

BURGAN BANK ANONİM ŐİRKETİ

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS,
RELATED DISCLOSURES AND
INDEPENDENT AUDITOR'S REVIEW REPORT THEREON
AS OF AND FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2023**

*(CONVENIENCE TRANSLATION
FINANCIAL STATEMENTS AND AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH)*



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

Convenience Translation of the Review Report

Originally Prepared and Issued in Turkish to English

Independent Auditor's Report on Review of Consolidated Interim Financial Information

To the Board of Directors of Burgan Bank A.Ş.

Introduction

We have reviewed the accompanying consolidated balance sheet of Burgan Bank A.Ş. ("the Bank") and its consolidated financial subsidiaries (together referred to as "the Group") as at 30 June 2023 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The Group Management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" for the matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on these consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim consolidated financial information is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Basis for Qualified Conclusion

As stated in Note 2.h.2.ii of Section Five, the accompanying consolidated interim financial information as at 30 June 2023 includes a general reserve of TL 1,585,959 thousands, of which TL 891,648 thousands was recognized as expense in the current period and TL 694,311 thousands had been recognized as expense in prior periods which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general reserve is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the consolidated financial position of Burgan Bank A.Ş. as at 30 June 2023, and its consolidated financial performance and its consolidated cash flows for the six month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Other Matter

The consolidated financial statements of the Bank as at and for the year ended 31 December 2022 were audited and as at and for the six month period ended 30 June 2022 were reviewed by another auditor who expressed a qualified opinion and a qualified conclusion due to general reserve provided by the Bank on 15 February 2023 and 10 August 2022, respectively.

Report on Other Legal and Regulatory Requirements

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

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note 1 Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated interim financial information is to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated interim financial information is not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated interim financial information and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Ebru Koçak, SMMM
Partner

11 August 2023
İstanbul, Turkey

**THE CONSOLIDATED SIX-MONTH INTERIM FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 30 JUNE 2023**

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

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

- **Section One** GENERAL INFORMATION ABOUT THE GROUP
- **Section Two** CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP
- **Section Three** EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD
INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT
- **Section Four** OF THE GROUP
EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL
- **Section Five** STATEMENTS
- **Section Six** EXPLANATIONS ON THE LIMITED REVIEW REPORT
- **Section Seven** EXPLANATIONS ON INTERIM ACTIVITY 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 six months financial statements and notes to these financial statements which are expressed, unless otherwise stated, in **thousands of Turkish Lira ("TL")**, have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been reviewed.

11 August 2023

Emin Hakan EMİNSOY Chairman of the Board of Directors	Ali Murat DİNÇ Member of the Board of Directors and General Manager	Zeynep BOZKURT Deputy Chief Executive Officer, Vice General Manager of Financial Affairs	Bahadır AKSU Head of Accounting, Tax, and Reporting Unit
Hasan KILIÇ Head of the Audit Committee	Khaled F.A.O. ALZOUMAN Member of the Audit Committee	Moustapha CHAMI Member of the Audit Committee	

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

Name-Surname / Title : Bahadır AKSU / Head of Department
Telephone Number : 0 212 371 34 88
Fax Number : 0 212 371 42 48

TABLE OF CONTENTS

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

	<u>PAGE</u>
I. Parent Bank's foundation date, start-up statute, history about the changes in this mentioned statute	3
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	4
III. Explanation on the board of directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares of the Parent Bank they possess	5
IV. Explanation on shareholders having control shares in the Parent Bank	6
V. Information on the Parent Bank's service type and field of operation	6
VI. Brief Description of Entities Subjected to Full Consolidation or Proportional Consolidation, Deducted from Equity, or Not Included in These Three Methods	6
VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the Parent Bank and its subsidiaries	6

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

I. Consolidated balance sheet (statement of financial position)	8
II. Consolidated off-balance sheet commitments	10
III. Consolidated statement of profit or loss	11
IV. Consolidated statement of profit or loss and other comprehensive income	12
V. Consolidated statement of changes in shareholders' equity	13
VI. Consolidated statement of cash flows	15

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD

I. Basis of presentation	16
II. Explanations on strategy of using financial instruments and foreign currency transactions	17
III. Explanations on investments in consolidated associates, subsidiaries and joint ventures	18
IV. Explanations on forward transactions, options and derivative instruments	19
V. Explanations on interest income and expenses	19
VI. Explanations on fee and commission income and expense	19
VII. Explanations on financial assets	20
VIII. Explanations on expected credit losses	22
IX. Explanations on offsetting financial assets	24
X. Explanations on sales and repurchase agreements and securities lending transactions	24
XI. Explanations on tangible assets held for resale, discontinued operations and liabilities regarding those assets	24
XII. Explanations on goodwill and other intangible assets	25
XIII. Explanations on property and equipment	25
XIV. Explanations on leasing transactions	26
XV. Explanations on provisions and contingent liabilities	27
XVI. Explanations on contingent assets	27
XVII. Explanations on obligations related to employee rights	28
XVIII. Explanations on taxation	28
XIX. Explanations on borrowings	30
XX. Explanations on issuance of share certificates	30
XXI. Explanations on avalized drafts and acceptances	30
XXII. Explanations on government grants	30
XXIII. Explanations on profit reserves and profit distribution	30
XXIV. Explanations on earnings per share	31
XXV. Explanations on related parties	31
XXVI. Explanations on cash and cash equivalents	31
XXVII. Explanations on segment reporting	31
XXVIII. Reclassifications	31

SECTION FOUR

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS

I. Explanations on consolidated equity	32
II. Explanations on consolidated risk management	37
III. Explanations on consolidated currency risk	50
IV. Explanations on consolidated interest rate risk	52
V. Explanations on consolidated share certificate position risk	55
VI. Explanations on consolidated liquidity risk management and the consolidated liquidity coverage ratio	56
VII. Explanations on consolidated leverage ratio	62
VIII. Explanations on hedge transactions	63
IX. Explanations on operating segments	64

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to consolidated assets	66
II. Explanations and notes related to consolidated liabilities	80
III. Explanations and notes related to consolidated off-balance sheet accounts	91
IV. Explanations and notes related to consolidated income statement	93
V. Explanations and notes related to Group's risk group	99
VI. Explanations and notes related to subsequent events	101

SECTION SIX

EXPLANATIONS ON THE LIMITED REVIEW REPORT

I. Explanations on the limited review report	102
II. Explanations and notes prepared by independent auditor	102

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

I. Other explanations related to Group operations	103
---	-----

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 and “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 Kr 1 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. 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. in 21 December 2012.

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

BURGAN BANK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(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 full capital ceiling is TL 6 billion.

The Bank’s capital amounts to full TL 2,655,500,000.

On 22 June 2022, the Bank's full capital was registered as full TL 2,655,500,000.

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

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

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2023**

(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
	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
	Moustapha Chami	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	Corporate & Commercial Banking	Graduate
	Zeynep Bozkurt	Financial Affairs	Graduate
Vice General Managers:	Esra Aydın	Operations & Management Services	Graduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Suat Kerem Sözügüzel	Corporate & Commercial Banking	Graduate
	Banu Ertürk	Credits Monitoring and Legal Follow-Up	Undergraduate
	Darço Akkaranfil	Information Technologies	Graduate
	Zeynep Bozkurt	Financial Affairs	Graduate
	Ayşen Aslı Koçer	Deposit Management	Undergraduate
	Yener Yazlalı	Loans	Graduate
	Halil Özcan	Digital Banking	Undergraduate
	Tuba Onay Ergelen	Risk Management	Undergraduate
	Erdal Arda Türerer	Treasury, Capital Markets and Financial Institutions	Graduate
Audit Committee:	Hasan Kılıç	Committee President	Undergraduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Moustapha Chami	Member	Graduate

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

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2023**

(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.	2,639,882	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 30 June 2023, the Parent Bank, whose headquarter located in Istanbul, has 32 branches operating in Turkey (31 December 2022: 32). The Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 June 2023, the Group has 1,214 (31 December 2022: 1,138) employees.

VI. INFORMATION ON APPLICATION DIFFERENCES BETWEEN CONSOLIDATION PRACTICES AS PER THE REGULATION ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND AS PER THE TURKISH ACCOUNTING STANDARDS, AND ENTITIES SUBJECT TO FULL OR PROPORTIONAL CONSOLIDATION OR DEDUCTED FROM EQUITY OR NOT SUBJECT TO ANY OF THESE THREE METHODS:

None.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

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

BURGAN BANK A.Ş
CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022

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

I. BALANCE SHEET	Note (Section Five)	Reviewed 30/06/2023			Audited 31/12/2022		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (Net)		11,737,613	8,658,354	20,395,967	6,574,865	8,627,401	15,202,266
1.1 Cash and Cash Equivalents		5,810,737	6,182,662	11,993,399	3,739,061	6,741,529	10,480,590
1.1.1 Cash and Balances with Central Bank	I-a	951,918	5,426,041	6,377,959	1,219,549	5,629,209	6,848,758
1.1.2 Banks	I-c	2,655,981	756,621	3,412,602	640,327	1,112,320	1,752,647
1.1.3 Money Market Placements		2,202,879	-	2,202,879	1,879,256	-	1,879,256
1.1.4 Expected Credit Losses (-)		41	-	41	71	-	71
1.2 Financial Assets at Fair Value through Profit or Loss	I-b	176,603	225,135	401,738	478,779	124,703	603,482
1.2.1 Public Debt Securities		377	13,676	14,053	382,718	18,311	401,029
1.2.2 Equity Securities		7,735	-	7,735	-	-	-
1.2.3 Other Financial Assets		168,491	211,459	379,950	96,061	106,392	202,453
1.3 Financial Assets at Fair Value through Other Comprehensive Income	I-d	2,074,694	520,299	2,594,993	1,341,741	284,890	1,626,631
1.3.1 Public Debt Securities		2,067,020	488,911	2,555,931	1,334,067	262,162	1,596,229
1.3.2 Equity Securities		7,674	31,388	39,062	7,674	22,728	30,402
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	I-l	3,675,579	1,730,258	5,405,837	1,015,284	1,476,279	2,491,563
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		2,393,388	162,564	2,555,952	110,344	143,897	254,241
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		1,282,191	1,567,694	2,849,885	904,940	1,332,382	2,237,322
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		17,244,587	24,728,737	41,973,324	24,713,570	20,192,572	44,906,142
2.1 Loans	I-e-f	12,725,891	18,973,429	31,699,320	20,580,816	16,514,042	37,094,858
2.2 Leasing Receivables	I-k	1,595,846	3,839,686	5,435,532	1,544,119	3,217,772	4,761,891
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Financial Assets at Amortized Cost	I-g	3,931,956	2,503,822	6,435,778	3,679,178	1,701,528	5,380,706
2.4.1 Public Sector Debt Securities		3,931,956	2,503,822	6,435,778	3,679,178	1,701,528	5,380,706
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)	I-e-f	1,009,106	588,200	1,597,306	1,090,543	1,240,770	2,331,313
III. ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)	I-m	1,554,730	-	1,554,730	855,289	-	855,289
3.1 Held for Sale		1,554,730	-	1,554,730	855,289	-	855,289
3.2 Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)		-	-	-	-	-	-
4.1 Associates (Net)	I-h	-	-	-	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	I-i	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Investment in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)	I-j	-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		2,818,188	-	2,818,188	1,583,273	-	1,583,273
VI. INTANGIBLE ASSETS (Net)		88,086	-	88,086	86,599	-	86,599
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		88,086	-	88,086	86,599	-	86,599
VII. INVESTMENT PROPERTIES (Net)		-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		146,960	-	146,960	29,604	-	29,604
IX. DEFERRED TAX ASSETS		-	-	-	164,843	-	164,843
X. OTHER ASSETS (Net)	I-n	1,224,373	186,858	1,411,231	804,331	115,643	919,974
TOTAL ASSETS		34,814,537	33,573,949	68,388,486	34,812,374	28,935,616	63,747,990

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

BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022

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

I. BALANCE SHEET	Note (Section Five)	Reviewed 30/06/2023			Audited 31/12/2022		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	18,885,869	11,684,839	30,570,708	25,160,517	14,553,031	39,713,548
II. LOANS RECEIVED	II-c	135,787	15,606,986	15,742,773	819,207	6,638,570	7,457,777
III. PAYABLES TO MONEY MARKET		881,782	830,375	1,712,157	1,055,388	600,907	1,656,295
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	1,150,796	168,062	1,318,858	194,368	260,139	454,507
7.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		977,688	122,839	1,100,527	60,080	239,710	299,790
7.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		173,108	45,223	218,331	134,288	20,429	154,717
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	II-f	96,275	-	96,275	83,046	-	83,046
X. PROVISIONS	II-h	831,643	972,737	1,804,380	236,796	716,803	953,599
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		159,958	-	159,958	209,824	-	209,824
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		671,685	972,737	1,644,422	26,972	716,803	743,775
XI. CURRENT TAX LIABILITY	II-i	104,524	-	104,524	467,947	-	467,947
XII. DEFERRED TAX LIABILITY	II-i	545,384	-	545,384	159,992	-	159,992
XIII. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	II-j	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBTS	II-k	-	5,211,678	5,211,678	-	3,771,359	3,771,359
14.1 Loans		-	5,211,678	5,211,678	-	3,771,359	3,771,359
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-e	1,112,695	3,807,970	4,920,665	1,145,311	2,790,659	3,935,970
XVI. SHAREHOLDERS' EQUITY	II-l	5,601,661	759,423	6,361,084	4,479,688	614,262	5,093,950
16.1 Paid-in Capital		2,655,500	-	2,655,500	2,655,500	-	2,655,500
16.2 Capital Reserves		(6,321)	-	(6,321)	(6,321)	-	(6,321)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		(6,321)	-	(6,321)	(6,321)	-	(6,321)
16.3 Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss		12,624	-	12,624	12,624	-	12,624
16.4 Other Comprehensive Income/Expense to be Recycled to Profit or Loss		68,037	759,423	827,460	171,051	614,262	785,313
16.5 Profit Reserves		1,646,834	-	1,646,834	429,402	-	429,402
16.5.1 Legal Reserves		46,452	-	46,452	31,287	-	31,287
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		1,600,277	-	1,600,277	398,010	-	398,010
16.5.4 Other Profit Reserves		105	-	105	105	-	105
16.6 Profit or Loss		1,224,987	-	1,224,987	1,217,432	-	1,217,432
16.6.1 Prior Years' Income/ (Loss)		-	-	-	15,708	-	15,708
16.6.2 Current Years' Income/ (Loss)		1,224,987	-	1,224,987	1,201,724	-	1,201,724
16.7 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		29,346,416	39,042,070	68,388,486	33,802,260	29,945,730	63,747,990

