

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS AND LIMITED REVIEW
REPORT ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF
SECTION THREE)

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
TOGETHER WITH LIMITED REVIEW REPORT AT 30
SEPTEMBER 2019**

INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the limited review report originally issued in Turkish, See Note I. of Section three)

To the Board of Directors of Burgan Bank Anonim Şirketi,

Introduction

We have reviewed the consolidated statement of financial position of Burgan Bank A.Ş. (“the Bank”) and its subsidiaries (together will be referred as “the Group”) at 30 September 2019 and the related 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 and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of Burgan Bank A.Ş. and its subsidiaries at 30 September 2019 and of the results of its operations and its cash flows for the nine-month period then ended in all material respects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for English translation:

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Istanbul, Turkey
November 8, 2019

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

**THE CONSOLIDATED NINE MONTH INTERIM FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 30 SEPTEMBER 2019**

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

The consolidated nine 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
- **Section Four** INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- **Section Five** EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** EXPLANATIONS ON 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:

<u>Subsidiaries</u>	<u>Associates</u>	<u>Joint Ventures</u>
1. Burgan Finansal Kiralama A.Ş.	-	-
2. Burgan Yatırım Menkul Değerler A.Ş.	-	-
3. Burgan Wealth Limited	-	-

The accompanying consolidated nine 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.

8 November 2019

Emin Hakan EMİNSOY Chairman of the Board of Directors	Ali Murat DİNÇ Member of the Board of Directors and General Manager	Ümit SÖNMEZ Head of Financial Affairs	Ahmet CİĞA Head of Accounting, Tax, and Reporting Unit
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Halil CANTEKİN Head of the Audit Committee	Adrian Alejandro GOSTUSKI Member of the Audit Committee	Fouad Husni DOUGLAS Member of the Audit Committee
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Contact information of the personnel in charge of the addressing of questions about this financial report:

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

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

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

I. PARENT BANK'S FOUNDATION DATE, START-UP STATUTE, HISTORY ABOUT THE CHANGES IN THIS MENTIONED STATUTE:

Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an "investment bank" with the permission of the Council of Ministers No. 88/13253 on 26 August 1988 and authorised to conduct finance investment and foreign trade activities. Banking operations commenced on 7 August 1989.

Bank Ekspres A.Ş. ("Bank Ekspres") was established with the permission of the Council of Ministers in decision No. 91/2316 on 22 September 1991; "The Decree of Establishment Permission" was published in the Official Gazette numbered 21017 and dated 10 October 1991. The Articles of Association was published in the Trade Registry Gazette numbered 2969 and dated 18 February 1992. The Turkish Savings Deposit and Insurance Fund ("SDIF") took over the management of Bank Ekspres A.Ş. due to the poor fiscal structure of the bank on 23 October 1998.

According to the Share Transfer Agreement signed between the SDIF and Tekfen Holding A.Ş. on 30 June 2001, 2.983.800.000 shares with a nominal value of Kr1 each and which amount to 99,46% of the capital of Bank Ekspres A.Ş. under the control of the SDIF in accordance with Banking Law were transferred to Tekfen Holding A.Ş.. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., where Tekfen Holding A.Ş. owns 57,69% of the Bank, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency's ("BRSA") decision numbered 489 dated 18 October 2001. The share transfers were realised on 26 October 2001 and the bank's name was changed to Tekfenbank Anonim Şirketi (the "Bank"), which had two main shareholders: Tekfen Holding A.Ş. with 57,30% and TST International S.A. with 40,62%.

EFG Eurobank Ergasias S.A. ("Eurobank EFG") and Tekfen Holding A.Ş. ("Tekfen Group") signed an agreement as of 8 May 2006, that anticipated Eurobank EFG to purchase Tekfen Group's 70% share in Tekfenbank A.Ş. and Tekfen Finansal Kiralama A.Ş. which is fully owned by Tekfenbank; where Tekfen Group retained its strategic partnership by keeping all remaining shares. On 23 February 2007, the sale of Tekfenbank A.Ş. to Eurobank EFG Holding (Luxembourg) S.A. ("Eurobank EFG Holding") was approved by the BRSA and the sale was completed after the share transfer on 16 March 2007.

