	16.537.175	15.650.741

6. Distribution of domestic and foreign loans:

	30 June 2021	31 December 2020
Domestic Loans	16.536.714	15.650.276
Foreign Loans	461	465
Total	16.537.175	15.650.741

7. Loans given to associates and subsidiaries:

None (31 December 2020: None).

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

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

	30 June 2021	31 December 2020
Loans with Limited Collectability	6.454	98.377
Loans with Doubtful Collectability	178.170	294.996
Uncollectible Loans	553.641	276.291
Total	738.265	669.664

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

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
30 June 2021			
Gross amounts before the Provisions	-	-	-
Restructured Loans	-	2.426	17.674
31 December 2020			
Gross amounts before the Provisions	-	-	-
Restructured Loans	-	-	21.343

- ii. Information on the movement of total non-performing loans:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Prior Period End Balance	223.439	782.901	865.138
Additions (+)	220.247	9.313	8.755
Transfers from Other Categories of Non-performing Loans (+)	-	424.464	655.476
Transfers to Other Categories of Non-performing Loans (-)	424.464	655.476	-
Collections (-)	5.985	143.127	51.253
Write-offs (-)	-	-	15.431
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	13.237	418.075	1.462.685
Specific Provision (-)	6.454	178.170	553.641
Net Balance on Balance Sheet	6.783	239.905	909.044

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

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

iii. Information on non-performing loans granted as foreign currency loans:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
30 June 2021			
Period-End Balance	-	381.064	844.652
Specific Provision (-)	-	164.711	357.574
Net Balance on balance sheet	-	216.353	487.078
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

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
30 June 2021			
Current Period (Net)	6.783	239.905	909.044
Loans Given to Real Persons and Legal Persons (Gross)	13.237	418.075	1.462.685
Provision Amount (-)	6.454	178.170	553.641
Loans Given to Real Persons and Legal Persons (Net)	6.783	239.905	909.044
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-
Prior 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)	-	-	-

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

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

- v. 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:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	97	7.885	86.200
Interest Accruals and Valuation Differences	165	14.803	154.101
Provision Amount (-)	68	6.918	67.901
Prior 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

10. 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.

11. Explanations of the write-off policy:

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

11. Explanations of the write-off policy (Continued):

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

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

f. Information on financial assets measured at amortized cost:

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

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	179.304	-	304.621
Other	-	-	-	-
Total	-	179.304	-	304.621

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

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	242.858	-	205.782
Other	-	-	-	-
Total	-	242.858	-	205.782

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

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Government Bond	670.946	-	510.403	-
Treasury Bond	-	-	-	-
Other Public Debt Securities	-	-	-	-
Total	670.946	-	510.403	-

4. Information on financial assets measured at amortized cost:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Debt securities	670.946	-	510.403	-
Publicly-traded	670.946	-	510.403	-
Not publicly-traded	-	-	-	-
Provision for impairment (-)	-	-	-	-
Total	670.946	-	510.403	-

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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:

	30 June 2021	31 December 2020
Opening balance	510.403	262.923
Foreign exchange differences in monetary assets	97.138	79.706
Purchases during the year	228.699	167.774
Disposals through Sales and Redemptions	165.294	-
Value decrease equivalent (-)	-	-
Period end balance	670.946	510.403

h. Information on associates (Net):

None (31 December 2020: None).

i. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

None (31 December 2020: None).

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

None (31 December 2020: 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.	İstanbul/Türkiye	İstanbul/Turkey	0,01
2	Burgan Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	İstanbul/Turkey	-

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	4.033.471	426.643	489.585	199.798	-	18.020	6.991	-
2	209.132	165.431	4.708	15.394	5	10.140	2.254	-

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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:

	30 June 2021	31 December 2020
Balance at the beginning of the Period	31 December 2020	523.728
Movements during the Period	43.429	24.832
Purchases	-	-
Bonus Shares Obtained	-	-
Dividends from Current Year Income (*)	28.160	31.299
Sales	-	-
Revaluation Increase/Decrease (*)	15.269	(6.467)
Impairment Provision	-	-
Balance at the end of the Period	591.989	548.560
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.