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

BURGAN BANK A.Ş.
CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS
FOR THE PERIODS ENDED 30 JUNE 2023 AND 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. OFF-BALANCE SHEET	Note (Section Five)	Reviewed 30/06/2023			Audited 31/12/2022		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		27,769,170	70,626,065	98,395,235	29,264,213	67,232,593	96,496,806
I. GUARANTEES AND WARRANTIES	III-a-2-3	7,746,651	7,153,682	14,900,333	5,307,122	4,801,663	10,108,785
1.1. Letters of Guarantee		5,782,474	2,507,161	8,289,635	3,825,522	1,526,334	5,351,856
1.1.1. Guarantees Subject to State Tender Law		11,449	1,089	12,538	11,621	789	12,410
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		5,771,025	2,506,072	8,277,097	3,813,901	1,525,545	5,339,446
1.2. Bank Loans		35,400	45,173	80,573	35,400	13,267	48,667
1.2.1. Import Letter of Acceptance		35,400	45,173	80,573	35,400	13,267	48,667
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		175,252	3,920,147	4,095,399	40,000	2,537,801	2,577,801
1.3.1. Documentary Letters of Credit		175,252	3,920,147	4,095,399	40,000	2,537,801	2,577,801
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		1,753,525	681,201	2,434,726	1,406,200	724,261	2,130,461
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-a-1	1,238,238	3,664,722	4,902,960	515,729	609,013	1,124,742
2.1. Irrevocable Commitments		1,238,238	3,664,722	4,902,960	515,729	609,013	1,124,742
2.1.1. Asset Purchase and Sales Commitments		668,231	3,664,722	4,332,953	185,000	609,013	794,013
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Commitments for Loan Limits		322,272	-	322,272	172,366	-	172,366
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		147,103	-	147,103	98,941	-	98,941
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		100,632	-	100,632	59,422	-	59,422
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		18,784,281	59,807,661	78,591,942	23,441,362	61,821,917	85,263,279
3.1. Hedging Derivative Financial Instruments		4,807,042	31,990,740	36,797,782	3,207,042	27,510,897	30,717,939
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		4,807,042	31,990,740	36,797,782	3,207,042	27,510,897	30,717,939
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		13,977,239	27,816,921	41,794,160	20,234,320	34,311,020	54,545,340
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	253,251	253,251	958,200	1,101,744	2,059,944
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	126,875	126,875	958,200	86,278	1,044,478
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	126,376	126,376	-	1,015,466	1,015,466
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		11,219,935	22,763,395	33,983,330	7,174,249	19,648,293	26,822,542
3.2.2.1. Foreign Currency Swap-Buy		3,109,063	14,412,335	17,521,398	2,080,567	10,058,064	12,138,631
3.2.2.2. Foreign Currency Swap-Sell		7,700,872	5,528,800	13,229,672	4,593,682	7,532,051	12,125,733
3.2.2.3. Interest Rate Swap-Buy		205,000	2,373,211	2,578,211	250,000	1,029,089	1,279,089
3.2.2.4. Interest Rate Swap-Sell		205,000	449,049	654,049	250,000	1,029,089	1,279,089
3.2.3. Foreign Currency, Interest rate and Securities Options		240,000	2,135,822	2,375,822	11,613,515	13,093,525	24,707,040
3.2.3.1. Foreign Currency Options-Buy		-	1,194,441	1,194,441	9,851,777	2,647,813	12,499,590
3.2.3.2. Foreign Currency Options-Sell		240,000	941,381	1,181,381	1,761,738	10,445,712	12,207,450
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		2,517,304	2,664,453	5,181,757	488,356	467,458	955,814
3.2.4.1. Foreign Currency Futures-Buy		2,517,304	-	2,517,304	488,356	-	488,356
3.2.4.2. Foreign Currency Futures-Sell		-	2,664,453	2,664,453	-	467,458	467,458
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)		188,629,297	667,234,820	855,864,117	169,615,321	448,534,685	618,150,006
IV. ITEMS HELD IN CUSTODY		19,796,090	29,473,546	49,269,636	13,610,861	8,544,173	22,155,034
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		14,363,392	29,275,666	43,639,058	8,957,723	8,189,953	17,147,676
4.3. Cheques Received for Collection		3,625,477	110,457	3,735,934	3,155,875	60,224	3,216,099
4.4. Commercial Notes Received for Collection		19,065	24,077	43,142	15,016	17,118	32,134
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		1,788,156	63,346	1,851,502	1,482,247	276,878	1,759,125
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		168,613,032	637,761,274	806,374,306	155,784,284	439,990,512	595,774,796
5.1. Marketable Securities		675,055	-	675,055	1,365,501	-	1,365,501
5.2. Guarantee Notes		27,776,700	73,284,274	101,060,974	25,904,515	52,650,268	78,554,783
5.3. Commodity		5,380,529	2,686,088	8,066,617	2,757,975	1,912,416	4,670,391
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		117,105,086	342,182,652	459,287,738	110,957,551	227,890,780	338,848,331
5.6. Other Pledged Items		17,675,662	219,608,260	237,283,922	14,798,742	157,537,048	172,335,790
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		220,175	-	220,175	220,176	-	220,176
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		216,398,467	737,860,885	954,259,352	198,879,534	515,767,278	714,646,812

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

BURGAN BANK A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS ENDED
30 JUNE 2023 AND 30 JUNE 2022

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

III.	STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	Note (Section Five)	Reviewed 01/01/2023- 30/06/2023	Reviewed 01/01/2022- 30/06/2022	Reviewed 01/04/2023- 30/06/2023	Reviewed 01/04/2022- 30/06/2022
I.	INTEREST INCOME	IV-a	4,216,709	2,556,673	2,145,572	1,433,471
1.1	Interest Received from Loans		1,767,438	1,700,628	836,724	926,131
1.2	Interest Received from Reserve Deposits		73	10,951	38	1,675
1.3	Interest Received from Banks		186,923	20,866	98,326	7,492
1.4	Interest Received from Money Market Transactions		134,717	43,118	78,902	15,221
1.5	Interest Received from Securities		701,738	216,659	367,627	162,474
1.5.1	Financial Assets at Fair Value through Profit or Loss		9,788	2,238	3,401	996
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		157,549	119,260	95,464	85,465
1.5.3	Financial Assets Measured at Amortized Cost		534,401	95,161	268,762	76,013
1.6	Finance Lease Interest Income		381,201	176,749	204,895	90,331
1.7	Other Interest Income	IV-k	1,044,619	387,702	559,060	230,147
II.	INTEREST EXPENSES (-)	IV-b	3,714,972	1,882,122	2,008,926	1,035,999
2.1	Interest on Deposits		2,284,894	899,971	1,190,614	513,862
2.2	Interests Given to Used Loans		581,516	227,071	332,106	127,371
2.3	Interest on Money Market Transactions		75,033	31,920	41,526	29,263
2.4	Interest on Securities Issued		-	-	-	-
2.5	Finance Lease Interest Expenses		8,172	6,184	4,219	3,223
2.6	Other Interest Expenses	IV-k	765,357	716,976	440,461	362,280
III.	NET INTEREST INCOME/EXPENSE (I - II)		501,737	674,551	136,646	397,472
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		439,990	37,026	236,029	22,566
4.1	Fees and Commissions Received		506,128	61,290	270,488	36,807
4.1.1	Non-Cash Loans		55,478	20,144	35,549	11,002
4.1.2	Other	IV-k	450,650	41,146	234,939	25,805
4.2	Fees and Commissions Paid (-)		66,138	24,264	34,459	14,241
4.2.1	Non-Cash Loans (-)		2,673	523	1,500	299
4.2.2	Other (-)	IV-k	63,465	23,741	32,959	13,942
V.	DIVIDEND INCOME		38	24	38	24
VI.	TRADING PROFIT/LOSS (Net)	IV-c	749,062	155,448	565,421	101,501
6.1	Profit/Losses From Capital Market Transactions		263,126	35,414	97,854	30,121
6.2	Profit/Losses From Derivative Financial Transactions		(298,077)	(2,945)	(305,182)	(4,504)
6.3	Foreign Exchange Profit/Losses		784,013	122,979	772,749	75,884
VII.	OTHER OPERATING INCOME	IV-d	604,827	242,560	357,861	181,471
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI)		2,295,654	1,109,609	1,295,995	703,034
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-e	(1,130,482)	(85,042)	(875,715)	(10,838)
X.	OTHER PROVISION EXPENSES (-)	IV-e	618,476	2,953	558,476	35
XI.	PERSONNEL EXPENSES (-)		515,923	228,392	261,480	118,272
XII.	OTHER OPERATING EXPENSES (-)	IV-f	510,588	218,605	290,396	111,049
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		1,781,149	744,701	1,061,358	484,516
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-g	1,781,149	744,701	1,061,358	484,516
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-h	(556,162)	(183,843)	(486,388)	(126,980)
18.1	Current Tax Provision		20,180	233,433	4,213	197,223
18.2	Expense Effect of Deferred Tax (+)		847,583	222,141	676,633	40,637
18.3	Income Effect of deferred tax (-)		311,601	271,731	194,458	110,880
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-i	1,224,987	560,858	574,970	357,536
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income From Assets Held For Sale		-	-	-	-
20.2	Profit From Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Other Income From Discontinued Operations		-	-	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Expenses on Assets Held For Sale		-	-	-	-
21.2	Losses From Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Other Expenses From Discontinued Operations		-	-	-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Expense Effect of Deferred Tax (+)		-	-	-	-
23.3	Income Effect of Deferred Tax (-)		-	-	-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	IV-j	1,224,987	560,858	574,970	357,536
25.1	Group's Profit / Loss		1,224,987	560,858	574,970	357,536
25.2	Minority Shares' Profit / Loss (-)		-	-	-	-
	Profit / (Loss) per share (1.000 nominal in TL full)		4.613	2.776	2.165	1.769

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

BURGAN BANK A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIODS ENDED 30 JUNE 2023 AND 30 JUNE 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Reviewed 01/01/2023- 30/06/2023	Reviewed 01/01/2022- 30/06/2022
I. CURRENT PERIOD PROFIT/LOSS	1,224,987	560,858
II. OTHER COMPREHENSIVE INCOME	42,147	458,495
2.1 Items that Will not be Reclassified to Profit or Loss	-	(439)
2.1.1 Increases/Decreases in Revaluation of Tangible Assets	-	-
2.1.2 Increases/Decreases in Revaluation Differences of Intangible Assets	-	-
2.1.3 Defined Benefit Plans Re-Measurement Gains/Loss	-	-
2.1.4 Other Comprehensive Income not to be Reclassified as Other Profit or Loss	-	-
2.1.5 Other Comprehensive Income not to be Reclassified to Profit or Loss	-	(439)
2.2 Items that will be Reclassified to Profit or Loss	42,147	458,934
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses on Valuation and/or Reclassification Arising from Financial Assets at Fair Value Through Other Comprehensive Income	(98,619)	4,854
2.2.3 Income/Expenses Arising on Cash Flow Hedges	155,019	601,378
2.2.4 Income/Expenses 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	(14,253)	(147,298)
III. TOTAL COMPREHENSIVE INCOME (I+II)	1,267,134	1,019,353

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

(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
Reviewed CURRENT PERIOD 30.06.2023	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profit	Other Capital Reserves												
I. Balances at Beginning of Period	II-1	2,655,500	-	-	(6,321)	53,305	(40,681)	-	-	64,663	720,650	429,402	1,217,432	-	5,093,950	-	5,093,950
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		2,655,500	-	-	(6,321)	53,305	(40,681)	-	-	64,663	720,650	429,402	1,217,432	-	5,093,950	-	5,093,950
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	(73,964)	116,111	-	-	1,224,987	1,267,134	-	1,267,134
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease Related to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	1,217,432	(1,217,432)	-	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	1,217,432	(1,217,432)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		2,655,500	-	-	(6,321)	53,305	(40,681)	-	-	(9,301)	836,761	1,646,834	-	1,224,987	6,361,084	-	6,361,084

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.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

(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						
Reviewed PRIOR PERIOD 30.06.2022	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profit	Other Capital Reserves												
I. Balances at Beginning of Period	II-I	1,890,000	-	-	(2,532)	34,176	(9,954)	-	-	(52,206)	185,523	124,587	304,815	-	2,474,409	-	2,474,409
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1,890,000	-	-	(2,532)	34,176	(9,954)	-	-	(52,206)	185,523	124,587	304,815	-	2,474,409	-	2,474,409
IV. Total Comprehensive Income		-	-	-	-	(948)	509	-	-	6,904	452,030	-	-	560,858	1,019,353	-	1,019,353
V. Capital Increase in Cash		765,500	-	-	-	-	-	-	-	-	-	-	-	-	765,500	-	765,500
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease Related to Other Changes		-	-	-	(3,782)	-	-	-	-	-	-	-	15,708	-	11,926	-	11,926
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	304,815	(304,815)	-	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	304,815	(304,815)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (II+IV+.....+X+XI)		2,655,500	-	-	(6,314)	33,228	(9,445)	-	-	(45,302)	637,553	429,402	15,708	560,858	4,271,188	-	4,271,188

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.
CONSOLIDATED STATEMENTS OF CASH FLOWS
AS OF 30 JUNE 2023 AND 30 JUNE 2022

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

VI. STATEMENT OF CASH FLOWS	Reviewed 30/06/2023	Reviewed 30/06/2022
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	(2,616,151)	991,328
1.1.1 Interest Received	3,945,951	2,275,761
1.1.2 Interest Paid	(3,442,578)	(1,664,415)
1.1.3 Dividend Received	38	24
1.1.4 Fees and Commissions Received	470,111	39,187
1.1.5 Other Income	-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables	630,478	255,527
1.1.7 Payments to Personnel and Service Suppliers	(515,923)	(228,392)
1.1.8 Taxes Paid	(24,279)	(18,500)
1.1.9 Other	(3,679,949)	332,136
1.2 Changes in Operating Assets and Liabilities	5,720,157	2,313,743
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	189,281	45,915
1.2.2 Net (Increase) Decrease in Due from Banks and Other Financial Institutions	1,384,399	(343,836)
1.2.3 Net (Increase) Decrease in Loans	4,282,700	(5,035,119)
1.2.4 Net (Increase) Decrease in Other Assets	(1,737,927)	(1,646,990)
1.2.5 Net Increase (Decrease) in Bank Deposits	(6,004)	(191,275)
1.2.6 Net Increase (Decrease) in Other Deposits	(9,247,104)	6,857,029
1.2.7 Net Increase (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss	-	(200,552)
1.2.8 Net Increase (Decrease) in Funds Borrowed	9,563,189	313,417
1.2.9 Net Increase (Decrease) in Overdue Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	1,291,623	2,515,154
I. Net Cash Flow Provided from Banking Operations	3,104,006	3,305,071
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided from Investing Activities	(769,225)	(1,361,592)
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	(1,362,398)	-
2.4 Disposals of Property and Equipment	356,641	432,441
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(165,813)	(906,377)
2.6 Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	340,798	478,338
2.7 Cash Paid for Purchase of Financial Assets at Amortised Cost	(437,115)	(1,365,994)
2.8 Cash Obtained from Sale of Financial Assets at Amortised Cost	502,604	-
2.9 Other	(3,942)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from Financing Activities	(30,501)	747,517
3.1 Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2 Cash Outflow from Repayment of Funds Borrowed and Securities Issued	-	-
3.3 Issued Capital Instruments	-	765,500
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(30,501)	(17,983)
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	243,944	125,894
V. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)	2,548,224	2,816,890
VI. Cash and Cash Equivalents at the Beginning of the Period	6,762,609	3,410,629
VII. Cash and Cash Equivalents at the End of the Period	9,310,833	6,227,519

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

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 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 “TAS”) 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.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. In the announcement dated 20 January 2022 made by the POA, it has been stated that companies applying TFRS will not need to make any adjustments in their financial statements within the scope of the TAS 29 Financial Reporting Standard in Hyperinflationary Economies.

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

I. BASIS OF PRESENTATION (continued):

- 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 Regarding Banks’ Accounting Application and Keeping Documents (continued):**

Since the POA did not make any new announcement, while preparing the financial statements as of 30 June 2023, no inflation adjustment was made according to TAS 29.

- 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 30 June 2023, foreign currency denominated balances are translated into TL using the exchange rates of TL 25.8231 and TL 28.1540 for USD and EUR, respectively.

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

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

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

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

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

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

The carrying amount of the Group’s investment in each subsidiary and the Group’s portion of the cost value of the capital of each subsidiary are eliminated. Intergroup balances and intergroup transactions and resulting unrealized profit 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 30 June 2023 and 31 December 2022.

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 statement of profit or loss. The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models.

As of 30 June 2023, the Group applies cash flow hedge accounting through cross and interest currency swaps to protect against changes in interest rates of FC deposits which have average maturities of up to 3 months. The Group implements effectiveness tests at the balance sheet dates for hedge accounting, the effective parts are accounted as defined in TAS 39, on the financial statements under equity “Accumulated other comprehensive income or 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.

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 an integral part of their effective profit rate, are accounted over time in accordance with the TFRS 15 Revenue from Contracts With Customers Standard.

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/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/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.

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 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 statement of profit or loss.

d. Loans:

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

The Group's loans are recorded under the "Measured at Amortized Cost" account.

Write-off policy is explained in section V, I.e.12 the explanations and notes related to assets.

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

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

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

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.

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 above rules, the Group also provides additional provisions through individual assessment.

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 (Internal efficiency rate) method". The Group has no securities lending transactions.

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

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

The Group has no discontinued operations.

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill:

As of 30 June 2023, the Group has no goodwill (31 December 2022: 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:

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

The Group has adopted the “revaluation method” in accordance with the “Communiqué Regarding the Principles and Procedures for the Tangible Assets (“TAS 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 “Net recoverable amount”, it is written down to its “Net 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.

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.

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. The Group reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right-of-use asset:

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

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

When the 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.

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 Bank 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 LIABILITIES:

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.

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, the corporate tax which is applied to corporate earnings at the rate of 20% in Turkey. 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.

Corporate tax applied at the rate of 20% for corporate earnings in Turkey, pursuant to the regulation introduced by the Law No. 7316 on the “Law on the Collection of Public Claims and Amendments to Certain Laws” is applied as 25% to be applied to corporate earnings for the 2021 taxation period and 23% to be applied to corporate earnings for the 2022 taxation period, pursuant to the regulation introduced by the Law No. 7394 on “The Law on the Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law and Amendments to Some Laws and Decrees” this rate has been determined as 25% to be applied to the corporate earnings of banks, companies under the Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies for the taxation period as of 2022. However, with Article 25 of Law No. 7394; the corporate tax rate for banks, companies within the scope of the “Financial Leasing, Factoring, Financing and Savings Financing Companies Law” No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies increased to 25%. This provision entered into force on 15 April 2022 to be applied to corporate earnings for the 2022 taxation period.

This amendment will be valid in the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 1 July 2022. Since the tax rate change came into effect as of 15 April 2022, 25% was used as the tax rate in Corporate Tax calculations in the financial statements dated 30 June 2023.

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

XVIII. EXPLANATIONS ON TAXATION (continued):

a. Current Tax (continued):

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

Corporations are required to pay advance corporate tax quarterly on their corporate income with the current rate. Advance tax is 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, 50% portion of the capital gains derived from the sale of equity investments and immovable properties after 5 December 2017 are tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder’s equity for 5 years. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

With the Presidential Decision No. 4936 published in the Official Gazette dated 22 December 2021 and numbered 31697, within the scope of Article 94 of the Income Tax Law and Articles 15 and 30 of the Corporate Tax Law, the rate of tax withholding in dividend distribution has been reduced from 15% to 10%.

