

2021 ANNUAL REPORT



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Report's date : 01 January 2021 – 31 December 2021
Name of the Bank : **Burgan Bank A.Ş.**
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This financial report includes the following sections in accordance with the “Principles and procedures regarding the preparation and issue of Annual Reports” as published by the Banking Regulation and Supervision Agency.

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

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



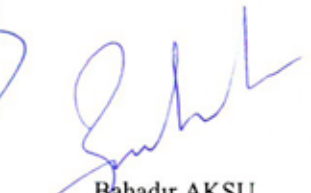
Emin Hakan EMINSOY
Chairman of the
Board of Directors



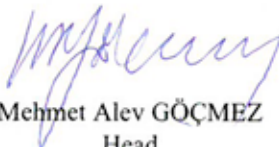
Ali Murat DİNÇ
Member of the Board of
Directors and
General Manager



Zeynep BOZKURT
Chief Financial Officer



Bahadır AKSU
Head of Accounting,
Tax, and Reporting Unit



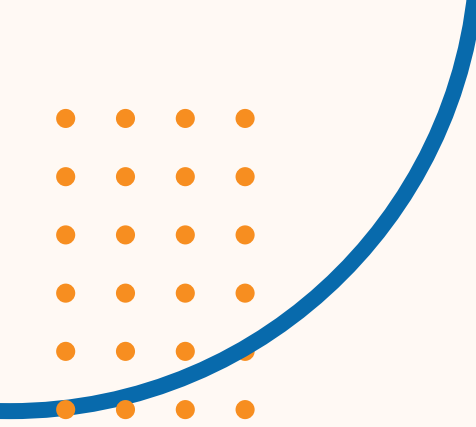
Mehmet Alev GÖÇMEZ
Head
of the Audit Committee



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

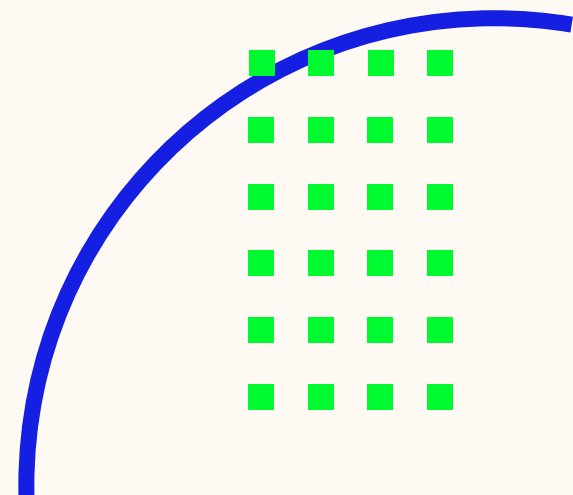


Fadhil M. GH. A. ABDULLAH
Member
of the Audit Committee



SECTION ONE

GENERAL INFORMATION



Corporate Profile

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

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

The Bank's strategy prescribes profitable and healthy growth. Burgan Bank offers services with its 928 employees out of 32 branches in 14 cities where economic and commercial activity is most concentrated in Turkey.

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

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

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

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

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

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

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

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



Vision

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

Mission

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

Goals

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



Corporate Values

Being Us

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

Dynamism

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

To Win

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

Milestones from 1989 until 2021

1989

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

2001

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

2007

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

2012

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

2013

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

2014

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

2015

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

2016

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

2017

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

2018

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

2019

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

2020

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



2021

Having produced a solid and healthy performance, Burgan Bank proclaimed the first remarkable result of ongoing investments in digital banking with the launch of ON.

Having taken the forefront being one of the first banks to initiate remote authentication in Turkey in 2021, Burgan Bank created a significant differentiation in competition by offering the technology of onboarding through video chat so as to cover smart phones without near-field communication (NFC) capability.

Credited for its mobile application and teasers, ON points at the renewed customer experience and the rise of the Burgan brand in the future tracks of the banking business.

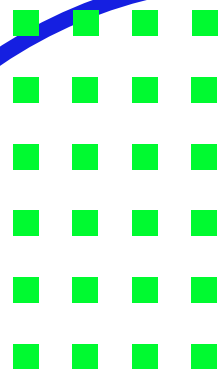
ABOUT BURGAN BANK GROUP

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

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

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

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



Summary Financial Information for the Fiscal Year

(000 TL)	31.12.2021	31.12.2020	Change (%)
Total Assets	38,014,640	23,123,647	64.4
Loans (Net)	23,908,436	16,192,341	47.7
Securities (Net)	1,817,884	992,499	83.2
Deposits	24,634,663	13,942,287	76.7
Funds Borrowed and Money Market Borrowings	7,345,569	5,749,025	27.8
Shareholders' Equity	2,474,409	1,670,057	48.2
Guarantees and Warranties	7,046,550	5,171,767	36.3
Capital Adequacy Ratio (%)	23,16	18,85	4.3

	1 January 2021- 31 December 2021	1 January 2020- 31 December 2020	Change (%)
Net Profit / (Loss)	304.815	(267.414)	214,0

⁽¹⁾ In TL thousand based on unconsolidated financial statements

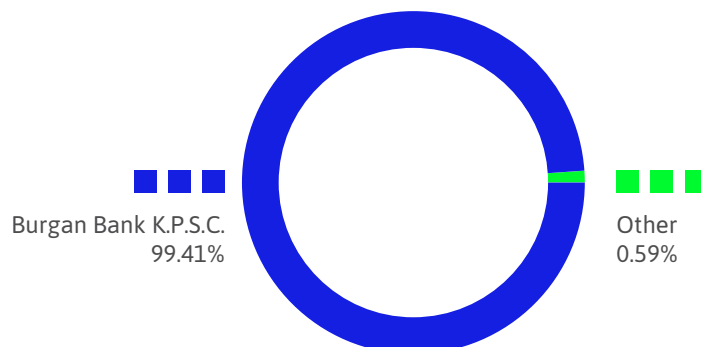
The Bank's Shareholding Structure, Changes in the Capital and Shareholding Structure During the Reporting Period, Titles and Stakeholding of Real Persons or Legal Entities with Qualified Shares

The Bank's paid-in capital is TL 1,890 million and the Bank has a capital ceiling of TL 4 billion as at year-end 2021.

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.

The Bank's shareholding structure as of 31 December 2021 is presented below and there were no changes to the Bank's shareholder structure.

Company Name	Share Amount (TL thousand)	Share
Burgan Bank K.P.S.C.	1,878,884	99.41%
Other	11,116	0.59%
Total	1,890,000	100.00%



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

Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an “investment bank” with the permission of the Council of Ministers No. 88/13253 on 26 August 1988 and was authorized to finance investment and foreign trade activities. Banking operations commenced on 7 August 1989. Bank Ekspres A.Ş. (“Bank Ekspres”) was established with the permission of the Council of Ministers decision No. 91/2316 dated 22 September 1991, and “The Decree of Establishment Permission” was published in the Official Gazette issue 21017 dated 10 October 1991. The Articles of Association was published in the Trade Registry Gazette no. 2969 dated 18 February 1992. The Turkish Savings Deposit and Insurance Fund (“SDIF”) took over the management of Bank Ekspres A.Ş. due to the poor financial structure of the Bank on 23 October 1998.

According to the Share Transfer Agreement signed between the SDIF and Tekfen Holding A.Ş. on 30 June 2001, 2,983,800,000 shares each with a nominal value of TL 0.01 representing 99.46% of the capital of Bank Ekspres A.Ş., in which the SDIF was a shareholder and held the management control pursuant to the The Banking Law, were sold and transferred to Tekfen Holding A.Ş. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., in which Tekfen Holding A.Ş. held 57.69% of the shares, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency’s (“BRSA”) decision numbered 489 dated 18 October 2001. The share transfer took place on 26 October 2001 and the Bank’s name was changed to Tekfenbank Anonim Şirketi (the “Bank”), in which Tekfen Holding A.Ş. had a shareholding interest of 57.30% and TST International S.A. 40.62%.

EFG Eurobank Ergasias S.A. (“Eurobank EFG”) and Tekfen Holding A.Ş. (“Tekfen Group”) signed an agreement on 8 May 2006, whereby Eurobank EFG would purchase Tekfen Group’s 70% stake in Tekfenbank and also Tekfen Leasing, which was fully owned by Tekfenbank, and whereby Tekfen Group would retain its strategic partnership by keeping all of the remaining shares. On 23 February 2007, the sale of Tekfenbank A.Ş. to Eurobank EFG Holding (Luxembourg) S.A. (“Eurobank EFG Holding”) was approved by the BRSA and the closing took place upon share transfer on 16 March 2007.

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

Under the agreement regarding the sale of Eurobank Ergasias S.A.’s Turkey operations to Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K.), 70% of the Bank’s shares held by Eurobank EFG Holding (Luxembourg) S.A. and 29.26% of the shares held by Tekfen Holding A.Ş. were purchased by Burgan Bank K.P.S.C. based on the BRSA permission dated 7 December 2012, and then 99.26% of the shares in the Bank were transferred to Burgan Bank K.P.S.C. on 21 December 2012.

At the Extraordinary General Assembly Meeting of the Bank convened on 23 January 2013, it was resolved to change the title of the Bank from Eurobank Tekfen A.Ş. to Burgan Bank A.Ş. (the Bank) and this change was registered with the Turkish Trade Registry on 25 January 2013.

Chairman's Assessment of the Fiscal Year and Future Outlook



Hakan Eminsoy
Chairman of the Board of Directors

Having kept its monetary policy and policy rate interval unchanged throughout 2021, the Fed decided to accelerate its asset purchase tapering in the last meeting of the year. The Fed is anticipated to terminate its bond buying by March 2022 and to implement at least four rate hikes during 2022.

Esteemed stakeholders,

As we leave behind the second year tainted by the pandemic...

2021 has seen us relatively get used to living with the pandemic and the global economy relatively start recuperating. As the positive developments attained in vaccination added momentum to normalization steps, the emergence of new variants sporadically interrupted the recovery.

While high liquidity injection into the market as a result of supportive fiscal policies pursued by a large number of countries during the pandemic provided significant easing, the world economy recaptured its growth trend with the driving force of the tourism, transportation and industrial sectors following lockdowns.

The Turkish economy sustained its positive decoupling and growth journey also in 2021.

Inventories and existing production fell short of fulfilling the demand that increased as the restrictive effects of the pandemic started to be lifted, and manufacturing halts and deferred investments forced by lockdowns resulted in supply shortages. As high demand-insufficient supply brought along procurement issues, global raw material and commodity prices showed record rises. With the addition of the supply shortage in the chip industry, this situation led to a crisis that achieved the extent of production halt in automotive and high-tech products. The broken supply chain, combined with the loss of workforce and turnover, fueled supply-originated inflation, resulting in a powerful reflection of producer inflation upon consumer inflation. Thus, the recession concerns at the onset of the pandemic are now replaced by an inflationary spiral. This time, not just developing countries, but also developed ones are also confronted with the high inflation risk.

2021 has also been the scene to a drastic uptrend in energy prices. As the wheels of economy restarted turning, production and transportation increased. After the price of the Brent-type oil hit its highest of the past three years at 86 USD per barrel during the reporting period, it ended 2021 with a strong rise of 51%. The price increase in gas was close to that in oil in 2021. These price increases were triggered by declining crude oil stocks in connection with supply cuts by the OPEC+ countries and Saudi Arabia, supply cuts in gas, and the political strife.

Amid this background, signals heralding the nearing end of loose monetary policies got stronger; major central banks restrained their asset purchases, and started passing decisions to tighten their supportive policies that had been ongoing since the onset of the pandemic while planning rate hikes.

Having kept its monetary policy and policy rate interval unchanged throughout 2021, the Fed decided to accelerate its asset purchase tapering in the last meeting of the year. The Fed is anticipated to terminate its bond buying by March 2022 and to implement at least four rate hikes during 2022.

The ECB, which adhered to its existing monetary policy, confirmed that it would terminate its asset purchases in March 2022. The BoE, on the other hand, hiked the rates for the first time in three years, and has been the first major bank in the world to increase the rates since the start of the pandemic.

Turkey has remained on growth track on the back of its idiosyncratic dynamics.

The Turkish economy sustained its positive decoupling and growth journey also in 2021. An impressive growth figure of 11.0% was captured in 2021, which was largely contributed to by private consumption and exports.

Inflation has made the most important heading of the economy agenda as was the case across the world. As exchange rates and globally high commodity and energy prices added to inflationary pressures through the cost channel, producer and consumer inflation rates went up markedly.

A downturn started to be observed in the USD/TL rate as the market responded positively to the FC-indexed TL deposit account product introduced by the Government to curb the depreciation of the Turkish currency and exchange rate fluctuations. If it can be maintained for some more time, the momentum captured in the conversion from FC accounts to TL accounts could prove to be a significant contributor to the economy. In the medium term, on the other hand, this conversion will produce a much stronger effect as and when an environment of economic stability and confidence is secured in the country.

With the additional effect of the deferred demand that kicked in in global trade, Turkey undersigned new records in exports throughout 2021. As foreign trade deficit declined, the growth in tourism and transportation revenues supported the outlook of the current accounts balance.

Chairman's Assessment of the Fiscal Year and Future Outlook

Government-subsidized energy prices applied for the industry, which were lower than the prices in Europe, cleared the way for certain industries in Turkey with respect to manufacturing and exports. The relatively decreased fixed costs within total costs as a result of the productivity of facilities that operated with high capacity facilitated capturing a competitive advantage against European manufacturers and attaining high export numbers. As Turkey has risen to the position of Europe's number 1 supplier in cement that takes place at the top of these industries, it has also become the largest iron and steel manufacturer in Europe, overtaking Germany on the back of a record production quantity in this industry. Similarly, a solid export volume was maintained in the automotive industry despite the supply shortages in raw materials such as chips and semi-conductors. The depreciation of the Turkish currency also acted as a factor in the historically high levels of exports; however, the competitive position attained by our industry and regional manufacturing dominance secured in major sectors will serve as the guarantee of the sustainability of Turkey's success in export markets.

On another note, our growing revenues and potential in tourism, the highest value-added industry as almost all of its inputs are domestically-sourced, are promising. We believe that our tourism revenues that doubled on annual basis in 2021 will further rise in the coming years. We maintain a solid anticipation that our export and tourism revenues will lend significant support to the outlook of the current accounts balance to parry the risks stemming from the recent geopolitical developments.

This projection of our Bank is backed strongly by the Turkish Economy Model that we have transitioned to by the end of 2021. This economic model is underpinned by the targets of sustainably growing exports and closing the current deficit. Intended to be implemented in coordination with monetary and fiscal policies, the model highlights the interactions in interest and exchange rates fronts.

Looking at the target of growing our country's exports and closing the current deficit, the critical factors arise as the degree of support to be lent to this target by the value of the Turkish lira and increasing value added production, given the fact that Turkey is a net importer of energy. On the interest

front, rates vary according to the intended purpose of the financing. Based on the policy of prioritizing investments for export-oriented production, financing for such investments is provided at more advantageous rates as compared to other types of financing in keeping with the selectivity principle.

The chain of events currently being experienced can be summarized as the economic activity put in motion upon normalization steps by the demand deferred throughout the pandemic, followed by high inflation caused by the booming demand, which will now lead to contracted demand. The contraction first seen in private consumption will be followed by that in the industry. After a while, this cycle will start pulling down consumer and cost-driven producer inflation. We will witness this process in action in 2022 and perhaps in part of 2023. This phenomenon applies to the whole world as well as Turkey.

After this transitioning period, we are anticipating powerful steps in our exports enabled by our competitiveness reinforced by our increasing value-added production capabilities and logistics advantages stemming from our geographical location within an economy bolstered by the new model.

Our sector makes a differentiation with its solid position.

Having sustained its healthy growth trend also in 2021, the banking sector concentrated on uninterruptedly providing the funding and financial services that the actors in the industrial and commercial segments require for growing.

During 2021, credit demand followed a more prudent course overall than the recovery in economic activity, which promoted a decline in the sector's non-performing loans in the reporting period. Increased collateralization value for loans produced a dual positive impact in that it reduced the amount of provisions set aside by the banks and facilitated collection of credits. Improved interest margins reflected positively on the profitability of the banking sector in this period.

The pandemic-accelerated digital banking, which entailed major breakthroughs, speed and innovation both in terms of operational processes and service delivery to customers, continued to rank at the top of our agenda.

Turkey is one of the main expansion territories of our shareholder's strategic plan. Most importantly, the Burgan Group has faith in the potential presented by our country's economy.

Constantly strengthened through its ongoing transformation since early 2000s and having proven itself with respect to fiscal as well as structural resilience, the Turkish banking sector is one step ahead of its global competition also with its advanced digital infrastructure.

The steps taken in 2021 further raised the global competitive bar of the sector. Remote ID authentication and remote customer access enabled by the regulatory changes are revolutionary in terms of the increasing extent of contactless and mobile delivery of financial products and services. Under a structural regulatory arrangement by the end of the year, establishment of digital-only banks has become permissible in Turkey, which is another major development.

Accordingly, digital-only banks can be incorporated with a capital in the order of TL 1 billion and they will be able to offer service like credit agencies. As this development presents the banking sector with a major expansion, the low-capital and low-cost digital-only banking service will also cost less to customers.

Burgan Bank had a year packed with achievements, and generated value for our shareholders in particular, and all its stakeholders in general.

Our shareholder is content with our Bank's achievements and performance in the Turkish market in 2021 what has been a volatile and challenging year globally.

Turkey is one of the main expansion territories of our shareholder's strategic plan. Most importantly, the Burgan Group has faith in the potential presented by our country's economy.

Burgan Bank has the power to generate sustainable added value for its stakeholders and possesses all necessary infrastructural elements. Its in-depth market knowledge, disciplined business understanding, qualified human resource and effective risk management are some of those elements that first come to mind and position our Bank as a perfectly running and producing mechanism.

We are determined to take our profitable growth further through new projects and initiatives also in 2022. As our healthy balance sheet composition remains a focal point that we will not compromise from, we will continue to manage the leverage offered to us by our shareholders' equity with a correct and risk-averse approach.

On behalf of myself and our Board of Directors, I would like to thank our team that built our performance for their committed and hard work, and our customers for their trust in Burgan Bank.



Hakan Eminsoy
Chairman of the Board of Directors

CEO's Assessment of the Fiscal Year and Future Outlook



Murat Dinç
CEO

In 2021, Burgan Bank fostered its healthy financial and operational structure by prudently implementing its risk-sensitive strategy and authored new achievements in servicing its customers.

Although it has cut pace and was taken under control partially, the pandemic that dominated our lives in 2020 continued to be a critical heading that set our agenda also in 2021.

The economies that embarked upon a normalization process allowed by the positive effect of the vaccination campaigns were confronted with booming demand accelerated by deferred consumption in the aftermath of the lockdowns.

In return, inadequate supply in numerous sectors triggered cost-driven inflationary pressures. This situation led to deterioration of the inflation outlook in our country alongside the whole world.

Gladsomely, the Turkish economy preserved the growth momentum captured in the second half of 2020 and demonstrated a strong performance also in 2021. The record level achieved in exports has contributed remarkably to the GDP growth, together with private consumption outlays. The contracted foreign trade deficit, coupled with the rise in tourism and service revenues, further strengthened the improvement in current deficit.

One of the engines of the national economy, our sector maintained its healthy and solid structure despite the fluctuations in global and local markets.

Drawing on their robust financial structures, our banks stood by the real sector and the households and kept financing the development efforts of Turkish economy in 2021. On another front, improved interest margins supported our sector's profitability.

In 2021, the banking sector maintained the recently captured new development momentum in digital banking, and diversification of the product and service range available for remote access continued.

2021: a year of success and initiatives for Burgan Bank

In 2021, Burgan Bank fostered its healthy financial and operational structure by prudently implementing its risk-sensitive strategy and authored new achievements in servicing its customers.

Our Bank stood by its individual customers as well as those in the real sector with its resources bolstered by subordinated loan and cash capital increase. Burgan Bank uninterruptedly contributed to the financing support needed by the manufacturing and its trade cycles, and fully satisfied all requirements of being a bank.

The hard-earned experiences we acquired amid the tough market conditions of the first year of the pandemic played an important part in the new achievements we authored. Our strong prediction capability, our shareholder's support, commitment of our competent human resource, and our determined execution allowed us to reflect our potential in our performance.

Our main goal in 2021 during which we persevered with our conservative measures with respect to our balance sheet and operations has been to flourish our activities while protecting the health of our employees and customers. As we continued to offer service on the basis of hybrid working model, we stood by our customers 24/7 in our physical branches and on our digital channels, putting all our capabilities to our customers' use.

We are delighted that our service concept and our accurate decisions were both reciprocated duly in the form of our customers' satisfaction and the performance we have authored.

As of year-end 2021, Burgan Bank's assets rose to TL 38 billion on an unconsolidated basis and TL 42 billion on a consolidated basis. On a consolidated basis, cash loans amounted to TL 27.8 million, and by the end of 2021, the share of net cash loans and leasing receivables in consolidated financial statements was 66.2%.

During the reporting period, we continued to manage the credit risk with a cautious approach and preserved the robust collateralization of our portfolio in parallel with the expansion we secured in our lending. On the other hand, Burgan Bank realized successful collections on its NPL portfolio.

Having also continued to expand its deposit base in 2021, our Bank's consolidated deposits augmented by 76% to reach TL 24.4 million. Deposits made up 58% of the consolidated balance sheet.

Our Bank's equity maintained its level to support growth also in 2021. Capital adequacy ratio on unconsolidated and consolidated bases were 23.16% and 20.88% respectively at the end of the year.

Burgan Bank's pretax consolidated profit for 2021 was registered as TL 382.4 million, and after-tax net profit as TL 304.8 million. In 2021, our Bank not only increased its profit but also undersigned a return on capital performance of 14.5% which is in parallel with the sector.

CEO's Assessment of the Fiscal Year and Future Outlook

In 2021, in which we successfully guarded ourselves from the market risks thanks to our conservative assets and liabilities management, we were also able to maintain our interest margin. We regard the balanced level we secured in our income/expense ratio in cost management as a remarkable achievement in an operating environment dominated by volatile inflation and exchange rates.

Our business lines continued to produce and to add new ones to its chain of achievements.

Our corporate and commercial banking business lines concentrated more on non-interest revenues and derived income mostly on foreign trade and cash management. In 2021, Burgan Bank achieved approximately 30% rise in USD terms in its foreign trade transaction volume.

Under Turkey's new economic model that prioritizes exports, we will continue to take steps to proliferate Burgan Bank's perception as an "expert bank" in foreign trade across new customers, and to secure in-depth penetration with the existing customers in 2022.

Our Treasury Department's operations that respond to customer needs and that are backed by new products helped grow Treasury revenues and contributed significantly to our profitability.

We are getting ready to introduce the FX platform, which we believe will help us reproduce this success in 2022 and for which we have carried out the necessary preparations in 2021.

Wealth management was another business line where we secured gains in 2021. While registering 57% and 73% expansion in our customers' deposits and asset products respectively, our Bank also increased the number of its targeted middle upper segment customers by 25% in the reporting period. Our goal is to take place among the primary banks middle and upper segment clients prefer for entrusting their savings and to become distinctive with our customized service approach.

In brief, our Bank continued to undertake missions through rough times, as it does in good times, as our customers build their financial futures by providing them with expert financial and investment solutions within the frame of service relationships it has erected upon trust and integrity.

The performance we have recorded is in no way coincidental; it is a result of our shareholder Burgan Bank Group's decisive and systematic capital support and the solid stance of our management and employee team.

ON – A breath of fresh air, a cordial approach to the digital

We are determined to increase the competitiveness of our capability in digital banking on the back of our ongoing investments in this area.

As we took the foreground being one of the first banks to launch remote authentication in Turkey in 2021, we have created a significant differentiation in competition by offering the technology of onboarding through video chat so as to cover smart phones without the near-field communication (NFC) capability.

The market success quickly built in terms of the transaction volume and the number of customers by ON, our new digital brand that has been developed following a lengthy research and configuration process and launched in October 2021, is a source of pride for our Bank.

Credited for its mobile application and teasers, ON points at the renewed customer experience and our rise in the future tracks of the banking business.

While performing their banking transactions and managing their savings using the ON channel, our customers can also make use of the investment products range.

The Winning World of ON summarizes our innovative and competitive value proposition to our customers. "ON, the bank of those not contended with nine" is intended to offer a constantly winning world with free-of-charge banking transactions, advantageous interest rates for your savings and rebates in e-commerce expenses. With the launch of ON, the Burgan brand made a leapfrog in the Turkish market. Backed by end-to-end digital customer acquisition processes, strong marketing, constantly developing dealer network and partnerships, the number of our digital customers increased by 21% during 2021.

In the reporting period, we focused on renewing our risk model in an effort to thrive the growth we have secured through the digital on sustainable and healthy grounds. With our new risk model that will be introduced in 2022, we will substantially increase our support to our lending operations, and thus upgrade customer satisfaction.

Credited for its mobile application and teasers, ON points at the renewed customer experience and our rise in the future tracks of the banking business.

The synergy generated with our subsidiaries is extremely valuable and will further increase.

The synergy and integrated services generated with our subsidiaries complements and bolsters the added value we offer to our customers.

In 2021, Burgan Leasing and Burgan Securities were noted for their successful performance results and profitabilities. While Burgan Leasing focuses on machinery and equipment leasing, it also continued to grow in areas requiring specialization such as SPPs and boat finance. Having further enlarged its operational vehicle rental business, Burgan Leasing fleet rental offers service with 3 thousand vehicles, and targets to become a business partner that provides environment-friendly solutions with all-electric vehicles included in our fleet.

Burgan Securities, on the other hand, significantly grew both its business volumes and revenues owing to the interest in the stock exchange, and introduced a number of new products. We believe that the potential of Burgan Securities will be manifested much more powerfully with the investment products functions that will be developed in the coming period for our ON digital channel.

Our service model and human resource draw our future roadmap.

We will continue to take Burgan Bank service model forward by opening new horizons in customer experience and to adapt to the fast-changing financial operating environment.

Our main goal is to make a distinction with the actions we take, to be differentiated in competition with our strategies, and to generate shared value.

In this regard, our human resource that stands out with its experience, qualifications and competencies represents our most valuable asset.

Defining its employer brand pledge as “(to) be a boutique bank that sure-footedly grows, presents its employees with a dynamic environment to reflect their energy and potentials, makes candid communication its main principle and gives the priority to fellowship”, our Bank will continue to contribute value to its employees with its corporate culture summed up in the motto Burgan Stands by You. In 2022, we will intensify our efforts to strengthen our teams particularly in IT and technology fields, and consolidate our strength in this area.

About the future

During 2021, when we preserved and developed shareholder value and also achieved noteworthy performance results, we are encouraged for our future plans with the sustainable support of our main shareholder and growing trust of our customers and business partners.

Having started to gain the foreground in the digital world with its competitive features, the Burgan brand will keep heading towards its goal of creating an even stronger ecosystem by managing the entirety of its service channels with an integrated perspective.

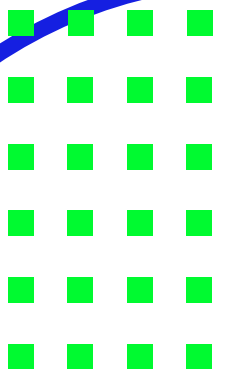
I would like to take this opportunity to thank our team who made our 2021 performance possible on behalf of myself and the Burgan Bank Management Team.

We are holding a hopeful outlook for the future thanks to the solid and uninterrupted support of our shareholders. We will continue to work, to produce and to share in order to help navigate the humankind to beautiful days in the new normal.

Respectfully,



Murat Dinç
CEO





An Overview of 2021

Highlights...

- Burgan Bank's unconsolidated asset size stood at TL 38 billion by the end of 2021 while the consolidated figure was TL 42 billion.
- The Bank's net unconsolidated cash loans were recorded as TL 26 billion while the consolidated cash loans and leasing receivables were TL 30.2 billion.
- As of year-end 2021, the share of cash loans and leasing receivables in the balance sheet was 71.9% on a consolidated basis.
- Burgan Bank manages its credit risk with a careful and prudent approach. In 2021, the Bank preserved the sound collateral structure in parallel to the growth secured in loans.
- The share of the securities portfolio (net) to total assets remained low at TL 1.8 billion on the basis of unconsolidated financial statements.
- Burgan Bank continued to improve its deposit volume in 2021. The Bank's deposits increased to TL 24.6 billion on an unconsolidated basis and to TL 24.4 billion on a consolidated basis. The growth rate was 77% on an unconsolidated basis and 76% on a consolidated basis. Deposits accounted for 65% and 58% of the balance sheet according to unconsolidated and consolidated financial statements, respectively.
- The Bank's equity base remained strong in 2021, supporting the growth. The capital adequacy ratio as at year-end stood at 23.16% on an unconsolidated basis and 20.88% on a consolidated basis.
- As of the end of 2021, the Bank's consolidated profit before tax was TL 382.4 million and its net profit after tax was TL 304.8 million.
- At year-end 2021 Burgan Bank had a physical service network of 32 branches and a total of 928 employees.

The Bank's equity base remained strong in 2021, supporting the growth. The capital adequacy ratio as at year-end stood at 23.16% on an unconsolidated basis and 20.88% on a consolidated basis.

Burgan Bank's Corporate and Commercial Banking business line prioritized the necessary steps to implement the quickest and the most effective solutions regarding foreign trade and cash management.

DEVELOPMENTS AND ACHIEVEMENTS BY BUSINESS LINES

CORPORATE AND COMMERCIAL BANKING

Effectively delivering to its customers' financial needs

During the pandemic, which overshadowed 2021, Burgan Bank's Corporate and Commercial Banking Department maintained its focus on services in line with its goals and continued to support its customers.

The Department continued to deliver to its customers' financial needs with an approach that attaches importance to the development of the Turkish economy and the banking sector at all times, through its service network consisting of one corporate branch and 23 mixed branches in total, 11 of which are located in İstanbul.

Burgan Bank's Corporate and Commercial Banking business line prioritized the necessary steps to implement the quickest and the most effective solutions regarding foreign trade and cash management.

Services formulated on two main focuses

Burgan Bank focused on two main priorities with regard to conditions of the Covid-19 outbreak. First, the Bank pinpointed the needs and expectations of its customers and offered them the most appropriate solutions and value propositions through the most appropriate channels.

Besides, the Bank supported its customers, meanwhile effectively managing its risk exposure and at the same time capitalizing on arising opportunities. This vision, which is an integral part of Burgan culture, is embraced by all Burgan employees.

Foreign trade operations supported by expertise and know-how

In 2021, Burgan Bank continued to provide its customers with the benefits of the Group's strong presence and network along with its expertises in MENA region.

A key priority for Burgan Bank is to support the competitiveness of its customers in both domestic and international markets, and thereby offer them new opportunities.

To be the best service provider

With a vision of being a best-in class service provider, Burgan Bank strives to create innovative services and products to contribute to its stakeholders' value creation. In 2021, Burgan Bank continued to undertake the necessary investments on development and marketing to offer up-to date solutions.

Looking ahead to 2022...

In 2022, Burgan Bank will maintain growing its customer base in the corporate and commercial banking business line. With an effective risk management approach, the Bank is committed to producing solutions, supporting the needs of its customers both in their long-term projects and daily financing needs, and offering fast and reliable solutions in cash management and foreign trade through its team of specialists.

CASH MANAGEMENT

Direct Debit System (DBS)

Burgan Bank's Cash Management Department carried on to enhance its solution-oriented collection and payment products and services which are aligned with customer needs and demands in a manner compatible with the developments in the digital world.

During 2021, Burgan Bank focused its efforts on the direct debit system (DDS), as well as increasing the number of main companies and meanwhile deepen the relationship with the dealers. In addition, a new customer referral program was initiated to accelerate the acquisition of new customers.

FOREIGN TRADE

Solution Partner for foreign trade activities

The Bank has served as a solution partner and provided advisory for its customers in 2021, as their "expert bank".

With its specialized Head Office teams and foreign trade portfolio managers in the branches, Burgan Bank fulfilled the financial needs and technical support requirements where and when needed.

Initiatives which build expertise and business volumes in foreign trade

As part of its commitment to excellence in superior service and being a solutions provider, Burgan Bank assisted its customers in building their expertise on foreign trade by organizing training activities and by delivering quarterly online bulletins over the year.

The new service line for trade consultancy has been available since 2021, for both customers and non-customers. They can receive guidance on international rules, local legislation, payment types, documentation, delivery types, letters of guarantee and SWIFT payments by calling 0 850 222 62 00.

With its extensive global correspondent network and partnerships with various international financial institutions, Burgan Bank has intermediated its customers' foreign trade transactions, as well as acted as a guarantor and financed these transactions, in many different countries, particularly in the MENA region.

With its customer centric approach, the Bank provides "tailored made solutions" to the exporters and supports with export credits from its own sources, CBRT and Exim Bank.

We will maintain our strong growth in foreign trade...

In 2021, Burgan Bank's foreign trade business volume was expanded by 30% in USD terms.

Burgan Bank aims to further improve its technological infrastructure and to offer more various digital banking solutions to its customers. Customer training programs, conferences and foreign trade bulletins will continue in 2022 both for increasing the number of customers and deepen the relationship with existing ones.

The regular trainings for foreign trade portfolios will continue in 2022 to improve the customer services.

In 2021, Burgan Bank secured 57% and 73% expansion in Wealth Management customers' deposits and asset products respectively, while increasing the number of its targeted middle upper segment customers by 25%.

WEALTH MANAGEMENT

Target to become a preferred service provider

Burgan Bank's goal is to take place among the primary banks middle and upper segment clients prefer for entrusting their savings. In 2021, the Bank secured 57% and 73% expansion in Wealth Management customers' deposits and asset products respectively, while increasing the number of its targeted middle upper segment customers by 25%.

During 2021 when the pandemic conditions endured, priority was given to uninterrupted service delivery by expert portfolio managers in branches and process developments to let customers perform all their transactions using alternative channels such as Internet and mobile banking without making a branch visit, and customer experience continued to be given the foreground.

Wide product range

Aiming to increase the services that customers can make use of as well as the wide product range offered to private banking customers, Wealth Management started responding to clients' tax-related questions via KPMG that it partnered with under its tax consultancy service. At the same time, the Bank targeted to stand by its customers and their families in non-financial services with art and travel advisory and airport transfer service.

The Private Banking Debit Card was launched in 2021, thereby allowing clients to withdraw cash when abroad without paying a commission, and discounts were offered for their purchases on certain social networks.

Rapidly responding to customer needs on the back of strong collaborations developed in the insurance branch, Burgan Bank started offering service in artwork and boat insurance.

Premium Re-Funded Single Premium Life Insurance

In 2021, Burgan Bank, in cooperation with Aegon Pension and Life, presented the Single Premium Life Insurance to its customers. In the event that the risk does not occur within the policy period, the USD equivalent of the amount of the single premium paid upfront on the policy issuance date and a top-up in the percentage set at the inception of the insurance will be returned in Turkish lira. Premium Re-Funded Single Premium Life Insurance also offers financial assurance and tax benefit with the death coverage amount set in the policy.

Protection against exchange rate volatilities

With the Turkish Lira Term Deposit Account FX Protected products launched at the end of 2021 with the announcements of the Ministry of Treasury and Finance and the communiqués of the CBRT, started to be presenting to customers having Turkish lira savings and those switching from foreign currency savings to Turkish Lira offering attractive returns on top of the difference of FX rate between start and end day of the accounts if the rate is higher at maturity.

Single Premium Life Insurance with Top-up also offers financial assurance and tax benefit with the death coverage amount set in the policy.

An Overview of 2021

Investment Services

Efforts for digitalization of investment product and service processes that gained momentum from 2020 continued also in 2021 with the goal of making all Burgan Bank products and services accessible to customers through digital channels as well. With the added contribution of new products and services developed for customers to manage their savings, non-deposit assets entrusted to Burgan Bank in 2021 grew by a remarkable 164% as compared with the previous year.

With the mutual funds offered by 13 asset management companies that it has agreements with, Burgan Bank helped its customers give a direction to their investments. Burgan Bank has succeeded 180% growth year-on-year in the volume of mutual funds, outdoing the sector's average of 103%, and increased its market share by 38%.

TEB Asset Management Burgan Bank Money Market Fund was put on the market with the aim of letting customers fulfill their instant cash needs while managing their savings. On the other hand, developments made to digital channels allowed customers to submit their mutual fund orders 24/7.

Within the scope of the digital integration with Burgan Securities, customers continued to maintain their investments also on organized markets, and the investment advisory service offered enabled management of their portfolios in line with their risk perceptions.

The number of Wealth Management customers trading with Burgan Securities went up by 62% in 2021, while their trading volume and assets under management grew by 42% and 68%, respectively.

DIGITAL BANKING

Burgan Bank is differentiated as a bank that follows up technological advancements, and integrates developments in banking transactions that will generate added value for its customers in its systems.

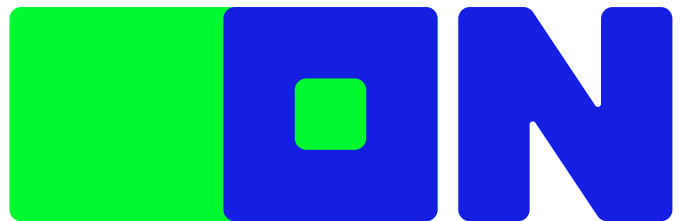
ON

Making a leapfrog in digital banking, Burgan Bank put its new brand ON into use for its customers in 2021.

With ON, Burgan Bank raised the bar one notch up in digital banking.

Over the period of time until ON's launch, Burgan Bank reviewed its digital banking services and processes with a customer-focused approach and updated its service designs end-to-end.

The Bank added further momentum to its digitalization activities from the onset of 2021 and revamped its corporate website and Burgan Mobile. Having put into use the module for becoming a customer via video chat in May 2021, Burgan Bank once again demonstrated that it is one of the pioneering service providers in the market. The capability that enables becoming a customer with video chat eliminated customers' need to go to a branch or wait for a courier at their addresses. Burgan Bank introduced the technology of onboarding through video chat so as to cover smart phones without the near-field communication (NFC) capability and created a significant differentiation in competition.



Burgan Bank introduced the technology of becoming a customer via video chat over ON so as to cover smart phones without the near-field communication (NFC) capability and created a significant differentiation in competition.

A fundamental value proposition of the ON brand is the Winning World that was put into life in 2021.

ON was launched in October 2021.

Burgan Bank customers can easily perform their banking transactions via ON and add further value to their individual savings with ON Account that offers an advantageous interest rate. ON is a product that earns for the customers as they pay their bills, issue instructions, buy game pins, and make purchases using a debit card. With ON, intrabank money transfer/EFT/Fast transactions are performed free of charge.

Burgan Bank customers can make use of the investment products range while they manage their savings via ON. Besides buying and selling foreign currencies at advantageous rates, they can easily access their investment and stock/TurkDEX accounts via ON. The integrated structure of ON allows switching to Burgan Trade application without entering a password. Customers, who are able to execute their stock/TurkDEX transactions, also benefit from free-of-charge data packages, research reports within the scope of ON Investment packages, and expert customer agent support for investments above a certain amount.

The product of a lengthy preparation

ON has been developed with a systematic research and configuration process.

Quantitative research was administered to explore users' opinions about the digital banking modules existing in the market and it was established that customers expected a model that would contribute an additional value to the available functions in the market. Furthermore, the research produced the finding that customers needed a banking concept in which they are in control, which will always let the customers win irrespective of the amount, and which is effortless. In line with these data, ON was created as a banking model that will offer advantages for everyone and every budget.

With ON, Burgan Bank went beyond the market's chargeless, time-saving mobile technologies that offer the usual transaction sets, and offered a brand new experience whereby customers feel in control, act as their own banking professional, and will win as they transact.

The Winning World

A fundamental value proposition of the ON brand is the Winning World that was put into life in 2021.

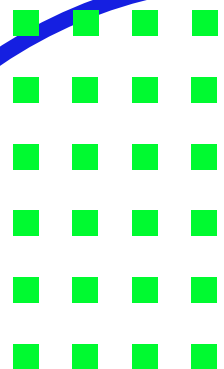
With the Winning World, customers are able to track their rewards during the related month, their total rewards, their ranking with respect to other ON'ners, and targets for increasing their rewards.

In the Winning World, ON'ners always get advantageous interest rates for their savings, as well as free banking services. They also get refunds for numerous transactions from their purchases made using a debit card to bill payments.