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

Subsidiaries	30 June 2021	31 December 2020
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	503.634	470.345
Finance Companies	-	-
Other Financial Subsidiaries	88.355	78.215
Total	591.989	548.560

7. Subsidiaries quoted on stock exchange:

None (31 December 2020: None).

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

None (31 December 2020: None).

k. Information on lease receivables (net):

None (31 December 2020: None).

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Forward Transactions	2.395	2.699	2.441	4.879
Swap Transactions	219.548	140.170	143.179	132.365
Futures Transactions	1.614	-	-	-
Options	607	3.768	1.162	1.636
Other	-	-	-	-
Total	224.164	146.637	146.782	138.880

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

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	735.048	12.978	553.532	937
Foreign Net Investment Hedge	-	-	-	-
Total	735.048	12.978	553.532	937

m. Information on investment property:

None (31 December 2020: None).

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

n. Information on deferred tax asset:

As of 30 June 2021, Bank has netted-off the calculated deferred tax asset of TL 232.245 (31 December 2020: TL 162.492) and deferred tax liability of TL 150.943 (31 December 2020: TL 70.735) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 81.302 (31 December 2020: TL 91.757 net deferred tax assets) in the financial statements.

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

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Carried Financial Loss	221.989	-	44.397	-
Provision for Legal Cases	9.235	8.939	1.847	1.788
Provision for Expected Credit Losses	875.836	749.547	175.167	149.909
Reserve for Employee Rights	31.370	25.604	6.274	5.121
Unearned Revenue	22.796	28.370	4.560	5.674
Other	-	-	-	-
Deferred Tax Assets	1.161.226	812.460	232.245	162.492
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	14.814	40.138	357	5.422
Valuation Differences of Derivative Instruments	746.072	318.663	149.215	63.733
Other	6.854	7.901	1.371	1.580
Deferred Tax Liabilities	767.740	366.702	150.943	70.735
Deferred Tax Assets/(Liabilities) (Net)			81.302	91.757

Movement of deferred tax asset/liabilities is presented below:

	30 June 2021	31 December 2020
Balance as of 1 January	91.757	44.480
Current year deferred tax income/(expense), net	(2.586)	61.521
Deferred tax charged to equity, net (*)	(7.869)	(14.244)
Balance at the End of the Period	81.302	91.757

(*) Deferred tax accounted in equity due to the effects of TAS 27 amounts to TL 3.817.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

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

The Bank has assets held for resale amounting to TL 705.470 (31 December 2019: TL 495.818) and has no discontinued operations.

Prior Period	30 June 2021	31 December 2020
Cost	496.182	408.604
Accumulated Depreciation (-)	364	428
Net Book Value	495.818	408.176
Current Period		
Net book value at beginning of the period	495.818	408.176
Additions	297.806	172.268
Disposals (-), net	88.154	84.260
Impairment (-)	-	366
Depreciation (-)	-	-
Cost	705.828	496.182
Accumulated Depreciation (-)	358	364
Closing Net Book Value	705.470	495.818

p. Information on other assets:

Other assets amount to TL 230.252 (31 December 2020: TL 140.264) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

**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. 30 June 2021:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	59.189	-	669.669	2.688.664	243.316	193.344	486.068	-	4.340.250
Foreign Currency Deposits	1.150.834	-	1.086.855	7.578.835	300.850	140.829	54.453	-	10.312.656
Residents in Turkey	1.090.420	-	1.076.084	7.445.611	296.292	127.114	41.762	-	10.077.283
Residents Abroad	60.414	-	10.771	133.224	4.558	13.715	12.691	-	235.373
Public Sector Deposits	206.126	-	-	-	-	-	-	-	206.126
Commercial Deposits	666.879	-	216.778	327.318	21.476	55.414	21.498	-	1.309.363
Other Institutions Deposits	10.828	-	3.641	46.710	-	1.890	33.904	-	96.973
Precious Metal Deposits	25.785	-	-	-	-	-	-	-	25.785
Bank Deposits	16.795	-	112.387	-	-	82.658	-	-	211.840
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	473	-	112.387	-	-	-	-	-	112.860
Foreign Banks	16.322	-	-	-	-	82.658	-	-	98.980
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	2.136.436	-	2.089.330	10.641.527	565.642	474.135	595.923	-	16.502.993

ii. 31 December 2020:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	64.374	-	408.687	2.463.424	120.609	36.776	128.231	4	3.222.105
Foreign Currency Deposits	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
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	972.340	-	1.288.202	10.965.949	400.435	97.261	218.096	4	13.942.287