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.

With the Communiqué Amending the Tax Procedure Law General Communiqué (line no. 537) with line number 547 published in the Official Gazette dated 14 January 2023 and numbered 32073, the procedures and principles of the law articles that allow the revaluation of immovable and depreciable economic assets have been restated. Accordingly, the Bank will be able to revalue the immovables in its balance sheet and its depreciable economic assets, provided that the conditions in the Tax Procedure Law Provisional Article 32 and Reiterated Article 298/ç are met. Thus, corporate tax can be paid by calculating the values of real estate and depreciable economic assets after revaluation. Our bank will benefit from this revaluation implementation.

According to Law No. 7440 on Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette (dated on 12 March 2023 and numbered 32130), tax payers are to be calculating additional tax in order to be indicated in corporate income tax returns of the year 2022. With the regulation of Law No. 5520 on the “Corporate Tax Law” and other tax regulations, an additional tax of 10% will be calculated based on the exemption and deduction amounts subject to deduction from corporate income and the tax bases subject to reduced corporate tax within the scope of Article 32/A of the same law and with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the Law No. 5520., an additional tax of 5% will be calculated based on exempted dividends and certificated additional earnings from abroad with at least tax burden of 15%. The first partial payment of this additional taxes is to be paid within the payment period of the corporate income tax, and the second partial payment is to be paid in the fourth month following this period.

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

XVIII. EXPLANATIONS ON TAXATION (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.

Due to the fact that the change in the corporate tax rate that entered into force on 15 April 2022, will be taken into account in the taxation of corporate earnings for the periods valid from 1 January 2022, starting from 1 July 2022, Under TAS 12, as of 30 June 2023, deferred tax has been calculated at the rate of 25% for assets and liabilities.

XIX. EXPLANATIONS ON BORROWINGS:

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

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

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 June 2023, the Group does not have any government incentives or grants (31 December 2022: None).

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (continued):**XXIV. EXPLANATIONS ON EARNINGS PER SHARE:**

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

	30 June 2023	30 June 2022
Net Profit/(Loss) to be Appropriated to Ordinary Shareholders	1,224,987	560,858
Weighted Average Number of Issued Ordinary Shares (Thousand)	265,550,000	202,071,253
Earnings Per Ordinary Shares (Disclosed as 1,000 nominal in full TL)	4.613	2.776

Based on the Principal Agreement, the Parent Bank has 1,000,000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

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

XXV. EXPLANATIONS ON RELATED PARTIES:

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

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 six 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 provide comparative information, classification processes have not been made in the financial statements and disclosures.

SECTION FOUR

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS

I. EXPLANATIONS ON EQUITY:

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of 30 June 2023, Bank's total capital has been calculated as TL 11,091,370 (31 December 2022: TL 8,533,598), consolidated standard capital adequacy ratio is 24.39% (31 December 2022: 19.09%).

As of 30 June 2023, within the scope of BRSA's instructions dated 21 December 2021, 28 April 2022 and 31 January 2023; 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 as of 31 December 2022 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 5 September 2013 and numbered 28756 and to be used for the capital adequacy ratio.

BURGAN BANK A.Ş.
NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):
I. EXPLANATIONS ON EQUITY (continued):
a. Information about total capital:

	Current Period 30 June 2023	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2022	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	2,655,500		2,655,500	
Share issue premiums	-		-	
Legal reserves	1,640,513		423,081	
Gains recognized in equity as per TAS	906,510		851,551	
Profit	1,224,987		1,217,432	
Current Period Profit	1,224,987		1,201,724	
Prior Period Profit	-		15,708	
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	6,427,510		5,147,564	
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	82,912		44,941	
Improvement costs for operating leasing	11,408		11,764	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	85,649	85,649	86,124	86,124
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	836,761		720,650	
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	1,016,730		863,479	
Total Common Equity Tier 1 Capital	5,410,780		4,284,085	

(*) 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 THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):
I. EXPLANATIONS ON EQUITY (continued):

	Current Period 30 June 2023	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2022	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 (*)	1,291,155		934,915	
Debt instruments and premiums approved by BRSA (Temporary Article 4)				
Additional Tier I Capital before Deductions	1,291,155		934,915	
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	1,291,155		934,915	
Total Tier I Capital (Tier I Capital=Common Equity + Additional Tier I Capital)	6,701,935		5,219,000	
TIER II CAPITAL				
Debt instruments and share issue premiums deemed suitable by the BRSA	3,873,465		2,804,745	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)				
Provisions (Article 8 of the Regulation on the Equity of Banks)	515,970		509,871	
Tier II Capital Before Deductions	4,389,435		3,314,616	
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.			18	
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			18	
Total Tier II Capital	4,389,435		3,314,598	
Total Capital (The sum of Tier I Capital and Tier II Capital)	11,091,370		8,533,598	
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				

(*) 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 THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):
I. EXPLANATIONS ON EQUITY (continued):

	Current Period 30 June 2023	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2022	Amounts related to treatment before 1/1/2014 (*)
TOTAL EQUITY				
Total Capital (Tier I and Tier II Capital)	11,091,370		8,533,598	
Total risk weighted amounts	45,478,179		44,706,381	
CAPITAL ADEQUACY RATIOS				
Core Capital Adequacy Ratio (%)	11.90		9.58	
aynTier I Capital Adequacy Ratio (%)	14.74		11.67	
Capital Adequacy Ratio (%)	24.39		19.09	
BUFFERS				
Total additional Tier I Capital requirement (a + b + c)	2,525		2,522	
Capital conservation buffer requirement (%)	2,500		2,500	
b. Bank specific counter-cyclical buffer requirement (%)	0.025		0.022	
c. Systematically important bank buffer ratio (%)	-		-	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	7.40		5.08	
b				
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 rights to provide mortgage service	-		-	
Amount arising from deferred tax assets based on temporary differences	658,256		517,089	
Limits Related to Provisions Considered in Tier II Calculation				
General provisions for standard based receivables (before ten thousand twenty-five limitation)	1,015,312		1,686,481	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	515,970		509,871	
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 THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):
I. EXPLANATIONS ON EQUITY (continued):
b. Information on instruments related to equity estimation:

Details on debt instruments that will be included in equity calculation:		
Issuer – Loan grantor	Burgan Bank K.P.S.C.	Burgan Bank K.P.S.C.
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)	3,873,465	1,291,155
Nominal value of debt instrument (Thousands USD)	150,000	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	16.05.2022	22.02.2021
Maturity structure of the debt instrument (Perpetual/Dated)	Dated	Perpetual
Original maturity date of the debt instrument	10 Years	-
Whether the issuer has a right to call subject to BRSA approval	Yes	Yes
Optional call date, contingent call options and redemption amount	After 5th year	After 5th year
Subsequent call dates of call options	After 5th year	After 5th year
Coupon/dividend payments	3 Months	-
Fixed or floating dividend/coupon payments	Floating dividend	-
Coupon rate and any related index value	LIBOR+4.25	-
Existence of a restriction which can stop dividend payments	-	-
Being fully discretionary, partially discretionary or mandatory	-	-
Existence of an interest rate increase or other incentive to call	-	-
Being noncumulative or cumulative	Noncumulative	Noncumulative
Being convertible or non-convertible to stock	None	None
If convertible to a stock, conversion trigger(s)	-	-
If convertible to a stock, fully or partially	-	-
If convertible to a stock, conversion rate	-	-
If convertible to a stock, mandatory or optional conversion	-	-
If convertible to a stock, specify instrument type convertible into	-	-
If convertible to a stock, issuer of debt instrument it converts into	-	-
Value reduction feature	None	-
If it has a value reduction feature, write-down trigger(s)	-	If unsustainability occurs, a decrease in value can be realized.
If it has a value reduction feature, full or partial	-	Partially or completely depreciation can be realized.
If it has a value reduction feature, permanent or temporary	-	Constant
If temporary value reduction exists, description of value increase mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to this instrument)	Before debt instruments to be included in Additional Tier I capital calculation but after the deposit holders and all other creditors of the Debtor.	After the right to claim of the holder, the deposit holders, other creditors and contribution capital calculation included borrowings of the Debtor.
Whether it is in compliance with the terms in articles 7 and 8 of the Communiqué on Bank’s Equities	None.	None.
The terms it is not in compliance with in articles 7 and 8 of the Communiqué on Bank’s Equities	None.	None.

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):

II. EXPLANATIONS ON RISK MANAGEMENT :

a. 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 30 June 2023:

- 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

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**II. EXPLANATIONS ON RISK MANAGEMENT (continued):****a. Overview of Risk Weighted Amounts (continued):**

	Risk Weighted Amounts		Minimum Capital Liability
	Current Period	Prior Period	Current Period
	30 June 2023	31 December 2022	30 June 2023
1 Credit risk (excluding counterparty credit risk) (CCR)	39,720,678	39,813,838	3,177,654
2 Standardised approach (SA)	39,720,678	39,813,838	3,177,654
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	1,556,893	975,833	124,551
5 Standardised approach for counterparty credit risk (SACCR)	1,556,893	975,833	124,551
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	1,429,510	2,102,141	114,361
17 Standardised approach (SA)	1,429,510	2,102,141	114,361
18 Internal model approaches (IMM)	-	-	-
19 Operational risk	2,771,098	1,814,569	221,688
20 Basic indicator approach	2,771,098	1,814,569	221,688
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)	45,478,179	44,706,381	3,638,254

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**II. EXPLANATIONS ON RISK MANAGEMENT (Continued):****1. Credit Quality of Assets:**

	Current Period	Gross carrying values of as per TAS in the financial statements prepared according to legal consolidation		Allowances/depreciation and impairments	Net values
		Defaulted	Not-defaulted		
1	Loans	1,875,498	35,259,354	1,596,984	35,537,868
2	Debt Securities	-	9,457,237	64,112	9,393,125
3	Off-balance sheet receivables	39,748	15,042,020	46,449	15,035,319
4	Total	1,915,246	59,758,611	1,707,545	59,966,312

	Prior Period	Gross carrying values of as per TAS in the financial statements prepared according to legal consolidation		Allowances/depreciation and impairments	Net values
		Defaulted	Not-defaulted		
1	Loans	2,386,548	39,470,201	2,331,270	39,525,479
2	Debt Securities	-	7,598,297	17,923	7,580,374
3	Off-balance sheet receivables	35,367	10,404,147	35,356	10,404,158
4	Total	2,421,915	57,472,645	2,384,549	57,510,011

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

Current Period		
1	Defaulted loans and debt securities at the end of the previous reporting period	2,421,915
2	Loans and debt securities that have defaulted since the last reporting period	120,510
3	Returned to non-defaulted status	-
4	Amounts written off (-)	1,153
5	Other changes	(626,026)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4+5)	1,915,246

Prior Period		
1	Defaulted loans and debt securities at the end of the previous reporting period	2,621,229
2	Loans and debt securities that have defaulted since the last reporting period	525,564
3	Returned to non-defaulted status	-
4	Amounts written off (-)	109,248
5	Other changes	(615,630)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4+5)	2,421,915

3. Credit Risk Mitigation Techniques:

	Current Period	Exposures unsecured:	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
		amount valued in accordance with TAS				amount of exposures secured by financial guarantees		amount of exposures secured by credit derivatives
1	Loans	27,166,611	8,371,257	5,385,372	-	-	-	-
2	Debt securities	9,393,125	-	-	-	-	-	-
3	Total	36,559,736	8,371,257	5,385,372	-	-	-	-
4	Defaulted	1,038,834	836,664	836,664	-	-	-	-

BURGAN BANK A.Ş.
NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):
II. EXPLANATIONS ON RISK MANAGEMENT (Continued):
3. Credit Risk Mitigation Techniques (Continued):

	Prior Period	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	28,890,422	10,635,057	5,696,845	-	-	-	-
2	Debt securities	7,580,374	-	-	-	-	-	-
3	Total	36,470,796	10,635,057	5,696,845	-	-	-	-
4	Defaulted	1,639,628	728,920	43,332	-	-	-	-

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

	Current Period	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	On-balance sheet amount	RWA	RWA density
1	Receivables from central governments or central banks	13,195,110	-	13,576,432	-	-	0.0%
2	Receivables from regional governments or local authorities	126,606	-	66,290	-	33,145	50.0%
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	0.0%
4	Receivables from multilateral development banks	-	47,583	-	47,583	-	0.0%
5	Receivables from international organizations	-	-	-	-	-	0.0%
6	Receivables from banks and intermediary institutions	4,986,347	1,054,359	5,046,665	1,046,360	1,863,987	30.6%
7	Receivables from corporates	15,039,753	11,038,808	14,809,739	6,864,939	20,048,220	92.5%
8	Retail exposures	4,182,172	843,236	4,182,181	380,635	5,659,645	124.0%
9	Exposures secured by residential property	164,545	26,353	140,858	11,918	53,608	35.1%
10	Exposures secured by commercial real estate	8,895,824	74,846	8,825,496	47,590	5,550,774	62.6%
11	Past-due loans	1,276,252	-	1,250,376	-	1,265,136	101.2%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	0.0%
13	Mortgage-backed securities	-	-	-	-	-	0.0%
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	0.0%
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	0.0%
16	Other Receivables	5,912,927	-	5,912,927	-	5,246,163	88.7%
17	Equity investment	-	-	-	-	-	0.0%
18	Total	53,779,536	13,085,185	53,810,964	8,399,025	39,720,678	63.8%

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**II. EXPLANATIONS ON RISK MANAGEMENT (Continued):****4. Standardised Approach – Exposures by Asset Classes and Risk Weight (Continued):**

Prior Period	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	On-balance sheet amount	RWA	RWA density
Exposure categories						
1 Receivables from central governments or central banks	11,928,283	-	12,314,904	-	1	0.0%
2 Receivables from regional governments or local authorities	168,758	-	89,252	-	44,626	50.0%
3 Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	0.0%
4 Receivables from multilateral development banks	-	61,755	-	61,755	-	0.0%
5 Receivables from international organizations	-	-	-	-	-	0.0%
6 Receivables from banks and intermediary institutions	3,942,506	919,089	4,022,012	909,314	1,633,914	33.1%
7 Receivables from corporates	24,198,356	7,778,601	23,889,552	4,920,786	25,728,019	89.3%
8 Retail exposures	2,367,328	289,195	2,367,334	127,798	3,108,893	124.6%
9 Exposures secured by residential property	141,814	15,796	141,827	6,820	50,378	33.9%
10 Exposures secured by commercial real estate	6,678,842	71,271	6,653,700	46,369	4,487,264	67.0%
11 Past-due loans	1,720,374	-	1,687,424	-	1,711,196	101.4%
12 Higher-risk categories by the Agency Board	-	-	-	-	-	0.0%
13 Mortgage-backed securities	-	-	-	-	-	0.0%
14 Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	0.0%
15 Investments in the nature of collective investment enterprise	-	-	-	-	-	0.0%
16 Other Receivables	3,318,328	-	3,318,328	-	3,049,547	91.9%
17 Equity investment	-	-	-	-	-	0.0%
18 Total	54,464,589	9,135,707	54,484,333	6,072,842	39,813,838	65.7%

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**II. EXPLANATIONS ON RISK MANAGEMENT (Continued):****5. Standardised Approach – Exposures by Asset Classes and Risk Weights:**

Current Period											Total credit risk exposure amount (after CCF and CRM)
Asset Classes/ Risk Weight	0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%		
1	Exposures to central governments or central banks	13,576,432	-	-	-	-	-	-	-	-	13,576,432
2	Exposures to regional governments or local authorities	-	-	-	-	66,290	-	-	-	-	66,290
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	47,583	-	-	-	-	-	-	-	-	47,583
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	4,039,501	-	1,994,871	-	58,652	-	-	6,093,024
7	Exposures to corporates	362,455	-	1,724,865	-	2,133,959	-	16,269,479	2,108	1,181,813	21,674,679
8	Retail exposures	4,939	-	3,318	-	5,000	1,336,812	330,496	2,882,251	-	4,562,816
9	Exposures secured by residential property	32	-	158	152,436	-	-	-	150	-	152,776
10	Exposures secured by commercial real estate	26,401	-	51,781	-	6,508,973	-	2,285,931	-	-	8,873,086
11	Past-due loans	-	-	-	-	6,405	-	1,208,047	35,924	-	1,250,376
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	666,764	-	-	-	-	-	5,246,163	-	-	5,912,927
18	Total	14,684,606	-	5,819,623	152,436	10,715,498	1,336,812	25,398,768	2,920,433	1,181,813	62,209,989

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**II. EXPLANATIONS ON RISK MANAGEMENT (Continued):****5. Standardised Approach – Exposures by Asset Classes and Risk Weights (Continued):**