Under the agreement regarding the sale of Eurobank Ergasias S.A.'s Turkey operations to Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K), 70% of the bank shares belonging to Eurobank EFG Holding (Luxemburg) S.A. and 29,26% of the shares belonging to Tekfen Holding A.Ş. are bought by Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K) in 7 December 2012 in accordance with the Banking Regulation and Supervision Agency's authorization, and then 99,26% of the bank shares are turned over to Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K) in 21 December 2012.

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

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

GENERAL INFORMATION ABOUT THE GROUP (Continued):

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

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

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

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

GENERAL INFORMATION ABOUT THE GROUP (Continued):

III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors: (*)	Emin Hakan Eminsoy	Chairman of Board of Directors	Undergraduate
Board of Directors Members: (**)	Faisal M.A. Al Radwan	Deputy Chairman	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	Halil Cantekin	Member	Undergraduate
	Osama T. Al Ghoussein	Member	Undergraduate
	Fouad Husni Douglas	Member	Graduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Ali Murat Dinç	Member and General Manager	Graduate
General Manager:	Ali Murat Dinç	Member and General Manager	Graduate
Vice General Managers:	Esra Aydın	Operations & Management Services	Undergraduate
	Mutlu Akpara	Treasury, Capital Markets and Financial Institutions	Graduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Suat Kerem Sözügüzel	Commercial and Corporate Banking	Undergraduate
	Hasan Hüseyin Uyar	Loans	Graduate
	Hasan Ufuk Dinç	Digital Banking and Information Technologies	Graduate
	Ümit Sönmez	Financial Affairs	Graduate
Audit Committee: (***)	Halil Cantekin	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Fouad Husni Douglas	Member	Undergraduate

(*) Emin Hakan Eminsoy, the Chairman of the Board of Directors, started to serve his position as of 7 August 2019.

(**) Faisal M.A. Al Radwan has resigned from his position of the chairman of the Board of Directors as of 31 July 2019 and is currently continuing his work as the deputy chairman of the Board of Directors. On the same date, Board Member Eduardo Majed E.A.A. Al Ajeel has resigned from this position.

(***) As of 21 October 2019, Audit Committee Member Osama T. Al Ghoussein has resigned from his position and Fouad Husni Douglas has been appointed for this position.

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

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

GENERAL INFORMATION ABOUT THE GROUP (Continued):

IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES IN THE PARENT BANK:

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

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

V. INFORMATION ON THE PARENT BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:

As of 30 September 2019, the Parent Bank, whose headquarter located in Istanbul, has 35 branches operating in Turkey (31 December 2018: 41). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 September 2019, the Group has 1.021 (31 December 2018: 1.090) employees.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2019 AND 31 DECEMBER 2018**