The highlights of ON's winning qualities are as follows:

- Addition of value to small savings and advantageous rates offered at all times
- High interest rate advantage offered to all customers not differentiated on the basis of new/existing customers
- Refunds or discounts in e-commerce purchases, game pin purchases, music platform memberships, bill payments and instructions
- Transparent tracking of all actual and potential rewards
- Lean Banking that Listens to Customers
- Free-of-charge.

ON has been developed with a systematic research and configuration process.



An Overview of 2021

21% rise in the number of digital customers

During 2021, the number of Burgan Bank's digital customers increased by 21% as compared to the fourth quarter of 2020. In the same timeframe, the number of cards issued went up by 73% while deposits augmented by 70%.

The main drivers of this increase included end-to-end digital customer acquisition processes, constantly expanding dealer network and partnerships, as well as ON launch, increased brand awareness and performance marketing activities.

In 2022

It is anticipated that the number of customers acquired digitally will grow with a strong momentum owing to the powerful ON brand and ease of access provided by the video chat infrastructure. With the expansion of the service and product range offered via ON, the net promoter score of the product will rise, in turn strengthening the ON ecosystem.

Targeting to reach customers directly wherever they may be on the back of partnerships to be established with different digital platforms, Burgan Bank plans to offer credit solutions via ON.

It is important to instantly respond to customer needs by extending quick loans during online and in-store shopping. Burgan Bank plans to reach more customers in auto loans by increasing its in-network dealers.

In the period ahead, Burgan Bank will increase its e-commerce concentration and partnerships. The mobile contactless payment system that enables payments via mobile phones without requiring a plastic card is among the Bank's priorities. Furthermore, the coverage will be increased for card/cardless payments at member merchants over the FAST infrastructure using TR 2D-code and for person-to-person money transfer using the same infrastructure.

Burgan Bank's new debit card

In 2021, Burgan Bank introduced its new contactless debit card with chip, which offers opportunities in e-commerce purchases and solutions that fit the requirements of digitalization.

With the new debit card, customers can directly and easily do the settings of their cards, such as online shopping authorization, closure to cash withdrawal or international transactions via the digital channels.

Developments in Alternative Delivery Channels

Burgan Bank customers can uninterruptedly reach digital banking services via Burgan Mobile/Internet Banking, as well as the mobile application ON and ON Internet Branch developed according to the branchless banking concept.

A broad ATM ecosystem

The Bank offers service to both ON and Burgan Bank customers also via its extensive ATM network. Customers can additionally withdraw/deposit money and check their account balances free-of-charge using İşbank's and TEB's ATM networks. They can also use Halkbank's and TEB's ATMs free of charge for credit repayments.

Burgan Bank Call Center

The Call Center offers uninterrupted banking services and support 24/7 to Burgan Bank and ON customers via all communication channels such as voice, chat, IVR, social networks and e-mail.

According to the Banks Association of Turkey (TBB) data, Burgan Bank's success in customer acquisition through video chat was two times of the overall sector's.

Remote customer acquisition through video chat has become the main mode of customer acquisition for Burgan Bank.

The rate of satisfaction with customer agents rose to 97% according to the poll results constantly performed during the year with the customers who received service from the Call Center.

High value-added services by the Call Center

Upon ON's launch in 2021, the call center dedicated to ON started offering service on the phone number at 0850 2222910.

The IVR system that recognizes the customers and greets them with customized menus that they need was redesigned and upgraded for ON customers. In addition, customers can easily reach customer agents when they need support in as short a period of time as 20 seconds.

The service levels promised to customers were successfully achieved in 2021. While the number of thank-you comments went up by 68% as compared to the previous year, the rate of satisfaction with customer agents rose to 97% according to the poll results constantly performed during the year with the customers who received service from the Call Center.

At the time of the introduction of regulatory arrangements that came into force on January 1st, the security infrastructure was upgraded with pioneering methods such as transaction-specific one-time outbound calls, thereby maximizing customer security.

The Call Center will continue to be in the focal point of customer satisfaction both for ON and Burgan Bank customers also in 2022

Successful Performance in Alternative Sales Channel

The Alternative Sales Channels team, which provides a customer-oriented service with its experienced team since its establishment, maintained its healthy growth in 2021 on the back of its rapidly expanding dealer network and operation model strictly adhered to high quality service. In 2021, the infrastructure was revamped, whereby all channels started servicing customers with a digital infrastructure.

The Alternative Sales Channel secured a year-on growth of 40% in the Consumer Finance channel and of 151% in the Direct Sales Channel in credit performance. Accountable for 25% of digital banking customer acquisition, the Alternative Sales Channel was also responsible for 100% of lending.

Burgan Bank Alternative Sales Channel will continue to be the driving force behind retail loan growth in 2022.

TREASURY, CAPITAL MARKETS AND FINANCIAL INSTITUTIONS

Global recovery, supply chain, high inflation

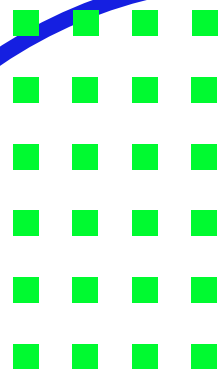
Despite the COVID-19 pandemic that maintained its effects at varying degrees during the year, the world economy displayed an evident recovery in 2021 thanks to the positive impact of the accommodative policies and increasing vaccination. According to IMF data, the global economy which contracted by 3.1% in 2020 is estimated to have grown by 5.9% in 2021. On the other hand, accelerated global demand and supply issues resulted in unprecedentedly lengthened delivery times in global trade, higher shipment costs and increased commodity prices. In addition to these developments, energy prices have risen rapidly and some countries have experienced energy shortages due to various factors including low inventories, growing demand for more environmentally-sensitive energy resources, and inadequately invested conventional energy resources. As a result, global inflation is rising rapidly.

As the consumer inflation in the US hit its highest mark of the past 40 years at 7%, the Fed is getting ready to terminate its asset buying program and start hiking rates by early 2022. Amid this environment, the uptrend in global interest rates persist.

Implications of the global outlook for the Turkish economy

The Turkish economy is estimated to have captured a two-digit growth rate in 2021, enabled by the strong rise in exports, recuperating tourism industry, and the carry-over effect of the supportive policies implemented in the previous year.

The Alternative Sales Channel secured a year-on growth of 40% in the Consumer Finance channel and of 151% in the Direct Sales Channel in credit performance.



Differentiated with its proximity to major export destinations, Turkish exports have performed remarkably well in a global environment where rapid economic recovery and supply constraints are experienced together.

The recovery in the tourism industry also gained pace with the loosened travel restrictions between countries. These effects resulted in improved current account balance in 2021.

On the other hand, inflation outlook has deteriorated on the back of higher input prices, buoyant domestic demand and the sharp depreciation of the Turkish Lira.

With the Turkish Economy Model launched in the second half of the year, the Government adopted a policy that will promote exports, production, investments and employment through low interest rates and weak exchange rates. Accordingly, the CBRT loosened its monetary policy stance as of September and adhered to its strategy of setting the policy rate well below the rate of inflation.

Burgan Bank Asset-Liability Management and the Capital Markets

Burgan Bank pursued its operations with a strong liquidity strategy and a credit expansion target watching out for maturity mismatch risk throughout 2021.

Liabilities were diversified and the maturity structure was extended by using overseas funding as well as deposits.

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

Treasury Sales

Burgan Bank's Treasury Sales Department stood by its customers and business partners also in 2021, contributing significantly to navigate through this challenging period, despite the ongoing pandemic and the increased volatility in financial markets in connection therewith.

FINANCIAL INSTITUTIONS

Amid the volatile conditions of 2021, Burgan Bank sustained its correspondent relations without letup. The Bank's foreign trade volume grew by 30% to USD 2,583 billion in 2021. At the same time, the Bank carried on effectively utilizing overseas funding through one-to-one borrowing from correspondent banks within the frame of its strong liquidity strategy. The funds secured from this channel added up to USD 339 million.

2022 Outlook

On the back of strong global recovery and high global inflation in 2021, the global monetary policy stance is expected to tighten in 2022. The central banks of the US and UK will presumably initiate rate hikes in 2022, and the European Central Bank will likely follow suite, although at a later stage. Along this line, global interest rates and financing costs will possible go up as compared with the previous years. The Turkish markets, on the other hand, will firstly reflect the evolution of inflation outlook and the implications of the Turkish Economy Model that is being implemented.

To this backdrop, asset and liability management will garner further importance.

In accordance with the uncertainties in global and local markers as well as monetary policy steps, Burgan Bank will continue to focus on managing risks and securing eligible funding in 2022. The Bank will keep on conserving and strengthening liquidity and capital structure while optimizing profitability.

In 2022, which is expected to be the scene to remarkably diminished negative effects of the pandemic upon global economies and during which the Turkish Economy Model will be in place, the Treasury Sales Department targets to increase its collaboration with customers in view of their evolving needs.

The Financial Institutions Department will maintain its existing strategies in 2022, and set its strategic goals for the coming year as supporting its customers particularly in relation to foreign trade in line with the course of corresponding banking and to increase its share in Turkey's foreign trade.

Amid the volatile conditions of 2021, Burgan Bank sustained its correspondent relations without letup. The Bank's foreign trade volume grew by 30% to USD 2,583 billion in 2021.

OPERATION AND MANAGEMENT SERVICES GROUP

Burgan Bank's Operation and Management Services Group is comprised of:

- Branch Operations
- Central Operations
- Foreign Trade Operations and Product Management
- Construction & Real Estate
- Real Estate Appraisal and Survey
- Fund Management and Securities Operations
- Security
- Administrative Affairs

Also in 2021, in keeping with the Bank's strategies, the Operation and Management Services Group carried out its activities remaining committed to productive and high-quality performance.

Robotic process investments

With a commitment to productivity, technological investments were made and efforts were completed for robotic execution of numerous operational processes within the scope of RPA (Robotics Process Automation) solutions. The resources freed up by this initiative were allocated to other areas and our current speed and quality were further upgraded. Work is ongoing without letup for completing the steps for identifying the transactions that can be automated and performed by robots within the scope of RPA.

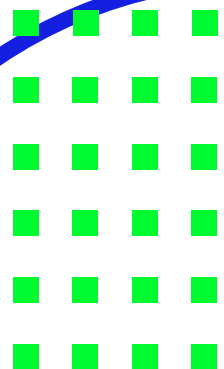
Foreign trade product management

In an effort to act as customers' solution partner and standing by them in any case to support them with their questions and problems in line with the Bank's strategies, the Group's responsibility areas was broadened to cover Foreign Trade Product Management. Upon this change, Foreign Trade Operations and Product Management are handled together by a specialist team. Hence, customer needs are identified more quickly, and actions to cater to these needs are taken more swiftly.

In addition, the presence of a team focused on foreign trade matters at the Bank enabled transitioning to a more agile service model. Training is provided to customers at their request, and training programs are offered either online or at the customers' sites.

The questions received at the "Consulting Line" directed by Burgan Bank customers and non-customers alike who need information and guidance about foreign trade transactions are answered promptly. A Foreign Trade Bulletin started to be published quarterly. The bulletin offers foreign trade-related information to customers and addresses the developments in foreign trade in the world in Turkey.

With a commitment to productivity, technological investments were made and efforts were completed for robotic execution of numerous operational processes within the scope of RPA (Robotics Process Automation) solutions.



Furthermore in 2021...

Real estate appraisal and surveying responsibilities, which were managed in partnership with the Construction and Real Estate Department, were separated and a new Department has been set up.

Application Security Unit and Card and Digital Channels Security Unit were affiliated to the Branch Operations Department, resulting in more effective management thereof.

Both the Head Office and branch operation teams continued to offer uninterrupted service based on remote access authorization in a bid to ensure no interruptions in services as a result of the pandemic that took the whole world in its grip.

A high number of changes in the regulatory framework that occurred in 2021 were quickly captured in the Bank's work flows and the banking system employed.

RPA goals

Its main mission set as rendering the fastest and the highest quality service, Operation and Management Services Group will continue to produce projects focused on digitalization also in 2022 with the goal of further leveraging its mission. The newly created processes will be put into life after the necessary analyses have been performed for determining the possibility of their being executable within the scope of RPA.

HUMAN RESOURCES, ORGANIZATION AND CORPORATE COMMUNICATIONS

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

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

- An understanding that prioritizes fulfillment of customer needs and expectations above all else and that makes a difference,
- A fast, effective and target-oriented business conduct,

- A fair and transparent business relationship based on trust and integrity,
- A modern working atmosphere that fully respects human dignity.

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

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

Management trainees are being trained through Development Center Programs in order to reinforce the corporate culture and to raise the future management team of Burgan Bank. Competent new graduates are trained and recruited with this approach mentioned above.

In 2021, a total of 240 employees joined the Burgan Bank family, including the subsidiaries.

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

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

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

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

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

In 2021, a total of 240 employees joined the Burgan Bank family, including the subsidiaries.

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

Assessment of the year 2021

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

Burgan Stands by You is 3 years old

Burgan Bank Employer Brand Project completed its third year.

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

In the third year of the employer brand project, the main focus of the human resources department has been determined as to support the physical and mental health of its employees while ensuring business continuity under the effects of the pandemic which has left its mark on the whole world. In this context, the detailed business continuity plan created in 2020 was updated and followed up. Offices and common areas were organized in accordance with the rules of social distancing, awareness-raising and training activities were carried out on pandemic and prevention methods, measures to be taken, and pandemic control. At the time, since branch service delivery to customers was necessary at intensified times of the pandemic, rotating working format in branches was preferred, whereas at the Head Office minimum staff worked.

Transition from teleworking to the hybrid working model

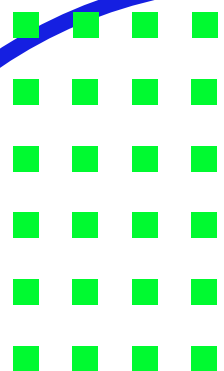
The transition from 50% teleworking to hybrid working model at Burgan Bank's Head Office was announced on 4 October 2021. In the light of the pandemic-related data, this ratio was changed and decreased at times of higher risk.

According to the employee value perception survey conducted at the end of the third year of the Burgan Stands by You practice, the approaches set out have gained the acclaim and appreciation of employees. Again, according to this survey, significant progress has been achieved in the subjects of the program when compared to its first year of implementation. Furthermore, in line with the advancements and trends in digitalization and technology, our IT group was restructured in terms of organization and culture during 2021. The new structure and career plan are intended to provide a basis for capturing the technological developments in our organization, and to ensure that employees are placed in accurate positions in line with their performance and competencies to facilitate their promotion.

Burgan Bank's human resources profile:

- The average age of employees at Burgan Bank is 38.
- Employees have an experience in the sector of 13 years in average.
- 54% of the employees are women.
- 82% of employees hold an undergraduate or higher degree.

The transition to the %40 teleworking hybrid model at Burgan Bank's Head Office was announced on 4 October 2021.



Training and development activities at Burgan Bank

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

In 2021, average training day per employee was 5. 44% of total training hours were provided by internal trainers, whereas 83% of them were carried out in the form of e-learning programs/webinars.

Personal development/technology training were made available for all our employees on the e-learning platform. The Technology and Developer Program specifically addressing the IT department continued for one year as an e-learning program. Transformational Breath workshop was organized for the first time this year, and Harvard Business Review articles addressing personal development/technology continued to be shared on a weekly basis.

The online Orientation Program, which provided a setting for getting acquainted with new hires, was held on the digital platform once in two to three months due to the pandemic and teleworking format.

The webinar training catalog, which we support with in-house trainers, is also available for all employees. The Learning From Each Other Program, in which employees share their areas of expertise, continued with new subjects on online platform.

As in every year, discount agreements were drawn up with universities for foreign language courses and Master's degree courses in 2021.

The "Corporate Coaching Program" for all employees on a voluntary basis, and the "Meeting Experience Mentoring Program" for high potentials with mentors from senior management, also continued.

Strong contribution to brand equity and identity

In 2021, Burgan Bank Corporate Communications Department authored significant projects that highlighted the Bank's corporate identity. Burgan Bank's new generation digital banking brand ON was launched in October 2021. A wide corporate communication campaign was carried out to publicize the new brand, increase its recognition, and connect with the target audience. During the process, advertising films and trailers of ON went on the air on numerous TV channels, radio stations and digital platforms concurrently with the press meeting and launch event.

Cooperation with Ashoka

Burgan Bank carried on its social responsibility activities with various organizations and NGOs in 2021. One of the most important projects the Bank undertook as part of CSS initiatives has been the cooperation established with Ashoka, the world's first and broadest social entrepreneurship platform. Ashoka is the world's widest social entrepreneurship network that supports social entrepreneurs devising effective and permanent solutions to pressing and priority social issues. Burgan Bank Turkey decided to support Gülcan Yayla, the founder of the platform "Kodluyoruz", who was named one of the four Ashoka Fellows in 2021, and her team.

"Kodluyoruz" project provides training for young people in technology field and seeks to create a community that will support them through the most important years of their lives.

Highlights of other activities

As part of other support activities, the Bank joined the "1 Million Saplings" campaign initiated by the Banks Association of Türkiye in the aftermath of the wildfires that scorched various parts of Turkey, and donated saplings for each employee.

Burgan Bank Turkey decided to support Gülcan Yayla, the founder of the platform “Kodluyoruz”, who was named one of the four Ashoka Fellows in 2021, and her team.

Sustaining its support to culture and arts, Burgan Bank was one of the sponsors of the “Turkcell Platinum İstanbul Night Flight” concert series once again in the reporting period.

The event that featured famous names from the music world was held between 21 August and 26 November in İstanbul and Antalya. In further demonstration of its support to the arts, the Bank was the main sponsor of the “A Tribute to the Masters” exhibition that showcased the works of photography artists who turned photography into an art discipline in Turkey, and of the “Timeless Tables” exhibition held in İstanbul between 4-8 October.

The Bank encouraged employee volunteer clubs to take part in competitions. Burgan Bank Cycling Club and Burgan Bank Running Team took part in several organizations and competed on behalf of NGOs during the reporting period.

Set up in 2021, “Burgan Wellness Club” organized various events such as online Pilates, Zumba, Yoga classes and seminars for supporting the mental and physical well-being of its employees during the days heavily tainted with the pandemic impacts.

The Bank’s sailing sponsorship was sustained in 2021 in order to strengthen brand recognition and increase employees’ engagement in teamwork.

As part of the social initiatives carried out during the reporting period, donations were made on behalf of employees to various NGOs on special occasions such as the Mothers’ Day and the Fathers’ Day.

Internal events and gatherings with managers held online at certain intervals served to increase employee motivation and engagement.

The quarterly Burgan Life Magazine continued to be published, bringing news about the developments at the Bank, events organized and achievements. The magazine’s special edition for its 5th year was also shared with the employees in 2021.

INFORMATION TECHNOLOGIES

During 2021, Burgan Bank IT focused on customer satisfaction, service speed and quality, digitalization and developments in human resources.

Customer Satisfaction

In order to effectively deal with the Bank’s demands in relation to technology, a transition was made to product-based Agile Portfolio Management, which enabled tracking of demands both by the Bank and the product teams.

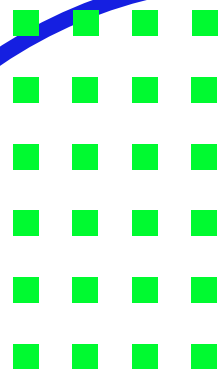
Within the scope of this process initiated in 2021, 90.90% of IT-related demands were transformed into usable technologies for Burgan Bank teams. In addition, Customer Satisfaction Survey practice for internal stakeholders was commenced to improve the services offered to the Bank.

Service Speed and Quality

During 2021, both the speed and the quality of IT service were increased. Actions were taken to decrease the numbers and durations of incidents affecting system continuity, as a result of which improvements were observed during the reporting period.

Devops line was expanded, and end-to-end systemic monitoring started to cover a higher number of applications. Software development performance was enhanced, and monitoring, CI/CD, test automation tools were enriched. Applications started to be migrated to the Kubernetes technology.

In order to effectively deal with the Bank’s demands in relation to technology, a transition was made to product-based Agile Portfolio Management, which enabled tracking of demands both by the Bank and the product teams.



Digitalization

2021 has seen numerous digitalization projects of Burgan Bank brought to completion, the highlights of which are as follows:

- o ON Mobile
- o eKYC
- o Auto Loan
- o Gini Finance
- o Integration of 24/7 Money Transfer System Fast and Kolas
- o 24/7 Fund Buying
- o Increased Number of Institutions for Bill Payments
- o New Card System
- o Renovation of the Corporate Website
- o Migros Checkout Integration

Among the critical digitalization projects initiated in 2021 and currently in progress are Prometia, FX Trading, Customer Campaign Management, Customer Contact History, BPM and Digital Credit. Alongside these projects, automation of operational processes using the RPA technology was commenced across the Bank. The robots in operation brought about savings from effort in various projects.

Human Resources

Burgan Bank software teams were turned into product teams and product group leader role was defined.

Product group leaders started undertaking responsibilities that will give direction to the vision of the products they are leading, in addition to their managerial responsibilities. HR processes such as performance, promotion, title and career management were vested in a structure that suits technology teams.

When determining annual capacity, employee-specific times were created for use in their development processes. In addition, necessary platforms and opportunities were also made available so that employees can learn new technologies in their own times.

Activities building effectiveness

In 2021, effectiveness of digital channels continued to increase, and mobile, web and call center addressing individual customers were used as the primary service channel.

While ON Mobile has been the topline project of the year, investments were brought to completion, which will enable customers to perform their banking transactions remotely via Burgan Mobile, ON Mobile and web channels. On the other hand, projects are being developed for alleviating the operational load on internal customers.

Burgan Bank IT in 2022

In 2022, efforts and projects for further enhancing customer satisfaction, service speed and quality and digitalization projects will continue. Product-oriented organizational structure of Burgan Bank IT will be expanded and product teams will be rendered healthier. IT cultural basis will continue to be reinforced in an effort to develop the team dynamics in a structure that is independent, autonomous, initiative-taking and result-oriented.

Within the scope of the Annual Audit Plan, 5 branch audits, 20 process audits and 4 IT audits were performed in 2021. In addition, the Bank's subsidiaries and outsourced support service providers were audited.

INTERNAL AUDIT DEPARTMENT

Audit activities based on a risk-focused and integrated approach

Burgan Bank's Internal Audit Department consists of Finance and Operational Processes Audit, Credit and Business Processes Audit, and Information Systems Audit teams.

Internal Audit Department aims to enhance effectiveness and adequacy of risk management and internal control systems, safeguard the Bank's assets and ensure efficient use of resources and assure that the Bank fulfills its strategic goals.

Internal Audit Department reviews the Bank's as well as its subsidiaries' activities by adhering to international auditing standards throughout an independent and risk-based perspective.

2021 Annual Audit Plan was successfully completed.

Within the scope of the Annual Audit Plan, 5 branch audits, 20 process audits and 4 IT audits were performed in 2021. In addition, the Bank's subsidiaries and outsourced support service providers were audited.

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

Advisory services

Within the scope of advisory services, the Internal Audit Department provided proactive support to activities enhancing risk management and internal control systems in relation to launch of new products and services, in addition to the major projects that the Bank and its subsidiaries completed in 2021.

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

A structure fully compliant with International Standards for Internal Auditing

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

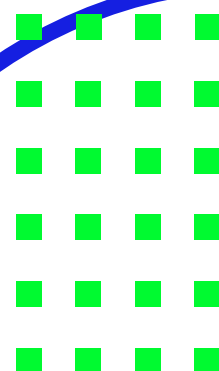
In 2021, in line with the International Standards for Internal Auditing, the Internal Audit Department continued to encourage internal auditors to obtain International Certified Internal Auditor (CIA) and other professional certifications awarded by the Institute of Internal Auditors and other professional organizations.

As of 31 December 2021, Internal Audit Department operates with 11 employees, 55% of whom hold at least one professional certification awarded by the Institute of Internal Auditors or other professional organizations.

Continuous improvement in audit methodologies

In line with the new audit strategy launched in 2021, the Internal Audit Department has started to carry out process audits within the framework of agile project management principles. The new methodology allowed the Internal Audit Department to more effectively perform its assurance and consultancy activities concerning the efficiency, adequacy and effectiveness of the internal control environment associated with the processes carried out by the Head Office, subsidiaries and branches.

In line with the new audit strategy launched in 2021, the Internal Audit Department has started to carry out process audits within the framework of agile project management principles.



In 2021, the Internal Audit Department continued to review its charter, procedure, audit methodology and reporting standards, in line with the changes in regulations and international best practices.

Aiming to attain maximum use of technology for conducting effective audits, Internal Audit Department continued to invest in computer assisted audit techniques and data mining. During the reporting period, Internal Audit Department provided support to audits conducted by BRSA auditors and Burgan Group Kuwait Internal Audit Department and maintained the coordination of external audits performed by the external audit company.

Activities carried out at the Bank's subsidiaries

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

Activities to detect and prevent fraud

During 2021, in addition to planned audit activities, Internal Audit Department conducted several examinations and special investigations. According to the "zero tolerance" attitude of the Board of Directors and the Board Audit Committee towards fraud, internal fraud suspicions are always investigated irrespective of the amount involved. External fraud cases and operational loss events above a certain threshold amount are investigated.

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

INTERNAL CONTROL DEPARTMENT

Sustainable service to Burgan Bank and its subsidiaries

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

The Internal Control Department carried out periodic and spot monitoring, inspection and control activities with a risk-oriented perspective and sampling method centrally and on-site (at the branches and Head Office units) and from time to time via remote access due to the Covid-19 pandemic in line with the 2021 annual control plan.

In 2021 on-site control activities were conducted at 22 branches as well as spot controls on critical business and information systems processes at the Head Office.

Additionally, the Internal Control Department conducted specific process examinations and control activities for new products and services introduced to customers in 2021 and for rapidly developing and evolving channels and activities, along with the potential risks that might result therefrom.

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

The ICD also continued to coordinate the internal control units' activities at its subsidiaries, Burgan Leasing and Burgan Securities.

Moreover, within the scope of the annual Internal Control Review (ICR) studies conducted at the Burgan Bank Group level, annual process reviews regarding the adequacy and the effectiveness of the Bank's internal control environment were conducted in coordination with the Group's Internal Control Department and the results were reported to the Bank and Group Audit Committee and the Board of Directors.

Pursuant to the related BRSA regulation, the Information Systems (IS) Control Unit established under the Internal Control Department (ICD) carried out its activities under the supervision of the IS control officer.

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

Pursuant to the related BRSA regulation, the Information Systems (IS) Control Unit established under the Internal Control Department (ICD) carried out its activities under the supervision of the IS control officer. This ensured that IS controls were diversified with a much more specialized point of view and their effectiveness was increased.

In 2021, the relevant investments continued to be made in necessary technology aimed at increasing the effectiveness of the control and examination activities conducted by the ICD. Also the development of new additional control scenarios on the data analysis and reporting platform has been ongoing. In addition, efforts on the use of Robotic Process Automation (RPA) technology continued with the aim of increasing efficiency and productivity in audit activities and reducing operational errors and costs. Accordingly, among the seven main scenarios demanded to be automated using RPA, those that are related to testing the creditworthiness and repayment problems of individual credit customers started to be used.

Continuous support provided through consultancy and training activities

As part of its consulting activities, the ICD kept supporting the major Banking Projects launched in 2021 for improving processes associated with new products and services, increasing operational efficiency, and enhancing the effectiveness of the risk management and internal control.

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

Besides training programs on "Anti-Fraud and Forgery" provided primarily to branch employees for improving awareness, the ICD, in coordination with the AML Compliance Unit, continued to provide seminars on "Anti Money Laundering, Know Your Customer and Combating the Financing of Terrorism" to branch employees during branch visits. The Internal Control Department encourages its employees to obtain local and international professional title certificates issued by the relevant organizations.

In 2021, the Internal Control Department also carried out a number of inspection and control activities on compliance with the Banking Ethical Principles, Disciplinary Regulation of the Bank and the Bank's Code of Conduct Policy.

COMPLIANCE DEPARTMENT

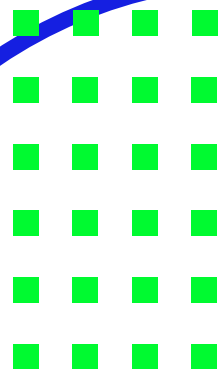
During 2021, the Compliance Department carried on with its activities; in tandem, also the Regulatory Compliance Unit and the AML Compliance Unit conducted various other activities. Customer Data Protection and Compliance Unit was set up under the Compliance Department during the reporting period.

The Regulatory Compliance Unit:

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

- Published regulatory amendments in periodic bulletins distributed across the Bank,
- Prepared memos on important regulations that were distributed to related business lines,
- Monitored the Bank's compliance risk using legislation follow-up module,
- Assessed and approved systemic development demands with legal purposes in order to prioritize those that are mandated under the legislation,
- Prepared training presentations regarding the current regulatory amendments to increase personal awareness of the regulatory framework.

Customer Data Protection and Compliance Unit was set up under the Compliance Department in 2021.



The AML Compliance Unit:

Under the Laws on Prevention of Laundering Proceeds of Crime, Financing of Terrorism, the Law Regarding the Prevention of Proliferation of Weapons of Mass Destruction and related national and international legislation, the AML Compliance Unit continued its risk measurement, evaluation, monitoring, control and reporting activities in 2021 in order to carry out compliance activities, manage compliance risks and establish compliance risk culture. Information about these activities is summarized below.

Training Activities

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

Monitoring and Control Activities

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

Activities Carried out at the Bank's Subsidiaries

During 2021, Financial Group Compliance Policy was devised. In order to ensure that Burgan Leasing and Burgan Securities from amongst the Bank's subsidiaries pursue their operations in conformity with this policy, consultancy and guidance regarding all matters were provided to these two companies.

Conformity to the Group Standards

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

New Projects and Implementations with Increased Efficiency

In 2021, system development efforts continued to improve the processes regarding customer acceptance, customer risk classification and periodic customer reviews.

Upon the introduction of the remote account opening process initiated in 2020 and in line with the ancillary arrangements enforced under the legislation, consultancy, support and guidance were provided to the related departments in order to guarantee that Burgan Bank's operations are carried out duly and in accordance with the new regulatory framework.

Use of Siron KYC application, which the Bank used for checking against sanction lists, was discontinued and the Bank started using the Paygate Inspector Web Service as of October.

Moreover, activities were started during the year for enriching the AML scenarios used by the unit. The process for determining whether to keep using the existing system or switch to the new system is ongoing and will be finalized soon.

Burgan Bank believes that effective fight against the laundering proceeds from crime and financing of terrorism is an effort that requires the involvement of all employees, and carries out its activities along this line.

Customer Data Protection and Compliance Unit

Established in 2021, the Unit's mission is to provide the necessary coordination, supervision and consultancy to ensure compliance of Burgan Bank's goals and strategies and its activities carried out in this direction with the regulations and standards of legal authorities within the frame of applicable data protection regulations and principally the Banking Law and the Personal Data Protection Law (PDPL).

Major activities carried out by the Unit:

- National and international developments and the regulatory framework were followed up and necessary information sharing was realized across the Bank within the scope of the Personal Data Protection Law (PDPL), Banking Law and other applicable legislations,
- PDPL impact analyses were made in regards to new product and service developments/business processes, and the Unit participated in necessary technical and administrative studies/projects to provide consultancy,

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

- Training documents were prepared to raise the awareness of employees regarding protection of customer data/ personal data,
- Implementation of the rules and policies regarding data sharing with 3rd parties were supervised,
- The Unit participated in studies concerning preparation/ updating of legal texts about data protection legislations,
- Necessary studies was coordinated to meet the demands directed by data subjects within the scope of PDPL.

RISK MANAGEMENT

In 2021, the Risk Management Group continued its risk measurement and monitoring activities on solo and consolidated basis, using methods which are in compliance with the regulation while also taking international standards as a reference.

ICAAP reporting

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

Credit and Market Risk

In terms of credit risk, in addition to periodic internal and regulatory reports and analyses, credit portfolio review, stress test and scenario analyses studies were carried out in order to analyze the possible effects of the developments in the markets on Burgan Bank. Annual periodic validations and calibrations studies were performed for internal corporate and commercial rating model and retail scorecard model. The Bank's implementations were analyzed to establish deviations, if any, from the Non-Performing Loan Resolution Guide and Credit Allocation and Monitoring Processes Guide published during the reporting period, and improvement suggestions were shared with the executive management.

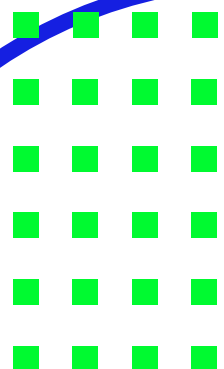
In order to effectively manage the higher market and liquidity risks in the markets which has accompanied the pandemic, the senior management was supported through more frequent scenario analyses and stress tests which include different scenarios. Overall, the reporting frequency was increased for market and liquidity indicators.

Operational Risk

Within the scope of the management of operational risk employing the three lines of defense approach under the risk management policies approved by the Board of Directors, the Bank continued to record the operational risk events that occurred at the Bank and its consolidated subsidiaries in the operational risk loss database, to monitor and report them; to define, collect and monitor the indicators for monitoring risks that may serve as an early warning signal for major risks; to conduct Risk Control and Self-Assessment workshops for assessing the operational risk exposure and existing controls and for determining mitigating actions; to assess and comment on operational risk procurement of support and outsourced services, new products and services, and to make suggestions for their mitigation, and to monitor the necessary actions that are/need to be taken.

In order to ensure business continuity, the annual business continuity and disaster recovery test was carried out, which was participated by business units and IT employees.

Operational risk management employs the three lines of defense approach under the risk management policies approved by the Board of Directors.



Burgan Finansal Kiralama A.Ş. (Burgan Leasing)

33% growth in a challenging year

In 2021, total assets of Burgan Leasing grew by 33% to TL 5.2 billion. The Company's capitalized net leasing receivables reached TL 3.4 billion. Burgan Leasing booked a net profit of TL 68.6 million at end-2021.

The COVID-19 outbreak that acquired the dimension of a pandemic in the first quarter of 2020 continue to produce negative impacts upon economic life. During this period, the Company managed to maintain its asset quality and continued to grow without compromising its strong loan allocation policy.

By taking a proactive approach throughout the year, it effectively maintained its relations with its customers and successfully managed its loan portfolio. In line with the needs of the customers, it supported them with the deferral of debt which was due and the restructuring of debt to include a grace period.

Target products of 2021: Vendor-Referred Business (Vendor Channel) and Fleet Rental

In 2021, Burgan Leasing focused on growing its vendor referred machinery/equipment investments and fleet rental portfolio that it defined as its target products for the year. Burgan Leasing, which has focused its growth strategy on small and medium-sized business customers operating in areas which require expertise and specific knowledge, continued to ramp up its activities in 2021 with this approach. While the Company continues to support companies which invest in production, especially in the manufacturing and textiles sectors, in a sectoral basis, it has also worked with clients with intensive export work.

Featured products of Burgan Leasing

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

In line with this strategic approach, the Company has funded renewable energy transactions and focused on fleet rental transactions in 2021.

The Company's sales policy is targeted at acquiring new customers, as well as deepening in existing customers through financial solutions developed for renewable energy, health, construction and manufacturing machinery sectors, and fleet rental services.

Targeting to expand the customer base

A key goal of Burgan Leasing in 2022 is to expand its customer base.

The company will sustain its expansion in the financial leasing sector, driven by the strong support from its principal shareholder, Burgan Bank, and its competent human resource and robust financial structure. The Company intends to remain as the innovative firm in the sector.

In 2022, the Company will keep investing in its human resources and in information technology in this process that renders the digitalization in the sector inevitable.

In 2021, total assets of Burgan Leasing grew by 33% to TL 5.2 billion. The Company's capitalized net leasing receivables reached TL 3.4 billion. Burgan Leasing booked a net profit of TL 68.6 million at end-2021.

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

73% rise in the number of customers

Drawing on its robust capitalization and experienced team, Burgan Securities blended its knowledge and experience with its investments in new generation technology and grew the number of its customers by 73%, customer assets under its management by 83%, and total commission and credit income by 98%.

According to the sector's actual figures for the 3rd quarter of 2021, Burgan Securities ranked 31st in net profitability and 21st in shareholders' equity among 61 brokerage houses.

New synergy with Burgan Bank

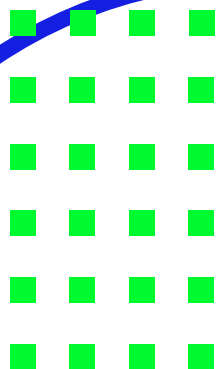
As a result of integration for intermediation of order transmission, Burgan Bank customers are able to digitally open an account with Burgan Securities and trade on financial markets via the Bank's internet branch. During 2021, 95% of investment accounts were opened digitally.

Consulting approach

Burgan Securities offers one-on-one investment advisory service to its clients with a net worth of above TL 100,000 upon their request, and also expanded the scope of its services rendered digitally to clients with a net worth of less than TL 100,000.

Digital channel clients are able to perform equity and derivative trading via Burgan Securities Virtual Branch and its mobile app that features biometrics log-in, and carry out transactions such as public offering, fund, reconciliation, money transfer and the like. They can also access 13 research reports issued regularly, up-to-date model portfolio suggestions, and basic and technical analyses of all equities traded on BIST at any time they wish.

Drawing on its robust capitalization and experienced team, Burgan Securities blended its knowledge and experience with its investments in new generation technology and grew the number of its customers by 73%, customer assets under its management by 83%, and total commission and credit income by 98%.



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

With a total of 32 branches composed of 8 retail branches, 1 corporate branch and 23 mixed branches, along with the internet banking application, a call center and 928 personnel, Burgan Bank provides high value added banking products and services in corporate and commercial banking, small business banking, retail banking, private banking and factoring, as well as in leasing and investment banking through its subsidiaries.

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

TL million	31 December 2021		
	Burgan Bank	Sector*	Burgan Bank's Share (%)
Cash Loans	23,476	4,900,955	0.48
Customer Deposits	24,068	5,303,348	0.45
Number of Branches	32	11,023	0.29
Number of Employees	928	201,350	0.46

*Source: BRSA (Banking Regulatory and Supervision Agency) data as of 31 December 2021
Principal amount balances excluding interest receivables.

R&D Practices Related to New Services and Activities

Burgan Bank introduced new services to its customers and carried on with its product research and development activities in 2021.

Digital Banking

Making a leapfrog in digital banking, Burgan Bank put its new brand ON into use for its customers in 2021.

With ON, Burgan Bank raised the bar one notch up in digital banking.

Over the period of time until ON's launch, Burgan Bank reviewed its digital banking services and processes with a customer-focused approach and updated its service designs end-to-end.

The Bank added further momentum to its digitalization activities from the onset of 2021 and revamped its corporate website and Burgan Mobile. Having put into use the module for becoming a customer via video chat in May 2021, Burgan Bank once again demonstrated that it is one of the pioneering service providers in the market. The capability enabling becoming a customer with video chat eliminated customers' need to go to a branch or wait for a courier at their addresses. Burgan Bank introduced the technology of onboarding through video chat so as to cover smart phones without near-field communication (NFC) capability and created a significant differentiation in competition.

ON was launched in October 2021.

Burgan Bank customers can easily perform their banking transactions via ON and add further value to their individual savings with ON Account that offers an advantageous interest rate. ON is a product that earns for the customers as they pay their bills, issue instructions, buy game pins, and make purchases using a debit card. With ON, intrabank money transfer/EFT/Fast transactions are performed free of charge.

Burgan Bank customers can make use of the investment products range while they manage their savings via ON. Besides buying and selling foreign currencies at advantageous rates, they can easily access their investment and stock/TurkDEX accounts via ON. The integrated structure of ON allows switching to Burgan Trade application without entering a password. Customers, who are able to execute their stock/TurkDEX transactions, also benefit from free-of-charge data packages, research reports within the scope of ON Investment packages, and expert customer agent support for investments above a certain amount.

Retail Banking

Wealth Management started responding to clients' tax-related questions via KPMG that it partnered with under its tax consultancy service. At the same time, the Bank targeted to stand by its customers and their families in non-financial services with art and travel advisory and airport transfer service.

The Private Banking Debit Card was launched in 2021, thereby allowing clients to withdraw cash when abroad without paying a commission, and discounts were offered for their purchases on certain social networks.

