

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

# **BURGAN BANK A.Ş.**

**PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED  
DISCLOSURES TOGETHER WITH INDEPENDENT  
AUDIT REPORT AS OF 31 DECEMBER 2021**

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Burgan Bank A.Ş.

A) Report on the Audit of the Financial Statements

1) Qualified Opinion

We have audited the unconsolidated financial statements of Burgan Bank AŞ (the "Bank"), which comprise the unconsolidated balance sheet as at 31 December 2021, and the unconsolidated statement of income, unconsolidated statement of income and expense items accounted for under shareholders' equity, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and, notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the unconsolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2021, and its unconsolidated financial performance and its cash flows for the year then ended in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

The accompanying unconsolidated financial statements as at 31 December 2021 include a free provision amounting to TL 138,622 thousand, which had been recognized with the amount of TL 195,000 thousand as an expense in the prior period and TL 56,378 thousand of which has been reversed and recognized as income in the unconsolidated financial statements in the current period, provided by the Bank management for the potential circumstances which may arise from any changes in the economy or market conditions. If the mentioned free provision were not provided, the other provisions would decrease by TL 138,622 thousand and retained earnings would increase by TL 195,000 thousand as at 31 December 2021, and other operating income, profit before tax and net profit for the year would decrease by TL 56,378 thousand for the year ended 31 December 2021.

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

**3) Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How the matter was addressed in the audit
<p><b><i>Impairment of loans in accordance with TFRS 9 Financial Instruments Standard (“TFRS 9”)</i></b></p> <p>Impairment of loans is a key area of judgment for the management. The Bank has the total loans and receivables amounting to TL 25,988,043 thousands, which comprise 68% of the Bank’s total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 2,079,620 as at 31 December 2021.</p> <p>As of 1 January 2018, the Bank has started to recognize provisions for impairment in accordance with TFRS 9 and also “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750.</p> <p>In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies has been applied the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Bank exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models. In addition, impairment of loans and receivables consist of significant judgments and assumptions regarding with Covid 19 effects.</p> <p>Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have assessed and analysed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.</p> <p>We have performed loan review procedures on selected samples of loans and receivables considering effects of Covid 19 with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p>We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable regarding with Covid 19 effects, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p>

<b>Key Audit Matters</b>	<b>How the matter was addressed in the audit</b>
<p>Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.6.</p>	<p>We have tested whether the model is applied to appropriate segments of assets which share credit risk characteristics and whether the historical loss rates were incurred under economic conditions representative of those that may exist during the assets' exposure periods.</p> <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p>Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements considering Covid 19 effects underlying the estimations of impairments were reasonable.</p> <p>We assessed expected credit losses determined based on individual assessment per Bank's policy by means of supporting data, and evaluated appropriateness via communications with management considering Covid 19 effects.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loans and receivables and related impairment provisions.</p>
<p><b>Information Technologies Audit</b></p> <p>The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> <li>• We identified and tested the Banks' controls over information systems as part of our audit procedures.</li> <li>• Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> <li>• Security management</li> <li>• Change management</li> <li>• Operations management</li> </ul> </li> </ul>

Key Audit Matters	How the matter was addressed in the audit
	<ul style="list-style-type: none"> <li data-bbox="810 297 1343 450">• We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner.</li> <li data-bbox="810 483 1343 607">• We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation.</li> <li data-bbox="810 669 1343 792">• Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.</li> <li data-bbox="810 826 1343 978">• We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.</li> <li data-bbox="810 1012 1343 1104">• Finally, we understood and tested the controls over database, network, application and operating system layers of applications.</li> </ul>

#### 4) Other Matters

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2020 were audited by another auditor who expressed a qualified opinion on 2 March 2021.

#### 5) Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

## 6) Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

## **B) Other Responsibilities Arising From Regulatory Requirements**

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January - 31 December 2021 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

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

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

## **Additional Paragraph for English Translation**

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 financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. 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 financial statements and IFRS.

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



Yaman Polat  
Partner

İstanbul, 1 February 2022

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF  
BURGAN BANK A.Ş. AS OF 31 DECEMBER 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 : Telephone : 0 212 371 37 37  
Fax : 0 212 371 42 42  
The Bank's Website : [www.burgan.com.tr](http://www.burgan.com.tr)  
Contact E-mail : [bilgi@burgan.com.tr](mailto:bilgi@burgan.com.tr)

The unconsolidated period end 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 STRUCTURE AND RISK MANAGEMENT OF THE BANK
- **Section Five** EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** OTHER EXPLANATIONS
- **Section Seven** INDEPENDENT AUDIT REPORT

The accompanying unconsolidated 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.

1 February 2022

Emin Hakan EMİNSOY  
Chairman of the  
Board of Directors

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

Zeynep BOZKURT  
Chief Financial Officer

Bahadır AKSU  
Head of Accounting,  
Tax, and Reporting Unit

Mehmet Alev GÖÇMEZ  
Head of the Audit Committee

Khaled F.A.O. ALZOUMAN  
Member of the Audit Committee

Fadhil M. GH. A. ABDULLAH  
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 Department  
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 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 .....	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 .....	10
III. Statements of profit .....	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
VII. Statement of profit distribution .....	16

### SECTION THREE

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

I. Basis of presentation .....	17
II. Explanations on strategy of using financial instruments and foreign currency transactions .....	19
III. Explanations on Consolidated Subsidiaries .....	19
IV. Explanations on forward transactions, options and derivative instruments .....	20
V. Explanations on interest income and expenses .....	20
VI. Explanations on fee and commission income and expenses .....	21
VII. Explanations on financial assets .....	21
VIII. Explanations on expected credit losses .....	23
IX. Explanations on offsetting financial assets .....	26
X. Explanations on sales and repurchase agreements and securities lending transactions .....	26
XI. Explanations on tangible assets held for resale, discontinued operations and liabilities regarding those assets .....	26
XII. Explanations on goodwill and other intangible assets .....	27
XIII. Explanations on tangible assets .....	27
XIV. Explanations on leasing transactions .....	28
XV. Explanations on provisions and contingent commitments .....	30
XVI. Explanations on contingent assets .....	30
XVII. Explanations on obligations related to employee rights .....	30
XVIII. Explanations on taxation .....	31
XIX. Additional explanations on borrowings .....	32
XX. Explanations on issuance of share certificates .....	32
XXI. Explanations on avalized drafts and acceptances .....	32
XXII. Explanations on government grants .....	32
XXIII. Explanations on profit reserves and profit distribution .....	32
XXIV. Explanations on earnings per share .....	33
XXV. Explanations on related parties .....	33
XXVI. Explanations on cash and cash equivalents .....	33
XXVII. Explanations on segment reporting .....	33
XXVIII. Classifications .....	33

### SECTION FOUR

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

I. Explanations on equity .....	34
II. Explanations on unconsolidated credit risk .....	40
III. Explanations on risk management .....	53
IV. Explanations on Operational Risk .....	82
V. Explanations on currency risk .....	83
VI. Explanations on interest rate .....	86
VII. Explanations on share certificate position risk .....	89
VIII. Explanations on liquidity risk management and liquidity coverage ratio .....	90
IX. Explanations on leverage ratio .....	98
X. Explanations on hedge transactions .....	99
XI. Explanations regarding the presentation of financial assets and liabilities at their fair value .....	100
XII. Explanations on the activities carried out on behalf and account of other parties .....	102
XIII. Explanations on operating segments .....	103

### SECTION FIVE

#### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets .....	105
II. Explanations and notes related to liabilities .....	121
III. Explanations and notes related to off-balance sheet accounts .....	130
IV. Explanations and notes related to income statement .....	133
V. Explanations and notes related to changes in shareholders' equity .....	140
VI. Explanations and notes related to statement of cash flows .....	141
VII. Explanations and notes related to bank's risk group .....	143
VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the bank .....	145
IX. Explanations and notes related to subsequent events .....	146

### SECTION SIX

#### OTHER EXPLANATIONS

I. Explanations on related to bank's operations .....	147
---	-----

### SECTION SEVEN

#### EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT

I. Explanations on the independent audit report .....	147
II. Explanations and notes prepared by independent auditor .....	147

**BURGAN BANK A.Ş.**

**EXPLANATIONS AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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. (“the Bank”), and has been registered to the Turkish Trade Registry as of 25 January 2013.

**BURGAN BANK A.Ş.**

**EXPLANATIONS AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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.

The Bank’s capital amounts to full TL 1.890.000.000.

In accordance with the Decision of the Board of Directors of the Bank dated 24 February 2021 and numbered 2021/06, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to 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 shareholding structure of the Bank.

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 region (Middle East and North Africa), 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).

**BURGAN BANK A.Ş.**

**EXPLANATIONS AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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>
<b>Chairman of the Board of Directors:</b>	Emin Hakan Eminsoy	Chairman of the Board of Directors	Undergraduate
<b>Board of Directors Members: (*)</b>	Abdelkarim A. S. Kabariti	Deputy Chairman	Undergraduate
	Mehmet Alev Göçmez	Member	Graduate
	Osama T. Al Ghousein	Member	Undergraduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Hasan Kılıç	Member	Undergraduate
	Fadhil M. GH. A. Abdullah	Member	Undergraduate
	Mohammad M. A. H. S. Almael	Member	Graduate
	Ali Murat Dinç	Member and General Manager	Graduate
<b>General Manager:</b>	Ali Murat Dinç	Member and General Manager	Graduate
<b>Deputy General Managers:</b>	Suat Kerem Sözügüzel	Commercial & Corporate Banking	Undergraduate
	Zeynep Bozkurt	Financial Affairs	Graduate
<b>Vice General Managers:</b>	Esra Aydın	Operations & Management Services	Undergraduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Suat Kerem Sözügüzel	Commercial & Corporate Banking	Undergraduate
	Banu Ertürk	Loans Monitoring and Legal Follow-Up	Undergraduate
	Darço Akkaranfil	Information Technologies	Graduate
	Zeynep Bozkurt	Financial Affairs	Graduate
	Ayşen Aslı Koçer	Savings Management	Undergraduate
	Yener Yazlalı	Credits	Graduate
<b>Audit Committee: (**)</b>	Mehmet Alev Göçmez	President	Graduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Fadhil M. GH. A. Abdullah	Member	Undergraduate

(\*) Abdelkarim A.Ş. Kabariti took office as a Member of the Board of Directors and Deputy Chairman on 4 November 2021. Members of the Board of Directors Halil Cantekin and Adrian Alejandro Gostiski resigned from their duties on 25 November 2021. Fadhil M. GH. A. Abdullah and Mohammad M. A. H. S. Almael took office on 3 December 2021.

(\*\*) Mehmet Alev Göçmez was elected as the Chairman of the Audit Committee, and Khaled F.A.O. Alzouman and Fadhil M. GH. A. Abdullah were elected as the Members of the Audit Committee on 6 December 2021. There is no share of the above individuals in the Bank.

**BURGAN BANK A.Ş.**

**EXPLANATIONS AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 31 December 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 31 December 2021, the Bank has 928 (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
- III. Statement of profit or loss
- IV. Statement of profit or loss and other comprehensive income
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flows
- VII. Statement of profit distribution

**BURGAN BANK A.Ş.**  
**UNCONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)**  
**AS OF 31 DECEMBER 2021 AND 31 DECEMBER 2020**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. BALANCE SHEET	Note (Section Five)	Audited 31/12/2021			Audited 31/12/2020		
		TL	FC	Total	TL	FC	Total
<b>ASSETS</b>							
<b>I. FINANCIAL ASSETS (Net)</b>		<b>4.034.915</b>	<b>6.684.532</b>	<b>10.719.447</b>	<b>1.316.077</b>	<b>3.647.883</b>	<b>4.963.960</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>682.102</b>	<b>6.263.183</b>	<b>6.945.285</b>	<b>352.362</b>	<b>3.281.693</b>	<b>3.634.055</b>
1.1.1 Cash and Central Bank	I-a	451.718	5.940.133	6.391.851	236.800	3.033.781	3.270.581
1.1.2 Banks	I-c	230.440	323.050	553.490	15.528	247.912	263.440
1.1.3 Receivables from Money Markets		-	-	-	100.050	-	100.050
1.1.4 Expected Credit Losses (-)		56	-	56	16	-	16
<b>1.2 Financial Assets at Fair Value through Profit or Loss</b>	<b>I-b</b>	<b>16.128</b>	<b>118.796</b>	<b>134.924</b>	<b>509</b>	<b>82.251</b>	<b>82.760</b>
1.2.1 Public Debt Securities		529	1.789	2.318	509	32.178	32.687
1.2.2 Subordinated Debt Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		15.599	117.007	132.606	-	50.073	50.073
<b>1.3 Financial Assets at Fair Value through Other Comprehensive Income</b>	<b>I-d</b>	<b>573.771</b>	<b>93.408</b>	<b>667.179</b>	<b>262.892</b>	<b>144.122</b>	<b>407.014</b>
1.3.1 Public Debt Securities		566.097	93.408	659.505	255.218	144.122	399.340
1.3.2 Subordinated Debt Instruments		7.674	-	7.674	7.674	-	7.674
1.3.3 Other Financial Assets		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>	<b>I-l</b>	<b>2.762.914</b>	<b>209.145</b>	<b>2.972.059</b>	<b>700.314</b>	<b>139.817</b>	<b>840.131</b>
1.4.1 Derivative Financial Assets at Fair Value through Profit or Loss		1.400.100	128.615	1.528.715	146.782	138.880	285.662
1.4.2 Derivative Financial Assets at Fair Value through Other Comprehensive Income		1.362.814	80.530	1.443.344	553.532	937	554.469
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>		<b>11.540.159</b>	<b>13.391.732</b>	<b>24.931.891</b>	<b>7.044.376</b>	<b>9.658.368</b>	<b>16.702.744</b>
<b>2.1 Loans</b>	<b>I-e-f</b>	<b>12.331.744</b>	<b>13.656.299</b>	<b>25.988.043</b>	<b>7.756.374</b>	<b>9.765.845</b>	<b>17.522.219</b>
2.2 Receivables from Leasing Transactions	I-k	-	-	-	-	-	-
2.3 Faktoring Receivables	I-e-f	-	-	-	-	-	-
<b>2.4 Other Financial Assets Measured at Amortized Cost</b>	<b>I-g</b>	<b>-</b>	<b>1.023.468</b>	<b>1.023.468</b>	<b>-</b>	<b>510.403</b>	<b>510.403</b>
2.4.1 Public Debt Securities		-	1.023.468	1.023.468	-	510.403	510.403
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)	I-e-f	791.585	1.288.035	2.079.620	711.998	617.880	1.329.878
<b>III. NON-CURRENTS ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)</b>	<b>I-r</b>	<b>1.039.002</b>	<b>-</b>	<b>1.039.002</b>	<b>495.818</b>	<b>-</b>	<b>495.818</b>
3.1 Held for Sale		1.039.002	-	1.039.002	495.818	-	495.818
3.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN PARTNERSHIP</b>		<b>669.736</b>	<b>-</b>	<b>669.736</b>	<b>548.560</b>	<b>-</b>	<b>548.560</b>
<b>4.1 Associates (Net)</b>	<b>I-h</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	<b>I-i</b>	<b>669.736</b>	<b>-</b>	<b>669.736</b>	<b>548.560</b>	<b>-</b>	<b>548.560</b>
4.2.1 Non-Consolidated Financial Subsidiaries		669.736	-	669.736	548.560	-	548.560
4.2.2 Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)</b>	<b>I-j</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Jointly Controlled Partnerships Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnerships		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	<b>I-m</b>	<b>148.917</b>	<b>-</b>	<b>148.917</b>	<b>139.397</b>	<b>-</b>	<b>139.397</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>I-n</b>	<b>51.007</b>	<b>-</b>	<b>51.007</b>	<b>41.147</b>	<b>-</b>	<b>41.147</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		51.007	-	51.007	41.147	-	41.147
<b>VII. INVESTMENT PROPERTIES (Net)</b>	<b>I-o</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSETS</b>		<b>2.829</b>	<b>-</b>	<b>2.829</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSETS</b>	<b>I-p</b>	<b>24.389</b>	<b>-</b>	<b>24.389</b>	<b>91.757</b>	<b>-</b>	<b>91.757</b>
<b>X. OTHER ASSETS (Net)</b>	<b>I-s</b>	<b>423.468</b>	<b>3.954</b>	<b>427.422</b>	<b>139.234</b>	<b>1.030</b>	<b>140.264</b>
<b>TOTAL ASSETS</b>		<b>17.934.422</b>	<b>20.080.218</b>	<b>38.014.640</b>	<b>9.816.366</b>	<b>13.307.281</b>	<b>23.123.647</b>

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

**BURGAN BANK A.Ş.**  
**UNCONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)**  
**AS OF 31 DECEMBER 2021 AND 31 DECEMBER 2020**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. BALANCE SHEET	Note (Section Five)	Audited 31/12/2021			Audited 31/12/2020		
		TL	FC	Total	TL	FC	Total
<b>LIABILITIES</b>							
<b>I. DEPOSITS</b>	<b>II-a</b>	<b>6.293.972</b>	<b>18.340.691</b>	<b>24.634.663</b>	<b>4.030.308</b>	<b>9.911.979</b>	<b>13.942.287</b>
<b>II. LOANS RECEIVED</b>	<b>II-c</b>	<b>10.553</b>	<b>3.775.895</b>	<b>3.786.448</b>	<b>39.279</b>	<b>3.238.656</b>	<b>3.277.935</b>
<b>III. PAYABLES TO MONEY MARKET</b>		<b>1.295</b>	<b>210.613</b>	<b>211.908</b>	<b>3.651</b>	<b>238.918</b>	<b>242.569</b>
<b>IV. ISSUED SECURITIES (Net)</b>	<b>II-d</b>	-	-	-	-	-	-
4.1 Bonds		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bills		-	-	-	-	-	-
<b>V. FUNDS</b>							
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>II-b</b>	-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-g</b>	<b>871.052</b>	<b>158.407</b>	<b>1.029.459</b>	<b>308.583</b>	<b>246.236</b>	<b>554.819</b>
7.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		735.350	107.245	842.595	252.184	207.663	459.847
7.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		135.702	51.162	186.864	56.399	38.573	94.972
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	<b>II-f</b>	<b>74.211</b>	-	<b>74.211</b>	<b>74.101</b>	<b>771</b>	<b>74.872</b>
<b>X. PROVISIONS</b>	<b>II-h</b>	<b>85.030</b>	<b>161.447</b>	<b>246.477</b>	<b>265.953</b>	<b>61.324</b>	<b>327.277</b>
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Provision for Employee Benefits		69.674	-	69.674	38.930	-	38.930
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		15.356	161.447	176.803	227.023	61.324	288.347
<b>XI. CURRENT TAX PAYABLES</b>	<b>II-i</b>	<b>49.701</b>	-	<b>49.701</b>	<b>43.659</b>	-	<b>43.659</b>
<b>XII. DEFERRED TAX PAYABLES</b>	<b>II-i</b>	-	-	-	-	-	-
<b>XIII. PAYABLES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>II-j</b>	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT</b>	<b>II-k</b>	-	<b>3.347.213</b>	<b>3.347.213</b>	-	<b>2.228.521</b>	<b>2.228.521</b>
14.1 Loans		-	3.347.213	3.347.213	-	2.228.521	2.228.521
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	<b>II-e</b>	<b>493.305</b>	<b>1.666.846</b>	<b>2.160.151</b>	<b>204.622</b>	<b>557.029</b>	<b>761.651</b>
<b>XVI. EQUITY</b>	<b>II-l</b>	<b>2.464.139</b>	<b>10.270</b>	<b>2.474.409</b>	<b>1.689.140</b>	<b>(19.083)</b>	<b>1.670.057</b>
16.1 Paid-in Capital		1.890.000	-	1.890.000	1.535.000	-	1.535.000
16.2 Capital Reserves		(2.532)	-	(2.532)	(736)	-	(736)
16.2.1 Equity Share Premiums		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(2.532)	-	(2.532)	(736)	-	(736)
16.3 Other Accumulated Comprehensive Income that Will Not be Reclassified in Profit or Loss		24.222	-	24.222	17.956	-	17.956
16.4 Other Accumulated Comprehensive Income That Will be Reclassified in Profit or Loss		123.047	10.270	133.317	12.438	(19.083)	(6.645)
16.5 Profit Reserves		124.587	-	124.587	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		105	-	105	-	-	-
16.6 Profit or Loss		304.815	-	304.815	(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		304.815	-	304.815	(267.414)	-	(267.414)
16.7 Minority Shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>10.343.258</b>	<b>27.671.382</b>	<b>38.014.640</b>	<b>6.659.296</b>	<b>16.464.351</b>	<b>23.123.647</b>

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



**BURGAN BANK A.Ş.**

**UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT  
31 DECEMBER 2021 AND 31 DECEMBER 2020**

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

II. OFF-BALANCE SHEET	Note (Section Five)	Audited 31/12/2021			Audited 31/12/2020		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>14.777.568</b>	<b>60.414.608</b>	<b>75.192.176</b>	<b>6.196.669</b>	<b>43.168.968</b>	<b>49.365.637</b>
<b>I. GUARANTEES and WARRANTIES</b>	<b>III-a-2-3</b>	<b>1.664.992</b>	<b>5.381.558</b>	<b>7.046.550</b>	<b>992.145</b>	<b>4.179.622</b>	<b>5.171.767</b>
1.1. Letters of Guarantee		1.592.992	1.495.196	3.088.188	992.145	1.562.036	2.554.181
1.1.1. Guarantees Subject to State Tender Law		13.542	562	14.104	14.924	358	15.282
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		1.579.450	1.494.634	3.074.084	977.221	1.561.678	2.538.899
1.2. Bank Loans		-	209.466	209.466	-	171.038	171.038
1.2.1. Import Letter of Acceptance		-	209.466	209.466	-	171.038	171.038
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	2.515.966	2.515.966	-	1.117.312	1.117.312
1.3.1. Documentary Letters of Credit		-	2.515.966	2.515.966	-	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		72.000	1.160.930	1.232.930	-	1.329.236	1.329.236
1.9. Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>III-a-1</b>	<b>1.323.073</b>	<b>1.127.229</b>	<b>2.450.302</b>	<b>904.940</b>	<b>1.300.616</b>	<b>2.205.556</b>
2.1. Irrevocable Commitments		1.323.073	1.127.229	2.450.302	904.940	1.300.616	2.205.556
2.1.1. Asset Purchase Commitments		785.280	1.127.229	1.912.509	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		375.348	-	375.348	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		81.744	-	81.744	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		80.701	-	80.701	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>11.789.503</b>	<b>53.905.821</b>	<b>65.695.324</b>	<b>4.299.584</b>	<b>37.688.730</b>	<b>41.988.314</b>
3.1. Hedging Derivative Financial Instruments		1.941.698	10.269.552	12.211.250	731.835	2.810.876	3.542.711
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		1.941.698	10.269.552	12.211.250	731.835	2.810.876	3.542.711
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Transactions		9.847.805	43.636.269	53.484.074	3.567.749	34.877.854	38.445.603
3.2.1. Forward Foreign Currency Buy-Sell Transactions		63.147	461.798	524.945	24.096	164.866	188.962
3.2.1.1. Forward Foreign Currency Transactions-Buy		57.935	201.015	258.950	16.564	79.529	96.093
3.2.1.2. Forward Foreign Currency Transactions-Sell		5.212	260.783	265.995	7.532	85.337	92.869
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		9.001.635	40.457.268	49.458.903	3.193.457	33.580.116	36.773.573
3.2.2.1. Foreign Currency Swap-Buy		1.644.276	16.735.347	18.379.623	689.629	11.397.039	12.086.668
3.2.2.2. Foreign Currency Swap-Sell		7.147.359	10.645.405	17.792.764	2.503.828	9.796.659	12.300.487
3.2.2.3. Interest Rate Swap-Buy		105.000	6.538.258	6.643.258	-	6.193.209	6.193.209
3.2.2.4. Interest Rate Swap-Sell		105.000	6.538.258	6.643.258	-	6.193.209	6.193.209
3.2.3. Foreign Currency, Interest Rate and Securities Options		648.267	2.602.574	3.250.841	350.196	1.132.872	1.483.068
3.2.3.1. Foreign Currency Options-Buy		545.677	960.786	1.506.463	165.033	561.256	726.289
3.2.3.2. Foreign Currency Options-Sell		102.590	1.641.788	1.744.378	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. Futures Transactions		134.756	114.629	249.385	-	-	-
3.2.4.1. Futures Transactions-Buy		111.427	26.658	138.085	-	-	-
3.2.4.2. Futures Transactions-Sell		23.329	87.971	111.300	-	-	-
3.2.5. Futures Interest Trading Transactions		-	-	-	-	-	-
3.2.5.1. Futures Interest Transactions-Buy		-	-	-	-	-	-
3.2.5.2. Futures Interest Transactions-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>103.605.866</b>	<b>146.594.016</b>	<b>250.199.882</b>	<b>64.662.919</b>	<b>88.284.319</b>	<b>152.947.238</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>2.863.349</b>	<b>4.298.762</b>	<b>7.162.111</b>	<b>1.501.123</b>	<b>2.522.930</b>	<b>4.024.053</b>
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		763.980	2.878.374	3.642.354	374.048	1.037.420	1.411.468
4.3. Cheques Received for Collection		1.932.915	249.852	2.182.767	1.116.771	130.300	1.247.071
4.4. Commercial Notes Received for Collection		20.454	13.707	34.161	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		146.000	1.156.829	1.302.829	-	1.342.232	1.342.232
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>100.522.341</b>	<b>142.295.254</b>	<b>242.817.595</b>	<b>62.941.620</b>	<b>85.761.389</b>	<b>148.703.009</b>
5.1. Marketable Securities		-	-	-	-	-	-
5.2. Guarantee Notes		22.484.916	39.594.685	62.079.601	21.605.410	23.723.645	45.329.055
5.3. Commodity		3.718.689	4.914.930	8.633.619	3.365.837	3.444.097	6.809.934
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		71.551.856	87.374.886	158.926.742	35.416.586	52.395.494	87.812.080
5.6. Other Pledged Items		2.595.877	10.410.753	13.006.630	2.267.590	6.198.153	8.465.743
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>220.176</b>	<b>-</b>	<b>220.176</b>	<b>220.176</b>	<b>-</b>	<b>220.176</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>118.383.434</b>	<b>207.008.624</b>	<b>325.392.058</b>	<b>70.859.588</b>	<b>131.453.287</b>	<b>202.312.875</b>