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

I.	BALANCE SHEET	Note (Section Five)	Reviewed (30/09/2019)			Audited (31/12/2018)		
			TL	FC	Total	TL	FC	Total
	ASSETS							
I.	FINANCIAL ASSETS (Net)		2.577.069	2.374.682	4.951.751	2.479.152	2.024.626	4.503.778
I.1	Cash and cash equivalents		1.818.526	2.069.247	3.887.773	1.385.180	1.566.479	2.951.659
1.1.1	Cash and balances at Central Bank	I-a	170.959	1.657.612	1.828.571	1.373.278	1.373.138	2.746.416
1.1.2	Banks	I-c	540.482	411.635	952.117	3.267	193.341	196.608
1.1.3	Receivables from Money Markets		1.107.380	-	1.107.380	9.000	-	9.000
1.1.4	Expected credit losses (-)		295	-	295	365	-	365
I.2	Financial assets at fair value through profit or loss	I-b	4.149	34.028	38.177	1.117	11.654	12.771
1.2.1	Public debt securities		1.063	5.762	6.825	1.117	10.938	12.055
1.2.2	Equity instruments		3.086	-	3.086	-	-	-
1.2.3	Other financial assets		-	28.266	28.266	-	716	716
I.3	Financial assets at fair value through other comprehensive income	I-d	257.064	147.120	404.184	258.862	134.287	393.149
1.3.1	Public debt securities		244.342	147.120	391.462	248.906	134.287	383.193
1.3.2	Equity instruments		12.218	-	12.218	9.456	-	9.456
1.3.3	Other financial assets		504	-	504	500	-	500
I.4	Derivative financial assets	I-l	497.330	124.287	621.617	833.993	312.206	1.146.199
1.4.1	Derivative financial assets at fair value through profit or loss		111.551	119.238	230.789	197.765	283.466	481.231
1.4.2	Derivative financial assets at fair value through other comprehensive income		385.779	5.049	390.828	636.228	28.740	664.968
II.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		4.645.478	10.815.737	15.461.215	5.975.521	11.050.481	17.026.002
2.1	Loans	I-e-f	4.446.898	8.746.900	13.193.798	5.686.116	8.999.987	14.686.103
2.2	Receivables from leasing transactions	I-k	621.522	2.288.936	2.910.458	602.059	2.197.001	2.799.060
2.3	Factoring receivables	I-e-f	7	-	7	7	-	7
2.4	Other financial assets measured at amortized cost	I-g	-	247.064	247.064	-	236.801	236.801
2.4.1	Public debt securities		-	247.064	247.064	-	236.801	236.801
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	Expected credit losses (-)	I-e-f	422.949	467.163	890.112	312.661	383.308	695.969
III.	NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	I-o	319.498	-	319.498	113.385	-	113.385
3.1	Held for sale		319.498	-	319.498	113.385	-	113.385
3.2	Held from discontinued operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
4.1	Investments in associates (Net)	I-h	-	-	-	-	-	-
4.1.1	Associates accounted by using equity method		-	-	-	-	-	-
4.1.2	Non-consolidated associates		-	-	-	-	-	-
4.2	Investments in subsidiaries (Net)	I-i	-	-	-	-	-	-
4.2.1	Non-consolidated financial subsidiaries		-	-	-	-	-	-
4.2.2	Non-consolidated non-financial subsidiaries		-	-	-	-	-	-
4.3	Jointly Controlled Partnerships (Joint Ventures) (Net)	I-j	-	-	-	-	-	-
4.3.1	Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2	Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)		240.079	-	240.079	63.737	-	63.737
VI.	INTANGIBLE ASSETS (Net)		38.896	-	38.896	45.003	-	45.003
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		38.896	-	38.896	45.003	-	45.003
VII.	INVESTMENT PROPERTIES (Net)	I-m	-	-	-	-	-	-
VIII.	CURRENT TAX ASSETS		6.709	-	6.709	15.757	-	15.757
IX.	DEFERRED TAX ASSETS	I-n	54.619	-	54.619	22.960	-	22.960
X.	OTHER ASSETS (Net)	I-p	160.742	56.826	217.568	147.782	90.461	238.243
	TOTAL ASSETS		8.043.090	13.247.245	21.290.335	8.863.297	13.165.568	22.028.865