Rapidly responding to customer needs on the back of strong collaborations developed in the insurance branch, Burgan Bank started offering service in artwork and boat insurance.

In 2021, Burgan Bank, in cooperation with Aegon Pension and Life, presented the Single Premium Life Insurance with Top-up to its customers. In the event that the risk does not occur within the policy period, the USD equivalent of the amount of the single premium paid upfront on the policy issuance date and a top-up in the percentage set at the inception of the insurance will be returned in Turkish lira. Single Premium Life Insurance with Top-up also offers financial assurance and tax benefit with the death coverage amount set in the policy.

With the FC-Indexed Turkish Lira Term Deposit Account product instituted at the end of 2021 with the announcements of the Ministry of Treasury and Finance and the communiqués of the CBRT, attractive returns started to be offered to customers having Turkish lira savings and those switching from FC savings to TL savings, and deposit products offering protection against exchange rate movements were launched.

TEB Asset Management Burgan Bank Money Market Fund was put on the market, with the aim of letting customers fulfill their instant cash needs while managing their savings. On the other hand, developments made to digital channels allowed customers to submit their mutual fund orders 24/7.

Within the scope of the digital integration with Burgan Securities, customers continued to maintain their investments also on organized markets, and the investment advisory service offered enabled management of their portfolios in line with their risk perceptions.

Information on Benefits Provided to Top Management

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

The sum of benefits paid to the top management in the current period totaled TL 30,343 thousand (31 December 2020: TL 28,511 thousand) which includes total gross salaries, travel, meal allowances, health insurance, life insurance, vehicle expenses and other expenses.

As of 31 December 2021, total benefit which was provided to top management, was provided to following groups as a salary package: TL 14,183 thousand to Board Members and the General Manager (1st Group), TL 12,279 thousand to Chief Financial Officer (CFO), Internal Systems Vice President (CIA) and Chief Risk Officer (CRO) and first 5 managers who receive the highest salary (2nd Group).



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

As of 31 December 2021, the total amount of legal action taken against the Bank stood at TL 25,843 thousand (31 December 2020: TL 27,425 thousand) and the Bank sets aside a provision of TL 6,835 thousand (31 December 2020: TL 7,809 thousand) regarding these risks.

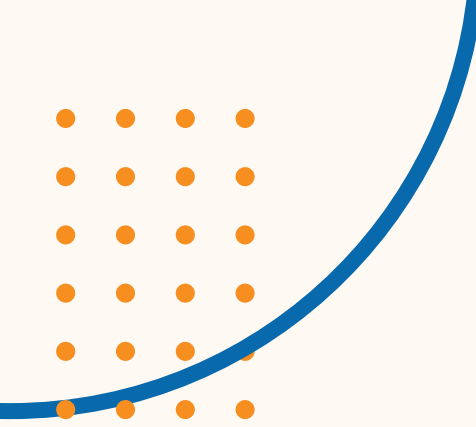
Explanations with Respect to Administrative or Legal Sanctions Imposed on the Bank, Members of the Board or Top Management in Connection with Acts or Procedures in Violation of the Codes

None.

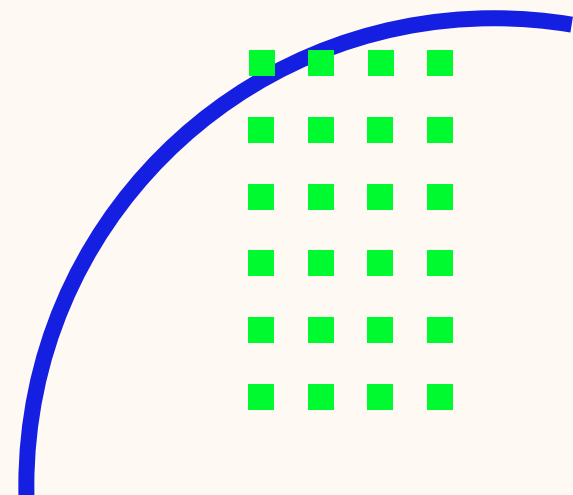


Sum of Financial Benefits Provided Such As Daily Allowances, Salaries, Premiums, Bonuses or Dividends

The sum of the Bank's personnel expenses totaled TL 235,349 thousand as of 31 December 2021 (31 December 2020: TL 214,251 thousand), while the Bank set aside a provision of premiums and leaves amounting to TL 40,897 thousand (31 December 2020: TL 16,744 thousand) to be paid to the Bank's personnel.



SECTION TWO
INFORMATION ON
MANAGEMENT AND
CORPORATE GOVERNANCE
PRACTICES



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

Name and Surname	Position	Date of Appointment to Office	Academic Background	Experience in Banking or Business Administration Prior to Appointment to Office (Years)
Chairman and Members of the Board of Directors:				
Emin Hakan Eminsoy	Chairman	7.08.2019	Bachelor's Degree	34
Abdelkarim A. S. Kabariti	Vice Chairman	4.11.2021	Bachelor's Degree	32
Mehmet Alev Göçmez	Member	28.01.2013	Master's Degree	33
Osama T. Al Ghousein	Member	25.06.2014	Bachelor's Degree	33
Khaled F.A.O. Alzouman	Member	13.06.2019	Bachelor's Degree	31
Hasan Kılıç	Member	18.06.2021	Bachelor's Degree	32
Fadhil M. GH. A. Abdullah	Member	3.12.2021	Bachelor's Degree	32
Mohammad M. A. H. S. Almael	Member	3.12.2021	Master's Degree	22
Ali Murat Dinç	Member and CEO	3.02.2014	Master's Degree	21
Chief Executive Officer:				
Ali Murat Dinç	Member and CEO	3.02.2014	Master's Degree	21
Deputy Chief Executive Officers:				
Suat Kerem Sözüğüzel	Corporate and Commercial Banking	04.07.2017	Master's Degree	17
Zeynep Bozkurt	Finance	11.11.2021	Master's Degree	13
Executive Vice Presidents:				
Esra Aydın	Operations & Management Services	1.08.2007	Bachelor's Degree	16
Cihan Vural	Internal Systems	3.11.2008	Bachelor's Degree	13
Rasim Levent Ergin	Human Resources	1.11.2012	Master's Degree	17
Suat Kerem Sözüğüzel	Corporate and Commercial Banking	1.04.2014	Master's Degree	17
Banu Ertürk	Credits Monitoring and Legal Follow Up	1.08.2020	Bachelor's Degree	22
Darço Akkaranfil	Information Technologies	14.09.2020	Master's Degree	15
Zeynep Bozkurt	Finance	15.01.2021	Master's Degree	13
Ayşen Aslı Koçer	Saving and Wealth Management	1.07.2021	Bachelor's Degree	24
Yener Yazlalı	Credits	2.08.2021	Master's Degree	18
Halil Özcan	Digital Banking	21.02.2022	Bachelor's Degree	14
Tuba Onay Ergelen	Risk Management	01.03.2022	Bachelor's Degree	23
Erdal Arda Türerer	Treasury, Capital Markets and Financial Institutions	01.03.2022	Master's Degree	25

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

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

Changes in the Bank's top management during 2021 and until the reporting date:

Appointments:

Zeynep Bozkurt took office as Executive Vice President responsible for Finance on 15 January 2021 and was appointed as Deputy Chief Executive Officer on 11 November 2021.

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

Ayşen Aslı Koçer was promoted to the Executive Vice President responsible for Saving and Wealth Management on 1 July 2021.

Yener Yazlalı was appointed as Executive Vice President responsible for Credits on 2 August 2021.

Abdelkarim A. S. Kabariti took office as a Member of the Board of Directors and Vice Chairman on 4 November 2021.

Fadhil M. GH. A. Abdullah and Mohammad M. A. H. S. Almael as Members of the Board of Directors took office on 3 December 2021.

Halil Özcan took office as Executive Vice President responsible for Digital Banking on 21 February 2022.

Tuba Onay Ergelen was promoted as the Executive Vice President responsible for Risk Management on 1 March 2022.

Arda Türerer was promoted to Executive Vice President responsible for Treasury, Capital Markets and Financial Institutions on 1 March 2022.

Departures:

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

H. Hüseyin Uyar, Executive Vice President responsible for Credits, resigned from his position on 22 February 2021.

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

Faisal M.A. Al Radwan, Vice Chairman and Member of the Board of Directors, left his post on 20 May 2021.

Halil Cantekin and Adrian Alejandro Gostiski, Members of the Board of Directors, resigned on 25 November 2021.

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

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE OF STATUTORY AUDITORS

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of DELOITTE TOUCHE TOHMATSU LIMITED) was elected as an external auditor in pursuant to decision made in our Bank's General Assembly which was held on 26 March 2021.

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

BOARD CREDIT COMMITTEE

The Chairman of the Board Credit Committee is Emin Hakan Eminsoy, the chairman of the Board of Directors. The Bank's CEO, Ali Murat Dinç and board member Fadhil M. GH. A. Abdullah serve as members of the Committee. Khaled F. A. O. Alzouman and Mohammad M. A. H. S. Almael who are board members were elected as substitute member.

BOARD NOMINATION AND REMUNERATION COMMITTEE

The Board Nomination and Remuneration Committee shall be responsible for presenting recommendations to the Board regarding review of Board structure on an annual basis, undertake performance evaluation of the overall Board and the performance of each member on annual basis and developing Bank-wide reward policy in line with the rules in force. In addition, the Board Nomination and Remuneration Committee shall be responsible for appointment of the senior positions of the Executive Management, ensuring that these positions are occupied by qualified employees along with setting performance standards and succession plans. The Chairman of the Committee is Abdelkarim A. S. Kabariti, Osama T. Al. Ghoussein and Khaled F. A. O. Alzouman serve as members of the Committee. This committee meets when necessary and held one meeting in 2021.

INTERNAL SYSTEMS ORGANIZATIONAL FUNCTION GROUPS

AUDIT COMMITTEE

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

Mehmet Alev Göçmez is the Chairman of Audit Committee while Khaled F.A.O. Alzouman and Fadhil M. GH. A. Abdullah serve as the committee members. Risk Management and Internal Audit and Control Groups report to Audit Committee functionally.

A. RISK MANAGEMENT SYSTEM

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

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

1) RISK COMMITTEE

Risk committee is composed of Hasan Kılıç, chairman of the committee and board member, Osama T. Al Ghoussein and ve Mehmet Alev Göçmez. Risk Management Group reports to Risk Committee functionally.

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

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

2) RISK MANAGEMENT GROUP

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

a) Market Risk Unit

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

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

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

b) Credit Risk and Modeling Unit

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

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

c) Operational Risk Unit

The Operational Risk Unit is responsible for establishing the implementation procedures for defining, monitoring, evaluating, mitigating and reporting of the operational risks that the Bank and affiliates subject to consolidation are exposed to. In this context, operational risk incidents are compiled and classified, key risk indicators are determined, and risk control self-assessments are carried out.

The Operational Risk Unit coordinates the activities to keep up-to-date, test and develop the Business Continuity Plan, which was created to ensure the continuity of the Bank's operations, in case of a possible interruption.

Meeting Frequencies of Committees:

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

B. INTERNAL SYSTEMS GROUP

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

B.1. INTERNAL AUDIT

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

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

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

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

B.2 INTERNAL CONTROL

The Internal Control Center carries out its activities in line with the Internal Control Center Policy and the relevant Implementation Principle approved by the Board of Directors and the Audit Committee, and reports its activities to the Audit Committee through the Executive Vice President responsible for Internal Systems. There are three units operating under the Internal Control Center: Branches Control Unit, Head Office Control Unit and Information Systems (IS) Control Unit.

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

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

In this context, branch on-site audits and periodic and spot controls performed on the main banking, business processes and information systems processes at the Head Office scheduled under the 2021 control plan have been brought to completion. Periodic information has been provided to the Bank's executive management and primarily to the Audit Committee and the Board of Directors about these control activities and their outcomes.

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

Within the frame of its consultancy services, the Internal Control Department performed specific process reviews for risks that might result from new products/services, and rapidly evolving and changing channels/operations, and continued to extend support to major projects by sharing its opinions and suggestions about improving related processes, and increasing the operational efficiency and the effectiveness of risk management and internal control system in 2021.

In order to increase awareness across the Bank, the Internal Control Department continued to give seminars on the "Prevention of Laundering Proceeds of Crime" to branch personnel during branch visits in coordination with the AML Compliance Unit, as well as training programs on "Fraud and Misconduct Awareness" across the Bank in 2021. In addition, the Internal Control Department performed review and control activities about compliance with Ethical Banking Principles, Disciplinary Regulation and Code of Ethics in addition to its planned activities in 2021.

The Internal Control Department carried out additional new controls and tests, which were coordinated by the IS Control Officer, in line with the Regulation on Banks' Information Systems and Electronic Banking Services.

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

C. COMPLIANCE DEPARTMENT

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

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

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

The Regulatory Compliance Unit:

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

AML Compliance Unit:

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

Board of Directors' Summary Report Presented to the General Assembly

Dear Shareholders,

Drawing the strength of the Burgan Bank Group, our Bank targeted stable growth in its activities in 2021. In this context, Burgan Bank pursued its banking activity in accord with the Turkish Commercial Code, tax legislation, the Banking Law, Banking Ethics, the "Know Your Customer" and Suspicious Transaction, provisions and the Competition Laws and Guidelines.

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

In 2021, the Bank realized the necessary organizational changes and investments in line with its efficiency and effectiveness notion, intensified its customer-oriented activities via its 32 branches countrywide and digital banking channel and with its 928 employees, and successfully satisfied all of the financial needs of its corporate, commercial and retail customers with its effective pricing policy and rich product range. As well as its expanding balance sheet, the Bank also effected significant improvements, which will further strengthen its performance in the future in terms of product and service portfolio, the number of customers and the structure of service channels.

As of 31 December 2021 the Bank's total assets were recorded as TL 38,014,640 thousand with an increase of 64.4%.

The Bank's gross cash loans increased by 48.3% to TL 25,988,043 thousand, and its customer deposits increased by 75% to TL 24,136,790 thousand.

As of December 31, 2021, 62.9% of our assets consisted of loans, 4.8% of securities and 18.3% of cash, CBRT and bank placements.

64.8% of our total liabilities consisted of deposits, 19.3% of loans and money market debts, including subordinated loans, and 6.5% of equity.

The equity of our bank reached TL 2,474,409 thousand with equity capital, including contribution capital, reaching TL 5,940,563 thousand, the capital adequacy ratio was 20.88% on a consolidated basis and 23.16% on an unconsolidated basis, remaining above the sector average.

While the Bank's 2021 pre-tax profit was TL 344,442 thousand, its net profit after tax was TL 304,815 thousand.

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

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

I hereby submit for your consideration and approval Burgan Bank's independently audited financial statements dated 31 December 2021.

Very truly yours,

THE BOARD OF DIRECTORS

Information about Human Resources Practices

Human Resources Policy

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

Formulating human resource policies and programs to support the Bank's strategic goals and priorities,

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

Recruitment

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

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

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

The Bank's overall annual headcount budget is approved by the Board of Directors. While recruiting, the overall annual headcount budget approved by the Board of Directors is taken into consideration.

Training and Development

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

- Providing opportunities for improving their performances in their current positions,
- Preparing the employees for new and future roles,
- Providing the concrete information required by changing business needs and conditions,
- Satisfying legal requirements in relation to training,
- Developing new information and skills, strengthening behaviors and competencies targeted at increasing productivity
- Helping the employees with their career planning in line with succession planning.
- In this context, training and development support is provided in four categories in classroom/distance learning formats.

Banking technical knowledge and skills programs

- Management and personal training programs
- Compulsory certifications
- Orientation and on-the-job training programs.

The online Orientation Program, which provided a setting for getting acquainted with new hires, was held on the digital platform once in two to three months due to the pandemic and teleworking format.

The webinar learning catalogue backed by internal trainers is available to all employees at their request. Learning from One Another Program, where employees share their knowledge about their expertise, has continued by carrying it to the digital environment with the additional of new contents.

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

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

Career Management

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

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

Performance Appraisal

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

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

Remuneration

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

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

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

The Remuneration Policy ensures also that Compensation & Benefits;

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

Compliance of our Bank's wage management and compensation practices with the determined policy is reviewed by an independent consultancy company each year. Based on the 2021 report, it was concluded that:

- Our Bank's pay policy was compatible with the banking market,
- In the internal balance analysis conducted by Burgan Bank, it was found that 74% of employees were positioned in a 80% - 120% band according to the pay policy median.

Staff Vacation Policy

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

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

Information about Human Resources Practices

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

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

Employment of Relatives Policy

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

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

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

Fringe Benefits

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

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

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

The Bank pays communication support to all employees who do not receive a phone and line support.

Teleworking – Burgan is with you - at home and in the office

- Bringing flexibility and conveniences to our business life and making positive contributions to work-life balance of our employees, the hybrid working model started to be implemented for the Head Office employees. With this model, our employees are able to work in the office or at home in the percentage of %50-%50 in workdays within a month.
- An employee working remotely can work from outside of the city with the approval of his/her line manager. No more than 25% of the employees working in the same department can work from outside of the city concurrently.

Organization and Process Management

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

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

Activities are being carried out to improve customer experience at different business lines of the Bank and at customer touch points. Satisfaction questionnaires are administered at customer touch points, and remedial/improvement actions are taken in line with customer feedback.

The Bank's Transactions with Its Risk Group

	Total Risk Group	Share in Financial Statements (%)
Borrowings	3,422,671	47.98
Deposits	402,259	1.63
Non-cash Loans	49,201	0.70
Banks and Other Financial Institutions	3,413	0.62
Loans	677	0.00



Information Regarding Affiliate Report

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

The required information with respect to the transactions between the Bank and related parties has been stated in the part 5 numbers VII of the Footnotes and Information Regarding the Non-Consolidated Financial Statement (Appendix-2). It has been explained at the Affiliate Report which has been prepared by the Board of Directors; "All transactions between the controlling company of the Bank and the affiliate companies of the controlling company in the fiscal year 2021, in the circumstances and conditions known to the board at the time at which the company conducted the legal proceeding or took or refrained from taking the measure, obtained appropriate counter-performance in relation to each proceeding and whether the company incurred any loss due to taking or refraining from taking the measure and in this regard there is no transaction or prevention required to net-off."

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

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

SUPPORT SERVICE COMPANY	AREA OF EXPERTISE	DESCRIPTION OF SERVICE
TAGAR Tapu Garanti Hizmetleri A.Ş.	Operational Services	Placing and Releasing of Mortgages, Encumbrance Investigation Services
Halicioğlu Yazılım Danışmanlık ve Tic Ltd Şti	Information Systems	Legal Follow-up System
Indigo Consulting SAL Offshore	Information Systems	Murex support services
Hangisi İnternet ve Bilgi Hizmetleri A.Ş.- Hangikredi	Operational Services	Routing of loan applications online
Securitas Güvenlik Hizmetleri A.Ş.	Operational Services	Physical Security services
RGN İletişim Hizmetleri A.Ş.	Operational Services	Collection calls
VEGA Bilgisayar Hizmetleri Ltd. Şti.	Information Systems	Legal reporting software support service
Posta ve Telgraf Teşkilatı A.Ş. (PTT)	Operational Services	Debit card dispatches
Sistaş Sayısal İletişim Sanayi ve Ticaret A.Ş.	Information Systems	Call center infrastructure service
Posta ve Telgraf Teşkilatı A.Ş. (PTT)	Operational Services	Credit payment and deposit online transactions
Loomis Güvenlik Hizmetleri A.Ş.	Operational Services	Cheque clearing operation
Fineksus Bilişim Çözümleri Ticaret A.Ş.	Information Systems	Paygate-SWIFT consolidated project
Mobilgi Bilgisayar Teknolojileri Sanayi ve Ticaret Limited Şirketi	Operational and IT Services	Identification and delivery of account opening documents
Kartek Kart ve Bilişim Tek. Tic. A.Ş. - Paycore	Information Systems	ATM, Debit card, clearing infrastructure services
Invictus Bilişim Güvenlik Hiz. Dan. ve Üretim Tic. A.Ş.	Information Systems	Cyber security consultancy
Adeo Bilişim Danışmanlık Hizmetleri San Tic. A.Ş.	Information Systems	Cyber security consultancy
Migros Ticaret A.Ş.	Operational Services	Loan application service in sales channels
Barikat BT Bilişim Ticaret A.Ş.	Information Systems	SOC & SIEM consultancy and MSSP service
Akbank T.A.Ş.	Information Systems	Invoice Collection
Sistem Kurye	Operational Services	Submission of foreclosure letters
RSU	Information Systems	Information security consultation and penetration testing
Link Kurye (Anadolu Net)	Operational Services	Identification and delivery of account opening documents
Servicium	Information Systems	FX Trading Platform

Corporate Governance Report

Board of Directors

The Board of Directors is the ultimate decision-making body at the Bank. The Board of Directors fulfills its decision-making function through the Board Committees. In order to set up the board committees in the number required by the Articles of Association, the Board of Directors is made up of sufficient number of members which must not be less than five. Each member of the Board of Directors is elected for a term of office of three years. Members whose terms of office expire may be re-elected. The Board held 10 meetings during 2021. The members of our Bank's Board of Directors as of the date of this writing are presented below.

Members Served in 2021	Position	Date of Appointment to Office	Date of Resignation	Academic Background	Professional Experience (Years)	Number of Meetings Attended in 2021
Emin Hakan Eminsoy	Chairman	31.07.2019	Continuing	Bachelor's Degree	36	10
Abdelkarim A. S. Kabariti	Vice Chairman	08.10.2021	Continuing	Bachelor's Degree	32	1
Osama T. Al Ghousein	Member	25.06.2014	Continuing	Bachelor's Degree	30	10
Khaled F. A. O. Alzouman	Member	29.05.2019	Continuing	Bachelor's Degree	33	10
Fadhil M. GH. A. Abdullah	Member	25.11.2021	Continuing	Bachelor's Degree	32	1
Mohammad M. A. H. S. Almael	Member	25.11.2021	Continuing	Master's Degree	22	1
Mehmet Alev Göçmez	Member	23.01.2013	Continuing	Master's Degree	41	10
Hasan Kılıç	Member	10.06.2021	Continuing	Bachelor's Degree	33	5
Ali Murat Dinç	Member & CEO	29.01.2014	Continuing	Master's Degree	29	10
Faisal M. A. Al Radwan	Vice Chairman	21.12.2012	20.05.2021	Bachelor's Degree	43	4
Fouad Husni Douglas	Member	29.05.2019	07.05.2021	Master's Degree	34	3
Adrian A. Gostuski	Member	21.12.2012	25.11.2021	Master's Degree	44	9
Halil Cantekin	Member	30.03.2015	25.11.2021	Bachelor's Degree	40	9

Board of Directors Committees

Board Credit Committee (BCC)

The BCC authorizes the loans referred to it by the Bank's Board of Directors subject to the legal regulations. The Committee meets once in two weeks and as and when necessary. The BCC held 24 meetings in 2021. The members of the Bank's Board Credit Committee as of the date of this writing are presented below.

Members Served in 2021	Position	Date of Appointment to Office	Date of Resignation	Number of Meetings Attended in 2021
Emin Hakan Eminsoy	Chairman	09.08.2019	Continuing	24
Fadhil M. GH. A. Abdullah	Member	06.12.2021	Continuing	2
Ali Murat Dinç	Member	29.01.2014	Continuing	24
Khaled F. A. O. Alzouman	Alternate Member	06.12.2021	Continuing	0
Mohammad M. A. H. S. Almael	Alternate Member	06.12.2021	Continuing	2
Faisal M. A. Al Radwan	Member	27.12.2012	20.05.2021	9
Adrian A. Gostuski	Alternate Member	29.01.2013	25.11.2021	22
Halil Cantekin	Alternate Member	09.08.2019	25.11.2021	0

Board of Directors Audit Committee (BAC)

The BAC is responsible for establishing and overseeing the adequacy of internal control and audit functions of the Bank, as well as for ensuring compliance with applicable laws, policies, guidelines, and code of business conduct and ethics, and also other responsibilities provided under the BRSA Regulation on Internal Systems of Banks. The BAC held 4 meetings in 2021. The members of the Bank's Audit Committee as of the date of this writing are presented below.

Members Served in 2021	Position	Date of Appointment to Office	Date of Resignation	Number of Meetings Attended in 2021
Mehmet Alev Göçmez	Chairman	06.12.2021	Continuing	1
Khaled F. A. O. Alzouman	Member	06.12.2021	Continuing	1
Fadhil M. GH. A. Abdullah	Member	06.12.2021	Continuing	1
Halil Cantekin	Chairman	17.04.2015	25.11.2021	3
Adrian A. Gostuski	Member	29.01.2013	25.11.2021	3
Fouad Husni Douglas	Member	21.10.2019	07.05.2021	1

Board of Directors Risk Committee (BRC)

The BRC is responsible for supervising whether the risk strategy is implemented by the executive management, and for presenting review feedbacks and reports regarding the current and future risk strategy and tolerance to the Board of Directors. The BRC held 4 meetings in 2021. The members of the Bank's Risk Committee as of the date of this writing are presented below.

Members Served in 2021	Position	Date of Appointment to Office	Date of Resignation	Number of Meetings Attended in 2021
Hasan Kılıç	Chairman	06.12.2021	Continuing	1
Osama T. Al Ghousein	Member	10.09.2014	Continuing	4
Mehmet Alev Göçmez	Member	06.12.2021	Continuing	1
Adrian A. Gostuski	Chairman	17.04.2015	25.11.2021	3
Halil Cantekin	Member	21.10.2019	25.11.2021	3

Board of Directors Corporate Governance Committee (BCGC)

The BCGC is mainly responsible for assisting the Board of Directors in setting the Bank's corporate governance policies, following-up on their execution, and periodic reviewing thereof to ensure their effectiveness. The BCGC held 4 meetings in 2021. The members of the Bank's Corporate Governance Committee as of the date of this writing are presented below.

Members Served in 2021	Position	Date of Appointment to Office	Date of Resignation	Number of Meetings Attended in 2021
Abdelkarim A. S. Kabariti	Chairman	06.12.2021	Continuing	1
Emin Hakan Eminsoy	Member	09.08.2019	Continuing	4
Ali Murat Dinç	Member	01.04.2014	Continuing	4
Faisal M. A. Al Radwan	Chairman	03.10.2018	20.05.2021	1

Corporate Governance Report

Board of Directors Nomination and Remuneration Committee (BNRC)

The BNRC is responsible for making recommendations to the Board of Directors regarding nomination to the Board's membership, review of Board structure on an annual basis, overall performance evaluation of the Board and individual performance review of each member on annual basis, and developing Bank-wide remuneration policy in line with applicable laws and regulations. The BNRC held one meeting in 2021. The members of the Bank's Nomination and Remuneration Committee as of the date of this writing are presented below.

Members Served in 2021	Position	Date of Appointment to Office	Date of Resignation	Number of Meetings Attended in 2021
Abdelkarim A. S. Kabariti	Chairman	06.12.2021	Continuing	0
Osama T. Al Ghousein	Member	06.12.2021	Continuing	0
Khaled F. A. O. Alzouman	Member	21.10.2019	Continuing	1
Faisal M. A. Al Radwan	Chairman	21.10.2019	20.05.2021	1
Mehmet Alev Göçmez	Member	26.09.2013	06.12.2021	1

Management Risk Coordination Committee (RCCOM)

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

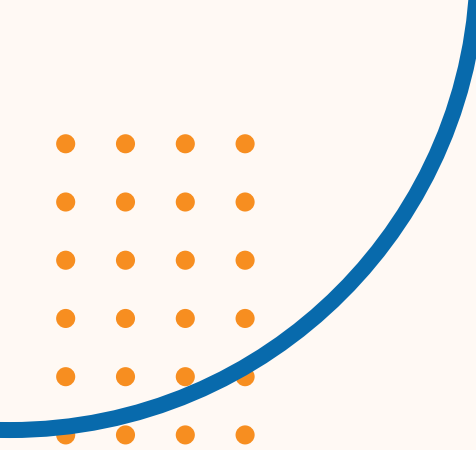
Executive Committees

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

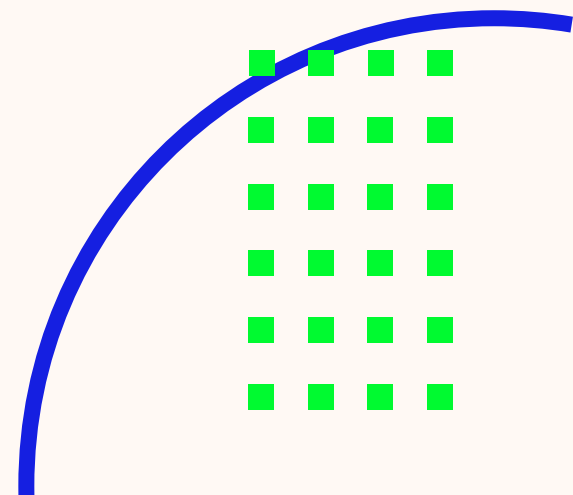
- Executive Committee (EXCO)
- Asset and Liability Management Committee (ALCO)
- Operational Risk Committee (ORCOM)
- Executive Credit Committee (ECCOM)
- Credit Provision Committee (CPCOM)

- Product Service Committee (PSCOM)
- Purchasing Committee (PURCOM)
- Discipline Committee (DISCOM)
- Human Resources Committee (HRCOM)
- Customer Experience Committee
- Information Systems Strategy Committee (ISSCOM)
- Information Systems Steering Committee (ISSC)
- Information Security Committee (ISCOM)
- Information Systems Continuity Committee (ISCCOM)
- Crisis Management Committee (CMCOM)
- Legal Coordination Committee (LCCOM)
- Digital Banking Committee (DBCOM)

The Bank pursues its operations within a well-defined and formulated corporate governance structure that achieves maximum conformity to ethical banking principles. The Bank applies corporate governance code of ethics and practices to its operations on the basis of the four main pillars of corporate governance, namely accountability, transparency, fairness and integrity. The Bank has set transparency as the central principle of risk management. The Bank adheres to the guidelines based on the Basel Committee Corporate Governance recommendations of the Capital Markets Board of Turkey (CMB) and the Banking Regulation and Supervision Agency (BRSA). The Bank adopts the policies of the regulatory authorities of its principal shareholder as reference, to the extent they do not conflict with local laws and regulations. The Bank makes sure that any hitches in the implementation of the principles mentioned above are shared with all related authorized individuals and authorities, including the Board of Directors. There were no articles of the Bank's Corporate Governance Manual that the Bank did not adhere to as they might have led to certain situations and circumstances which would pose some practical difficulties for the Bank, had they been adhered to.




SECTION THREE
FINANCIAL INFORMATION
AND RISK MANAGEMENT



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

Please refer to Appendix-1.



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

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

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

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

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

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

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

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



Independent Auditors' Report

Please refer to Appendix-1.



Financial Statements and Information on Financial Structure

Please refer to Appendix-2 & 3.

An Assessment of the Financial Status, Profitability and Solvency

As of end 2021, the Bank's total assets were recorded as TL 38,014,640 thousand.

Liquid assets accounted for 18.3% of the Bank's balance sheet.

At TL 1,817,897 thousand, the Bank's net securities portfolio made up a 4.8% share of its balance sheet.

Net cash loans amounted to TL 23,908,423 thousand of which share of the total balance sheet was 62.9% as of year-end.

As of 31 December 2021, the Bank's total deposits amounted to TL 24,634,663 thousand, up 76.7% year-on-year. This corresponds to a 64.8% share of the balance sheet.

The Bank's registered share capital ceiling is TL 4 billion; its paid-in capital amounts to TL 1,890 million.

As of end-2021, the Bank recorded a net profit of TL 304,815 thousand.

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

Assets	31 December 2021	31 December 2020	Change (%)
Liquid Assets (Net)	6,945,285	3,634,055	91.1
Securities (Net)	1,817,897	992,503	83.2
Loans (Net)	23,908,423	16,192,341	47.7
Subsidiaries	669,736	548,560	22.1
Tangible and Intangible Assets	1,238,926	676,362	83.2
Derivative Financial Assets	2,972,059	840,131	253.8
Other Assets (Net)	462,314	239,695	92.9
Total Assets	38,014,640	23,123,647	64.4

Liabilities	31 December 2021	31 December 2020	Change (%)
Deposits	24,634,663	13,942,287	76.7
Funds Borrowed	7,345,569	5,749,025	27.8
Derivative Financial Liabilities	1,029,459	554,819	85.5
Other Liabilities	2,530,540	1,207,459	109.6
Shareholders' Equity	2,474,409	1,670,057	48.2
Total Liabilities	38,014,640	23,123,647	64.4

⁽¹⁾ In the table above, the expected loss provisions set aside in the current period as per IFRS 9 are netted off from related balance sheet items.

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

Assets	31 December 2021	31 December 2020
Liquid Assets (Net)	18.3	15.7
Securities (Net)	4.8	4.3
Loans (Net)	62.9	70.0
Subsidiaries	1.8	2.4
Tangible and Intangible Assets	3.3	2.9
Derivative Financial Assets	7.8	3.6
Other Assets (Net)	1.2	1.1
Total Assets	100.0	100.0

Liabilities	31 December 2021	31 December 2020
Deposits	64.8	60.3
Funds Borrowed	19.3	24.9
Derivative Financial Liabilities	2.7	2.4
Other Liabilities	6.7	5.2
Shareholders' Equity	6.5	7.2
Total Liabilities	100.0	100.0

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

	31 December 2021	31 December 2020	Change (%)
Interest Income	2,454,843	1,612,129	52.3
Interest on Loans	1,832,994	1,274,862	43.8
Interest on Reserve Requirements	38,292	2,218	1626.4
Interest on Banks	45,079	23,043	95.6
Interest on Money Market Transactions	18,813	31,783	-40.8
Interest on Securities	107,874	59,234	82.1
Finance Lease Interest Income	-	-	-
Other Interest Income	411,791	220,989	86.3
Interest Expense	(1,894,671)	(1,076,481)	76.0
Interest on Deposits	(1,047,724)	(537,762)	94.8
Interest on Funds Borrowed	(144,254)	(189,673)	-23.9
Interest on Money Market Borrowing	(5,132)	(8,312)	-38.3
Interest on Securities Issued	-	-	-
Finance Lease Interest Expenses	(11,609)	(9,588)	100.0
Other Interest Expenses	(685,952)	(331,146)	107.1
Net Interest Income	560,172	535,648	4.6

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

	31 December 2021	31 December 2020
Interest Income	100.0	100.0
Interest on Loans	74.7	79.1
Interest on Reserve Requirements	1.6	0.1
Interest on Banks	1.8	1.4
Interest on Money Market Transactions	0.8	2.0
Interest on Securities	4.4	3.7
Finance Lease Interest Income	0.0	0.0
Other Interest Income	16.8	13.7
Interest Expense	100.0	100.0
Interest on Deposits	55.3	50.0
Interest on Funds Borrowed	7.6	17.6
Interest on Money Market Borrowing	0.3	0.8
Interest on Securities Issued	0.0	0.0
Finance Lease Interest Expenses	0.6	0.9
Other Interest Expenses	36.1	30.7

An Assessment of the Financial Status, Profitability and Solvency

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

	31 December 2021	31 December 2020	Change (%)
Net Interest Income	560,172	535,648	4.6
Net Commission and Fee Income	33,266	32,611	2.0
Dividend Income	19	8	137.5
Trading Income/Loss (Net)	198,299	104,398	89.9
Other Operating Income	213,215	26,393	707.8
Allowances for Expected Credit Losses	(255,195)	(408,420)	-37.5
Other Operating Expenses	(495,367)	(618,010)	-19.8
Profit/Loss From Equity Method Applied Subsidiaries	90,033	31,299	187.7
Income Before Tax	344,442	(296,073)	216.3
Tax	(39,627)	28,659	-238.3
Net Income/Loss	304,815	(267,414)	214.0

Information on Risk Management Policies Implemented by Types of Risks

Information on Risk Management Policies Implemented by Types of Risks

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

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

Risk Management Policies

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

The Board of Directors is responsible for periodically reviewing the risk management policies of the Bank and approving them.

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

The Bank has defined appropriate credit underwriting criteria, ensuring a thorough understanding of the borrower or counterparty, as well as the purpose and structure of the exposure and its source of repayment. Necessary structures, policies and procedures are in place for management of the credit risk in view of applicable legislation and good practices.

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

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

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

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

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

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

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

Risk Management

- Bank's management aims to ensure that:
- Risk taken by the Bank is in line with the risk appetite as defined by the Board of Directors,
- Total risk taken does not exceed the ability of the Bank to absorb losses,
- Risk is adequately mitigated by the implementation of proper risk management systems and procedures,
- Risk awareness is constituted among all units of the Bank and
- Appropriate risk transparency is provided and all risk figures are properly communicated across all relevant business units as well as to the Board of Directors.

Information on Risk Management Policies Implemented by Types of Risks

Risk Limits

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

Information on Risk Management Policies Implemented by Types of Risks

Risk limits are revised and updated to reflect the current developments in practice depending on market conditions and changes in Bank's strategy. The primary responsibility for reviewing belongs to the Board of Directors who is authorized to set limits. In case of a need to make a change in a determined risk limit, this is primarily put on the agenda of the risk/audit committee and evaluated, and if deemed appropriate, the change proposal is submitted to the approval of the Board of Directors.

Risk Strategy Objectives

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

Credit Risk Strategy

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

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

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

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

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

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

Market and Liquidity Risk Strategy

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

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

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

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

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

Operational Risk Management Strategy

The Bank considers operational risk as a consequence of doing business and may tolerate the risk within limits as a matter of course to achieve its goals; however, the Bank embraces the zero-tolerance principle for risks such as violation of applicable laws, regulations and regulatory frameworks (compliance risk) and fraud.

Ratings Granted by Rating Agencies and their Contents

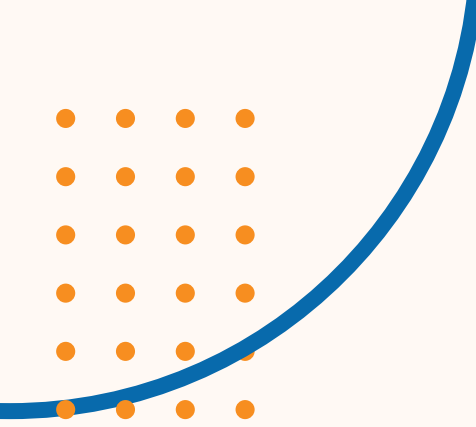
FITCH (25 February 2022)

Outlook	Negative
Long Term Foreign Currency	B
Short Term Foreign Currency	B
Long Term Local Currency	B+
Short Term Local Currency	B
Shareholder Support Rating	b
National	AA(tur)
Viability	b-(negative)

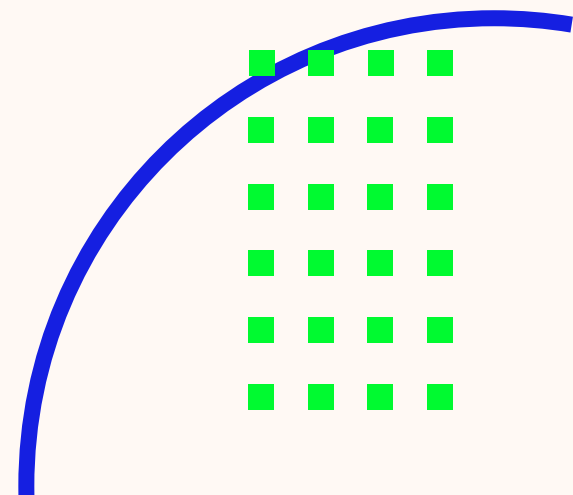


Summary Financial Data for the Past Five Years Including the Reporting Period

TL Thousand	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Total Assets	38,014,640	23,123,647	18,892,573	19,581,399	16,807,309
Loans	25,988,043	17,522,219	13,816,067	14,085,758	13,262,537
Deposits	24,634,663	13,942,287	11,563,046	10,060,455	8,928,115
Shareholders' Equity	2,474,409	1,670,057	1,919,275	1,875,980	1,512,475
Net Income/(Loss)	304,815	(267,414)	138,554	161,759	109,848
Guarantees and Sureties	7,046,550	5,171,767	3,479,247	2,319,967	2,118,649
Capital Adequacy Ratio	23.16	18.85	21.27	20.74	19.59



SECTION FOUR
CONSOLIDATED FINANCIAL
STATEMENTS



Consolidated Financial Information

	31.12.2021 ^(*)	31.12.2020 ^(*)	(%)
Total Assets	41,971,781	26,477,029	58.5
Loans, factoring and financial lease receivables (Net)	27,769,606	19,275,267	44.1
Securities (Net)	1,685,348	942,527	78.8
Deposits	24,363,175	13,847,448	75.9
Funds Borrowed	11,889,236	9,160,896	29.8
Shareholders' Equity	2,474,409	1,670,057	48.2
Guarantees and Warranties	7,046,550	5,171,767	36.3
Current Year Income/ (Loss)	304,815	(267,414)	214.0
Capital Adequacy Ratio	20,88	16,59	4.3

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

Information on Consolidated Subsidiaries

Our consolidated subsidiaries are presented below as of 31 December 2021:

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

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

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

	Total Assets	Shareholders' Equity	Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	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	-



APPENDIXES

Appendix-1

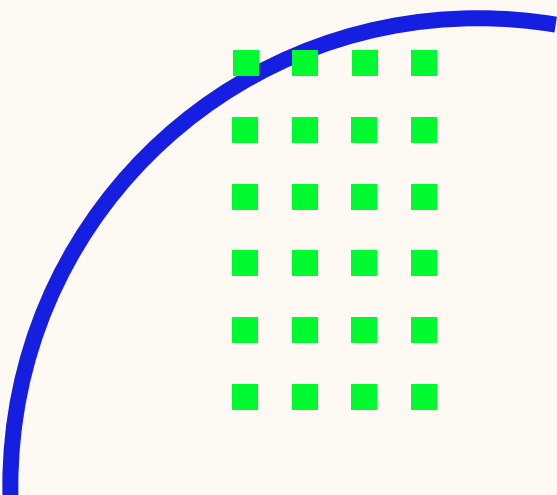
Compliance Opinion on the Annual Report

Appendix-2

Publicly Announced Unconsolidated Financial Statements and Related Disclosures together with Independent Audit Report at 31 December 2021

Appendix-3

Publicly Announced Consolidated Financial Statements and Related Disclosures Together with Independent Audit Report at 31 December 2021



(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the General Assembly of Burgan Bank A.Ş.