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

**BURGAN BANK A.Ş.**

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020**

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

III. INCOME STATEMENTS	Note	Audited	Audited
INCOME AND EXPENSE ITEMS	(Section Five)	01/01/2021-31/12/2021	01/01/2020-31/12/2020
<b>I. INTEREST INCOME</b>	<b>IV-a</b>	<b>2.454.843</b>	<b>1.612.129</b>
1.1 Interest Received from Loans		1.832.994	1.274.862
1.2 Interest Received from Reserve Deposits		38.292	2.218
1.3 Interest Received from Banks		45.079	23.043
1.4 Interest Received from Money Market Transactions		18.813	31.783
1.5 Interest Received from Securities		107.874	59.234
1.5.1 Financial Assets at Fair Value through Profit or Loss		2.020	1.698
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		61.290	31.251
1.5.3 Financial Assets Measured at Amortized Cost		44.564	26.285
1.6 Finance Lease Interest Income		-	-
1.7 Other Interest Income	IV-1	411.791	220.989
<b>II. INTEREST EXPENSES (-)</b>	<b>IV-b</b>	<b>1.894.671</b>	<b>1.076.481</b>
2.1 Interest on Deposits		1.047.724	537.762
2.2 Interests Given to Used Loans		144.254	189.673
2.3 Interest on Money Market Transactions		5.132	8.312
2.4 Interest on Securities Issued		-	-
2.5 Finance Lease Interest Expenses		11.609	9.588
2.6 Other Interest Expenses	IV-1	685.952	331.146
<b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>560.172</b>	<b>535.648</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>33.266</b>	<b>32.611</b>
4.1 Fees and Commissions Received		53.257	46.663
4.1.1 Non-Cash Loans		36.032	28.049
4.1.2 Other	IV-1	17.225	18.614
4.2 Fees and Commissions Paid (-)		19.991	14.052
4.2.1 Non-Cash Loans (-)		56	62
4.2.2 Other (-)	IV-1	19.935	13.990
<b>V. DIVIDEND INCOME</b>	<b>IV-c</b>	<b>19</b>	<b>8</b>
<b>VI. TRADING PROFIT/LOSS (Net)</b>	<b>IV-d</b>	<b>198.299</b>	<b>104.398</b>
6.1 Profit/Losses from Capital Market Transactions		29.792	38.921
6.2 Profit/Losses from Derivative Financial Transactions		(9.098)	(32.805)
6.3 Foreign Exchange Profit/Losses		177.605	98.282
<b>VII. OTHER OPERATING INCOME</b>	<b>IV-e</b>	<b>213.215</b>	<b>26.393</b>
<b>VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>1.004.971</b>	<b>699.058</b>
<b>IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	<b>IV-f</b>	<b>255.195</b>	<b>408.420</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>IV-f</b>	<b>-</b>	<b>210.704</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>235.349</b>	<b>214.251</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>IV-g</b>	<b>260.018</b>	<b>193.055</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>254.409</b>	<b>(327.372)</b>
<b>XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>			
<b>XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		<b>90.033</b>	<b>31.299</b>
<b>XVI. NET MONETARY POSITION GAIN/LOSS</b>			
<b>XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>	<b>IV-h</b>	<b>344.442</b>	<b>(296.073)</b>
<b>XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>IV-i</b>	<b>(39.627)</b>	<b>28.659</b>
18.1 Current Tax Provision			32.862
18.2 Expense Effect of Deferred Tax (+)		385.825	7.726
18.3 Income Effect of Deferred Tax (-)		346.198	69.247
<b>XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	<b>IV-j</b>	<b>304.815</b>	<b>(267.414)</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>			
20.1 Income from Assets Held For Sale			
20.2 Profit from Sale of Associates, Subsidiaries and Joint Ventures			
20.3 Other Income from Discontinued Operations			
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>			
21.1 Expenses on Assets Held for Sale			
21.2 Losses from Sale of Associates, Subsidiaries and Joint Ventures			
21.3 Other Expenses from Discontinued Operations			
<b>XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)</b>			
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>			
23.1 Current Tax Provision			
23.2 Expense Effect of Deferred Tax (+)			
23.3 Income Effect of Deferred Tax (-)			
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>			
<b>XXV. NET PROFIT/LOSS FOR THE PERIOD (XIX+XXIV)</b>	<b>IV-k</b>	<b>304.815</b>	<b>(267.414)</b>
Profit / (Loss) per share (1.000 nominal in TL full)		1,690	(1,742)

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

**BURGAN BANK A.Ş.**

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020**

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

<b>IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>Audited 31/12/2021</b>	<b>Audited 31/12/2020</b>
<b>I. CURENT PERIOD INCOME/LOSS</b>	<b>304.815</b>	<b>(267.414)</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>146.228</b>	<b>24.479</b>
<b>2.1 Items that Will not be Reclassified to Profit or Loss</b>	<b>6.266</b>	<b>2.897</b>
2.1.1 Increases/Decreases in Revaluation of Tangible Assets	11.914	3.648
2.1.2 Increases/Decreases in Revaluation Differences of Intangible Assets	-	-
2.1.3 Defined Benefit Plans Re-Measurement Gains / Loss	(5.571)	(500)
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	(77)	(251)
<b>2.2 Items that Will be Reclassified to Profit or Loss</b>	<b>139.962</b>	<b>21.582</b>
2.2.1 Foreign Currency Translation Differences	-	(5.749)
2.2.2 Gains/Losses on Valuation or Reclassification Arising from Financial Assets at Fair Value Through Other Comprehensive Income	(70.998)	7.485
2.2.3 Gains/Losses Arising on Cash Flow Hedges	238.623	27.376
2.2.4 Gains/Losses Arising on Net Investment Hedges	-	-
2.2.5 Other Comprehensive Income to be Reclassified as Profit or Loss	-	-
2.2.6 Taxes Relating to Components of Other Comprehensive Income that Will be Reclassified to Profit or Loss	(27.663)	(7.530)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>451.043</b>	<b>(242.935)</b>

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

**BURGAN BANK A.Ş.****UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss			Other Comprehensive Income or 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				
Audited CURRENT PERIOD 31.12.2021	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		-	-	-	-	10.724	(4.458)	-	-	(55.798)	195.760	-	-	304.815	451.043
V. Capital Increase in Cash		355.000	-	-	-	-	-	-	-	-	-	-	-	-	355.000
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain / Loss Related to Other Changes		-	-	-	(1.796)	-	-	-	-	-	-	105	-	-	(1.691)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	(273.697)	273.697	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	(273.697)	273.697	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+IV+.....+X+XI)</b>		<b>1.890.000</b>	-	-	<b>(2.532)</b>	<b>34.176</b>	<b>(9.954)</b>	-	-	<b>(52.206)</b>	<b>185.523</b>	<b>124.587</b>	-	<b>304.815</b>	<b>2.474.409</b>

1. Tangible 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 cannot be classified as profit / (loss) and the accumulated amount of other comprehensive income items that will not be reclassified as other profit / (loss)),

4. Foreign currency translation differences,

5. Accumulated revaluation and / or classification gains / (losses) on financial assets at fair value through other comprehensive income,

6. Other (Cash flow hedging gains / (losses), share of other comprehensive income of equity method investees classified as profit / (loss) and accumulated other comprehensive income to be reclassified as other profit or (loss)).

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

**BURGAN BANK A.Ş.****UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2020**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss			Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss						
						1	2	3	4	5	6	Profit Reserves	Prior Period Profit / (Loss)	Current Period Net Income or Loss	Total Shareholders' Equity
Audited PRIOR PERIOD 31.12.2020	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		-	-	-	-	2.739	(400)	-	(5.749)	5.988	21.901	-	-	(267.414)	(242.935)
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain / Loss Related to Other Changes		-	-	-	-	-	-	-	-	-	-	-	(6.283)	-	(6.283)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	138.554	(138.554)	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	138.554	(138.554)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+IV+.....+X+XI)</b>		<b>1.535.000</b>	<b>-</b>	<b>-</b>	<b>(736)</b>	<b>23.452</b>	<b>(5.496)</b>	<b>-</b>	<b>-</b>	<b>3.592</b>	<b>(10.237)</b>	<b>398.179</b>	<b>(6.283)</b>	<b>(267.414)</b>	<b>1.670.057</b>

1. Tangible 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 cannot be classified as profit / (loss) and the accumulated amount of other comprehensive income items that will not be reclassified as other profit / (loss)),

4. Foreign currency translation differences,

5. Accumulated revaluation and / or classification gains / (losses) on financial assets at fair value through other comprehensive income,

6. Other (Cash flow hedging gains / (losses), share of other comprehensive income of equity method investees classified as profit / (loss) and accumulated other comprehensive income to be reclassified as other profit or (loss)).

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

**BURGAN BANK A.Ş.**

**UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 DECEMBER 2021 AND 31 DECEMBER 2020**

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

<b>VI. STATEMENT OF CASH FLOWS</b>	<b>Note (Section Five)</b>	<b>Audited 31/12/2021</b>	<b>Audited 31/12/2020</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Assets and Liabilities in the Field of Activity of Banking</b>		<b>(811.930)</b>	<b>358.201</b>
1.1.1 Interest Received		2.424.460	1.599.376
1.1.2 Interest Paid		(1.853.733)	(1.076.481)
1.1.3 Dividend Received		19	8
1.1.4 Fees and Commissions Received		23.915	33.916
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		352.466	347.946
1.1.7 Payments to Personnel and Service Suppliers		(235.349)	(214.251)
1.1.8 Taxes Paid		(21.502)	(11.936)
1.1.9 Other	VI-b	(1.502.206)	(320.377)
<b>1.2 Change in Assets and Liabilities Subject to Banking Activities</b>		<b>1.250.264</b>	<b>(301.077)</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit/Loss		(53.924)	(47.317)
1.2.2 Net (Increase) Decrease in Due from Banks and Other Financial Institutions		(2.085.713)	(518.333)
1.2.3 Net (Increase) Decrease in Loans		(8.312.809)	(3.990.703)
1.2.4 Net (Increase) Decrease in Other Assets		(1.527.522)	(437.503)
1.2.5 Net Increase (Decrease) in Bank Deposits		360.807	(91.769)
1.2.6 Net Increase (Decrease) in Other Deposits		10.331.296	2.471.010
1.2.7 Net Increase (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		(31.673)	-
1.2.8 Net Increase (Decrease) in Funds Borrowed		1.618.213	1.407.548
1.2.9 Net Increase (Decrease) in Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	VI-b	951.589	905.990
<b>I. Net Cash Provided from Banking Operations</b>		<b>438.334</b>	<b>57.124</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Flow Provided from Investing Activities</b>		<b>(33.522)</b>	<b>(397.804)</b>
2.1 Acquired Affiliates, Subsidiaries and Joint Ventures (Joint Partnerships)		-	-
2.2 Sold Affiliates, Subsidiaries and Joint Ventures (Joint Partnerships)		-	-
2.3 Purchased Securities and Real Estate		(44.281)	(9.384)
2.4 Sold Securities and Real Estates		338.293	7.544
2.5 Financial Assets at Fair Value Through Other Comprehensive Income		(747.308)	(564.543)
2.6 Financial Assets Disposed at Fair Value Through Other Comprehensive Income		483.179	168.579
2.7 Financial Assets Purchased at Amortized Cost		(228.699)	-
2.8 Financial Assets Sold Measured at Amortized Cost		165.294	-
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Generated from Financing Activities</b>		<b>355.000</b>	<b>-</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment Of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		355.000	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>VI-b</b>	<b>456.926</b>	<b>29.901</b>
<b>V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>1.216.738</b>	<b>(310.779)</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>VI-a</b>	<b>1.876.967</b>	<b>2.187.746</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	<b>VI-a</b>	<b>3.093.705</b>	<b>1.876.967</b>

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

**BURGAN BANK A.Ş.**  
**UNCONSOLIDATED PROFIT DISTRIBUTION STATEMENT AS OF 31 DECEMBER 2021**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

<b>VII. PROFIT DISTRIBUTION STATEMENT</b>	<b>31/12/2021(*)</b>	<b>31/12/2020 (**)</b>
<b>I. DISTRIBUTION OF PROFIT FOR THE PERIOD</b>		
1.1. PROFIT FOR THE PERIOD	344.442	(296.073)
1.2. TAX AND LEGAL DUTIES PAYABLE (-)	39.627	(28.659)
1.2.1. Corporate Tax (Income Tax)	-	32.862
1.2.2. Income Withholding Tax	-	-
1.2.3. Other Tax and Legal Liabilities	39.627	(61.521)
<b>A. NET PROFIT FOR THE YEAR (1.1-1.2) (***)</b>	<b>304.815</b>	<b>(267.414)</b>
1.3. PRIOR PERIODS' LOSS (-)	-	-
1.4. FIRST LEGAL RESERVES (-)	-	-
1.5. OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>	<b>-</b>	<b>(267.414)</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1. To Owners of Ordinary Shares	-	-
1.6.2. To Owners of Privileged Shares	-	-
1.6.3. To Preferred Shares	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.7. DIVIDENDS TO PERSONNEL (-)	-	-
1.8. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1. To Owners of Ordinary Shares	-	-
1.9.2. To Owners of Privileged Shares	-	-
1.9.3. To Owners of Preferred Shares	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.10. SECOND LEGAL RESERVES (-)	-	-
1.11. STATUTORY RESERVES (-)	-	-
1.12. EXTRAORDINARY RESERVES	-	(267.414)
1.13. OTHER RESERVES	-	-
1.14. SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1. APPROPRIATED RESERVES	-	-
2.2. SECOND LEGAL RESERVES (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To Owners of Ordinary Shares	-	-
2.3.2. To Owners of Privileged Shares	-	-
2.3.3. To Owners of Preferred Shares	-	-
2.3.4. To Profit Sharing Bonds	-	-
2.3.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.4. SHARE TO PERSONNEL (-)	-	-
2.5. SHARE TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1. TO OWNERS OF ORDINARY SHARES	-	-
3.2. TO OWNERS OF ORDINARY SHARES ( % )	-	-
3.3. TO OWNERS OF PRIVILEGED SHARES	-	-
3.4. TO OWNERS OF PRIVILEGED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1. TO OWNERS OF ORDINARY SHARES	-	-
4.2. TO OWNERS OF ORDINARY SHARES ( % )	-	-
4.3. TO OWNERS OF PRIVILEGED SHARES	-	-
4.4. TO OWNERS OF PRIVILEGED SHARES ( % )	-	-

(\*) As of the preparation date of the financial statements, the General Assembly meeting of the Bank has not been held yet.

(\*\*) It contains the information on the “Dividend Distribution Statement” approved at the Bank's Ordinary General Assembly held on 26 March 2021.

(\*\*\*) TL 90.033 of the net profit for the period consists of TMS27 adjustments. (31 December 2020: TL 31.299)

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 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 (all “Turkish Accounting Standards” or “TMS”) 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.

In accordance with the CMB’s decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Accounting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the standard No. 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) has not been applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority (“POA”) on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index (“CPI”) rates, it has been stated that entities applying the Turkish Financial Reporting Standards (“TFRS”) are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 “Financial Reporting in High Inflation Economies”. In the accompanying financial statements, no inflation adjustment has been made in accordance with TAS 29.



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

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

Since it is aimed to update the financial information in the most recent annual financial statements in the interim financial statements prepared as of 31 December 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.

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

None.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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/losses”.

As of 31 December 2021, the USD exchange rate used in the conversion of foreign currency transactions into Turkish currency and their reflection in the financial statements is TL 13,3290 and the Euro exchange rate is TL 15,0867.

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

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

The Bank has no joint ventures as of 31 December 2021 and 31 December 2020.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 31 December 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 TFRS 9, on the financial statements under equity “Accumulated Other Comprehensive Income or Expense To Be Reclassified Through Profit or Loss”, whereas the amount concerning ineffective parts is associated with the income statement.

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

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

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 (internal efficiency rate) method” according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection. The commissions and fees other than those whose amortised costs are integral part of their effective profit rate, are accounted over time in accordance with the TFRS 15 Revenue From Contracts With Customers Standard.

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

The 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/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 profit/loss accounts.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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. In case of disposal of the equity investment, the accumulated total gain or loss is followed in the “Other Accumulated Comprehensive Income or Expense that cannot be reclassified to Profit or Loss”.

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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 Principals regarding Classification of Loans and Allowances Allocated for Such Loans” published in the Official Gazette no. 29750 dated 22 June 2016, the Bank has started to allocate a loss allowance for expected credit losses on financial assets and loans measured at amortized cost in accordance with TFRS 9. In this context, as of 1 January 2018, the credit loss allowance method within the framework of the BRSA’s related legislation has been changed to the loss allowance for expected credit losses model with the implementation of TFRS 9. The predictions of expected credit loss forecasts include credible information which is objective, probability-weighted, supportable about past events, current conditions, and forecasts of future economic conditions.

Due to COVID-19, the condition of “more than 90 days delay” used in the definition of default in order to classify loans in accordance with the BRSA Decision began to be applied as “more than 180 days delay” as of 17 March 2020, Based on the BRSA’s Decision dated 8 December 2020 and numbered 9312, the validity period was extended until 30 June 2021, and again until 30 September 2021, based on the BRSA’s decision dated 17 June 2021 and numbered 9624 and as of 1 October 2021, based on the BRSA’s decision dated 16 September 2021 and numbered 9795. However, as of 1 October 2021, based on the same decision of the BRSA, this practice continued for loans with a delay period of more than 91 days and not exceeding 180 days.

While preparing its financial statements as of 31 December 2021, the Bank has reflected the possible effects of the COVID-19 outbreak on the important estimates and assumptions used in the preparation of the financial statements.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 macro-economic scenarios and the provision is calculated using the loss given default and risk amounts calculated by taking into consideration the collateral composition of the loan.

Stage 2:

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

Stage 3:

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

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

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

In addition to the rules above, the Bank has also set aside additional provisions through individual assessment.



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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. 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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 at 31 December 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 TANGIBLE ASSETS:**

Tangible assets 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, tangible assets 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 (TAS 16)” for its buildings. Independent expert appraisal values are presented in the financial statements.

Depreciation is calculated over the cost of tangible assets 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 tangible assets for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in tangible assets.

When the carrying amount of an asset is greater than its estimated “Net realizable value”, it is written down to its “Net realizable value” and the provision for the diminution in value is associated with expense accounts.

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

Expenditures for the repair and renewal of tangible assets 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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 tangible 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 tangible assets 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 impairment" 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 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, POA made amendments to IFRS 16 "Leases" standard by publishing Concessions Granted in Lease Payments - "IFRS 16 Leases" in relation to COVID-19. With this change, lessee are exempted from the concessions granted to lessee due to COVID-19 in their lease payments, not to assess whether there is a change in the lease. The change in question did not have a significant impact on the financial status or performance of the Bank.

**IFRS 16 "Leases" Standard**

**The 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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

**Existence of right-to-use:**

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

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

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

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

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

**Lease obligation:**

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

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

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

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

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 LIABILITIES:**

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

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

**XVI. EXPLANATIONS ON CONTINGENT ASSETS:**

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

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

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

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

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 2020. The corporate tax rate is implemented on the total income of the Bank after adjusting for certain disallowable expenses (e.g. income from subsidiaries exception), exempt income and other allowances. No further tax is payable unless the profit is distributed.

In accordance with the Temporary Article 10 and Article 32 paragraph 1 added to the Corporate Tax Law at 5 December 2017, the Corporate Tax rate which was 20% applied as 22% for corporate earnings for the taxation periods of 2018, 2019 and 2020. In addition, as per the Article 11 of the Law No. 7316 on the Certain Amendments on the Law on the Collection of the Public Receivables and Certain Laws and 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% will be applied as 25% for corporate income for the 2021 taxation period, and 23% for corporate income for the 2022 taxation period. In accordance with Article 14 of the same law on enforcement, the corporate tax rate change become valid on 22 April 2021, starting from the declarations that must be submitted as of 1 July 2021, and to be valid for the corporate earnings for the taxation period starting from 1 January 2021 (accounting period starting from 1 January 2021 for organizations with a special accounting period assigned).

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

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

75% portion of the capital gains derived from the sale of equity investments and immovable properties before 5 December 2017, the 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 5 years. Losses cannot be carried back to offset profits from previous periods.

According to the Law No. 7352 Amending the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the legal books based on the Tax Procedure Law was postponed to 31 December 2023.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

---

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

**b. Deferred Tax:**

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with “Turkish Accounting Standard for Income Taxes” (“TAS 12”) and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

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

**XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS:**

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

Financial liabilities and derivative transactions are valued with their fair values and other financial liabilities are carried at “amortized cost” using the effective interest method in the following periods.

The Bank utilizes various hedging techniques to minimize the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued by the 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 6.500 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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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.

	<b>31 December 2021</b>	<b>31 December 2020</b>
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	304.815	(267.414)
Weighted Average Number of Issued Ordinary Shares (Thousand)	180.343.836	153.500.000
<b>Profit/(Loss) Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)</b>	<b>1,690</b>	<b>(1,742)</b>

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

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

**XXV. EXPLANATIONS ON RELATED PARTIES:**

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

**XII. 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.

**XIII. 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.

**XXVI. RECLASSIFICATIONS:**

In order to comply with the presentation of the unconsolidated financial statements as of 31 December 2021, the Bank has reclassified the 31 December 2020 unconsolidated balance sheet, cash flow statement and related notes. Collaterals given for derivative transactions with foreign banks, which were shown under the “Other Assets” item in the 31 December 2020 unconsolidated 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.



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 31 December 2020, the Bank’s total capital has been calculated as TL 5.940.563 (31 December 2020: TL 3.669.974) and the Capital adequacy ratio is 23,16% (31 December 2020: 18,85%).

As of 31 December 2021, within the scope of BRSA's instructions dated 6 September 2021 and 21 December 2021; in the calculation of the amount subject to credit risk, in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (Capital Adequacy Regulation) published in the Official Gazette dated 23.10.2015 and numbered 29511; when calculating the amounts of monetary assets and non-monetary assets other than items in foreign currency measured at historical cost, valued in accordance with Accounting Standards and related special provisions, the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date was used and in case the net valuation differences of the securities held by the Bank in the portfolio of “Securities at Fair Value Reflected in Other Comprehensive Income” as of 21 December 2021 Decision date are negative, it is possible to ignore these differences in the amount of equity to be calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated 05.09.2013 and numbered 28756 and to be used for the capital adequacy ratio.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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:**

**a. Information about equity items:**

	Current Period 31 December 2021	1/1/2014 Amounts Related to Treatment Before (*)	Prior Period 31 December 2020	1/1/2014 Amounts Related to Treatment Before (*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.890.000		1.535.000	
Share issue premiums	-		-	
Legal reserves	122.055		397.443	
Gains recognized in equity as per Turkish Accounting Standards (TAS)	252.753		107.019	
Profit	304.815		-	
Current Period Profit	304.815		-	
Prior Period Profit	-		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-		-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>2.569.623</b>		<b>2.039.462</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>				
Common Equity as per the (i) 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	9.954		303.409	
Improvement costs for operating leasing	12.059		14.810	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	51.382	51.382	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	185.523		13.979	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-		-	
Gains arising from securitization transactions	-		-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-		-	
Defined-benefit pension fund net assets	-		-	
Direct and indirect investments of the Bank in its own Common Equity	-		-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-		-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-		-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-		-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-		-	
Excess amount arising from mortgage servicing rights	-		-	
Excess amount arising from deferred tax assets based on temporary differences	-		-	
Other items to be defined by the BRSA	-		-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-		-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>258.918</b>		<b>374.267</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>2.310.705</b>		<b>1.665.195</b>	

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

	Current Period 31 December 2021	1/1/2014 Amounts Related to Treatment Before (*)	Prior Period 31 December 2020	1/1/2014 Amounts Related to Treatment Before (*)
<b>ADDITIONAL TIER I CAPITAL</b>				
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-	-	-
Debt instruments and premiums approved by BRSA (*)	666.450	-	370.970	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>666.450</b>	-	<b>370.970</b>	-
<b>Deductions from Additional Tier I Capital</b>	-	-	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	-	-	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-	-	-
<b>Total Additional Tier I Capital</b>	<b>666.450</b>	-	<b>370.970</b>	-
<b>Total Tier I Capital (Tier I Capital+Common Equity+Additional Tier I Capital)</b>	<b>2.977.155</b>	-	<b>2.036.165</b>	-
<b>TIER II CAPITAL</b>	-	-	-	-
Debt instruments and share issue premiums deemed suitable by the BRSA	2.665.800	-	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)	299.234	-	224.149	-
<b>Tier II Capital Before Deductions</b>	<b>2.965.034</b>	-	<b>1.633.835</b>	-
<b>Deductions From Tier II Capital</b>	-	-	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	1.626	-	26	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
<b>Total Deductions from Tier II Capital</b>	<b>1.626</b>	-	<b>26</b>	-
<b>Total Tier II Capital</b>	<b>2.963.408</b>	-	<b>1.633.809</b>	-
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>5.940.563</b>	-	<b>3.669.974</b>	-
<b>Deductions from Total Capital</b>	-	-	-	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	-	-	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

	Current Period 31 December 2021	1/1/2014 Amounts Related to Treatment Before (*)	Prior Period 31 December 2020	1/1/2014 Amounts Related to Treatment Before (*)
<b>TOTAL CAPITAL</b>				
Total Capital	5,940,563		3,669,974	
Total risk weighted amounts	25,655,272		19,464,794	
<b>Capital Adequacy Ratios</b>				
Core Capital Adequacy Ratio (%)	9,01		8,55	
Tier I Capital Adequacy Ratio (%)	11,60		10,46	
Capital Adequacy Ratio (%)	23,16		18,85	
<b>BUFFERS</b>				
Total buffer requirement (a+b+c)	2,513		2,558	
a. Capital conservation buffer requirement (%)	2,500		2,500	
b. Bank specific counter-cyclical buffer requirement (%)	0,013		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	4,51		4,06	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>				
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Remaining mortgage servicing rights	-		-	
Amount arising from deferred tax assets based on temporary differences	460,783		162,049	
<b>Limits related to provisions considered in Tier II calculation</b>				
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,364,423		720,221	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	299,234		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	-		-	
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

(\*) 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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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:**

Issuer – Loan grantor	Burgan Bank K.P.S.C.	Burgan Bank K.P.S.C.
Unique Identifier of the Debt Instrument	-	-
Governing Legislation of the Debt Instrument	BRSA	BRSA
Regulatory Treatment in Equity Calculation	Tier II Capital	Tier I Capital
Assessment whether it is subject to being taken into consideration as 10% decreased as of 1/1/2015	No	No
Validity status in a consolidated or unconsolidated basis or in a consolidated and unconsolidated basis	Unconsolidated - Consolidated	Unconsolidated - Consolidated
Instrument type	Subordinated Loan	Subordinated Loan
Amount recognized in equity calculation (As of most recent reporting date – Thousands TL)	2.665.800	666.450
Nominal value of debt instrument (thousand USD)	200.000	50.000
The account number that the debt instrument is followed	Liability-Subordinated Loans-Amortized Cost	Liability-Subordinated Loans-Amortized Cost
Original date of issuance of the debt instrument	16.08.2021	22.02.2021
Maturity structure of the debt instrument (Perpetual/Dated)	Dated	Undated
Original maturity date of the debt instrument	10 Years	-
Whether the issuer has a right to call subject to BRSA approval	Yes	Yes
Optional call date, contingent call options and redemption amount	After 5th year	After 5th year
Subsequent call dates of call options	After 5th year	After 5th year
Coupon/dividend payments	3 Months	-
Fixed or floating dividend/coupon payments	Floating dividend	-
Coupon rate and any related index value	LIBOR+4,25	-
Existence of a restriction which can stop dividend payments	-	-
Being fully discretionary, partially discretionary or mandatory	-	-
Existence of an interest rate increase or other incentive to call	-	-
Being noncumulative or cumulative	Noncumulative	Noncumulative
Being convertible or non-convertible to stock	None	None
If convertible to a stock, conversion trigger(s)	-	-
If convertible to a stock, fully or partially	-	-
If convertible to a stock, conversion rate	-	-
If convertible to a stock, mandatory or optional conversion	-	-
If convertible to a stock, specify instrument type convertible into	-	-
If convertible to a stock, issuer of debt instrument it converts into	-	-
Value reduction feature	None	-
If it has a value reduction feature, write-down trigger(s)	-	If unsustainability occurs, a decrease in value can be realized.
If it has a value reduction feature, full or partial	-	Partially or completely depreciation can be realized.
If it has a value reduction feature, permanent or temporary	-	Constant
If temporary value reduction exists, description of value increase mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to this instrument)	Before debt instruments to be included in Additional Tier I capital calculation but after the deposit holders and all other creditors of the Debtor.	After the right to claim of the holder, the deposit holders, other creditors and contribution capital calculation included borrowings of the Debtor.
Whether it is in compliance with the terms in articles 7 and 8 of the Communiqué on Bank’s Equities	None.	None.
The terms it is not in compliance with in articles 7 and 8 of the Communiqué on Bank’s Equities	None.	None.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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:**

	<b>T</b>	<b>T-1</b>
<b>EQUITY ITEMS</b>		
Common Equity Tier 1 Capital	2.310.705	2.277.651
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	2.277.651	2.277.651
Tier 1 Capital	2.977.155	2.944.101
Tier 1 Capital Without the Implementation of the Transition Process	2.944.101	2.944.101
Equity	5.940.563	5.907.509
Equity Without the Implementation of the Transition Process	5.907.509	5.907.509
<b>TOTAL RISK WEIGHTED AMOUNTS</b>		
Total Risk Weighted Amounts	25.655.272	25.655.272
<b>CAPITAL ADEQUACY RATIOS</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	9,01	8,88
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	8,88	8,88
Tier 1 Capital Adequacy Ratio (%)	11,60	11,48
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process (%)	11,48	11,48
Capital Adequacy Ratio (%)	23,16	23,03
Capital Adequacy Ratio Without the Implementation of the Transition Process (%)	23,03	23,03
<b>LEVERAGE RATIO</b>		
Leverage Ratio Total Risk Amount	43.545.709	43.545.709
Leverage Ratio (%)	6,55	6,76
Leverage Ratio Without the Implementation of the Transition Process	6,76	6,76

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

---

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

**II. EXPLANATIONS ON CREDIT RISK**

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

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

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

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

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

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

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

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

<b>31 December 2021</b>		
<b>Risk Group</b>	<b>Amount</b>	<b>Average</b>
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	6.543.531	4.462.737
Contingent and Non-Contingent Receivables from Regional or Local Governments	191.272	296.139
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	-	76
Contingent and Non-Contingent Receivables from Multilateral Development Banks	31.428	37.623
Contingent and Non-Contingent Receivables from International Organizations	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	2.645.162	2.718.309
Contingent and Non-Contingent Corporate Receivables	20.632.515	16.102.089
Contingent and Non-Contingent Retail Receivables	255.150	214.949
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	4.167.921	4.139.570
Past Due Loans	1.192.329	1.176.538
Higher Risk Categories Decided by the Board	-	-
Secured by Mortgages	-	-
Securitization Positions	-	-
Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-
Undertakings for Collective Investments in Mutual Funds	-	-
Other Receivables	2.344.579	2.002.840
<b>Total</b>	<b>38.003.887</b>	<b>31.150.870</b>



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

<b>31 December 2020</b>		
<b>Risk Group</b>	<b>Amount</b>	<b>Average</b>
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	3.684.298	3.483.777
Contingent and Non-Contingent Receivables from Regional or Local Governments	348.950	267.037
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	113	86
Contingent and Non-Contingent Receivables from Multilateral Development Banks	24.172	11.103
Contingent and Non-Contingent Receivables from International Organizations	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	1.758.761	2.108.626
Contingent and Non-Contingent Corporate Receivables	14.589.211	11.426.547
Contingent and Non-Contingent Retail Receivables	268.590	398.456
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	4.328.419	4.478.261
Past Due Loans	1.201.814	896.720
Higher Risk Categories Decided by the Board	-	-
Secured by Mortgages	-	-
Securitization Positions	-	-
Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-
Undertakings for Collective Investments in Mutual Funds	-	-
Other Receivables	1.682.302	1.478.098
<b>Total</b>	<b>27.886.630</b>	<b>24.548.711</b>

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

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

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

In the current period, the share of the Bank's receivables due to cash loans extended to its top 100 and top 200 customers are 81%, 89% (31 December 2020: 83% and 91%) within the total cash loan portfolio.