	Prior Period										Total credit risk exposure amount (after CCF and CRM)	
		0%	10%	20%	Guaranteed by 35% Real Estate Fund	50%	75%	100%	150%	200%		
1	Exposures to central governments or central banks	12,314,903	-	1	-	-	-	-	-	-	-	12,314,904
2	Exposures to regional governments or local authorities	-	-	-	-	89,252	-	-	-	-	-	89,252
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	61,755	-	-	-	-	-	-	-	-	-	61,755
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	2,788,411	-	2,133,363	-	9,552	-	-	-	4,931,326
7	Exposures to corporates	427,736	-	4,184,278	-	2,347,449	-	19,983,997	633	1,866,245	-	28,810,338
8	Retail exposures	9,327	-	10,932	-	6,565	710,848	131,803	1,625,657	-	-	2,495,132
9	Exposures secured by residential property	5,119	-	187	143,192	-	-	-	149	-	-	148,647
10	Exposures secured by commercial real estate	61,870	-	6,900	-	4,290,829	-	2,340,470	-	-	-	6,700,069
11	Past-due loans	-	-	-	-	3,129	-	1,633,623	50,672	-	-	1,687,424
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	268,781	-	-	-	-	-	3,049,547	-	-	-	3,318,328
18	Total	13,149,491	-	6,990,709	143,192	8,870,587	710,848	27,148,992	1,677,111	1,866,245	-	60,557,175

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**II. EXPLANATIONS ON RISK MANAGEMENT (Continued):****6. Assessment of Counterparty Credit Risk According to The Models Of Measurement:**

	Current Period	Revaluation cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk weighted amounts
1	Standart Approach-CCR (for derivatives)	-	-	-	1.4	327,922	31,453
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)	-	-	-	-	3,773,871	931,316
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	-	-	-	-	4,101,793	962,769

	Prior Period	Revaluation cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk weighted amounts
1	Standart Approach-CCR (for derivatives)	-	-	-	1.4	638,591	44,656
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)	-	-	-	-	2,706,994	506,094
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	-	-	-	-	3,345,585	550,750

BURGAN BANK A.Ş.
NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):
II. EXPLANATIONS ON RISK MANAGEMENT (Continued):
7. Credit Valuation Adjustment (CVA) Capital Charge:

Current Period		Exposure (After credit risk mitigation methods)	Risk weighted amounts
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-
1	(i) Value at risk component (including 3* multiplier)	-	-
2	(ii) Stressed Value at Risk (including 3* multiplier)	-	-
3	All portfolios subject to Standardised CVA capital obligation	327,922	594,124
4	Total amount of CVA capital adequacy	327,922	594,124

Prior Period		Exposure (After credit risk mitigation methods)	Risk weighted amounts
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-
1	(i) Value at risk component (including 3* multiplier)	-	-
2	(ii) Stressed Value at Risk (including 3* multiplier)	-	-
3	All portfolios subject to Standardised CVA capital obligation	638,591	1,076,271
4	Total amount of CVA capital adequacy	638,591	1,076,271

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

Current Period	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Risk weights									
Risk Classes									
Central governments and central banks receivables	130,201	-	1,001,802	-	-	-	-	-	1,132,003
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non-commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	590,989	1,948,772	-	-	-	-	2,539,761
Corporate receivables	-	-	-	-	-	263,949	-	-	263,949
Retail receivables	-	-	-	-	-	-	-	-	-
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	130,201	-	1,592,791	1,948,772	-	263,949	-	-	3,935,713

BURGAN BANK A.Ş.
NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):
II. EXPLANATIONS ON RISK MANAGEMENT (Continued):
8. Standardised Approach - CCR Exposures by Regulatory Portfolio and Risk Weights (Continued):

Prior Period	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Risk weights									
Risk Classes									
Central governments and central banksreceivables	718,719	-	325,182	-	-	-	-	-	1,043,901
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non-commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	306,268	491,145	-	-	-	-	797,413
Corporate receivables	-	-	-	-	-	601,865	-	-	601,865
Retail receivables	-	-	-	-	2,806	-	-	-	2,806
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	718,719	-	631,450	491,145	2,806	601,865	-	-	2,445,985

9. Composition of Collateral for CCR Exposure:

Current Period	Collaterals for Derivatives Transactions				Collaterals for Derivatives Transactions	
	Collaterals Taken		CollateralsTaken		Collaterals Taken	CollateralsTaken
	Segregated	Non-segregated	Segregated	Non-segregated		
Cash – local currency	-	-	-	-	1,088,759	-
Cash – foreign currency	-	-	-	-	830,375	-
Government bonds-domestic	-	-	-	-	-	-
Government bonds-ther	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Share certificate	-	-	-	-	-	-
Other guarantees	-	-	-	-	-	-
Total	-	-	-	-	1,919,134	-

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**II. EXPLANATIONS ON RISK MANAGEMENT (Continued):****9. Composition of Collateral for CCR Exposure(Continued):**

Prior Period	Collaterals for Derivatives Transactions				Collaterals for Derivatives Transactions	
	Collaterals Taken		Collaterals Taken		Collaterals Taken	Collaterals Taken
	Segregated	Non-segregated	Segregated	Non-segregated		
Cash – local currency	-	-	-	-	979,665	-
Cash – foreign currency	-	-	-	-	598,251	-
Government bonds-domestic	-	-	-	-	-	-
Government bonds-ether	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Share certificate	-	-	-	-	-	-
Other guarantees	-	-	-	-	-	-
Total	-	-	-	-	1,577,916	-

10. Credit Derivatives:

None.

11. Risk to Central Counterparty:

There is a minimal CCP risk exposure due to the future transactions carried out by the Bank in Takasbank market. On a consolidated basis, Burgan Yatırım A.Ş is exposed to a minimal CCP risk within the scope of the products offered to its customers. For CCP risk, capital requirement is calculated for commercial risks and guarantee fund amounts with an alternative method.

Current Period		Exposure at default(post-CRM)	RWA
1	Total Exposure to Qualified Central Counterparties (QCCPs)	-	22,605
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	113,027	22,605
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	-	-

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**II. EXPLANATIONS ON RISK MANAGEMENT (Continued):****11. Risk to Central Counterparty (Continued):**

Prior Period		Exposure at default(post-CRM)	RWA
1	Total Exposure to Qualified Central Counterparties (QCCPs)	-	12,476
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	62,382	12,476
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Repo-Reverse Repo transactions, creditable marketable security transactions and securities and commodities lending or borrowing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

12. Securitization Disclosures:

None.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**II. EXPLANATIONS ON RISK MANAGEMENT (Continued):****13. Market Risk under Standardised Approach:**

Current Period		RWA
Outright products		
1	Interest rate risk (general and specific)	308,978
2	Equity risk (general and specific)	352,452
3	Foreign exchange risk	765,352
4	Commodity risk	377
Options		
5	Simplified approach	-
6	Delta-plus method	2,351
7	Scenario approach	-
8	Securitisation	-
9	Total	1,429,510

Prior Period		RWA
Outright products		
1	Interest rate risk (general and specific)	230,878
2	Equity risk (general and specific)	192,123
3	Foreign exchange risk	1,678,538
4	Commodity risk	168
Options		
5	Simplified approach	-
6	Delta-plus method	434
7	Scenario approach	-
8	Securitisation	-
9	Total	2,102,141

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK:**

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

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

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

	EUR		USD	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Bid Rate	TL 28.1540	TL 19.9349	TL 25.8231	TL 18.6983
1. Day Bid Rate	TL 28.1540	TL 19.9349	TL 25.8231	TL 18.6983
2. Day Bid Rate	TL 28.1540	TL 19.8816	TL 25.8231	TL 18.6966
3. Day Bid Rate	TL 27.4579	TL 19.8946	TL 25.2505	TL 18.6964
4. Day Bid Rate	TL 25.9732	TL 19.9087	TL 23.6239	TL 18.6813
5. Day Bid Rate	TL 25.7113	TL 19.8324	TL 23.5493	TL 18.6649

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	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Arithmetic average - 30 days	TL 25.5509	TL 19.7480	TL 23.5728	TL 18.6404

-

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (continued):****Information on currency risk of the Group:**

	Euro	USD	Other FC	Total
30 June 2023				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1,427,688	3,625,688	372,665	5,426,041
Banks	130,419	463,386	162,816	756,621
Financial Assets at Fair Value Through Profit or Loss ⁽¹⁾	21,745	370,776	-	392,521
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	205,062	291,895	23,342	520,299
Loans ⁽²⁾	15,774,846	6,625,860	-	22,400,706
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	590,580	1,913,242	-	2,503,822
Hedging Derivative Financial Assets ⁽¹⁾	106,617	942,996	-	1,049,613
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	93,215	93,617	26	186,858
Total Assets	18,350,172	14,327,460	558,849	33,236,481
Liabilities				
Bank Deposits	199,210	292,235	-	491,445
Foreign Currency Deposits	3,298,516	7,059,138	835,740	11,193,394
Funds from Interbank Money Market	-	830,375	-	830,375
Funds Borrowed from Other Financial Institutions	8,263,110	12,555,554	-	20,818,664
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	509,714	2,375,100	35	2,884,849
Hedging Derivative Financial Liabilities ⁽³⁾	42,932	91,882	-	134,814
Other Liabilities ⁽³⁾⁽⁴⁾	546,162	107,593	37,229	690,984
Total Liabilities	12,859,644	23,311,877	873,004	37,044,525
Net On-balance Sheet Position	5,490,528	(8,984,417)	(314,155)	(3,808,044)
Net Off-balance Sheet Position	(5,463,730)	9,906,385	350,340	4,792,995
Financial Derivative Assets	1,935,546	19,096,147	445,221	21,476,914
Financial Derivative Liabilities	7,399,276	9,189,762	94,881	16,683,919
Non-Cash Loans ⁽⁵⁾	1,402,824	5,651,504	99,354	7,153,682
31 December 2022				
Total Assets	17,920,756	11,620,162	337,268	29,878,186
Total Liabilities	6,816,659	21,173,547	591,585	28,581,791
Net On-balance Sheet Position	11,104,097	(9,553,385)	(254,317)	1,296,395
Net Off-balance Sheet Position	(10,782,561)	10,368,033	61,055	(353,473)
Financial Derivative Assets	1,371,225	20,397,099	976,010	22,744,334
Financial Derivative Liabilities	12,153,786	10,029,066	914,955	23,097,807
Non-Cash Loans ⁽⁵⁾	1,695,328	3,030,385	75,950	4,801,663

⁽¹⁾ TL 513,259 (31 December 2022: TL 459,476) income accruals of derivative financial instruments are not included.⁽²⁾ Foreign currency indexed loans amounting to TL 175,791 (31 December 2022: TL 165,571) are included in the table above. TL 587,666 (31 December 2022: TL 1,239,833) "Expected Loss Provisions" are included in the table. Lease Receivables from leasing transactions are also included.⁽³⁾ TL 300,442 (31 December 2022: TL 51,936) derivative financial instruments expense accruals are not included in the table above.⁽⁴⁾ Other Liabilities include TL 759,423 (31 December 2022: TL 614,262) "Securities Valuation Differences" and "Hedging Funds", TL 937,680 (31 December 2022: TL 694,311) "General Reserves" are not included in the table. TL 2,514 (31 December 2022: TL 3,430) "Provisions for Non-cash Loans First and Second Stage Expected Losses" are included in the table.⁽⁵⁾ Non-cash loans are not included in the total of "Net Off-Balance Sheet Position".⁽⁶⁾ As of 10 December 2022, with the amendment made in the "Regulation on the Calculation and Application of the Foreign Currency Net General Position/Equity Standard Ratio by Banks on a Consolidated and Unconsolidated Basis" with the decision numbered 32039; As of 9 January 2023, delta equivalents have been taken into account by multiplying the nominal value of the currency option with the delta value in the calculation of the net foreign currency position.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK:**

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

The Group closely monitors the maturity gap between liabilities and assets that may arise in the balance sheet to manage the interest rate risk better. Additionally, interest rate swaps and cross currency swaps that are followed under banking accounts and aim to hedge risks are conducted by the Treasury, Capital Markets and Financial Institutions Group. Liquidity management is critical in the combination of investments, 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):

30 June 2023	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets ⁽¹⁾							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	703,203	-	-	-	-	5,674,756	6,377,959
Banks	1,815,992	-	-	-	-	1,596,569	3,412,561
Financial Assets at Fair Value Through Profit/Loss ⁽²⁾	1,897,118	2,133,869	1,257,170	326,683	16,508	176,227	5,807,575
Interbank Money Market Placements	2,202,879	-	-	-	-	-	2,202,879
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	1,435,563	213,267	907,102	39,061	2,594,993
Loans Given ⁽³⁾	14,651,870	2,993,142	8,414,303	6,339,562	1,862,736	1,276,255	35,537,868
Financial Assets Measured at Amortized Cost ⁽⁴⁾	-	-	3,298,878	1,882,875	1,253,703	-	6,435,456
Other Assets ⁽⁵⁾	2,187	-	-	-	-	6,017,008	6,019,195
Total Assets	21,273,249	5,127,011	14,405,914	8,762,387	4,040,049	14,779,876	68,388,486
Liabilities							
Bank Deposits	456,152	-	-	-	-	35,717	491,869
Other Deposits	16,894,450	6,985,991	628,733	15,593	-	5,554,072	30,078,839
Funds from Interbank Money Market	884,482	-	124,999	702,676	-	-	1,712,157
Miscellaneous Payables ⁽⁶⁾	-	-	-	-	-	3,900,745	3,900,745
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	1,866,211	14,138,083	3,659,002	-	-	1,291,155	20,954,451
Other Liabilities ⁽⁶⁾⁽⁷⁾	470,839	593,709	164,063	182,381	2,953	9,836,480	11,250,425
Total Liabilities	20,572,134	21,717,783	4,576,797	900,650	2,953	20,618,169	68,388,486
Balance Sheet Long Position	701,115	-	9,829,117	7,861,737	4,037,096	-	22,429,065
Balance Sheet Short Position	-	(16,590,772)	-	-	-	(5,838,293)	(22,429,065)
Off-balance Sheet Long Position	390,677	59,403	-	2,538,913	-	-	2,988,993
Off-balance Sheet Short Position	-	-	(400,347)	-	(29,639)	-	(429,986)
Total Position	1,091,792	(16,531,369)	9,428,770	10,400,650	4,007,457	(5,838,293)	2,559,007

⁽¹⁾ Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

⁽²⁾ Financial Assets at Fair Value Through Profit/Loss includes derivative financial assets amounting to TL 5,405,837 classified to a related re-pricing periods.

⁽³⁾ Loans Given item includes TL 1,596,984 Expected Loss Provisions.

⁽⁴⁾ Financial Assets Measured at Amortized Cost item includes Expected Loss Provisions of TL 322.

⁽⁵⁾ Other Assets item consists of TL 1,554,730 Assets Held For Sale From Discontinued Operations, TL 2,818,188 Tangible Assets, TL 88,086 Intangible Assets, TL 146,960 Current Tax Asset, TL 1,411,231 Other Assets.

⁽⁶⁾ Other Liabilities item includes derivative financial liabilities amounting to TL 1,318,858 classified to a related re-pricing periods. Other Liabilities and Miscellaneous Payables consist of TL 1,318,858 Financial Derivate Liabilities, TL 96,275 Lease Liabilities, TL 1,804,380 Provisions, TL 104,524 Current Tax Liability, TL 545,384 Deferred Tax Liability, TL 4,920,655 Other Liabilities and TL 6,361,084 Shareholder's Equity.