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Saving Deposits				
Saving Deposits	1.585.930	1.276.718	2.754.320	1.945.387
Foreign Currency Savings Deposit	698.070	756.960	6.686.879	5.472.613
Other Deposits in the Form of Savings Deposits	9.045	5.956	16.740	13.408
Foreign Branches’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Off-shore Banking Regions’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Total	2.293.045	2.039.634	9.457.939	7.431.408

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

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

	30 June 2021	31 December 2020
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	10.931	16.763
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 “TCK” Dated 26 September 2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	10.931	16.763

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

None. (31 December 2020: None).

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	31.407	38.597	39.279	37.976
From Foreign Banks, Institutions and Funds	-	1.799.988	-	3.200.680
Total	31.407	1.838.585	39.279	3.238.656

2. Information on maturity structure of borrowings:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Short-term	31.407	218.131	39.279	374.550
Medium and Long-term	-	1.620.454	-	2.864.106
Total	31.407	1.838.585	39.279	3.238.656

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

The Bank’s main funding sources are deposits and borrowings. As of 30 June 2021, deposits and borrowings from Bank’s risk group comprise 1,45% (31 December 2020: 2,08%) of total deposits. Besides this, Borrowings from Bank’s risk group comprise 53,73% (31 December 2020: 58,72%) of subordinated and other borrowings.

d. Information on marketable securities issued:

None (31 December 2020: None).

e. Information on other liabilities:

Other foreign liabilities amounting to TL 1.283.234 (31 December 2020: TL 761.651) do not exceed 10% of the total of the balance sheet excluding off-balance sheet commitments.

f. Information on lease payables:

	30 June 2021		31 December 2020	
	Gross	Net	Gross	Net
Less Than 1 Year	829	789	937	924
Between 1-4 Years	26.790	21.477	19.852	15.912
More Than 4 Years	80.045	61.263	79.451	58.036
Total	107.664	83.529	100.240	74.872

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Forward Transactions	2.231	1.521	1.907	1.916
Swap Transactions	172.446	105.760	250.277	203.683
Futures Transactions	140	-	-	-
Options	-	2.958	-	2.064
Other	-	-	-	-
Total	174.817	110.239	252.184	207.663

2. Information on derivative financial liabilities at fair value through other comprehensive income:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	65.428	42.089	56.399	38.573
Foreign Net Investment Hedge	-	-	-	-
Total	65.428	42.089	56.399	38.573

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 7.638,96 since 1 January 2021 (31 December 2020: TL 7.117,17). Employment termination benefits are not funded, as there is no funding requirement.

In accordance with Turkish Labor Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 necessitates the actuarial valuation methods to calculate liabilities of enterprises. Independent actuaries are used in determining the liability of the 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.

	30 June 2021	31 December 2020
Discount rate (%)	3,01	3,01
Salary increase rate (%)	9,50	9,50
Average remaining work period (Year)	11,22	11,22

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

h. Information on provisions (Continued):

Movement of reserve for employment termination benefits during the period:

	30 June 2021	31 December 2020
Prior period balance	22.186	18.670
Service cost	3.951	3.006
Interest cost	-	1.996
Settlement cost	-	76
Actuarial loss/gain	-	396
Benefits paid (-)	1.250	1.958
Total	24.887	22.186

In addition, as of 30 June 2021 the Bank has accounted for vacation rights provision and personnel bonus provision amounting to TL 15.151 (31 December 2020: TL 16.744).

2. Other Provisions:

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

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

ii. Information on other provisions:

The Bank set aside reserves under other provisions amounting to TL 195.000 (31 December 2020: TL 195.000) for lawsuits, TL 22.334 (31 December 2020: TL 68.408) for provisions for non-cash loans and commitments that are not converted to cash and not indemnified. There is allowance covered for miscellaneous receivables in the current period amounting to TL 9.235 (31 December 2020: 24.939).

i. Information on taxes payable:

1. Information on tax provision:

As of 30 June 2021, there is no corporate tax provision (31 December 2020: TL 13.461).