In the current period, the share of the Bank's receivables due to non-cash loans extended to its top 100 and top 200 customers are 52%, 71% (31 December 2020: 60% and 78%) within the total non-cash loans portfolio.

In the current period, the share of the Bank's receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 75%, 85% (31 December 2020: 77% and 88%) within cash loans in balance sheet and non-cash loans in off-balance sheet.

The Bank's allocated expected credit losses for loans amounts to TL 1.364.423 (31 December 2020: TL 720.221).

**a. Information on types of loans and specific provisions:**

<b>31 December 2021</b>	<b>Corporate</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Factoring Receivables</b>	<b>Total</b>
Standard Loans	18.493.636	223.697	-	-	18.717.333
Loans Under Close Monitoring	5.336.431	14.326	-	-	5.350.757
Non-Performing Loans	1.902.598	17.268	87	-	1.919.953
Specific Provision (-)	721.358	6.181	82	-	727.621
<b>Total</b>	<b>25.011.307</b>	<b>249.110</b>	<b>5</b>	<b>-</b>	<b>25.260.422</b>

<b>31 December 2020</b>	<b>Corporate</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Factoring Receivables</b>	<b>Total</b>
Standard Loans	12.941.263	259.952	-	-	13.201.215
Loans Under Close Monitoring	2.432.005	17.521	-	-	2.449.526
Non-Performing Loans	1.835.683	35.674	121	-	1.871.478
Specific Provision (-)	650.966	18.592	106	-	669.664
<b>Total</b>	<b>16.557.985</b>	<b>294.555</b>	<b>15</b>	<b>-</b>	<b>16.852.555</b>

**b. Information on overdue loans and other receivables:**

<b>31 December 2021</b>	<b>Corporate</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Factoring Receivables</b>	<b>Total</b>
Past due 0-30 days	5.250.692	17.429	-	-	5.268.121
Past due 30-60 days	80.324	7.493	-	-	87.817
Past due 60-90 days	5.909	3.994	-	-	9.903
<b>Total</b>	<b>5.336.925</b>	<b>28.916</b>	<b>-</b>	<b>-</b>	<b>5.365.841</b>

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

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

31 December 2021 Moody’s Rating	Financial Assets at Fair Value through P/L (Net)	Financial Assets at Fair Value through Other Comprehensive Income (Net)	Other Financial Assets Measured at Amortized Cost (Net)	Total
B2(*)	2.318	659.505	1.023.455	1.685.278
<b>Total</b>	<b>2.318</b>	<b>659.505</b>	<b>1.023.455</b>	<b>1.685.278</b>

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

31 December 2020 Moody’s Rating	Financial Assets at Fair Value through P/L (Net)	Financial Assets at Fair Value through Other Comprehensive Income (Net)	Other Financial Assets Measured at Amortized Cost (Net)	Total
B2(*)	32.687	399.340	510.399	942.426
<b>Total</b>	<b>32.687</b>	<b>399.340</b>	<b>510.399</b>	<b>942.426</b>

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

**d. Information on rating concentration:**

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

	31 December 2021	31 December 2020
Above average (%)	25,91	34,17
Average (%)	59,43	52,70
Below average (%)	13,83	11,73
Not rated (%)	0,83	1,40

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

31 December 2021	Corporate Loans	Consumer Loans	Credit Cards	Factoring Receivables	Total
Loans Under Close Monitoring	968.933	15.964	-	-	984.897
Non-Performing Loans	964.383	6.043	-	-	970.426
<b>Total</b>	<b>1.933.316</b>	<b>22.007</b>	<b>-</b>	<b>-</b>	<b>1.955.323</b>

31 December 2020	Corporate Loans	Consumer Loans	Credit Cards	Factoring Receivables	Total
Loans Under Close Monitoring	545.286	8.372	-	-	553.658
Non-Performing Loans	265.854	73	-	-	265.927
<b>Total</b>	<b>811.140</b>	<b>8.445</b>	<b>-</b>	<b>-</b>	<b>819.585</b>

Type of collaterals	31 December 2021	31 December 2020
Real-estate mortgage	1.713.829	545.418
Pledge	5.698	-
Cash and cash equivalents	235.796	274.167
<b>Total</b>	<b>1.955.323</b>	<b>819.585</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

**f. Profile of Significant Risks in Key Regions:**

	Risk Categories (*)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
<b>31 December 2021</b>																		
Domestic	6.953.213	77.816	-	-	-	681.453	18.110.435	210.147	4.091.597	1.114.971	-	-	-	-	-	-	2.344.578	<b>33.584.210</b>
EU Countries	-	-	-	-	-	389.981	40.034	4	7.621	467	-	-	-	-	-	-	-	<b>438.107</b>
OECD Countries (**)	-	-	-	31.428	-	1.472.629	-	2	-	-	-	-	-	-	-	-	-	<b>1.504.059</b>
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	122.461	-	-	-	-	-	-	-	-	-	-	-	<b>122.461</b>
Other Countries	-	-	-	-	-	32.666	2.359	11	719	-	-	-	-	-	-	-	-	<b>35.755</b>
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6.953.213</b>	<b>77.816</b>	<b>-</b>	<b>31.428</b>	<b>-</b>	<b>2.699.190</b>	<b>18.152.828</b>	<b>210.164</b>	<b>4.099.937</b>	<b>1.115.438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.344.578</b>	<b>35.684.592</b>

1. Contingent and non-contingent exposures to central governments or central banks
  2. Contingent and non-contingent exposures to regional governments or local authorities
  3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
  4. Contingent and non-contingent exposures to multilateral development banks
  5. Contingent and non-contingent exposures to international organisations
  6. Contingent and non-contingent exposures to banks and brokerage houses
  7. Contingent and non-contingent exposures to corporates
  8. Contingent and non-contingent retail exposures
  9. Contingent and non-contingent exposures secured by real estate property
  10. Past due receivables
  11. Receivables defined in high risk category by BRSA
  12. Exposures in the form of bonds secured by mortgages
  13. Securitization positions
  14. Short term exposures to banks, brokerage houses and corporates
  15. Exposures in the form of collective investment undertakings
  16. Stock exchange
  17. Other receivables
- (\*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.  
(\*\*) Includes OECD countries other than EU countries, USA and Canada.  
(\*\*\*) Assets and liabilities that cannot be segmented on a consistent basis.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

**f. Profile of Significant Risks in Key Regions (Continued):**

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

1. Contingent and non-contingent exposures to central governments or central banks
  2. Contingent and non-contingent exposures to regional governments or local authorities
  3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
  4. Contingent and non-contingent exposures to multilateral development banks
  5. Contingent and non-contingent exposures to international organisations
  6. Contingent and non-contingent exposures to banks and brokerage houses
  7. Contingent and non-contingent exposures to corporates
  8. Contingent and non-contingent retail exposures
  9. Contingent and non-contingent exposures secured by real estate property
  10. Past due receivables
  11. Receivables defined in high risk category by BRSA
  12. Exposures in the form of bonds secured by mortgages
  13. Securitization positions
  14. Short term exposures to banks, brokerage houses and corporates
  15. Exposures in the form of collective investment undertakings
  16. Stock exchange
  17. Other receivables
- (\*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.  
(\*\*) Includes OECD countries other than EU countries, USA and Canada.  
(\*\*\*) Assets and liabilities that cannot be segmented on a consistent basis.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

**g. Miscellaneous Information by Major Sectors and Counterparty Type:**

31 December 2021	Risk Categories (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
<b>Agriculture</b>	-	-	-	-	-	-	314.092	93	2.570	772	-	-	-	-	-	-	-	178.504	139.023	317.527
Farming and Stockbreeding	-	-	-	-	-	-	297.049	85	-	770	-	-	-	-	-	-	-	159.516	138.388	297.904
Forestry	-	-	-	-	-	-	14.027	8	-	1	-	-	-	-	-	-	-	13.401	635	14.036
Fishery	-	-	-	-	-	-	3.016	-	2.570	1	-	-	-	-	-	-	-	5.587	-	5.587
<b>Manufacturing</b>	-	-	-	-	-	-	7.438.527	5.247	262.054	258.422	-	-	-	-	-	-	-	4.184.226	3.780.024	7.964.250
Mining and Quarrying	-	-	-	-	-	-	34.915	203	7.425	26.943	-	-	-	-	-	-	-	66.744	2.742	69.486
Production	-	-	-	-	-	-	5.623.849	4.958	139.666	230.988	-	-	-	-	-	-	-	3.413.604	2.585.857	5.999.461
Electricity, Gas, Water	-	-	-	-	-	-	1.779.763	86	114.963	491	-	-	-	-	-	-	-	703.878	1.191.425	1.895.303
<b>Construction</b>	-	-	-	-	-	-	2.039.207	1.751	709.587	529.484	-	-	-	-	-	-	-	2.536.377	743.652	3.280.029
<b>Services</b>	-	-	-	31.428	-	2.699.190	8.250.289	7.917	3.086.971	292.596	-	-	-	-	-	-	-	5.851.498	8.516.893	14.368.391
Wholesale and Retail Trade	-	-	-	31.428	-	-	2.612.583	6.521	1.615.835	155.586	-	-	-	-	-	-	-	1.502.157	2.919.796	4.421.953
Hotel, Food and Beverage services	-	-	-	-	-	-	1.304.972	4	1.238.372	2.690	-	-	-	-	-	-	-	67.578	2.478.460	2.546.038
Transportation and Telecom	-	-	-	-	-	-	515.420	360	78.060	47.846	-	-	-	-	-	-	-	278.455	363.231	641.686
Financial Institutions	-	-	-	-	-	2.699.190	2.896.055	1	154.607	27	-	-	-	-	-	-	-	3.547.143	2.202.737	5.749.880
Real Estate and Rental Services	-	-	-	-	-	-	884.059	795	12	82.162	-	-	-	-	-	-	-	419.314	547.714	967.028
Self-employment Services	-	-	-	-	-	-	6.105	153	12	151	-	-	-	-	-	-	-	4.744	1.677	6.421
Educational Services	-	-	-	-	-	-	236	-	-	1.961	-	-	-	-	-	-	-	2.197	-	2.197
Health and Social Services	-	-	-	-	-	-	30.859	83	73	2.173	-	-	-	-	-	-	-	29.910	3.278	33.188
<b>Other</b>	6.953.213	77.816	-	-	-	-	110.713	195.156	38.755	34.164	-	-	-	-	-	-	2.344.578	4.006.047	5.748.348	9.754.395
<b>Total</b>	6.953.213	77.816	-	31.428	-	2.699.190	18.152.828	210.164	4.099.937	1.115.438	-	-	-	-	-	-	-	16.756.652	18.927.940	35.684.592

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

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

**g. Miscellaneous Information by Major Sectors and Counterparty Type (Continued):**

31 December 2020	Risk Categories (*)																	TL	FC	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17				
<b>Agriculture</b>	-	-	-	-	-	-	212.270	647	3.117	1.104	-	-	-	-	-	-	-	44.336	172.802	217.138	
Farming and Stockbreeding	-	-	-	-	-	-	206.312	412	3.050	1.102	-	-	-	-	-	-	-	38.295	172.581	210.876	
Forestry	-	-	-	-	-	-	5.186	-	67	-	-	-	-	-	-	-	-	5.253	-	5.253	
Fishery	-	-	-	-	-	-	772	235	-	2	-	-	-	-	-	-	-	788	221	1.009	
<b>Manufacturing</b>	-	-	-	-	-	-	4.239.960	7.520	236.984	271.048	-	-	-	-	-	-	-	1.234.521	3.520.991	4.755.512	
Mining and Quarrying	-	-	-	-	-	-	42.328	129	17.947	8.151	-	-	-	-	-	-	-	44.936	23.619	68.555	
Production	-	-	-	-	-	-	2.918.471	7.383	206.249	262.588	-	-	-	-	-	-	-	1.032.178	2.362.513	3.394.691	
Electricity, Gas, Water	-	-	-	-	-	-	1.279.161	8	12.788	309	-	-	-	-	-	-	-	157.407	1.134.859	1.292.266	
<b>Construction</b>	-	-	-	-	-	-	2.183.052	2.392	827.586	434.783	-	-	-	-	-	-	-	2.041.184	1.406.629	3.447.813	
<b>Services</b>	-	-	19	24.172	-	1.749.872	5.810.068	8.316	3.119.357	310.428	-	-	-	-	-	-	-	3.511.580	7.510.652	11.022.232	
Wholesale and Retail Trade	-	-	-	24.172	-	-	1.595.316	6.225	1.780.846	56.656	-	-	-	-	-	-	-	692.585	2.770.630	3.463.215	
Hotel, Food and Beverage services	-	-	-	-	-	-	815.486	347	1.085.500	2.730	-	-	-	-	-	-	-	44.160	1.859.903	1.904.063	
Transportation and Telecom	-	-	-	-	-	-	527.310	753	84.166	61.727	-	-	-	-	-	-	-	208.766	465.190	673.956	
Financial Institutions	-	-	-	-	-	1.749.872	2.044.474	401	143.457	81	-	-	-	-	-	-	-	1.992.151	1.946.134	3.938.285	
Real Estate and Rental Services	-	-	-	-	-	-	742.491	566	21.762	185.682	-	-	-	-	-	-	-	491.214	459.287	950.501	
Self-employment Services	-	-	-	-	-	-	6.024	2	462	148	-	-	-	-	-	-	-	6.072	564	6.636	
Educational Services	-	-	-	-	-	-	31.377	22	2.860	1.963	-	-	-	-	-	-	-	36.222	-	36.222	
Health and Social Services	-	-	19	-	-	-	47.590	-	304	1.441	-	-	-	-	-	-	-	40.410	8.944	49.354	
<b>Other</b>	4.213.813	206.625	75	-	-	-	147.201	202.255	71.552	69.084	-	-	-	-	-	-	-	1.682.306	2.891.908	3.701.003	6.592.911
<b>Total</b>	4.213.813	206.625	94	24.172	-	1.749.872	12.592.551	221.130	4.258.596	1.086.447	-	-	-	-	-	-	-	1.682.306	9.723.529	16.312.077	26.035.606

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

**h. Analysis of Maturity-Bearing Exposures According to Remaining Maturities:**

31 December 2021	Term To Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	396.517	341.443	37.909	254.927	1.367.079
Contingent and Non-Contingent Receivables from Regional or Local Governments	-	-	-	7.563	70.252
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	31.428	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	1.122.142	356.612	333.802	38.706	634.968
Contingent and Non-Contingent Corporate Receivables	6.700.937	907.729	1.402.371	4.389.981	4.751.810
Contingent and Non-Contingent Retail Receivables	16.819	6.300	14.999	61.635	110.411
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	146.857	102.214	160.978	121.784	3.568.103
Past Due Loans	-	-	-	-	-
Higher Risk Categories Decided by the Board	-	-	-	-	-
Secured by Mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-	-	-	-
Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
<b>Total</b>	<b>8.414.700</b>	<b>1.714.298</b>	<b>1.950.059</b>	<b>4.874.596</b>	<b>10.502.623</b>

31 December 2020	Term To Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	89.422	152.884	17.552	80.071	1.055.956
Contingent and Non-Contingent Receivables from Regional or Local Governments	-	-	-	191.498	157.452
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	75	-	-	-	19
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	24.172
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	129.276	320.720	172.069	202.273	735.825
Contingent and Non-Contingent Corporate Receivables	2.546.559	1.367.560	948.585	1.311.636	6.400.610
Contingent and Non-Contingent Retail Receivables	2.544	8.030	12.524	46.154	151.879
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	97.122	101.944	211.989	316.091	3.531.449
Past Due Loans	-	-	-	-	-
Higher Risk Categories Decided by the Board	-	-	-	-	-
Secured by Mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-	-	-	-
Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
<b>Total</b>	<b>2.864.998</b>	<b>1.951.138</b>	<b>1.362.719</b>	<b>2.147.723</b>	<b>12.057.362</b>



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

**i. Information about the Risk Exposure Categories**

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

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

The Fitch Rating assigned to a debtor is valid for all of the debtor’s assets, no exception is made for a specific category of assets.

A Credit Rating Institution which is not included in the institution’s mapping table is not taken into consideration in the credit risk amount calculation process.

**j. Risk Amounts by Risk Weight:**

31 December 2021									Deductions From Equity
Risk Weights	0%	20%	35%	50%	75%	100%	150%		
<b>1.Exposures before Credit Risk Mitigation</b>	6.868.950	2.341.177	446.949	4.253.380	100.353	21.512.101	161.682	1.626	
<b>2.Exposures after Credit Risks Mitigation (*)</b>	7.804.669	2.424.877	443.767	4.022.838	96.929	20.747.947	143.565	1.626	

(\*) The bank mitigates the credit risk using the simple financial collateral methods.

31 December 2020									Deductions from Equity
Risk Weights	0%	20%	35%	50%	75%	100%	150%		
<b>1.Exposures before Credit Risk Mitigation</b>	4.073.005	1.305.266	479.053	4.174.729	220.732	15.662.876	119.945	26	
<b>2.Exposures after Credit Risks Mitigation (*)</b>	4.820.885	1.496.687	467.712	3.808.088	211.574	15.158.368	72.292	26	

(\*) The Bank mitigates the credit risk using the simple financial collateral methods.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

**k. Informations in Terms of Major Sectors and Type of Counterparties:**

31 December 2021	Loans		Provisions	
	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provision (IFRS 9-Stage 2)	Expected Credit Loss Provision (IFRS 9-Stage 3)
<b>Major Sectors / Counterparties</b>				
<b>Agriculture</b>	-	<b>1.333</b>	-	<b>561</b>
Farming and Stockbreeding	-	1.325	-	555
Forestry	-	2	-	1
Fishery	-	6	-	5
<b>Manufacturing</b>	<b>683.526</b>	<b>389.787</b>	<b>104.864</b>	<b>131.365</b>
Mining and Quarrying	-	29.160	-	2.217
Production	683.526	359.378	104.864	128.390
Electricity, Gas and Water	-	1.249	-	758
<b>Construction</b>	<b>112.756</b>	<b>789.746</b>	<b>28.504</b>	<b>260.262</b>
<b>Services</b>	<b>4.478.781</b>	<b>585.603</b>	<b>1.163.804</b>	<b>293.007</b>
Wholesale and Retail Trade	2.580.887	258.604	492.331	103.018
Accommodation and Dining	1.847.812	6.711	656.936	4.021
Transportation and Telecom	32.189	70.783	13.649	22.937
Financial Institutions	-	402	-	375
Real Estate and Rental Services	13.052	242.194	707	160.032
Professional services	-	154	-	3
Educational Services	218	4.520	2	2.559
Health and Social Services	4.623	2.235	179	62
<b>Other</b>	<b>75.694</b>	<b>153.484</b>	<b>1.335</b>	<b>42.426</b>
<b>Total</b>	<b>5.350.757</b>	<b>1.919.953</b>	<b>1.298.507</b>	<b>727.621</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

**k. Informations in Terms of Major Sectors and Type of Counterparties (Continued):**

31 December 2020	Loans		Provisions	
	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provision (TFRS 9-Stage 2)	Expected Credit Loss Provision (TFRS 9-Stage 3)
<b>Major Sectors / Counterparties</b>				
<b>Agriculture</b>	<b>3.111</b>	<b>1.780</b>	-	<b>676</b>
Farming and Stockbreeding	3.044	1.771	-	669
Forestry	67	3	-	3
Fishery	-	6	-	4
<b>Manufacturing</b>	<b>340.277</b>	<b>460.786</b>	<b>36.446</b>	<b>189.738</b>
Mining and Quarrying	-	14.496	-	6.345
Production	340.277	445.595	36.446	183.007
Electricity, Gas and Water	-	695	-	386
<b>Construction</b>	<b>184.880</b>	<b>639.318</b>	<b>14.124</b>	<b>204.535</b>
<b>Services</b>	<b>1.671.850</b>	<b>511.666</b>	<b>443.585</b>	<b>201.238</b>
Wholesale and Retail Trade	723.814	110.073	206.221	53.417
Accommodation and Dining	902.801	6.622	234.998	3.892
Transportation and Telecom	21.892	84.295	1.681	22.568
Financial Institutions	-	423	-	342
Real Estate and Rental Services	19.027	304.002	518	118.320
Professional services	-	153	-	5
Educational Services	205	4.519	2	2.556
Health and Social Services	4.111	1.579	165	138
<b>Other</b>	<b>323.947</b>	<b>257.928</b>	<b>108.360</b>	<b>73.477</b>
<b>Total</b>	<b>2.524.065</b>	<b>1.871.478</b>	<b>602.515</b>	<b>669.664</b>

**I. Information about Value Adjustment and Change in Provisions:**

31 December 2021	Opening Balance	Provision for Period	Write off from Asset	Other Adjustments (**)	Closing Balance
<b>1. Specific Provisions</b>	679.033	118.438	(54.274)	4.438	747.635
<b>2. General Provisions</b>	720.221	196.480	(5.449)	453.171	1.364.423
<b>TOTAL</b>	<b>1.399.254</b>	<b>314.918</b>	<b>(59.723)</b>	<b>457.609</b>	<b>2.112.058</b>

(\*) Special and general provisions for non-cash loans classified as non-performing loans are included in the opening and closing balances.

(\*\*) Other adjustments column includes the exchange differences of the foreign currency provisions.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CREDIT RISK (Continued):**

**I. Information about Value Adjustment and Change in Provisions (Continued):**

31 December 2020	Opening Balance	Provision for Period	Write off from Asset (*)	Other Adjustments (**)	Closing Balance
<b>1. Specific Provisions</b>	284.893	389.361	-	4.779	679.033
<b>2. General Provisions</b>	532.528	19.059	-	168.634	720.221
<b>TOTAL</b>	<b>817.421</b>	<b>408.420</b>	-	<b>173.413</b>	<b>1.399.254</b>

(\*) Special and general provisions for non-cash loans classified as non-performing loans are included in the opening and closing balances.

(\*\*) Other adjustments column includes the exchange differences of the foreign currency provisions.

**m. Risks Included in Cyclical Capital Buffer Calculation:**

None.

**III. EXPLANATIONS ON RISK MANAGEMENT:**

**Risk Management Approach and Risk Weighted Amounts**

**a. Risk Management Approach of the Bank:**

**1. The way risk profile of the Bank is determined by business model and its interaction and risk appetite:**

The Bank prepares its business strategy including medium and long term growth objectives and makes an annual revision through reviewing. The Bank reviews its business strategy annually in a periodic manner and aforementioned business strategies are reviewed ad hoc and more frequently and can be revised if it is required by economic developments and market conditions. Risk appetite of the Bank is designated in full compliance with its business strategy and main risks, which shall be taken due to main components of main activity area and business strategy of the Bank, comprise main inputs of risk appetite determined by Board of Directors.

**2. Risk management structure: Responsibilities assigned within the body of the Bank:**

Board of Directors is responsible for developing a risk appetite in compliance with business strategy of the Bank and establishing a risk management system in line with risk appetite. Board of Directors carries out activities such as definition, monitoring, reporting of the risk and developing risk mitigating measures through Audit Committee, Board of Directors Risk Committee, Risk Coordination Committee, Assets and Liabilities Committee (ALCO) and Risk Management Group, Internal Control Department, Directorate of Supervisory Board and Compliance Departments.

Audit Committee controls whether provisions included in legislation related risk management and intra-group and implementation procedures approved by the Board of Directors are applied or not and makes recommendations to board of directors regarding measures which should be taken. It also evaluates whether there are method, instrument and implementations procedures required for identification, measurement, monitoring and controlling of Group’s risks or not.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**2. Risk management structure: Responsibilities assigned within the body of the Bank (Continued):**

Board Risk Committee is responsible for the development of risk management systems in line with business strategy and risk appetite of the Bank, presentation of amendment recommendations related to risk management policies to Board of Directors and establishment of required method, instrument and implementation procedures in order to ensure identification, measurement, monitoring and reporting of risks by non-executive independent departments.

ALCO is responsible to monitor and manage structural asset-liability non-compliance of the Bank together with the monitoring and controlling of liquidity and exchange risks through holding meetings on a weekly basis.

Risk Management Group, which carries out its activities independent from executive functions, consist of Credit Risk and Modelling Unit, Market Risk Unit and Operational Risk Unit which operate under the Credit and Market Risk Unit. Credit Risk and Modelling Unit is responsible for defining, measuring, monitoring and reporting of outputs with respect to risks exposed by the Bank and its partners which are subject to consolidation and sharing of solution recommendations for risk mitigation with related departments. Credit risk appetite limits, which are approved by Board of Directors, are monitored in specific periods and results are reported to Board of Directors and senior management. The unit gives support to credit risk analysis through stress tests, reverse stress tests and scenario analysis. The department is also responsible for monitoring the results of internal rating systems and TFRS 9 models, conducting validation and calibration works.

Market Risk Unit is responsible for defining, measuring, monitoring and reporting of outputs with respect to risks exposed by the Bank and its partners which are subject to consolidation. The Unit is also responsible to monitor and report limits specified related to treasury risk parameters and liquidity risk. Limit-risk follow-up regarding counterparty credit risk, stress tests and scenario analysis are also under the responsibility of the unit in question.

Operational Risk Unit carries out definition, measurement, assessment, controlling, mitigation, monitoring and reporting activities of operational risks. Internal Audit is responsible for the evaluation of operational risk management framework with its all aspects in an independent manner. The aforementioned evaluation includes both activities of business units and also activities of Operational Risk Management.