⁽⁷⁾ Shareholders' Equity is presented in the Non-Interest Bearing column.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (continued):****a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates (As for the remaining time to repricing) (continued):**

31 December 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets ⁽¹⁾							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1,133,913	-	-	-	-	5,714,845	6,848,758
Banks ⁽¹⁾	1,323,625	-	-	-	-	428,951	1,752,576
Financial Assets at Fair Value Through Profit/Loss ⁽²⁾	1,275,899	1,016,583	485,371	91,167	129,960	96,065	3,095,045
Interbank Money Market Placements	1,519,254	310,048	49,954	-	-	-	1,879,256
Financial Assets at Fair Value Through Other Comprehensive Income	59,213	929,794	161,091	163,061	283,070	30,402	1,626,631
Loans Given ⁽³⁾	16,864,460	7,300,462	7,354,099	4,815,007	1,469,205	1,722,246	39,525,479
Financial Assets Measured at Amortized Cost ⁽⁴⁾	104,501	2,113,477	578,665	1,366,328	1,217,692	-	5,380,663
Other Assets ⁽⁵⁾	40,636	-	-	-	-	3,598,946	3,639,582
Total Assets	22,321,501	11,670,364	8,629,180	6,435,563	3,099,927	11,591,455	63,747,990
Liabilities							
Bank Deposits	139,592	-	-	-	-	37,211	176,803
Other Deposits	24,110,488	10,232,437	864,553	26,323	-	4,302,944	39,536,745
Funds from Interbank Money Market	1,056,983	-	-	599,312	-	-	1,656,295
Miscellaneous Payables ⁽⁶⁾	-	-	-	-	-	3,304,237	3,304,237
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	2,140,924	7,139,095	988,824	25,378	-	934,915	11,229,136
Other Liabilities ⁽⁶⁾⁽⁷⁾	89,037	109,674	158,276	165,356	265	7,322,166	7,844,774
Total Liabilities	27,537,024	17,481,206	2,011,653	816,369	265	15,901,473	63,747,990
Balance Sheet Long Position	-	-	6,617,527	5,619,194	3,099,662	-	15,336,383
Balance Sheet Short Position	(5,215,523)	(5,810,842)	-	-	-	(4,310,018)	(15,336,383)
Off-balance Sheet Long Position	-	-	606,479	1,021,909	134,665	-	1,763,053
Off-balance Sheet Short Position	(284,092)	(470,237)	-	-	-	-	(754,329)
Total Position	(5,499,615)	(6,281,079)	7,224,006	6,641,103	3,234,327	(4,310,018)	1,008,724

⁽¹⁾ Assets are shown with their net values in their related period by deducting allowances for expected credit losses.⁽²⁾ Financial Assets at Fair Value Through Profit/Loss includes derivative financial assets amounting to TL 2,491,563 classified to a related re-pricing periods.⁽³⁾ Loans Given item includes TL 2,331,270 Expected Loss Provisions.⁽⁴⁾ Financial Assets Measured at Amortized Cost item includes Expected Loss Provisions of TL 43.⁽⁵⁾ Other Assets item consists of TL 855,289 Assets Held For Sale From Discontinued Operations, TL 1,583,273 Tangible Assets, TL 86,599 Intangible Assets, TL 29,604 Current Tax Asset, TL 164,843 Deferred Tax Asset, TL 919,974 Other Assets.⁽⁶⁾ Other Liabilities item includes derivative financial liabilities amounting to TL 454,507 classified to a related re-pricing periods. Other Liabilities and Miscellaneous Payables consist of TL 454,507 Financial Derivate Liabilities, TL 83,046 Lease Liabilities, TL 83,046 Lease Liabilities, TL 953,599 Provisions, TL 467,947 Current Tax Liability, TL 159,992 Deferred Tax Liability, TL 3,935,970 Other Liabilities and TL 5,093,950 Shareholder's Equity.⁽⁷⁾ Shareholders' Equity is presented in the Non-Interest Bearing column.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (continued):****b. Average interest rates for monetary financial instruments:**

The average interest rates calculated by weighting the simple rates with their principals are given below:

30 June 2023	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	-	-	-	-
Banks	0.23	3.13	-	24.03
Financial Assets at Fair Value Through Profit/Loss	4.71	4.03	-	9.35
Interbank Money Market Placements	-	-	-	18.74
Financial Assets at Fair Value Through Other Comprehensive Income	4.76	8.04	-	19.90
Loans Given	6.96	10.29	-	18.18
Financial Assets Measured at Amortized Cost	3.89	8.63	-	26.83
Liabilities				
Bank Deposits	4.76	4.93	-	-
Other Deposits (*)	1.21	2.47	-	28.61
Funds from Interbank Money Market	-	5.20	-	19.60
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	5.52	5.89	-	14.36

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

31 December 2022	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due from Banks	2.03	3.96	-	16.99
Financial Assets at Fair Value Through Profit/Loss	3.68	4.71	-	13.93
Interbank Money Market Placements	-	-	-	12.37
Financial Assets at Fair Value Through Other Comprehensive Income	4.76	7.64	-	27.60
Loans Given	6.19	8.65	-	17.35
Financial Assets Measured at Amortized Cost	3.88	8.56	-	43.46
Liabilities				
Bank Deposits	3.42	-	-	-
Other Deposits (*)	1.26	2.00	-	19.09
Funds from Interbank Money Market	-	4.42	-	7.65
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	5.28	-	14.19

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

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (continued):****c. Interest rate risk resulting from banking accounts:**

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

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

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

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

Currency	Applied Shock (+/- x basis point)	Earnings/(Losses)	Earnings Equities-Losses/Equities
1. TL	+500 bp	(96,627)	(0.9%)
2. TL	-400 bp	106,883	1.0%
3. EUR	+200 bp	104	0.0%
4. EUR	-200 bp	4,156	0.0%
5. USD	+200 bp	(75,704)	(0.7%)
6. USD	-200 bp	85,287	(0.8%)
Total (For Negative Shocks)		196,325	1.8%
Total (For Positive Shocks)		(172,228)	(1.6%)

V. EXPLANATIONS ON CONSOLIDATED SHARE CERTIFICATE POSITION RISK:**a. Comparison of balance sheet value, fair value and market value of equity investment**

Current Period	Karşılaştırma		
	Balance Sheet Value	Fair Value	Market Value
Equity Investments			
1 Equity Investment Group A	-	-	-
Exchange Traded	-	-	-
2 Equity Investment Group B	-	-	-
Exchange Traded	-	-	-
3 Equity Investment Group C	-	-	-
Exchange Traded	-	-	-
4 Other Equity Investment Group	31,388	-	-
Unlisted Exchange Traded	31,388	-	-

As of 31 December 2022, there is no equity position risk.

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):

VI. 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 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.

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):

VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (continued):

Although, the Parent Bank and its subsidiaries subject to consolidation are responsible to comply with liquidity limitations which are determined in Liquidity Risk Policy, they are 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 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. The Market Risk Unit conducts stress tests more frequently during periods of high volatility and shares the results with the relevant managements.

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.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (continued):****Consolidated Liquidity Coverage Ratio:**

30 June 2023		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets			12,122,051	5,879,796
CASH OUTFLOWS					
2	Retail and small business customers deposits	23,542,917	10,969,737	2,148,514	1,096,974
3	Stable deposits	4,115,569	-	205,778	-
4	Less stable deposits	19,427,348	10,969,737	1,942,736	1,096,974
Unsecured funding other than retail and small business customers deposits					
5	Operational deposits	9,113,578	3,970,752	6,648,957	2,410,995
6	Operational deposits	1,551,445	873,444	387,861	218,362
7	Non-Operational Deposits	3,199,857	2,123,397	1,898,820	1,218,722
8	Other Unsecured Funding	4,362,276	973,911	4,362,276	973,911
9	Secured funding	-	-	-	-
10	Other cash outflows	1,852,318	2,108,437	1,852,318	2,108,437
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1,852,318	2,108,437	1,852,318	2,108,437
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	13,334,408	6,159,155	2,040,842	875,170
16	TOTAL CASH OUTFLOWS			12,690,631	6,491,576
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	8,776,283	2,045,370	6,427,866	1,565,312
19	Other cash inflows	65,701	640,190	65,701	640,190
20	TOTAL CASH INFLOWS	8,841,984	2,685,560	6,493,567	2,205,502
				Upper Limit Applied Values	
21	TOTAL HIGH QUALITY LIQUID ASSETS			12,122,051	5,879,796
22	TOTAL NET CASH OUTFLOWS			6,197,064	4,286,074
23	LIQUIDITY COVERAGE RATIO (%)			195.61	137.18

(*) The arithmetic average of the last three months daily consolidated Liquidity Coverage Ratio's are used,

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (continued):**

31 December 2022		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets			12,303,121	7,584,145
CASH OUTFLOWS					
2	Retail and small business customers deposits	28,732,845	16,065,230	2,772,705	1,606,523
3	Stable deposits	2,011,600	-	100,580	-
4	Less stable deposits	26,721,245	16,065,230	2,672,125	1,606,523
5	Unsecured funding other than retail and small business customers deposits	10,460,515	6,711,574	5,952,923	3,471,759
6	Operational deposits	3,349,936	2,428,731	837,484	607,183
7	Non-Operational Deposits	4,785,564	3,281,505	2,790,424	1,863,238
8	Other Unsecured Funding	2,325,015	1,001,338	2,325,015	1,001,338
9	Secured funding	-	-	-	-
10	Other cash outflows	1,839,085	1,821,148	1,839,085	1,821,148
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1,839,085	1,821,148	1,839,085	1,821,148
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	9,356,464	4,808,935	1,554,508	841,100
16	TOTAL CASH OUTFLOWS			12,119,221	7,740,530
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	7,280,111	2,061,929	5,621,116	1,789,356
19	Other cash inflows	24,434	2,221,134	24,434	2,221,134
20	TOTAL CASH INFLOWS	7,304,545	4,283,063	5,645,550	4,010,490
				Upper Limit Applied Values	
21	TOTAL HIGH QUALITY LIQUID ASSETS			12,303,121	7,584,145
22	TOTAL NET CASH OUTFLOWS			6,473,671	3,730,040
23	LIQUIDITY COVERAGE RATIO (%)			190.05	203.33

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**VI. 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 the Republic of Turkey, securities which are not subject to repo/guarantee, deposit having a corporate transaction, banks deposits, foreign sourced funds and receivables from banks. The impacts of aforementioned items on liquidity coverage ratio are higher than other items since they have a higher share in liquid assets and net cash out flows and they can change in time.

As of the period-end, high quality liquid assets of the Bank consist of accounts in Central Bank of the Republic of Turkey at a ratio of 35% and securities issued by under secretariat of Treasury at a ratio of 56%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to bank debt at ratios of 16%, 31% and 26%, respectively.

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

Absolute value of net warrant flows realized as of 30 days periods for each transaction and liability are calculated provided that changes in fair values of derivative transactions and other liabilities can form a margin liability in accordance with “Regulation on Calculation of Liquidity Coverage Ratio of Banks” entered into force through publishing in Official Gazette dated 21 March 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. Information related to the aforementioned cash outflow occurred on 30 June 2023 is given below:

Date	FC	FC + TL
30 June 2023	2,392,122	2,392,122

Liquidity coverage rates are calculated weekly for unconsolidated basis and monthly for consolidated basis as of 31 December 2015 in accordance with the “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated 21 March 2014 and numbered 28948. As of 30 September 2022, 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 (%)	166.51	211.56	122.39	184.07
Monthly	01.04.2023	01.04.2023	01.05.2023	01.05.2023

Prior Period	Maximum (%)		Minimum (%)	
	FC	FC + TL	FC	FC + TL
Monthly Arithmetic Average (%)	306.48	235.01	149.69	162.51
Monthly	30.11.2022	31.12.2022	31.12.2022	30.11.2022

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (continued):****Breakdown of assets and liabilities according to their outstanding maturities:**

30 June 2023	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributable	Total
Assets ⁽¹⁾								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	3,669,682	2,708,277	-	-	-	-	-	6,377,959
Banks	1,563,151	1,815,992	-	-	-	-	33,418	3,412,561
Financial Assets at Fair Value Through Profit or Loss ⁽²⁾	-	1,026,775	1,465,605	520,327	2,070,253	548,390	176,225	5,807,575
Interbank Money Market Placements	-	2,202,879	-	-	-	-	-	2,202,879
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	449,229	1,597,714	508,989	39,061	2,594,993
Loans Given ⁽³⁾	-	6,939,661	3,253,013	7,936,933	11,892,206	4,239,800	1,276,255	35,537,868
Financial Assets Measured at Amortized Cost ⁽⁴⁾	-	-	-	1,022,104	2,454,613	2,958,739	-	6,435,456
Other Assets ⁽⁵⁾	67,109	63,942	95,213	363,463	-	-	5,429,468	6,019,195
Total Assets	5,299,942	14,757,526	4,813,831	10,292,056	18,014,786	8,255,918	6,954,427	68,388,486
Liabilities								
Bank Deposits	35,717	456,152	-	-	-	-	-	491,869
Other Deposits	5,554,072	16,894,450	6,985,991	628,733	15,593	-	-	30,078,839
Funds Borrowed from Other Financial Institutions	-	196,052	5,244,515	4,239,060	7,354,301	3,920,523	-	20,954,451
Funds from Interbank Money Market	-	884,482	-	124,999	702,676	-	-	1,712,157
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	43,728	55,448	-	-	-	-	3,801,569	3,900,745
Other Liabilities ⁽⁶⁾⁽⁷⁾	-	689,383	712,535	481,641	544,358	2,953	8,819,555	11,250,425
Total Liabilities	5,633,517	19,175,967	12,943,041	5,474,433	8,616,928	3,923,476	12,621,124	68,388,486
Net Liquidity Gap	(333,575)	(4,418,441)	(8,129,210)	4,817,623	9,397,858	4,332,442	(5,666,697)	-
Net Off-balance Sheet Position								
Receivables from Derivative Financial Instruments	-	9,851,119	8,938,700	1,574,649	8,145,219	2,558,980	-	31,068,667
Payables from Derivative Financial Instruments	-	(10,536,955)	(9,828,385)	(744,949)	(6,313,640)	(2,226,660)	-	(29,650,589)
Non-Cash Loans	-	6,511,324	1,741,372	5,827,613	811,683	8,341	-	14,900,333
31 December 2022								
Total Assets	2,984,008	16,720,245	9,764,533	8,821,473	12,610,137	8,151,569	4,696,025	63,747,990
Total Liabilities	4,397,507	26,231,775	11,919,905	2,260,302	6,685,143	2,836,709	9,416,649	63,747,990
Net Liquidity Gap	(1,413,499)	(9,511,530)	(2,155,372)	6,561,171	5,924,994	5,314,860	(4,720,624)	-
Net Off-balance Sheet Position								
Receivables from Derivative Financial Instruments	-	10,940,502	8,187,518	2,718,932	5,531,825	2,489,308	-	29,868,085
Payables from Derivative Financial Instruments	-	(10,916,212)	(8,203,407)	(2,258,984)	(4,090,347)	(2,143,599)	-	(27,612,549)
Non-cash Loans	-	7,565,675	614,230	1,624,567	301,857	2,456	-	10,108,785

⁽¹⁾ Assets are shown with their net values in their related period by deducting allowances for expected credit losses.⁽²⁾ Financial Assets at Fair Value Through Profit/Loss includes derivative financial assets amounting to TL 5,405,837 classified to a related re-pricing periods.⁽³⁾ Loans Given item includes TL 1,596,984 Expected Loss Provisions.⁽⁴⁾ Financial Assets Measured at Amortized Cost item includes Expected Loss Provisions of TL 322.⁽⁵⁾ Other Assets item consists of TL 1,554,730 Assets Held For Sale From Discontinued Operations, TL 2,818,188 Tangible Assets, TL 88,086 Intangible Assets, TL 146,960 Current Tax Asset, TL , 1,411,231 Active accounts that make up the balance sheet, accounts such as fixed assets, associates and subsidiaries and goods are shown in the " Undistributable " column in "Other Assets".⁽⁶⁾ Other Liabilities item includes derivative financial liabilities amounting to TL 1,318,858 classified to a related re-pricing periods. Other Liabilities and Miscellaneous Payables consist of TL 1,318,858 Financial Derivate Liabilities, TL 96,275 Lease Liabilities, TL 1,804,380 Provisions, TL 104,524 Current Tax Liability, TL 545,384 Deferred Tax Liability, TL 4,920,665 Other Liabilities and TL 6,361,084 Shareholder's Equity.⁽⁷⁾ Shareholders' equity is presented under the "Other liabilities" item in the "Undistributable" column.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:****Information on subjects that causes difference in leverage ratio between current and prior periods:**

As of 30 June 2023, leverage ratio of the Bank calculated from the arithmetic average of the three months is 7.81% (31 December 2022: 6.83%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior periods are the increase in balance sheet and off-balance sheet assets.

Disclosure of leverage ratio template:

	30 June 2023 (*)	31 December 2022 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	60,376,526	61,957,793
(Assets deducted from Core capital)	96,664	77,881
Total risk amount of balance sheet assets	60,279,862	61,879,912
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	1,019,227	1,183,483
Potential credit risk amount of derivative financial assets and credit derivatives	272,678	321,833
Total risk amount of derivative financial assets and credit derivatives	1,291,905	1,505,316
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	19,195,747	12,347,130
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	19,195,747	12,347,130
Capital and total risk		
Core Capital	6,291,821	5,168,027
Total risk amount	80,767,514	75,732,358
Leverage ratio		
Leverage ratio	7.81%	6.83%

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

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:**

As of 30 June 2023, 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 of which carrying amount is TL 2,849,885 (31 December 2022: TL 2,237,322) and derivative financial payables of which carrying amount is TL 218,331 (31 December 2022: TL 154,717), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value income amounting to TL 116,111 (30 June 2022: TL 452,030 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2022: 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	2,405,584	61,795	603,635	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	444,301	156,536	233,126	-

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 2022: None).

The measurements conducted as of 30 June 2023 show that the cash flow hedging transactions shown above are effective.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**IX. 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 2022 for balance sheet items and 30 June 2022 for income statement items.