1) **Qualified Opinion**

As we have audited the full set consolidated and unconsolidated financial statements of Burgan Bank A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") for the period between 01/01/2021–31/12/2021, we have also audited the annual report for the same period.

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

2) **Basis for Qualified Opinion**

The accompanying consolidated and 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 consolidated and 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 by Banking Regulation and Supervision Agency (BRSA) in the Official Gazette dated 2 April 2015 with No. 29314 and the 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 responsibility is disclosed under *Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report* in detail. We declare that we are independent from the Bank in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other 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 audit opinion.

3) Auditor's Opinion for the Full Set Consolidated and Unconsolidated Financial Statements

We have presented qualified opinion for the Bank's full set consolidated and unconsolidated financial statements for the period between 01/01/2021–31/12/2021 in our Auditor's Report dated 1 February 2022.

4) Other Matters

The annual report of the Board of Directors as at and for the year ended 31 December 2020 were audited by another auditor who expressed a qualified opinion on the annual report of the Board of Directors on 4 March 2021.

5) Management's Responsibility for the Annual Report

The Bank Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the regulation on "Preparing and Publishing the Annual Report by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333 ("the Communiqué"):

- a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- b) Preparing the annual report with the all respects of the Bank's flow of operations for that year and the Bank's financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the financial statements. The Bank's development and risks that the Bank may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- c) The annual report also includes the matters stated below:
 - The significant events occurred in the Bank's activities subsequent to the financial year ends,
 - The Bank's research and development activities,
 - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Banking Regulation and Supervision Agency and the Ministry of Trade and related institutions while preparing the annual report.

6) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

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 the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit

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

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



Yaman Polat
Partner

İstanbul, 4 March 2022

**(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><i>Impairment of loans in accordance with TFRS 9 Financial Instruments Standard (“TFRS 9”)</i></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>

Key Audit Matters	How the matter was addressed in the audit
<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>Information Technologies Audit</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"> • We identified and tested the Banks' controls over information systems as part of our audit procedures. • 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"> • Security management • Change management • Operations management

Key Audit Matters	How the matter was addressed in the audit
	<ul style="list-style-type: none"> • 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. • We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation. • Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation. • 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. • Finally, we understood and tested the controls over database, network, application and operating system layers of applications.

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
Contact E-mail : 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
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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>
Chairman of the Board of Directors:	Emin Hakan Eminsoy	Chairman of the Board of Directors	Undergraduate
Board of Directors Members: (*)	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
General Manager:	Ali Murat Dinç	Member and General Manager	Graduate
Deputy General Managers:	Suat Kerem Sözügüzel	Commercial & Corporate Banking	Undergraduate
	Zeynep Bozkurt	Financial Affairs	Graduate
Vice General Managers:	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
Audit Committee: (**)	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
ASSETS							
I. FINANCIAL ASSETS (Net)		4.034.915	6.684.532	10.719.447	1.316.077	3.647.883	4.963.960
1.1 Cash and Cash Equivalents		682.102	6.263.183	6.945.285	352.362	3.281.693	3.634.055
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
1.2 Financial Assets at Fair Value through Profit or Loss	I-b	16.128	118.796	134.924	509	82.251	82.760
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
1.3 Financial Assets at Fair Value through Other Comprehensive Income	I-d	573.771	93.408	667.179	262.892	144.122	407.014
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		-	-	-	-	-	-
1.4 Derivative Financial Assets	I-l	2.762.914	209.145	2.972.059	700.314	139.817	840.131
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
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		11.540.159	13.391.732	24.931.891	7.044.376	9.658.368	16.702.744
2.1 Loans	I-e-f	12.331.744	13.656.299	25.988.043	7.756.374	9.765.845	17.522.219
2.2 Receivables from Leasing Transactions	I-k	-	-	-	-	-	-
2.3 Faktoring Receivables	I-e-f	-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	I-g	-	1.023.468	1.023.468	-	510.403	510.403
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
III. NON-CURRENTS ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)	I-r	1.039.002	-	1.039.002	495.818	-	495.818
3.1 Held for Sale		1.039.002	-	1.039.002	495.818	-	495.818
3.2 Held from Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN PARTNERSHIP		669.736	-	669.736	548.560	-	548.560
4.1 Associates (Net)	I-h	-	-	-	-	-	-
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	I-i	669.736	-	669.736	548.560	-	548.560
4.2.1 Non-Consolidated Financial Subsidiaries		669.736	-	669.736	548.560	-	548.560
4.2.2 Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	I-j	-	-	-	-	-	-
4.3.1 Jointly Controlled Partnerships Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnerships		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	I-m	148.917	-	148.917	139.397	-	139.397
VI. INTANGIBLE ASSETS (Net)	I-n	51.007	-	51.007	41.147	-	41.147
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		51.007	-	51.007	41.147	-	41.147
VII. INVESTMENT PROPERTIES (Net)	I-o	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		2.829	-	2.829	-	-	-
IX. DEFERRED TAX ASSETS	I-p	24.389	-	24.389	91.757	-	91.757
X. OTHER ASSETS (Net)	I-s	423.468	3.954	427.422	139.234	1.030	140.264
TOTAL ASSETS		17.934.422	20.080.218	38.014.640	9.816.366	13.307.281	23.123.647

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
LIABILITIES							
I. DEPOSITS	II-a	6.293.972	18.340.691	24.634.663	4.030.308	9.911.979	13.942.287
II. LOANS RECEIVED	II-c	10.553	3.775.895	3.786.448	39.279	3.238.656	3.277.935
III. PAYABLES TO MONEY MARKET		1.295	210.613	211.908	3.651	238.918	242.569
IV. ISSUED SECURITIES (Net)	II-d	-	-	-	-	-	-
4.1 Bonds		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bills		-	-	-	-	-	-
V. FUNDS							
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	II-b	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-g	871.052	158.407	1.029.459	308.583	246.236	554.819
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
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	II-f	74.211	-	74.211	74.101	771	74.872
X. PROVISIONS	II-h	85.030	161.447	246.477	265.953	61.324	327.277
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
XI. CURRENT TAX PAYABLES	II-i	49.701	-	49.701	43.659	-	43.659
XII. DEFERRED TAX PAYABLES	II-i	-	-	-	-	-	-
XIII. PAYABLES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	II-j	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	II-k	-	3.347.213	3.347.213	-	2.228.521	2.228.521
14.1 Loans		-	3.347.213	3.347.213	-	2.228.521	2.228.521
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-e	493.305	1.666.846	2.160.151	204.622	557.029	761.651
XVI. EQUITY	II-l	2.464.139	10.270	2.474.409	1.689.140	(19.083)	1.670.057
16.1 Paid-in Capital		1.890.000	-	1.890.000	1.535.000	-	1.535.000
16.2 Capital Reserves		(2.532)	-	(2.532)	(736)	-	(736)
16.2.1 Equity Share Premiums		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(2.532)	-	(2.532)	(736)	-	(736)
16.3 Other Accumulated Comprehensive Income 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		-	-	-	-	-	-
TOTAL LIABILITIES		10.343.258	27.671.382	38.014.640	6.659.296	16.464.351	23.123.647

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
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		14.777.568	60.414.608	75.192.176	6.196.669	43.168.968	49.365.637
I. GUARANTEES and WARRANTIES	III-a-2-3	1.664.992	5.381.558	7.046.550	992.145	4.179.622	5.171.767
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		-	-	-	-	-	-
II. COMMITMENTS	III-a-1	1.323.073	1.127.229	2.450.302	904.940	1.300.616	2.205.556
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		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		11.789.503	53.905.821	65.695.324	4.299.584	37.688.730	41.988.314
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. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		103.605.866	146.594.016	250.199.882	64.662.919	88.284.319	152.947.238
IV. ITEMS HELD IN CUSTODY		2.863.349	4.298.762	7.162.111	1.501.123	2.522.930	4.024.053
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		-	-	-	-	-	-
V. PLEDGES RECEIVED		100.522.341	142.295.254	242.817.595	62.941.620	85.761.389	148.703.009
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		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		220.176	-	220.176	220.176	-	220.176
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		118.383.434	207.008.624	325.392.058	70.859.588	131.453.287	202.312.875

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	01/01/2021-	01/01/2020-
	Five)	31/12/2021	31/12/2020
I. INTEREST INCOME	IV-a	2.454.843	1.612.129
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
II. INTEREST EXPENSES (-)	IV-b	1.894.671	1.076.481
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
III. NET INTEREST INCOME/EXPENSE (I - II)		560.172	535.648
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		33.266	32.611
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
V. DIVIDEND INCOME	IV-c	19	8
VI. TRADING PROFIT/LOSS (Net)	IV-d	198.299	104.398
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
VII. OTHER OPERATING INCOME	IV-e	213.215	26.393
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		1.004.971	699.058
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-f	255.195	408.420
X. OTHER PROVISION EXPENSES (-)	IV-f	-	210.704
XI. PERSONNEL EXPENSES (-)		235.349	214.251
XII. OTHER OPERATING EXPENSES (-)	IV-g	260.018	193.055
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		254.409	(327.372)
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER			
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		90.033	31.299
XVI. NET MONETARY POSITION GAIN/LOSS			
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	IV-h	344.442	(296.073)
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-i	(39.627)	28.659
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
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-j	304.815	(267.414)
XX. INCOME FROM DISCONTINUED OPERATIONS			
20.1 Income from Assets Held For Sale			
20.2 Profit from Sale of Associates, Subsidiaries and Joint Ventures			
20.3 Other Income from Discontinued Operations			
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)			
21.1 Expenses on Assets Held for Sale			
21.2 Losses from Sale of Associates, Subsidiaries and Joint Ventures			
21.3 Other Expenses from Discontinued Operations			
XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)			
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)			
23.1 Current Tax Provision			
23.2 Expense Effect of Deferred Tax (+)			
23.3 Income Effect of Deferred Tax (-)			
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)			
XXV. NET PROFIT/LOSS FOR THE PERIOD (XIX+XXIV)	IV-k	304.815	(267.414)
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.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited 31/12/2021	Audited 31/12/2020
I. CURENT PERIOD INCOME/LOSS	304.815	(267.414)
II. OTHER COMPREHENSIVE INCOME	146.228	24.479
2.1 Items that Will not be Reclassified to Profit or Loss	6.266	2.897
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)
2.2 Items that Will be Reclassified to Profit or Loss	139.962	21.582
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)
III. TOTAL COMPREHENSIVE INCOME (I+II)	451.043	(242.935)

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		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1.890.000	-	-	(2.532)	34.176	(9.954)	-	-	(52.206)	185.523	124.587	-	304.815	2.474.409

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			Profit Reserves	Prior Period Profit / (Loss)	Current Period Net Income or Loss	Total Shareholders' Equity
						1	2	3	4	5	6				
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1.535.000	-	-	(736)	23.452	(5.496)	-	-	3.592	(10.237)	398.179	(6.283)	(267.414)	1.670.057

1. 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.)

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	Audited 31/12/2021	Audited 31/12/2020
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Assets and Liabilities in the Field of Activity of Banking		(811.930)	358.201
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)
1.2 Change in Assets and Liabilities Subject to Banking Activities		1.250.264	(301.077)
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
I. Net Cash Provided from Banking Operations		438.334	57.124
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Flow Provided from Investing Activities		(33.522)	(397.804)
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		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Generated from Financing Activities		355.000	-
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment Of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		355.000	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	VI-b	456.926	29.901
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		1.216.738	(310.779)
VI. Cash and Cash Equivalents at Beginning of the Period	VI-a	1.876.967	2.187.746
VII. Cash and Cash Equivalents at End of the Period	VI-a	3.093.705	1.876.967

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.)

VII. PROFIT DISTRIBUTION STATEMENT	31/12/2021(*)	31/12/2020 (**)
I. DISTRIBUTION OF PROFIT FOR THE PERIOD		
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)
A. NET PROFIT FOR THE YEAR (1.1-1.2) (***)	304.815	(267.414)
1.3. PRIOR PERIODS' LOSS (-)	-	-
1.4. FIRST LEGAL RESERVES (-)	-	-
1.5. OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	-	(267.414)
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	-	-
II. DISTRIBUTION OF RESERVES		
2.1. APPROPRIATED RESERVES	-	-
2.2. SECOND LEGAL RESERVES (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To Owners of Ordinary Shares	-	-
2.3.2. To Owners of Privileged Shares	-	-
2.3.3. To Owners of Preferred Shares	-	-
2.3.4. To Profit Sharing Bonds	-	-
2.3.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.4. SHARE TO PERSONNEL (-)	-	-
2.5. SHARE TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1. TO OWNERS OF ORDINARY SHARES	-	-
3.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3. TO OWNERS OF PRIVILEGED SHARES	-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1. TO OWNERS OF ORDINARY SHARES	-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3. TO OWNERS OF PRIVILEGED SHARES	-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) 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.

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

The Bank records its 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.

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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.

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:

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

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

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

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

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

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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.

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(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.

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(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.

	31 December 2021	31 December 2020
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
Profit/(Loss) Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)	1,690	(1,742)

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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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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 (*)
COMMON EQUITY TIER 1 CAPITAL				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.890.000		1.535.000	
Share issue premiums	-		-	
Legal reserves	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	-		-	
Common Equity Tier 1 Capital Before Deductions	2.569.623		2.039.462	
Deductions from Common Equity Tier 1 Capital				
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	-		-	
Total Deductions From Common Equity Tier 1 Capital	258.918		374.267	
Total Common Equity Tier 1 Capital	2.310.705		1.665.195	

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

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

I. EXPLANATIONS ON EQUITY (Continued):

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

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

I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 31 December 2021	1/1/2014 Amounts Related to Treatment Before (*)	Prior Period 31 December 2020	1/1/2014 Amounts Related to Treatment Before (*)
TOTAL CAPITAL				
Total Capital	5,940,563		3,669,974	
Total risk weighted amounts	25,655,272		19,464,794	
Capital Adequacy Ratios				
Core Capital Adequacy Ratio (%)	9,01		8,55	
Tier I Capital Adequacy Ratio (%)	11,60		10,46	
Capital Adequacy Ratio (%)	23,16		18,85	
BUFFERS				
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	
Amounts below the Excess Limits as per the Deduction Principles				
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Remaining mortgage servicing rights	-		-	
Amount arising from deferred tax assets based on temporary differences	460,783		162,049	
Limits related to provisions considered in Tier II calculation				
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	-		-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

(*) 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.

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

I. EXPLANATIONS ON EQUITY (Continued):

c. Information related to the TFRS 9 transition process:

	T	T-1
EQUITY ITEMS		
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
TOTAL RISK WEIGHTED AMOUNTS		
Total Risk Weighted Amounts	25.655.272	25.655.272
CAPITAL ADEQUACY RATIOS		
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
LEVERAGE RATIO		
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

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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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

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

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

31 December 2021		
Risk Group	Amount	Average
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
Total	38.003.887	31.150.870

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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):

31 December 2020		
Risk Group	Amount	Average
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
Total	27.886.630	24.548.711

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

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

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

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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:

31 December 2021	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
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
Total	25.011.307	249.110	5	-	25.260.422

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

b. Information on overdue loans and other receivables:

31 December 2021	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
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
Total	5.336.925	28.916	-	-	5.365.841

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

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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
Total	2.318	659.505	1.023.455	1.685.278

(*) 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
Total	32.687	399.340	510.399	942.426

(*) 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
Total	1.933.316	22.007	-	-	1.955.323

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

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
Total	1.955.323	819.585

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

f. Profile of Significant Risks in Key Regions:

	Risk Categories (*)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
31 December 2021																		
Domestic	6.953.213	77.816	-	-	-	681.453	18.110.435	210.147	4.091.597	1.114.971	-	-	-	-	-	-	2.344.578	33.584.210
EU Countries	-	-	-	-	-	389.981	40.034	4	7.621	467	-	-	-	-	-	-	-	438.107
OECD Countries (**)	-	-	-	31.428	-	1.472.629	-	2	-	-	-	-	-	-	-	-	-	1.504.059
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	122.461	-	-	-	-	-	-	-	-	-	-	-	122.461
Other Countries	-	-	-	-	-	32.666	2.359	11	719	-	-	-	-	-	-	-	-	35.755
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	6.953.213	77.816	-	31.428	-	2.699.190	18.152.828	210.164	4.099.937	1.115.438	-	-	-	-	-	-	2.344.578	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 Banks.
(**) Includes OECD countries other than EU countries, USA and Canada.
(***) Assets and liabilities that cannot be segmented on a consistent basis.

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

f. Profile of Significant 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	
31 December 2020																		
Domestic	4.213.813	206.625	94	-	-	413.746	12.592.536	221.123	4.258.154	1.086.447	-	-	-	-	-	-	1.682.306	24.674.844
EU Countries	-	-	-	-	-	140.006	15	5	1	-	-	-	-	-	-	-	-	140.027
OECD Countries (**)	-	-	-	24.172	-	1.119.066	-	2	-	-	-	-	-	-	-	-	-	1.143.240
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	63.862	-	-	-	-	-	-	-	-	-	-	-	63.862
Other Countries	-	-	-	-	-	13.192	-	-	441	-	-	-	-	-	-	-	-	13.633
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	4.213.813	206.625	94	24.172	-	1.749.872	12.592.551	221.130	4.258.596	1.086.447	-	-	-	-	-	-	1.682.306	26.035.606

1. 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.

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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			
Agriculture	-	-	-	-	-	-	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
Manufacturing	-	-	-	-	-	-	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
Construction	-	-	-	-	-	-	2.039.207	1.751	709.587	529.484	-	-	-	-	-	-	-	2.536.377	743.652	3.280.029
Services	-	-	-	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
Other	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
Total	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.

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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				
Agriculture	-	-	-	-	-	-	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	
Manufacturing	-	-	-	-	-	-	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	
Construction	-	-	-	-	-	-	2.183.052	2.392	827.586	434.783	-	-	-	-	-	-	-	2.041.184	1.406.629	3.447.813	
Services	-	-	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	
Other	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
Total	4.213.813	206.625	94	24.172	-	1.749.872	12.592.551	221.130	4.258.596	1.086.447	-	-	-	-	-	-	-	1.682.306	9.723.529	16.312.077	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.

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

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

31 December 2021	Term To Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Risk Classifications					
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	-	-	-	-	-
Total	8.414.700	1.714.298	1.950.059	4.874.596	10.502.623

31 December 2020	Term To Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Risk Classifications					
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	-	-	-	-	-
Total	2.864.998	1.951.138	1.362.719	2.147.723	12.057.362

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

i. Information about the Risk Exposure Categories

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

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

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

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

j. Risk Amounts by Risk Weight:

31 December 2021									Deductions From Equity
Risk Weights	0%	20%	35%	50%	75%	100%	150%		
1.Exposures before Credit Risk Mitigation	6.868.950	2.341.177	446.949	4.253.380	100.353	21.512.101	161.682	1.626	
2.Exposures after Credit Risks Mitigation (*)	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%		
1.Exposures before Credit Risk Mitigation	4.073.005	1.305.266	479.053	4.174.729	220.732	15.662.876	119.945	26	
2.Exposures after Credit Risks Mitigation (*)	4.820.885	1.496.687	467.712	3.808.088	211.574	15.158.368	72.292	26	

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

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

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

31 December 2021	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)
Major Sectors / Counterparties				
Agriculture	-	1.333	-	561
Farming and Stockbreeding	-	1.325	-	555
Forestry	-	2	-	1
Fishery	-	6	-	5
Manufacturing	683.526	389.787	104.864	131.365
Mining and Quarrying	-	29.160	-	2.217
Production	683.526	359.378	104.864	128.390
Electricity, Gas and Water	-	1.249	-	758
Construction	112.756	789.746	28.504	260.262
Services	4.478.781	585.603	1.163.804	293.007
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
Other	75.694	153.484	1.335	42.426
Total	5.350.757	1.919.953	1.298.507	727.621

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

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

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)
Major Sectors / Counterparties				
Agriculture	3.111	1.780	-	676
Farming and Stockbreeding	3.044	1.771	-	669
Forestry	67	3	-	3
Fishery	-	6	-	4
Manufacturing	340.277	460.786	36.446	189.738
Mining and Quarrying	-	14.496	-	6.345
Production	340.277	445.595	36.446	183.007
Electricity, Gas and Water	-	695	-	386
Construction	184.880	639.318	14.124	204.535
Services	1.671.850	511.666	443.585	201.238
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
Other	323.947	257.928	108.360	73.477
Total	2.524.065	1.871.478	602.515	669.664

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
1. Specific Provisions	679.033	118.438	(54.274)	4.438	747.635
2. General Provisions	720.221	196.480	(5.449)	453.171	1.364.423
TOTAL	1.399.254	314.918	(59.723)	457.609	2.112.058

(*) 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.

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

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

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

(*) 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.

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

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.

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

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.

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

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

Results of concentration and credit risk stress test based on sector, segment, maturity, collateral, currency, internal rating 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.

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**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.

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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	Total (1+4+7+8+9+10+11+12+16+19+23+24)	25.655.272	19.464.794	2.052.422

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

c. Relations between Financial Tables and Risk Amounts

1. Differences and Matchmaking Between Accounting Consolidation and Legal Consolidation

31 December 2021	Carrying values of items in accordance with TAS					Not subject to capital requirements or subject to deduction from capital
	(*)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	
Assets						
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	-	-	-	-
Total assets	38.014.640	29.860.986	3.246.667	-	266.704	64.692
Liabilities						
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
Total liabilities	38.014.640	-	1.049.724	-	218.865	36.964.916

(*) 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.

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

1. Differences and Matchmaking Between Accounting Consolidation and Legal Consolidation

31 December 2020	Carrying values of items in accordance with TAS					
	(*)Valued amount according to TAS within legal consolidation	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and 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	-	-	-	-
Total assets	23.123.647	21.458.845	1.248.513	-	274.995	55.983
Liabilities						
Deposits	13.942.287	-	-	-	-	13.942.287
Derivative financial liabilities held for trading	459.847	-	457.783	-	213.751	2.064
Funds borrowed	3.277.935	-	-	-	-	3.277.935
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
Total liabilities	23.123.647	-	700.352	-	213.751	22.423.295

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

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

		Total	Subject to credit risk	Subject to securitisation	Subject to counterparty credit risk	Subject to market risk
	31 December 2021					
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	35.966.418	33.363.431	-	2.321.161	281.826

		Total	Subject to credit risk	Subject to securitisation	Subject to counterparty credit risk	Subject to market risk
	31 December 2020					
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	26.255.770	24.785.531	-	1.250.075	220.164

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

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

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

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

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

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

Description of independent price approval processes: The Bank obtains market prices, which shall be used in valuation, from independent data providers and manages through checkpoints established independent from risk generating unit/departments. Valuation prices are 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.

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

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.

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**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	1.919.953	24.068.090	2.079.607	23.908.436
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
4	Total	1.964.669	33.470.330	2.110.522	33.324.477

	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	1.871.478	15.650.741	1.330.842	16.191.377
2	Debt instruments	-	992.503	4	992.499
3	Off-balance sheet receivables	29.057	5.658.062	68.408	5.618.711
4	Total	1.900.535	22.301.306	1.399.254	22.802.587

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)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4+5)	1.964.669

31 December 2020

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

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.

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**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):

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

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

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

	31 December 2021	31 December 2020
1 Agriculture	490.774	364.967
2 Farming and Stockbreeding	467.171	358.736
3 Forestry	18.050	5.233
4 Fishery	5.553	998
5 Manufacturing	11.060.761	5.863.320
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
9 Construction	3.772.084	3.612.537
10 Services	14.871.425	10.381.720
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
19 Other	759.942	1.141.564
20 Total	30.954.986	21.364.108

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

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

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**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
1 Agriculture	1.333	561	1.780	676
2 Farming and Stockbreeding	1.325	555	1.771	669
3 Forestry	2	1	3	3
4 Fishery	6	5	6	4
5 Manufacturing	389.787	131.365	460.786	189.738
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
9 Construction	789.746	260.262	639.318	204.535
10 Services	585.603	293.007	511.666	201.238
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
19 Other	153.484	42.426	257.928	73.477
20 Total	1.919.953	727.621	1.871.478	669.664

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

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**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.

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Credit Risk Mitigation Techniques

	31 December 2021	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	Total	26.796.085	5.311.358	3.552.117	-	-	-	-
4	Of which defaulted	1.122.924	94.110	92.220	-	-	-	-

	31 December 2020	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	Total	12.496.070	4.687.806	3.163.480	-	-	-	-
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.

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

2. Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation 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
	Risk Categories						
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	Total	29.860.986	5.821.740	29.881.000	3.482.431	23.171.611	69,5%

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

**2. Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation 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
	Risk categories						
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	Total	21.458.845	5.177.710	21.468.210	3.317.321	17.403.946	%70,2

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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 Total	6.912.830	-	1.576.989	443.767	3.553.046	96.826	20.636.408	143.565	-	-	33.363.431

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 Total	4.558.820	-	981.433	467.712	3.434.048	210.907	15.060.319	72.292	-	-	24.785.531

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

g. Disclosures Regarding Counterparty Credit Risk

1. Qualitative Disclosures on Counterparty Credit Risk

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

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

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

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

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

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

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

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

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

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

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

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

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

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

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

iv. Rules with respect to Counter-trend risk,

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

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

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

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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

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

		Revaluation cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk weighted amounts
	31 December 2020						
1	Standart Approach-CCR (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	Total					1.250.075	541.745

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**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

31 December 2021		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
4	Total amount of CVA capital adequacy	2.321.161	250.534

31 December 2020		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
4	Total amount of CVA capital adequacy	1.250.075	139.342

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

31 December 2021	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Risk weights									
Risk Classes									
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	-	-	-	-	-	-	-	-	-
Total	891.839	-	847.888	469.792	103	111.539	-	-	2.321.161

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**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):

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

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

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	-	-	-	-	-	-
Total	-	-	-	-	184.168	-

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

6. Credit Derivatives:

None.

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

7. Risks to Central Counterparty:

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

		Risk Amount	
		After CRA	RAT
31 December 2021			
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.

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

j. Disclosures on Market Risk

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.

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

III. EXPLANATIONS ON RISK MANAGEMENT (Continued):

iv. Market risk under Standardised Approach

31 December 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	Total	281.826

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	Total	220.164

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
Current Period						
Gross Income	780.176	805.889	709.520	765.195	15	114.779
Amount subject to operational risk (Total*12,5)	-	-	-	-	-	1.434.741

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

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

V. EXPLANATIONS ON CURRENCY RISK:

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

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

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

	EUR		USD \$	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Currency Buying Rate	TL 15,0867	TL 9,1164	TL 13,3290	TL 7,4194
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

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

V. EXPLANATIONS ON CURRENCY RISK (Continued):

Information on currency risk of the Bank:

	EUR	USD	Other FC	Total
31 December 2021				
Assets				
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
Total Assets (*)	13.095.507	8.207.181	152.986	21.455.674
Liabilities				
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
Total Liabilities (*)	8.008.692	18.717.819	732.104	27.458.615
Net On-balance Sheet Position	5.086.815	(10.510.638)	(579.118)	(6.002.941)
Net Off-balance Sheet Position	(4.134.999)	10.342.405	581.154	6.788.560
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
Non-Cash Loans (**)	1.801.707	3.515.723	64.128	5.381.558
31 December 2020				
Total Assets (*)	8.738.478	5.212.669	38.916	13.990.063
Total Liabilities (*)	4.519.345	11.481.841	282.241	16.283.427
Net On-balance Sheet Position	4.219.133	(6.269.172)	(243.325)	(2.293.364)
Net Off-balance Sheet Position	(3.762.291)	6.405.294	248.637	2.891.640
Financial Derivative Assets	3.222.255	10.476.238	413.273	14.111.766
Financial Derivative Liabilities	6.984.546	4.070.944	164.636	11.220.126
Non-Cash Loans (**)	1.771.089	2.260.017	148.516	4.179.622

(*) The above table shows the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets are classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts. Due to this, foreign currency indexed loans amounting to TL 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”.

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

V. EXPLANATIONS ON CURRENCY RISK (Continued):

Currency risk sensitivity analysis:

If foreign currency appreciated/depreciated against TL at a ratio of 10% and all other variables remain fixed as of 31 December 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)
Total, net	(1.492)	1.492	(465)	465	(10.044)	10.044	(11.953)	11.953

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

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

VI. EXPLANATIONS ON INTEREST RATE RISK:

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

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

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

31 December 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets (***)							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	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
Total Assets	16.302.903	2.218.153	4.253.616	3.355.748	1.947.362	9.936.858	38.014.640
Liabilities							
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
Total Liabilities	16.789.705	8.961.413	2.811.700	215.100	358	9.236.364	38.014.640
Balance Sheet Long Position	-	-	1.441.916	3.140.648	1.947.004	700.494	7.230.062
Balance Sheet Short Position	(486.802)	(6.743.260)	-	-	-	-	(7.230.062)
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)
Total Position	2.379.343	(3.773.190)	2.866.354	(2.313.624)	1.853.701	700.494	1.713.078

(*) 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.

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

VI. EXPLANATIONS ON INTEREST RATE RISK (Continued):

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

31 December 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets (***)							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	341.612	-	-	-	-	2.928.969	3.270.581
Due From Banks	37.251	-	-	-	-	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
Total Assets	8.259.885	3.088.490	3.468.935	1.890.192	594.572	5.821.573	23.123.647
Liabilities							
Bank Deposits	37.096	72.991	-	-	-	26.979	137.066
Other Deposits	8.850.589	3.620.616	376.105	12.550	-	945.361	13.805.221
Funds From Interbank Money Market	4.595	237.974	-	-	-	-	242.569
Miscellaneous Payables	-	-	-	-	-	624.929	624.929
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	116.177	4.131.558	1.258.721	-	-	-	5.506.456
Other Liabilities (*) (**)	181.716	186.421	113.895	133.082	14.579	2.177.713	2.807.406
Total Liabilities	9.190.173	8.249.560	1.748.721	145.632	14.579	3.774.982	23.123.647
Balance Sheet Long Position	-	-	1.720.214	1.744.560	579.993	2.046.591	6.091.358
Balance Sheet Short Position	(930.288)	(5.161.070)	-	-	-	-	(6.091.358)
Off-balance Sheet Long Position	847.970	615.686	987.303	-	-	-	2.450.959
Off-balance Sheet Short Position	-	-	-	(1.954.904)	(14.839)	-	(1.969.743)
Total Position	(82.318)	(4.545.384)	2.707.517	(210.344)	565.154	2.046.591	481.216

(*) 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.

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

VI. EXPLANATIONS ON INTEREST RATE RISK (Continued):

b. Average interest rates for monetary financial instruments:

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

31 December 2021	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	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	-	-
Liabilities				
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.

31 December 2020	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	12,00
Due From Banks	-	0,09	-	16,91
Financial Assets at Fair Value Through Profit/Loss	4,89	2,49	-	10,30
Interbank Money Market Placements	-	-	-	15,45
Financial Assets at Fair Value Through Other Comprehensive Income	4,65	5,04	-	15,15
Loans	5,28	6,17	-	18,65
Financial Assets Measured at Amortized Cost	-	6,07	-	-
Liabilities				
Bank Deposits	1,24	0,12	-	-
Other Deposits (*)	1,44	2,63	-	15,97
Funds From Interbank Money Market	-	1,29	-	13,93
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,55	3,02	-	10,02

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

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

VI. EXPLANATIONS ON INTEREST RATE RISK (Continued):

c. Interest rate risk resulting from banking accounts:

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

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

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

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

	Applied Shock (+/- x basis point)	Earnings/Losses	Earnings/ Equities-Losses/ Equities
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%
Total (For Negative Shocks)		31.329	0,5%
Total (For Positive Shocks)		(245.414)	(4,2) %

VII. EXPLANATIONS ON SHARE CERTIFICATE POSITION RISK:

None.

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

VIII. 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.

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

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

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

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

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

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

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

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

Liquidity Coverage Ratio:

31 December 2021		Total Value with Disregard Ratio Applied (*)		Consideration Rate Applied Total Value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets			6.942.065	5.961.887
CASH OUTFLOWS					
2	Retail and small business customers deposits	14.166.110	9.188.210	1.354.580	918.821
3	Stable deposits	1.240.620	-	62.031	-
4	Less stable deposits	12.925.490	9.188.210	1.292.549	918.821
5	Unsecured funding other than retail and small business customers deposits	5.749.751	4.815.581	2.439.312	1.915.431
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	Secured funding	-	-	-	-
10	Other cash outflows	825.801	800.828	825.801	800.828
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	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	6.111.430	4.683.503	927.723	713.525
16	TOTAL CASH OUTFLOWS			5.547.416	4.348.605
CASH INFLOWS					
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
20	TOTAL CASH INFLOWS	4.077.809	2.393.860	2.786.978	1.886.383
				Upper Limit Applied Values	
21	TOTAL HIGH QUALITY LIQUID ASSETS INVENTORY			6.942.065	5.961.887
22	TOTAL NET CASH OUTFLOWS			2.760.438	2.462.222
23	LIQUIDITY COVERAGE RATIO (%)			251,48	242,13

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

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

31 December 2020		Total Value with Disregard Ratio Applied (*)		Consideration Rate Applied Total Value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets			4.734.317	4.119.046
CASH OUTFLOWS					
2	Retail and small business customers deposits	9.439.072	6.333.964	899.174	633.396
3	Stable deposits	894.666	-	44.733	-
4	Less stable deposits	8.544.406	6.333.964	854.441	633.396
5	Unsecured funding other than retail and small business customers deposits	4.816.994	4.125.771	2.017.395	1.613.806
6	Operational deposits	2.273.640	2.116.033	568.410	529.008
7	Non-operational deposits	2.155.507	1.823.848	1.061.138	898.907
8	Other unsecured funding	387.847	185.890	387.847	185.891
9	Secured funding	-	-	-	-
10	Other cash outflows	426.062	408.259	426.062	408.259
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	426.062	408.259	426.062	408.259
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	4.817.995	3.881.699	611.852	461.660
16	TOTAL CASH OUTFLOWS			3.954.483	3.117.121
CASH INFLOWS					
17	Secured 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
20	TOTAL CASH INFLOWS	2.385.563	1.614.433	1.677.382	1.229.688
				Upper Limit Applied Values	
21	TOTAL HIGH QUALITY LIQUID ASSETS INVENTORY			4.734.317	4.119.046
22	TOTAL NET CASH OUTFLOWS			2.277.101	1.887.433
23	LIQUIDITY COVERAGE RATIO (%)			207,91	218,24

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

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

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

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

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

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

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified (***)	Total
31 December 2021								
Assets (****)								
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
Total Assets	2.662.412	10.405.294	5.595.591	4.473.083	7.385.652	3.991.816	3.500.792	38.014.640
Liabilities								
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
Total Liabilities	3.639.175	16.599.880	6.256.399	3.125.477	346.416	3.347.572	4.699.721	38.014.640
Liquidity Gap	(976.763)	(6.194.586)	(660.808)	1.347.606	7.039.236	644.244	(1.198.929)	-
Net Off-balance sheet Position	-	(229.828)	(248.225)	411.462	468.152	2.456	-	404.017
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)
Non-cash Loans	-	4.143.098	1.199.728	1.215.942	478.284	9.498	-	7.046.550
31 December 2020								
Total Assets	1.567.840	4.823.782	2.918.240	3.307.217	6.010.198	2.006.329	2.490.041	23.123.647
Total Liabilities	972.340	9.302.958	4.827.742	2.552.628	1.670.561	1.142.265	2.655.153	23.123.647
Liquidity Gap	595.500	(4.479.176)	(1.909.502)	754.589	4.339.637	864.064	(165.112)	-
Net Off-balance sheet Position	-	177.064	68.662	134.112	206.644	(455)	-	586.027
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)
Non-cash Loans	-	3.282.154	638.933	1.005.282	240.760	4.638	-	5.171.767

(*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 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.

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

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

Breakdown of financial liabilities according to their remaining contractual maturities:

31 December 2021	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
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
Total	19.577.590	6.078.362	3.192.153	1.332.096	3.438.651	33.618.852

31 December 2020	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
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
Total	10.000.324	4.776.080	2.692.942	1.549.534	1.123.344	20.142.224

Derivative instruments of bank, counter-based maturity analysis:

31 December 2021	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivative instruments held for trading						
Exchange rate derivatives:						
- Entry	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
Derivative instruments for hedging purposes						
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
Total cash inflow	12.443.622	4.811.423	1.506.966	5.007.882	6.919	23.776.812
Total cash outflow	12.673.450	5.059.648	1.095.504	4.539.730	4.463	23.372.795

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

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

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

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

IX. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 31 December 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 (*)
Balance sheet assets		
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
Derivative financial assets and credit derivatives		
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
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	8.027.351	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
Capital and total risk		
Core capital	2.803.965	1.993.273
Total risk amount	43.545.709	31.515.587
Leverage ratio		
Leverage ratio	6,55%	6,33%

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

X. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 31 December 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.

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

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

a. Financial assets and liabilities at their fair values:

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

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

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

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

	Book Value		Fair Value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial Assets	26.152.573	17.609.994	26.391.850	18.060.053
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
Financial Liabilities	33.732.777	20.087.957	33.662.718	20.091.183
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.

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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:

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

(*) 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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

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

b. Fair value hierarchy (Continued):

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

(*) As noted in the footnote VII-d, 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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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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.