Internal Control Center carries out activities at secondary control level in order to monitor and report risks and develop measures reducing risks with executive departments. Directorate of Supervisory Board carries out required intra-company audits in order to reduce risks exposed by the Bank to a minimum level.

Compliance Department carries out the function to monitor legislative amendments and validity and effective date of regulations and timely informing of related parties with respect to aforementioned issues. Regulations, which are directly or indirectly related to risks exposed by Bank are shared with both executive and non-executive departments such as Risk Management Group.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**3. Channels which are used to extend and apply risk culture in the Bank:**

Risk Management application is developed on Intranet platform for the purpose of increasing awareness of employees in order to extend risk culture within the body of the Bank. Through this application, trainings and documents increasing awareness are shared with employees. Online trainings, related to risk management developed in order to raise awareness of employees, are shared with employees via remote training platform. Risk point of views of employees are supported through in-class trainings, if required.

Information on risk position of the Bank, expected and unexpected loss estimations, impacts of negative conditions on balance sheet of the Bank and realization levels of risk appetite limits determined by Board of Directors is shared with Board of Directors, related committees and senior management by Risk Management Group through reports issued. If there exists an overflow on the risk appetite limits, related departments are informed in order to ensure taking of pre-determined measures and results are monitored by Risk Management Group.

**4. Main components and scope of Risk measurement systems:**

Rating is used for corporate and commercial customers while score card and decision tree is used for retail loans in the Bank in order to measure loan risk. Internal rating systems are designated in the framework of business strategy, risk appetite, regulations of authorities with respect to rating systems and internal policies and their performances are periodically monitored by Risk Management Group and results are reported to Board of Directors and senior management. On the other hand, validations and calibrations of rating models are executed/coordinated by Credit Risk and Modelling Unit. The Bank has information systems enabling reporting according to sector, segment, branch, exchange rate, maturity, internal rating grade and risk class of credit portfolio. Risk appetite limits determined in the Loan Risk Policy are monitored on a monthly basis and conclusions reported to Board of Directors and senior management.

The Bank determines internal limits which are revised in the framework of business model, strategy and risk appetite of the Bank reviewed at least on an annual basis for exchange rate, interest, counterparty and liquidity risk which may be exposed. All limits are approved by Board of Directors and monitored in an effective manner by Board of Directors.

Basic Indicator Approach is used in order to determine capital requirement required for operational risk in accordance with legislations of BRSA. The Bank records operational risk events in the operational risk database and performs self-evaluation studies in order to raise awareness in operational risks, determine current operational risks and reduce possible negative impacts of such risks to minimum.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**5. Disclosures on risk reporting processes provided to Board of Directors and senior management:**

Risk Management Group reports results of analysis related to risks such as credit, liquidity and operational to Board of Directors, Audit Committee, Board Risk Committee, Risk Coordination Committee, ALCO and senior management. Reporting is made to Risk Coordination Committee and Board of Directors on a monthly basis while it is made to Audit Committee and Board of Directors Risk Committee on a quarterly basis.

Results of concentration and credit risk stress test based on sector, segment, maturity, collateral, currency, internal rating and credit risk stress test and TFRS 9 calculation results; structural interest rate risk sourcing from banking accounts, details related to derivatives, liquidity analysis, stress tests made related to counterparty credit risk, deposit concentration, realizations related to risk appetite limits of market and liquidity; historical developments of operational risks based on loss categories and their distribution based on Bank and subsidiaries are included in aforementioned reports.

**6. Disclosures on stress test:**

The Bank makes stress tests for risk categories of credit, market, liquidity and operational risk both in scope of Internal Capital Adequacy Assessment Process (ICAAP) and also as periodical internal and results are shared with Board of Directors, senior management and audit authority, if required.

The Bank considers scenarios announced by BRSA and pre-determined negative and extremely negative scenarios for stress tests made in scope of ICAAP. Scenarios are determined through taking macro-economic variables, business strategy and risk appetite of the Bank and negative past conditions into account. In scope of ICAAP, both particular and also total stress tests are made based on significant risk types.

Internal periodic stress tests are made in the framework of scenarios determined internally in accordance with portfolio, business strategy, risk appetite and retrospective estimations of the Bank. The Bank prepares its internal periodic stress tests through benefiting from sensitivity analysis, stress test, reverse stress test and scenarios analysis instruments. Credit risk stress tests include scenarios such as depreciation of Turkish Lira, increase in overdue receivables and decrease in real estate values. On the other hand, reverse stress tests towards risk appetite limits through scenario analysis related to concentration index are periodically made. Scenario analyzes are carried out regarding the impact of fluctuations in macroeconomic indicators on the expected loss provision, and the results are shared with the senior management.

Impact of each shocks on profitability and capital is measured in stress tests made in scope of Market Risk. Risk factors, for which a shock is applied, are exchange rates, interests and prices of shares. Foreign exchange position gain/loss sourcing from sudden exchange and interest movements, banking activities, impact of Interbank transactions and Commercial Funding on capital, bond, derivative and share portfolio gain/loss are calculated in stress tests.

Impact of exchange, volatility and interest rate shocks on derivative portfolio specific for customer is reviewed in scope of Counterparty Credit Risk stress tests and results are discussed in related committees.

In scope of operational risk tests, loss estimation is made through statistical methods via taking historical loss data into account and its effect on capital requirement is reviewed.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**7. Risk management, hedging and mitigation strategies and process of the group sourcing from its business model and Monitoring processes of continuing effects of protection and mitigation**

The Bank includes collaterals in Communique on Credit Risk Mitigation Techniques to credit risk mitigation with respect to capital requirements calculations and those collaterals are used in calculations over their consideration rates in the aforementioned communique. The operational conditions mentioned in the Communique should be met in order to be able to include collaterals in credit risk mitigation.

Determination of actions towards mitigation through assessing risks exposed in current processes, key risk indicators and loss events, use of support services and pre-evaluation studies of implementation procedures and policies of new products are carried out in order to mitigate risk which are exposed or shall be exposed in operational risk management. Insurances towards risk mitigation are made. Risk mitigation exposed due to a disruption is aimed to be reduced through Business Continuity Plan approved by Board of Directors ensuring the continuity of operations in reasonable periods. In this scope, Business Continuity Plan is periodically tested and required updates are made.



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT:**

**Overview of Risk-Weighted Amounts**

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of the date 31 December 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
		31 December	31 December	31 December
		2021	2020	2021
1	Credit risk (excluding counterparty credit risk)	23.171.611	17.403.946	1.853.729
2	Standardised approach	23.171.611	17.403.946	1.853.729
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	767.094	527.962	61.368
5	Standardised approach for counterparty credit risk	767.094	527.962	61.368
6	Internal Model method	-	-	-
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	-	-	-
14	IRB supervisory formula approach	-	-	-
15	SA/simplified supervisory Formula Approach	-	-	-
16	Market risk	281.826	220.164	22.546
17	Standardised approach	281.826	220.164	22.546
18	Internal model approaches	-	-	-
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	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>25.655.272</b>	<b>19.464.794</b>	<b>2.052.422</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**c. Relations between Financial Tables and Risk Amounts**

**1. Differences and Matchmaking Between Accounting Consolidation and Legal Consolidation**

31 December 2021	Carrying values of items in accordance with TAS					
	(*)Valued amount according to TAS within legal consolidation	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>						
Cash and the central bank (net)	6.391.851	4.481.009	-	-	-	-
Financial assets at fair value through profit or loss (net)	1.663.639	-	1.528.715	-	266.704	1.626
Financial assets at fair value through profit or loss (net)	-	-	-	-	-	-
Banks (net)	553.434	447.489	-	-	-	-
Money market receivables (net)	-	-	-	-	-	-
Financial assets available-for-sale (net)	667.179	667.179	1.295	-	-	-
Loans and receivables (net)	23.908.423	20.943.329	-	-	-	-
Factoring receivables (net)	-	-	-	-	-	-
Other financial assets measured at amortized cost (net)	1.023.468	1.023.468	273.313	-	-	-
Associates (net)	-	-	-	-	-	-
Subsidiaries (net)	669.736	669.736	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Lease receivables (net)	-	-	-	-	-	-
Derivative financial assets held for hedging (net)	1.443.344	-	1.443.344	-	-	-
Tangible assets (net)	148.917	136.858	-	-	-	12.059
Intangible assets (net)	51.007	-	-	-	-	51.007
Investment property (net)	-	-	-	-	-	-
Tax asset (net)	27.218	24.014	-	-	-	-
Assets held for resale and related to discontinued operations (net)	1.039.002	1.039.002	-	-	-	-
Other assets (net)	427.422	428.902	-	-	-	-
<b>Total assets</b>	<b>38.014.640</b>	<b>29.860.986</b>	<b>3.246.667</b>	<b>-</b>	<b>266.704</b>	<b>64.692</b>
<b>Liabilities</b>						
Deposits	24.634.663	-	-	-	-	24.634.663
Derivative financial liabilities held for trading	842.595	-	837.816	-	218.865	4.779
Funds borrowed	3.786.448	-	-	-	-	3.786.448
Payables to money markets	211.908	-	211.908	-	-	-
Marketable securities issued	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous payables	1.964.453	-	-	-	-	1.964.453
Other foreign sources	195.698	-	-	-	-	195.698
Factoring payables	-	-	-	-	-	-
Lease payables	74.211	-	-	-	-	74.211
Derivative financial liabilities held for hedging	186.864	-	-	-	-	186.864
Provisions	246.477	-	-	-	-	246.477
Tax liability	49.701	-	-	-	-	49.701
Liabilities for tangible assets held for sale and related to discontinued operations (net)	-	-	-	-	-	-
Subordinated loans	3.347.213	-	-	-	-	3.347.213
Shareholder's equity	2.474.409	-	-	-	-	2.474.409
<b>Total liabilities</b>	<b>38.014.640</b>	<b>-</b>	<b>1.049.724</b>	<b>-</b>	<b>218.865</b>	<b>36.964.916</b>

(\*) On the table above, amounts of allocated TFRS 9 loss provisions in the current period are presented by netting in the related balance sheet entries.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**c. Relations between Financial Tables and Risk Amounts (Continued):**

**1. Differences and Matchmaking Between Accounting Consolidation and Legal Consolidation**

31 December 2020	(*)Valued amount according to TAS within legal consolidation	Carrying values of items in accordance with TAS				
		Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>						
Cash and the central bank (net)	3.270.581	3.046.360	-	-	-	-
Financial assets at fair value through profit or loss (net)	368.422	-	285.662	-	274.995	26
Financial assets at fair value through profit or loss (net)	-	-	-	-	-	-
Banks (net)	87.741	83.477	-	-	-	-
Money market receivables (net)	100.050	-	100.050	-	-	-
Financial assets available-for-sale (net)	407.014	407.014	3.711	-	-	-
Loans and receivables (net)	16.192.341	15.846.312	-	-	-	-
Factoring receivables (net)	-	-	-	-	-	-
Other financial assets measured at amortized cost (net)	510.403	510.403	304.621	-	-	-
Associates (net)	-	-	-	-	-	-
Subsidiaries (net)	548.560	548.560	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Lease receivables (net)	-	-	-	-	-	-
Derivative financial assets held for hedging (net)	554.469	-	554.469	-	-	-
Tangible assets (net)	139.397	124.587	-	-	-	14.810
Intangible assets (net)	41.147	-	-	-	-	41.147
Investment property (net)	-	-	-	-	-	-
Tax asset (net)	91.757	90.835	-	-	-	-
Assets held for resale and related to discontinued operations (net)	495.818	495.818	-	-	-	-
Other assets (net)	315.947	305.479	-	-	-	-
<b>Total assets</b>	<b>23.123.647</b>	<b>21.458.845</b>	<b>1.248.513</b>	-	<b>274.995</b>	<b>55.983</b>
<b>Liabilities</b>						
Deposits	13.942.287	-	-	-	-	13.942.287
Derivative financial liabilities held for trading	459.847	-	457.783	-	213.751	2.064
Funds borrowed	3.277.935	-	-	-	-	3.277.935
Payables to money markets	242.569	-	242.569	-	-	-
Marketable securities issued	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous payables	639.214	-	-	-	-	639.214
Other foreign sources	122.437	-	-	-	-	122.437
Factoring payables	-	-	-	-	-	-
Lease payables	74.872	-	-	-	-	74.872
Derivative financial liabilities held for hedging	94.972	-	-	-	-	94.972
Provisions	327.277	-	-	-	-	327.277
Tax liability	43.659	-	-	-	-	43.659
Liabilities for tangible assets held for sale and related to discontinued operations (net)	-	-	-	-	-	-
Subordinated loans	2.228.521	-	-	-	-	2.228.521
Shareholder's equity	1.670.057	-	-	-	-	1.670.057
<b>Total liabilities</b>	<b>23.123.647</b>	-	<b>700.352</b>	-	<b>213.751</b>	<b>22.423.295</b>

(\*) On the table above, amounts of allocated TFRS 9 loss provisions in the current period are presented by netting in the related balance sheet entries.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**2. Main Sources of Differences between Amounts valued in accordance with TAS and Risk Exposures**

		Total	Subject to credit risk	Subject to securitisation	Subject to counterparty credit risk	Subject to market risk
	<b>31 December 2021</b>					
1	Asset carrying value amount under scope of regulatory consolidation (as in template B1)	33.374.357	29.860.986	-	3.246.667	266.704
2	Liabilities carrying value amount under regulatory scope of consolidation (as in template B1)	(1.268.589)	-	-	(1.049.724)	(218.865)
3	Total net amount under regulatory scope of consolidation	32.105.768	29.860.986	-	2.196.943	47.839
4	Off-Balance sheet amounts	5.821.740	5.821.740	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences resulted from the BRSA’s applications	(1.961.090)	(2.319.295)	-	124.218	233.987
9	Differences Due to Risk Reduction	-	-	-	-	-
10	Risk amounts	<b>35.966.418</b>	<b>33.363.431</b>	-	<b>2.321.161</b>	<b>281.826</b>

		Total	Subject to credit risk	Subject to securitisation	Subject to counterparty credit risk	Subject to market risk
	<b>31 December 2020</b>					
1	Asset carrying value amount under scope of regulatory consolidation (as in template B1)	22.982.353	21.458.845	-	1.248.513	274.995
2	Liabilities carrying value amount under regulatory scope of consolidation (as in template B1)	(914.103)	-	-	(700.352)	(213.751)
3	Total net amount under regulatory scope of consolidation	22.068.250	21.458.845	-	548.161	61.244
4	Off-Balance sheet amounts	5.177.710	5.177.710	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences resulted from the BRSA’s applications	(990.190)	(1.851.024)	-	701.914	158.920
9	Differences Due to Risk Reduction	-	-	-	-	-
10	Risk amounts	<b>26.255.770</b>	<b>24.785.531</b>	-	<b>1.250.075</b>	<b>220.164</b>

**3. Disclosures on Differences between Amounts valued in accordance with TAS and Risk Exposures**

There exist no difference between accounting and legal consolidation scopes of the Bank.

Significant differences between amounts valued in accordance with TAS and Risk exposures source from securities and derivatives. Securities mentioned in repo transaction in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are designated in Money Markets Debts item. For derivative transactions, the Bank has foreign exchange swap and interest swap products which are monitored under trading accounts and made for structural interest rate risk and liquidity risk management. Therefore, those products should not be considered in scope of market risk although they are monitored under trading accounts in accordance with TAS.

Valuation methodologies, including disclosure on using of market value and model value methodologies, performs valuation of financial assets of the Bank tracked under trading accounts on a daily basis. Market prices, obtained from independent data providers, are kept in treasury system and valuations are made systemically.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

Market values of products such as forward exchange, foreign exchange swaps and interest swaps traded in over the counter markets are calculated based on discounting of cash flows over market interest rates. Globally accepted valuation methodologies are used for option products.

The Bank uses weighted average prices for securities trades in BIST for Turkish Lira securities portfolio while it uses prices in nature of indicator announced by Central Bank for securities not traded on BIST. Market average prices, obtained from independent data providers, are used for foreign currency securities.

Description of independent price approval processes: The Bank obtains market prices, which shall be used in valuation, from independent data providers and manages through checkpoints established independent from risk generating unit/departments. Valuation prices are created by collecting data in the treasury system for risk factors (such as interest rate, exchange rate, volatility, bond prices) at a predetermined time each day. The aforementioned data is formed following an inquiry executed by Information Technologies without the interruption of any users. Prices, which shall be used in valuations, are controlled by Market Risk Department on a daily basis.

Besides, Market Risk Department controls and documents yield curves methodologically, valuation methods and accuracy of fair value calculations periodically.

Processes for valuations adjustments or differences: The Bank does not make valuation adjustment since financial assets recognized at fair value are traded on an active market.

**d. Credit Risk Disclosures**

**1. General Qualitative Information on Credit Risk:**

**i. Conversion of Bank’s business model to components of credit risk profile:**

The Bank has forward-looking measurement and forecast instruments which are sensitive to risk and including appropriate information technology applications and management information systems in order to take expected or unexpected losses into account in all types of risk under both normal and also negative market conditions. The conversion of business model to components in risk profile is digitized through aforementioned instruments. The Bank especially uses stress test and scenario analysis in order to measure effects of negative conditions on bank’s portfolio and business strategy and risk appetite of the Bank is considered while determining parameters for respective analysis.

**ii. Criteria and approaches used in determining the credit risk policy and credit risk limits:**

The Bank determines its short, medium and long term credit strategy in line with its business strategy and risk appetite and implement operations according to the criteria detailed in credit policies and credit risk policies in order to minimize expected and unexpected losses to be incurred due to load activities. The loan policies determine the procedures for the Bank’s lending, monitoring, collection, administrative and legal follow-up processes, based on the principle of prudence and applicability. In other respect, with the credit risk policy, the general framework of the credit risk operations demanded by the legal authorities and/or performed effectively manage the credit risk internally is drawn. Therefore, the Credit Risk Policy, which sets the highest level framework of the Bank’s credit risk operations, and the credit risk appetite limits detailed in this document are determined on the basis of legal requirements, the Bank’s business strategy, credit strategy, risk appetite and credit policies are reviewed at least once a year and if necessary are being updated.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**ii. Criteria and approaches used in determining the credit risk policy and credit risk limits  
(Continued):**

While determining the credit risk appetite limits, the economic conjuncture, the Bank’s business strategy, risk appetite and retroactive portfolio realizations are taken into considerations. In other respect, methods such as stress test and reverse stress test are used in the process of determining limit levels.

**iii. Structure and organization of credit risk management and control function**

All of the process related to direct or indirect credit allocation, extension, monitoring and operation of the Bank in favour of individuals or legal entities are reviewed in scope of credit risk management. In this context, first level of controls are detailed in credit policies and procedures. Internal rating systems are benefited as well as credit allocation processes in order to measure creditability of customers.

Credit risk studies in scope of capital adequacy are carried out by Credit Risk and Modelling Unit within the body of Risk Management Group in the framework of Credit Risk Policy. Credit Risk Policy includes activities related to credit risk management, credit risk management organization, related parties and their responsibilities and duties, main principles, implementations, limits and reporting determine in credit risk management.

Duties and responsibilities of Risk Management Group Credit Risk and Modelling Unit with respect to credit risk management are as follows:

- To make principal amount calculations subject to legal credit risk in the framework of determined rules by related regulations of BRSA and to monitor up-to-dateness of application used in this scope,
- To report results of analysis related to risk definition, measurement, analysis, monitoring and portfolio subject to in/off balance sheet credit risks to senior management in scope of Credit Risk Policy approved by Board of Directors and related application principles,
- To support development of rating/score card models for corporate, commercial and retail credits, to monitor their performances and to participate/coordinate their validation studies,
- To perform credit risk stress test, reverse stress test and scenario analysis determined through related regulations of BRSA and approved by Board of Directors and to share respective results with Risk Coordination Committee, senior management, Audit Committee, Board of Directors Risk Committee and Board of Directors,
- To make probability of default (PD), loss given default (LGD) and residual risk calculations based on internal rating models and share opinion and recommendations for the establishment of infrastructure for aforementioned calculations,
- To analyse credits portfolio through applying stress test, reverse stress test and scenario analysis, if required, for credit risk management,
- To monitor, report risk appetite limits determined in Credit Risk Policy periodically and share opinion and recommendations in revision of risk appetite limits,
- To share recommendations developed for stress test and scenario analysis in order to be presented to Board of Directors, with Risk Coordination Committee and Risk Committee.
- To monitor the performance of TFRS 9 models, to perform and/or to coordinate model revision, validation and calibration works.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

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

Three lines control mechanism is established in order manage credit risk and to reduce expected and unexpected losses to a minimum level at the Bank. The first line of controls are performed by executive units and include controls in entering into credit relation with customers having high level of creditability, credit allocation, crediting, repayment and monitoring phases. The second line of controls include activities performed by Risk Management Group and Internal Control Department and consist of definition, measurement, monitoring, reporting of risks and development of measures which shall reduce credit risk with executive departments. The third line of controls are performed by Supervisory Board. Directorate of Supervisory Board carries out required intra-company audits in order to reduce risks exposed by the Bank to a minimum level.

Compliance Department carries out the function to monitor legislative amendments and validity and effective date of regulations and timely informing of related parties with respect to aforementioned issues. Regulations, which are directly or indirectly related to risks exposed by Bank are shared with both executive and non-executive departments such as Risk Management Group.

Internal Audit function is executed by Directorate of Supervisory Board at the Bank. In this context, evaluations with respect to credit risk are carried out by Directorate of Supervisory Board through taking risks exposed by the Bank and related controls into account in the framework of annual audit plans. Assurance is provided on effectiveness and sufficiency of internal control and risk management strategies related to credit risk activity field executed towards strategies and objectives of the Bank through credit risk management in scope of headquarters unit and process audits and branch audits including preferred of Directorate of Supervisory Board.

Managers of Risk Management Group, Internal Control Department, Compliance Department and Directorate of Supervisory Board inform members of Committee through holding Risk Coordination Committee on a monthly basis and Audit Committee and Board of Directors Risk Committee meetings held on quarterly basis. Issues determined in the framework of second and third lines of controls are examined in meetings for credit risk management and risk mitigation measures are reviewed. Those departments report to Board of Directors through Audit Committee and Board of Directors Risk Committee.

**v. Scope and main content of reporting to senior management and board members regarding credit risk management function and exposure to credit risk**

Credit risk exposed by the Bank is monitored periodically by Risk Management Group Credit Risk and Modelling Unit and results are shared with senior managers of ALCO, credit marketing and allocation on a weekly basis, with Board of Directors and Risk Coordination Committee on a monthly basis and with Board of Directors Risk Committee on a quarterly basis. The scope and main content of aforementioned reports consist of sector, segment, risk classes, internal rating grades, collateral concentration of credit portfolio; close monitoring and legal proceedings portfolios, ageing analysis, probability of default estimations calculated based on rating and scoring systems, foreign currency and maturity concentrations, capital adequacy, periodical comparisons and result of stress test and scenarios analysis.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**2. Credit Quality of Assets**

	31 December 2021	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Provisions/ depreciation and impairment	Net value
		Defaulted exposures	Non-defaulted exposures		
		1	Loans		
2	Debt instruments	-	1.817.897	13	1.817.884
3	Off-balance sheet receivables	44.716	7.584.343	30.902	7.598.157
<b>4</b>	<b>Total</b>	<b>1.964.669</b>	<b>33.470.330</b>	<b>2.110.522</b>	<b>33.324.477</b>

	31 December 2020	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Provisions/ depreciation and impairment	Net value
		Defaulted exposures	Non-defaulted exposures		
		1	Loans		
2	Debt instruments	-	992.503	4	992.499
3	Off-balance sheet receivables	29.057	5.658.062	68.408	5.618.711
<b>4</b>	<b>Total</b>	<b>1.900.535</b>	<b>22.301.306</b>	<b>1.399.254</b>	<b>22.802.587</b>

**3. Changes in Stock of Defaulted Loans and Debt Securities**

**31 December 2021**

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	449.492
3	Returned to non-defaulted status	-
4	Amounts written off (-)	32.892
5	Other changes	(352.466)
<b>6</b>	<b>Defaulted loans and debt securities at the end of the reporting period (1+2-3-4+5)</b>	<b>1.964.669</b>

**31 December 2020**

1	Defaulted loans and debt securities at the end of the previous reporting period	974.768
2	Loans and debt securities that have defaulted since the last reporting period	1.280.367
3	Returned to non-defaulted status	-
4	Amounts written off (-)	-
5	Other changes	(354.600)
<b>6</b>	<b>Defaulted loans and debt securities at the end of the reporting period (1+2-3-4+5)</b>	<b>1.900.535</b>

**4. Additional Disclosures Related to Credit Quality of Assets:**

- i. **Scope and descriptions of “overdue” receivables and “provisioned” receivables which are used for accounting and differences between descriptions of “overdue” and “provisioned”, if available:**

Receivables having a delay of more than 90 days are defined as “overdue receivables”. There is no difference between “overdue receivable” and “provisioned” definitions since provisions are allocated for the whole overdue receivables.

- ii. **Part of overdue receivables (more than 90 days) which are not evaluated as “provisioned” and reasons for this application:**

None.



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**iii. Descriptions of methods used while determining provision amounts:**

As of 1 January 2018, in accordance with the Communiqué related to “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” published in the Official Gazette no. 29750 dated 22 June 2016, the Bank has started to allocate a loss allowance for expected credit losses on financial assets and loans measured at amortized cost in accordance with TFRS 9. In this context, as of 31 December 2017, the credit loss allowance method within the framework of the BRSA’s related legislation has been changed to the loss allowance for expected credit losses model with the implementation of TFRS 9. The predictions of expected credit loss forecasts include credible information which is objective, probability-weighted, supportable about past events, current conditions, and forecasts of future economic conditions.

**iv. Descriptions of restructured receivables:**

Loans and other receivables can be restructured, through providing additional loan, if required, or linked to a repayment schedule in order to provide collection of receivable of the bank and provide liquidity capacity to debtor if the non-fulfillment of liabilities related to credits and other receivables is sourcing from temporary liquidity deficiency.

**v. Breakdown of receivables according to geographical regions, sector and residual maturity:**

Separation of receivables according to geographical area (Cash and non-cash loans and non-performing loans):

		<b>31 December 2021</b>	<b>31 December 2020</b>
<b>1</b>	Domestic	30.228.330	21.165.593
<b>2</b>	European Union Countries	602.765	124.609
<b>3</b>	OECD Countries (*)	69.906	59.343
<b>4</b>	Off-shore Banking Regions	-	-
<b>5</b>	USA, Canada	3.832	343
<b>6</b>	Other Countries	50.153	14.220
<b>7</b>	Associates, Subsidiaries and Jointly Controlled Entities	-	-
<b>8</b>	Unallocated Assets / Liabilities	-	-
<b>9</b>	<b>Total</b>	<b>30.954.986</b>	<b>21.364.108</b>

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

Breakdown of receivables by sector (Cash and non-cash loans and non-performing loans):

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>1 Agriculture</b>	<b>490.774</b>	<b>364.967</b>
2 Farming and Stockbreeding	467.171	358.736
3 Forestry	18.050	5.233
4 Fishery	5.553	998
<b>5 Manufacturing</b>	<b>11.060.761</b>	<b>5.863.320</b>
6 Mining and Quarrying	75.730	68.301
7 Production	8.501.602	4.391.899
8 Electricity, Gas and Water	2.483.429	1.403.120
<b>9 Construction</b>	<b>3.772.084</b>	<b>3.612.537</b>
<b>10 Services</b>	<b>14.871.425</b>	<b>10.381.720</b>
11 Wholesale and Retail Trade	5.602.012	3.742.955
12 Accommodation and Dining	3.119.277	1.959.106
13 Transportation and Telecom	829.097	752.528
14 Financial Institutions	3.966.288	2.767.075
15 Real Estate and Rental Services	1.310.779	1.064.180
16 Professional Services	7.802	8.694
17 Educational Services	2.176	36.166
18 Health and Social Services	33.994	51.016
<b>19 Other</b>	<b>759.942</b>	<b>1.141.564</b>
<b>20 Total</b>	<b>30.954.986</b>	<b>21.364.108</b>

Separate receivables according to remaining demand (Cash and non-cash loans and non-performing loans):

	<b>1 Month</b>	<b>1-3 Month</b>	<b>3-12 Month</b>	<b>1-5 Year</b>	<b>5 Years and Over</b>	<b>Undistributable</b>	<b>Total</b>
<b>31 December 2021</b>							
Cash and Non-cash Loans	9.431.028	5.871.526	4.889.584	5.883.903	3.686.613	1.192.332	<b>30.954.986</b>
<b>31 December 2020</b>							
Cash and Non-cash Loans	5.937.058	3.360.975	3.976.239	4.972.444	1.915.578	1.201.814	<b>21.364.108</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**vi. Amounts of receivables provisioned based on the basis of geographical regions and sectors (according to the definition used by the bank in accounting terms) and amount written-off from assets through related provisions:**

Geographical and sectoral breakdowns of impaired and overdue receivables and provisions made for those receivables and value adjustments are in the below table and all amounts included are domestic.