	Retail Banking	Digital Banking	Corporate and Commercial Banking	Treasury and Asset Liability Management	Other and Undistributed (*)	Total Operations of the Group
30 June 2023						
Net Interest Income	282,463	127,692	458,677	(851,568)	484,473	501,737
Net Fees and Commissions	790	(1,488)	418,573	-	22,115	439,990
Trading Profit/Loss	34,945	2,788	172,903	600,541	(62,115)	749,062
Other Operating Income	943	8,421	138,371	-	457,092	604,827
Operating Income	319,141	137,413	1,188,524	(251,027)	901,565	2,295,616
Operating and Provision Costs (-)	(125,696)	(72,591)	243,008	(62,378)	(496,848)	(514,505)
Net Operating Income	193,445	64,822	1,431,532	(313,405)	404,717	1,781,111
Dividend Income	-	-	-	-	38	38
Income/Loss from subsidiaries based on equity method	-	-	-	-	-	-
Profit Before Tax	193,445	64,822	1,431,532	(313,405)	404,755	1,781,149
Tax Provisions (-)	(48,361)	(16,205)	(478,862)	78,351	(91,085)	(556,162)
Net Profit/Loss	145,084	48,617	952,670	(235,054)	313,670	1,224,987
Segment Assets	1,811,043	4,004,702	27,361,737	21,743,554	10,462,467	65,383,503
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-
Unallocated Assets	-	-	-	-	3,004,983	3,004,983
Total Assets	1,811,043	4,004,702	27,361,737	21,743,554	13,467,450	68,388,486
Segments Liabilities	16,264,452	6,477,590	3,994,793	18,138,534	17,152,033	62,027,402
Unallocated Liabilities	-	-	-	-	6,361,084	6,361,084
Total Liabilities	16,264,452	6,477,590	3,994,793	18,138,534	23,513,117	68,388,486

(*) Other operations include non-distributable items of Parent Bank and operations of Burgan Finansal Kiralama A.Ş., Burgan Yatırım Menkul Değerler A.Ş. which are consolidated as affiliated partnerships of the Parent Bank.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (continued):**X. EXPLANATIONS ON OPERATING SEGMENTS (continued):**

	Retail Banking	Digital Banking	Corporate and Commercial Banking	Treasury and Asset Liability Management	Other and Undistributed (*)	Total Operations of the Group
30 June 2022						
Net Interest Income	147,920	(23,065)	461,996	(21,941)	109,641	674,551
Net Fees and Commissions	369	273	31,270	-	5,114	37,026
Trading Profit/Loss	26,358	268	8,387	143,086	(22,651)	155,448
Other Operating Income	1,202	891	101,162	-	139,305	242,560
Operating Income	175,849	(21,633)	602,815	121,145	231,409	1,109,585
Operating and Provision Costs (-)	(56,317)	(37,757)	(75,403)	(37,830)	(157,601)	(364,908)
Net Operating Income	119,532	(59,390)	527,412	83,315	73,808	744,677
Dividend Income	-	-	-	-	24	24
Income/Loss from subsidiaries based on equity method	-	-	-	-	-	-
Profit Before Tax	119,532	(59,390)	527,412	83,315	73,832	744,701
Tax Provisions (-)	(29,883)	14,847	(131,853)	(20,828)	(16,126)	(183,843)
Net Profit/Loss	89,649	(44,543)	395,559	62,487	57,706	560,858
Segment Assets	3,110,052	2,409,090	34,444,359	14,700,425	7,058,487	61,722,413
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-
Unallocated Assets	-	-	-	-	2,025,577	2,025,577
Total Assets	3,110,052	2,409,090	34,444,359	14,700,425	9,084,064	63,747,990
Segments Liabilities	23,208,234	4,894,988	10,798,939	7,809,186	11,942,693	58,654,040
Unallocated Liabilities	-	-	-	-	5,093,950	5,093,950
Total Liabilities	23,208,234	4,894,988	10,798,939	7,809,186	17,036,643	63,747,990

(*) 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 affiliated partnerships of the Parent Bank.

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:

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Cash/Foreign currency	29,258	889,926	32,803	318,656
Central Bank of Turkey	922,660	4,447,359	1,186,746	5,140,335
Other	-	88,756	-	170,218
Total	951,918	5,426,041	1,219,549	5,629,209

2. Information on the account of the CBRT:

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Unrestricted Demand Amount	922,660	2,442,282	1,186,746	2,023,468
Unrestricted Time Amount	-	-	-	-
Restricted Time Amount	-	2,005,077	-	3,116,867
Total	922,660	4,447,359	1,186,746	5,140,335

3. Information on Reserve Requirements:

According to the Communiqué on Required Reserves published in the Official Gazette dated 31 December 2022 and numbered 32060, the facility for maintain Turkish lira reserve requirements in standard gold and scrap gold will be terminated as of 23 June 2023.

The required reserve rates for TL liabilities vary between 0% and 8% for TL deposits and other liabilities according to their maturities as of 30 June 2023 (31 December 2022: 3% and 8% for all TL liabilities); the reserve rates for foreign currency liabilities vary between 5% and 26% for deposit and other foreign currency liabilities according to their maturities as of 30 June 2023 (31 December 2022: 5% and 26% for all foreign currency liabilities). As of 28 April 2023, foreign currency reserve requirement ratios will be 5 points higher for banks with a "TL Deposit Share" ratio below 60%, calculated separately for real and legal person deposit portfolio.

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of TL Deposit and Participation Accounts who practices regarding the establishment of additional required reserves and payment of commissions according to the conversion rate to foreign currency deposit accounts in USD, EUR and GBP and time deposit accounts was terminated as of 23 December 2022.

In accordance with the instruction dated 2 September 2022, the commission practice according to the share of Turkish Lira deposits in total deposits has been changed to be applied as of 23 December 2022. As per this amendment, banks with a share of Turkish Lira deposits below 50% will pay 8% commission and banks with a share between 50% and 60% will pay 3% commission, separately for real and legal persons. The commissions to be paid will be calculated over the amount of reserve requirements for foreign currency deposit liabilities.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

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 30 June 2023, there are TL 96 financial assets at fair value through profit or loss given as collateral/blocked (31 December 2022: TL 290,167).

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

As of 30 June 2023, there are not repurchase agreements from financial assets at fair value through profit or loss (31 December 2022: None).

c. Information on banks:

1. Information on banks:

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Banks				
Domestic	2,655,981	92,222	640,327	872,358
Foreign	-	664,399	-	239,962
Foreign Headquarters and Branches	-	-	-	-
Total	2,655,981	756,621	640,327	1,112,320

2. Information on foreign bank accounts:

	Unrestricted Balance		Restricted Balance	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
EU Countries	110,112	48,393	-	-
USA, Canada	181,508	66,671	-	-
OECD Countries (*)	338,975	102,214	-	-
Coastal Banking Regions	-	-	-	-
Other	33,804	22,684	-	-
Total	664,399	239,962	-	-

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

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

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

As of 30 June 2023, there are TL 1,971,408 financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2022: TL 627,587).

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

As of 30 June 2023, there are TL 508 financial assets at fair value through other comprehensive income subject to repurchase agreements (31 December 2022: TL 7,811).

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**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
(continued):****3. Information on financial assets at fair value through other comprehensive income:**

	30 June 2023	31 December 2022
Debt Securities	2,617,475	1,611,781
Quoted on Stock Exchange	2,617,475	1,611,781
Not Quoted	-	-
Share Certificates	39,062	30,402
Quoted on Stock Exchange	-	-
Not Quoted	39,062	30,402
Impairment Provision (-)	61,544	15,552
Total	2,594,993	1,626,631

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

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:

	30 June 2023		31 December 2022	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	8,138	-	17,225
Corporate Shareholders	-	8,138	-	17,225
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	2,595	-	3,293	-
Total	2,595	8,138	3,293	17,225

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		
		Loans Not Subject to Restructuring	Restructured Loans	Re-finance
Non-Specialized Loans			Loans with Revised Contract Terms	
Non-Specialized Loans	24,218,863	136,430	5,732,977	-
Loans given to enterprises	-	-	-	-
Export Loans	7,869,785	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,981,809	-	-	-
Consumer Loans	3,347,809	20,307	1,344	-
Credit Cards	-	-	-	-
Other (*)	11,019,460	116,123	5,731,633	-
Specialized Loans	-	-	-	-
Other Receivables (**)	3,354,491	40,529	1,776,064	-
Total	27,573,354	176,959	7,509,041	-

(*) Standart loans include loans that Burgan Yatırım gives to its customers.

(**) Other Receivables include lease receivables of Burgan Finansal Kiralama.

ii.

	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	80,695	-
Significant Increase in Credit Risk	-	917,046

(*) ECL for Lease Receivables are included in the table.

3. Information on distribution of cash loans according to maturity structure:

	Standard Loans	Loans Under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured Loans
Short-Term Loans	14,128,636	45,379	107,075
Medium and Long-Term Loans	13,444,718	131,580	7,401,966
TOTAL	27,573,354	176,959	7,509,041

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (continued):****e. Explanations on loans (continued):**

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

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	725,959	2,628,727	3,354,686
Real estate loans	-	24,334	24,334
Automotive loans	51,959	1,620,524	1,672,483
Consumer loans	674,000	983,869	1,657,869
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	5,463	5,463
Real estate loans	-	5,463	5,463
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans-TL	158	2,437	2,595
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	158	2,437	2,595
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)	6,716	-	6,716
Credit Deposit Account-FC (Real Person)	-	-	-
Total	732,833	2,636,627	3,369,460

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(continued):****I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (continued):****e. Explanations on loans:**

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	117	499,798	499,915
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	117	499,798	499,915
Other	-	-	-
Commercial Installments Loans-FC Indexed	-	81,773	81,773
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	81,773	81,773
Other	-	-	-
Commercial Installments Loans-FC	86,686	12,265,870	12,352,556
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	86,686	12,265,870	12,352,556
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Corporate Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-TL (Legal Person)	-	-	-
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	86,803	12,847,441	12,934,244

6. Distribution of Loans according to borrowers (*):

	30 June 2023	31 December 2022
Public	126,605	1,282,605
Private	35,132,749	38,187,596
Total	35,259,354	39,470,201

(*) “It includes “Receivables from Leasing Transactions”.

7. Distribution of domestic and foreign loans (*):

	30 June 2023	31 December 2022
Domestic Loans	35,214,953	39,419,787
Foreign Loans	44,401	50,414
Total	35,259,354	39,470,201

(*) “It includes “Receivables from Leasing Transactions”.

8. Loans given to associates and subsidiaries:

None (31 December 2022: None).

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (continued):****e. Explanations on loans (continued):**

9. Specific provisions provided against loans (*):

	30 June 2023	31 December 2022
Loans with Limited Collectability	1,355	9,516
Loans with Doubtful Collectability	5,919	244,107
Uncollectible Loans	591,969	410,679
Total	599,243	664,302

(*) It includes “Specific Provisions for Receivables from Leasing Transactions”.

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

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
30 June 2023			
Gross Amounts Before The Provisions	-	79	440,561
Restructured Loans	-	79	440,561
31 December 2022			
Gross Amounts Before The Provisions	114	159	179,170
Restructured Loans	114	159	179,170

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Ending Balance of Prior Period	25,581	413,818	1,947,149
Additions (+)	12,687	984	106,909
Transfers from Other Categories of Non-Performing Loans (+)	-	24,075	406,967
Transfers to Other Categories of Non-Performing Loans (-)	24,075	406,966	-
Collections (-)	11,608	12,167	606,703
Write-off (-)	-	-	1,153
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	2,585	19,744	1,853,169
Specific Provision (-)	1,355	5,919	591,969
Net Balance on Balance Sheet	1,230	13,825	1,261,200

(*) It includes “Receivables from Leasing Transactions.”

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (continued):****e. Explanations on loans (continued):**

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
30 June 2023 (*)			
Period-End Balance	541	8,018	1,282,463
Provision Amount (-)	535	-	318,649
Net Balance on Balance Sheet	6	8,018	963,814
31 December 2022 (*)			
Period-End Balance	8,610	383,669	1,352,691
Provision Amount (-)	945	231,629	182,962
Net Balance on Balance Sheet	7,665	152,040	1,169,729

(*) Including “Receivables from Leasing Transactions”.

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
30 June 2023			
Current Period (Net)	1,230	13,825	1,261,200
Loans Given to Real Persons and Legal Persons (Gross)	1,049	2,032	1,607,969
Provision Amount (-)	678	874	551,515
Loans Given to Real Persons and Legal Persons (Net)	371	1,158	1,056,454
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	1,536	17,712	245,200
Provision Amount (-)	677	5,045	40,454
Other Loans (Net)	859	12,667	204,746
Prior Period (Net)	16,065	169,711	1,536,470
Loans Given to Real Persons and Legal Persons (Gross)	832	322,320	1,371,602
Provision Amount (-)	508	210,510	310,652
Loans Given to Real Persons and Legal Persons (Net)	324	111,810	1,060,950
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	24,749	91,498	575,547
Provision Amount (-)	9,008	33,597	100,027
Other Loans (Net)	15,741	57,901	475,520

(*) Including “Receivables from Leasing Transactions”.

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

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

e. Explanations on loans (continued):

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

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

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 second 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 30 June 2023, the Group has written-off its loans amounting to TL 1,153 (31 December 2022: TL 109,248).

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

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

- f. Information on interest accruals, discounts and valuation differences calculated for non-performing loans by banks that allocate expected credit losses in accordance with TFRS 9 and their provisions:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period (Net)	5	120	33,519
Interest Accruals and Valuation Differences	8	128	58,703
Provision Amount (-)	3	8	25,184
Prior Period (Net)	6	2,549	69,481
Interest Accruals and Valuation Differences	12	5,880	89,605
Provision Amount (-)	6	3,331	20,124

g. Information on financial assets measured at amortized cost:

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

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	102,652	1,292,358	653,244	928,756
Other	-	-	-	-
Total	102,652	1,292,358	653,244	928,756

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

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	2,640,318	966,279	951,373	696,637
Other	-	-	-	-
Total	2,640,318	966,279	951,373	696,637

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

	30 June 2023	31 December 2022
Government Bond	6,435,778	5,380,706
Treasury Bond	-	-
Other Public Debt Securities	-	-
Total	6,435,778	5,380,706

4. Information on financial assets measured at amortized cost:

	30 June 2023	31 December 2022
Debt Securities	6,435,778	5,380,706
Publicly-Traded	6,435,778	5,380,706
Not Publicly-Traded	-	-
Provision for Impairment (-)	-	-
Total	6,435,778	5,380,706

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (continued):****g. Information on financial assets measured at amortized cost (continued):**

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

	30 June 2023	31 December 2022
Balance at the Beginning of the Period	5,380,706	1,023,468
Exchange Differences in Monetary Assets	1,120,561	685,589
Purchases During the Year	437,115	3,975,531
Disposal Through Sale and Redemption	(502,604)	(303,882)
Provision for Impairment (-)	-	-
End of Period Total	6,435,778	5,380,706

h. Information on associates (Net):

None. (31 December 2022: 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 2022: None).

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

None (31 December 2022: None).

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

	Title	Address (City/ Country)	Bank's Share Percentage, If Different Voting Percentage (%)	Other Shareholders' Share Percentage (%)
1	Burgan Finansal Kiralama A.Ş	İstanbul/Turkey	99.99	0.01
2	Burgan Yatırım Menkul Değerler A.Ş	İstanbul/ Turkey	100.00	-

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	10,980,162	1,536,188	2,545,218	840,569	-	512,600	143,181	-
2	1,106,232	481,436	9,927	115,294	3,708	66,528	11,366	-

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (continued):****i. Information on subsidiaries (Net) (continued):**

6. Movements of consolidated subsidiaries:

	30 June 2023	31 December 2022
Balance at the Beginning of the Period	1,096,358	669,736
Movements During the Period	921,182	426,622
Purchases	350,000	-
Bonus Shares Obtained	-	-
Dividends from Current Year Income	579,128	314,504
Sales	-	-
Revaluation Increase/Decrease (*)	(7,946)	112,118
Impairment Provision	-	-
Balance at the end of the Period	2,017,540	1,096,358
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 (*)	30 June 2023	31 December 2022
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	1,536,104	958,525
Finance Companies	-	-
Other Financial Subsidiaries	481,436	137,833
Total	2,017,540	1,096,358

(*) Includes the data before consolidation procedures.

8. Subsidiaries quoted on stock exchange:

None (31 December 2022: None).

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

None (31 December 2022: None).

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (continued):****k. Information on lease receivables (net):**

Presentation of investments on financial lease based on their remaining maturities:

	30 June 2023		31 December 2022	
	Gross	Net	Gross	Net
Less than 1 year	2,435,379	1,968,414	2,200,033	1,872,830
1-4 Years	2,702,036	2,211,239	1,998,654	1,593,711
More than 4 years	1,467,404	1,255,879	1,484,610	1,295,350
Total	6,604,819	5,435,532	5,683,297	4,761,891

l. Information on derivative financial assets:

1. Information on derivative financial assets at fair value through profit or:

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Forward Transactions	3,271	3,704	24,365	2,809
Swap Transactions	2,388,872	138,117	83,933	62,476
Futures Transactions	1,245	-	1,472	-
Options	-	20,743	574	78,612
Other	-	-	-	-
Total	2,393,388	162,564	110,344	143,897

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

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	1,282,191	1,567,694	904,940	1,332,382
Foreign Net Investment Hedge	-	-	-	-
Total	1,282,191	1,567,694	904,940	1,332,382

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(continued):****I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (continued):****m. Information on assets held for resale and discontinued operations (continued):**

The total amount of the Group's assets held for sale is TL 1,554,730 (31 December 2022: TL 855,289) and it has no discontinued operations.