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

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

BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

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

I. BALANCE SHEET	Note (Section Five)	Reviewed (30/09/2019)			Audited (31/12/2018)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	3.977.217	7.314.285	11.291.502	4.150.781	5.764.519	9.915.300
II. LOANS RECEIVED	II-c	140.929	4.898.419	5.039.348	128.809	6.731.798	6.860.607
III. MONEY MARKET FUNDS		20.580	181.072	201.652	8.922	171.306	180.228
IV. MARKETABLE SECURITIES (Net)	II-d	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	II-b	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-g	123.233	88.649	211.882	256.757	102.441	359.198
7.1 Derivative financial liabilities at fair value through profit or loss		42.896	81.710	124.606	196.855	92.070	288.925
7.2 Derivative financial liabilities at fair value through other comprehensive income		80.337	6.939	87.276	59.902	10.371	70.273
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	II-f	25.217	88.018	113.235	-	-	-
X. PROVISIONS	II-h	63.805	21.148	84.953	65.166	26.497	91.663
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		43.920	-	43.920	46.777	-	46.777
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		19.885	21.148	41.033	18.389	26.497	44.886
XI. CURRENT TAX LIABILITIES	II-i	31.674	-	31.674	29.570	-	29.570
XII. DEFERRED TAX LIABILITIES	II-i	-	-	-	6.203	-	6.203
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	II-j	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	II-k	-	1.708.718	1.708.718	-	1.599.472	1.599.472
14.1 Loans		-	1.708.718	1.708.718	-	1.599.472	1.599.472
14.2 Other debt instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-e	237.811	471.479	709.290	202.453	908.191	1.110.644
XVI. SHAREHOLDERS' EQUITY	II-l	1.920.835	(22.754)	1.898.081	1.872.094	3.886	1.875.980
16.1 Paid-in capital		1.535.000	-	1.535.000	1.535.000	-	1.535.000
16.2 Capital reserves		(736)	-	(736)	(99)	-	(99)
16.2.1 Equity share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(736)	-	(736)	(99)	-	(99)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		16.552	-	16.552	16.552	-	16.552
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		(1.186)	(22.754)	(23.940)	60.028	3.886	63.914
16.5 Profit reserves		259.625	-	259.625	273.197	-	273.197
16.5.1 Legal reserves		22.870	-	22.870	21.402	-	21.402
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		236.755	-	236.755	251.795	-	251.795
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		111.580	-	111.580	(12.584)	-	(12.584)
16.6.1 Prior years' profits or losses		-	-	-	(174.343)	-	(174.343)
16.6.2 Current period net profit or loss		111.580	-	111.580	161.759	-	161.759
16.7 Minority shares		-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES		6.541.301	14.749.034	21.290.335	6.720.755	15.308.110	22.028.865