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

i. Information on taxes payable (Continued):

2. Information on taxes payable:

	30 June 2021	31 December 2020
Corporate Tax Payable	-	13.461
Taxation of Marketable Securities	7.768	8.958
Property Tax	59	36
Banking Insurance Transaction Tax	9.407	12.149
Foreign Exchange Transaction Tax	232	237
Value Added Tax Payable	324	651
Other	4.091	4.301
Total	21.881	39.793

3. Information on premium payables:

	30 June 2021	31 December 2020
Social Security Premiums-Employee	1.795	1.618
Social Security Premiums-Employer	2.140	1.916
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	123	111
Unemployment Insurance-Employer	245	221
Other	57	-
Total	4.360	3.866

4. Explanations on deferred tax liability:

As of 30 June 2021, the Bank has netted-off the calculated deferred tax asset of TL 232.245 (31 December 2020: TL 162.492) and deferred tax liability of TL 150.943 (31 December 2020: TL 70.735) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 81.302 (31 December 2020: TL 91.757 net deferred tax asset) in the financial statements.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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

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

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

None (31 December 2020: 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 50.000.000	06.12.2013	04.12.2023	LIBOR+3,75
Burgan Bank K.P.S.C. (Main Shareholder)	USD 150.000.000	31.03.2016	31.03.2026	LIBOR+3,75
Burgan Bank K.P.S.C. (Main Shareholder)	USD 50.000.000	22.02.2021	Indefinite	0,00

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

	30 June 2021		31 December 2020	
	TL	FC	TL	TC
Domestic Banks	-	-	-	-
Other Domestic Institutions	-	-	-	-
Foreign Banks	-	2.171.152	-	2.228.521
Other Foreign Institutions	-	-	-	-
Total	-	2.171.152	-	2.228.521

	30 June 2021		31 December 2020	
	TL	FC	TL	TC
Debt Instruments Subject to Common Equity	-	434.015	-	-
Subordinated Loans	-	434.015	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments Subject to Tier 2 Equity	-	1.737.137	-	2.228.521
Subordinated Loans	-	1.737.137	-	2.228.521
Subordinated Debt Instruments	-	-	-	-
Total	-	2.171.152	-	2.228.521

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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:

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

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

Capital System	Paid-in Capital	Ceiling
Registered Capital	1.890.000	4.000.000

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

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
24.02.2021	355.000	355.000	-	-

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

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

None.

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

None.

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

The interest, liquidity and foreign exchange risk on on-balance sheet and off-balance sheet assets and liabilities are managed by the 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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

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:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(2.803)	(686)	(1.541)	5.133
Foreign Currency Translation Difference	-	-	-	-
Total	(2.803)	(686)	(1.541)	5.133

9. Information on tangible assets revaluation reserve:

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

(*) Classified under other capital reserves.

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

**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:

	30 June 2021	31 December 2020
Foreign currency buy/sell commitments	1.649.866	1.704.275
Loan limit commitments	291.000	276.854
Deposits buy/sell commitments	79.651	72.695
Commitments for cheques	34.752	14.986
Securities buy/sell commitments	-	136.746
Total	2.055.269	2.205.556

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

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in “Off-balance sheet commitments”.

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

	30 June 2021	31 December 2020
Letters of guarantee	2.855.476	2.554.181
Other guarantees	1.717.152	1.329.236
Letters of credit	1.632.386	1.117.312
Bank acceptance loans	67.347	171.038
Total	6.272.361	5.171.767

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

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Irrevocable letters of guarantee	986.953	705.462	727.790	725.036
Revocable letters of guarantee	90.937	7.868	58.393	4.576
Letters of guarantee given in advance	18.615	457.609	17.904	394.099
Guarantees given to customs	23.999	107.018	28.924	94.492
Other letters of guarantee	150.001	307.014	159.134	343.833
Total	1.270.505	1.584.971	992.145	1.562.036

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued):

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

(Continued):

a. Information on off balance sheet commitments (Continued):