	31 December 2021		31 December 2020	
	Non Performing Loan	Specific Provision	Non Performing Loan	Specific Provision
<b>1 Agriculture</b>	<b>1.333</b>	<b>561</b>	<b>1.780</b>	<b>676</b>
2 Farming and Stockbreeding	1.325	555	1.771	669
3 Forestry	2	1	3	3
4 Fishery	6	5	6	4
<b>5 Manufacturing</b>	<b>389.787</b>	<b>131.365</b>	<b>460.786</b>	<b>189.738</b>
6 Mining and Quarrying	29.160	2.217	14.496	6.345
7 Production	359.378	128.390	445.595	183.007
8 Electricity, Gas and Water	1.249	758	695	386
<b>9 Construction</b>	<b>789.746</b>	<b>260.262</b>	<b>639.318</b>	<b>204.535</b>
<b>10 Services</b>	<b>585.603</b>	<b>293.007</b>	<b>511.666</b>	<b>201.238</b>
11 Wholesale and Retail Trade	258.604	103.018	110.073	53.417
12 Accommodation and Dining	6.711	4.021	6.622	3.892
13 Transportation and Telecom	70.783	22.937	84.295	22.568
14 Financial Institutions	402	375	423	342
15 Real Estate and Rental Ser.	242.194	160.032	304.002	118.320
16 Professional Services	154	3	153	5
17 Educational Services	4.520	2.559	4.519	2.556
18 Health and Social Services	2.235	62	1.579	138
<b>19 Other</b>	<b>153.484</b>	<b>42.426</b>	<b>257.928</b>	<b>73.477</b>
<b>20 Total</b>	<b>1.919.953</b>	<b>727.621</b>	<b>1.871.478</b>	<b>669.664</b>

The total provision amount of non-performing loans written off from assets and written off in 2021 is TL 32.892 and their sectoral breakdown is as follows: (2020: None)

	Written-off (Accounts)	Written-off (Assets)
<b>Agriculture</b>	-	-
Farming and Stockbreeding	-	-
Forestry	-	-
Fishery	-	-
<b>Manufacturing</b>	-	-
Mining and Quarrying	-	-
Production	-	-
Electricity, Gas and Water	-	-
<b>Construction</b>	-	-
<b>Services</b>	-	<b>15.431</b>
Wholesale and Retail Trade	-	<b>15.431</b>
Accommodation and Dining	-	-
Transportation and Telecom	-	-
Financial Institutions	-	-
Real Estate and Rental Services	-	-
Professional Services	-	-
Educational Services	-	-
Health and Social Services	-	-
<b>Other</b>	<b>17.461</b>	-
<b>Total</b>	<b>17.461</b>	<b>15.431</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**vii. Aging analysis for overdue receivables:**

Aging analysis for overdue receivables are included in Section Four IV.b.

**viii. Breakdown of restructured receivables based on being provisioned or not:**

Special and general provisions are set aside for restructured receivables within the scope of the “Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Set aside for These” and TFRS 9, and there is no case of no provision.

**e. Credit Risk Mitigation**

**1. Qualitative Requirements to be Disclosed to the Public Regarding Credit Risk Mitigation Techniques:**

Collaterals obtained as guarantees of credits are secondary repayment sources of credits. Therefore, it should be considered that market values of assets and commitments, obtained as collaterals, are measurable and whether they have a second hand market or not. Collaterals accepted by Banks are listed in Corporate Credit Policy and its annexes.

Collaterals, which should be received as a guarantee for each credits and loan to value ratio with respect to those collaterals are determined during the allocation of credits. Related approval authority is authorized to determine a loan to value ratio for each customer and credit. If assets traded on markets having higher level of volatility are received as collaterals, a prudential loan to value rate is determined through considering maturity of the credit and price volatility of the asset.

Short term fluctuations in fair value of assets are not considered in evaluation of collaterals. Regular reviews of collaterals such as property and cheque whose change of value and translation to cash ability can not be monitored simultaneously are made. Market value of properties received as collateral are reviewed in accordance with rules determined by BRSA and internal rules determined in related policies.

Insuring of collaterals against possible losses is preferred, when possible.

In collateralized credit transactions, additional collateral should be received in case of the revaluation of the collateral shows that there is a significant decrease on the collateral and actual loan to value ratio is under the contractual loan to value ratio.

Establishment of type of collateral guarantor in a versatility preventing concentration on collateral providers and geography, is one of the main principles.

The Bank considers collaterals in its calculations for principal amount subject to credit risk in accordance with rules mentioned in Communique on Measurement and Evaluation of Bank’s Capital Adequacy and its annexes and Communique on Risk Mitigation Techniques.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**2. Credit Risk Mitigation Techniques**

	<b>31 December 2021</b>	Exposures unsecured: amount valued in accordance with 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	24.978.201	5.311.358	3.552.117	-	-	-	-
2	Debt securities	1.817.884	-	-	-	-	-	-
3	<b>Total</b>	<b>26.796.085</b>	<b>5.311.358</b>	<b>3.552.117</b>	-	-	-	-
4	Of which defaulted	1.122.924	94.110	92.220	-	-	-	-

	<b>31 December 2020</b>	Exposures unsecured: amount valued in accordance with 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	11.503.571	4.687.806	3.163.480	-	-	-	-
2	Debt securities	992.499	-	-	-	-	-	-
3	<b>Total</b>	<b>12.496.070</b>	<b>4.687.806</b>	<b>3.163.480</b>	-	-	-	-
4	Of which defaulted	1.221.505	412.164	385.364	-	-	-	-

**f. Credit Risk If the Standard Approach is Used**

**1. Qualitative Disclosures which shall be made related to Rating Grades used in the calculation of Credit Risk with Standard Approach by Banks**

**Credit Risk If the Standard Approach is Used:**

Fitch Grades are used in credit risk standard approach calculations for the determined receivable classifications by the Bank.

Grades of Fitch Credit Rating are taken into consideration for claims on sovereign and claims on banks and other financial institutions.

The CRA rating assigned to a debtor is taken into account for all assets of the debtor, no difference is made for any asset category.

CRA, which is not included in twinning table of the institution, is not used.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**2. Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation Effects**

	31 December 2021	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
	<b>Risk Categories</b>						
1	Receivables from central governments or central banks	5.835.860	-	6.245.542	-	-	-
2	Receivables from regional governments or local authorities	77.816	-	77.813	-	38.907	50,0%
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	31.428	-	31.428	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from institutions	840.289	511.283	840.289	451.857	516.736	40,0%
7	Receivables from corporates	15.250.356	5.175.818	14.984.651	2.961.833	16.519.821	92,1%
8	Retail exposures	195.686	59.361	195.646	14.416	231.522	110,2%
9	Receivables secured by residential property	440.506	15.605	438.293	6.766	155.869	35,0%
10	Receivables secured by commercial real estate	3.683.565	28.245	3.638.747	16.131	2.538.783	69,5%
11	Past-due loans	1.192.329	-	1.115.440	-	1.119.386	100,4%
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	2.344.579	-	2.344.579	-	2.050.587	87,5%
17	Equity Investment	-	-	-	-	-	-
18	<b>Total</b>	<b>29.860.986</b>	<b>5.821.740</b>	<b>29.881.000</b>	<b>3.482.431</b>	<b>23.171.611</b>	<b>69,5%</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**2. Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation Effects  
(Continued):**

	31 December 2020	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
	<b>Risk categories</b>						
1	Receivables from central governments or central banks	3.664.801	-	4.094.266	-	-	-
2	Receivables from regional governments or local authorities	348.950	-	206.624	-	103.312	%50,0
3	Receivables from administrative units and non-commercial enterprises	-	38	-	19	-	-
4	Receivables from multilateral development banks	-	24.172	-	24.172	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from institutions	460.823	250.011	603.147	198.849	369.939	%46,1
7	Receivables from corporates	9.609.444	4.797.858	9.356.630	3.054.010	11.534.755	%92,9
8	Retail exposures	205.202	62.721	205.225	15.240	159.104	%72,2
9	Receivables secured by residential property	473.102	14.581	463.838	5.820	163.699	%34,9
10	Receivables secured by commercial real estate	3.812.407	28.329	3.769.726	19.211	2.660.009	%70,2
11	Past-due loans	1.201.814	-	1.086.448	-	1.095.357	%100,8
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other receivables	1.682.302	-	1.682.306	-	1.317.771	%78,3
17	Equity Investment	-	-	-	-	-	-
18	<b>Total</b>	<b>21.458.845</b>	<b>5.177.710</b>	<b>21.468.210</b>	<b>3.317.321</b>	<b>17.403.946</b>	<b>%70,2</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**3. Receivables According to Risk Classes and Risk Weights**

31 December 2021											Total credit risk exposure amount (after CCF and CRM)
Risk Classes/ Risk Weight	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%		
1 Receivables from central governments or central banks	6.245.542	-	-	-	-	-	-	-	-	-	6.245.542
2 Receivables from regional governments or local authorities	-	-	-	-	77.813	-	-	-	-	-	77.813
3 Receivables from public sector entities	-	-	-	-	-	-	-	-	-	-	-
4 Receivables from multilateral development banks	31.428	-	-	-	-	-	-	-	-	-	31.428
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and institutions	-	-	455.749	-	821.621	-	14.776	-	-	-	1.292.146
7 Corporates receivables	320.176	-	1.117.364	-	425.815	-	16.082.500	629	-	-	17.946.484
8 Retail receivables	2.249	-	3.717	-	-	96.826	5.491	101.779	-	-	210.062
9 Receivables secured by residential property	925	-	-	443.767	-	-	-	-	367	-	445.059
10 Receivables secured by commercial real estate	18.434	-	159	-	2.195.068	-	1.441.217	-	-	-	3.654.878
11 Past-due loans	84	-	-	-	32.729	-	1.041.837	40.790	-	-	1.115.440
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	293.992	-	-	-	-	-	2.050.587	-	-	-	2.344.579
18 <b>Total</b>	<b>6.912.830</b>	<b>-</b>	<b>1.576.989</b>	<b>443.767</b>	<b>3.553.046</b>	<b>96.826</b>	<b>20.636.408</b>	<b>143.565</b>	<b>-</b>	<b>-</b>	<b>33.363.431</b>

31 December 2020											Total credit risk exposure amount (after CCF and CRM)
Risk Classes/ Risk Weight	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%		
1 Receivables from central governments or central banks	4.094.266	-	-	-	-	-	-	-	-	-	4.094.266
2 Receivables from regional governments or local authorities	-	-	-	-	206.624	-	-	-	-	-	206.624
3 Receivables from public sector entities	19	-	-	-	-	-	-	-	-	-	19
4 Receivables from multilateral development banks	24.172	-	-	-	-	-	-	-	-	-	24.172
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and institutions	-	-	128.852	-	657.949	-	15.195	-	-	-	801.996
7 Corporates receivables	66.806	-	846.921	-	263.087	-	11.233.826	-	-	-	12.410.640
8 Retail receivables	4.938	-	4.620	-	-	210.907	-	-	-	-	220.465
9 Receivables secured by residential property	1.946	-	-	467.712	-	-	-	-	-	-	469.658
10 Receivables secured by commercial real estate	2.126	-	1.040	-	2.251.940	-	1.533.831	-	-	-	3.788.937
11 Past-due loans	12	-	-	-	54.448	-	959.696	72.292	-	-	1.086.448
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13 Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-
14 Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-	-
15 Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-	-
16 Investments in equities	-	-	-	-	-	-	-	-	-	-	-
17 Other Receivables	364.535	-	-	-	-	-	1.317.771	-	-	-	1.682.306
18 <b>Total</b>	<b>4.558.820</b>	<b>-</b>	<b>981.433</b>	<b>467.712</b>	<b>3.434.048</b>	<b>210.907</b>	<b>15.060.319</b>	<b>72.292</b>	<b>-</b>	<b>-</b>	<b>24.785.531</b>



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**g. Disclosures Regarding Counterparty Credit Risk**

**1. Qualitative Disclosures on Counterparty Credit Risk**

**i. Objectives and policies of risk management with respect to CCR,**

Counterparty credit risk (CCR) states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. Derivative financial instruments, repo and reverse repo transactions, securities and commodities lending transactions, transactions having long clearing process and margin trading transactions are considered in the aforementioned scope. The Bank ensures timely and accurate briefing for senior management and related departments and assignment of appropriate staff for measurement and monitoring for the purpose of an effective counterparty credit risk management. Senior Management is responsible for understanding significance and level of counterparty credit risk taken by the Bank.

The Bank allocates limits approved on the basis of customer and approved in different level of authorization in order to manage counterparty credit risk. Those limits are determined in a way including risk, which shall be taken, instrument and maturity information and periodically reviewed.

Activities, job definitions and responsibilities related to management, measurement, monitoring and reporting of counterparty credit risk are determined through policies and procedures. Counterparty credit risks can be simultaneously controlled on treasury system and early warning limit excess mechanisms are triggered if the use of limits are over 80%.

The Bank uses mark-to-market approach in order to measure counterparty credit risk and therefore, determines coefficients (add-on) used in order to add current market value through multiplying nominal amount of transaction for the purpose of establishing the risk exposed by counterparty until the maturity. Aforementioned coefficients are calculated based on market data obtained from independent data providers and it is principal that aforementioned coefficients should be lower than coefficients determined in Part 3 of Annex -2 of Communiqué on Measurement and Evaluation of Bank’s Capital Adequacy prepared by BRSA and coefficients used in legal capital calculations. Market Risk Department reviews add-on coefficients with updated market data periodically reserving its right to update add-on coefficients more frequently if the volatility increases.

Besides, senior management is periodically supported with stress tests for business lines, Treasury and Credit Allocation decision making processes. With monthly meetings, the business lines, Treasury, Credit Allocation, Monitoring and Risk Management teams evaluate the stress test results.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**ii. Operational limit allocation method determined in scope of calculated internal capital for CCR and central counterparty risk,**

The Bank assigns limits mentioned in transactions causing counterparty credit risk and central counterparty credit risk in accordance with principles determined in credit policies. It is principal to select customers having a high creditability and sufficient collateral conditions. Therefore, compliance of off-balance sheet transactions subject to CCR to in-balance sheet position of the customer in addition to creditability and collateral conditions of the customer, should be especially considered while allocating limits of the customer subject to such risks. Exchange rate and maturity compliance of in/off balance sheet transactions of the Customer and the customer having a foreign currency income reducing foreign currency risk to a minimum level are other important components which are considered while allocating aforementioned limits. The Bank should be careful in not allocating high level of leverage and/or long term off balance sheet transaction limits.

The Bank performs its treasury limit allocation in line with its Financial Institutions Credit Allocation and Borrowing Policy for those whose counterparty is a financial institution.

Daily Exchange Limit, Total Lending Limits, Issuer limit, Limit before Exchange and Total nominal limit are allocated for financial institutions.

A limit before exchange is allocated for customers apart from financial institutions.

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

**iii. Policies towards determination of Guarantee and other risk mitigations and CCR including central counterparty risk,**

International Swaps and Derivatives Association (ISDA), Credit Support Annex (CSA) and/or Global Master Repurchase Agreement (GMRA), which have international validity, are concluded in counterparty credit risk management with respect to financial institutions and collateral management process is operated on a daily basis.

Collateralization principles and procedures within the framework of credit policies applied at Bank for companies apart from financial institutions and individuals.

**iv. Rules with respect to Counter-trend risk,**

The Bank uses results of counterparty stress test performed periodically related to counter-trend risk and evaluates impact of deterioration in macro-economic conditions on credit risk of the customer.

**v. Amount of additional collateralization, which have to be provided by the Bank if there exist a decline in credit rating grade,**

There exists no additional collateral amount, which have to be provided by the Bank if there exists a decline in credit rating grade.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**2. Assessment of Counterparty Credit Risk According to the Methods of Measurement**

		Revaluation cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk weighted amounts
	<b>31 December 2021</b>						
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)					2.321.161	608.821
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	<b>Total</b>					<b>2.321.161</b>	<b>608.821</b>

		Revaluation cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk weighted amounts
	<b>31 December 2020</b>						
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)					1.250.075	541.745
4	Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)						
5	Value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions						
6	<b>Total</b>					<b>1.250.075</b>	<b>541.745</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**3. Capital Requirement for Credit Valuation Adjustments**

<b>31 December 2021</b>		Risk amount (After credit risk mitigation techniques)	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	2.321.161	250.534
<b>4</b>	<b>Total amount of CVA capital adequacy</b>	<b>2.321.161</b>	<b>250.534</b>

<b>31 December 2020</b>		Risk amount (After credit risk mitigation techniques)	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	1.250.075	139.342
<b>4</b>	<b>Total amount of CVA capital adequacy</b>	<b>1.250.075</b>	<b>139.342</b>

**4. Standard Approach - Counterparty Credit Risk by Risk Classes and Risk Weights**

<b>31 December 2021</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total credit risk</b>
<b>Risk weights</b>									
<b>Risk Classes</b>									
Central governments and central banks receivables	707.671	-	-	-	-	-	-	-	707.671
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	182.875	-	839.127	385.044	-	-	-	-	1.407.046
Corporate receivables	1.293	-	8.761	84.748	-	111.539	-	-	206.341
Retail receivables	-	-	-	-	103	-	-	-	103
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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>891.839</b>	<b>-</b>	<b>847.888</b>	<b>469.792</b>	<b>103</b>	<b>111.539</b>	<b>-</b>	<b>-</b>	<b>2.321.161</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**4. Standard Approach - Counterparty Credit Risk by Risk Classes and Risk Weights (Continued):**

<b>31 December 2020</b>										<b>Total credit risk</b>
<b>Risk weights</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>		
<b>Risk Classes</b>										
Central governments and central banks receivables	19.497	-	100.050	-	-	-	-	-	-	119.547
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	75	-	-	-	75
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	238.919	-	406.853	302.105	-	-	-	-	-	947.877
Corporate receivables	3.649	-	8.351	71.935	-	97.974	-	-	-	181.909
Retail receivables	-	-	-	-	667	-	-	-	-	667
Mortgage receivables	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>262.065</b>	<b>-</b>	<b>515.254</b>	<b>374.040</b>	<b>667</b>	<b>98.049</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.250.075</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**5. Collaterals Used for Counterparty Credit Risk**

31 December 2021	Collaterals for derivatives transactions				Collaterals or other transactions	
	Collaterals taken		Collaterals given		Collaterals taken	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - Local Currency	-	-	-	-	1.295	-
Cash - Foreign Currency	-	-	-	-	182.873	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>184.168</b>	-

31 December 2020	Collaterals for derivatives transactions				Collaterals or other transactions	
	Collaterals taken		Collaterals given		Collaterals taken	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - Local Currency	-	-	-	-	103.701	-
Cash - Foreign Currency	-	-	-	-	238.918	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>342.619</b>	-

**6. Credit Derivatives:**

None.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**7. Risks to Central Counterparty:**

The Bank is exposed to a minimal Central Counterparty risk due to its futures transactions in the Takasbank market.

		Risk Amount	
		After CRA	RAT
<b>31 December 2021</b>			
1	Total risks arising from transactions to qualified CCP	-	470
2	Regarding risks arising from transactions in CCP (excluding initial margin and guarantee fund amount)	-	-
3	(i) OTC derivative financial instruments	-	-
4	(ii) Other derivative financial instruments	-	-
5	(iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing securities or commodities	-	-
6	(iv) Netting groups to which cross product netting is applied	-	-
7	Reserved initial margin	-	-
8	Unreserved initial margin	-	-
9	Paid guarantee fund amount	-	-
10	Unpaid guarantee fund commitment	-	-
11	Total risks arising from transactions to non-qualified CCPs	-	-
12	Regarding risks arising from transactions in CCP (excluding initial margin and guarantee fund amount)	-	-
13	(i) OTC derivative financial instruments	-	-
14	(ii) Other derivative financial instruments	-	-
15	(iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing securities or commodities	-	-
16	(iv) Netting groups to which cross product netting is applied	-	-
17	Reserved initial margin	-	-
18	Unreserved initial margin	-	-
19	Paid guarantee fund amount	-	-
20	Unpaid guarantee fund commitment	-	-

**h. Securitization Disclosures:**

None.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**j. Disclosures on Market Risk**

**1. Qualitative Information which Shall be Disclosed to Public Related to Market Risk**

- i. The Bank defines market risk as the potential financial loss which may occur as a result of fluctuations in capital markets. The aforementioned loss can occur due to fluctuations on share prices, interest rates, commodity prices and exchange rate.

The purpose of controlling and observance on market risk is to control and monitor impacts of markets risks on gain and economic value. In a more detail expression, the purpose of market risk control and audit is to protect Bank from unexpected market losses and to establish transparent, objective and consistent market risk information which shall form a basis for decision making process.

Market Risk is managed by Treasury, Capital Markets and Financial Institutions. The Bank limits the market risk which shall be exposed for different risk factors in the framework of risk appetite. The framework of the limit and tracking method is determined with Treasury Risk Parameters document approved by Board of Directors and limits are reviewed at least on an annual basis.

- ii. Management of market risk is under responsibility of Treasury, Capital Markets and Financial Markets, which generate risk at primary level. Second line controls are provided through independent risk management and internal control functions. Treasury Internal Control Department is established under Market Risk Department and Directorate of Internal Control Department which operates independent of risk generating departments/units in the framework of authorizations and frameworks described at the Bank.

Third line of controls are made through audits of treasury processes and market risk management made periodically by Directorate of Supervisory Board. The audits in question reviews compliance of market risk management to BRSA regulations related to market risk and policy and procedures of Group and Bank, monitoring of limit usages and reporting related to limit excesses and market risk.

- iii. The Bank uses Historical Simulation Method as internal method for market risk. one sided 99% confidence level, historical data belonging to working days in past two years and 10 days of holding period are taken into consideration in the calculation. The Bank also calculates stressed value at risk on a daily basis.

Treasury Risk Parameters are monitored by Market Risk Unit during the day and at the end of day and use of limits and related other analysis are reported to ALCO, Risk Committee, Audit Committee, Risk Coordination Committee and Board of Directors.

Early warning levels for limit usage are determined and the way, which shall be applied in case of an early warning or final limit excess, is stated clearly in Treasury Risk Parameters.

Risk parameters include different tfce of limits such as foreign currency position limit, nominal, maturity, foreign exchange breakdowns related to bond portfolio, value at risk limits, limits related to interest rate (DV01), option vega limits and loss limits determined for trading portfolio.



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 RISK MANAGEMENT (Continued):**

**iv. Market risk under Standardised Approach**

31 December 2021		RAT
	Outright (cash) products	
1	Interest rate risk (general and specific)	202.686
2	Equity risk (general and specific)	306
3	Foreign exchange risk	78.051
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	783
7	Scenario approach	-
8	Securitisation	-
9	<b>Total</b>	<b>281.826</b>

31 December 2020		RAT
	Outright (cash) products	
1	Interest rate risk (general and specific)	138.527
2	Equity risk (general and specific)	-
3	Foreign exchange risk	79.279
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	2.358
7	Scenario approach	-
8	Securitisation	-
9	<b>Total</b>	<b>220.164</b>

**IV. EXPLANATIONS ON OPERATIONAL RISK:**

The amount subject to operational risk is calculated once a year by using the "Basic Indicator Method" in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette dated 28 June 2012 and numbered 28337. The operational risk capital requirement dated 31 December 2021 was calculated using the year 2018, 2019, 2020 revenues.

Annual gross income is calculated through deducting profit/loss sourcing from sales of securities whose accounts are tracked in fair value through other comprehensive income and measured at amortized cost, and extraordinary income, activity expenses made in return for support service and amounts compensated from insurance from total of net amount of interest revenues and non-interest revenues.

	2 Prior Period Value	1 Prior Period Value	Current Period value	Number of Total / Positive RPM years	Rate (%)	Total
<b>Current Period</b>						
<b>Gross Income</b>	780.176	805.889	709.520	765.195	15	<b>114.779</b>
<b>Amount subject to operational risk (Total*12,5)</b>	-	-	-	-	-	<b>1.434.741</b>

	2 Prior Period Value	1 Prior Period Value	Current Period value	Number of Total / Positive RPM years	Rate (%)	Total
<b>Prior Period</b>						
<b>Gross Income</b>	514.290	780.176	805.889	700.118	15	<b>105.018</b>
<b>Amount subject to operational risk (Total*12,5)</b>	-	-	-	-	-	<b>1.312.722</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

**V. EXPLANATIONS ON CURRENCY RISK:**

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

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

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

	EUR		USD \$	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>Currency Buying Rate</b>	<b>TL 15,0867</b>	<b>TL 9,1164</b>	<b>TL 13,3290</b>	<b>TL 7,4194</b>
1st Day’s Currency Buying Rate	TL 15,0867	TL 9,1164	TL 13,3290	TL 7,4194
2nd Day’s Currency Buying Rate	TL 14,6823	TL 9,0079	TL 12,9775	TL 7,3405
3rd Day’s Currency Buying Rate	TL 13,8011	TL 9,0697	TL 12,2219	TL 7,4063
4th Day’s Currency Buying Rate	TL 13,4000	TL 9,1370	TL 11,8302	TL 7,4738
5th Day’s Currency Buying Rate	TL 12,8903	TL 9,2037	TL 11,3900	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:

	EUR		USD \$	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Arithmetic average - 30 days	TL 15,4228	TL 9,3887	TL 13,6455	TL 7,7095

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

**V. EXPLANATIONS ON CURRENCY RISK (Continued):**

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

	EUR	USD	Other FC	Total
<b>31 December 2021</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.468.775	3.337.206	134.152	5.940.133
Banks	49.483	254.868	18.699	323.050
Financial Assets at Fair Value Through Profit or Loss	36.952	158.471	135	195.558
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	58.203	35.205	-	93.408
Loans (*)	10.221.364	3.588.373	-	13.809.737
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	251.684	771.784	-	1.023.468
Hedging Derivative Financial Assets	7.407	61.109	-	68.516
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	1.639	165	-	1.804
<b>Total Assets (*)</b>	<b>13.095.507</b>	<b>8.207.181</b>	<b>152.986</b>	<b>21.455.674</b>
<b>Liabilities</b>				
Bank Deposits	3.820	479.620	40	483.480
Foreign Currency Deposits	6.875.011	10.262.723	719.477	17.857.211
Funds From Interbank Money Market	-	210.613	-	210.613
Funds Borrowed From Other Financial Institutions	75.457	7.047.651	-	7.123.108
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	1.022.185	642.991	9	1.665.185
Hedging Derivative Financial Liabilities	5.215	39.412	-	44.627
Other Liabilities	27.004	34.809	12.578	74.391
<b>Total Liabilities (*)</b>	<b>8.008.692</b>	<b>18.717.819</b>	<b>732.104</b>	<b>27.458.615</b>
<b>Net On-balance Sheet Position</b>	<b>5.086.815</b>	<b>(10.510.638)</b>	<b>(579.118)</b>	<b>(6.002.941)</b>
<b>Net Off-balance Sheet Position</b>	<b>(4.134.999)</b>	<b>10.342.405</b>	<b>581.154</b>	<b>6.788.560</b>
Financial Derivative Assets	3.530.525	17.260.642	837.068	21.628.235
Financial Derivative Liabilities	7.665.524	6.918.237	255.914	14.839.675
<b>Non-Cash Loans (**)</b>	<b>1.801.707</b>	<b>3.515.723</b>	<b>64.128</b>	<b>5.381.558</b>
<b>31 December 2020</b>				
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
<b>Net On-balance Sheet Position</b>	<b>4.219.133</b>	<b>(6.269.172)</b>	<b>(243.325)</b>	<b>(2.293.364)</b>
<b>Net Off-balance Sheet Position</b>	<b>(3.762.291)</b>	<b>6.405.294</b>	<b>248.637</b>	<b>2.891.640</b>
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
<b>Non-Cash Loans (**)</b>	<b>1.771.089</b>	<b>2.260.017</b>	<b>148.516</b>	<b>4.179.622</b>

(\*) The 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 153.438 (31 December 2020: TL 133.622) classified as Turkish Lira assets in the 31 December 2021 financial statements are added to the table above. Furthermore, in foreign currency assets “Income Accruals of Derivative Financial Instruments” amounting to TL 63.867 (31 December 2020: TL 68.720) “Prepaid Expenses” amounting to TL 2.150 (31 December 2020: None) and “Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 1.288.035 (31 December 2020: TL 617.880), in foreign currency liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 56.474 (31 December 2020: TL 143.555) and “Non-cash Loans Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 7.401 (31 December 2020: 56.452) and “Free Provision” amounting to TL 138.622 (31 December 2020: None.) and “Marketable Securities Valuation Reserve” with “ Hedging Derivative Financials” amounting to TL 10.270 (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”.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

**V. EXPLANATIONS ON CURRENCY RISK (Continued):**

**Currency risk sensitivity analysis:**

If foreign currency appreciated/depreciated against TL at a ratio of 10% and all other variables remain fixed as of 31 December 2021 and 2020, changes, which shall occur in net profit and equity regardless of tax effect due to exchange rate loss/profit sourcing from foreign currency net monetary position, are as follows.