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

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

BURGAN BANK A.Ş.
CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

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

II. OFF-BALANCE SHEET	Note (Section Five)	Reviewed (30/09/2019)			Audited (31/12/2018)		
		TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		3.955.538	25.613.634	29.569.172	6.320.271	31.644.654	37.964.925
I. GUARANTEES AND WARRANTIES	III-a-2-3	638.698	2.126.234	2.764.932	597.086	1.722.881	2.319.967
1.1 Letters of Guarantee		638.698	948.944	1.587.642	596.675	1.089.509	1.686.184
1.1.1 Guarantees Subject to State Tender Law		15.943	272	16.215	10.249	3.643	13.892
1.1.2 Guarantees Given for Foreign Trade Operations							
1.1.3 Other Letters of Guarantee		622.755	948.672	1.571.427	586.426	1.085.866	1.672.292
1.2 Bank Acceptances			107.036	107.036	411	102.926	103.337
1.2.1 Import Letter of Acceptance			107.036	107.036	411	102.926	103.337
1.2.2 Other Bank Acceptances							
1.3 Letters of Credit			446.186	446.186		385.116	385.116
1.3.1 Documentary Letters of Credit			446.186	446.186		385.116	385.116
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			624.068	624.068		145.330	145.330
1.9 Other Collaterals							
II. COMMITMENTS	III-a-1	917.037	902.465	1.819.502	409.255	299.806	709.061
2.1 Irrevocable Commitments		917.037	902.465	1.819.502	409.255	299.806	709.061
2.1.1 Asset Purchase and Sales Commitments		754.535	902.465	1.657.000	257.670	299.806	557.476
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		88.805		88.805	77.343		77.343
2.1.5 Securities Issue Brokerage Commitments							
2.1.6 Commitments for Reserve Deposit Requirements							
2.1.7 Commitments for Cheques		73.697		73.697	74.242		74.242
2.1.8 Tax and Fund Liabilities from Export Commitments							
2.1.9 Commitments for Credit Card Limits							
2.1.10 Promotion Commitments for Credit Cards and Banking Services							
2.1.11 Receivables from Short Sale Commitments of Marketable Securities							
2.1.12 Payables for Short Sale Commitments of Marketable Securities							
2.1.13 Other Irrevocable Commitments							
2.2 Revocable Commitments							
2.2.1 Revocable Commitments for Loan Limits							
2.2.2 Other Revocable Commitments							
III. DERIVATIVE FINANCIAL INSTRUMENTS		2.399.803	22.584.935	24.984.738	5.313.930	29.621.967	34.935.897
3.1 Hedging Derivative Financial Instruments		822.765	4.668.659	5.491.424	1.083.828	5.645.797	6.729.625
3.1.1 Transactions for Fair Value Hedge							
3.1.2 Transactions for Cash Flow Hedge		822.765	4.668.659	5.491.424	1.083.828	5.645.797	6.729.625
3.1.3 Transactions for Foreign Net Investment Hedge							
3.2 Trading Derivative Financial Instruments		1.577.038	17.916.276	19.493.314	4.230.102	23.976.170	28.206.272
3.2.1 Forward Foreign Currency Buy/Sell Transactions		227.448	317.705	545.153	757.320	664.439	1.421.759
3.2.1.1 Forward Foreign Currency Transactions-Buy		208.239	74.149	282.388	124.973	532.250	657.223
3.2.1.2 Forward Foreign Currency Transactions-Sell		19.209	243.556	262.765	632.347	132.189	764.536
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		205.739	15.624.110	15.829.849	1.245.181	18.032.660	19.277.841
3.2.2.1 Foreign Currency Swap-Buy		42.245	4.449.559	4.491.804	948.271	4.312.360	5.260.631
3.2.2.2 Foreign Currency Swap-Sell		163.494	4.294.639	4.458.133	296.910	4.746.372	5.043.282
3.2.2.3 Interest Rate Swap-Buy			3.439.956	3.439.956		4.486.964	4.486.964
3.2.2.4 Interest Rate Swap-Sell			3.439.956	3.439.956		4.486.964	4.486.964
3.2.3 Foreign Currency, Interest rate and Securities Options		1.035.809	1.878.236	2.914.045	2.227.601	5.279.071	7.506.672
3.2.3.1 Foreign Currency Options-Buy		357.392	1.070.643	1.428.035	528.333	3.150.835	3.679.168
3.2.3.2 Foreign Currency Options-Sell		678.417	807.593	1.486.010	1.699.268	2.128.236	3.827.504
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		101.922	96.225	198.147			
3.2.4.1 Foreign Currency Futures-Buy		51.694	47.407	99.101			
3.2.4.2 Foreign Currency Futures-Sell		50.228	48.818	99.046			
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		6.120		6.120			
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		49.953.228	47.330.590	97.283.818	37.264.918	43.505.919	80.770.837
IV. ITEMS HELD IN CUSTODY		12.322.321	1.072.723	13.395.044	1.025.971	385.612	1.411.583
4.1 Customer Fund and Portfolio Balances							
4.2 Investment Securities Held in Custody		11.616.425	309.757	11.926.182	333.358	182.180	515.538
4.3 Cheques Received for Collection		677.582	97.622	775.204	673.437	83.592	757.029
4.4 Commercial Notes Received for Collection		28.314	14.228	42.542	19.176	22.820	41.996
4.5 Other Assets Received for Collection							
4.6 Assets Received for Public Offering							
4.7 Other Items Under Custody			651.116	651.116		97.020	97.020
4.8 Custodians							
V. PLEDGES RECEIVED		37.630.907	46.257.867	83.888.774	36.238.947	43.120.307	79.359.254
5.1 Marketable Securities		78.288		78.288	56.132		56.132
5.2 Guarantee Notes		21.490.376	16.994.549	38.484.925	22.275.449	17.248.376	39.523.825
5.3 Commodity		765.539	1.280.775	2.046.314	886.897	660.754	1.547.651
5.4 Warranty							
5.5 Immovable		13.770.132	23.758.939	37.529.071	11.509.609	20.785.740	32.295.349
5.6 Other Pledged Items		1.526.572	4.223.604	5.750.176	1.510.860	4.425.437	5.936.297
5.7 Pledged Items-Depository							
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES							
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		53.908.766	72.944.224	126.852.990	43.585.189	75.150.573	118.735.762