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

	30 June 2021	31 December 2020
Non-cash loans given against cash loans	2.152.365	1.812.420
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	2.152.365	1.812.420
Other non-cash loans	4.119.996	3.359.347
Total	6.272.361	5.171.767

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

Current Period (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	1.248.564	1.535.145	9.400	27.980
Bill of Exchange and Acceptances	-	67.347	-	-
Letters of Credit	-	1.630.906	-	-
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	1.717.152	-	-
Total	1.248.564	4.950.550	9.400	27.980

(*) In addition to the non-cash loans stated in the table above, the Bank has a non-cash loan amounting to TL 35.867, which is classified as total non-performing loans. As of 30 June 2020, the Bank has recorded a TL 11.731 provision regarding these loans.

b. Information on contingent assets and contingent liabilities:

As of 30 June 2021, the total amount of legal cases against the Bank is TL 27.069 (31 December 2020: TL 27.425) and the Bank sets aside a provision of TL 8.720 (31 December 2020: TL 8.939) regarding these risks.

c. 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(tour)
Viability Note	b-(negative)

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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

a. Information on interest income:

1. Information on interest income on loans:

	30 June 2021		30 June 2020	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	360.122	11.515	127.476	26.829
Medium/Long-term Loans	194.954	238.396	197.146	265.346
Interest on Loans Under Follow-up	13.605	-	4.524	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	568.681	249.911	329.146	292.175

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

2. Information on interest income on banks:

	30 June 2021		30 June 2020	
	TL	FC	TL	FC
From the CBRT	860	-	229	71
From Domestic Banks	19.834	223	12.296	77
From Foreign Banks	-	193	-	1.180
Headquarters and Branches Abroad	-	-	-	-
Total	20.694	416	12.525	1.328

3. Information on interest income on marketable securities:

	30 June 2021		30 June 2020	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	399	933	79	853
Financial Assets Measured at Fair Value through Other Comprehensive Income	20.348	971	10.700	2.541
Financial Assets Measured at Amortized Cost	-	17.468	-	9.973
Total	20.747	19.372	10.779	13.367

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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):

a. Information on interest income (Continued):

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

	30 June 2021	30 June 2020
Interest Received From Investments in Associates and Subsidiaries	-	-

b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 June 2021		30 June 2020	
	TL	FC	TL	FC
Banks	2.103	69.188	1.854	97.454
The CBRT	-	-	-	-
Domestic Banks	2.103	458	1.854	249
Foreign Banks	-	68.730	-	97.205
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	2.400	-	4.882
Total (*)	2.103	71.588	1.854	102.336

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

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

	30 June 2021	30 June 2020
Interest Paid to Investment in Associates and Subsidiaries	221	354

3. Interest expense on issued marketable securities:

None (30 June 2020: None).

4. Information on interest rate and maturity structure of deposits:

Current Period	Demand Deposit	Time Deposit					Accum. Deposit	Total	Prior Period Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year			
Turkish Currency									
Bank Deposits	-	273	-	-	-	-	-	273	124
Savings Deposits	-	49.192	243.565	15.435	9.242	26.948	-	344.382	170.620
Public Deposits	-	-	-	-	-	-	-	-	3
Commercial Deposits	-	13.776	37.576	1.200	1.067	1.266	-	54.885	13.917
Other Deposits	-	359	8.529	27	36	2.639	-	11.590	2.083
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Total	-	63.600	289.670	16.662	10.345	30.853	-	411.130	186.747
Foreign Currency									
Foreign Currency Account	-	4.736	68.735	3.371	1.223	522	-	78.587	57.832
Bank Deposits	-	830	-	-	-	-	-	830	928
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	-	5.566	68.735	3.371	1.223	522	-	79.417	58.760
Grand Total	-	69.166	358.405	20.033	11.568	31.375	-	490.547	245.507

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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):

c. Information on trading loss/income (Net):

	30 June 2021	30 June 2020
Income	20.673.241	14.825.482
Capital Market Transactions	23.513	30.511
Derivative Financial Transactions	188.698	109.469
Foreign Exchange Gains	20.461.030	14.685.502
Loss (-)	20.605.581	14.782.146
Capital Market Transactions	7.121	3.349
Derivative Financial Transactions	163.392	95.150
Foreign Exchange Losses	20.435.068	14.683.647
Net Income/Loss	67.660	43.336

d. Information on other operating income:

In the current period, the Bank’s other operating income is TL 112.448 (30 June 2020: TL 10.243). TL 96.313 (30 June 2020: TL 6.502) amount of the other operating income is composed of the profit from sales of the fixed assets that were classified as “Non-current Asset Held for Sale”.

e. Expected loss provisions and other provision expenses:

	30 June 2021	30 June 2020
Expected Credit Loss	148.998	163.908
12 Month Expected Credit Loss (Stage 1)	3.981	-
Significant Increase in Credit Risk (Stage 2)	85.895	22.361
Non-performing Loans (Stage 3)	59.122	141.547
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	-	67
Total	148.998	163.975

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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):

f. Information related to other operating expenses:

	30 June 2021	30 June 2020
Provision For Employment Termination Benefits (*)	7.017	6.361
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Amortization Expenses of Tangible Assets	16.904	17.852
Impairment Expenses of Intangible Assets	-	-
Amortization Expenses of Intangible Assets	5.981	6.357
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	411
Amortization Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	67.627	61.240
Leasing expenses related to TFRS 16 exceptions	703	837
Maintenance Expenses	692	692
Advertising Expenses	2.266	2.985
Other Expense	63.966	56.726
Loss on Sales of Assets	12	3
Other	12.952	5.910
Total	110.493	98.134

(*) As of 30 June 2021, there is “Employee Vacation Fee Provision Expense” amounting to TL 3.066 (30 June 2020: TL 1.942).

g. 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 78.485 (30 June 2020: TL 844 profit).

h. 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 30 June 2021, the Bank has deferred tax expense amounting to TL 2.586 and no current tax expense.

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

The Bank has TL 42.975 deferred tax income from temporary differences and TL 44.398 deferred tax income from financial loss carried forward from prior periods. The bank also has deferred tax expense from closed temporary differences amounting to TL 89.959, deferred tax expense and income net-off to TL 2.586 deferred tax expense.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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):

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 30 June 2021, the Bank has 46.984 deferred tax expense (30 June 2020: TL 17.240 deferred tax c) arising from temporary differences and deferred tax income from financial loss carried forward from prior periods amounting to TL 44.398 (30 June 2020: TL 19.639 deferred tax expense).

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

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

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

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

None.

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

None.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 other items in the statement of income:

1. In the current period, the Bank's interest income amounts to TL 1.080.222 (30 June 2020: TL 789.289) and TL 167.286 (30 June 2020: TL 112.607) of this amount is classified as "Other Interest Income" in the income statement.

	30 June 2021	30 June 2020
Other Interest Income		
Interest Income Related to Derivative Transactions	161.410	109.103
Other	5.876	3.504
Total	167.286	112.607

2. In the current period, the Bank's interest expense amounts to TL 851.066 (30 June 2020: TL 503.041), TL 279.080 (30 June 2020: TL 143.783) of this amount is classified as "Other Interest Expense" in the income statement.

	30 June 2021	30 June 2020
Other Interest Expense		
Interest Expense Related to Derivative Transactions	277.297	126.241
Other	1.783	17.542
Total	279.080	143.783

3. In the current period, the Bank's fee and commission income amounts to TL 24.931 (30 June 2020: TL 24.835) and TL 6.712 (30 June 2019: TL 11.006) the related amount is classified under "Other" account in the income statement.

	30 June 2021	30 June 2020
Other Fee and Commissions Received		
Insurance Commissions	2.033	2.391
Commissions on Investment Fund Services	1.354	3.869
Commissions from Correspondent Banks	540	470
Transfer Commissions	156	144
Credit Card and POS Transaction Commission	59	17
Common Point Commissions	23	73
Other	2.547	4.042
Total	6.712	11.006

4. In the current period, Bank's fee and commission expense amounts to TL 11.518 (30 June 2020: TL 4.678) and TL 11.491 (30 June 2020: TL 4.648) of the related amount is classified under "Other" account.

	30 June 2021	30 June 2020
Other Fee and Commissions Given		
Card Transaction Commission	1.179	1.304
Commissions Granted to Correspondent Banks	870	609
EFT Commissions	364	255
Common Point Commissions	171	274
Transfer Commissions	45	35
Other	8.862	2.171
Total	11.491	4.648

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 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 2020 for balance sheet items and 30 June 2020 income statement items.