	30 June 2023	31 December 2022
Prior Period		
Cost	855,576	1,039,357
Accumulated Depreciation (-)	287	345
Net Book Value	855,289	1,039,012
Current Period		
Net Book Value at Beginning of the Period	855,289	1,039,012
Additions	798,255	401,871
Disposals (-), net	98,814	585,594
Impairment (-)	-	-
Depreciation (-)	-	-
Cost at the End of the Period	1,555,006	855,576
Accumulated Depreciation at the End of the Period (-)	276	287
Closing Net Book Value	1,554,730	855,289

n. Information on other assets:

Other assets amount to TL 1,411,231 (31 December 2022: TL 919,974) and do not exceed 10% of the total assets excluding off-balance sheet commitments.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(continued):****II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES:****a. Information on deposits:**

1. Information on maturity structure of deposits:

i. 30 June 2023:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	294,911	-	2,075,012	3,588,056	7,353,211	291,639	296,535	-	13,899,364
Foreign Currency Deposits	3,834,377	-	1,667,362	4,033,315	1,068,242	85,915	155,540	-	10,844,751
Residents in Turkey	3,401,621	-	1,559,433	3,966,189	1,052,600	83,605	88,975	-	10,152,423
Residents Abroad	432,756	-	107,929	67,126	15,642	2,310	66,565	-	692,328
Public Sector Deposits	110,321	-	-	-	-	-	-	-	110,321
Commercial Deposits	963,184	-	1,198,764	2,020,328	414,597	152,785	109,229	-	4,858,887
Other Institutions Deposits	2,638	-	177	14,060	-	-	-	-	16,875
Precious Metal Deposits	348,641	-	-	-	-	-	-	-	348,641
Bank Deposits	35,717	-	258,237	197,915	-	-	-	-	491,869
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	128	-	-	-	-	-	-	-	128
Foreign Banks	35,589	-	258,237	197,915	-	-	-	-	491,741
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	5,589,789	-	5,199,552	9,853,674	8,836,050	530,339	561,304	-	30,570,708

ii. 31 December 2022:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	240,703	-	2,624,904	3,767,701	8,253,428	263,797	248,090	-	15,398,623
Foreign Currency Deposits	2,088,774	-	2,773,911	8,613,829	408,851	103,033	143,369	-	14,131,767
Residents in Turkey	1,954,486	-	2,753,121	8,474,444	393,400	101,525	77,591	-	13,754,567
Residents Abroad	134,288	-	20,790	139,385	15,451	1,508	65,778	-	377,200
Public Sector Deposits	137,629	-	-	-	-	-	-	-	137,629
Commercial Deposits	1,509,400	-	431,066	5,311,521	1,467,027	591,001	185,458	-	9,495,473
Other Institutions Deposits	81,666	-	4,015	42,792	-	-	8	-	128,481
Precious Metal Deposits	244,772	-	-	-	-	-	-	-	244,772
Bank Deposits	37,211	-	-	139,592	-	-	-	-	176,803
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	13	-	-	-	-	-	-	-	13
Foreign Banks	37,198	-	-	139,592	-	-	-	-	176,790
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	4,340,155	-	5,833,896	17,875,435	10,129,306	957,831	576,925	-	39,713,548

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (continued):****a. Information on deposits (continued):**

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Saving Deposits				
Savings Deposit	6,168,572	3,458,581	7,730,792	11,940,042
Foreign Currency Savings Deposit	1,481,157	1,119,003	6,093,850	7,866,101
Other Deposits in the Form of Savings Deposits	142,716	56,354	205,925	188,418
Foreign Branches’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Off-shore Banking Regions’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Total	7,792,445	4,633,938	14,030,567	19,994,561

(*) In accordance with the “Regulation Amending the Regulation on the Insured Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund” published in the Official Gazette dated 27 August 2022 and numbered 31936 all deposits and participation funds, except those belonging to official institutions, credit institutions and financial institutions in the presence of credit institutions, are included in the insurance coverage and deposits of TL 287,444 which are covered by the insurance, are not included in the note above.

(**) Deposit amount subject to insurance is TL 400 (31 December 2022:TL 200).

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

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

	30 June 2023	31 December 2022
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	47,708	32,248
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 “TCK” Dated 26 September 2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	47,708	32,248

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

None (31 December 2022: None).

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (continued):****c. Information on borrowings:**

1. Information on banks and other financial institutions:

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Central Bank of Turkey Borrowings	-	-	-	-
From Domestic Banks and Institutions	135,787	-	819,207	-
From Foreign Banks, Institutions and Funds	-	15,606,986	-	6,638,570
Total	135,787	15,606,986	819,207	6,638,570

2. Information on maturity structure of borrowings:

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Short-term	135,787	7,314,326	813,509	740,545
Medium and Long-term	-	8,292,660	5,698	5,898,025
Total	135,787	15,606,986	819,207	6,638,570

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

The Group’s main funding sources are deposits and borrowings. As of 30 June 2023, deposits and borrowings from Group’s risk group comprise 1.6% (31 December 2022: 0.9%) of total deposits. Besides this, borrowings from Group’s risk group comprise 87.7% (31 December 2022: 78.9%) of subordinated and other borrowings.

d. Information on marketable securities issued:

None (31 December 2022: None).

e. Information on other liabilities:

Other foreign liabilities amounting to TL 4,920,665 (31 December 2022: TL 3,935,970) do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(continued):****II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (continued):****f. Information on lease payables:**

	30 June 2023		31 December 2022	
	Gross	Net	Gross	Net
Less than 1 year	11,667	7,976	5,048	3,697
Between 1-4 years	61,964	55,681	65,800	55,503
More than 4 years	44,309	32,618	33,909	23,846
Total	117,940	96,275	104,757	83,046

g. Information on derivative financial liabilities:

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

Trading Derivative Financial Liabilities	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Forward Transactions	563	980	4,816	4,861
Swap Transactions	935,130	120,014	55,264	61,099
Futures Transactions	41,995	-	-	-
Options	-	1,845	-	173,750
Other	-	-	-	-
Total	977,688	122,839	60,080	239,710

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

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	173,108	45,223	134,288	20,429
Foreign Net Investment Hedge	-	-	-	-
Total	173,108	45,223	134,288	20,429

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (continued):****h. Information on provisions:**

1. Information on reserve for employment termination benefits:

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

The compensation to be paid is one month's salary for each working years and this amount is limited by the severance pay maximum wage. Employment 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.

	30 June 2023	31 December 2022
Discount rate (%)	1.00	1.00
Salary increase rate (%)	9.22	9.22
Average remaining work period (Year)	12.60	12.60

Movement of reserve for employment termination benefits during the period:

	30 June 2023	31 December 2022
Prior period end balance	78,934	30,425
Service cost	8,353	6,088
Interest cost	3,624	5,593
Reductions and payments	(20,120)	344
Actuarial loss/gain	-	41,648
Benefits paid (-)	8,939	5,164
Balance at the End of Period	61,852	78,934

In addition, as of 30 June 2023, the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 98,106 (31 December 2022: TL 130,890).

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (continued):****h. Information on provisions (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 2022: None).

ii. Information on other provisions:

The Bank set aside general reserves under other provisions amounting to TL 1,585,959 (31 December 2022: TL 694,311). TL 46,449 (31 December 2022: TL 35,356) provisions for non-cash loans and commitments that are not converted to cash and not indemnified, TL 6,354 (31 December 2022: TL 6,889) for lawsuit cases, TL 5,660 (31 December 2022: TL 7,220) other provision.

i. Information on taxes payable:

1. Information on tax provision:

As of 30 June 2023, corporate tax provision is TL 10,173 (31 December 2022: TL 370,096).

2. Information on taxes payable:

	30 June 2023	31 December 2022
Corporate Tax Payable	10,173	370,096
Taxation of Marketable Securities	15,164	31,652
Property Tax	353	104
Banking Insurance Transaction Tax	19,979	27,024
Foreign Exchange Transaction Tax	410	1,119
Value Added Tax Payable	7,441	3,547
Other	17,814	13,557
Total	71,334	447,099

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (continued):****i. Information on taxes payable (continued):**

3. Information on premium payables:

	30 June 2023	31 December 2022
Social Security Premiums-Employee	12,556	8,316
Social Security Premiums-Employer	17,407	9,869
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	769	569
Unemployment Insurance-Employer	1,539	1,128
Other	919	966
Total	33,190	20,848

4. Explanations on deferred tax asset/liability:

As of 30 June 2023, the Group has netted off deferred tax asset amounting to TL 692,067 (31 December 2022: TL 606,837) and deferred tax liability amounting to TL 1,237,451 (31 December 2022: TL 601,986) calculated in accordance with TAS 12, and recorded a net deferred tax liability amounting to TL 545,384 (31 December 2022: TL 159,992).

As of 30 June 2023 and 31 December 2022, the details of accumulated temporary differences and deferred tax assets and liabilities are as follows:

	Accumulated Temporary Differences		Deferred tax assets/liabilities	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Carried Financial Loss	1,154,217	63,029	288,554	15,757
Provision for Legal Cases	12,014	14,109	3,003	3,527
Expected Loss Provisions	1,015,310	1,792,322	253,829	448,081
Employee Benefits Provision	159,958	103,981	39,990	25,996
Unearned Revenue	48,550	26,445	12,137	6,611
Other (*)	353,393	427,456	94,554	106,865
Deferred Tax Assets	2,743,442	2,427,342	692,067	606,837
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	854,378	449,330	205,987	104,724
Valuation Differences of Derivative Instruments	2,198,928	1,959,555	1,025,065	489,889
Other	25,597	29,490	6,399	7,373
Deferred Tax Liabilities	3,078,903	2,438,375	1,237,451	601,986
Deferred Tax Assets/(Liabilities) (Net)			(545,384)	4,851

(*)Within the scope of the provisions of the Tax Procedure Law Provisional Article 32 and the Repeated Article 298/ç, it includes revaluation of immovable property and economic assets subject to amortisation.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(continued):****II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (continued):****i. Information on taxes payable (continued):**

The deferred tax asset/liability movement is as follows:

	30 June 2023	31 December 2022
Balance as of 1 January	4,851	10,976
Current year deferred tax income/(expense), net	(535,982)	198,630
Deferred tax recognized in equity, net	(14,253)	(204,755)
Period end balance	(545,384)	4,851

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

None (31 December 2022: None).

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (continued):****k. Information on subordinated debt instruments:**

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

Issuing Institution	Amount	Opening Date	Maturity Date	Interest Rate (%)
Burgan Bank K.P.S.C. (Main Shareholder)	USD 150,000,000	16 May 2022	16 May 2032	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.

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic Institutions	-	-	-	-
Foreign Banks	-	5,211,678	-	3,771,359
Other Foreign Institutions	-	-	-	-
Total	-	5,211,678	-	3,771,359

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Debt Instruments Subject to Common Equity	-	1,291,155	-	934,915
Subordinated Loans	-	1,291,155	-	934,915
Subordinated Debt Instruments	-	-	-	-
Debt Instruments Subject to Tier 2 Equity	-	3,920,523	-	2,836,444
Subordinated Loans	-	3,920,523	-	2,836,444
Subordinated Debt Instruments	-	-	-	-
Total	-	5,211,678	-	3,771,359

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(continued):****II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (continued):****I. Information on shareholders’ equity:**

1. Presentation of paid-in capital:

	30 June 2023	31 December 2022
Common Stock	2,655,500	2,655,500
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	2,655,500	6,000,000

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

None.

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

None.

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

None.

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

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

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(continued):****II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (continued):****I. Information on shareholders' equity (continued):**

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

Based on the Principal Agreement, the Bank has 1,000,000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

8. Information on marketable securities valuation reserve:

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	16,444	(25,745)	77,596	(12,933)
Foreign Currency Translation Difference	-	-	-	-
Total	16,444	(25,745)	77,596	(12,933)

9. Information on tangible assets revaluation reserve:

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	53,305	-	53,305	-
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 31 March 2023; TL 1,217,432 including the effects of TAS 27 Standard, which is the profit of 2022, was transferred to legal and extraordinary reserves.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(continued):****III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET
ACCOUNTS:****a. Information on off-balance sheet commitments:**

1. The amount and type of irrevocable commitments:

	30 June 2023	31 December 2022
Forward foreign exchange commitments	4,332,953	794,013
Time deposit buy-sell commitments	322,272	172,366
Forward securities purchase-sale commitments	100,632	59,422
Guaranteed loan allocation commitment	147,103	98,941
Payment commitment for check sheets	-	-
Blocked checks issued to customers	-	-
Total	4,902,960	1,124,742

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 liabilities”.

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

	30 June 2023	31 December 2022
Letter of guarantees	8,289,635	5,351,856
Other guarantees	4,095,399	2,577,801
Letter of credits	2,434,726	2,130,461
Bank acceptance loans	80,573	48,667
Total	14,900,333	10,108,785

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

	30 June 2023		31 December 2022	
	TL	FC	TL	FC
Irrevocable Letters Of Guarantee	3,012,191	1,226,686	2,239,592	1,037,250
Revocable Letters Of Guarantee	2,646,513	406,425	1,381,257	308,224
Letters Of Guarantee Given In Advance	72,574	183,659	71,911	122,300
Guarantees Given To Customs	39,547	623,807	119,286	11,414
Other Letters Of Guarantee	11,649	66,584	13,476	47,146
Total	5,782,474	2,507,161	3,825,522	1,526,334

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS (continued):****a. Information on off-balance sheet commitments (continued):**

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

	30 June 2023	31 December 2022
Non-cash loans given against cash loans	2,810,305	1,953,742
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	2,810,305	1,953,742
Other non-cash loans	12,090,028	8,155,043
Total	14,900,333	10,108,785

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

Current Period (*)	1st Group		2nd Group	
	TL	FC	TL	FC
Letters of Guarantee	5,766,393	2,376,911	9,699	102,375
Bill of Exchange and Acceptances	35,400	45,173	-	-
Letters of Credit	-	3,889,162	175,253	30,985
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	1,753,525	681,201	-	-
Total	7,555,318	6,992,447	184,952	133,360

(*) In addition to the non-cash loans stated in the table above, the Bank has a non-cash loan amounting to TL 34,257, which is classified as total non-performing loans. As of 30 June 2023, the Bank has made a provision of TL 30,405 for these loans.

b. Information on contingent assets and contingent liabilities:

As of 30 June 2023, the total amount of lawsuit cases against the Group is TL 10,484 (31 December 2022: TL 10,750) and the Group sets aside a provision of TL 6,354 (31 December 2022: TL 6,889) regarding these risks.

c. Brief information on the Banks’ rating given by International Rating Institutions:**FITCH (12 October 2022)**

Outlook	Negative
Long Term FC	B -
Short Term FC	B
Long Term TL	B
Short Term TL	B
Support Rating	b-
National Rating	AA(tur)
Viability Note	b-(Negative)

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

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

1. Information on interest income on loans :

	30 June 2023		30 June 2022	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	705,918	241,695	1,101,521	50,775
Medium/Long-term Loans	366,101	382,587	183,879	297,599
Interest on Non-performing Loans	71,137	-	66,854	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	1,143,156	624,282	1,352,254	348,374

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

2. Information on interest income on banks:

	30 June 2023		30 June 2022	
	TL	FC	TL	FC
From the CBRT	-	453	215	10
From Domestic Banks	174,520	3,702	18,389	1,070
From Foreign Banks	-	8,248	-	1,182
Headquarters and Branches Abroad	-	-	-	-
Total	174,520	12,403	18,604	2,262

3. Information on marketable securities:

	30 June 2023		30 June 2022	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value Through Profit/Loss	4,238	5,550	473	1,765
Financial Assets Measured at Fair Value Through Other Comprehensive Income	137,384	20,165	113,610	5,650
Financial Assets Measured at Amortized Cost	452,165	82,236	49,435	45,726
Total	593,787	107,951	163,518	53,141

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

None (30 June 2022: None).

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(continued):****IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT
(continued):****b. Information on interest expenses:**

1. Information on interest income on loans:

	30 June 2023		30 June 2022	
	TL	FC	TL	FC
Banks	64,153	517,363	26,212	199,477
The CBRT	-	-	-	-
Domestic Banks	64,153	-	26,212	40
Foreign Banks	-	517,363	-	199,437
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	1,382
Total (*)	64,153	517,363	26,212	200,859

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

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

None (30 June 2022: None).