	31 December 2021				31 December 2020			
	Income statement		Equity (*)		Income statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	6.239	(6.239)	8.027	(8.027)	(4.774)	4.774	(6.309)	6.309
EUR	(7.934)	7.934	(8.695)	8.695	(5.796)	5.796	(6.170)	6.170
Other currency units	203	(203)	203	(203)	526	(526)	526	(526)
<b>Total, net</b>	<b>(1.492)</b>	<b>1.492</b>	<b>(465)</b>	<b>465</b>	<b>(10.044)</b>	<b>10.044</b>	<b>(11.953)</b>	<b>11.953</b>

(\*) The equity effect also includes the effects of the income statement.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 INTEREST RATE RISK:**

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

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

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

31 December 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets (***)</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	350.642	-	-	-	-	6.041.209	6.391.851
Due From Banks	236.692	-	-	-	-	316.742	553.434
Financial Assets at Fair Value Through Profit/Loss (*)	996.222	1.279.815	654.396	112.320	48.631	15.599	3.106.983
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	20.521	-	-	510.352	128.632	7.674	667.179
Loans	14.698.826	938.338	3.291.647	2.151.066	1.636.227	1.192.332	23.908.436
Financial Assets Measured at Amortized Cost	-	-	307.573	582.010	133.872	-	1.023.455
Other Assets	-	-	-	-	-	2.363.302	2.363.302
<b>Total Assets</b>	<b>16.302.903</b>	<b>2.218.153</b>	<b>4.253.616</b>	<b>3.355.748</b>	<b>1.947.362</b>	<b>9.936.858</b>	<b>38.014.640</b>
<b>Liabilities</b>							
Bank Deposits	468.243	5.649	-	-	-	23.981	497.873
Other Deposits	15.054.641	4.703.545	730.629	32.781	-	3.615.194	24.136.790
Funds From Interbank Money Market	2.035	-	209.873	-	-	-	211.908
Miscellaneous Payables	-	-	-	-	-	1.964.454	1.964.454
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	724.445	3.971.933	1.770.319	514	-	666.450	7.133.661
Other Liabilities (*) (**)	540.341	280.286	100.879	181.805	358	2.966.285	4.069.954
<b>Total Liabilities</b>	<b>16.789.705</b>	<b>8.961.413</b>	<b>2.811.700</b>	<b>215.100</b>	<b>358</b>	<b>9.236.364</b>	<b>38.014.640</b>
<b>Balance Sheet Long Position</b>	-	-	<b>1.441.916</b>	<b>3.140.648</b>	<b>1.947.004</b>	<b>700.494</b>	<b>7.230.062</b>
<b>Balance Sheet Short Position</b>	<b>(486.802)</b>	<b>(6.743.260)</b>	-	-	-	-	<b>(7.230.062)</b>
Off-balance Sheet Long Position	2.866.145	2.970.070	1.424.438	-	-	-	7.260.653
Off-balance Sheet Short Position	-	-	-	(5.454.272)	(93.303)	-	(5.547.575)
<b>Total Position</b>	<b>2.379.343</b>	<b>(3.773.190)</b>	<b>2.866.354</b>	<b>(2.313.624)</b>	<b>1.853.701</b>	<b>700.494</b>	<b>1.713.078</b>

(\*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 2.972.059 and other liabilities includes hedging derivative financial liabilities amounting to TL 1.029.459 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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 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
<b>Assets (***)</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	341.612	-	-	-	-	2.928.969	3.270.581
Due From Banks	37.251	-	-	-	-	226.173	263.424
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	-	-	-	-	-	1.456.943	1.456.943
<b>Total Assets</b>	<b>8.259.885</b>	<b>3.088.490</b>	<b>3.468.935</b>	<b>1.890.192</b>	<b>594.572</b>	<b>5.821.573</b>	<b>23.123.647</b>
<b>Liabilities</b>							
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
<b>Total Liabilities</b>	<b>9.190.173</b>	<b>8.249.560</b>	<b>1.748.721</b>	<b>145.632</b>	<b>14.579</b>	<b>3.774.982</b>	<b>23.123.647</b>
<b>Balance Sheet Long Position</b>	-	-	<b>1.720.214</b>	<b>1.744.560</b>	<b>579.993</b>	<b>2.046.591</b>	<b>6.091.358</b>
<b>Balance Sheet Short Position</b>	<b>(930.288)</b>	<b>(5.161.070)</b>	-	-	-	-	<b>(6.091.358)</b>
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)
<b>Total Position</b>	<b>(82.318)</b>	<b>(4.545.384)</b>	<b>2.707.517</b>	<b>(210.344)</b>	<b>565.154</b>	<b>2.046.591</b>	<b>481.216</b>

(\*) Derivative financial assets of the Financial Assets at Fair Value through Profit or Loss item amounting to TL 840.131 and derivative financial liabilities amounting to TL 554.819 of the Other Liabilities item are shown in the relevant repricing periods.

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

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

**Interest rate sensitivity analysis:**

Change in interest rate 31 December 2021	Profit/ Loss Effect	Effect on funds under equity
(+) 1%	(12.269)	(130.387)
(-) 1%	12.455	145.142

Change in interest rate 31 December 2020	Profit/ Loss Effect	Effect on funds under equity
(+) 1%	(732)	(32.144)
(-) 1%	228	34.202

In the table above, the effects of (+) %1 and (-) %1 changes in interest rates on period profit/loss and the “capital reserves” item under equity are shown by excluding tax effects.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 INTEREST RATE RISK (Continued):**

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

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

<b>31 December 2021</b>	<b>EUR</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	8,50
Due From Banks	-	0,05	-	13,24
Financial Assets at Fair Value Through Profit/Loss	3,63	1,47	-	11,67
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4,13	6,02	-	17,02
Loans	5,00	4,91	-	23,69
Financial Assets Measured at Amortized Cost	3,43	6,71	-	-
<b>Liabilities</b>				
Bank Deposits	-	0,10	-	15,79
Other Deposits (*)	0,60	1,12	-	15,49
Funds From Interbank Money Market	-	1,13	-	11,48
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,00	2,50	-	16,10

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

<b>31 December 2020</b>	<b>EUR</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	12,00
Due From Banks	-	0,09	-	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	-	-
<b>Liabilities</b>				
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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 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.

	<b>Applied Shock (+/- x basis point)</b>	<b>Earnings/Losses</b>	<b>Earnings/ Equities-Losses/ Equities</b>
1. TL	+500 bp	3.481	0,1%
2. TL	-400 bp	(733)	0,0%
3. EUR	+200 bp	(245.951)	(4,2) %
4. EUR	-200 bp	13.466	0,2%
5. USD	+200 bp	(2.944)	(0,1) %
6. USD	-200 bp	18.596	0,3%
<b>Total (For Negative Shocks)</b>		<b>31.329</b>	<b>0,5%</b>
<b>Total (For Positive Shocks)</b>		<b>(245.414)</b>	<b>(4,2) %</b>

**VII. EXPLANATIONS ON SHARE CERTIFICATE POSITION RISK:**

None.



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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. VIII. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO:**

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

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

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

Liquidity management is primarily under the responsibility of ALCO in accordance with the Liquidity Risk Management of the Bank. Treasury, Capital Markets and Financial Corporations Group are responsible to perform required actions in accordance with the liquidity standards determined in accordance with the Liquidity Risk Policy. Market Risk Departments is secondarily responsible and it is responsible to control and report compliance with the limits. Periodic and specific reports on liquidity risk, stress tests, scenario analyses, risk limits compliance reports and detailed information on legal liquidity reports (frequency of reports and the bodies they are submitted to) are included in the Bank's Liquidity Risk Policy.

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 tices of currencies (currencies forming at least 5% of Bank’s total liabilities) are managed under the control of Treasury and Capital Markets.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):**

**Liquidity Coverage Ratio:**

31 December 2021		Total Value with Disregard Ratio Applied (*)		Consideration Rate Applied Total Value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
<b>1</b>	<b>High quality liquid assets</b>			<b>6.942.065</b>	<b>5.961.887</b>
<b>CASH OUTFLOWS</b>					
<b>2</b>	<b>Retail and small business customers deposits</b>	<b>14.166.110</b>	<b>9.188.210</b>	<b>1.354.580</b>	<b>918.821</b>
3	Stable deposits	1.240.620	-	62.031	-
4	Less stable deposits	12.925.490	9.188.210	1.292.549	918.821
<b>5</b>	<b>Unsecured funding other than retail and small business customers deposits</b>	<b>5.749.751</b>	<b>4.815.581</b>	<b>2.439.312</b>	<b>1.915.431</b>
6	Operational deposits	2.421.644	2.238.400	605.411	559.600
7	Non-operational deposits	2.932.755	2.429.779	1.438.549	1.208.429
8	Other unsecured funding	395.352	147.402	395.352	147.402
9	<b>Secured funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10</b>	<b>Other cash outflows</b>	<b>825.801</b>	<b>800.828</b>	<b>825.801</b>	<b>800.828</b>
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	825.801	800.828	825.801	800.828
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
<b>14</b>	<b>Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15</b>	<b>Other irrevocable or conditionally revocable commitments</b>	<b>6.111.430</b>	<b>4.683.503</b>	<b>927.723</b>	<b>713.525</b>
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>5.547.416</b>	<b>4.348.605</b>
<b>CASH INFLOWS</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	4.032.228	1.607.661	2.741.397	1.100.184
19	Other cash inflows	45.581	786.199	45.581	786.199
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>4.077.809</b>	<b>2.393.860</b>	<b>2.786.978</b>	<b>1.886.383</b>
				<b>Upper Limit Applied Values</b>	
<b>21</b>	<b>TOTAL HIGH QUALITY LIQUID ASSETS INVENTORY</b>			<b>6.942.065</b>	<b>5.961.887</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>2.760.438</b>	<b>2.462.222</b>
<b>23</b>	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>251,48</b>	<b>242,13</b>

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):**

31 December 2020		Total Value with Disregard		Consideration Rate Applied Total	
		Ratio Applied (*)		Value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
<b>1</b>	<b>High quality liquid assets</b>			<b>4.734.317</b>	<b>4.119.046</b>
<b>CASH OUTFLOWS</b>					
<b>2</b>	<b>Retail and small business customers deposits</b>	<b>9.439.072</b>	<b>6.333.964</b>	<b>899.174</b>	<b>633.396</b>
3	Stable deposits	894.666	-	44.733	-
4	Less stable deposits	8.544.406	6.333.964	854.441	633.396
<b>5</b>	<b>Unsecured funding other than retail and small business customers deposits</b>	<b>4.816.994</b>	<b>4.125.771</b>	<b>2.017.395</b>	<b>1.613.806</b>
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
<b>9</b>	<b>Secured funding</b>	-	-	-	-
<b>10</b>	<b>Other cash outflows</b>	<b>426.062</b>	<b>408.259</b>	<b>426.062</b>	<b>408.259</b>
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	-	-	-	-
<b>14</b>	<b>Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments</b>	-	-	-	-
<b>15</b>	<b>Other irrevocable or conditionally revocable commitments</b>	<b>4.817.995</b>	<b>3.881.699</b>	<b>611.852</b>	<b>461.660</b>
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>3.954.483</b>	<b>3.117.121</b>
<b>CASH INFLOWS</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	2.377.083	1.172.295	1.668.902	787.550
19	Other cash inflows	8.480	442.138	8.480	442.138
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>2.385.563</b>	<b>1.614.433</b>	<b>1.677.382</b>	<b>1.229.688</b>
				<b>Upper Limit Applied Values</b>	
<b>21</b>	<b>TOTAL HIGH QUALITY LIQUID ASSETS INVENTORY</b>			<b>4.734.317</b>	<b>4.119.046</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>2.277.101</b>	<b>1.887.433</b>
<b>23</b>	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>207,91</b>	<b>218,24</b>

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 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 75% and securities issued by Undersecretariat of Treasury at a ratio of 18%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 17%, 42% and 14% respectively.

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

Absolute value of net warrant flows realized as of 30 days periods for each transaction and liability are calculated provided that changes in fair values of derivative transactions and other liabilities can form a margin liability in accordance with “Regulation on Calculation of Liquidity Coverage Ratio of Banks” entered into force through publishing in Official Gazette dated 21 March 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. Information related to the aforementioned cash outflow occurred on 31 December 2021 is given below:

Date	FC	FC + TL
31 December 2021	1.483.016	1.483.016

Liquidity coverage rates are calculated weekly for unconsolidated basis and monthly for consolidated basis as of 31 December 2015 in accordance with the “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage rates must be at least 80% for foreign currency assets and liabilities and at least 100% in total assets and liabilities for the period 31 December 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 (%)	370,86%	324,29%	187,82%	195,62%
Week	17.12.2021	26.11.2021	29.10.2021	24.12.2021

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued):**

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified (***)	Total
<b>31 December 2021</b>								
<b>Assets (****)</b>								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	2.426.324	3.965.527	-	-	-	-	-	6.391.851
Due From Banks	236.088	236.692	-	-	-	-	80.654	553.434
Financial Assets at Fair Value Through Profit or Loss (*)	-	803.066	923.793	449.047	863.281	52.197	15.599	3.106.983
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	20.519	-	-	510.354	128.632	7.674	667.179
Loans	-	5.287.930	4.671.798	3.673.642	5.405.619	3.677.115	1.192.332	23.908.436
Financial Assets Measured at Amortized Cost	-	-	-	307.573	582.010	133.872	-	1.023.455
Other Assets (**)	-	91.560	-	42.821	24.388	-	2.204.533	2.363.302
<b>Total Assets</b>	<b>2.662.412</b>	<b>10.405.294</b>	<b>5.595.591</b>	<b>4.473.083</b>	<b>7.385.652</b>	<b>3.991.816</b>	<b>3.500.792</b>	<b>38.014.640</b>
<b>Liabilities</b>								
Bank Deposits	23.981	468.243	5.649	-	-	-	-	497.873
Other Deposits	3.615.194	15.054.641	4.703.545	730.629	32.781	-	-	24.136.790
Funds Borrowed From Other Financial Institutions	-	392.737	1.291.169	2.102.027	514	3.347.214	-	7.133.661
Funds From Interbank Money Market	-	1.296	-	210.612	-	-	-	211.908
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	15.968	-	-	-	-	1.948.486	1.964.454
Other Liabilities (*) (***)	-	666.995	256.036	82.209	313.121	358	2.751.235	4.069.954
<b>Total Liabilities</b>	<b>3.639.175</b>	<b>16.599.880</b>	<b>6.256.399</b>	<b>3.125.477</b>	<b>346.416</b>	<b>3.347.572</b>	<b>4.699.721</b>	<b>38.014.640</b>
<b>Liquidity Gap</b>	<b>(976.763)</b>	<b>(6.194.586)</b>	<b>(660.808)</b>	<b>1.347.606</b>	<b>7.039.236</b>	<b>644.244</b>	<b>(1.198.929)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>(229.828)</b>	<b>(248.225)</b>	<b>411.462</b>	<b>468.152</b>	<b>2.456</b>	<b>-</b>	<b>404.017</b>
Financial Derivative Assets	-	12.443.622	4.811.423	1.506.966	5.007.882	6.919	-	23.776.812
Financial Derivative Liabilities	-	(12.673.450)	(5.059.648)	(1.095.504)	(4.539.730)	(4.463)	-	(23.372.795)
<b>Non-cash Loans</b>	<b>-</b>	<b>4.143.098</b>	<b>1.199.728</b>	<b>1.215.942</b>	<b>478.284</b>	<b>9.498</b>	<b>-</b>	<b>7.046.550</b>
<b>31 December 2020</b>								
<b>Total Assets</b>	<b>1.567.840</b>	<b>4.823.782</b>	<b>2.918.240</b>	<b>3.307.217</b>	<b>6.010.198</b>	<b>2.006.329</b>	<b>2.490.041</b>	<b>23.123.647</b>
<b>Total Liabilities</b>	<b>972.340</b>	<b>9.302.958</b>	<b>4.827.742</b>	<b>2.552.628</b>	<b>1.670.561</b>	<b>1.142.265</b>	<b>2.655.153</b>	<b>23.123.647</b>
<b>Liquidity Gap</b>	<b>595.500</b>	<b>(4.479.176)</b>	<b>(1.909.502)</b>	<b>754.589</b>	<b>4.339.637</b>	<b>864.064</b>	<b>(165.112)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>177.064</b>	<b>68.662</b>	<b>134.112</b>	<b>206.644</b>	<b>(455)</b>	<b>-</b>	<b>586.027</b>
Financial Derivative Assets	-	7.578.476	3.828.427	1.020.662	2.448.086	273	-	14.875.924
Financial Derivative Liabilities	-	(7.401.412)	(3.759.765)	(886.550)	(2.241.442)	(728)	-	(14.289.897)
<b>Non-cash Loans</b>	<b>-</b>	<b>3.282.154</b>	<b>638.933</b>	<b>1.005.282</b>	<b>240.760</b>	<b>4.638</b>	<b>-</b>	<b>5.171.767</b>

(\*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 2.972.059 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 1.029.459. These accounts are mainly shown under the 1-5 year maturity period.

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

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

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

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

**Breakdown of financial liabilities according to their remaining contractual maturities:**

<b>31 December 2021</b>	<b>Demand and up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Above 5 years</b>	<b>Total</b>
<b>Liabilities</b>						
Banks deposit	492.315	5.792	-	-	-	498.107
Other deposits	18.690.999	4.746.182	765.151	40.625	-	24.242.957
Funds from other financial institutions	392.980	1.326.388	2.215.724	1.291.471	3.438.651	8.665.214
Payables to money markets	1.296	-	211.278	-	-	212.574
<b>Total</b>	<b>19.577.590</b>	<b>6.078.362</b>	<b>3.192.153</b>	<b>1.332.096</b>	<b>3.438.651</b>	<b>33.618.852</b>

<b>31 December 2020</b>	<b>Demand and up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Above 5 years</b>	<b>Total</b>
<b>Liabilities</b>						
Banks deposit	64.076	73.161	-	-	-	137.237
Other deposits	9.816.308	3.651.002	393.307	14.971	-	13.875.588
Funds from other financial institutions	116.283	929.807	2.299.635	1.416.890	1.123.344	5.885.959
Payables to money markets	3.657	122.110	-	117.673	-	243.440
<b>Total</b>	<b>10.000.324</b>	<b>4.776.080</b>	<b>2.692.942</b>	<b>1.549.534</b>	<b>1.123.344</b>	<b>20.142.224</b>

**Derivative instruments of bank, counter-based maturity analysis:**

<b>31 December 2021</b>	<b>Demand and up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Above 5 years</b>	<b>Total</b>
<b>Derivative instruments held for trading</b>						
Exchange rate derivatives:						
- Entry	12.274.791	4.458.768	734.662	2.032.518	-	19.500.739
- Out	12.570.397	4.881.953	748.830	2.032.518	-	20.233.698
Interest rate derivatives:						
- Entry	5.465	9.155	37.083	127.806	6.919	186.428
- Out	4.269	8.446	36.361	113.051	4.463	166.590
<b>Derivative instruments for hedging purposes</b>						
Exchange rate derivatives:						
- Entry	146.907	334.090	629.698	2.390.837	-	3.501.532
- Out	79.211	154.749	219.299	2.072.477	-	2.525.736
Interest rate derivatives:						
- Entry	16.459	9.410	105.523	456.721	-	588.113
- Out	19.573	14.500	91.014	321.684	-	446.771
<b>Total cash inflow</b>	<b>12.443.622</b>	<b>4.811.423</b>	<b>1.506.966</b>	<b>5.007.882</b>	<b>6.919</b>	<b>23.776.812</b>
<b>Total cash outflow</b>	<b>12.673.450</b>	<b>5.059.648</b>	<b>1.095.504</b>	<b>4.539.730</b>	<b>4.463</b>	<b>23.372.795</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

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

**Derivative instruments of bank, counter-based maturity analysis (Continued):**

<b>31 December 2020</b>	<b>Demand and up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Above 5 years</b>	<b>Total</b>
<b>Derivative instruments held for trading</b>						
Exchange rate derivatives:						
- Entry	7.540.797	3.754.592	323.245	-	-	<b>11.618.634</b>
- Out	7.357.855	3.664.508	311.916	-	-	<b>11.334.279</b>
Interest rate derivatives:						
- Entry	31.470	28.357	90.217	98.174	2.501	<b>250.719</b>
- Out	29.196	20.516	68.650	99.083	3.466	<b>220.911</b>
<b>Derivative instruments for hedging purposes</b>						
Exchange rate derivatives:						
- Entry	72.665	106.442	247.773	4.273.029	-	<b>4.699.909</b>
- Out	69.370	82.234	652.745	4.909.628	-	<b>5.713.977</b>
Interest rate derivatives:						
- Entry	-	4.228	664	-	-	<b>4.892</b>
- Out	1.775	33.297	17.757	34.935	-	<b>87.764</b>
<b>Total cash inflow</b>	<b>7.644.932</b>	<b>3.893.619</b>	<b>661.899</b>	<b>4.371.203</b>	<b>2.501</b>	<b>16.574.154</b>
<b>Total cash outflow</b>	<b>7.458.196</b>	<b>3.800.555</b>	<b>1.051.068</b>	<b>5.043.646</b>	<b>3.466</b>	<b>17.356.931</b>



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

**IX. EXPLANATIONS ON LEVERAGE RATIO:**

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

As of 31 December 2021, leverage ratio of the Bank calculated from the arithmetic average of the three months is 6,55% (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:**

	31 December 2021 (*)	31 December 2020 (*)
<b>Balance sheet assets</b>		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	33.899.205	23.957.801
(Assets deducted from Core capital)	55.102	51.190
Total risk amount of balance sheet assets	33.844.103	23.906.611
<b>Derivative financial assets and credit derivatives</b>		
Cost of replenishment for derivative financial assets and credit derivatives	1.465.072	658.232
Potential credit risk amount of derivative financial assets and credit derivatives	209.183	164.521
Total risk amount of derivative financial assets and credit derivatives	1.674.255	822.753
<b>Financing transactions secured by marketable security or commodity</b>		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
<b>Off-balance sheet transactions</b>		
Gross nominal amount of off-balance sheet transactions	8.027.351	6.786.223
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	8.027.351	6.786.223
<b>Capital and total risk</b>		
Core capital	2.803.965	1.993.273
Total risk amount	43.545.709	31.515.587
<b>Leverage ratio</b>		
Leverage ratio	6,55%	6,33%

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 HEDGE TRANSACTIONS:**

As of 31 December 2021, The Bank applies cash flow hedge accounting using interest swaps to hedge its FC deposits with an average maturity up to 3 months against interest rate fluctuations. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TFRS 9, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with the statement of profit or loss.

As of the balance sheet date derivative financial assets of which carrying amount is TL 1.443.344 (31 December 2020: TL 554.469) and derivative financial payables of which carrying amount is TL 186.864 (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 195.760 (31 December 2020: TL 21.901 fair value expense) 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	1.315.106	152.858	111.130	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	128.238	34.006	74.393	-

(\*) 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 31 December 2021 show that the cash flow hedging transactions shown above are effective.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

**XI. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:**

**a. Financial assets and liabilities at their fair values:**

Financial assets measured at amortized cost, market prices or in cases where this price is indetermined, are determined based on the quoted market prices for other securities subject to the same qualifying redemption in terms of interest, maturity and other similar conditions.

The estimated fair value of the demand placements and deposits represents the amount to be paid upon request. The estimated fair value of the fixed rate deposit is calculated by determining the cash flow discounted using the current bank interest rates as of the balance sheet date.

Calculating the discounted cash flows using the Bank’s current interest rates for fixed interest loans. For the loans with floating interest rates, it is assumed that the book value reflects the fair value. The expected fair value of bank placements, money market placements and bank deposits are determined by calculating the discounted cash flows using the current market interest rates of similar assets and liabilities. The book value represents the sum of the acquisition cost and accumulated interest accruals of the related assets and liabilities.

The following table summarises the book values and fair values of some financial assets and liabilities of the Bank.

	Book Value		Fair Value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>Financial Assets</b>	<b>26.152.573</b>	<b>17.609.994</b>	<b>26.391.850</b>	<b>18.060.053</b>
Receivables from Money Markets	-	100.050	-	100.371
Banks (*)	553.490	400.186	553.453	396.523
Financial Assets at Fair Value Through Other Comprehensive Income	667.179	407.014	667.179	407.014
Other Financial Assets Measured at Amortized Cost	1.023.468	510.403	985.095	547.097
Loans	23.908.436	16.192.341	24.186.123	16.609.048
<b>Financial Liabilities</b>	<b>33.732.777</b>	<b>20.087.957</b>	<b>33.662.718</b>	<b>20.091.183</b>
Bank Deposits	497.873	137.066	497.778	136.897
Other Deposits	24.136.790	13.805.221	24.058.053	13.772.916
Borrowings	7.133.661	5.506.456	7.142.434	5.542.156
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	1.964.453	639.214	1.964.453	639.214

(\*) Includes CBRT time deposit accounts.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

**XI. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):**

**b. Fair value hierarchy:**

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- a) Quoted market prices (non-adjusted) for identical assets or liabilities. (1st level)
- b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
- c) Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

<b>31 December 2021</b>	<b>1<sup>st</sup> Level</b>	<b>2<sup>nd</sup> Level</b>	<b>3<sup>rd</sup> Level</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss	134.924	1.528.715	-	<b>1.663.639</b>
Government Debt Securities	2.318	-	-	<b>2.318</b>
Share Certificates	-	-	-	-
Derivative financial assets at fair value through profit or loss	-	1.528.715	-	<b>1.528.715</b>
Other Securities	132.606	-	-	<b>132.606</b>
Financial Assets at Fair Value Through other comprehensive income (*)	659.505	7.674	-	<b>667.179</b>
Share Certificates	-	7.674	-	<b>7.674</b>
Government Debt Securities	659.505	-	-	<b>659.505</b>
Other Securities	-	-	-	-
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	1.443.344	-	<b>1.443.344</b>
<b>Total Assets</b>	<b>794.429</b>	<b>2.979.733</b>	-	<b>3.774.162</b>
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	842.595	-	<b>842.595</b>
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	186.864	-	<b>186.864</b>
<b>Total Liabilities</b>	-	<b>1.029.459</b>	-	<b>1.029.459</b>

(\*) As noted in the footnote VII-d, since the securities representing the share in the capital, which are classified as financial assets at fair value through other comprehensive income, are not traded in organized markets and their fair value cannot be determined reliably, they are reflected in the financial statements at cost after deducting the provision for impairment. There are no transfer between 1st and 2nd levels in the current period.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

**XI. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):**

**b. Fair value hierarchy (Continued):**

<b>31 December 2020</b>	<b>1<sup>st</sup> Level</b>	<b>2<sup>nd</sup> Level</b>	<b>3<sup>rd</sup> Level</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss	82.760	285.662	-	<b>368.422</b>
Government Debt Securities	32.687	-	-	<b>32.687</b>
Share Certificates	-	-	-	-
Derivative financial assets at fair value through profit or loss	-	285.662	-	<b>285.662</b>
Other Securities	50.073	-	-	<b>50.073</b>
Financial Assets at Fair Value Through other comprehensive income (*)	399.340	7.674	-	<b>407.014</b>
Share Certificates	-	7.674	-	<b>7.674</b>
Government Debt Securities	399.340	-	-	<b>399.340</b>
Other Securities	-	-	-	-
Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	554.469	-	<b>554.469</b>
<b>Total Assets</b>	<b>482.100</b>	<b>847.805</b>	<b>-</b>	<b>1.329.905</b>
Derivative Financial Liabilities at Fair Value Through Profit or Loss	-	459.847	-	<b>459.847</b>
Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	94.972	-	<b>94.972</b>
<b>Total Liabilities</b>	<b>-</b>	<b>554.819</b>	<b>-</b>	<b>554.819</b>

(\*) As noted in the footnote VII-d, since the securities representing the share in the capital, which are classified as financial assets at fair value through other comprehensive income, are not traded in organized markets and their fair value cannot be determined reliably, they are reflected in the financial statements at cost after deducting the provision for impairment. There are no transfer between 1st and 2nd levels in the current period.