30 June 2021	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	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Banks’ Risk Group						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	62.497	-	12.944	790	-
Balance at the End of the Period	-	69.701	-	9.701	738	-
Interest and Commission Income Received	-	222	-	2	69	1

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	
	Cash	Non-Cash	Cash	Cash	Non-Cash	Cash
Banks’ Risk Group						
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	-	164	-	2	9	-

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	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	94.838	157.181	171.520	147.223	24.112	15.264
End of the Period	48.524	94.838	166.587	171.520	23.885	24.112
Interest Expense on Deposits	221	354	1.751	1.686	1.042	536

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
Repurchase Transactions						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense on Repurchase Transactions	-	-	-	2	-	1

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 BANK'S RISK GROUP (Continued):

a. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period (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 (*)	2.508.920	1.294.994	-	-	-	-
End of the period (*)	2.613.623	2.508.920	-	-	-	-
Total Profit/Loss	(62.828)	(14.908)	-	-	-	-
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 (%)
Loans Received	2.171.152	53,73
Deposit	238.996	1,45
Non-cash Loans	79.402	1,27
Banks and Other Institutions	28.368	5,49
Loans	738	0,00

As of 30 June 2021, the Bank has realized interest income from deposits given to banks included in the risk group amounting to TL 36 (30 June 2020: TL 444), the Bank has realized interest expense amounting to TL 44.242 (30 June 2020: TL 79.442) on loans borrowed from the banks in the Bank's risk group.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

(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 BANK'S RISK GROUP (Continued):

b. With respect to the 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 195 (30 June 2020: TL 209) from Burgan Finansal Kiralama A.Ş., TL 189 (30 June 2020: TL 116) 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 0,32% (30 December 2020: 0,39%) of the Bank's total cash and non-cash loans.

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

As of 30 June 2021, there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the 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 17.285 (30 June 2020: TL 14.889) 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.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS:

None.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

SECTION SIX

EXPLANATIONS ON THE LIMITED REVIEW REPORT

I. EXPLANATIONS ON THE LIMITED REVIEW REPORT

The unconsolidated financial statements as of 30 June 2021 and for the period then ended have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of DELOITTE TOUCHE TOHMATSU LIMITED) and the auditor’s limited review report dated 13 August 2021 has been presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

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

The Covid-19 pandemic, which has been ongoing for more than a year, continues to be the first agenda item of the global economy with new mutations and high number of cases. In addition to the supportive monetary and financial policies, the accelerating vaccination rate, especially in developed countries, accelerated the normalization processes of the economies and the vitality of global economic activity increased in the second quarter of the year with the contribution of the service sector. Depending on the rate of vaccination, recovery rates continue to diverge between countries. While the world economy is estimated to grow by 6% in 2021, it is observed that the growth expectations of developed countries, especially the USA and England, have improved, while the forecasts for the growth of developing countries with high case numbers deteriorated. On the other hand, due to the factors related to the pandemic, supply-demand mismatch and increases in commodity prices, price pressures increase significantly and global inflation rates increase. Due to the judgment that the rise in inflation is temporary and the recovery in the labor market is not yet at the desired level, monetary policies in developed countries still remain supportive. However, uncertainties regarding the inflation outlook put forward the timing of the Fed's reduction in asset purchases and rate hikes, although not in 2021. In the upcoming period, a possible tightening signal in global financial conditions is followed closely by all developing countries.

The Turkish economy grew by 7% in the first quarter of the year. In the second quarter, GDP is expected to reach high double-digit growth figures, due to the effect of the low base effect and the strong recovery of exports and manufacturing industry in parallel with the recovery in European economies. The pandemic restrictions, which were tightened in April and May, were lifted gradually in June and completely in July, with the clear acceleration of vaccination. Bending international travel restrictions to a large extent revives hopes for the revival of the tourism sector in the second half of the year. The service sector, which remained stagnant in the second quarter of the year, is expected to accelerate in the third quarter.