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Banks
31 December 2021					
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
Operating Income	187.190	699.396	118.366	-	1.004.952
Operating Costs (-)	127.483	438.217	52.502	132.360	750.562
Net Operating Income	59.707	261.179	65.864	(132.360)	254.390
Dividend Income	-	-	-	19	19
Income/Loss from subsidiaries based on equity method	-	-	-	90.033	90.033
Profit Before Tax	59.707	261.179	65.864	(42.308)	344.442
Tax Provisions (-)	14.927	65.295	16.466	(57.061)	39.627
Net Profit/Loss	44.780	195.884	49.398	14.753	304.815
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
Total Assets	2.937.212	25.231.179	7.482.947	2.363.302	38.014.640
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
Total Liabilities	15.374.769	8.985.783	8.873.548	4.780.540	38.014.640

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

XIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Banks
31 December 2020					
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
Operating Income	114.957	443.208	140.885	-	699.050
Operating Costs (-)	93.492	445.146	39.420	448.372	1.026.430
Net Operating Income	21.465	(1.938)	101.465	(448.372)	(327.380)
Dividend Income	-	-	-	8	8
Income/Loss from subsidiaries based on equity method	-	-	-	31.299	31.299
Profit Before Tax	21.465	(1.938)	101.465	(417.065)	(296.073)
Tax Provisions (-)	4.722	(426)	22.322	(55.277)	(28.659)
Net Profit/Loss	16.743	(1.512)	79.143	(361.788)	(267.414)
Segment Assets	1.876.080	16.039.165	3.751.459	-	21.666.704
Investments in associates, subsidiaries and joint ventures	-	-	-	548.560	548.560
Unallocated Assets	-	-	-	908.383	908.383
Total Assets	1.876.080	16.039.165	3.751.459	1.456.943	23.123.647
Segments Liabilities	11.307.269	2.435.085	6.440.907	1.270.329	21.453.590
Unallocated Liabilities	-	-	-	1.670.057	1.670.057
Total Liabilities	11.307.269	2.435.085	6.440.907	2.940.386	23.123.647

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

a. Information related to cash and the account of Central Bank of the Republic of Turkey:

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
Total	451.718	5.940.133	236.800	3.033.781

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
Total	427.401	5.450.020	217.995	2.637.422

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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

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

b. Information on Financial Assets at Fair Value Through Profit/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
Banks				
Domestic	230.440	6.671	15.528	3.713
Foreign	-	316.379	-	244.199
Headquarters and Branches Abroad	-	-	-	-
Total	230.440	323.050	15.528	247.912

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	-	-
Total	316.379	244.199	-	-

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued):

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

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

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

As of 31 December 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:

	31 December 2021	31 December 2020
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
Total	667.179	407.014

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

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

e. Explanations on loans:

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	-
Total	4.361	24.860	4.238	12.944

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

i.

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	-	-	-	-
Total	18.717.333	1.608.471	3.742.286	-

ii.

	Standard Loans	Loans Under Close Monitoring
General provisions (*)	53.479	1.298.507
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
Total	18.717.333	1.608.471	3.742.286

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

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

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

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

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

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
Total	24.068.090	15.650.741

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
Total	24.068.090	15.650.741

8. Loans given to associates and subsidiaries:

None (31 December 2020: None).

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

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

9. Specific provisions provided against loans:

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

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

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

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Prior Period End Balance	223.439	782.901	865.138
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	-	-	-
Balance at the End of the Period	4.634	194.579	1.720.740
Specific Provision (-)	915	106.636	620.070
Net Balance on Balance Sheet	3.719	87.943	1.100.670

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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:

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
31 December 2021			
Current Period (Net)	3.719	87.943	1.100.670
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)	-	-	-
Prior Period (Net)	125.062	487.905	588.847
Loans Given to Real Persons and Legal Persons (Gross)	223.439	782.901	865.138
Provision Amount (-)	98.377	294.996	276.291
Loans Given to Real Persons and Legal Persons (Net)	125.062	487.905	588.847
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-

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

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

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

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

12. Explanations of the write-off policy:

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

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

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

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

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

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

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

must be met.

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

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

g. Information on financial assets measured at amortized cost:

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

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	273.313	-	304.621
Other	-	-	-	-
Total	-	273.313	-	304.621

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

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	750.155	-	205.782
Other	-	-	-	-
Total	-	750.155	-	205.782

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

	31 December 2021	31 December 2020
Government Bond	1.023.468	510.403
Treasury Bond	-	-
Other Public Debt Securities	-	-
Total	1.023.468	510.403

4. Information on financial assets measured at amortized cost:

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

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

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

g. Information on financial assets measured at amortized cost (Continued):

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

	31 December 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 (-)	-	-
End of Period Total	1.023.468	510.403

h. Information on associates (Net):

None (31 December 2020: None).

i. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

None (31 December 2020: None).

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

None (31 December 2020: None).

3. Information on subsidiaries that are consolidated:

	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	-

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

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

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

5. Movement schedules of consolidated subsidiaries:

	31 December 2021	31 December 2020
Balance at the beginning of the Period	548.560	523.728
Movements during the Period	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	-	-
Balance at the end of the Period	669.736	548.560
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	99.99	99.99

(*) Includes the increases occurred as a result of the application of the equity method in accordance with TAS 27.

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

Subsidiaries	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
Total	669.736	548.560

7. Subsidiaries quoted on stock exchange:

None (31 December 2020: None).

j. Information on jointly controlled partnerships (joint ventures):

None (31 December 2020: None).

k. Information on lease receivables (net):

None (31 December 2020: None).

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

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

1. Information on derivative financial assets:

1. Information on derivative financial assets at fair value through profit or loss:

	31 December 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	-	-	-	-
Total	1.400.100	128.615	146.782	138.880

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	-	-	-	-
Total	1.362.814	80.530	553.532	937

m. Information on investment property:

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2020				
Cost	31.697	709	193.165	225.571
Accumulated Depreciation (-)	4.947	133	81.094	86.174
Net Book Value	26.750	576	112.071	139.397
31 December 2021				
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
Closing Net Book Value	38.000	400	110.517	148.917

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

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

m. Information on tangible assets:

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

n. Information on intangible assets:

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

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

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

	31 December 2021	31 December 2020
Beginning of the Period	41.147	37.398
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	-	-
End of the Period	51.007	41.147

o. Information on investment property:

None (31 December 2020: None).

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

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

p. Information on deferred tax asset:

As of 31 December 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	-	-	-	-
Deferred Tax Assets	2.130.327	812.460	460.784	162.492
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
Deferred Tax Liabilities	1.990.248	366.702	436.395	70.735
Deferred Tax Assets/(Liabilities) (Net)			24.389	91.757

Movement of deferred tax asset/liabilities is presented below:

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

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

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

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

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

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

Prior Period	31 December 2021	31 December 2020
Cost	496.182	408.604
Accumulated Depreciation (-)	364	428
Net Book Value	495.818	408.176
Current Period		
Net Book Value at Beginning of the Period	495.818	408.176
Additions	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
Closing Net Book Value	1.039.002	495.818

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.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 31 December 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	-	-	-	-	-	-	-	-	-
Total	3.639.175	-	4.807.133	14.606.098	695.199	307.121	579.937	-	24.634.663

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	-	-	-	-	-	-	-	-	-
Total	972.340	-	1.288.202	10.965.949	400.435	97.261	218.096	4	13.942.287

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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
Saving Deposits				
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	-	-	-	-
Total	2.384.098	2.039.634	12.362.439	7.431.408

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	-	-
Total	10.771	16.763

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

None (31 December 2020: None).

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EXPLANATIONS AND NOTES RELATED TO 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
Total	10.553	3.775.895	39.279	3.238.656

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
Total	10.553	3.775.895	39.279	3.238.656

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

The Bank’s main funding sources are deposits and borrowings. As of 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
Total	94.815	74.211	100.240	74.872

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

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

g. Information on derivative financial liabilities:

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

Trading Derivative Financial Liabilities	31 December 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	-	-	-	-
Total	735.350	107.245	252.184	207.663

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	-	-	-	-
Total	135.702	51.162	56.399	38.573

h. Information on provisions:

1. Information on reserve for employment termination benefits:

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

The payment amount that is one month’s salary for each working year is restricted to TL 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

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**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:

	31 December 2021	31 December 2020
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
Balance at the End of the Period	28.777	22.186

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).

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**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
Total	45.077	39.793

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	-
Total	4.624	3.866

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.

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**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	-	-	-	-
Total	-	3.347.213	-	2.228.521

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

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

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

I. Information on shareholders' equity:

1. Presentation of paid-in capital:

	31 December 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.

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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	-	-	-	-
Total	(45.308)	(6.898)	(1.541)	5.133

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.

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

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

a. Information on off-balance sheet commitments:

1. The 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
Total	2.450.302	2.205.556

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

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

- i. Non-cash loans, including guarantees, bank 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
Total	7.046.550	5.171.767

- 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
Total	1.592.992	1.495.196	992.145	1.562.036

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued):

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

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

	31 December 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
Total	7.046.550	5.171.767

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
Manufacturing	549.631	26,39	3.432.167	60,44	231.163	23,30	2.401.940	57,47
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
Construction	161.808	12,02	157.447	10,66	115.217	11,61	443.914	10,62
Services	848.167	54,46	1.523.620	21,45	578.627	58,32	1.029.222	24,62
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
Other	22.339	3,77	2.562	0,18	33.716	3,40	987	0,02
Total	1.664.992	100,00	5.381.558	100,00	992.145	100,00	4.179.622	100,00

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	-	-
Total	1.645.079	5.322.124	10.246	30.502

(*) 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.

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**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
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions (I)	40.197.558	26.059.185
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
Interest Related Derivative Transactions (II)	13.286.516	12.386.418
Forward Rate Agreements	-	-
Interest Rate Swaps	13.286.516	12.386.418
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	53.484.074	38.445.603
Types of Hedging Transactions	12.211.250	3.542.711
Fair Value Hedges	-	-
Cash Flow Hedges	12.211.250	3.542.711
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	12.211.250	3.542.711
Total Derivative Transactions (A+B)	65.695.324	41.988.314

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)

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Interest Income on Loans (*)				
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	-	-	-	-
Total	1.305.442	527.552	687.911	586.951

(*) 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	-	-	-	-
Total	44.381	698	21.313	1.730

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
Total	58.376	49.498	25.920	33.314

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

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

a. Information on interest income (Continued):

4. Information on interest income received from 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
Banks	3.422	136.555	3.561	177.466
The CBRT	-	-	-	-
Domestic Banks	3.422	807	3.561	470
Foreign Banks	-	135.748	-	176.996
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	4.277	-	8.646
Total (*)	3.422	140.832	3.561	186.112

(*) 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			
Turkish Lira									
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	-	-	-	-	-	-	-	-	-
Total	-	178.769	575.143	36.498	38.562	81.365	-	910.337	389.387
Foreign Currency									
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	-	-	-	-	-	-	-	-	-
Total	-	11.632	117.029	5.979	1.664	1.083	-	137.387	148.375
Grand Total	-	190.401	692.172	42.477	40.226	82.448	-	1.047.724	537.762

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**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	-	-
Total	19	8

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

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

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
Expected Credit Loss	255.195	408.420
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
Marketable Securities Provisions for Impairment	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Provisions for Impairment of Associates, Subsidiaries and Joint Ventures	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	210.704
Total	255.195	619.124

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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**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:

	31 December 2021	31 December 2020
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
Total	260.018	193.055

(*) 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.

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**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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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**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
Other Interest Income		
Interest Income Related to Derivative Transactions	400.982	209.054
Other	10.809	11.935
Total	411.791	220.989

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
Other Interest Expense		
Interest Expense Related to Derivative Transactions	683.192	301.940
Other	2.760	29.206
Total	685.952	331.146

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
Other Fee and Commissions Received		
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
Total	17.225	18.614

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
Other Fee and Commissions Given		
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
Total	19.935	13.990

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**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.)

	31 December 2021	31 December 2020 (*)
Independent audit fee for the reporting period	801	710
Other assurance services fee	456	254
Fee for services other than independent audit	-	-
Total	1.257	964

(*) Audit service for 2020 was obtained from Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi.

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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			-	-
Total	(45.308)	(6.898)	(1.541)	5.133

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”.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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**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
Cash	1.758.418	1.641.806
Cash, Foreign Currency and Other	415.164	142.396
Demand Deposits in Banks	1.343.254	1.499.411
Cash Equivalents	118.549	545.940
Interbank Money Market	100.000	540.000
Time Deposits in Bank	18.549	5.940
Total Cash and Cash Equivalents	1.876.967	2.187.746

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
Cash	3.093.705	1.758.418
Cash, Foreign Currency and Other	514.430	415.164
Demand Deposits in Banks	2.579.275	1.343.254
Cash Equivalents	-	118.549
Interbank Money Market	-	100.000
Time Deposits in Bank	-	18.549
Total Cash and Cash Equivalents	3.093.705	1.876.967

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**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).

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**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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP (Continued):

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

Banks' Risk Group	Investments in Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of The Bank		Other Real and Legal Persons that Have Been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss						
Beginning of the Period (*)	2.508.920	1.294.994	-	-	-	-
End of the period (*)	3.790.764	2.508.920	-	-	-	-
Total Profit/Loss	(165.340)	(27.062)	-	-	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	1.014.049	-	-	-	-	-
Total Profit/Loss	(82.306)	-	-	-	-	-

(*) 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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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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			
			Country of Incorporation		
Foreign representative	None.				
				Total Asset	Statutory Share Capital
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.

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED
DISCLOSURES TOGETHER WITH INDEPENDENT
AUDIT REPORT 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 financial statements of Burgan Bank A.Ş. (the "Bank") and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of income, consolidated statement of income and expense items accounted for under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the consolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated 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 consolidated 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 consolidated 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 Group 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 consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter 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><i>Impairment of loans in accordance with TFRS 9 Financial Instruments Standard (“TFRS 9”)</i></p> <p>Impairment of loans is a key area of judgment for the management. The Group has the total loans and receivables amounting to TL 30,164,860 thousands, which comprise 72% of the Group’s total assets in its consolidated financial statements and the total provision for impairment amounting to TL 2,395,254 as at 31 December 2021.</p> <p>As of 1 January 2018, the Group 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 Group 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 Group 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>

Key Audit Matters	How the matter was addressed in the audit
<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 Group 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 Group'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 consolidated financial statements of the Group with respect to loans and receivables and related impairment provisions.</p>
<p>Information Technologies Audit</p> <p>The Group 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 Group 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 Group 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"> • We identified and tested the Group's controls over information systems as part of our audit procedures. • 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"> • Security management • Change management • Operations management

Key Audit Matters	How the matter was addressed in the audit
	<ul style="list-style-type: none"> • 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. • We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation. • Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation. • 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. • Finally, we understood and tested the controls over database, network, application and operating system layers of applications.

4) Other Matters

The consolidated 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

Group Management is responsible for the preparation and fair presentation of the consolidated 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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 consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

B) 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 Group'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 consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified and reflected in the accompanying consolidated financial statements. The accounting principles used in the preparation of the accompanying consolidated financial statements differ materially from IFRS. Accordingly, the accompanying consolidated financial statements are not intended to present the Group's consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

**THE CONSOLIDATED 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 Bank : Telephone : 0 212 371 37 37
Fax : 0 212 371 42 42
Bank's Website : www.burgan.com.tr
Contact E-mail : bilgi@burgan.com.tr

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

- **Section One** GENERAL INFORMATION ABOUT THE GROUP
- **Section Two** CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP
- **Section Three** EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD
- **Section Four** INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- **Section Five** EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** OTHER EXPLANATIONS
- **Section Seven** EXPLANATIONS ON INDEPENDENT AUDIT REPORT

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

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

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

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 Accounting Tax and Reporting Unit
Telephone Number : 0 212 371 34 88
Fax Number : 0 212 371 42 48

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

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

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

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

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

EFG Eurobank Ergasias S.A. (“Eurobank EFG”) and Tekfen Holding A.Ş. (“Tekfen Group”) signed an agreement as of 8 May 2006, that anticipated Eurobank EFG to purchase Tekfen Group’s 70% share in Tekfenbank A.Ş. and Tekfen Finansal Kiralama A.Ş. which is fully owned by Tekfenbank; where Tekfen Group retained its strategic partnership by keeping all remaining shares. 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.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

GENERAL INFORMATION ABOUT THE GROUP (Continued):

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

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

The Bank's capital amounting to full TL 1.890.000.000 has been registered.

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

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

Founded in 1977, Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K), as an affiliate of KIPCO Group (Kuwait Projects Company), one of the largest holding groups of the MENA 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).

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

GENERAL INFORMATION ABOUT THE GROUP (Continued):

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Emin Hakan Eminsoy	Chairman of Board of Directors	Undergraduate
Board of Directors Members: (*)	Abdelkarim A. S. Kabariti	Deputy Chairman	Undergraduate
	Mehmet Alev Göçmez	Member	Graduate
	Osama T. Al Ghoussein	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
General Manager:	Ali Murat Dinç	Member and General Manager	Graduate
Deputy General Managers:	Suat Kerem Sözügüzel	Commercial & Corporate Banking	Undergraduate
	Zeynep Bozkurt	Financial Affairs	Graduate
Vice General Managers:	Esra Aydın	Operations & Management Services	Undergraduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Suat Kerem Sözügüzel	Commercial and Corporate Banking	Undergraduate
	Banu Ertürk	Credits 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
Audit Committee: (**)	Mehmet Alev Göçmez	Committee 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 Parent Bank.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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

GENERAL INFORMATION ABOUT THE GROUP (Continued):

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

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 PARENT BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:

As of 31 December 2021, the Parent Bank, whose headquarter located in Istanbul, has 32 branches operating in Turkey (31 December 2020: 32). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2021, the Group has 1.026 (31 December 2020: 1.042) employees.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENTS 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
ASSETS							
I. FINANCIAL ASSETS (Net)		3.983.893	6.679.992	10.663.885	1.289.975	3.717.548	5.007.523
1.1 Cash and Cash Equivalents		727.412	6.263.309	6.990.721	393.578	3.338.091	3.731.669
1.1.1 Cash and Balances at 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	233.250	323.176	556.426	25.244	304.310	329.554
1.1.3 Receivables from Money Markets		42.500	-	42.500	131.550	-	131.550
1.1.4 Expected Credit Losses (-)		56	-	56	16	-	16
1.2 Financial Assets at Fair Value Through Profit or Loss	I-b	16.198	118.796	134.994	606	82.251	82.857
1.2.1 Public Debt Securities		599	1.789	2.388	606	32.178	32.784
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		15.599	117.007	132.606	-	50.073	50.073
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	I-d	573.771	110.379	684.150	262.892	154.018	416.910
1.3.1 Public Debt Securities		566.097	93.408	659.505	255.218	144.122	399.340
1.3.2 Equity Instruments		7.674	16.971	24.645	7.674	9.896	17.570
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	I-l	2.666.512	187.508	2.854.020	632.899	143.188	776.087
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		1.097.495	62.808	1.160.303	146.782	138.880	285.662
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		1.569.017	124.700	1.693.717	486.117	4.308	490.425
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		12.574.054	16.219.020	28.793.074	7.781.438	12.004.232	19.785.670
2.1 Loans	I-e-f	12.442.675	13.656.299	26.098.974	7.828.034	9.765.845	17.593.879
2.2 Receivables from Leasing Transactions	I-k	1.100.363	2.965.523	4.065.886	745.171	2.463.519	3.208.690
2.3 Factoring Receivables	I-e-f	-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	I-g	-	1.023.468	1.023.468	-	510.403	510.403
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	968.984	1.426.270	2.395.254	791.767	735.535	1.527.302
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)	I-r	1.039.012	-	1.039.012	613.988	-	613.988
3.1 Held for Sale		1.039.012	-	1.039.012	613.988	-	613.988
3.2 Held from Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
4.1 Investments in Associates (Net)	I-h	-	-	-	-	-	-
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-consolidated Associates		-	-	-	-	-	-
4.2 Investments in Subsidiaries (Net)	I-i	-	-	-	-	-	-
4.2.1 Non-Consolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	I-j	-	-	-	-	-	-
4.3.1 Jointly Controlled Partnerships Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnerships		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	I-m	815.278	-	815.278	573.200	-	573.200
VI. INTANGIBLE ASSETS (Net)	I-n	53.411	-	53.411	43.623	-	43.623
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		53.411	-	53.411	43.623	-	43.623
VII. INVESTMENT PROPERTIES (Net)	I-o	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		3.181	-	3.181	27.373	-	27.373
IX. DEFERRED TAX ASSETS	I-p	24.416	-	24.416	118.760	-	118.760
X. OTHER ASSETS (Net)	I-s	539.405	40.119	579.524	262.847	44.045	306.892
TOTAL ASSETS		19.032.650	22.939.131	41.971.781	10.711.204	15.765.825	26.477.029

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENTS 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
LIABILITIES							
I. DEPOSITS	II-a	6.077.888	18.285.287	24.363.175	4.026.297	9.821.151	13.847.448
II. LOANS RECEIVED	II-c	182.243	8.087.012	8.269.255	495.281	6.163.571	6.658.852
III. MONEY MARKET FUNDS		62.155	210.613	272.768	34.605	238.918	273.523
IV. MARKETABLE SECURITIES (Net)	II-d	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	II-b	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-g	516.741	71.046	587.787	232.139	263.416	495.555
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		429.359	40.318	469.677	175.740	224.843	400.583
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		87.382	30.728	118.110	56.399	38.573	94.972
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	II-f	76.060	-	76.060	76.331	771	77.102
X. PROVISIONS	II-h	93.583	161.447	255.030	282.462	61.324	343.786
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		77.483	-	77.483	41.997	-	41.997
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		16.100	161.447	177.547	240.465	61.324	301.789
XI. CURRENT TAX LIABILITIES	II-i	60.533	-	60.533	57.463	-	57.463
XII. DEFERRED TAX LIABILITIES	II-i	13.440	-	13.440	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	II-j	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	II-k	-	3.347.213	3.347.213	-	2.228.521	2.228.521
14.1 Loans		-	3.347.213	3.347.213	-	2.228.521	2.228.521
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-e	551.187	1.700.924	2.252.111	237.666	587.056	824.722
XVI. SHAREHOLDERS' EQUITY	II-l	2.464.139	10.270	2.474.409	1.689.140	(19.083)	1.670.057
16.1 Paid-in Capital		1.890.000	-	1.890.000	1.535.000	-	1.535.000
16.2 Capital Reserves		(2.532)	-	(2.532)	(736)	-	(736)
16.2.1 Equity Share Premiums		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(2.532)	-	(2.532)	(736)	-	(736)
16.3 Other Accumulated Comprehensive Income 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		-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES		10.097.969	31.873.812	41.971.781	7.131.384	19.345.645	26.477.029

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

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

BURGAN BANK A.Ş.
CONSOLIDATED OFF-BALANCE SHEETS COMMITMENTS
AS OF 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
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		13.597.786	53.743.963	67.341.749	5.569.605	38.682.730	44.252.335
I. GUARANTEES AND WARRANTIES	III-a-2-3	1.664.992	5.381.558	7.046.550	992.145	4.179.622	5.171.767
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 Acceptances		-	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		-	-	-	-	-	-
II. COMMITMENTS	III-a-1	1.243.073	1.127.229	2.370.302	824.940	1.300.616	2.125.556
2.1. Irrevocable Commitments		1.243.073	1.127.229	2.370.302	824.940	1.300.616	2.125.556
2.1.1. Asset Purchase and Sales 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		295.348	-	295.348	196.854	-	196.854
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		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		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		10.689.721	47.235.176	57.924.897	3.752.520	33.202.492	36.955.012
3.1. Hedging Derivative Financial Instruments		2.088.375	15.177.059	17.265.434	907.234	6.946.783	7.854.017
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		2.088.375	15.177.059	17.265.434	907.234	6.946.783	7.854.017
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		8.601.346	32.058.117	40.659.463	2.845.286	26.255.709	29.100.995
3.2.1. Forward Foreign Currency Buy/Sell Transactions		48.381	448.470	496.851	24.096	164.866	188.962
3.2.1.1. Forward Foreign Currency Transactions-Buy		43.169	201.015	244.184	16.564	79.529	96.093
3.2.1.2. Forward Foreign Currency Transactions-Sell		5.212	247.455	252.667	7.532	85.337	92.869
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		7.754.676	28.879.115	36.633.791	2.470.994	24.957.971	27.428.965
3.2.2.1. Foreign Currency Swap-Buy		543.994	14.059.378	14.603.372	175.511	10.006.154	10.181.665
3.2.2.2. Foreign Currency Swap-Sell		7.000.682	7.033.817	14.034.499	2.295.483	8.128.375	10.423.858
3.2.2.3. Interest Rate Swap-Buy		105.000	3.892.960	3.997.960	-	3.411.721	3.411.721
3.2.2.4. Interest Rate Swap-Sell		105.000	3.892.960	3.997.960	-	3.411.721	3.411.721
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. Foreign Currency Futures		150.022	127.958	277.980	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		111.427	39.987	151.414	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		38.595	87.971	126.566	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		114.324.622	250.367.076	364.691.698	78.343.108	153.836.559	232.179.667
IV. ITEMS HELD IN CUSTODY		4.160.091	4.302.006	8.462.097	5.749.144	2.522.930	8.272.074
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		1.948.822	2.878.374	4.827.196	4.596.545	1.037.420	5.633.965
4.3. Cheques Received for Collection		1.937.439	253.096	2.190.535	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		253.376	1.156.829	1.410.205	25.524	1.342.232	1.367.756
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		109.944.355	246.065.070	356.009.425	72.373.788	151.313.629	223.687.417
5.1. Marketable Securities		171.003	-	171.003	286.197	-	286.197
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		73.481.708	87.762.595	161.244.303	37.700.884	52.755.839	90.456.723
5.6. Other Pledged Items		10.088.039	113.792.860	123.880.899	9.415.460	71.390.048	80.805.508
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		220.176	-	220.176	220.176	-	220.176
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		127.922.408	304.111.039	432.033.447	83.912.713	192.519.289	276.432.002

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

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

BURGAN BANK A.Ş.

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

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

III.	STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	Note (Section Five)	Audited 01/01/2021-31/12/2021	Audited 01/01/2020-31/12/2020
I.	INTEREST INCOME	IV-a	2.760.661	1.900.210
1.1	Interest Received From Loans		1.832.994	1.274.816
1.2	Interest Received From Reserve Deposits		38.292	2.218
1.3	Interest Received From Banks		51.440	27.151
1.4	Interest Received From Money Market Transactions		18.813	33.348
1.5	Interest Received From Marketable Securities Portfolio		107.885	59.245
1.5.1	Financial Assets at Fair Value Through Profit or Loss		2.031	1.709
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		275.149	237.722
1.7	Other Interest Income	IV-1	436.088	265.710
II.	INTEREST EXPENSES (-)	IV-b	2.017.426	1.197.896
2.1	Interest on Deposits		1.045.905	537.035
2.2	Interest on Funds Borrowed		309.332	325.095
2.3	Interest on Money Market Transactions		5.141	8.312
2.4	Interest on Securities Issued		-	-
2.5	Finance Lease Interest Expenses		11.609	9.709
2.6	Other Interest Expenses	IV-1	645.439	317.745
III.	NET INTEREST INCOME/EXPENSE (I - II)		743.235	702.314
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		39.672	37.822
4.1	Fees and Commissions Received		62.411	55.169
4.1.1	Non-Cash Loans		35.667	27.638
4.1.2	Other	IV-1	26.744	27.531
4.2	Fees and Commissions Paid (-)		22.739	17.347
4.2.1	Non-Cash Loans (-)		110	132
4.2.2	Other (-)	IV-1	22.629	17.215
V.	DIVIDEND INCOME	IV-c	46	8
VI.	TRADING PROFIT/LOSS (Net)	IV-d	179.493	108.305
6.1	Profit/Losses From Capital Market Transactions		30.611	37.960
6.2	Profit/Losses From Derivative Financial Transactions		(7.787)	(22.279)
6.3	Foreign Exchange Profit/Losses		156.669	92.624
VII.	OTHER OPERATING INCOME	IV-e	337.341	64.052
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI)		1.299.787	912.501
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-f	309.356	482.190
X.	OTHER PROVISION EXPENSES (-)	IV-f	-	218.808
XI.	PERSONNEL EXPENSES (-)		268.110	237.671
XII.	OTHER OPERATING EXPENSES (-)	IV-g	339.933	258.389
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		382.388	(284.557)
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	IV-h	382.388	(284.557)
	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-i	(77.573)	17.143
18.1	Current Tax Provision		5.284	43.554
18.2	Expense Effect of Deferred Tax (+)		481.929	32.389
18.3	Income Effect of deferred tax (-)		409.640	93.086
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-j	304.815	(267.414)
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income From Assets Held For Sale		-	-
20.2	Profit From Sale of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Other Income From Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on Assets Held For Sale		-	-
21.2	Losses From Sale of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Other Expenses From Discontinued Operations		-	-
	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Provision		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXIV.	NET PROFIT/LOSS (XIX+XXIV)	IV-k	304.815	(267.414)
25.1	Group's Profit / Loss		304.815	(267.414)
25.2	Minority Shares' Profit / Loss (-)		-	-
	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 statements.

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

BURGAN BANK A.Ş.

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

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited 31/12/2021	Audited 31/12/2020
I. CURRENT PERIOD INCOME/LOSS	304.815	(267.414)
II. OTHER COMPREHENSIVE INCOME	146.228	24.479
2.1 Items that will not be Reclassified to Profit or Loss	6.266	2.897
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 as Other Profit or Loss	-	-
2.1.5 Other Comprehensive Income not to be Reclassified to Profit or Loss	(77)	(251)
2.2 Items that will be Reclassified to Profit or Loss	139.962	21.582
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 Other Profit or Loss	-	-
2.2.6 Taxes Related to Other Comprehensive Income that will be Reclassified to Profit or Loss	(27.663)	(7.530)
III. TOTAL COMPREHENSIVE INCOME (I+II)	451.043	(242.935)

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 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						Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss			Accumulated 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 Except From Minority Interest	Minority Interest	Total Shareholders' Equity
Audited	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves												
CURRENT PERIOD																	
31.12.2021																	
I. Prior Period End Balance	II-I	1.535.000	-	-	(736)	23.452	(5.496)	-	-	3.592	(10.237)	398.179	(273.697)	-	1.670.057	-	1.670.057
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1.535.000	-	-	(736)	23.452	(5.496)	-	-	3.592	(10.237)	398.179	(273.697)	-	1.670.057	-	1.670.057
IV. Total Comprehensive Income		-	-	-	-	10.724	(4.458)	-	-	(55.798)	195.760	-	-	304.815	451.043	-	451.043
V. Capital Increase in Cash		355.000	-	-	-	-	-	-	-	-	-	-	-	-	355.000	-	355.000
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain or Loss related to Other Changes		-	-	-	(1.796)	-	-	-	-	-	-	105	-	-	(1.691)	-	(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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1.890.000	-	-	(2.532)	34.176	(9.954)	-	-	(52.206)	185.523	124.587	-	304.815	2.474.409	-	2.474.409

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.

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss			Accumulated 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 Except From Minority Interest	Minority Interest	Total Shareholders' Equity
						1	2	3	4	5	6						
Audited	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves												
PRIOR PERIOD 31.12.2020																	
I. Prior Period End Balance	II-I	1.535.000	-	-	(736)	20.713	(5.096)	-	5.749	(2.396)	(32.138)	259.625	138.554	-	1.919.275	-	1.919.275
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1.535.000	-	-	(736)	20.713	(5.096)	-	5.749	(2.396)	(32.138)	259.625	138.554	-	1.919.275	-	1.919.275
IV. Total Comprehensive Income		-	-	-	-	2.739	(400)	-	(5.749)	5.988	21.901	-	-	(267.414)	(242.935)	-	(242.935)
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain or Loss related to Other Changes		-	-	-	-	-	-	-	-	-	-	-	(6.283)	-	(6.283)	-	(6.283)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	138.554	(138.554)	-	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	138.554	(138.554)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1.535.000	-	-	(736)	23.452	(5.496)	-	-	3.592	(10.237)	398.179	(6.283)	(267.414)	1.670.057	-	1.670.057

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.

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

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2021**

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	Audited 31/12/2021	Audited 31/12/2020
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		(645.302)	454.734
1.1.1 Interest Received		2.730.282	1.847.705
1.1.2 Interest Paid		(1.985.149)	(1.183.798)
1.1.3 Dividend Received		46	8
1.1.4 Fees and Commissions Received		30.321	35.312
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		462.715	432.310
1.1.7 Payments to Personnel and Service Suppliers		(268.110)	(237.671)
1.1.8 Taxes Paid		(21.502)	(23.053)
1.1.9 Other	VI-b	(1.593.905)	(416.079)
1.2 Changes in Operating Assets and Liabilities		1.152.596	(5.209)
1.2.1 Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss		(53.897)	(46.663)
1.2.2 Net (Increase)/Decrease in Due from Banks and Other Financial Institutions		(1.991.196)	(599.802)
1.2.3 Net (Increase)/Decrease in Loans		(8.381.925)	(3.887.060)
1.2.4 Net (Increase)/Decrease in Other Assets		(2.280.621)	(512.619)
1.2.5 Net Increase/(Decrease) in Bank Deposits		360.807	(91.769)
1.2.6 Net Increase/(Decrease) in Other Deposits		10.154.647	2.442.449
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		2.728.764	1.824.083
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities	VI-b	647.690	866.172
I. Net Cash Provided from Banking Operations		507.294	449.525
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(40.886)	(692.690)
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(44.281)	(344.877)
2.4 Disposals of Property and Equipment		338.004	48.151
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(754.383)	(396.769)
2.6 Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income		483.179	168.579
2.7 Purchased Financial Assets at Amortized Cost		(228.699)	(167.774)
2.8 Sold Financial Assets at Amortized Cost		165.294	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		355.000	
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		355.000	-
3.4 Dividends Paid		-	-
3.5 Payments for Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	VI-b	431.253	35.723
V. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)		1.252.661	(207.442)
VI. Cash and Cash Equivalents at Beginning of the Period	VI-a	2.157.969	2.365.411
VII. Cash and Cash Equivalents at End of the Period	VI-a	3.410.630	2.157.969

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

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

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2021**

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

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

(*) 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.

(***) It has been considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be qualified as cash or internal resources, and therefore, the part of the period profit arising from the said assets should not be subject to profit distribution and capital increase. The deferred tax income that will not be subject to distribution as of 31 December 2021 is TL 61.521 (31 December 2020: Deferred Tax Income TL 30.456).

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

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

BURGAN BANK A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED 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 consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures numbered 5411 Regarding Banks’ Accounting Application and Keeping Documents:**

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations (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 consolidated financial statements expressed in TL, were prepared with the cost-based method and were subject to inflation adjustments until 31 December 2004, except for financial assets, liabilities and buildings which were carried at fair value. The amounts in the consolidated financial statements and notes related to these financial statements have been expressed in thousands of Turkish Lira, unless otherwise stated. The preparation of consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Parent 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 consolidated financial statements, no inflation adjustment has been made in accordance with TAS 29.

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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.

In the consolidated 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. Explanations on accounting policies and changes in financial statement presentations:

None.

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

None.

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

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

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank's foreign currency bid rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognized in the income statement under the account of "Foreign exchange gains or losses".

As of 31 December 2021, foreign currency denominated balances are translated into TL using the exchange rates of TL 13,3290 and 15,0867 for USD and EURO, respectively.

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

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

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

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

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

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

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

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

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

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

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

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

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

As of 31 December 2021, the Group applies cash flow hedge accounting through cross and interest currency swaps to protect against changes in interest rates of FC deposits which have average maturities of up to 3 months. The Group implements effectiveness tests at the balance sheet dates for hedge accounting, the effective parts are accounted as defined in TFRS 9, on the financial statements under equity “Accumulated Other Comprehensive Income or Expense to be Reclassified Through Profit or Loss”, whereas the amount concerning ineffective parts is associated with the income statement.

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

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

a. Financial assets at fair value through profit or loss:

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

b. Financial assets at fair value through other comprehensive income:

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial assets with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are re-measured at fair value. Interest income calculated with the effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. Unrealized gains and losses, arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under “Accumulated Other Comprehensive Income or Expense to be Reclassified Through Profit or Loss” under shareholders’ equity. When the mentioned marketable securities are collected or sold, the accumulated losses through fair value are reflected on the income statement.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and/or whose fair values can be reliably measured are carried at their fair value. Equity securities that do not have a quoted market price in an active market and/or whose fair values cannot be reliably measured are carried at cost, less provision for impairment. 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.

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

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

d. Loans

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

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

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

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

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

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.

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

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

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

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

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

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

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

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

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

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

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

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

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

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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

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

Funds given against securities purchased under agreements (“Reverse repo”) to resell are accounted under “Receivables from Reverse Repurchase Agreements” on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the “effective interest method”. The Group has no securities lending transactions.

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

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

The Group has no discontinued operations.

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill:

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

b. Other intangible assets:

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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 Group has adopted the “revaluation method” in accordance with the “Communiqué Regarding the Principles and Procedures for the Tangible Assets (“TFRS 16”)” for its buildings. Independent expert appraisal values determined by independent experts are presented in the financial statements.

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

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

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

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

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

Leased assets are included in the property and equipment and these assets are depreciated by taking their useful lives into consideration. If impairment is detected in the value of the leased asset, a "Provision for impairment" is recognized. Liabilities arising from leasing transactions are included in "Financial Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Group realizes financial leasing transactions as a "Lessor" by means of Burgan Finansal Kiralama A.Ş. which is the consolidated subsidiary of the Group.

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

The Group has applied the changes in accounting policies due to the initial implementation of the "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, KHK 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 is 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 Group.

IFRS 16 "Leases" Standard

The Group – lessee:

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

Existence of right to use:

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

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued):

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

Lease Obligation:

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

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

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

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

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

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

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

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

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

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

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, general corporate tax rate in Turkey is payable at the rate of 20%. But in accordance with the Temporary Article 10 and Article 32 paragraph 1 added to the Corporate Tax Law at 05 December 2017, the Corporate Tax rate which was 20% will be applied as 22% for corporate earnings for the taxation periods of 2018, 2019 and 2020. The corporate tax rate is calculated on the total income after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

In accordance with the Temporary Article 10 and Article 32 paragraph 1 added to the Corporate Tax Law at 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).

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XVIII. EXPLANATIONS ON TAXATION (Continued):

a. Current tax (Continued):

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

With the President's Decision No. 4936 published in the Official Gazette dated 22 December 2021 and numbered 31697, the tax deduction rate to be made in the distribution of dividends within the scope of Article 94 of the Income Tax Law and Articles 15 and 30 of the Corporate Tax Law has been reduced from 15% to 10%.

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 05 December 2017 are tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder’s equity for 5 years. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to 5 years. Losses cannot be carried back to offset profits from previous periods.

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.

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. EXPLANATIONS ON BORROWINGS:

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

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

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

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

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:

The Group’s, in accordance with the Law No. 5746 on Supporting Research and Development Activities, total incentive received from TÜBİTAK until the balance sheet date is TL 6.500 (31 December 2020: TL 6.803).

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

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

	31 December 2021	31 December 2020
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
Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)	1,690	(1,742)

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

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

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

XXV. EXPLANATIONS ON RELATED PARTIES:

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

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

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

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

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

XXVIII. RECLASSIFICATIONS:

In order to comply with the presentation of the consolidated financial statements as of 31 December 2021, the Bank has reclassified the 31 December 2020 consolidated 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 consolidated balance sheet, were classified under the “Banks” item in accordance with the amendments made within the scope of the Regulation on the Uniform Chart of Accounts effective from 1 January 2021.

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SECTION FOUR

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
GROUP ON A CONSOLIDATED BASIS**

I. EXPLANATIONS ON CONSOLIDATED EQUITY:

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of 31 December 2020 Group's total consolidated capital has been calculated as TL 5.974.815 (31 December 2020: TL 3.711.535) and the consolidated Capital adequacy ratio is 20,88% (31 December 2020: 16,59%).