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

The 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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

**XIII. EXPLANATIONS ON OPERATING SEGMENTS:**

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

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

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

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

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

Prior period information is presented for balance sheet and income/expense items as of 31 December 2020.

	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Other and Unclassified</b>	<b>Total Operations of the Banks</b>
<b>31 December 2021</b>					
Net Interest Income	154.349	446.646	(40.823)	-	560.172
Net Fees and Comissions	55	33.211	-	-	33.266
Trading Profit/Loss	32.423	6.687	159.189	-	198.299
Other Operating Income	363	212.852	-	-	213.215
<b>Operating Income</b>	<b>187.190</b>	<b>699.396</b>	<b>118.366</b>	<b>-</b>	<b>1.004.952</b>
<b>Operating Costs (-)</b>	<b>127.483</b>	<b>438.217</b>	<b>52.502</b>	<b>132.360</b>	<b>750.562</b>
<b>Net Operating Income</b>	<b>59.707</b>	<b>261.179</b>	<b>65.864</b>	<b>(132.360)</b>	<b>254.390</b>
Dividend Income	-	-	-	19	19
Income/Loss from subsidiaries based on equity method	-	-	-	90.033	90.033
<b>Profit Before Tax</b>	<b>59.707</b>	<b>261.179</b>	<b>65.864</b>	<b>(42.308)</b>	<b>344.442</b>
Tax Provisions (-)	14.927	65.295	16.466	(57.061)	39.627
<b>Net Profit/Loss</b>	<b>44.780</b>	<b>195.884</b>	<b>49.398</b>	<b>14.753</b>	<b>304.815</b>
Segment Assets	2.937.212	25.231.179	7.482.947	-	35.651.338
Investments in associates, subsidiaries and joint ventures	-	-	-	669.736	669.736
Unallocated Assets	-	-	-	1.693.566	1.693.566
<b>Total Assets</b>	<b>2.937.212</b>	<b>25.231.179</b>	<b>7.482.947</b>	<b>2.363.302</b>	<b>38.014.640</b>
Segments Liabilities	15.374.769	8.985.783	8.873.548	2.306.131	35.540.231
Unallocated Liabilities	-	-	-	2.474.409	2.474.409
<b>Total Liabilities</b>	<b>15.374.769</b>	<b>8.985.783</b>	<b>8.873.548</b>	<b>4.780.540</b>	<b>38.014.640</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

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

	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Other and Unclassified</b>	<b>Total Operations of the Banks</b>
<b>31 December 2020</b>					
Net Interest Income	85.619	384.164	65.865	-	535.648
Net Fees and Comissions	1.853	30.758	-	-	32.611
Trading Profit/Loss	25.985	3.393	75.020	-	104.398
Other Operating Income	1.500	24.893	-	-	26.393
<b>Operating Income</b>	<b>114.957</b>	<b>443.208</b>	<b>140.885</b>	<b>-</b>	<b>699.050</b>
<b>Operating Costs (-)</b>	<b>93.492</b>	<b>445.146</b>	<b>39.420</b>	<b>448.372</b>	<b>1.026.430</b>
<b>Net Operating Income</b>	<b>21.465</b>	<b>(1.938)</b>	<b>101.465</b>	<b>(448.372)</b>	<b>(327.380)</b>
Dividend Income	-	-	-	8	8
Income/Loss from subsidiaries based on equity method	-	-	-	31.299	31.299
<b>Profit Before Tax</b>	<b>21.465</b>	<b>(1.938)</b>	<b>101.465</b>	<b>(417.065)</b>	<b>(296.073)</b>
Tax Provisions (-)	4.722	(426)	22.322	(55.277)	(28.659)
<b>Net Profit/Loss</b>	<b>16.743</b>	<b>(1.512)</b>	<b>79.143</b>	<b>(361.788)</b>	<b>(267.414)</b>
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
<b>Total Assets</b>	<b>1.876.080</b>	<b>16.039.165</b>	<b>3.751.459</b>	<b>1.456.943</b>	<b>23.123.647</b>
Segments Liabilities	11.307.269	2.435.085	6.440.907	1.270.329	21.453.590
Unallocated Liabilities	-	-	-	1.670.057	1.670.057
<b>Total Liabilities</b>	<b>11.307.269</b>	<b>2.435.085</b>	<b>6.440.907</b>	<b>2.940.386</b>	<b>23.123.647</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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:**

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

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Cash	24.317	397.942	18.805	376.722
CBRT	427.401	5.450.020	217.995	2.637.422
Other	-	92.171	-	19.637
<b>Total</b>	<b>451.718</b>	<b>5.940.133</b>	<b>236.800</b>	<b>3.033.781</b>

2. Information on the account of the CBRT:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Demand Unrestricted Amount	427.401	1.846.171	217.995	915.591
Time Unrestricted Amount	-	-	-	136.746
Time Restricted Amount	-	3.603.849	-	1.585.085
<b>Total</b>	<b>427.401</b>	<b>5.450.020</b>	<b>217.995</b>	<b>2.637.422</b>

3. Information on reserve requirements:

According to the CBRT's “Communiqué No 2013/15 on Required Reserve”, the Bank maintains required reserves at the CBRT for Turkish currency and foreign currency liabilities. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the “Communiqué on Required Reserves” at the CBRT. As of 19 September 2019, no interest is paid on required reserves held in foreign currency. On the other hand, interest is paid to Turkish lira required reserves at rates varying between 8,5% and 14% in order to increase the share of Turkish lira.



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

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

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

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

**c. Information on banks:**

1. Information on banks:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	230.440	6.671	15.528	3.713
Foreign	-	316.379	-	244.199
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>230.440</b>	<b>323.050</b>	<b>15.528</b>	<b>247.912</b>

2. Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
EU Countries	45.070	22.626	-	-
USA, Canada	175.248	59.835	-	-
OECD Countries (*)	89.662	160.752	-	-
Off-shore Banking Regions	-	-	-	-
Others	6.399	986	-	-
<b>Total</b>	<b>316.379</b>	<b>244.199</b>	<b>-</b>	<b>-</b>

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

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

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

As of 31 December 2021, there are TL 388.086 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 31 December 2021, there are TL 1.295 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:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Debt Securities	712.965	400.296
Quoted on Stock Exchange	712.965	400.296
Not Quoted	-	-
Share Certificates	7.674	7.674
Quoted on Stock Exchange	-	-
Not Quoted	7.674	7.674
Impairment Provision (-)	53.460	956
<b>Total</b>	<b>667.179</b>	<b>407.014</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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:

	31 December 2021		31 December 2020	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders of the Bank	-	24.860	-	12.944
Loans Given to Legal Entity Partners	-	24.860	-	12.944
Loans Given to Real Person Partners	-	-	-	-
Indirect Loans Given to Bank Partners	-	-	-	-
Loans Given to Bank Members	4.361	-	4.238	-
<b>Total</b>	<b>4.361</b>	<b>24.860</b>	<b>4.238</b>	<b>12.944</b>

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

i.

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured	
			Change in Contract Conditions	Re-finance
Non-Specialized Loans	18.717.333	1.608.471	3.742.286	-
Loans Given to Enterprises	-	-	-	-
Export Loans	1.530.483	716	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.864.239	-	-	-
Consumer Loans	223.697	8.115	6.211	-
Credit Cards	-	-	-	-
Other	15.098.914	1.599.640	3.736.075	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>18.717.333</b>	<b>1.608.471</b>	<b>3.742.286</b>	<b>-</b>

ii.

	Standard Loans	Loans Under Close Monitoring
<b>General provisions (*)</b>	<b>53.479</b>	<b>1.298.507</b>
12 Month Expected Credit Losses	53.479	-
Significant Increase in Credit Risk	-	1.298.507

3. Distribution of Cash Loans According to Their Maturities:

	Standard Loans	Loans Under Close Monitoring	
		Loans without Revised Contract Terms	Restructured Loans
Short-term Loans	10.106.361	44.646	164.652
Medium and Long-term Loans	8.610.972	1.563.825	3.577.634
<b>Total</b>	<b>18.717.333</b>	<b>1.608.471</b>	<b>3.742.286</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short- Term	Medium and Long-Term	Total
<b>Consumer Loans-TL</b>	<b>33.413</b>	<b>193.202</b>	<b>226.615</b>
Real estate loans	-	41.189	41.189
Automotive loans	494	16.695	17.189
Consumer loans	32.919	135.318	168.237
Other	-	-	-
<b>Consumer Loans-FC Indexed</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	-	<b>3.806</b>	<b>3.806</b>
Real estate loans	-	3.806	3.806
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TL</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Individual Credit Cards-FC</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Personnel Loans-TL</b>	<b>435</b>	<b>3.926</b>	<b>4.361</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	435	3.926	4.361
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Personnel Credit Cards-FC</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Credit Deposit Account-TL (Real Person)</b>	<b>3.241</b>	-	<b>3.241</b>
<b>Credit Deposit Account-FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>37.089</b>	<b>200.934</b>	<b>238.023</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

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

	Short-Term	Medium and Long-Term	Total
<b>Commercial Installments Loans-TL</b>	<b>277.320</b>	<b>1.096.778</b>	<b>1.374.098</b>
Real estate Loans	-	-	-
Automotive Loans	-	666	666
Consumer Loans	277.320	1.096.112	1.373.432
Other	-	-	-
<b>Commercial Installments Loans-FC</b>			
<b>Indexed</b>		<b>98.885</b>	<b>98.885</b>
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	98.885	98.885
Other	-	-	-
<b>Commercial Installments Loans-FC</b>		<b>9.662.365</b>	<b>9.662.365</b>
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	9.662.365	9.662.365
Other	-	-	-
<b>Corporate Credit Cards-TL</b>			
With installments	-	-	-
Without installments	-	-	-
<b>Corporate Credit Cards-FC</b>			
With installments	-	-	-
Without installments	-	-	-
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>8.402</b>		<b>8.402</b>
<b>Credit Deposit Account-FC (Legal Person)</b>			
<b>Total</b>	<b>285.722</b>	<b>10.858.028</b>	<b>11.143.750</b>

6. Loans according to types of borrowers:

	31 December 2021	31 December 2020
Public	32.591	182.698
Private	24.035.499	15.468.043
<b>Total</b>	<b>24.068.090</b>	<b>15.650.741</b>

7. Distribution of domestic and foreign loans:

	31 December 2021	31 December 2020
Domestic Loans	23.992.700	15.650.276
Foreign Loans	75.390	465
<b>Total</b>	<b>24.068.090</b>	<b>15.650.741</b>

8. Loans given to associates and subsidiaries:

None (31 December 2020: None).

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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. Specific provisions provided against loans:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Allocated for Limited Collection Loans	915	98.377
Allocated for Doubtful Loans	106.636	294.996
Allocated for Loss Loans	620.070	276.291
<b>Total</b>	<b>727.621</b>	<b>669.664</b>

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

i. Information on loans and other receivables restructured or rescheduled by the Bank from non-performing loans:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>31 December 2021</b>			
Gross amounts before the Provisions	-	-	-
Restructured Loans	-	503	241.230
<b>31 December 2020</b>			
Gross amounts before the Provisions	-	-	-
Restructured Loans	-	-	21.343

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>Prior Period End Balance</b>	<b>223.439</b>	<b>782.901</b>	<b>865.138</b>
Additions (+)	413.962	10.017	9.854
Transfers from Other Categories of Non-performing Loans (+)	-	618.963	1.070.518
Transfers to Other Categories of Non-performing Loans (-)	618.963	1.070.518	-
Collections (-)	13.804	146.784	191.878
Write-offs (-)	-	-	32.892
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>4.634</b>	<b>194.579</b>	<b>1.720.740</b>
<b>Specific Provision (-)</b>	<b>915</b>	<b>106.636</b>	<b>620.070</b>
<b>Net Balance on Balance Sheet</b>	<b>3.719</b>	<b>87.943</b>	<b>1.100.670</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

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

	<b>III. Group Loans with Limited Collectability</b>	<b>IV. Group Loans with Doubtful Collectability</b>	<b>V. Group Uncollectible Loans</b>
<b>31 December 2021</b>			
Balance at the End of the Period	1.667	26	1.159.770
Provision Amount (-)	-	16	438.185
<b>Net Balance on Balance Sheet</b>	<b>1.667</b>	<b>10</b>	<b>721.585</b>
<b>31 December 2020</b>			
Balance at the End of the Period	217.685	688.633	271.847
Provision Amount (-)	97.352	263.876	109.152
<b>Net Balance on Balance Sheet</b>	<b>120.333</b>	<b>424.757</b>	<b>162.695</b>

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

	<b>III. Group Loans with Limited Collectability</b>	<b>IV. Group Loans with Doubtful Collectability</b>	<b>V. Group Uncollectible Loans</b>
<b>31 December 2021</b>			
<b>Current Period (Net)</b>	<b>3.719</b>	<b>87.943</b>	<b>1.100.670</b>
Loans Given to Real Persons and Legal Persons (Gross)	4.634	194.579	1.720.740
Provision Amount (-)	915	106.636	620.070
Loans Given to Real Persons and Legal Persons (Net)	3.719	87.943	1.100.670
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>125.062</b>	<b>487.905</b>	<b>588.847</b>
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)	-	-	-

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

The Bank aims to collect uncollectible loans and other receivables are collected through the liquidation of collaterals by legal procedures.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

12. Explanations of the write-off policy:

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

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

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

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

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

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

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

must be met.

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

As of 31 December 2021, the Bank has a written-off receivable of TL 17.461. (31 December 2020 None.)



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

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

	<b>III. Group Loans with Limited Collectability</b>	<b>IV. Group Loans with Doubtful Collectability</b>	<b>V. Group Uncollectible Loans</b>
<b>Current Period (Net)</b>	<b>1.155</b>	<b>158</b>	<b>87.613</b>
Interest Accruals and Valuation Differences	1.180	311	146.210
Provision Amount (-)	25	153	58.597
<b>Prior Period (Net)</b>	<b>4.918</b>	<b>18.023</b>	<b>75.319</b>
Interest Accruals and Valuation Differences	8.766	28.553	128.608
Provision Amount (-)	3.848	10.530	53.289

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

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

	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Bonds	-	-	-	-
Bonds and Similar Securities	-	273.313	-	304.621
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>273.313</b>	<b>-</b>	<b>304.621</b>

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

	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Bonds	-	-	-	-
Bonds and Similar Securities	-	750.155	-	205.782
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>750.155</b>	<b>-</b>	<b>205.782</b>

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
Government Bond	1.023.468	510.403
Treasury Bond	-	-
Other Public Debt Securities	-	-
<b>Total</b>	<b>1.023.468</b>	<b>510.403</b>

4. Information on financial assets measured at amortized cost:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Debt securities	1.023.468	510.403
Publicly-traded	1.023.468	510.403
Not publicly-traded	-	-
Provision for impairment	-	-
<b>Total</b>	<b>1.023.468</b>	<b>510.403</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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:

	31 December 2021	31 December 2020
Opening Balance	510.403	262.923
Foreign Exchange Differences in Monetary Assets	449.660	79.706
Purchases During The Year	228.699	167.774
Disposals Through Sales and Redemptions	165.294	-
Value Decrease Equivalent (-)	-	-
<b>End of Period Total</b>	<b>1.023.468</b>	<b>510.403</b>

**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:

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

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

	Total Assets	Shareholders’ Equity	Total Tangible assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/ Loss	Fair value
1	5.204.124	492.525	661.123	445.543	-	68.028	17.785	-
2	254.029	177.296	5.342	31.122	11	22.005	13.514	-

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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:

	31 December 2021	31 December 2020
<b>Balance at the beginning of the Period</b>	<b>548.560</b>	<b>523.728</b>
<b>Movements during the Period</b>	121.176	24.832
Purchases	-	-
Bonus Shares Obtained	-	-
Profit from Current Year Income	90.033	31.299
Sales	-	-
Revaluation Increase/Decrease (*)	31.143	(6.467)
Impairment Provision	-	-
<b>Balance at the end of the Period</b>	<b>669.736</b>	<b>548.560</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the end of the Period (%)</b>	<b>99.99</b>	<b>99.99</b>

(\*) 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	31 December 2021	31 December 2020
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	569.516	470.345
Finance Companies	-	-
Other Financial Subsidiaries	100.220	78.215
<b>Total</b>	<b>669.736</b>	<b>548.560</b>

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).

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Forward Transactions	4.974	443	2.441	4.879
Swap Transactions	1.386.033	110.760	143.179	132.365
Futures Transactions	1.060	-	-	-
Options	8.033	17.412	1.162	1.636
Other	-	-	-	-
<b>Total</b>	<b>1.400.100</b>	<b>128.615</b>	<b>146.782</b>	<b>138.880</b>

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

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	1.362.814	80.530	553.532	937
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>1.362.814</b>	<b>80.530</b>	<b>553.532</b>	<b>937</b>

**m. Information on investment property:**

	Immovables	Motor Vehicles	Other Tangible Assets	Total
<b>31 December 2020</b>				
Cost	31.697	709	193.165	225.571
Accumulated Depreciation (-)	4.947	133	81.094	86.174
<b>Net Book Value</b>	<b>26.750</b>	<b>576</b>	<b>112.071</b>	<b>139.397</b>
<b>31 December 2021</b>				
Net Book Value at Beginning of the Period	26.750	576	112.071	139.397
Additions	-	-	35.559	35.559
Disposals (-), net	-	34	3.159	3.193
Impairment (-)	-	-	-	-
Depreciation (-)	760	142	33.954	34.856
Revaluation Increase	12.010	-	-	12.010
Cost at Period End	43.707	709	215.758	260.174
Accumulated Depreciation at Period End (-)	5.707	309	105.241	111.257
<b>Closing Net Book Value</b>	<b>38.000</b>	<b>400</b>	<b>110.517</b>	<b>148.917</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

**m. Information on tangible assets:**

	<b>Immovables</b>	<b>Motor Vehicles</b>	<b>Other Tangible Assets</b>	<b>Total</b>
<b>31 December 2019</b>				
Cost	28.912	627	216.636	246.175
Accumulated Depreciation (-)	4.412	34	77.258	81.704
<b>Net Book Value</b>	<b>24.500</b>	<b>593</b>	<b>139.378</b>	<b>164.471</b>
<b>31 December 2020</b>				
Net Book Value at Beginning of the Period	24.500	593	139.378	164.471
Additions	-	116	11.961	12.077
Disposals (-), net	-	-	13.484	13.484
Impairment (-)	-	-	-	-
Depreciation (-)	535	133	25.784	26.452
Revaluation Increase	2.785	-	-	2.785
Cost at Period End	31.697	709	193.165	225.571
Accumulated Depreciation at Period End (-)	4.947	133	81.094	86.174
<b>Closing Net Book Value</b>	<b>26.750</b>	<b>576</b>	<b>112.071</b>	<b>139.397</b>

**n. Information on intangible assets:**

1. Book value and accumulated depreciation at the beginning and at the end of the period:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Gross Book Value	140.758	119.189
Accumulated Depreciation (-)	89.751	78.042
<b>Net Book Value</b>	<b>51.007</b>	<b>41.147</b>

2. Movement table containing the information between the beginning of the period and the end of the period:

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Beginning of the Period</b>	<b>41.147</b>	<b>37.398</b>
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	21.569	16.262
Exclusions and Sales	-	-
Amounts Recorded in the Valuation Fund due to Increase or Decrease in Value	-	-
Decreases in Value Recorded in the Income Statement	-	-
Decreases in Value Canceled from the Income Statement	-	-
Amortisation (-)	11.709	12.513
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
<b>End of the Period</b>	<b>51.007</b>	<b>41.147</b>

**o. Information on investment property:**

None (31 December 2020: None).

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

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

As of 31 December 2021, Bank has netted-off the calculated deferred tax asset of TL 460.784 (31 December 2020: TL 162.492) and deferred tax liability of TL 436.395 (31 December 2020: TL 70.735) in accordance with TAS 12 and has recorded a net deferred tax asset of TL 24.389 (31 December 2020: TL 91.757 net deferred tax assets) in the financial statements.

As of 31 December 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	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Carried Financial Loss	671.353	-	154.412	-
Legal Provisions	7.279	8.939	1.456	1.788
Expected Loss Provisions and Other Provisions	1.400.761	749.547	294.751	149.909
Provision for Employee Benefits	33.336	25.604	6.667	5.121
Unearned Incomes	17.598	28.370	3.498	5.674
Difference Between Carrying Value of Tangible assets and Tax Base	-	-	-	-
<b>Deferred Tax Assets</b>	<b>2.130.327</b>	<b>812.460</b>	<b>460.784</b>	<b>162.492</b>
Difference Between Carrying Value of Tangible assets and Tax Base	34.522	40.138	3.107	5.422
Derivative Financial Instruments Valuation Difference	1.955.726	318.663	433.288	63.733
Other	-	7.901	-	1.580
<b>Deferred Tax Liabilities</b>	<b>1.990.248</b>	<b>366.702</b>	<b>436.395</b>	<b>70.735</b>
<b>Deferred Tax Assets/(Liabilities) (Net)</b>			<b>24.389</b>	<b>91.757</b>

Movement of deferred tax asset/liabilities is presented below:

	31 December 2021	31 December 2020
<b>Balance as of 1 January</b>	<b>91.757</b>	<b>44.480</b>
Current year deferred tax income/(expense), net	(39.627)	61.521
Deferred tax charged to equity, net (*)	(27.741)	(14.244)
<b>Balance at the end of the period</b>	<b>24.389</b>	<b>91.757</b>

(\*) Deferred tax accounted in equity due to the effects of TAS 27 amounts to TL (4.867).

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

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

The Bank has assets held for resale amounting to TL 1.039.002 (31 December 2020: TL 495.818) and has no discontinued operations.

<b>Prior Period</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Cost	496.182	408.604
Accumulated Depreciation (-)	364	428
<b>Net Book Value</b>	<b>495.818</b>	<b>408.176</b>
<b>Current Period</b>		
Net Book Value at Beginning of the Period	495.818	408.176
Additions	732.142	172.268
Disposals (-), net	188.958	84.260
Impairment (-)	-	366
Depreciation (-)	-	-
Cost at the End of the Period	1.039.347	496.182
Accumulated Depreciation at the End of the Period (-)	345	364
<b>Closing Net Book Value</b>	<b>1.039.002</b>	<b>495.818</b>

**s. Information on other assets:**

Other assets amount to TL 427.422 (31 December 2020: TL 140.264) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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. 31 December 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	102.395	-	1.197.441	2.107.701	261.003	158.750	495.280	-	4.322.570
Foreign Currency Deposits	2.394.299	-	2.683.264	12.154.085	405.256	54.718	59.910	-	17.751.532
Residents in Turkey	2.341.143	-	2.675.034	12.060.532	400.864	39.560	46.320	-	17.563.453
Residents Abroad	53.156	-	8.230	93.553	4.392	15.158	13.590	-	188.079
Public Sector Deposits	188.844	-	-	-	-	-	-	-	188.844
Commercial Deposits	821.809	-	464.507	325.818	28.926	89.712	22.582	-	1.753.354
Other Institutions Deposits	2.168	-	2.070	4.453	14	3.941	2.165	-	14.811
Precious Metal Deposits	105.679	-	-	-	-	-	-	-	105.679
Bank Deposits	23.981	-	459.851	14.041	-	-	-	-	497.873
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	691	-	459.851	14.041	-	-	-	-	474.583
Foreign Banks	23.290	-	-	-	-	-	-	-	23.290
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3.639.175</b>	-	<b>4.807.133</b>	<b>14.606.098</b>	<b>695.199</b>	<b>307.121</b>	<b>579.937</b>	-	<b>-24.634.663</b>

ii. 31 December 2020:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	64.374	-	408.687	2.463.424	120.609	36.776	128.231	4	3.222.105
Foreign Currency Deposits	732.870	-	665.370	7.961.569	279.388	57.809	59.593	-	9.756.599
Residents in Turkey	698.258	-	614.103	7.877.919	273.774	56.527	39.673	-	9.560.254
Residents Abroad	34.612	-	51.267	83.650	5.614	1.282	19.920	-	196.345
Public Sector Deposits	28.353	-	-	-	-	-	-	-	28.353
Commercial Deposits	98.580	-	145.013	463.169	86	2.676	175	-	709.699
Other Institutions Deposits	1.820	-	32.035	4.797	352	-	30.097	-	69.101
Precious Metal Deposits	19.364	-	-	-	-	-	-	-	19.364
Bank Deposits	26.979	-	37.097	72.990	-	-	-	-	137.066
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	1.097	-	37.097	-	-	-	-	-	38.194
Foreign Banks	25.882	-	-	72.990	-	-	-	-	98.872
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>972.340</b>	-	<b>1.288.202</b>	<b>10.965.949</b>	<b>400.435</b>	<b>97.261</b>	<b>218.096</b>	-	<b>413.942.287</b>



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>Saving Deposits</b>				
Saving Deposits	1.399.356	1.276.718	2.923.214	1.945.387
Foreign Currency Savings Deposit	942.872	756.960	9.375.416	5.472.613
Other Deposits in the Form of Savings Deposits	41.870	5.956	63.809	13.408
Foreign Branches’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Off-shore Banking Regions’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
<b>Total</b>	<b>2.384.098</b>	<b>2.039.634</b>	<b>12.362.439</b>	<b>7.431.408</b>

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

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

	31 December 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	10.771	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 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
<b>Total</b>	<b>10.771</b>	<b>16.763</b>

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

None (31 December 2020: None).