3. Information on interest expense on issued securities:

None (30 June 2022: 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	1 Year and More			
TL									
Bank Deposits	6	674	-	-	-	-	-	680	601
Savings Deposits	-	343,539	692,426	509,127	30,008	29,087	-	1,604,187	512,672
Public Deposits	-	6	-	-	-	-	-	6	14
Commercial Deposits	28	52,407	114,565	54,487	16,501	10,961	-	248,949	183,088
Other Deposits	-	471	327,819	63	-	1	-	328,354	43,388
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Total	34	397,097	1,134,810	563,677	46,509	40,049	-	2,182,176	739,763
FC									
Foreign Currency Account	-	3,902	25,567	61,593	1,363	2,385	-	94,810	159,430
Bank Deposits	-	7,908	-	-	-	-	-	7,908	778
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	-	11,810	25,567	61,593	1,363	2,385	-	102,718	160,208
Grand Total	34	408,907	1,160,377	625,270	47,872	42,434	-	2,284,894	899,971

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

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

	30 June 2023	30 June 2022
Income	42,954,820	34,060,656
Capital Market Transactions	281,195	50,022
Derivative Financial Transactions	918,435	577,847
Foreign Exchange Gains	41,755,190	33,432,787
Loss (-)	42,205,758	33,905,208
Capital Market Transactions	18,069	14,608
Derivative Financial Transactions	1,216,512	580,792
Foreign Exchange Losses	40,971,177	33,309,808
Net Income/Loss	749,062	155,448

d. Information on other operating income:

For the period ended 30 June 2023, the Group's other operating income includes the adjustment account for previous years' expenses and other operating income.

e. Expected loss provisions and other provision expenses:

	30 June 2023	30 June 2022
Expected Credit Loss	(1,130,482)	(85,042)
12 Month Expected Credit Loss (Stage 1)	13,504	(3,307)
Significant Increase in Credit Risk (Stage 2)	(1,053,947)	(59,975)
Non-performing Loans (Stage 3)	(90,039)	(21,760)
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Joint Ventures Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	618,476	2,953
Total	(512,006)	(82,089)

(*) As of 30 June 2023, it includes of General Reserves for Possible Risks amounting to TL 618,324 (30 June 2022: TL 2,953).

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(continued):****IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT
(continued):****f. Information related to other operating expenses:**

	30 June 2023	30 June 2022
Provision for Employment Termination Benefits (*)	17,601	11,737
Provision for Bank Social Aid Pension Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Amortization Expenses of Tangible Assets	38,813	24,791
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	10,877	6,536
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Amortization Expenses of Assets Held for Resale	-	-
Impairment Expenses of Non-current Assets Related to Discontinued Activities Held for Sale	-	-
Other Operating Expenses	382,152	153,571
Leasing Expenses Related to TFRS 16 Exceptions	5,472	2,215
Maintenance Expenses	2,350	12,956
Advertising Expenses	19,981	6,481
Other Expense	354,349	131,919
Loss on Sales of Assets	52,570	-
Other	8,575	21,970
Total	510,588	218,605

(*) As of 30 June 2023, “Employee Vacation Fee Provision Expense” amounts to TL 5,624 (30 June 2022: TL 4,670).

g. Information on net profit/loss before tax from discontinued and continuing operations:

The Group has no discontinued operations. The Group’s profit before tax from continuing operations is TL 1,781,149 (30 June 2022: TL 744,701 profit before tax).

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

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

h. Explanations 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 30 June 2023, the Group has current tax charge amounting to TL 20,180 and deferred tax charge amounting to TL 535,982.

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

The Group has TL 101,199 deferred tax income from temporary differences, TL 288,554 deferred tax income from carried financial loss, The deferred tax charge due to the closing of temporary differences amounts to TL 925,735, netting off to TL 535,982 deferred tax charge.

3. Information on recognition of deferred tax benefit or charge, temporary difference, financial loss, tax discount and exceptions in the income statement:

As of 30 June 2023, the Group has deferred tax charge amounting to TL 824,536 (30 June 2022: 4,296 deferred tax charge) arising from temporary differences, however, the Group has TL 288,554 deferred tax charge as a result of carried financial loss (30 June 2022: TL 45,294 deferred tax benefit).

i. Information on current period net profit/loss 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.

j. Information on current period net profit and loss:

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.

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(continued):****IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT
(continued):****k. Explanations on other items on the income statement:**

1. In the current period, the Group’s interest income amounts to TL 4,216,709 (30 June 2022: TL 2,556,673) and TL 1,044,619 (30 June 2022: TL 387,702) of the related amount is classified as “Other Interest Income” in the income statement.

	30 June 2023	30 June 2022
Other Interest Income		
Interest Income Related To Derivative Transactions	660,628	245,265
Other	383,991	142,437
Total	1,044,619	387,702

2. In the current period, the Group’s interest expense amounts to TL 3,682,288 (30 June 2022: TL 1,882,122) and TL 765,357 (30 June 2022: TL 716,976) of the related amount is classified as “Other Interest Expense” in the income statement.

	30 June 2023	30 June 2022
Other Interest Income		
Interest Income Related To Derivative Transactions	621,128	580,364
Other	144,229	136,612
Total	765,357	716,976

3. In the current period, the Group’s fee and commissions received amounts to TL 506,128 (30 June 2022: TL 61,290) and TL 450,650 (30 June 2022: TL 41,146) of the related amount is classified under “Other” in the income statement.

	30 June 2023	30 June 2022
Other Fee and Commissions Received		
Commissions on Investment Fund Services	82,301	4,181
Early Closing Commissions	13,096	3,098
Insurance Commissions	12,241	3,961
Commissions on Futures Options Exchange Brokerage	2,855	1,985
Commissions from Correspondent Banks	1,678	1,147
Credit Card and POS Transaction Commission	697	254
Transfer Commissions	494	239
Common Point Commissions	191	38
Other	337,097	26,243
Total	450,650	41,146

4. In the current period, Group’s fees and commissions expense amounts to TL 66,138 (30 June 2022: TL 24,264) and TL 63,465 (30 June 2022: TL 23,741) of the related amount is classified under “Other” account in the income statement.

	30 June 2023	30 June 2022
Other Fee and Commissions Given		
Card Transaction Commission	8,527	1,816
Commissions Granted to Correspondent Banks	3,261	1,644
EFT Commissions	1,484	548
Common Point Commissions	2,837	242
Transfer Commissions	211	67
Other	47,145	19,424
Total	63,465	23,741

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(continued):****V. EXPLANATIONS AND NOTES RELATED TO THE GROUP’S RISK GROUP****a. The volume of transactions relating to the Group’s risk group, outstanding loan and deposit transactions and income and expenses of the period:**

1. The information related to the prior period is presented as of 31 December 2022 for balance sheet and income/expense items.

30 June 2023	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
Group’s Risk Group						
Loans and Other Receivables	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Balance at the Beginning of the Period	-	-	-	17,225	828	87
Balance at the End of the Period	-	-	-	8,138	507	87
Interest and Commission Income Received	-	-	-	2	60	-

31 December 2022	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
Group’s Risk Group						
Loans and Other Receivables	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Balance at the Beginning of the Period	-	-	-	24,860	677	-
Balance at the End of the Period	-	-	-	17,225	828	87
Interest and Commission Income Received	-	-	-	10	62	1

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

Group’s Risk Group	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	-	-	106,907	40,543	23,864	332,312
End of the Period	-	-	332,312	58,165	40,543	428,563
Interest Expense on Deposits	-	-	1,489	2,806	957	4,405

Group’s Risk Group	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	-	-	-	-	-	1

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (continued):**V. EXPLANATIONS AND NOTES RELATED TO GROUP’S RISK GROUP (continued):****a. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and income and expenses of the period:****3. Information on forward and option agreements and other similar agreement with the Group's risk group:**

Bank’s 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 Profit or Loss Transactions						
Beginning of the Period	-	-	1,745,925	-	-	-
End of the Period	-	-	3,109,063	1,745,925	-	-
Total Profit/Loss	-	-	(845,977)	-	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

(*) The figures in the table above show the sum of the “purchase” amounts of the transactions in question.

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	18,380,073	87.71
Deposit	486,728	1.59
Non-cash Loans	27,183	0.80
Banks and Other Financial Institutions	20,633	0.14
Loans	507	0.00

As of 30 June 2023, the Group has no interest income from deposits given to banks included in the risk group (30 June 2022: TL 22) The Group has interest expense amounting to TL 442,881 (30 June 2022: TL 150,563) on loans borrowed from the banks included in the risk group.

BURGAN BANK A.Ş.

NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023

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

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

V. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP (continued):

b. With respect to the Group's risk group (continued):

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

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Parent Bank's risk group and the amount composes 0.05% (31 December 2022: 0.07%) of the Group's total cash and non-cash loans.

As of 30 June 2023, there are no purchase-sales transactions on any assets except real estate with the risk group consisting the Parent Bank.

As of 30 June 2023, 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 82,432 (30 June 2022: TL 34,290) which constitutes of the sum of other benefits including yearly gross salaries and other payments and travel, meal aids, health and life insurances and vehicle expenses.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS:

Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate is amended with "Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Some Laws and the Decree Law No. 375", which includes the regulation on increase in corporate tax rate from %20 to %25 for the institutions other than banks and financial institutions and from 25% to 30% for banks and financial institutions, entered into force after being published in the Official Gazette dated 15 July 2023 and numbered 32249. With the same article (article 21) of the aforementioned law, it is ensured that the corporate tax rate, which was applied with a reduction by 1% to the earnings of the exporting companies exclusively from exports, is applied with a reduction by 5% in order to promote export.

This amendment will be effective for the earnings of the corporations in 2023 and for the following tax periods, starting from the declarations that must be submitted after 1 October 2023. It will be effective in the tax calculation of the profits of the institutions subject to the special accounting period, obtained in the special accounting period starting in the 2023 calendar year and in the following taxation periods.

With the amendment to the reserve requirement communiqué published in the Official Gazette dated 21 July 2023 and numbered 32255, a reserve requirement ratio of 15% for all maturities was introduced for Foreign Exchange Protected Deposit accounts. Firstly, it will start to be established on 04 August 2023 for the calculation period of 21 July 2023.

SECTION SIX

EXPLANATIONS ON LIMITED REVIEW REPORT

I. EXPLANATIONS ON LIMITED REVIEW REPORT:

The consolidated financial statements as of 30 June 2023 and for the period then ended have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the auditor’s review report dated 11 August 2023 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR:

None.

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

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

The global economy is progressing in a process with a high risk of fragility due to the short-term interest rates and the Russia-Ukraine war, which has risen sharply in the last year, on the other hand, the Chinese economy, which is in the process of opening after the pandemic, and the effects of the normalized supply chain. In this process, while the economic activity and employment market followed a stronger course than expected, the instabilities experienced in the banking sectors of developed countries in the recent period led to further tightening in the credit markets, feeding recession concerns. Although an improvement trend is observed in global inflation, it is observed that the inflation trend displays a more sticky appearance.

Our country, on the other hand, had shake by two major earthquakes on February 6. This disaster which affected 11 provinces, caused great loss of life, destruction and sadness. All institutions, organizations and citizens of our country have focused on healing the wounds in the earthquake area with all their means. Although it is thought that it will take a long time to heal the social and economic wounds of the earthquake; it had been considered that the negative effects on production and exports will be relatively limited. While monetary and fiscal policies continue to support economic activity, a downward trend was observed in inflation with the base effect and normalization in input costs. Furthermore, the presidential and parliamentary elections to be held on 14 May are closely followed in terms of the course of economic policies in the upcoming period. As always, the policies to be formed around the axes of sustainable growth, balanced external balance and price stability is maintaining its importance.

The consolidated balance sheet size of our bank dated 30 June 2023 is TL 68,388,486 while consolidated net total loans and leasing receivables TL 30,570,708 and consolidated deposits are TL 35,537,868. In the current period Burgan Bank has maintained its support to its customers uninterruptedly. The net profit of our bank in the second quarter of 2023 is TL 1,224,987 and our equity has been realized as TL 6,361,084. Our capital adequacy ratio is 24.39%. In addition to deepening our existing customers in 14 provinces in which we operate, we will continue to serve with new customer acquisitions, keeping customer satisfaction in the foreground.

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

Ali Murat DİNÇ
Member of Board of Directors and General Manager

Emin Hakan EMİNSOY
Chairman of Board of Directors

BURGAN BANK A.Ş.**NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023**

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

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

<u>Name</u>	<u>Duty</u>	<u>Date of Assignment</u>	<u>Educational Background</u>	<u>Banking and Managership Experience (Year)</u>
<i>Chairman and Members of Board of Directors:</i>				
Emin Hakan Eminsoy	Chairman	07.08.2019	Undergraduate	34
Abdelkarim A. S. Kabariti	Deputy Chairman	04.11.2021	Undergraduate	32
Mehmet Alev Göçmez	Member	23.01.2013	Graduate	33
Khaled F.A.O. Alzouman	Member	13.06.2019	Undergraduate	31
Hasan Kılıç	Member	10.06.2021	Undergraduate	32
Fadhil M. GH. A. Abdullah	Member	3.12.2021	Undergraduate	32
Mohammad M. A. H. S. Almael	Member	3.12.2021	Graduate	22
Moustapha Chami	Member	15.06.2022	Graduate	19
Ali Murat Dinç	Member and General Manager	03.02.2014	Graduate	21
<i>General Manager:</i>				
Ali Murat Dinç	Member and General Manager	03.02.2014	Graduate	21
<i>Deputy General Managers:</i>				
Suat Kerem Sözügüzel	Corporate & Commercial Banking	01.04.2014	Graduate	17
Zeynep Bozkurt	Financial Affairs	15.01.2021	Graduate	13
<i>Vice General Managers:</i>				
Esra Aydın	Operation & Management Services	01.08.2007	Graduate	16
Cihan Vural	Internal Systems	03.11.2008	Undergraduate	13
Rasim Levent Ergin	Human Resources	01.11.2012	Graduate	17
Suat Kerem Sözügüzel	Corporate & Commercial Banking	01.04.2014	Graduate	17
Banu Ertürk	Loan Follow-up and Legal Procedures	01.08.2020	Undergraduate	22
Darço Akkaranfil	Information Technologies	14.09.2020	Graduate	15
Zeynep Bozkurt	Financial Affairs	15.01.2021	Graduate	13
Ayşen Aslı Koçer	Deposit Management	01.07.2021	Undergraduate	24
Yener Yazlalı	Loans	02.08.2021	Graduate	18
Halil Özcan	Digital Banking	21.02.2022	Undergraduate	14
Tuba Onay Ergelen	Risk Management	01.03.2022	Undergraduate	23
Erdal Arda Türerer	Treasury, Capital Markets and Financial Institutions	01.03.2022	Graduate	25

Assignments:

There are no appointments in the last three months.

Resignations:

There are no resignations in the last three months.

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (continued):

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

Emin Hakan Eminsoy is the Chairman, Fadhil M. GH. A. Abdullah, Mohammad M. A. H. S. Almael and Ali Murat Dinç are members of the Board of Directors Credit Committee, and Khaled F. A. O. Alzouman and Abdelkarim A. S. Kabariti are alternate members.

Hasan Kılıç has been elected as the Chairman of the Audit Committee while Khaled F. A. O. Alzouman and Moustapha Chami have been elected as members of the Audit Committee.

Moustapha Chami has been elected as the Chairman of the Risk Committee while Hasan Kılıç and Mehmet Alev Göçmez have been elected as members of the Risk Committee.

Abdelkarim A. S. Kabariti has been elected as the Chairman of the Corporate Executive Committee while Emin Hakan Eminsoy and Ali Murat Dinç have been elected as members of the Corporate Executive Committee.

Abdelkarim A. S. Kabariti has been elected as the Chairman of the Appointment and Pricing Committee while Khaled F.A.O Alzouman and Moustapha Chami have been elected as members of the Appointment and Pricing Committee.

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

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

V. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD:

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

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

BURGAN BANK A.Ş.

NOTES TO THE CONSOLIDATED STATEMENTS AS OF 30 JUNE 2023

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (continued):

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

	30.06.2023	31.12.2022	Change (%)
Total Assets	68,388,486	63,747,990	7.3
Loans, Lease Receivables and Factoring Receivables (Net)	35,537,868	39,525,479	(10.1)
Securities	9,005,440	7,377,921	22.1
Deposits	30,570,708	39,713,548	(23.0)
Debts Having Loan Characteristics	22,666,608	12,885,431	75.9
Equity	6,361,084	5,093,950	24.9
Guarantee and Suretyship	14,900,333	10,108,785	44.5
Capital Adequacy Ratio	24.39%	19.09%	5.3%

	(01/01/2023 - 30/06/2023)	(01/01/2022 - 30/06/2022)	(01/04/2023 - 30/06/2023)	(01/04/2022 - 30/06/2022)
Net Profit/(Loss) for the Period	1,224,987	560,858	574,970	357,536

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

The Bank provides high value added banking services and products in corporate, commercial, individual, financial leasing with private banking and via factoring and associates and investment banking areas with a total of 32 branches, including 8 retail, 1 corporate and 23 mixed banking branches, internet banking applications, call center and 1.214 employees.

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

Million TL	Burgan Bank	Sector (*)	Share of our Bank (%)
Cash Loans	30,049	8,517,429	0.35
Customer Deposits	29,788	9,956,251	0.30
Branch Number	32	10,984	0.29
Personnel Number	1,083	208,504	0.52

(*) Reference is prepared based on BRSA Data of 30 June 2023 and discount and accrual are not added to balance sheet items.