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 October 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.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

a. Information about total capital:

	Current Period 31 December 2021	1 Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)
COMMON EQUITY TIER 1 CAPITAL				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.890.000		1.535.000	
Share issue premiums	-		-	
Legal Reserves	122.055		397.443	
Gains recognized in equity as per TAS	258.775		118.763	
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 recognized within profit for the period	-		-	
Common Equity Tier 1 Capital Before Deductions	2.575.645		2.051.206	
Deductions from Common Equity Tier 1 Capital				
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-		-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	9.954		303.409	
Improvement costs for operating leasing	13.082		16.100	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	53.782	53.782	44.349	44.349
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-		-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	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	-		-	
Total Deductions from Common Equity Tier 1 Capital	262.341		377.837	
Total Common Equity Tier 1 Capital	2.313.304		1.673.369	

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

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I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

	Current Period 31 December 2021	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL				
Preferred Stock not Included in Common Equity and the Related Share Premiums			-	
Debt instruments and premiums approved by BRSA (*)	666.450		370.970	
Debt instruments and premiums approved by BRSA (Temporary Article 4)			-	
Additional Tier I Capital before Deductions	666.450		370.970	
Deductions from Additional Tier I Capital				
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-		-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-		-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-		-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-		-	
Other items to be defined by the BRSA	-		-	
Transition from the Core Capital to Continue to deduce Components				
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-		-	
Total Deductions From Additional Tier I Capital				
Total Additional Tier I Capital	666.450		370.970	
Total Tier I Capital (Tier I Capital=Common Equity + Additional Tier I Capital)	2.979.754		2.044.339	
TIER II CAPITAL				
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)	330.887		257.536	
Tier II Capital Before Deductions	2.996.687		1.667.222	
Deductions From Tier II Capital				
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-		-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	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	-		-	
Total Deductions from Tier II Capital	1.626		26	
Total Tier II Capital	2.995.061		1.667.196	
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.974.815		3.711.535	
Deductions from Total Capital				
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-		-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-		-	
Other items to be defined by the BRSA (-)	-		-	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components				
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	

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I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

	Current Period 31 December 2021	Amounts related to treatment before 1/1/2014 (*)	Önceki Dönem 31 December 2020	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL				
Total Capital (Tier I and Tier II Capital)	5.974.815		3.711.535	
Total risk weighted amounts	28.616.684		22.372.338	
Capital Adequacy Ratios				
Core Capital Adequacy Ratio (%)	8,08		7,48	
Tier I Capital Adequacy Ratio (%)	10,41		9,14	
Capital Adequacy Ratio (%)	20,88		16,59	
BUFFERS				
Total additional Tier I Capital requirement (a + b + c)	2.512		2.552	
Capital conservation buffer requirement (%)	2,500		2,500	
b. Bank specific counter-cyclical buffer requirement (%)	0,012		0,052	
c. Systematically important bank buffer ratio (%)	-		-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	3,58		2,98	
Amounts below the Excess Limits as per the Deduction Principles				
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Amount arising from deferred tax assets based on temporary differences	-		-	
Limits related to provisions considered in Tier II calculation	634.681		189.368	
Limits related to provisions considered in Tier II calculation				
General provisions for standard based receivables (before ten thousand twenty-five limitation)	1.524.981		841.201	
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	330.887		257.536	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

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

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

b. Information on instruments related to equity estimation:

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	BDDK	BDDK
Regulatory Treatment in Equity Calculation	Tier II Capital	Tier II 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 (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.

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I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

c. Information related to the TFRS 9 transition process:

	T	T-1
EQUITY ITEMS		
Common Equity Tier 1 Capital	2.313.304	2.274.228
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	2.274.228	2.274.228
Tier 1 Capital	2.979.754	2.940.678
Tier 1 Capital Without the Implementation of the Transition Process	2.940.678	2.940.678
Equity	5.974.815	5.935.739
Equity Without the Implementation of the Transition Process	5.935.739	5.935.739
TOTAL RISK WEIGHTED AMOUNTS		
Total Risk Weighted Amounts	28.616.684	28.616.684
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	8,08	7,95
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	7,95	7,95
Tier 1 Capital Adequacy Ratio (%)	10,41	10,28
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	10,28	10,28
Capital Adequacy Ratio (%)	20,88	20,74
Capital Adequacy Ratio Without the Implementation of the Transition Process	20,74	20,74
LEVERAGE RATIO		
Leverage Ratio Total Risk Amount	47.165.970	47.165.970
Leverage Ratio (%)	6,05	6,23
Leverage Ratio Without the Implementation of the Transition Process	6,23	6,23

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK:

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

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

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

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

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

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

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

The loans that are overdue more than 90 days as of the end of the reporting date or the loans in which the Bank has decided that the debtor has lost its credibility are classified as impaired receivables and specific provision is allocated for these loans within TFRS 9. The general provision is allocated within TFRS 9 for the loans which are classified as second stage under “Procedures and Principles regarding the regulation on classification of loans and provisions to be allocated for them” and the loans that are overdue up to 90 days as of the end of the reporting date.

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

31 December 2021		
Risk Group	Amount	Average
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	6.530.474	4.485.435
Contingent and Non-Contingent Receivables from Regional or Local Governments	191.270	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	2.666.427	2.797.392
Contingent and Non-Contingent Corporate Receivables	21.926.144	17.600.622
Contingent and Non-Contingent Retail Receivables	267.072	224.158
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	5.329.230	5.175.805
Past Due Loans	1.515.537	1.491.658
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	2.472.904	2.104.046
Total	40.930.486	34.212.954

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

31 December 2020		
Risk Group	Amount	Average
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	3.738.871	3.530.169
Contingent and Non-Contingent Receivables from Regional or Local Governments	348.950	260.933
Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises	113	89
Contingent and Non-Contingent Receivables from Multilateral Development Banks	24.172	11.156
Contingent and Non-Contingent Receivables from International Organizations	-	-
Contingent and Unconditional Receivables from Banks and Intermediary Institutions	1.892.928	2.255.111
Contingent and Non-Contingent Corporate Receivables	16.002.684	12.691.169
Contingent and Non-Contingent Retail Receivables	280.416	425.176
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	5.439.217	5.636.804
Past Due Loans	1.472.853	1.114.231
Higher Risk Categories Decided by The Board	-	-
Secured by Mortgages	-	-
Securitization Positions	-	-
Short-term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-
Undertakings for Collective Investments in Mutual Funds	-	-
Other Receivables	1.777.862	1.432.164
Total	30.978.066	27.357.002

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

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

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

In the current period, the share of the Group receivables due to cash loans extended to its top 100 and top 200 customers are 75%, 83% (31 December 2020: 74 and 81%) within the total cash loan portfolio.

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

In the current period, the share of the Group receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 70%, 80% (31 December 2020: 70% and 80%) within cash loans in balance sheet and non-cash loans in off-balance sheet.

The Group's allocated expected credit losses for loans amounts to TL 1.524.981 (31 December 2020: TL 841.201).

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

a. Information on types of loans and specific provisions:

31 December 2021	Corporate	Consumer	Credit Cards	Financial Leasing Receivables	Factoring Receivables	Total
Standard Loans	18.604.567	223.697	-	2.137.212	-	20.965.476
Loans under close monitoring	5.336.431	14.326	-	1.272.114	-	6.622.871
Non-performing loans	1.902.598	17.268	87	656.560	-	2.576.513
Specific provision (-)	721.358	6.181	82	155.076	-	882.697
Total	25.122.238	249.110	5	3.910.810	-	29.282.163

31 December 2020	Corporate	Consumer	Credit Cards	Financial Leasing Receivables	Factoring Receivables	Total
Standard Loans	13.012.923	259.952	-	1.979.136	-	15.252.011
Loans under close monitoring	2.432.005	17.521	-	853.205	-	3.302.731
Non-performing loans	1.835.683	35.674	121	376.349	-	2.247.827
Specific provision (-)	650.966	18.592	106	76.443	-	746.107
Total	16.629.645	294.555	15	3.132.247	-	20.056.462

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

31 December 2021	Corporate	Consumer	Credit Cards	Financial Leasing Receivables	Factoring Receivables	Total
Past due 0-30 days	5.250.692	17.429	-	1.224.704	-	6.492.825
Past due 30-60 days	80.324	7.493	-	24.139	-	111.956
Past due 60-90 days (*)	5.909	3.994	-	107.866	-	117.769
Total	5.336.925	28.916	-	1.356.709	-	6.722.550

31 December 2020	Corporate	Consumer	Credit Cards	Financial Leasing Receivables	Factoring Receivables	Total
Past due 0-30 days	2.170.095	23.051	-	696.375	-	2.889.521
Past due 30-60 days	105.482	10.796	-	39.407	-	155.685
Past due 60-90 days	204.852	9.789	-	117.423	-	332.064
Total	2.480.429	43.636	-	853.205	-	3.377.270

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

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

31 December 2021		Financial Assets at Fair Value through Other Comprehensive Income (Net)	Other Financial Assets Measured at Amortized Cost (Net)	Total
Moody's Rating	Financial Assets at Fair Value through P/L (Net)			
B2 (*)	2.388	659.505	1.023.468	1.685.361
Total	2.388	659.505	1.023.468	1.685.361

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

31 December 2020		Financial Assets at Fair Value through Other Comprehensive Income (Net)	Other Financial Assets Measured at Amortized Cost (Net)	Total
Moody's Rating	Financial Assets at Fair Value through P/L (Net)			
B2 (*)	32.784	399.340	510.403	942.527
Total	32.784	399.340	510.403	942.527

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

d. Information on rating concentration:

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

	31 December 2021	31 December 2020
Above average (%)	24,74	31,44
Average (%)	59,55	54,70
Below average (%)	14,96	12,64
Not rated (%)	0,75	1,22

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

31 December 2021	Corporate Loans	Consumer Loans	Credit Cards	Financial Leasing	Factoring Receivables	Total
Loans under close monitoring	968.933	15.964	-	498.017	-	1.482.914
Non-performing loans	964.383	6.043	-	374.482	-	1.344.908
Total	1.933.316	22.007	-	872.499	-	2.827.822

31 December 2020	Corporate Loans	Consumer Loans	Credit Cards	Financial Leasing	Factoring Receivables	Total
Loans under close monitoring	545.286	8.372	-	338.948	-	892.606
Non-performing loans	265.854	73	-	235.372	-	501.299
Total	811.140	8.445	-	574.320	-	1.393.905

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

f. Profile of significant exposures in major regions:

Type of Collaterals	31 December 2021	31 December 2020
Real-estate mortgage	2.586.328	1.029.374
Pledge	5.698	90.187
Cash and cash equivalents	235.796	274.344
Total	2.827.822	1.393.905

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

f. Profile of significant exposures in major regions:

	Exposure Categories (*)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Curren Period 31 December 2021																		
Domestic	6.940.156	77.816	-	-	-	734.719	19.436.201	222.069	5.252.906	1.438.041	-	-	-	-	-	-	2.472.904	36.574.812
EU Countries	-	-	-	-	-	389.981	40.034	4	7.621	466	-	-	-	-	-	-	-	438.106
OECD Countries (**)	-	-	-	31.428	-	1.472.629	-	2	-	-	-	-	-	-	-	-	-	1.504.059
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	122.461	-	-	-	-	-	-	-	-	-	-	-	122.461
Other Countries	-	-	-	-	-	32.666	2.359	11	719	-	-	-	-	-	-	-	-	35.755
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	6.940.156	77.816	-	31.428	-	2.752.456	19.478.594	222.086	5.261.246	1.438.507	-	-	-	-	-	-	2.472.904	38.675.193

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.

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

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

	Exposure Categories (*)																	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Prior Period 31 December 2020																		
Domestic	4.268.386	206.625	94	-	-	579.914	14.037.101	232.950	5.368.952	1.341.090	-	-	-	-	-	-	1.777.862	27.812.974
EU Countries	-	-	-	-	-	140.006	15	5	1	-	-	-	-	-	-	-	-	140.027
OECD Countries (**)	-	-	-	24.172	-	1.119.066	-	2	-	-	-	-	-	-	-	-	-	1.143.240
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	63.862	16.489	-	-	818	-	-	-	-	-	-	-	81.169
Other Countries	-	-	-	-	-	13.192	-	-	441	-	-	-	-	-	-	-	-	13.633
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	4.268.386	206.625	94	24.172	-	1.916.040	14.053.605	232.957	5.369.394	1.341.908	-	-	-	-	-	-	1.777.862	29.191.043

1. 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
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- (*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.
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(***) Assets and liabilities that cannot be segmented on a consistent basis.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

g. Risk profile according to sectors and counterparties:

31 December 2021	Exposure Categories (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agriculture	-	-	-	-	-	-	321.021	93	6.520	7.345	-	-	-	-	-	-	-	186.938	148.041	334.979
Farming and Stockbreeding	-	-	-	-	-	-	303.978	85	3.950	7.342	-	-	-	-	-	-	-	167.949	147.406	315.355
Forestry	-	-	-	-	-	-	14.027	8	-	1	-	-	-	-	-	-	-	13.401	635	14.036
Fishery	-	-	-	-	-	-	3.016	-	2.570	2	-	-	-	-	-	-	-	5.588	-	5.588
Manufacturing	-	-	-	-	-	-	8.386.682	14.959	413.849	277.807	-	-	-	-	-	-	-	4.440.313	4.652.984	9.093.297
Mining and Quarrying	-	-	-	-	-	-	133.688	912	9.625	26.944	-	-	-	-	-	-	-	84.207	86.962	171.169
Production	-	-	-	-	-	-	6.239.331	13.839	281.951	250.372	-	-	-	-	-	-	-	3.647.623	3.137.870	6.785.493
Electricity, Gas and Water	-	-	-	-	-	-	2.013.663	208	122.273	491	-	-	-	-	-	-	-	708.483	1.428.152	2.136.635
Construction	-	-	-	-	-	-	2.216.358	3.168	714.142	641.567	-	-	-	-	-	-	-	2.642.716	932.519	3.575.235
Services	-	-	-	31.428	-	2.752.456	8.327.834	8.707	4.087.982	477.622	-	-	-	-	-	-	-	5.965.629	9.720.400	15.686.029
Wholesale and Retail Trade	-	-	-	31.428	-	-	2.647.072	6.750	2.179.059	211.107	-	-	-	-	-	-	-	1.588.846	3.486.570	5.075.416
Hotel, Food and Beverage services	-	-	-	-	-	-	1.315.704	5	1.325.188	127.063	-	-	-	-	-	-	-	88.359	2.679.601	2.767.960
Transportation and Telecom	-	-	-	-	-	-	593.386	410	365.044	50.213	-	-	-	-	-	-	-	290.090	718.963	1.009.053
Financial Institutions	-	-	-	-	-	2.752.456	2.795.757	100	159.687	27	-	-	-	-	-	-	-	3.523.516	2.184.511	5.708.027
Real Estate and Rental Services	-	-	-	-	-	-	924.757	1.132	53.418	83.681	-	-	-	-	-	-	-	423.146	639.842	1.062.988
Self-employment Services	-	-	-	-	-	-	6.105	153	12	150	-	-	-	-	-	-	-	4.743	1.677	6.420
Educational Services	-	-	-	-	-	-	2.570	20	-	1.990	-	-	-	-	-	-	-	4.370	210	4.580
Health and Social Services	-	-	-	-	-	-	42.483	137	5.574	3.391	-	-	-	-	-	-	-	42.559	9.026	51.585
Other	6.940.156	77.816	-	-	-	-	226.699	195.159	38.753	34.166	-	-	-	-	-	-	-	2.472.904	4.200.816	5.784.837
Total	6.940.156	77.816	-	31.428	-	2.752.456	19.478.594	222.086	5.261.246	1.438.507	-	-	-	-	-	-	-	2.472.904	17.436.412	21.238.781

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.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

g. Risk profile according to sectors and counterparties (Continued):

31 December 2020	Exposure Categories (*)																	TL	FC	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17				
Agriculture	-	-	-	-	-	-	72.066	706	120.122	1.625	-	-	-	-	-	-	-	32.514	162.005	194.519	
Farming and Stockbreeding	-	-	-	-	-	-	56.459	546	117.831	193	-	-	-	-	-	-	-	13.317	161.712	175.029	
Forestry	-	-	-	-	-	-	14.870	-	2.291	1.216	-	-	-	-	-	-	-	18.310	67	18.377	
Fishery	-	-	-	-	-	-	737	160	-	216	-	-	-	-	-	-	-	887	226	1.113	
Manufacturing	-	-	-	-	-	-	4.181.491	18.154	921.567	332.547	-	-	-	-	-	-	-	1.715.669	3.738.090	5.453.759	
Mining and Quarrying	-	-	-	-	-	-	443.632	665	995	32.974	-	-	-	-	-	-	-	227.254	251.012	478.266	
Production	-	-	-	-	-	-	3.244.932	17.467	900.932	289.987	-	-	-	-	-	-	-	1.467.635	2.985.683	4.453.318	
Electricity, Gas and Water	-	-	-	-	-	-	492.927	22	19.640	9.586	-	-	-	-	-	-	-	20.780	501.395	522.175	
Construction	-	-	-	-	-	-	1.827.082	2.821	1.256.988	339.421	-	-	-	-	-	-	-	908.652	2.517.660	3.426.312	
Services	-	-	19	24.172	-	1.916.040	7.076.400	11.477	2.214.967	595.509	-	-	-	-	-	-	-	4.305.062	7.533.522	11.838.584	
Wholesale and Retail Trade	-	-	19	-	-	-	3.539.850	8.555	657.626	109.985	-	-	-	-	-	-	-	1.272.000	3.044.035	4.316.035	
Hotel, Food and Beverage services	-	-	-	-	-	-	794.046	143	513.872	31.925	-	-	-	-	-	-	-	44.596	1.295.390	1.339.986	
Transportation and Telecom	-	-	-	-	-	-	448.496	1.035	312.281	84.186	-	-	-	-	-	-	-	242.281	603.717	845.998	
Financial Institutions	-	-	-	24.172	-	1.916.040	1.095.684	1.110	496.590	164.877	-	-	-	-	-	-	-	2.021.490	1.676.983	3.698.473	
Real Estate and Rental Services	-	-	-	-	-	-	805.279	589	190.968	44.116	-	-	-	-	-	-	-	158.933	882.019	1.040.952	
Self-employment Services	-	-	-	-	-	-	2.088	2	89	84	-	-	-	-	-	-	-	2.209	54	2.263	
Educational Services	-	-	-	-	-	-	339.450	22	18.741	149.200	-	-	-	-	-	-	-	507.413	-	507.413	
Health and Social Services	-	-	-	-	-	-	51.507	21	24.800	11.136	-	-	-	-	-	-	-	56.140	31.324	87.464	
Other	4.268.386	206.625	75	-	-	-	896.566	199.799	855.750	72.806	-	-	-	-	-	-	-	1.777.862	3.484.498	4.793.371	8.277.869
Total	4.268.386	206.625	94	24.172	-	1.916.040	14.053.605	232.957	5.369.394	1.341.908	-	-	-	-	-	-	-	1.777.862	10.446.395	18.744.648	29.191.043

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.

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II. EXPLANATIONS ON CONSOLIDATED 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	6-2 Months	More than 1 year
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	396.517	341.443	37.909	254.927	1.354.022
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	1.175.768	356.103	333.802	38.706	634.968
Contingent and Non-Contingent Corporate Receivables	6.805.568	841.421	1.412.717	4.457.235	5.961.653
Contingent and Non-Contingent Retail Receivables	17.379	6.473	15.441	64.076	118.716
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	146.857	103.370	163.980	137.880	4.709.158
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	-	-	-	-	15.618
Total	8.573.517	1.648.810	1.963.849	4.960.387	12.864.387

31 December 2020	Term To Maturity				
	1 Month	1-3 Months	3-6 Months	6-2 Months	More than 1 year
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	89.422	152.884	17.552	80.071	1.110.529
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	304.834	320.720	172.069	202.273	727.825
Contingent and Non-Contingent Corporate Receivables	2.612.171	1.355.037	958.938	1.446.226	7.646.658
Contingent and Non-Contingent Retail Receivables	2.900	8.422	12.646	48.950	160.041
Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables	97.171	102.002	213.311	324.428	4.632.480
Past Due Loans	-	-	-	-	-
Higher Risk Categories Decided by the Board	-	-	-	-	-
Secured by Mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions	-	-	-	-	-
Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
Total	3.106.573	1.939.065	1.374.516	2.293.446	14.459.176

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

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

i. Information about the risk exposure categories:

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

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

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

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

j. Exposures by risk weights:

31 December 2021								
Risk Weights	0%	20%	35%	50%	75%	100%	150%	Deductions from Equity
1.Exposures before Credit Risk Mitigation	6.855.894	2.334.220	471.656	4.962.933	112.275	23.775.535	162.679	1.626
2. Exposures after Credit Risks Mitigation	7.903.495	2.418.369	468.474	4.732.393	108.850	22.899.187	144.424	1.626

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

31 December 2020								
Risk Weights	0%	20%	35%	50%	75%	100%	150%	Deductions from Equity
1.Exposures before Credit Risk Mitigation	4.127.578	1.296.916	508.677	4.949.834	232.558	17.931.745	143.735	26
2. Exposures after Credit Risks Mitigation	4.889.222	1.488.760	497.335	4.583.194	223.400	17.426.907	82.225	26

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

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

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 (TFRS 9-Stage 2)	Expected Credit Loss Provision (TFRS 9-Stage 3)
Major Sectors / Counterparties				
Agriculture	-	7.972	-	612
Farming and Stockbreeding	-	7.963	-	606
Forestry	-	2	-	1
Fishery	-	7	-	5
Manufacturing	937.358	451.200	155.294	147.377
Mining and Quarrying	7.151	29.317	257	2.234
Production	930.207	420.634	155.037	144.385
Electricity, Gas and Water	-	1.249	-	758
Construction	197.168	990.002	59.007	293.951
Services	5.412.650	1.010.773	1.233.679	402.254
Wholesale and Retail Trade	3.377.000	342.134	560.317	102.993
Accommodation and Dining	1.923.819	335.091	656.936	106.959
Transportation and Telecom	32.616	75.279	13.649	24.748
Financial Institutions	2.485	402	12	375
Real Estate and Rental Services	68.000	243.269	707	159.941
Professional Services	-	153	-	3
Educational Services	2.335	4.593	1.167	2.603
Health and Social Services	6.395	9.852	891	4.632
Other	75.695	116.566	1.335	38.503
Total	6.622.871	2.576.513	1.449.315	882.697

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

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)
Major Sectors / Counterparties				
Agriculture	528.375	1.423	195.469	102
Farming and Stockbreeding	525.932	144	195.425	97
Forestry	2.443	1.279	44	5
Fishery	-	-	-	-
Manufacturing	197.522	450.736	15.492	169.244
Mining and Quarrying	7.355	39.983	174	19.709
Production	190.167	406.973	15.318	149.247
Electricity, Gas and Water	-	3.780	-	288
Construction	682.216	331.111	124.302	69.584
Services	1.913.046	1.218.161	380.246	432.531
Wholesale and Retail Trade	805.212	168.298	143.822	68.633
Accommodation and Dining	281.782	46.252	85.027	12.805
Transportation and Telecom	324.748	729.337	34.099	290.939
Financial Institutions	84.247	188.595	256	29.113
Real Estate and Rental Services	215.519	35.876	9.953	10.968
Professional Services	40	6	-	4
Educational Services	191.415	41.294	106.999	16.407
Health and Social Services	10.083	8.503	90	3.662
Other	56.111	246.396	1.025	74.646
Total	3.377.270	2.247.827	716.534	746.107

l. Information about Value Adjustment and Change in Provisions:

31 December 2021	Opening Balance	Provision for Period	Write off from Asset (*)	Other Adjustments (**)	Closing Balance
1. Specific Provisions (**)	755.476	197.070	(54.274)	4.438	902.710
2. General Provisions	841.202	196.480	(29.920)	517.219	1.524.981
TOTAL	1.596.678	393.550	(84.194)	521.657	2.427.691

(*) Includes specific provisions allocated for uncompensated non-cash loans, cheque-book allowances and free provisions which the Bank has classified as non-performing loans.

(**) The Other Adjustments column consists of asset sales and exchange rate differences of provisions in foreign currencies.

31 December 2020	Opening Balance	Provision for Period	Write off from Asset (*)	Other Adjustments (**)	Closing Balance
1. Specific Provisions (**)	335.225	410.464	-	9.788	755.477
2. General Provisions	585.476	71.726	-	183.999	841.201
TOTAL	920.701	482.190	-	193.787	1.596.678

(*) Includes specific provisions allocated for uncompensated non-cash loans, cheque-book allowances and free provisions which the Bank has classified as non-performing loans.

(**) The Other Adjustments column consists of asset sales and exchange rate differences of provisions in foreign currencies.

m. Risks Included in Cyclical Capital Buffer Calculation:

None.

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT:

Risk Management Approach and Risk Weighted Amounts

a. Risk Management Approach of the Group:

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

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

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

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

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

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

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

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

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

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

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

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

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

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

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

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

4. Main components and scope of risk measurement systems:

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

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

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

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

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

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

6. Disclosures on Stress Test:

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

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

Internal periodic stress tests are made in the framework of scenarios determined internally in accordance with portfolio, business strategy, risk appetite and retrospective estimations of the Group. The Group prepares its internal periodic stress tests through benefiting from sensitivity analysis, stress test, reverse stress test and scenarios analysis instruments. Credit risk stress tests include scenarios such as depreciation of Turkish Lira, increase in overdue receivables and decrease in the value of real estate. On the other hand, reverse stress tests towards risk appetite limits through scenario analysis related to concentration index are periodically made.

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

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

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

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

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

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

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

b. Overview of risk weighted amounts

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

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

		Risk Weighted Amounts		Minimum Capital Liability
		Current Period	Prior Period	Current Period
		31 December 2021	31 December 2020	31 December 2021
1	Credit risk (excluding counterparty credit risk) (CCR)	25.739.586	20.039.447	2.059.167
2	Standardised approach (SA)	25.739.586	20.039.447	2.059.167
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	731.365	563.444	58.509
5	Standardised approach for counterparty credit risk (SA-CCR)	731.365	563.444	58.509
6	Internal Model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory Formula Approach (SSFA)	-	-	-
16	Market risk	464.105	276.989	37.128
17	Standardised approach (SA)	464.105	276.989	37.128
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	1.681.628	1.492.458	134.530
20	Basic indicator approach	1.681.628	1.492.458	134.530
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor Adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	28.616.684	22.372.338	2.289.334

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

c. Relationships between financial statements and risk amounts

1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation:

31 December 2021	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with TAS	Carrying values of items in accordance with TAS				
			Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with the Central Bank (net)	6.391.851	6.391.851	4.481.009	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss (net)	1.295.297	1.295.297	-	1.160.303	-	179.496	1.626
Financial Assets at Fair Value Through Profit or Loss (net)	-	-	-	-	-	-	-
Banks (net)	556.370	556.370	450.329	-	-	-	-
Money Market Placements (net)	42.500	42.500	42.500	42.500	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (net)	684.150	684.150	684.149	1.295	-	-	-
Loans and Receivables (net)	24.019.354	24.019.354	21.107.658	-	-	-	-
Factoring Receivables (net)	-	-	-	-	-	-	-
Other Financial Assets measured at Amortized Cost (net)	1.023.468	1.023.468	1.023.468	273.313	-	-	-
Investment in Associates (net)	-	-	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-	-	-
Lease Receivables	3.750.252	3.750.252	2.812.423	-	-	-	-
Derivative Financial Assets Held For Hedging (net)	1.693.717	1.693.717	-	1.693.717	-	-	-
Property And Equipment (net)	815.278	815.278	802.196	-	-	-	13.082
Intangible Assets (net)	53.411	53.411	-	-	-	-	53.411
Investment Property (net)	-	-	-	-	-	-	-
Tax Asset (net)	27.597	27.597	10.605	-	-	-	-
Assets Held For Resale And Related To Discontinued Operations (net)	1.039.012	1.039.012	1.039.012	-	-	-	-
Other Assets	579.524	579.524	396.889	-	-	-	-
Total assets	41.971.781	41.971.781	32.850.238	3.171.128	-	179.496	68.119
Liabilities							
Deposits	24.363.175	24.363.175	-	-	-	-	24.363.175
Derivative Financial Liabilities Held for Trading	469.677	469.677	-	464.898	-	127.157	4.779
Funds Borrowed	8.269.255	8.269.255	-	-	-	-	8.269.255
Money Markets	272.768	272.768	-	272.768	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous Payables	1.967.568	1.967.568	-	-	-	-	1.967.568
Other Liabilities	284.543	284.543	-	-	-	-	284.543
Factoring Payables	-	-	-	-	-	-	-
Lease Payables	76.060	76.060	-	-	-	-	76.060
Derivative Financial Liabilities Held For Hedging	118.110	118.110	-	-	-	-	118.110
Provisions	255.030	255.030	-	-	-	-	255.030
Tax Liability	73.973	73.973	-	-	-	-	73.973
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-	-	-
Subordinated Loans	3.347.213	3.347.213	-	-	-	-	3.347.213
Shareholder's Equity	2.474.409	2.474.409	-	-	-	-	2.474.409
Total Liabilities	41.971.781	41.971.781	-	737.666	-	127.157	41.234.115

(*) 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.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

c. Relationships between financial statements and risk amounts

1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation:

31 December 2020	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with TAS	Subject to credit risk	Carrying values of items in accordance with TAS			
				Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with TAS	Subject to credit risk	Carrying values in financial statements prepared as per TAS
Assets							
Cash and balances with the Central Bank (net)	3.270.581	3.270.581	3.046.360	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss (net)	368.519	368.519	-	285.662	-	184.987	26
Financial Assets at Fair Value Through Profit or Loss (net)	-	-	-	-	-	-	-
Banks (net)	153.855	153.855	145.637	-	-	-	-
Money Market Placements (net)	131.550	131.550	-	131.550	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (net)	416.910	416.910	416.910	3.711	-	-	-
Loans and Receivables (net)	16.264.001	16.264.001	15.917.972	-	-	-	-
Factoring Receivables (net)	-	-	-	-	-	-	-
Other Financial Assets measured at Amortized Cost (net)	510.403	510.403	510.403	304.621	-	-	-
Investment in Associates (net)	-	-	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-	-	-
Lease Receivables	3.011.266	3.011.266	2.812.299	-	-	-	-
Derivative Financial Assets Held For Hedging (net)	490.425	490.425	-	490.425	-	-	-
Property And Equipment (net)	573.200	573.200	557.100	-	-	-	16.100
Intangible Assets (net)	43.623	43.623	-	-	-	-	43.623
Investment Property (net)	-	-	-	-	-	-	-
Tax Asset	146.133	146.133	146.133	-	-	-	-
Assets Held For Resale And Related To Discontinued Operations (net)	613.988	613.988	613.988	-	-	-	-
Other Assets	482.575	482.575	472.106	-	-	-	-
Total assets	26.477.029	26.477.029	24.638.908	1.215.969	-	184.987	59.749
Liabilities							
Deposits	13.847.448	13.847.448	-	-	-	-	13.847.448
Derivative Financial Liabilities Held for Trading	400.583	400.583	-	398.519	-	128.522	2.064
Funds Borrowed	6.658.852	6.658.852	-	-	-	-	6.658.852
Money Markets	273.523	273.523	-	273.523	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous Payables	642.329	642.329	-	-	-	-	642.329
Other Liabilities	182.393	182.393	-	-	-	-	182.393
Factoring Payables	-	-	-	-	-	-	-
Lease Payables	77.102	77.102	-	-	-	-	77.102
Derivative Financial Liabilities Held For Hedging	94.972	94.972	-	-	-	-	94.972
Provisions	343.786	343.786	-	-	-	-	343.786
Tax Liability	57.463	57.463	-	-	-	-	57.463
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-	-	-
Subordinated Loans	2.228.521	2.228.521	-	-	-	-	2.228.521
Shareholder's Equity	1.670.057	1.670.057	-	-	-	-	1.670.057
Total Liabilities	26.477.029	26.477.029	-	672.042	-	128.522	25.804.987

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

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

2. Main sources of differences between Amounts valued in accordance with TAS and Risk Exposures

		Total	Subject to Credit Risk	Subject to the Securitisation	Subject to Counterparty Credit Risk	Subject to Market Risk
	31 December 2021					
1	Asset carrying value amount under scope of regulatory consolidation	36.200.862	32.850.238	-	3.171.128	179.496
2	Liabilities carrying value amount under regulatory scope of consolidation	(864.823)	-	-	(737.666)	(127.157)
3	Total net amount under regulatory scope of consolidation	35.336.039	32.850.238	-	2.433.462	52.339
4	Off-Balance Sheet Amounts	5.741.740	5.741.740	-	-	-
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	(1.938.482)	(2.143.929)	-	(206.319)	411.766
9	Differences due to credit risk reduction	-	-	-	-	-
10	Risk Amounts	39.139.297	36.448.049	-	2.227.143	464.105

		Total	Subject to Credit Risk	Subject to the Securitisation	Subject to Counterparty Credit Risk	Subject to Market Risk
	31 December 2020					
1	Asset carrying value amount under scope of regulatory consolidation	26.039.864	24.638.908	-	1.215.969	184.987
2	Liabilities carrying value amount under regulatory scope of consolidation	(800.564)	-	-	(672.042)	(128.522)
3	Total net amount under regulatory scope of consolidation	25.239.300	24.638.908	-	543.927	56.465
4	Off-Balance Sheet Amounts	5.097.710	5.097.710	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences Resulted from the BRSA’s Applications	(868.978)	(1.774.157)	-	684.655	220.524
9	Differences due to credit risk reduction	-	-	-	-	-
10	Risk Amounts	29.468.032	27.962.461	-	1.228.582	276.989

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

There exists no difference between accounting and legal consolidation scopes of the Group. Significant differences between amounts valued in accordance with TAS and Risk exposures source from securities and derivatives. Securities mentioned in repo transaction in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are designated in Money Markets Debts item. For derivative transactions, the Group has foreign exchange swap and interest swap products which are monitored under trading accounts and made for structural interest rate risk and liquidity risk management. Therefore, those products should not be considered in scope of market risk although they are monitored under trading accounts in accordance with TAS.

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

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

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

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

Description of independent price approval processes: The Parent Bank obtains market prices, which shall be used in valuation, from independent data providers and manages through checkpoints established independent from risk generating unit/departments. Valuation prices are determined through collection of data in treasury system for risk factors exposed at a pre-determined hour in each day. The aforementioned data is formed following an inquiry executed by Information Technologies without the interruption of any users. Prices, which shall be used in valuations, are controlled by Market Risk Department on a daily basis.

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

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

d. Credit Risk Disclosures

1. General Qualitative Information on Credit Risk

i. Conversion of Bank's business model to components of credit risk profile

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

ii. Criteria and approach used during the determination of credit risk policy and credit risk limits

The Group determines short, medium and long term credit strategies in line with business strategy and risk appetite and performs studies in line with criteria details in policies of credit policies and credit risk policies in order to minimize expected and unexpected losses exposed due to credit operations. Credit policies determines procedures related to crediting, monitoring, collection and administrative and legal proceedings based on prudent man and applicability principles. Besides, general framework of credit risk studies made in order to execute credit risk in an efficient manner which is requested by legal authorities.

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

ii. Criteria and approach used during the determination of credit risk policy and credit risk limits (continued)

Therefore, Credit Risk Policy, forming top level framework of credit risk studies of the Group, and credit risk limits detailed in this document are determined based on legal requirements, business strategy of the Group, credit strategy, risk appetite and credit policies and reviewed at least annually and updated, if required. Business strategy, risk appetite and retrospective portfolio realizations are taken into consideration while determining credit risk limits. On the other hand, methods such as stress test and reverse stress test are used during the determination of limit levels.

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

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

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

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

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

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

- To analyse credits portfolio through applying stress test, reverse stress test and scenario analysis, if required, for credit risk management,
- To monitor, report risk appetite limits determined in Credit Risk Policy periodically and share opinion and recommendations in revision of risk appetite limits,
- To share recommendations developed for stress test and scenario analysis in order to be presented to Board of Directors, with Risk Coordination Committee and Risk Committee.
- To monitor the performance of TFRS 9 models, to perform and/or to coordinate model revision, validation and calibration works.

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

Three lines control mechanism is established in order manage credit risk and to reduce expected and unexpected losses to a minimum level at the Group. 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 Parent Bank and related controls into account in the framework of annual audit plans. Assurance is provided on effectiveness and sufficiency of internal control and risk management strategies related to credit risk activity field executed towards strategies and objectives of the Group through credit risk management in scope of headquarters unit and process audits and branch audits including participation of Directorate of Supervisory Board.

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

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

v. Disclosures regarding risk reporting processes provided to members of Board of Directors and senior management

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

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		Allowances/ depreciation and impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	2.576.513	27.588.347	2.395.241	27.769.619
2	Debt Securities	-	1.817.967	13	1.817.954
	Off-balance sheet exposures	44.716	7.504.343	30.902	7.518.157
4	Total	2.621.229	36.910.657	2.426.156	37.105.730

	31 December 2020	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Allowances/ depreciation and impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	2.247.827	18.554.742	1.528.267	19.274.302
2	Debt Securities	-	992.600	4	992.596
	Off-balance sheet exposures	29.057	5.578.062	68.408	5.538.711
4	Total	2.276.884	25.125.404	1.596.679	25.805.609

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	2.276.884
2	Loans and debt securities that have defaulted since the last reporting period	839.952
3	Returned to non-defaulted status	-
4	Amounts written off (-)	(32.892)
5	Other changes	(462.715)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	2.621.229

31 December 2020		
1	Defaulted loans and debt securities at the end of the previous reporting period	1.220.396
2	Loans and debt securities that have defaulted since the last reporting period	1.460.992
3	Returned to non-defaulted status	-
4	Amounts written off (-)	-
5	Other changes	(404.504)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	2.276.884

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

4. Additional disclosures related to credit quality of assets:

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

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

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

None.

iii. Descriptions of methods used while determining provision amounts:

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

iv. Descriptions of restructured receivables:

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

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

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

		31 December 2021	31 December 2020
1	Domestic	34.089.513	24.228.780
2	European Union Countries	602.765	124.609
3	OECD Countries (*)	69.906	59.343
4	Off-shore Banking Regions	-	-
5	USA, Canada	3.832	20.082
6	Other Countries	50.153	14.220
7	Associates, Subsidiaries and Jointly Controlled Entities	-	-
8	Unallocated Assets / Liabilities	-	-
9	Total	34.816.169	24.447.034

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

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

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

		31 December 2021	31 December 2020
1	Agriculture	511.929	374.991
2	Farming and Stockbreeding	488.326	368.684
3	Forestry	18.050	5.309
4	Fishery	5.553	998
5	Manufacturing	12.541.661	6.908.347
6	Mining and Quarrying	218.166	134.069
7	Production	9.481.943	5.068.116
8	Electricity, Gas and Water	2.841.552	1.706.162
9	Construction	4.133.483	4.513.610
10	Services	16.754.328	11.321.507
11	Wholesale and Retail Trade	6.436.879	4.346.829
12	Accommodation and Dining	3.476.676	2.084.380
13	Transportation and Telecom	1.352.929	810.972
14	Financial Institutions	3.973.707	2.770.753
15	Real Estate and Rental Services	1.447.000	1.180.466
16	Professional Services	7.802	8.694
17	Educational Services	3.483	40.139
18	Health and Social Services	55.852	79.274
19	Other	874.768	1.328.579
20	Total	34.816.169	24.447.034

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

	1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributable	Total
31 December 2021							
Cash and Non-cash loans	9.625.538	6.104.291	5.409.583	7.492.645	4.490.296	1.693.816	34.816.169
31 December 2020							
Cash and Non-cash loans	6.155.975	3.451.530	4.451.248	6.347.807	2.538.231	1.502.243	24.447.034

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

vi. Amounts of receivables provisioned based on geographical regions and sector and amount written-off from assets through related provisions (Continued):

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 Loans	Special Provisions	Non Performing Loans	Special Provisions
1 Agriculture	7.972	612	1.423	102
2 Farming and Stockbreeding	7.963	606	144	97
3 Forestry	2	1	1.279	5
4 Fishery	7	5	-	-
5 Manufacturing	451.200	147.377	450.736	169.244
6 Mining and Quarrying	29.317	2.234	39.983	19.709
7 Production	420.634	144.385	406.973	149.247
8 Electricity, Gas and Water	1.249	758	3.780	288
9 Construction	990.002	293.951	331.111	69.584
10 Services	1.010.773	402.254	1.218.161	432.531
11 Wholesale and Retail Trade	342.134	102.993	168.298	68.633
12 Accommodation and Dining	335.091	106.959	46.252	12.805
13 Transportation and Telecom	75.279	24.748	729.337	290.939
14 Financial Institutions	402	375	188.595	29.113
15 Real Estate and Rental Services	243.269	159.941	35.876	10.968
16 Professional Services	153	3	6	4
17 Educational Services	4.593	2.603	41.294	16.407
18 Health and Social Services	9.852	4.632	8.503	3.662
19 Other	116.566	38.503	246.396	74.646
20 Total	2.576.513	882.697	2.247.827	746.107

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

	Written-off from accounts	Written-off from assets
Agriculture	-	-
Farming and Stockbreeding	-	-
Forestry	-	-
Fishery	-	-
Manufacturing	-	-
Mining and Quarrying	-	-
Production	-	-
Electricity, Gas and Water	-	-
Construction	-	-
Services	-	15.431
Wholesale and Retail Trade	-	15.431
Accommodation and Dining	-	-
Transportation and Telecom	-	-
Financial Institutions	-	-
Real Estate and Rental Services	-	-
Professional Services	-	-
Educational Services	-	-
Health and Social Services	-	-
Other	17.461	-
Total	17.461	15.431

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

vii. Aging analysis for overdue receivables.