The balance sheet size of our bank dated 30 June 2021 is TL 24.881.010, while deposits are TL 16.502.993. In the current period Burgan Bank has maintained its support to its customers uninterruptedly and net cash loans has been realized as TL 16.836.355. The net profit of our bank in the first quarter of 2021 is TL 75.899, and our equity has been realized as TL 2.145.901 by increasing by 355 million. Our capital adequacy ratio is around 21,24%. In addition to deepening our existing customers in 14 provinces in which we operate, we will continue to serve with new customer acquisitions, keeping customer satisfaction in the foreground.

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

Ali Murat DİNÇ
Member of Board of Directors and General Manager

Emin Hakan EMİNSOY
Chairman of Board of Directors

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

<u>Name</u>	<u>Duty</u>	<u>Date of Assignment</u>	<u>Educational Background</u>	<u>Banking and Managership Experience (Year)</u>
<i>Chairman and Members of Board of Directors:</i>				
Emin Hakan Eminsoy	Chairman	07.08.2019	Bachelor’s degree	34
Adrian Alejandro Gostuski	Member	21.12.2012	Post graduate	35
Mehmet Alev Göçmez	Member	23.01.2013	Post graduate	33
Halil Cantekin	Member	30.03.2015	Bachelor’s degree	31
Osama T. Al Ghoussein	Member	25.06.2014	Bachelor’s degree	33
Khaled F.A.O. Alzouman	Member	13.06.2019	Bachelor’s degree	31
Hasan Kılıç	Member	10.06.2021	Bachelor’s degree	32
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>General Manager:</i>				
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>Vice General Managers:</i>				
Esra Aydın	Operation & Management Services	1.08.2007	Bachelor’s degree	16
Cihan Vural	Internal Systems	03.11.2008	Bachelor’s degree	13
Rasim Levent Ergin	Human Resources	01.11.2012	Post graduate	17
Suat Kerem Sözügüzel	Corporate & Commercial Banking	01.04.2014	Bachelor’s degree	17
Banu Ertürk	Loan Follow-up and Legal Procedures	01.08.2020	Bachelor’s degree	22
Darço Akkaranfil	Information Technologies	14.09.2020	Post graduate	15
Zeynep Terzioğlu	Financial Affairs	15.01.2021	Post graduate	13
Ayşen Aslı Koçer	Deposit Management	01.07.2021	Bachelor’s degree	24
Yener Yazlalı	Loans	02.08.2021	Post graduate	18

Assignments:

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

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

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

Resignations:

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

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

Halil Cantekin has been elected as the Chairman of the Audit Committee while Adrian Alejandro Gostuski and Fouad Husni Douglas have been elected as members of the Audit Committee.

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

Emin Hakan Eminsoy and Ali Murat Dinç are members of the Corporate Governance Committee.

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

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

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

V. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD:

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

	30.06.2021	31.12.2020	Change (%)
Total Assets	24.881.010	23.123.647	7,6
Loans and Factoring Receivables (Net)	16.836.355	16.192.341	4,0
Securities	974.011	992.503	(1,9)
Deposits	16.502.993	13.942.287	18,4
Debts Having Loan Characteristics	4.179.932	5.749.025	(27,3)
Shareholder’s Equity	2.145.901	1.670.057	28,5
Guarantee and Suretyship	6.272.361	5.171.767	21,3
Capital Adequacy Ratio	21,24%	18,85%	2,4

	(01/01/2021 - 30/06/2021)	(01/01/2020 - 30/06/2020)	(01/04/2021- 30/06/2021)	(01/04/2020- 30/06/2020)
Current Period Net Profit/(Loss)	75.899	3.243	25.366	(9.153)

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

The Bank provides high value added banking services and products in corporate, commercial, individual, financial leasing with private banking and via factoring and associates and investment banking areas with a total of 32 branches, including 8 retail, 1 corporate and 23 mixed banking branches, internet banking applications, call center and 913 employees.

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

Million TL	Burgan Bank	Sector (*)	Share of our Bank (%)
Cash Loans	15.906	3.857.364	0,41
Customer Deposits	16.217	3.804.684	0,43
Branch Number	32	11.095	0,29
Personnel Number	913	201.605	0,45

(*) Reference to BRSA Data of 31 May 2021 and accruals are not included in balance sheet items.