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	10.553	-	39.279	37.976
From Foreign Banks, Institutions and Funds	-	3.775.895	-	3.200.680
<b>Total</b>	<b>10.553</b>	<b>3.775.895</b>	<b>39.279</b>	<b>3.238.656</b>

2. Information on maturity structure of borrowings:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Short-term	10.553	615.287	39.279	374.550
Medium and Long-Term	-	3.160.608	-	2.864.106
<b>Total</b>	<b>10.553</b>	<b>3.775.895</b>	<b>39.279</b>	<b>3.238.656</b>

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

The Bank’s main funding sources are deposits and borrowings. As of 31 December 2021, deposits and borrowings from Bank’s risk group comprise 1,63% (31 December 2020: 2,08%) of total deposits. Besides this, Borrowings from Bank’s risk group comprise 47,98% (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 2.160.151 (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:**

	31 December 2021		31 December 2020	
	Gross	Net	Gross	Net
Less Than 1 Year	1.091	1.030	937	924
Between 1-4 Years	66.114	54.305	19.852	15.912
More Than 4 Years	27.610	18.876	79.451	58.036
<b>Total</b>	<b>94.815</b>	<b>74.211</b>	<b>100.240</b>	<b>74.872</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Forward Transactions	10.211	2.618	1.907	1.916
Swap Transactions	721.674	99.848	250.277	203.683
Futures Transactions	3.465	-	-	-
Options	-	4.779	-	2.064
Other	-	-	-	-
<b>Total</b>	<b>735.350</b>	<b>107.245</b>	<b>252.184</b>	<b>207.663</b>

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

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
For Fair Value Hedges	-	-	-	-
For Cash Flow Hedging	135.702	51.162	56.399	38.573
For Hedging Net Investments Abroad	-	-	-	-
<b>Total</b>	<b>135.702</b>	<b>51.162</b>	<b>56.399</b>	<b>38.573</b>

**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 10.848,59 since 1 January 2022 (31 December 2020: TL 7.117,17). Employee termination benefits are not funded, as there is no funding requirement.

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

	31 December 2021	31 December 2020
Discount Rate (%)	3,33	3,01
Salary Increase Rate (%)	17,20	9,50
Average Remaining Work Period (Year)	11,60	11,22

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

Movement of reserve for employment termination benefits during the period:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Prior period balance	22.186	18.670
Current service cost	3.032	3.006
Interest cost	2.607	1.996
Settlement cost	(2.396)	76
Actuarial loss/gain	5.571	396
Benefits paid (-)	2.223	1.958
<b>Balance at the End of the Period</b>	<b>28.777</b>	<b>22.186</b>

In addition, as of 31 December 2021 the Bank has accounted for vacation rights provision and personnel bonus provision amounting to TL 40.897 (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 138.622 (31 December 2020: 195.000) for lawsuits, TL 30.902 (31 December 2020: TL 68.408) for provisions for non-cash loans and commitments that are not converted to cash and not indemnified and other provisions amounting to TL 7.279 (31 December 2020: TL 8.939).

**i. Information on taxes payable:**

1. Information on tax provision:

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

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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:

	31 December 2021	31 December 2020
Corporate Tax Payable	-	13.461
Taxation of Marketable Securities	10.011	8.958
Property Tax	87	36
Banking Insurance Transaction Tax	24.698	12.149
Foreign Exchange Transaction Tax	3.110	237
Value Added Tax Payable	1.617	651
Other	5.554	4.301
<b>Total</b>	<b>45.077</b>	<b>39.793</b>

3. Information on premium payables:

	31 December 2021	31 December 2020
Social Security Premiums-Employee	1.916	1.618
Social Security Premiums-Employer	2.249	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	131	111
Unemployment Insurance-Employer	263	221
Other	65	-
<b>Total</b>	<b>4.624</b>	<b>3.866</b>

4. Explanations on deferred tax liability:

As of 31 December 2021, the Bank has netted-off the calculated deferred tax asset of TL 460.784 (31 December 2020: TL 162.492) and deferred tax liability of TL 436.395 (31 December 2020: TL 70.735) in accordance with TAS 12 and has recorded a net deferred tax asset of TL 24.389 (31 December 2020: TL 91.757 net deferred tax asset) in the financial statements.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 200.000.000	16 August 2021	18.08.2031	LIBOR+4,25
Burgan Bank K.P.S.C. (Main Shareholder)	USD 50.000.000	22 February 2021	Indefinite	0,00

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

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic Institutions	-	-	-	-
Foreign Banks	-	3.347.213	-	2.228.521
Other Foreign Institutions	-	-	-	-
<b>Total</b>	-	<b>3.347.213</b>	-	<b>2.228.521</b>

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
<b>Debt Instruments Subject to Common Equity</b>	-	<b>666.450</b>	-	-
Subordinated Loans	-	666.450	-	-
Subordinated Debt Instruments	-	-	-	-
<b>Debt Instruments Subject to Tier 2 Equity</b>	-	<b>2.680.763</b>	-	<b>2.228.521</b>
Subordinated Loans	-	2.680.763	-	2.228.521
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	-	<b>3.347.213</b>	-	<b>2.228.521</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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:

	31 December 2021	31 December 2020
Povision for Common Stock	1.890.000	1.535.000
Povision for Preferred Stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital	1.890.000	4.000.000

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

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

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

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.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

8. Information on marketable securities valuation reserve:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (From Partnerships)	-	-	-	-
Valuation Difference	(45.308)	(6.898)	(1.541)	5.133
Foreign Currency Difference	-	-	-	-
<b>Total</b>	<b>(45.308)</b>	<b>(6.898)</b>	<b>(1.541)</b>	<b>5.133</b>

9. Information on tangible assets revaluation reserve:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	34.176	-	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 TMS 27 Standard, which is the loss of 2020, classified under extraordinary reserves.



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 type and amount of irrevocable commitments:

	31.Dec.21	31.Dec.20
Foreign currency buy-sell commitments	1.912.509	1.704.275
Loan limit commitments	375.348	276.854
Deposits buy-sell commitments	81.744	72.695
Commitments for cheques	80.701	-
Securities buy-sell commitments	-	136.746
Foreign currency buy-sell commitments	-	14.986
<b>Total</b>	<b>2.450.302</b>	<b>2.205.556</b>

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

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

- i. Non-cash loans, including guarantees, bank acceptances and financial guarantees, and other letters of credit:

	31 December 2021	31 December 2020
Letter of guarantees	3.088.188	2.554.181
Letter of credits	2.515.966	1.117.312
Bank acceptance loans	209.466	171.038
Other guarantees	1.232.930	1.329.236
<b>Total</b>	<b>7.046.550</b>	<b>5.171.767</b>

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

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Irrevocable Letters of Guarantee	1.224.502	835.017	727.790	725.036
Revocable Letters of Guarantee	88.702	12.375	58.393	4.576
Letters of Guarantee Given in Advance	23.881	255.103	17.904	394.099
Guarantees Given to Customs	14.101	156.374	28.924	94.492
Other Letters of Guarantee	241.806	236.327	159.134	343.833
<b>Total</b>	<b>1.592.992</b>	<b>1.495.196</b>	<b>992.145</b>	<b>1.562.036</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

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

	31 December 2021	31 December 2020
Non-Cash Loans Given Against Cash Loans	1.612.262	1.812.420
With Original Maturity of 1 Year or Less Than 1 Year	-	-
With Original Maturity of More Than 1 Year	1.612.262	1.812.420
Other Non-Cash Loans	5.434.288	3.359.347
<b>Total</b>	<b>7.046.550</b>	<b>5.171.767</b>

ii. Information on the risk concentration on the basis of sector in the non-cash loans account:

	31 December 2021				31 December 2020			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	83.047	3,37	265.762	7,26	33.422	3,37	303.559	7,26
Farming and Stockbreeding	82.797	3,35	261.003	7,26	33.193	3,35	303.318	7,26
Forestry	21	0,00	4.759	0,00	-	0,00	-	0,00
Fishery	229	0,02	-	0,01	229	0,02	241	0,01
<b>Manufacturing</b>	<b>549.631</b>	<b>26,39</b>	<b>3.432.167</b>	<b>60,44</b>	<b>231.163</b>	<b>23,30</b>	<b>2.401.940</b>	<b>57,47</b>
Mining and Quarrying	10.728	2,68	267	0,02	10.351	1,04	148	0,00
Production	482.371	19,74	3.399.134	59,91	183.999	18,55	2.394.903	57,30
Electricity, Gas and Water	56.532	3,96	32.766	0,52	36.813	3,71	6.889	0,16
<b>Construction</b>	<b>161.808</b>	<b>12,02</b>	<b>157.447</b>	<b>10,66</b>	<b>115.217</b>	<b>11,61</b>	<b>443.914</b>	<b>10,62</b>
<b>Services</b>	<b>848.167</b>	<b>54,46</b>	<b>1.523.620</b>	<b>21,45</b>	<b>578.627</b>	<b>58,32</b>	<b>1.029.222</b>	<b>24,62</b>
Wholesale and Retail Trade	459.962	20,00	421.063	7,90	218.397	22,01	469.532	11,23
Accommodation and Dining	4.734	0,07	-	1,28	478	0,05	53.604	1,28
Transportation and Telecom	41.674	4,74	79.426	3,98	48.423	4,88	167.061	4,00
Financial Institutions	317.436	27,77	840.864	5,62	290.507	29,28	223.585	5,35
Real Estate and Rental Ser.	23.837	1,82	179.189	2,64	18.456	1,86	114.249	2,73
Professional Services	112	0,01	3.078	0,03	30	0,00	1.191	0,03
Educational Services	-	0,00	-	0,00	40	0,00	-	0,00
Health and Social Services	412	0,04	-	0,00	2.296	0,23	-	0,00
<b>Other</b>	<b>22.339</b>	<b>3,77</b>	<b>2.562</b>	<b>0,18</b>	<b>33.716</b>	<b>3,40</b>	<b>987</b>	<b>0,02</b>
<b>Total</b>	<b>1.664.992</b>	<b>100,00</b>	<b>5.381.558</b>	<b>100,00</b>	<b>992.145</b>	<b>100,00</b>	<b>4.179.622</b>	<b>100,00</b>

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

Current Period (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	1.573.079	1.438.035	10.246	30.502
Bill of Exchange and Acceptances	-	209.466	-	-
Letters of Credit	-	2.513.693	-	-
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	72.000	1.160.930	-	-
<b>Total</b>	<b>1.645.079</b>	<b>5.322.124</b>	<b>10.246</b>	<b>30.502</b>

(\*) In addition to the non-cash loans stated in the table above, the Bank has a non-cash loan amounting to TL 38.599, which is classified as total non-performing loans. As of 31 December 2021, the Bank has recorded a TL 18.546 provision regarding these loans.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

**b. Information on derivative financial instruments:**

	31 December 2021	31 December 2020
<b>Types of Trading Transactions</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>40.197.558</b>	<b>26.059.185</b>
Currency Forward Transactions	524.945	188.962
Currency Swap Transactions	36.172.387	24.387.155
Futures Transactions	249.385	-
Options	3.250.841	1.483.068
<b>Interest Related Derivative Transactions (II)</b>	<b>13.286.516</b>	<b>12.386.418</b>
Forward Rate Agreements	-	-
Interest Rate Swaps	13.286.516	12.386.418
Interest Rate Options	-	-
Interest Rate Futures	-	-
<b>Other Trading Derivative Transactions (III)</b>	<b>-</b>	<b>-</b>
<b>A. Total Trading Derivative Transactions (I+II+III)</b>	<b>53.484.074</b>	<b>38.445.603</b>
<b>Types of Hedging Transactions</b>	<b>12.211.250</b>	<b>3.542.711</b>
Fair Value Hedges	-	-
Cash Flow Hedges	12.211.250	3.542.711
Foreign Currency Investment Hedges	-	-
<b>B. Total Hedging Related Derivatives</b>	<b>12.211.250</b>	<b>3.542.711</b>
<b>Total Derivative Transactions (A+B)</b>	<b>65.695.324</b>	<b>41.988.314</b>

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

As of 31 December 2021, the total amount of legal cases against the Bank is TL 25.843 (31 December 2020: TL 27.425) and the Bank sets aside a provision of TL 6.835 (31 December 2020: TL 7.809) regarding these risks.

**d. Brief information on the Bank’s rating given by International Rating Institutions:**

**FITCH (24 January 2022)**

<b>Outlook</b>	Stable
<b>Long Term FC</b>	B+
<b>Short Term FC</b>	B
<b>Long Term TL</b>	BB-
<b>Short Term TL</b>	B
<b>Support Rating</b>	b+
<b>National Rating</b>	AA(tur)
<b>Viability Note</b>	b-(negative)

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
<b>Interest Income on Loans (*)</b>				
Short-term Loans	872.949	29.793	321.537	51.027
Medium/Long-term Loans	384.923	497.759	352.377	535.924
Interest on Loans Under Follow-up	47.570	-	13.997	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
<b>Total</b>	<b>1.305.442</b>	<b>527.552</b>	<b>687.911</b>	<b>586.951</b>

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

2. Information on interest income on banks:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
From the CBRT	860	-	229	71
From Domestic Banks	43.521	298	21.084	374
From Foreign Banks	-	400	-	1.285
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>44.381</b>	<b>698</b>	<b>21.313</b>	<b>1.730</b>

3. Information on interest income on marketable securities:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	490	1.530	139	1.559
Financial Assets Measured at Fair Value through Other Comprehensive Income	57.886	3.404	25.781	5.470
Financial Assets Measured at Amortized Cost	-	44.564	-	26.285
<b>Total</b>	<b>58.376</b>	<b>49.498</b>	<b>25.920</b>	<b>33.314</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 associates and subsidiaries:

	31 December 2021	31 December 2020
Interest Received From Associates and Subsidiaries	-	46

**b. Information on interest expense:**

1. Information on the interest of the loans used:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
<b>Banks</b>	<b>3.422</b>	<b>136.555</b>	<b>3.561</b>	<b>177.466</b>
The CBRT	-	-	-	-
Domestic Banks	3.422	807	3.561	470
Foreign Banks	-	135.748	-	176.996
Headquarters and Branches Abroad	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>4.277</b>	<b>-</b>	<b>8.646</b>
<b>Total (*)</b>	<b>3.422</b>	<b>140.832</b>	<b>3.561</b>	<b>186.112</b>

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

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

	31 December 2021	31 December 2020
Interest Paid to Associates and Subsidiaries	1.819	574

3. Interest expense on issued marketable securities:

None (31 December 2020: None).

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

Current period	Demand Deposit	Time Deposit					Accum. Deposit	Total	Prior Period Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year			
<b>Turkish Lira</b>									
Bank Deposits	-	1.101	-	-	-	-	-	1.101	2.005
Savings Deposits	-	144.919	483.031	32.728	28.139	72.433	-	761.250	354.374
Public Deposits	-	-	-	-	-	-	-	-	3
Commercial Deposits	-	32.086	73.820	3.736	10.096	3.289	-	123.027	29.255
Other Deposits	-	663	18.292	34	327	5.643	-	24.959	3.750
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>178.769</b>	<b>575.143</b>	<b>36.498</b>	<b>38.562</b>	<b>81.365</b>	-	<b>910.337</b>	<b>389.387</b>
<b>Foreign Currency</b>									
Foreign Currency Account	-	10.285	117.029	5.979	1.664	1.083	-	136.040	146.306
Bank Deposits	-	1.347	-	-	-	-	-	1.347	2.069
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>11.632</b>	<b>117.029</b>	<b>5.979</b>	<b>1.664</b>	<b>1.083</b>	-	<b>137.387</b>	<b>148.375</b>
<b>Grand Total</b>	-	<b>190.401</b>	<b>692.172</b>	<b>42.477</b>	<b>40.226</b>	<b>82.448</b>	-	<b>1.047.724</b>	<b>537.762</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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. Explanations on dividend income:**

	31 December 2021	31 December 2020
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	19	8
Other	-	-
<b>Total</b>	<b>19</b>	<b>8</b>

**d. Information on trading loss/income (Net):**

	31 December 2021	31 December 2020
<b>Profit</b>	<b>68.201.606</b>	<b>33.966.466</b>
Capital Market Transactions	44.433	44.193
Derivative Financial Transactions	1.187.338	283.058
Foreign Exchange Gains	66.969.835	33.639.215
<b>Loss (-)</b>	<b>68.003.307</b>	<b>33.862.068</b>
Capital Market Transactions	14.641	5.272
Derivative Financial Transactions	1.196.436	315.863
Foreign Exchange Losses	66.792.230	33.540.933
<b>Net Profit/Loss</b>	<b>198.299</b>	<b>104.398</b>

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

For the period ended 31 December 2021, other operating income includes the adjustment account for previous years' expenses and other operating income.

**f. Expected loss provision expenses and other provision expenses:**

	31 December 2021	31 December 2020
<b>Expected Credit Loss</b>	<b>255.195</b>	<b>408.420</b>
12 Month Expected Credit Loss (Stage 1)	14.804	-
Significant Increase in Credit Risk (Stage 2)	176.227	19.059
Non-performing Loans (Stage 3)	64.164	389.361
<b>Marketable Securities Provisions for Impairment</b>	<b>-</b>	<b>-</b>
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
<b>Provisions for Impairment of Associates, Subsidiaries and Joint Ventures</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
<b>Other</b>	<b>-</b>	<b>210.704</b>
<b>Total</b>	<b>255.195</b>	<b>619.124</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
Reserve For Employee Termination Benefits (*)	4.385	5.289
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Tangible assets	-	-
Depreciation Expenses of Tangible assets	34.856	26.452
Impairment Expenses of Intangible Assets	-	-
Depreciation Expenses of Intangible Assets	11.709	12.513
Impairment Expenses of Equity Preferreds for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	366
Amortization Expenses of Assets Held for Resale	-	-
Impairment Expenses of Tangible assets Held for Sale	-	-
Other Operating Expenses	157.180	127.592
Leasing expenses related to TFRS 16 exceptions	1.404	1.320
Maintenance Expenses	1.548	1.510
Advertising Expenses	12.926	7.591
Other Expense	141.302	117.171
Loss on Sales of Assets	17	21
Other	51.871	20.822
<b>Total</b>	<b>260.018</b>	<b>193.055</b>

(\*) As of 31 December 2021, there is “Employee Vacation Fee Provision Expense” amounting to TL 1.142 (31 December 2020: TL 211).

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

The Bank has no discontinued operations. The Bank’s profit before taxes from continuing operations is TL 344.442 (31 December 2020: TL 296.073 loss).

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

The Bank has no discontinued operations and the explanations below represent the provision for taxes of continuing operations:

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

As of 31.12.2021, the Bank has no current tax expense. Deferred tax expense amounts to TL 39.627.

2. Explanations on deferred tax income or expense arising from the formation or closure of temporary differences::

The Bank has a deferred tax income of TL 191.786 arising from the temporary differences. There is no deferred tax income of TL 154.412 arising from the financial losses carried from previous periods. There is a net deferred tax expense of TL 39.627, of which TL 385.825 is deferred tax expense arising from the closing of temporary differences.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 31 December 2021, the Bank has TL 194.039 (31 December 2020: TL 61.521 deferred tax income) deferred tax expense arising from temporary differences and has TL 154.412 deferred tax income from financial loss carried forward from prior periods (31 December 2020: None).

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

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

**k. Information on net income/loss for the period:**

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

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.



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

**1. Information on other income and expenses:**

1. In the current period, the Bank’s interest income amounts to TL 2.454.843 (31 December 2020: TL 1.612.129) and TL 411.791 (31 December 2020: TL 220.989) of this amount is classified as “Other Interest Income” in the income statement.

	31 December 2021	31 December 2020
<b>Other Interest Income</b>		
Interest Income Related to Derivative Transactions	400.982	209.054
Other	10.809	11.935
<b>Total</b>	<b>411.791</b>	<b>220.989</b>

2. In the current period, the Bank’s interest expense amounts to TL 1.894.671 (31 December 2020: TL 1.076.481), TL 685.952 (31 December 2020: TL 331.146) of this amount is classified as “Other Interest Expense” in the income statement.

	31 December 2021	31 December 2020
<b>Other Interest Expense</b>		
Interest Expense Related to Derivative Transactions	683.192	301.940
Other	2.760	29.206
<b>Total</b>	<b>685.952</b>	<b>331.146</b>

3. The amount of fees and commissions received in the income statement of the Bank in the current period is 53.257 TL (31 December 2020: 46.663 TL) and 17.225 TL (31 December 2020: 18.614 TL) of this amount is classified as “Other”.

	31 December 2021	31 December 2020
<b>Other Fee and Commissions Received</b>		
Commissions on Investment Fund Services	7.685	6.551
Insurance Commissions	3.185	4.125
Commissions from Correspondent Banks	1.305	1.058
Transfer Commissions	345	280
Card and POS Exchange Commissions	183	35
Common Point Commissions	111	157
Other	4.411	6.408
<b>Total</b>	<b>17.225</b>	<b>18.614</b>

4. In the current period, Bank’s fee and commission expense amounts to TL 19.991 (31 December 2020: TL 14.052) and TL 19.935 (31 December 2020: TL 13.990) of the related amount is classified under “Other” account.

	31 December 2021	31 December 2020
<b>Other Fee and Commissions Given</b>		
Card Transaction Commission	4.045	3.055
Commissions Granted to Correspondent Banks	1.954	1.313
Fees and Commissions for EFT	879	542
Common Point Exchange Commissions	770	585
Transfer Commissions	105	69
Other	12.182	8.426
<b>Total</b>	<b>19.935</b>	<b>13.990</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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):**

5. Fees for Services Received from Independent Audit Firm: (Amounts are presented on an unconsolidated basis and do not include audit fees of subsidiaries.)

	<b>31 December 2021</b>	<b>31 December 2020 (*)</b>
Independent audit fee for the reporting period	801	710
Other assurance services fee	456	254
Fee for services other than independent audit	-	-
<b>Total</b>	<b>1.257</b>	<b>964</b>

(\*) Audit service for 2020 was obtained from Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 CHANGES IN SHAREHOLDERS’ EQUITY**

**a. Information on change in the shareholder structure of the Bank:**

There is no change in Bank’s partnership structure in 2021.

**b. Information on distribution of profit:**

According to the decision taken at the Ordinary General Assembly Meeting of the Bank held on 26 March 2021; Including the effects of TAS 27 Standard, the loss of TL 267.414 for the year 2020 has been classified in the extraordinary reserves account.

**c. Information on capital increase:**

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. (Amounts in Full TL)

**d. Information on valuation differences of marketable securities:**

“Unrealized profit/loss” arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the “Marketable securities valuation reserve” account under equity, until the financial assets are sold, disposed or impaired.

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (From Partnerships)			-	-
Valuation Difference	(45.308)	(6.898)	(1.541)	5.133
Foreign Currency Difference			-	-
<b>Total</b>	<b>(45.308)</b>	<b>(6.898)</b>	<b>(1.541)</b>	<b>5.133</b>

**e. Information on revaluation differences of tangible and intangible assets:**

The reversal from revaluation reserve to their fair value for immovables amounting to TL 10.724 net of tax (31 December 2020: TL 2.739) is accounted under “Revaluation differences of tangible assets and intangible assets”.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

**VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS**

**a. Information on cash and cash equivalents:**

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as “Cash”; interbank money market and time deposits in banks with original maturities of less than three months are defined as “Cash Equivalents”.

i. Cash and cash equivalents at the beginning of period:

	31 December 2021	31 December 2020
<b>Cash</b>	<b>1.758.418</b>	<b>1.641.806</b>
Cash, Foreign Currency and Other	415.164	142.396
Demand Deposits in Banks	1.343.254	1.499.411
<b>Cash Equivalents</b>	<b>118.549</b>	<b>545.940</b>
Interbank Money Market	100.000	540.000
Time Deposits in Bank	18.549	5.940
<b>Total Cash and Cash Equivalents</b>	<b>1.876.967</b>	<b>2.187.746</b>

The total amount from the operations that occurred in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

ii. Cash and cash equivalents at the end of the period:

	31 December 2021	31 December 2020
<b>Cash</b>	<b>3.093.705</b>	<b>1.758.418</b>
Cash, Foreign Currency and Other	514.430	415.164
Demand Deposits in Banks	2.579.275	1.343.254
<b>Cash Equivalents</b>	<b>-</b>	<b>118.549</b>
Interbank Money Market	-	100.000
Time Deposits in Bank	-	18.549
<b>Total Cash and Cash Equivalents</b>	<b>3.093.705</b>	<b>1.876.967</b>

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

---

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

**VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS (Continued)**

**b. Information on other items presented in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents:**

"Other" items presented in "Net operating income before changes in operating assets and liabilities" amount to negative TL 1.502.206 (31 December 2020: negative TL 320.377) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

"Net increase/decrease in other payables" items presented in "Changes in operating assets and liabilities" amount to positive TL 951.589 (31 December 2020: positive TL 905.989) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2021, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately positive TL 456.926 (31 December 2020: positive TL 29.901).

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

**VII. EXPLANATIONS AND NOTES RELATED TO BANK’S RISK GROUP**

**a. The volume of transactions relating to the Bank’s risk group, outstanding loan and deposit transactions and profit and loss of the period:**

1. Prior period information is presented for balance sheet items and income/expense items as of 31 December 2020.

31 December 2021 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	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	62.497	-	12.944	790	-
Balance at the End of the Period	-	24.341	-	24.860	677	-
Interest and Commission Income Received	-	365	-	4	104	1

31 December 2020 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	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	39.591	-	35.560	98	-
Balance at the End of the Period	-	62.497	-	12.944	790	-
Interest and Commission Income Received	46	411	-	4	53	-

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	271.488	94.838	106.907	171.520	23.864	24.112
Interest Expense on Deposits	1.819	727	2.463	3.250	1.494	1.189

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	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense on Deposits	-	-	-	2	3	6

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

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

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

Banks' Risk Group	Investments in Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of The Bank		Other Real and Legal Persons that Have Been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions at Fair Value Through Profit or Loss</b>						
Beginning of the Period (*)	2.508.920	1.294.994	-	-	-	-
End of the period (*)	3.790.764	2.508.920	-	-	-	-
<b>Total Profit/Loss</b>	<b>(165.340)</b>	<b>(27.062)</b>	-	-	-	-
<b>Transactions for Hedging Purposes</b>						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	1.014.049	-	-	-	-	-
<b>Total Profit/Loss</b>	<b>(82.306)</b>	-	-	-	-	-

(\*) 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	According to the amounts included in the financial statements (%)
Loans Received	3.422.671	47,98
Deposit	402.259	1,63
Non-cash Loans	49.201	0,70
Banks and Other Financial Institutions	3.413	0,62
Loans	677	-

As of 31 December 2021, the Bank has realized interest income from deposits given to banks included in the risk group amounting to TL 73 (31 December 2020: TL 480), the Bank has realized interest expense amounting to TL 72.417 (31 December 2020: TL 141.810) on loans borrowed from the banks in the Bank's risk group.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

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

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

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

According to the Joint Expense Sharing Agreement with the Bank and its subsidiaries; the Bank has received TL 398 (31 December 2020: TL 395) from Burgan Finansal Kiralama A.Ş., TL 379 (31 December 2020: TL 301) 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 0,15% (31 December 2020: 0,34%) of the Bank’s total cash and non-cash loans.

As of 31 December 2021, there are no purchase-sales transactions on any assets including real estate with the risk group consisting the Bank.

As of 31 December 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 30.343 (31 December 2020: TL 28.511) which constitutes of the sum of other benefits including yearly gross salaries and other payments and travel, meal aids, health and life insurances and vehicle expenses.

**VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK**

- a. Information on domestic, foreign branches and foreign representatives:

	Number	Employee Number			
Domestic branch	32	928			
			<b>Country of Incorporation</b>		
Foreign representative	None.				
				<b>Total Asset</b>	<b>Statutory Share Capital</b>
Foreign branch	None.				
Off-Shore Banking Region Branch	None.				

- b. There is no event that would affect opening or closing a domestic branch, a foreign branch or a representative office of the Parent Bank.



**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

---

**IX. EXPLANATIONS AND NOTES ON AFTER THE REPORTING PERIOD:**

None.

**BURGAN BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021**

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

---

**SECTION SIX**

**OTHER EXPLANATIONS**

**I. OTHER OPERATIONS RELATED TO BANK’S OPERATIONS**

None.

**SECTION SEVEN**

**EXPLANATIONS ON THE INDEPENDENT AUDIT REVIEW REPORT**

**I. EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT**

The unconsolidated financial statements as of 31 December 2021 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of DELOITTE TOUCHE TOHMATSU LIMITED) and the auditor’s audit report dated 1 February 2022 has been presented prior to the unconsolidated financial statements.

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

None.