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

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

Specific and general provision are allocated for restructured receivables and free provision is allocated for miscellaneous risks, if required, in accordance with TFRS 9 and the Communiqué Related to Principles and Procedures on Classification of Loans and the Provisions to be allocated for These Loans” and there is no situation in which no provision is made.

e. Credit Risk Mitigation

1. Qualitative disclosure on credit risk mitigation techniques

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

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

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

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

In collateralized credit transactions, if it is established as a result of revaluations tests made on collaterals that there exist an impairment and therefore the collaterals received remained under credit collateral ratio, additional collateral should be received.

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

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

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

2. Credit risk mitigation techniques

	31 December 2021	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	27.462.513	6.577.929	4.419.237	-	-	-	-
2	Debt Securities	1.817.954	-	-	-	-	-	-
3	Total	29.280.467	6.577.929	4.419.237	-	-	-	-
4	Of which defaulted	1.718.518	97.767	92.220	-	-	-	-

	31 December 2020	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	13.025.101	6.249.201	4.023.717	-	-	-	-
2	Debt Securities	992.596	-	-	-	-	-	-
3	Total	14.017.697	6.249.201	4.023.717	-	-	-	-
4	Of which defaulted	1.521.411	904.214	572.016	-	-	-	-

f. Credit Risk if the Standard Approach is used:

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

Credit Risk if the Standard Approach is used:

Fitch Grades are used for receivable classifications set out in credit risk standard approach calculations by the Group.

Fitch Rating Grades are taken into account by risk receivables from centralized administrations or from central banks and by foreign banks or by the financial institutions receivables portfolio.

Fitch Marks assigned to a debtor is taken into account for all assets of the debtor, no exception is made for a significant category of assets.

CRA's which are not included in the twinning table of the institution, are not used.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

2. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects:

31 December 2021		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	5.822.803	-	6.232.485	-	-	-
2	Exposures to regional governments or local authorities	191.270	-	77.816	-	38.908	50,0%
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	31.428	-	31.428	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Exposures to institutions	788.610	471.283	902.060	443.857	543.080	40,4%
7	Exposures to corporates	16.566.126	5.135.818	16.411.929	2.953.833	17.830.858	92,1%
8	Retail exposures	207.608	59.361	207.567	14.416	240.463	108,3%
9	Exposures secured by residential property	465.213	15.605	463.000	6.766	164.516	35,0%
10	Exposures secured by commercial real estate	4.820.167	28.245	4.775.349	16.131	3.299.965	68,9%
11	Past-due loans	1.515.537	-	1.438.508	-	1.442.884	100,3%
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	2.472.904	-	2.472.904	-	2.178.912	88,1%
17	Equity Investment	-	-	-	-	-	-
18	Total	32.850.238	5.741.740	32.981.618	3.466.431	25.739.586	70,6%

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

2. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) 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
1	Exposures to central governments or central banks	3.719.374	-	4.148.840	-	-	-
2	Exposures to regional governments or local authorities	348.950	-	206.625	-	103.312	50,0%
3	Receivables from administrative units and non-commercial enterprises	-	38	-	19	-	-
4	Exposures to multilateral development banks	-	24.172	-	24.172	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Exposures to institutions	634.993	210.011	777.316	190.849	453.023	46,8%
7	Exposures to corporates	11.071.541	4.757.858	10.847.176	3.046.010	12.975.213	93,4%
8	Retail exposures	217.028	62.721	217.051	15.240	167.974	72,3%
9	Exposures secured by residential property	502.726	14.581	493.461	5.820	174.068	34,9%
10	Exposures secured by commercial real estate	4.893.581	28.329	4.850.901	19.211	3.397.479	69,8%
11	Past-due loans	1.472.853	-	1.341.908	-	1.355.051	101,0%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other receivables	1.777.862	-	1.777.862	-	1.413.327	79,5%
17	Equity Investment	-	-	-	-	-	-
18	Total	24.638.908	5.097.710	24.661.140	3.301.321	20.039.447	71,7%

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

3. Exposures by asset classes and risk weights

31 December 2021												Total credit risk exposure amount (after CCF and CRM)
Exposure Categories/ Risk weight*	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%			
1 Exposures to central governments or central banks	6.232.485	-	-	-	-	-	-	-	-	-	-	6.232.485
2 Exposures to regional governments or local authorities	-	-	-	-	77.816	-	-	-	-	-	-	77.816
3 Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4 Exposures to multilateral development banks	31.428	-	-	-	-	-	-	-	-	-	-	31.428
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	457.553	-	873.590	-	14.774	-	-	-	-	1.345.917
7 Exposures to corporates	432.059	-	1.117.813	-	417.815	-	17.397.446	629	-	-	-	19.365.762
8 Retail exposures	2.249	-	3.717	-	-	108.747	5.491	101.779	-	-	-	221.983
9 Exposures secured by residential property	925	-	-	468.474	-	-	-	367	-	-	-	469.766
10 Exposures secured by commercial real estate	18.434	-	159	-	2.945.908	-	1.826.979	-	-	-	-	4.791.480
11 Past-due loans	84	-	-	-	32.729	-	1.364.046	41.649	-	-	-	1.438.508
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	-	-	-	-	-	2.178.912	-	-	-	-	2.472.904
18 Total	7.011.656	-	1.579.242	468.474	4.347.858	108.747	22.787.648	144.424	-	-	-	36.448.049

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

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

3. Exposures by asset classes and risk weights (Continued):

31 December 2020												Total credit risk exposure amount (after CCF and CRM)
Exposure Categories/ Risk weight*	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%			
1 Exposures to central governments or central banks	4.148.840	-	-	-	-	-	-	-	-	-	-	4.148.840
2 Exposures to regional governments or local authorities	-	-	-	-	206.625	-	-	-	-	-	-	206.625
3 Exposures to public sector entities	19	-	-	-	-	-	-	-	-	-	-	19
4 Exposures to multilateral development banks	24.172	-	-	-	-	-	-	-	-	-	-	24.172
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	128.853	-	824.119	-	15.193	-	-	-	-	968.165
7 Exposures to corporates	80.569	-	847.345	-	255.086	-	12.710.186	-	-	-	-	13.893.186
8 Retail exposures	4.938	-	4.620	-	-	222.733	-	-	-	-	-	232.291
9 Exposures secured by residential property	1.946	-	-	497.335	-	-	-	-	-	-	-	499.281
10 Exposures secured by commercial real estate	2.126	-	1.040	-	2.939.345	-	1.927.601	-	-	-	-	4.870.112
11 Past-due loans	12	-	-	-	55.914	-	1.203.757	82.225	-	-	-	1.341.908
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13 Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-	-
14 Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-	-	-
15 Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-	-	-
16 Investments in equities	-	-	-	-	-	-	-	-	-	-	-	-
17 Other receivables	364.535	-	-	-	-	-	1.413.327	-	-	-	-	1.777.862
18 Total	4.627.157	-	981.858	497.335	4.281.089	222.733	17.270.064	82.225	-	-	-	27.962.461

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

g. Disclosures regarding Counterparty Credit Risk

1. Qualitative Disclosures on Counterparty Credit Risk

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

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

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

Activities, job definitions and responsibilities related to management, measurement, monitoring and reporting of counterparty credit risk are determined through policies and procedures. Counterparty credit risks can be simultaneously controlled on treasury system and early warning limit excess mechanisms are triggered if the use of limits are over 80%. Counterparty credit risk usage in the subsidiaries are constantly reported to the General Manager of Risk Management, Treasury Department, Vice President responsible for Capital Markets and Financial Institutions, Chief Financial Officer, and the Market Risk Department of the Parent Bank.

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

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

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

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

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

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

A limit before exchange is allocated for customers apart from financial institutions. On the other hand, a Lending Limit is allocated affiliates in line with the content of the transactions.

There is a minimal CCP risk exposure due to the future transactions carried out by the Group 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 Group for companies apart from financial institutions and individuals.

iv. Rules with respect to Counter-trend risk

The Parent Bank uses results of counterparty stress test performed periodically related to counter-trend risk and evaluates impact of deterioration in macro-economic conditions on credit risk of the customer. If it exists on a Group basis, the specific reverse tendency risk is monitored regularly with reports.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

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

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

2. Assessment of Counterparty Credit Risk according to the models of measurement

		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
	31 December 2021						
1	Standart Approach-CCR	-	-			-	-
2	Internal Model Approach - (for derivative financial instruments, repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)			-		-	-
3	Simplified Standardised Approach for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					2.227.143	471.709
4	Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					-	-
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions - value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions					-	-
6	Total					2.227.143	471.709

		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
	31 December 2020						
1	Standart Approach-CCR	-	-			-	-
2	Internal Model Approach - (for derivative financial instruments, repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)			-		-	-
3	Simplified Standardised Approach for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					1.228.582	409.776
4	Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions)					-	-
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions - value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions					-	-
6	Total					1.228.582	409.776

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

3. Credit valuation adjustment (CVA) capital charge

	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
31 December 2021		
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	2.227.143	243.966
4 Total amount of CVA capital adequacy	2.227.143	243.966

	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
31 December 2020		
Total portfolio value with comprehensive approach CVA capital adequacy		
1 (i) Value at risk component (including 3*multiplier)		
2 (ii) Stressed Value at Risk (including 3*multiplier)		
3 All portfolios subject to Standardised CVA capital obligation	1.228.582	119.484
4 Total amount of CVA capital adequacy	1.228.582	119.484

4. Standardised approach – CCR exposures by regulatory portfolio and risk weights

31 December 2021	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Risk Weights									
Risk Classes									
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	182.874	-	839.127	384.535	-	-	-	-	1.406.536
Corporate receivables	1.294	-	-	-	-	111.539	-	-	112.833
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	-	-	-	-	-	-	-	-	-
Total	891.839	-	839.127	384.535	103	111.539	-	-	2.227.143

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

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

4. Standardised approach – CCR exposures by regulatory portfolio and risk weights

31 December 2020										
Risk Weights	0%	10%	20%	50%	75%	100%	150%	Other		Total credit risk
Risk Classes										
Central governments and central banks receivables	19.497	-	100.050	-	-	-	-	-	-	119.547
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	75	-	-	-	75
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	238.918	-	406.852	302.105	-	-	-	-	-	947.875
Corporate receivables	3.650	-	-	-	-	156.768	-	-	-	160.418
Retail receivables	-	-	-	-	667	-	-	-	-	667
Mortgage receivables	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	262.065	-	506.902	302.105	667	156.843	-	-	-	1.228.582

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

5. Composition of collateral for CCR exposure

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	-	-	-	-	-	-
Total	-	-	-	-	184.168	-

31 December 2020	Collaterals for Derivatives Transactions				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - Local Currency	-	-	-	-	103.701	-
Cash - Foreign Currency	-	-	-	-	238.918	-
Government Bonds-Domestic	-	-	-	-	-	-
Government Bonds-Other	-	-	-	-	-	-
Public Institution Bonds	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-
Share Certificate	-	-	-	-	-	-
Other Guarantees	-	-	-	-	-	-
Total	-	-	-	-	342.619	-

6. Credit derivatives:

None.

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

7. Risks to Central Counterparty:

There is a minimal CCP risk exposure due to the future transactions carried out by the Bank in Takasbank market. On the consolidated basis, there is a minimal CCP risk exposure in scope of products offered to customers of Burgan Yatırım A.Ş. Capital requirements are calculated for commercial risks and amounts of guarantee fund within an alternative method for CCP risks.

31 December 2021		Exposure at default (post-CRM)	RWA
1	Total Exposure to Qualified Central Counterparties (QCCPs)		15.690
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

7. Risks to Central Counterparty (Continued):

31 December 2020		Exposure at default (post-CRM)	RWA
1	Total Exposure to Qualified Central Counterparties (QCCPs)	-	2.199
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

h. Securitization disclosures:

None.

j. Disclosures on Market Risk

1. Qualitative information which shall be disclosed to public related to market risk

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

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

Market Risk exposed by the Parent Bank is managed by Treasury, Capital Markets and Financial Institutions. The risk which the subsidiaries are exposed to is managed by the Treasury and Financial Institutions departments of Burgan Securities and Burgan Leasing which operate independently from the Parent Bank. The Parent Bank limits the market risk which shall be exposed for different risk factors in the framework of risk appetite. The framework of the limit and tracking method is determined with Treasury Risk Parameters document approved by Board of Directors and limits are reviews at least on an annual basis.

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

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

- iii.** The Parent Bank uses Historical Simulation Method as internal method in order to digitize value at market risk. Unilateral 99% trust range, historical data belonging to working days in past two years and 10 days of holding period are taken into consideration in the calculation. The Parent Bank also calculates stress risk at value on a daily basis.

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

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III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

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

Risk parameters include different type of limits such as foreign currency position limit, nominal, maturity, foreign exchange breakdowns related to bond portfolio, value at risk limits, limits related to interest rate (DV01), option vega limits and loss limits determined for trading portfolio. Some of these limits are monitored on consolidated basis, while others are monitored by the subsidiaries via independent limits from the Parent Bank, however all usages are followed up through daily reporting in the Parent Bank.

2. Market risk under standardised approach

	31 December 2021	RWA
	Outright products	
1	Interest rate risk (general and specific)	190.398
2	Equity risk (general and specific)	68.896
3	Foreign exchange risk	199.990
4	Commodity risk	4.038
	Options	
5	Simplified approach	-
6	Delta-plus method	783
7	Scenario approach	-
8	Securitisation	-
9	Total	464.105

	31 December 2020	RWA
	Outright products	
1	Interest rate risk (general and specific)	136.149
2	Equity risk (general and specific)	-
3	Foreign exchange risk	138.482
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	2.358
7	Scenario approach	-
8	Securitisation	-
9	Total	276.989

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IV. EXPLANATIONS ON CONSOLIDATED OPERATIONAL RISK:

The amount subject to operational risk is calculated once a year by using the "Basic Indicator Approach" in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette No. 28337 dated 28 June 2012. The operational risk capital requirement dated 31 December 2021 has been calculated using the income in 2018, 2019 and 2020.

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

31 December 2021	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	868.663	930.278	891.664	896.868	15	134.530
Amount subject to operational risk (Total*12,5)	-	-	-	-	-	1.681.628

31 December 2020	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	588.992	868.663	930.278	795.978	15	119.397
Amount subject to operational risk (Total*12,5)	-	-	-	-	-	1.492.458

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V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK:

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

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

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

	EUR		USD	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020

Bid Rate	TL 15,0867	TL 9,1164	TL 13,3290	TL 7,4194
1. Day Bid Rate	TL 15,0867	TL 9,1164	TL 13,3290	TL 7,4194
2. Day Bid Rate	TL 14,6823	TL 9,0079	TL 12,9775	TL 7,3405
3. Day Bid Rate	TL 13,8011	TL 9,0697	TL 12,2219	TL 7,4063
4. Day Bid Rate	TL 13,4000	TL 9,1370	TL 11,8302	TL 7,4738
5. Day Bid Rate	TL 12,8903	TL 9,2037	TL 11,3900	TL 7,5517

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

	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

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V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Information on currency risk of the Group:

	EUR	USD	Other FC	Total
31 December 2021				
Assets				
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
Due From Banks	49.595	254.881	18.700	323.176
Financial Assets at Fair Value Through Profit or Loss (*)	28.988	100.758	135	129.881
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	58.202	52.177	-	110.379
Loans (*)	12.482.321	4.287.760	-	16.770.081
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	251.684	771.784	-	1.023.468
Hedging Derivative Financial Assets (*)	8.085	104.601	-	112.686
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (*)	31.742	5.257	970	37.969
Total Assets	15.379.392	8.914.424	153.957	24.447.773
Liabilities				
Bank Deposits	3.820	479.620	40	483.480
Foreign Currency Deposits	6.825.861	10.256.469	719.477	17.801.807
Funds From Interbank Money Market	-	210.613	-	210.613
Funds Borrowed From Other Financial Institutions	1.584.082	9.850.143	-	11.434.225
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	1.046.559	652.694	10	1.699.263
Hedging Derivative Financial Liabilities	19.929	4.265	-	24.194
Other Liabilities (*)	11.612	646	12.578	24.836
Total Liabilities	9.491.863	21.454.450	732.105	31.678.418
Net On-balance Sheet Position	5.887.529	(12.540.026)	(578.148)	(7.230.645)
Net Off-balance Sheet Position	(4.815.773)	12.471.150	581.154	8.236.531
Financial Derivative Assets	2.193.480	16.846.883	837.068	19.877.431
Financial Derivative Liabilities	7.009.253	4.375.733	255.914	11.640.900
Non-Cash Loans (**)	1.801.707	3.515.723	64.128	5.381.558
31 December 2020				
Total Assets (*)	10.670.580	5.848.333	38.916	16.557.829
Total Liabilities (*)	5.879.853	13.002.627	282.241	19.164.721
Net On-balance Sheet Position	4.790.727	(7.154.294)	(243.325)	(2.606.892)
Net Off-balance Sheet Position	(4.240.703)	7.314.541	248.637	3.322.475
Financial Derivative Assets	2.552.398	10.476.238	413.273	13.441.909
Financial Derivative Liabilities	6.793.101	3.161.697	164.636	10.119.434
Non-Cash Loans (**)	1.771.089	2.260.017	148.516	4.179.622

(*) 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. Therefore, as of 31 December 2021, foreign currency indexed loans of TL 153.438 (31 December 2020: TL 133.622) included in the Turkish Lira column in the balance sheet are included in the table above. In addition, in foreign currency assets; "Prepaid Expenses" amounting to TL 2.150 (31 December 2020: None.) and "Derivative Financial Instruments Income Rediscounts" amounting to TL 63.737 (31 December 2020: TL 68.720) and "First and Second Stage Expected Loss Provisions" amounting to TL 1.421.091 (31 December 2020: TL 727.102) and in foreign currency liabilities; "Derivative Financial Instruments Expense Rediscounts" amounting to TL 39.101 (31 December 2020: TL 143.555) and "Free Reserves" amounting to TL 138.622 (31 December 2020: None.) and "Non-cash Loans First and Second Stage Expected Loss Provisions" amounting to TL 7.401 (31 December 2020: TL 56.452) and "Securities Valuation Differences" and "Hedging Funds" amounting to TL 10.270 (31 December 2020: TL (19.083)) are not included in the table.

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

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V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Currency risk sensitivity analysis:

If foreign currency appreciated/depreciated against TL at a ratio of 10% and all other variables remain fixed as of 31 December 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	16.174	(16.174)	16.182	(16.182)	(6.284)	6.284	(7.819)	7.819
EUR	4.060	(4.060)	5.079	(5.079)	(6.907)	6.907	(7.281)	7.281
Other currency units	300	(300)	300	(300)	527	(527)	527	(527)
Total, net	20.534	(20.534)	21.561	(21.561)	(12.664)	12.664	(14.573)	14.573

(*) Equity effect also includes income table effects.

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK:

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
31 December 2021							
Assets (***)							
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	238.349	-	-	-	-	318.021	556.370
Financial Assets at Fair Value Through Profit/Loss (*)	996.222	1.279.815	536.357	112.390	48.631	15.599	2.989.014
Interbank Money Market Placements	42.500	-	-	-	-	-	42.500
Financial Assets at Fair Value Through Other Comprehensive Income	20.521	-	-	510.352	128.632	24.645	684.150
Loans	14.893.336	1.171.103	3.811.646	3.759.808	2.439.910	1.693.816	27.769.619
Financial Assets Measured at Amortized Cost	-	-	307.573	582.010	133.872	-	1.023.455
Other Assets	53.581	-	-	-	-	2.461.241	2.514.822
Total Assets	16.595.151	2.450.918	4.655.576	4.964.560	2.751.045	10.554.531	41.971.781
Liabilities							
Bank Deposits	468.243	5.649	-	-	-	23.981	497.873
Other Deposits	14.816.036	4.703.545	730.629	32.781	-	3.582.311	23.865.302
Funds From Interbank Money Market	62.895	-	209.873	-	-	-	272.768
Miscellaneous Payables	-	-	-	-	-	1.971.807	1.971.807
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	4.879.122	4.133.875	1.837.360	99.661	-	666.450	11.616.468
Other Liabilities (*) (**)	540.341	280.286	(341.664)	181.805	734	3.086.061	3.747.563
Total Liabilities	20.766.637	9.123.355	2.436.198	314.247	734	9.330.610	41.971.781
Balance Sheet Long Position	-	-	2.219.378	4.650.313	2.750.311	1.223.921	10.843.923
Balance Sheet Short Position	(4.171.486)	(6.672.437)	-	-	-	-	(10.843.923)
Off-balance Sheet Long Position	2.635.609	3.162.230	1.122.704	-	-	-	6.920.543
Off-balance Sheet Short Position	-	-	-	(4.829.235)	(93.303)	-	(4.922.538)
Total Position	(1.535.877)	(3.510.207)	3.342.082	(178.922)	2.657.008	1.223.921	1.998.005

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 2.854.020 and other liabilities includes hedging derivative financial liabilities amounting to TL 587.787 classified to a related re-pricing periods.

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

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

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):

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

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

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

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

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

Interest rate sensitivity analysis:

Change in interest rate 31 December 2021	Profit/ Loss Effect	Effect on funds under equity
(+) 1%	6.372	(132.804)
(-) 1%	(7.918)	33.716

Change in interest rate 31 December 2020	Profit/ Loss Effect	Effect on funds under equity
(+) 1%	779	(48.212)
(-) 1%	(1.464)	6.717

In the above study, the effects of (+) 1% and (-) 1% change in interest rates on "capital back-up" items under period profit / loss and equity are shown excluding tax effects.

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):

b. Average interest rates for monetary financial instruments:

The average interest rates calculated by weighing the simple rates with their principals are given below:

31 December 2021	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	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	-	-	-	15,23
Financial Assets at Fair Value Through Other Comprehensive Income	4,13	6,02	-	17,02
Loans	5,04	5,27	-	23,32
Financial Assets Measured at Amortized Cost	3,43	6,71	-	-
Liabilities				
Bank Deposits	-	0,10	-	15,79
Other Deposits (*)	0,60	1,12	-	15,29
Funds From Interbank Money Market	-	1,13	-	11,48
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	3,05	2,69	-	15,06

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

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

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

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):

c. Interest rate risk resulting from banking accounts:

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

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

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

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

Currency	Applied Shock (+/- x basis point)	Earnings/Losses	Earnings/ Equities-Losses/Equities
1. 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%
Total (For Negative Shocks)		31.329	0,5%
Total (For Positive Shocks)		(245.414)	(4,2)%

VII. EXPLANATIONS ON CONSOLIDATED SHARE CERTIFICATE POSITION RISK:

None.

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VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO:

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

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

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

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

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

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

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

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

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

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

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

The Parent Bank has a central funding institution function in its relations with partners. Intra-group liquidity management and funding strategies are limited to related legal limitations.

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

Consolidated Liquidity Coverage Ratio:

31 December 2021		Unweighted Amounts (*)		Unweighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			6.944.894	5.961.887
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	14.166.092	9.188.205	1.354.575	918.820
3	Stable deposits	1.240.687	-	62.034	-
4	Less stable deposits	12.925.405	9.188.205	1.292.541	918.820
5	Unsecured Funding other than Retail and Small Business Customers Deposits	5.914.223	4.865.258	2.645.028	1.984.664
6	Operational deposits	2.422.062	2.238.772	605.515	559.693
7	Non-Operational Deposits	2.864.257	2.397.487	1.411.609	1.195.972
8	Other Unsecured Funding	627.904	228.999	627.904	228.999
9	Secured funding			-	-
10	Other Cash outflows	804.430	798.302	804.430	798.302
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	804.430	798.302	804.430	798.302
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	6.111.430	4.683.503	927.723	713.525
16	TOTAL CASH OUTFLOWS			5.731.756	4.415.311
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	4.327.949	1.702.603	2.918.766	1.148.042
19	Other contractual cash inflows	108.239	1.050.607	108.239	1.050.607
20	TOTAL CASH INFLOWS	4.436.188	2.753.210	3.027.005	2.198.649
				Upper Bound Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			6.944.894	5.961.887
22	TOTAL NET CASH OUTFLOWS			2.704.751	2.216.662
23	LIQUIDITY COVERAGE RATIO (%)			256,77	268,96

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

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

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

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

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

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

High quality liquid assets of the Group consist of accounts in Central Bank of Turkey, at a ratio of 77% and securities issued by Undersecretariat of Treasury at a ratio of 17%. The fund resources are distributed among deposits of individuals and retail, at a rate of 17%, corporate deposits at a rate of 36% and bank debts at a rate of 21%.

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 consolidated basis and monthly for consolidated basis as of 31 December 2015 in accordance with the “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated 21 March 2014 and numbered 28948. As of 31 December 2021, liquidity coverage rates must be at least 80% for foreign currency assets and liabilities and at least 100% in total assets and liabilities. Dates and values of the lowest and highest foreign currency and total consolidated liquidity coverage ratios related to the three-month period calculated by taking daily arithmetic averages are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC + TL	FC	FC + TL
Monthly Arithmetic Average (%)	307,03%	291,16%	262,11%	238,49%
Month	31.12.2021	30.11.2021	30.11.2021	31.12.2021

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

Breakdown of assets and liabilities according to their outstanding maturities:

31 December 2021	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified (***)	Total
Assets (****)								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	2.426.324	3.965.527	-	-	-	-	-	6.391.851
Due From Banks	237.367	238.349	-	-	-	-	80.654	556.370
Financial Assets at Fair Value Through Profit or Loss (*)	-	803.066	923.793	449.047	745.312	52.197	15.599	2.989.014
Interbank Money Market Placements	-	42.500	-	-	-	-	-	42.500
Financial Assets at Fair Value Through Other Comprehensive Income	-	20.519	-	-	510.354	128.632	24.645	684.150
Loans	-	5.482.440	4.904.563	4.193.641	7.014.361	4.480.798	1.693.816	27.769.619
Financial Assets Measured at Amortized Cost	-	-	-	307.573	582.010	133.872	-	1.023.455
Other Assets (**)	17.070	145.141	20.451	104.173	24.388	-	2.203.599	2.514.822
Total Assets	2.680.761	10.697.542	5.848.807	5.054.434	8.876.425	4.795.499	4.018.313	41.971.781
Liabilities								
Bank Deposits	23.981	468.243	5.649	-	-	-	-	497.873
Other Deposits	3.582.311	14.816.036	4.703.545	730.629	32.781	-	-	23.865.302
Funds Borrowed From Other Financial Institutions	-	490.553	1.319.821	2.694.869	3.764.011	3.347.214	-	11.616.468
Funds From Interbank Money Market	-	62.156	-	210.612	-	-	-	272.768
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	4.340	18.981	-	-	-	-	1.948.486	1.971.807
Other Liabilities (*) (***)	871	666.995	279.883	153.751	(129.046)	358	2.774.751	3.747.563
Total Liabilities	3.611.503	16.522.964	6.308.898	3.789.861	3.667.746	3.347.572	4.723.237	41.971.781
Net Liquidity Gap	(930.742)	(5.825.422)	(460.091)	1.264.573	5.208.679	1.447.927	(704.924)	-
Net Off-balance sheet position	-	192.654	(106.509)	416.220	459.172	2.456	-	963.993
Financial Derivative Assets	-	10.951.870	3.910.276	1.355.543	2.997.378	6.919	-	19.221.986
Financial Derivative Liabilities	-	(10.759.216)	(4.016.785)	(939.323)	(2.538.206)	(4.463)	-	(18.257.993)
Non-cash Loans	-	4.143.098	1.199.728	1.215.942	478.284	9.498	-	7.046.550
31 December 2020								
Total Assets	1.628.074	5.246.718	3.036.168	3.718.182	7.412.537	2.629.079	2.806.271	26.477.029
Total Liabilities	881.296	9.828.037	4.951.474	3.873.618	3.125.557	1.142.265	2.674.782	26.477.029
Net Liquidity Gap	746.778	(4.581.319)	(1.915.306)	(155.436)	4.286.980	1.486.814	131.489	-
Net Off-balance sheet position	-	179.769	89.620	130.407	243.244	(455)	-	642.585
Financial Derivative Assets	-	7.474.260	3.570.238	965.738	1.681.932	273	-	13.692.441
Financial Derivative Liabilities	-	(7.294.491)	(3.480.618)	(835.331)	(1.438.688)	(728)	-	(13.049.856)
Non-cash Loans	-	3.282.154	638.933	1.005.282	240.760	4.638	-	5.171.767

(*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 2.854.020 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 587.787.

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

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

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

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VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

Breakdown of financial liabilities according to their remaining contractual maturities:

31 December 2021	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	492.315	5.792	-	-	-	498.107
Funds borrowed from other financial institutions	18.452.146	4.746.182	765.151	40.625	-	24.004.104
Funds from money market	492.858	1.384.531	2.922.766	5.266.971	3.438.651	13.505.777
Payables to money market	62.156	-	211.278	-	-	273.434
Total	19.499.475	6.136.505	3.899.195	5.307.596	3.438.651	38.281.422

31 December 2020	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	64.075	73.161	-	-	-	137.236
Funds borrowed from other financial institutions	9.815.627	3.651.002	393.307	14.971	-	13.874.907
Funds from money market	540.572	1.078.395	3.743.988	2.957.526	1.123.344	9.443.825
Payables to money market	35.162	122.110	-	117.673	-	274.945
Total	10.455.436	4.924.668	4.137.295	3.090.170	1.123.344	23.730.913

Derivative instruments of group, counter-based maturity analysis:

31 December 2021	Up to 1 month	1-3 months	3-12 months	1-5 Years	Above 5 Years	Total
Derivative instruments held for trading						
Exchange rate derivatives:						
- Entry	10.516.764	3.498.954	592.932	-	-	14.608.650
- Out	10.544.106	3.828.387	592.672	-	-	14.965.165
Interest rate derivatives:						
- Entry	3.096	3.052	15.287	32.735	6.919	61.089
- Out	4.173	3.889	20.555	30.478	4.463	63.558
Derivative instruments protection from risk						
Exchange rate derivatives:						
- Entry	431.945	407.727	744.956	2.952.359	-	4.536.987
- Out	209.475	180.312	319.891	2.503.055	-	3.212.733
Interest rate derivatives:						
- Entry	65	543	2.368	12.284	-	15.260
- Out	1.462	4.197	6.205	4.673	-	16.537
Total cash inflow	10.951.870	3.910.276	1.355.543	2.997.378	6.919	19.221.986
Total cash outflow	10.759.216	4.016.785	939.323	2.538.206	4.463	18.257.993

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VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

31 December 2020	Up to 1 month	1-3 months	3-12 months	1-5 Years	Above 5 years	Total
Derivative instruments held for trading						
Exchange rate derivatives:						
- Entry	7.455.474	3.526.050	292.465	-	-	11.273.989
- Out	7.267.638	3.426.218	275.451	-	-	10.969.307
Interest rate derivatives:						
- Entry	6.582	16.131	60.960	70.953	2.501	157.127
- Out	29.196	20.516	68.650	99.083	3.466	220.911
Derivative instruments protection from risk						
Exchange rate derivatives:						
- Entry	41.603	26.120	118.492	425.814	-	612.029
- Out	29.348	51.341	559.255	4.478.848	-	5.118.792
Interest rate derivatives:						
- Entry	-	4.228	664	-	-	4.892
- Out	1.775	33.297	17.757	34.935	-	87.764
Total cash inflow	7.503.659	3.572.529	472.581	496.767	2.501	12.048.037
Total cash outflow	7.327.957	3.531.372	921.113	4.612.866	3.466	16.396.774

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THE GROUP ON A CONSOLIDATED BASIS (Continued):**

IX. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:

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

As of 31 December 2021, the leverage ratio of the Group calculated from the arithmetic average of the three months is 6,05 % (31 December 2020: 5,75%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in balance sheet and off-balance sheet assets.

Disclosure of leverage ratio template:

	31 December 2021 (*)	31 December 2020 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	37.654.863	27.431.411
(Assets deducted from Core capital)	58.443	54.796
Total risk amount of balance sheet assets	37.596.420	27.376.615
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	1.434.239	616.111
Potential credit risk amount of derivative financial assets and credit derivatives	187.960	154.165
Total risk amount of derivative financial assets and credit derivatives	1.622.199	770.276
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross notional amount of off-balance sheet transactions	7.947.351	6.706.223
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	7.947.351	6.706.223
Capital and total risk		
Core Capital	2.806.646	2.001.411
Total risk amount	47.165.970	34.853.114
Leverage ratio		
Leverage ratio	6,05%	5,75%

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

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X. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 31 December 2020, The Group applies cash flow hedge accounting using interest swaps to hedge its FC deposits and other liabilities with an average maturity up to 3 months against interest rate fluctuations. The Group implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TFRS 9, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with the statement of profit or loss.

As of the balance sheet date, derivative financial assets with a carrying amount of TL 1.693.717 (31 December 2020: TL 490.425) and derivative financial liabilities with a carrying amount of TL 118.110 (31 December 2020: TL 94.972), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value expense at the amount of TL 195.760 (31 December 2020: TL 21.901 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2020: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments Fair Value		Hedging Funds	Ineffective Part Accounted in Income Statement (Net)
			Assets	Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	1.565.642	75.160	111.130	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	128.075	42.950	74.393	-

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 statement of profit or loss 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.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XI. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

a. Financial Assets and Liabilities at their fair values:

Financial assets measured at amortized cost are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand placements and deposits represents the amount to be paid upon request. The expected fair value of the fixed rate deposits is determined by calculating the discounted cash flow using the Bank’s current interest rates as of balance sheet date.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the Bank’s current interest rates for fixed interest loans. For the loans with floating interest rates, it is assumed that the book value reflects the fair value.

The expected fair value of bank placements, money market placements and bank deposits are determined by calculating the discounted cash flows using the current market interest rates of similar assets and liabilities. The book value represents the sum of acquisition cost and accumulated interest accruals of the related assets and liabilities.

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

	Book Value		Fair Value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial Assets	30.076.150	20.624.747	30.258.689	21.064.638
Receivables from Money Markets	42.500	131.550	42.500	131.871
Banks (*)	556.426	290.617	556.390	286.954
Financial assets at fair value through other comprehensive income	684.150	416.910	684.150	416.910
Other financial assets measured at amortized cost	1.023.468	510.403	985.095	547.097
Loans	27.769.606	19.275.267	27.990.554	19.681.806
Financial Liabilities	38.533.921	23.574.175	38.276.175	23.459.333
Bank Deposits	497.873	137.066	497.778	136.897
Other Deposits	24.363.175	13.847.448	23.819.282	13.678.075
Borrowings	11.616.468	8.887.373	11.902.710	8.942.073
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	2.056.405	702.288	2.056.405	702.288

(*) Includes CBRT time deposits.

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XI. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

b. Fair value hierarchy:

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

Aforesaid fair value hierarchy is determined as follows.

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

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

31 December 2021	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	134.994	1.160.303	-	1.295.297
Government Debt Securities	2.388	-	-	2.388
Share Certificates	-	-	-	-
Derivative financial assets at fair value through profit or loss	-	1.160.303	-	1.160.303
Other Securities	132.606	-	-	132.606
Financial Assets at Fair Value Through other comprehensive income (*)	659.505	7.674	16.971	684.150
Share Certificates	-	7.674	16.971	24.645
Government Debt Securities	659.505	-	-	659.505
Other Securities	-	-	-	-
Derivative financial assets at fair value through other comprehensive income	-	1.693.717	-	1.693.717
Total Assets	794.499	2.861.694	16.971	3.673.164
Derivative financial liabilities at fair value through profit or loss	-	469.677	-	469.677
Derivative financial liabilities at fair value through other comprehensive income	-	118.110	-	118.110
Total Liabilities	-	587.787	-	587.787

(*) 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 less provision for impairment. There are no transfers between 1st and 2nd levels in the current period.

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XI. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):

b. Fair value hierarchy (Continued):

31 December 2020	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	82.857	285.662	-	368.519
Government Debt Securities	32.784	-	-	32.784
Share Certificates	-	-	-	-
Derivative financial assets at fair value through profit or loss	-	285.662	-	285.662
Other Securities	50.073	-	-	50.073
Financial Assets at Fair Value Through other comprehensive income (*)	399.340	7.674	9.896	416.910
Share Certificates	-	7.674	9.896	17.570
Government Debt Securities	399.340	-	-	399.340
Other Securities	-	-	-	-
Derivative financial assets at fair value through other comprehensive income	-	490.425	-	490.425
Total Assets	482.197	783.761	9.896	1.275.854
Derivative financial liabilities at fair value through profit or loss	-	400.583	-	400.583
Derivative financial liabilities at fair value through other comprehensive income	-	94.972	-	94.972
Total Liabilities	-	495.555	-	495.555

(*) As noted in the footnote VII-d, 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 less provision for impairment. There are no transfers between 1st and 2nd levels in the current period.

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

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.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XIII. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

Corporate and commercial banking provides services like loan, deposit, cash management, foreign trade financing, non-cash loans, foreign currency transaction services to customers.

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

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

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

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
31 December 2021					
Net Interest Income	154.349	446.646	(40.823)	183.063	743.235
Net Fees and Commissions	55	33.211	-	6.406	39.672
Trading Profit/Loss	32.423	6.687	159.189	(18.806)	179.493
Other Operating Income	363	212.075	-	124.903	337.341
Operating Income	187.190	698.619	118.366	295.566	1.299.741
Operating Costs (-)	127.483	437.440	52.502	299.974	917.399
Net Operating Income	59.707	261.179	65.864	(4.408)	382.342
Dividend Income	-	-	-	46	46
Income/Loss from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	59.707	261.179	65.864	(4.362)	382.388
Tax Provisions (-)	14.927	65.295	16.466	(19.115)	77.573
Net Profit/Loss	44.780	195.884	49.398	14.753	304.815
Segment Assets	2.937.212	25.231.179	7.482.947	4.626.877	40.278.215
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	1.693.566	1.693.566
Total Assets	2.937.212	25.231.179	7.482.947	6.320.443	41.971.781
Segments Liabilities	15.374.769	8.154.507	8.873.548	7.094.548	39.497.372
Unallocated Liabilities	-	-	-	2.474.409	2.474.409
Total Liabilities	15.374.769	8.154.507	8.873.548	9.568.957	41.971.781

(*) Other operations include the operations of Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş., which are consolidated as the subsidiaries of the Parent Bank.

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INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

XIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
31 December 2020					
Net Interest Income	85.619	384.164	65.865	166.666	702.314
Net Fees and Commissions	1.853	30.758	-	5.211	37.822
Trading Profit/Loss	25.985	3.393	75.020	3.907	108.305
Other Operating Income	1.500	24.197	-	38.355	64.052
Operating Income	114.957	442.512	140.885	214.139	912.493
Operating Costs (-)	93.492	444.450	39.420	619.696	1.197.058
Net Operating Income	21.465	(1.938)	101.465	(405.557)	(284.565)
Dividend Income	-	-	-	8	8
Income/(Loss) from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	21.465	(1.938)	101.465	(405.549)	(284.557)
Tax Provisions (-)	4.722	(426)	22.322	(43.761)	(17.143)
Net Profit / Loss	16.743	(1.512)	79.143	(361.788)	(267.414)
31 December 2020					
Segment Assets	1.876.080	16.039.165	3.751.459	3.901.942	25.568.646
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	908.383	908.383
Total Assets	1.876.080	16.039.165	3.751.459	4.810.325	26.477.029
Segments Liabilities	11.307.269	2.190.886	6.440.907	4.867.910	24.806.972
Unallocated Liabilities	-	-	-	1.670.057	1.670.057
Total Liabilities	11.307.269	2.190.886	6.440.907	6.537.967	26.477.029

(*) Other operations include non-distributable items of Parent Bank and operations of Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş. which are consolidated as the subsidiaries of the Parent Bank.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS:

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

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

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

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
Total	427.401	5.450.020	217.995	2.637.422

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.

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

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

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

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

As of 31 December 2021, there are TL 70 subject to assets given as collateral/blocked to financial assets at fair value through profit or loss (31 December 2020: TL 97)

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
Banks				
Domestic	233.250	6.797	25.244	60.111
Foreign	-	316.379	-	244.199
Headquarters and Branches Abroad	-	-	-	-
Total	233.250	323.176	25.244	304.310

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	-	-
Total	316.379	244.199	-	-

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

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

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

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

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

As of 31 December 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:

There are TL 1.295 financial assets at fair value through other comprehensive income subject to repurchase agreements. (31 December 2020: 3.711).

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

	31 December 2021	31 December 2020
Debt Securities	712.965	400.296
Quoted on Stock Exchange	712.965	400.296
Not Quoted	-	-
Share Certificates	24.645	17.570
Quoted on Stock Exchange	-	-
Not Quoted	24.645	17.570
Impairment Provision (-)	53.460	956
Total	684.150	416.910

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

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

e. Explanations on loans:

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

	31 December 2021		31 December 2020	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	24.860	-	12.944
Corporate Shareholders	-	24.860	-	12.944
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	4.361	-	4.238	-
Total	4.361	24.860	4.238	12.944

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

i.

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured	
			With Revised Contract Terms	Re-finance
Non-Specialized Loans	18.828.264	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 (*)	15.209.845	1.599.640	3.736.075	-
Specialized Loans	-	-	-	-
Other Receivables (**)	2.137.212	32.330	1.239.784	-
Total	20.965.476	1.640.801	4.982.070	-

(*) Standard loans also include Burgan Yatırım’s loans given out to clients.

(**) Other receivables include the lease receivables of Burgan Finansal Kiralama A.Ş.

ii.

	Standard Loans	Loans Under Close Monitoring
General Provisions	63.229	1.449.315
12 Month Expected Credit Losses	63.229	-
Significant Increase in Credit Risk	-	1.449.315

(*) Finance lease receivables provisions are included in the table.

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

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

e. Explanations on loans (Continued):

3. Distribution of Cash Loans according to their maturities:

	Standard Loans	Loans Under Close Monitoring	
		Loans without Revised Contract Terms	Restructured Loans
Short-term Loans	10.228.695	44.646	164.652
Medium and Long-term Loans	10.736.781	1.596.155	4.817.418
TOTAL	20.965.476	1.640.801	4.982.070

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

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

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

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

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

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	277.320	1.096.778	1.374.098
Real estate loans	-	-	-
Automotive loans	-	666	666
Consumer loans	277.320	1.096.112	1.373.432
Other	-	-	-
Commercial Installments Loans-FC Indexed	-	98.885	98.885
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	98.885	98.885
Other	-	-	-
Commercial Installments Loans-FC	-	9.662.365	9.662.365
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	9.662.365	9.662.365
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Corporate Credit Cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit Deposit Account-TL (Legal Person)	8.402	-	8.402
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	285.722	10.858.028	11.143.750

6. Loans according to types of borrowers (*):

	31 December 2021	31 December 2020
Public	-	182.698
Private	27.588.347	18.372.044
Total	27.588.347	18.554.742

(*) It includes the “Receivables from Leasing Transactions”.

7. Distribution of domestic and foreign loans (*):

	31 December 2021	31 December 2020
Domestic Loans	27.512.957	18.548.564
Foreign Loans	75.390	6.178
Total	27.588.347	18.554.742

(*) It includes the “Receivables from Leasing Transactions”.

8. Loans given to investments in associates and subsidiaries:

None (31 December 2020: None).

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(Continued):**

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

9. Specific provisions provided against loans (*):

	31 December 2021	31 December 2020
Loans with Limited Collectability	97.553	111.329
Loans with Doubtful Collectability	108.270	318.208
Uncollectible Loans	676.874	316.570
Total	882.697	746.107

(*) It includes the "Receivables from Leasing Transactions".

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

i. Information on loans and other receivables that are restructured or rescheduled by the Parent Bank:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
31 December 2021			
Gross Amounts before the Provisions	-	-	-
Restructured Loans	-	503	241.230
31 December 2020			
Gross Amounts before the Provisions	-	-	-
Restructured Loans	-	-	21.343

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(Continued):

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

ii. Information on the movement of total non-performing loans (*):

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Prior Period End Balance	311.541	854.162	1.082.124
Additions (+)	794.556	10.017	19.720
Transfers from Other Categories of Non-performing Loans (+)	-	376.612	1.312.869
Transfers to Other Categories of Non-performing Loans (-)	793.024	896.457	-
Collections (-)	13.804	146.784	302.127
Write-offs (-)	-	-	32.892
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	299.269	197.550	2.079.694
Provision (-)	97.553	108.270	676.874
Net Balance on Balance Sheet	201.716	89.280	1.402.820

(*) It includes the "Receivables from Leasing Transactions".

iii. Information on non-performing loans granted as foreign currency loans (*):

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
31 December 2021			
Period-End Balance	12.364	45	1.166.239
Specific Provision (-)	1.198	26	442.156
Net Balance on balance sheet	11.166	19	724.083
31 December 2020			
Period-End Balance	255.347	747.867	474.008
Provision (-)	103.601	280.940	139.777
Net Balance on balance sheet	151.746	466.927	334.231

(*) It includes the "Receivables from Leasing Transactions".

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(Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

- iv. Information regarding gross and net amounts of non-performing loans with respect to user groups (*):

	III. Group	IV. Group	V. Group
	Loans with	Loans with	Uncollectible loans
Current Period (Net)	limited	doubtful	
Loans Given to Real Persons and Legal Persons (Gross)	201.716	89.280	1.402.820
Provision Amount (-)	4.634	194.579	1.720.740
Loans Given to Real Persons and Legal Persons (Net)	915	106.636	620.070
Banks (Gross)	3.719	87.943	1.100.670
Provision Amount (-)			
Banks (Net)			
Other Loans (Gross)	-	-	-
Provision Amount (-)	294.635	2.971	358.954
Other Loans (Net)	96.638	1.634	56.804
Current Period (Net)	197.997	1.337	302.150
Prior Period (Net)	200.211	535.954	765.555
Loans Given to Real Persons and Legal Persons (Gross)	223.439	782.901	865.138
Provision Amount (-)	98.377	294.996	276.290
Loans Given to Real Persons and Legal Persons (Net)	125.062	487.905	588.848
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	88.102	71.261	216.986
Provision Amount (-)	12.953	23.212	40.279
Other Loans (Net)	75.149	48.049	176.707

(*) It includes the "Receivables from Leasing Transactions".

11. Policy followed-up for the collection of uncollectible loans and other receivables:

Uncollectible loans and other receivables are collected through the liquidation of collaterals by legal procedures.

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,

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I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

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 Parent Bank has written-off liabilities amounting to TL 17.461 (31 December 2020: None).

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(Continued):

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

f. Information on the calculation of interest accruals, valuation differences and their provisions for non-performing loans by banks which allocate expected credit losses according to TFRS 9:

	III. Group: Loans with limited collectability	IV. Group: Loans with doubtful collectability	V. Group: Uncollectible loans
Current Period (Net)	1.155	158	87.613
Interest Accruals and Valuation Differences	1.180	311	146.210
Provision Amount (-)	25	153	58.597
Prior Period (Net)	4.918	18.023	75.319
Interest Accruals and Valuation Differences	8.766	28.553	128.608
Provision Amount (-)	3.848	10.530	53.289

g. Information on financial assets measured at amortized cost:

1. Information on financial assets measured at amortized cost subject to repurchase agreements:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	273.313	-	304.621
Other	-	-	-	-
Total	-	273.313	-	304.621

2. Information on financial assets measured at amortized cost given as collateral/blocked:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	750.155	-	205.782
Other	-	-	-	-
Total	-	750.155	-	205.782

3. Information on government debt securities measured at amortized cost:

	31 December 2021	31 December 2020
Government Bond	1.023.468	510.403
Treasury Bond	-	-
Other Public Debt Securities	-	-
Total	1.023.468	510.403

4. Information on financial assets measured at amortized cost:

	31 December 2021	31 December 2020
Debt securities	1.023.468	510.403
Publicly-traded	1.023.468	510.403
Not publicly-traded	-	-
Provision for impairment (-)	-	-
Total	1.023.468	510.403

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(Continued):**

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

g. Information on financial assets measured at amortized cost (Continued):

5. Information on financial assets measured at amortized cost:

	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 (-)	-	-
Period end balance	1.023.468	510.403

h. Information on investments in associates (Net):

None. (31 December 2020: None).

i. Information on subsidiaries (Net):

1. Capital adequacy situation of major subsidiaries:

The Parent Bank does not need any capitals arising from subsidiaries who inserted capital adequacy standard ratio.

2. Information on unconsolidated subsidiaries:

None. (31 December 2020: None).

3. Main financial figures of the unconsolidated subsidiaries in order of the below table:

None. (31 December 2020: None).

4. Information on consolidated subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage, if different voting percentage (%)	Other shareholders' share percentage (%)
1	Burgan Finansal Kiralama A.Ş	Istanbul/Turkey	99,99	0,01
2	Burgan Yatırım Menkul Değerler A.Ş	Istanbul/Turkey	100,00	-

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I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

5. Main financial figures of the consolidated subsidiaries in the order of the above table:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	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	-

6. Movement schedules of consolidated subsidiaries:

	31 December 2021	31 December 2020
Balance at the beginning of the Period	548.560	523.728
Movements during the Period	121.176	24.832
Purchases	-	-
Bonus Shares Obtained	-	-
Dividends from Current Year Income	90.033	31.299
Sales	-	-
Revaluation Increase/Decrease (*)	31.143	(6.467)
Impairment Provision	-	-
Balance at the end of the Period	669.736	548.560
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	%99,99	%99,99

(*) Includes the data before consolidation procedures.

7. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

Subsidiaries (*)	31 December 2021	31 December 2020
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	569.516	470.345
Finance Companies	-	-
Other Financial Subsidiaries	100.220	78.215
Total	669.736	548.560

(*) Includes the data before consolidation procedures.

8. Subsidiaries quoted on stock exchange:

None (31 December 2020: None).

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I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

j. Information on joint ventures:

None. (31 December 2020: None).

k. Information on lease receivables (net):

Presentation of financial lease receivables based on their days to maturity:

	31 December 2021		31 December 2020	
	Gross	Net	Gross	Net
Less than 1 year	1.792.138	1.517.086	1.326.187	1.110.828
Between 1-4 years	1.803.093	1.461.408	1.571.237	1.298.970
More than 4 years	1.206.371	1.087.392	909.104	798.892
Total	4.801.602	4.065.886	3.806.528	3.208.690

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	1.083.428	44.953	143.179	132.365
Futures Transactions	1.060	-	-	-
Options	8.033	17.412	1.162	1.636
Other	-	-	-	-
Total	1.097.495	62.808	146.782	138.880

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	1.569.017	124.700	486.117	4.308
Foreign Net Investment Hedge	-	-	-	-
Total	1.569.017	124.700	486.117	4.308

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I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

m. Information on tangible assets:

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2020				
Cost	33.619	440.074	197.819	671.512
Accumulated depreciation (-)	5.139	10.754	82.419	98.312
Net Book Value	28.480	429.320	115.400	573.200
31 December 2021				
Net book value at beginning of the period	28.480	429.320	115.400	573.200
Additions	-	290.789	40.591	331.380
Disposals (-), net	-	53.232	3.754	56.986
Impairment	-	-	-	-
Depreciation (-)	1.144	8.053	35.129	44.326
Revaluation Increase	12.010	-	-	12.010
Cost at Period End	45.629	677.665	224.745	948.039
Accumulated Depreciation at Period End (-)	6.283	18.841	107.637	132.761
Closing Net Book Value at Period End	39.346	658.824	117.108	815.278

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2019				
Cost	32.468	165.593	230.829	428.890
Accumulated depreciation (-)	5.257	16.043	85.148	106.448
Net Book Value	27.211	149.550	145.681	322.442
31 December 2020				
Net book value at beginning of the period	27.211	149.550	145.681	322.442
Additions	-	288.452	13.609	302.061
Disposals (-), net	623	-	17.259	17.882
Impairment	-	-	-	-
Depreciation (-)	893	8.682	26.631	36.206
Revaluation Increase	2.785	-	-	2.785
Cost at Period End	33.619	440.074	197.819	671.512
Accumulated Depreciation at Period End (-)	5.139	10.754	82.419	98.312
Closing Net Book Value at Period End	28.480	429.320	115.400	573.200

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I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

n. Information on intangible assets:

1. Book value and accumulated depreciation at the beginning and at the end of the period:

	31 December 2021	31 December 2020
Gross Book Value	153.289	130.580
Accumulated Depreciation (-)	99.878	86.957
Net Book Value	53.411	43.623

2. Information on movements between the beginning and end of the period:

	31 December 2021	31 December 2020
Beginning of the Period	43.623	38.824
Internally Generated Amounts	693	1.425
Additions due to Mergers, Transfers and Acquisitions	22.018	16.847
Disposals and Sales (-)	-	-
Valuation Due to Increase or Decrease in Value Amounts Recorded in the Valuation Fund	-	-
Impairment in the Income Statement (-)	-	-
Impairment Reversal in the Income Statement	-	-
Amortisation (-)	12.923	13.473
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	53.411	43.623

o. Information on investment properties:

None (31 December 2020: None).

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I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

p. Information on deferred tax asset:

As of 31 December 2021, the Group has netted-off the calculated deferred tax asset of TL 570.247 (31 December 2020: TL 208.278) and deferred tax liability of TL 559.271 (31 December 2020: TL 89.518) on the basis of company in accordance with TAS 12 and has recorded a net deferred tax asset of TL 24.416 (31 December 2020: TL 118.760 net deferred tax asset) and a net deferred liability of TL 13.440 (31 December 2020: None) in the financial statements.

As of 31 December 2021 and 31 December 2020, the accumulated temporary differences and the detail of the deferred tax assets/liabilities are as follows:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Carried Financial Loss	994.250	-	222.001	-
Provision for Legal Cases	8.023	22.211	1.605	4.442
General Provisions and Other Provisions	1.561.919	939.644	327.738	187.929
Reserve for Employee Rights	41.145	28.228	8.504	5.646
Unearned Revenue	17.598	28.370	3.498	5.674
Other	33.808	22.937	6.901	4.587
Deferred Tax Assets	2.656.743	1.041.390	570.247	208.278
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	269.828	131.212	50.468	23.637
Valuation Differences of Derivative Instruments	2.287.329	313.883	505.992	62.777
Other	13.751	15.520	2.811	3.104
Deferred Tax Liabilities	2.570.908	460.615	559.271	89.518
Deferred Tax Assets/(Liabilities) (Net)			10.976	118.760

The deferred tax asset/liability summary is as follows:

	31 December 2021	31 December 2020
Balance as of 1 January	118.760	65.844
Current year deferred tax income/(expense), net	(72.289)	60.697
Deferred tax charged to equity, net	(35.495)	(7.781)
Balance at the End of the Period	10.976	118.760

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I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

r. Information on assets held for resale and discontinued operations:

The Group has assets held for resale amounting to TL 1.039.012 (31 December 2020: TL 613.988) and has no discontinued operations.

	31 December 2021	31 December 2020
Prior Period		
Cost	614.352	409.843
Accumulated Depreciation (-)	364	428
Net Book Value	613.988	409.415
Current Period		
Net book value at beginning of the period	613.988	409.415
Additions	732.142	289.199
Disposals (-), net	307.118	84.260
Impairment (-)	-	366
Depreciation (-)	-	-
Cost at the End of the Period	1.039.357	614.352
Accumulated Depreciation at the End of the Period (-)	345	364
Closing Net Book Value	1.039.012	613.988

s. Information on other assets:

Other assets amount to TL 579.524 (31 December 2020: TL 306.892) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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(Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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	2.367.562	-	2.654.597	12.154.085	405.256	54.718	59.910	-	17.696.128
Residents in Turkey	2.314.406	-	2.646.367	12.060.532	400.864	39.560	46.320	-	17.508.049
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	815.663	-	254.569	325.818	28.926	89.712	22.582	-	1.537.270
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	-	-	-	-	-	-	-	-	-
Total	3.606.292	-	4.568.528	14.606.098	695.199	307.121	579.937	-	24.363.175

ii. 31 December 2020:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	64.374	-	408.687	2.463.424	120.609	36.776	128.231	4	3.222.105
Foreign Currency Deposits	642.042	-	665.370	7.961.569	279.388	57.809	59.593	-	9.665.771
Residents in Turkey	607.430	-	614.103	7.877.919	273.774	56.527	39.673	-	9.469.426
Residents Abroad	34.612	-	51.267	83.650	5.614	1.282	19.920	-	196.345
Public Sector Deposits	28.353	-	-	-	-	-	-	-	28.353
Commercial Deposits	95.249	-	144.333	463.169	86	2.676	175	-	705.688
Other Institutions Deposits	1.820	-	32.035	4.797	352	-	30.097	-	69.101
Precious Metal Deposits	19.364	-	-	-	-	-	-	-	19.364
Bank Deposits	26.979	-	37.097	72.990	-	-	-	-	137.066
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	1.097	-	37.097	-	-	-	-	-	38.194
Foreign Banks	25.882	-	-	72.990	-	-	-	-	98.872
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	878.181	-	1.287.522	10.965.949	400.435	97.261	218.096	4	13.847.448

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(Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

2. Information on saving deposits insurance:

i. Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Saving Deposits				
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	-	-	-	-
Total	2.384.098	2.039.634	12.362.439	7.431.408

ii. There are no deposits covered under foreign authorities' insurance since the Parent Bank is incorporated in Turkey.

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	31 December 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	-	-
Total	10.771	16.763

b. Information on derivative financial liabilities at fair value through profit or loss:

None (31 December 2020: None).

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	182.243	144.463	495.281	623.197
From Foreign Banks, Institutions and Funds	-	7.942.549	-	5.540.374
Total	182.243	8.087.012	495.281	6.163.571

2. Information on maturity structure of borrowings:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Short-term	26.935	700.782	349.350	1.976.580
Medium and Long-term	155.308	7.386.230	145.931	4.186.991
Total	182.243	8.087.012	495.281	6.163.571

3. Additional information on the major concentration of the Group’s liabilities:

The Group’s main funding sources are deposits and borrowings. As of 31 December 2021, deposits and borrowings from Group’s risk group comprise 0,5% (31 December 2020: 1,4%) of total deposits. Besides this, borrowings from Group’s risk group comprise 53,4% (31 December 2020: 62,1%) of subordinated and other borrowings.

d. Information on marketable securities issued:

None (31 December 2020: None).

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 2.252.111 (31 December 2020: TL 824.722) do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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(Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

f. Information on lease payables:

	31 December 2021		31 December 2020	
	Gross	Net	Gross	Net
Less than 1 year	1.627	1.381	1.637	1.458
Between 1-4 years	67.451	55.427	21.405	17.162
More than 4 years	27.610	19.252	79.897	58.482
Total	96.688	76.060	102.939	77.102

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	415.683	32.921	173.833	220.863
Futures Transactions	3.465	-	-	-
Options	-	4.779	-	2.064
Other	-	-	-	-
Total	429.359	40.318	175.740	224.843

2. Information on derivative financial liabilities at fair value through other comprehensive income:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	87.382	30.728	56.399	38.573
Foreign Net Investment Hedge	-	-	-	-
Total	87.382	30.728	56.399	38.573

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

h. Information on provisions:

1. Information on reserve for employment termination benefits:

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have been working more than one year, when employment is terminated due to obligatory reasons or they retire, when they have fulfilled 25 working years (women 20) and are eligible for retirement (for women 58 years, for men 60 years), when they have been called up for military service or when they die. After the amendment of legislation on 23 May 2002, some of the transition process articles related to the working period before retirement were enacted.

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 Labour Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of its employees. TAS 19 necessitates the actuarial valuation methods to calculate liabilities of enterprises. Independent actuaries are used in determining the liability of the Group. There are assumptions in the calculation as discount rate, employee turnover and expected salary increases. In this context, the following actuarial assumptions were used in the calculation of total liabilities:

	31 December 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

Movement of reserve for employment termination benefits during the period:

	31 December 2021	31 December 2020
Prior Period End Balance	23.621	19.641
Service cost	3.409	3.551
Interest cost	2.607	1.996
Settlement cost	(2.396)	76
Actuarial loss/gain	5.571	396
Benefits paid (-)	2.387	2.039
Balance at the end of the period	30.425	23.621

In addition, as of 31 December 2021 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 47.058. (31 December 2020: TL 18.376).

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

2. Other provisions:

i. Information on provisions related with foreign currency difference of foreign indexed loans:

The provisions related to foreign currency differences of foreign indexed loans calculated as of the balance sheet date have been netted-off from the loan amount in the financial statements, and there is no the provision related to foreign currency differences of foreign indexed loans. (31 December 2020: None).

ii. Information on other provisions:

The Group has set aside under other provisions amounting to TL 138.622 (31 December 2020: TL: 195.000), TL 30.902 (31 December 2020: TL 68.408) for provisions for non-cash loans that are not converted to cash and are not indemnified and there is other provision TL 8.023 period (31 December 2020: TL 38.381).

i. Information on taxes payable:

1. Information on tax provision:

As of 31 December 2021, corporate tax provision is TL 1.515 (31 December 2020: TL 26.132).

2. Information on taxes payable:

	31 December 2021	31 December 2020
Corporate Tax Payable	1.515	26.132
Taxation of Marketable Securities	10.011	8.958
Property Tax	87	36
Banking Insurance Transaction Tax	24.698	12.305
Foreign Exchange Transaction Tax	3.110	237
Value Added Tax Payable	9.985	706
Other	5.599	4.367
Total	55.005	52.741

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(Continued):

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

3. Information on premium payables:

	31 December 2021	31 December 2020
Social Security Premiums-Employee	2.062	1.974
Social Security Premiums-Employer	2.472	2.092
Bank Social Aid Pension Fund Premiums-Employee	-	-
Bank Social Aid Pension Fund Premiums-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	141	119
Unemployment Insurance-Employer	283	237
Other	570	300
Total	5.528	4.722

4. Explanations on deferred tax assets/liability:

As of 31 December 2021, the Group has netted-off the calculated deferred tax asset of TL 570.247 (31 December 2020: TL 208.278) and tax liability of TL 559.271 (31 December 2020: TL 89.518) on a company basis in accordance with TAS 12 and has recorded a net deferred tax asset of TL 24.416 (31 December 2020: TL 118.760 net deferred tax asset) and a net deferred liability of TL 13.440 (31 December 2020: TL None) in the financial statements.

j. Information on payables for assets held for resale and discontinued operations:

None (31 December 2020: None).

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

k. Information on subordinated loans:

Detailed explanation on subordinated loans including quantity, maturity, interest rate, issuing institution, option to be converted into stock certificate:

Issuing Institution	Amount	Opening Date	Maturity Date	Interest Rate (%)
Burgan Bank K.P.S.C. (Main Shareholder)	USD 200.000.000	16 August 2021	18 August 2031	LIBOR+4,25
Burgan Bank K.P.S.C. (Main Shareholder)	USD 50.000.000	22 February 2021	Indefinite	-

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	-	-	-	-
Foreign Banks	-	3.347.213	-	2.228.521
Other Foreign	-	-	-	-
Total	-	3.347.213	-	2.228.521

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Debt Instruments Subject to Common Equity	-	666.450	-	-
Subordinated Loans	-	666.450	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments Subject to Tier 2 Equity	-	2.680.763	-	2.228.521
Subordinated Loans	-	2.680.763	-	2.228.521
Subordinated Debt Instruments	-	-	-	-
Total	-	3.347.213	-	2.228.521

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

1. Information on shareholders' equity:

1. Presentation of paid-in capital:

	31 December 2021	31 December 2020
Common Stock	1.890.000	1.535.000
Preferred Stock	-	-

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

Capital System	Paid-in Capital	Ceiling
Registered Capital	1.890.000	4.000.000

3. Other 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 its Subsidiaries and the uncertainties on these indicators:

The interest, liquidity and foreign exchange risk on on-balance sheet and off-balance sheet assets and liabilities are managed by the Parent Bank and its Subsidiaries within several risk limits and legal limits.

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

7. Information on privileges given to shares representing the capital:

Based on the Principal Agreement, the Parent Bank has 1.000.000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

8. Information on marketable securities valuation reserve:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(45.308)	(6.898)	(1.541)	5.133
Foreign Currency Translation Difference	-	-	-	-
Total	(45.308)	(6.898)	(1.541)	5.133

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:

According to the General Assembly meeting decision on 26 March 2021, the loss amounting to TL 267.414 for 2020, including the effects of TAS 27 has been classified in extraordinary reserves account.

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III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS:

a. Information on off-balance sheet commitments:

1. The amount and type of irrevocable commitments:

	31 December 2021	31 December 2020
Foreign currency buy/sell commitments	1.912.509	1.704.275
Loan limit commitments	295.348	196.854
Commitments for cheques	81.744	72.695
Blocked checks issued to customers	80.701	-
Forward deposit buy/sell commitments	-	136.746
Forward securities commitments	-	14.986
Total	2.370.302	2.125.556

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments".

i. Non-cash loans including guarantees, bank avalized and acceptance loans, collaterals that are accepted as financial commitments and other letters of credit:

	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
Total	7.046.550	5.171.767

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
Total	1.592.992	1.495.196	992.145	1.562.036

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III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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
Total	7.046.550	5.171.767

ii. Information on sectoral concentration of non-cash loans:

	31 December 2021				31 December 2020			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	83.047	3,37	265.762	7,26	33.422	3,37	303.559	7,26
Farming and Livestock	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
Fishing	229	0,02	-	0,01	229	0,02	241	0,01
Manufacturing	549.631	26,39	3.432.167	60,44	231.163	23,30	2.401.940	57,47
Mining	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
Electric, Gas, Water	56.532	3,96	32.766	0,52	36.813	3,71	6.889	0,16
Construction	161.808	12,02	157.447	10,66	115.217	11,61	443.914	10,62
Services	848.167	54,46	1.523.620	21,45	578.627	58,32	1.029.222	24,62
Wholesale and Retail Trade	459.962	20,00	421.063	7,90	218.397	22,01	469.532	11,23
Hotel and Food Services	4.734	0,07	-	1,28	478	0,05	53.604	1,28
Transportation and Telecommunication	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 Leasing 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
Education 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
Other	22.339	3,77	2.562	0,18	33.716	3,40	987	0,02
Total	1.664.992	100,00	5.381.558	100,00	992.145	100,00	4.179.622	100,00

iii. Information on non-cash loans classified in 1st and 2nd group:

Current Period (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	1.573.079	1.438.035	10.246	30.502
Bank Acceptances	-	209.466	-	-
Letters of Credit	-	2.513.693	-	-
Endorsements	-	-	-	-
Securities Issuance Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	72.000	1.160.930	-	-
Total	1.645.079	5.322.124	10.246	30.502

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 38.599. As of 31 December 2021, the Group has allocated provisions amounting to TL 18.546 provision regarding these risks.

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III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS (Continued):

b. Information on derivative financial instruments:

	31 December 2021	31 December 2020
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	32.663.543	22.277.553
Currency forward transactions	496.851	188.962
Currency swap transactions	28.637.871	20.605.523
Futures transactions	277.980	-
Options	3.250.841	1.483.068
Interest related derivative transactions (II)	7.995.920	6.823.442
Forward rate agreements	-	-
Interest rate swaps	7.995.920	6.823.442
Interest rate options	-	-
Interest rate futures	-	-
Other trading derivative transactions (III)	-	-
A. Total trading derivative transactions (I+II+III)	40.659.463	29.100.995
Types of hedging transactions	17.265.434	7.854.017
Fair value hedges	-	-
Cash flow hedges	17.265.434	7.854.017
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	17.265.434	7.854.017
Total derivative transactions (A+B)	57.924.897	36.955.012

c. Information on contingent assets and contingent liabilities:

As of 31 December 2021, the total amount of legal cases against the Group is TL 25.843 (31 December 2020: TL 40.697) and the Group sets aside a provision of TL 7.579 (31 December 2020: TL 2.211) regarding these risks.

d. Brief information on the Bank's rating given by International Rating Institutions:

FITCH (24 January 2022)

Outlook	Stable
Long Term FC	B+
Short Term FC	B
Long Term TL	BB-
Short Term TL	B
Support Rating	b+
National Rating	AA (tur)
Viability Rating	b-

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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans :

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	872.949	29.793	321.491	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 Utilization Support Fund	-	-	-	-
Total	1.305.442	527.552	687.865	586.951

(*) 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	49.753	427	25.147	419
From Foreign Banks	-	400	-	1.285
Headquarters and Branches Abroad	-	-	-	-
Total	50.613	827	25.376	1.775

3. Information on marketable securities:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value Through Profit/Loss	501	1.530	150	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
Total	58.387	49.498	25.931	33.314

4. Information on interest income received from investments in associates and subsidiaries:

None (31 December 2020: None).

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(Continued):

b. Information on interest expense:

1. Information on interest expense on borrowings:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Banks	57.112	247.943	49.082	267.367
The CBRT	-	-	-	-
Domestic Banks	57.112	807	49.082	470
Foreign Banks	-	247.136	-	266.897
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	4.277	-	8.646
Total (*)	57.112	252.220	49.082	276.013

(*) Includes fee and commission expense related with cash loans.

2. Information on interest expense given to investments in associates and subsidiaries:

None (31 December 2020: None).

3. Information on interest expense on issued securities:

None (31 December 2020: None).

4. Information on interest rate and maturity structure of deposits:

Current Period	Demand Deposit	Time Deposit					Accum. Deposit	Total	Prior Period Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year			
TL									
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	-	30.335	73.820	3.736	10.096	3.289	-	121.276	28.567
Other Deposits	-	663	18.292	34	327	5.643	-	24.959	3.750
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Total	-	177.018	575.143	36.498	38.562	81.365	-	908.586	388.699
FC									
Foreign Currency Account	-	10.217	117.029	5.979	1.664	1.083	-	135.972	146.267
Bank Deposits	-	1.347	-	-	-	-	-	1.347	2.069
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	-	11.564	117.029	5.979	1.664	1.083	-	137.319	148.336
Grand Total	-	188.582	692.172	42.477	40.226	82.448	-	1.045.905	537.035

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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT (Continued):

c. Information on dividend income:

	31 December 2021	31 December 2020
Financial Assets at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	46	8
Other	-	-
Total	46	8

d. Information on trading loss/income (Net):

	31 December 2021	31 December 2020
Income	68.203.045	33.983.419
Capital Market Transactions	44.433	44.193
Derivative Financial Transactions	1.188.649	293.584
Foreign Exchange Gains	66.969.963	33.645.642
Loss (-)	68.023.552	33.875.114
Capital Market Transactions	13.822	6.233
Derivative Financial Transactions	1.196.436	315.863
Foreign Exchange Losses	66.813.294	33.553.018
Net Income/Loss	179.493	108.305

e. Information on other operating income:

The Group's other operating income in the period ended 31 December 2021 consists of adjustment account of the prior years' income and other operating income.

f. Expected loss provisions and other provision expenses:

	31 December 2021	31 December 2020
Expected Credit Loss	309.356	482.190
12 Month Expected Credit Loss (Stage 1)	17.592	-
Significant Increase in Credit Risk (Stage 2)	148.968	70.017
Non-performing Loans (Stage 3)	142.796	412.173
Marketable Securities Impairment Expense		
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Joint Ventures Impairment Provision		
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other		218.808
Total	309.356	700.998

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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT
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g. Information related to other operating expenses:

	31 December 2021	31 December 2020
Reserve For Employee Termination Benefits (*)	4.872	5.900
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	44.326	36.206
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Depreciation Expenses of Intangible Assets	12.923	13.473
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	366
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	215.524	169.113
Leasing expenses related to TFRS 16 exceptions	2.334	1.940
Maintenance Expenses	2.510	1.551
Advertising Expenses	12.940	7.773
Other Expense	197.740	157.849
Loss on Sales of Assets	17	21
Other	62.271	33.310
Total	339.933	258.389

(*) As of 31 December 2021, there is "Employee Vacation Fee Provision Expense" amounts to TL 1.320 (31 December 2020: TL 277).

h. Information on net income/loss before taxes from discontinued and continuing operations:

The Group has no discontinued operations. The Group's profit before tax from continuing operations is TL 382.388 (31 December 2020: TL 284.557 loss before tax).

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT
(Continued):**

i. Information on provision for taxes from discontinued and continuing operations:

The Group has no discontinued operations, the explanations below represent the provision for taxes of continuing operations:

1. Information on calculated current tax income or expense and deferred tax income or expense:

As of 31 December 2021, the Group has current tax expense amounting to TL (5.284) and deferred tax expense amounting to TL (72.289).

2. Explanations on deferred tax income or expense arising from the temporary differences occurred or have been closed:

The Group has TL 187.639 deferred tax income from temporary differences, and TL 222.001 deferred tax income from carried financial loss. The deferred tax expense due to the closing of temporary differences amounts to TL (481.929), netting off to TL (72.289) deferred tax income.

3. Information on recognition of deferred tax income or expense, temporary difference, financial loss, diminution of tax expense and exceptions on income statement:

As of 31 December 2021, the Group has TL (294.290) (31 December 2020: TL 19.376 deferred tax expense) deferred tax expense arising from temporary differences and TL 222.001 deferred tax income as a result of financial loss. (31 December 2020: TL 45.998 deferred tax income).

j. Information on net income/loss before taxes from discontinued and continuing operations:

The Group has no discontinued operations and the below article (j) represents the current period net profit and loss from continuing operations.

k. Information on net income/loss for the period:

1. If the disclosure of usual banking transactions, income and expenditure items' composition is necessary to understand the annual performance of the Group, the composition and amount of these items:

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 following periods, the effect including these periods:

None.

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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT
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I. Information on other income and expenses:

1. In the current period, the Group’s interest income amounts to TL 2.760.661 (31 December 2020: TL 1.900.210) and TL 436.088 (31 December 2020: TL 265.710) of the related amount is classified as “Other Interest Income” account in income statement.

	31 December 2021	31 December 2020
Other Interest Income		
Interest income related to derivative transactions	231.954	145.678
Other	204.134	120.032
Total	436.088	265.710

2. In the current period, the Group’s interest expense amounting to TL 2.017.426 (31 December 2020: TL 1.197.896) and TL 645.439 (31 December 2020: TL 317.745) of the related amount is classified as “Other Interest Expense” in the income statement.

	31 December 2021	31 December 2020
Other Interest Expense		
Interest expense related to derivative transactions	514.164	238.564
Other	131.275	79.181
Total	645.439	317.745

3. In the current period, the Group’s fee and commission income amounts to TL 62.411 (31 December 2020: TL 55.169) and TL 26.744 (31 December 2020: TL 27.531) of the related amount is classified under “Other” account.

	31 December 2021	31 December 2020
Other Fees and Commissions Received		
Commissions on Investment Fund Services	7.685	6.551
Insurance Commissions	3.185	4.125
Commissions from Stock Brokerage Activity	2.950	2.193
Commissions received from Correspondent Banks	1.305	1.058
Transfer Commissions	345	280
Card and POS Transaction Commission	183	35
Common Point Commissions	111	157
Other	10.980	13.132
Total	26.744	27.531

4. In the current period, Group’s fees and commissions expense amounts to TL 22.739 (31 December 2020: TL 17.347) and TL 22.629 (31 December 2020: TL 17.215) of the related amount is classified under “Other” account.

	31 December 2021	31 December 2020
Other Fees and Commissions Given		
Card Transaction Commission	4.045	3.055
Common Point Clearing Commissions	1.954	1.313
Commissions Granted to Correspondent Banks	770	585
EFT Commissions	665	260
Transfer Commissions	105	69
Other	15.090	11.933
Total	22.629	17.215

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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

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5. Fees for Services Received from Independent Audit Firm (Consolidated basis):

	31 December 2021	31 December 2020 (*)
Independent audit fee for the reporting period	1.075	886
Other assurance services fee	494	297
Fee for services other than independent audit	15	12
Total	1.584	1.195

(*) Audit service for 2020 was obtained from Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi.

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V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY

a. Information on change in the shareholder structure of the Bank:

There is no change in Parent Bank's partnership structure in 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 gains and losses" arising from changes in the fair value of securities classified as fair value through other comprehensive income are not recognized in current year income statements; they are recognized in the "Marketable securities valuation reserve" account under equity, until the financial assets are sold, disposed or impaired.

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(45.308)	(6.898)	(1.541)	5.133
Foreign Currency Difference	-	-	-	-
Total	(45.308)	(6.898)	(1.541)	5.133

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 increase net of tax (31 December 2020: TL 2.739) is accounted under "Revaluation differences of tangible assets and intangible assets".

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VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalent assets:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as “Cash”; interbank money market and time deposits in banks with original maturities of less than three months are defined as “Cash Equivalents”.

i. Cash and cash equivalents at the beginning of period:

	31 December 2021	31 December 2020
Cash	1.857.111	1.669.296
Cash, Foreign Currency and Other	415.164	142.396
Demand Deposits in Banks	1.441.947	1.526.901
Cash Equivalents	300.858	696.115
Interbank Money Market	131.550	557.969
Time Deposits in Bank	169.308	138.146
Total Cash and Cash Equivalents	2.157.969	2.365.411

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
Cash	3.127.868	1.857.111
Cash, Foreign Currency and Other	514.430	415.164
Demand Deposits in Banks	2.613.438	1.441.947
Cash Equivalents	282.762	300.858
Interbank Money Market	42.500	131.550
Time Deposits in Bank	240.262	169.308
Total Cash and Cash Equivalents	3.410.630	2.157.969

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 1.593.905 (31 December 2020: negative TL 416.079) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

“Net increase/decrease in liabilities” items presented in “Changes in operating assets and liabilities” amount to positive TL 647.690 (31 December 2020: positive TL 866.172) 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 431.253 (31 December 2020: positive TL 35.732).

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IV. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP

a. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Prior period financial information is presented as of 31 December 2020 for balance sheet and income statement items.

31 December 2021	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Groups' Risk Group						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	62.497	-	12.944	790	-
Balance at the End of the Period	-	24.341	-	24.860	677	-
Interest and Commission Income Received	-	-	-	4	104	1

31 December 2020	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Groups' Risk Group						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	39.591	-	35.560	98	-
Balance at the End of the Period	-	62.497	-	12.944	790	-
Interest and Commission Income Received	-	-	-	4	53	-

2. Information on deposits and repurchase transactions of the Group's risk group:

Groups' Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	-	-	171.520	147.223	24.112	15.264
End of the Period	-	-	106.907	171.520	23.864	24.112
Interest Expense on Deposits	-	-	2.463	3.250	1.494	1.189

Groups' Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Repurchase Transactions						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense on Repurchase Transactions	-	-	-	2	3	6

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VII. EXPLANATIONS AND NOTES RELATED TO GROUP’S RISK GROUP (Continued):

3. Information on forward and option agreements and other similar agreement with the Group’s risk group:

Groups’ Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Fair value through other comprehensive income transactions						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

b. With respect to the Group’s risk group:

1. The relations with entities that are included in the Group’s risk group and controlled by the Group regardless of whether there is a transaction between parties:

The Group performs various transactions with related parties during its banking activities. These are commercial transactions realized with market prices.

2. Along with the type of relationship, the type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

	Total Risk Group	Share in Financial Statements (%)
Borrowings and Subordinated Debt Instruments	6.206.263	53,43
Deposits	130.771	0,54
Non-cash Loans	49.201	0,70
Banks and Other Financial Institutions Loans	3.413	0,61
Loans	677	-

As of 31 December 2021, the Group has TL 73 interest income from deposits given to banks included in the risk group (31 December 2020: TL 480), the Group has realized interest expense amounting to TL 163.356 (31 December 2020: TL 204.555) on loans borrowed from the banks included in the risk group of the Group.

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VII. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP (Continued):

3. Information on transactions such as purchase-sale of immovable and other assets, purchase-sale of service, agent agreements, financial lease agreements, transfer of the information gained as a result of research and development, license agreements, financing (including loans and cash or in kind capital), guarantees, collaterals and management contracts:

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Parent Bank's risk group and the amount composes 0,15% (31 December 2020: 0,33%) of the Group'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 Parent 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 Parent Bank is included.

c. Information on benefits provided to top management:

Top management of the Group is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, amounts to TL 35.184 (31 December 2020: TL 34.820) which constitutes of the sum of other benefits including yearly gross salaries and other payments and travel, meal aids, health and life insurances and vehicle expenses.

VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

- a. Information on domestic, foreign branches and foreign representatives of the Parent Bank:

	Number	Employee number			
Domestic Branch	32	928			
			Country of Incorporation		
Foreign Representative	None.				
				Total Asset	Statutory Share Capital
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.

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued):

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS:

None.

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS RELATED TO THE GROUP’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

I. EXPLANATIONS ON INDEPENDENT AUDIT REPORT

The consolidated financial statements as of 31 December 2021 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of DELOITTE TOUCHE TOHMATSU LIMITED) and the independent auditor’s audit report dated 1 February 2021 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR:

None.

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