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS AT 30 SEPTEMBER 2019 AND 30 SEPTEMBER 2018

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

III.	STATEMENT OF PROFIT OR LOSS	Note (Section Five)	Reviewed 01/01/2019- 30/09/2019	Reviewed 01/01/2018- 30/09/2018	Reviewed 01/07/2019- 30/09/2019	Reviewed 01/07/2018- 30/09/2018
	INCOME AND EXPENSE ITEMS					
I.	INTEREST INCOME	IV-a	1.914.528	1.778.987	598.823	717.482
1.1	Interest received from loans		1.187.639	1.199.493	375.324	464.349
1.2	Interest received from reserve deposits		28.511	25.998	7.936	10.475
1.3	Interest received from banks		43.351	75.405	15.796	33.734
1.4	Interest received from money market transactions		91.888	22.530	29.386	16.606
1.5	Interest received from marketable securities portfolio		43.587	34.292	14.300	15.355
1.5.1	Financial assets at fair value through profit or loss		1.184	1.294	357	385
1.5.2	Financial assets at fair value through other comprehensive income		33.906	24.878	11.182	11.163
1.5.3	Financial assets measured at amortized cost		8.497	8.120	2.761	3.807
1.6	Finance lease interest income		186.315	151.441	58.966	63.479
1.7	Other interest income	IV-k	333.237	269.828	97.115	113.484
II.	INTEREST EXPENSES (-)	IV-b	1.286.685	1.214.056	394.259	497.330
2.1	Interest on deposits		717.456	637.967	232.827	263.212
2.2	Interest on funds borrowed		322.227	289.298	91.950	122.599
2.3	Interest on money market transactions		6.716	8.184	2.099	2.851
2.4	Interest on securities issued		-	-	-	-
2.5	Finance lease interest expenses		7.531	-	2.349	-
2.6	Other interest expenses	IV-k	232.755	278.607	65.034	108.668
III.	NET INTEREST INCOME/EXPENSE (I - II)		627.843	564.931	204.564	220.152
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		24.937	25.011	9.829	3.984
4.1	Fees and commissions received		36.098	38.882	12.687	9.167
4.1.1	Non-cash loans		19.541	16.217	6.721	5.584
4.1.2	Other	IV-k	16.557	22.665	5.966	3.583
4.2	Fees and commissions paid (-)		11.161	13.871	2.858	5.183
4.2.1	Non-cash loans (-)		119	255	41	74
4.2.2	Other (-)	IV-k	11.042	13.616	2.817	5.109
V.	DIVIDEND INCOME		2.769	686	-	-
VI.	TRADING PROFIT/LOSS (Net)	IV-c	27.261	76.594	(1.684)	33.076
6.1	Profit/losses from capital market transactions		7.999	(704)	3.924	(2.860)
6.2	Profit/losses from derivative financial transactions		40.136	26.800	(2.822)	13.643
6.3	Foreign exchange profit/losses		(20.874)	50.498	(2.786)	22.293
VII.	OTHER OPERATING INCOME	IV-d	33.780	24.907	11.006	7.274
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		716.590	692.129	223.715	264.486
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-e	227.706	208.721	102.660	106.298
X.	OTHER PROVISION EXPENSES (-)	IV-e	941	23	58	(137)
XI.	PERSONNEL EXPENSES (-)		160.910	131.524	52.401	45.382
XII.	OTHER OPERATING EXPENSES (-)	IV-f	187.029	162.168	61.040	55.396
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		140.004	189.693	7.556	57.547
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	140.004	189.693	7.556	57.547
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-h	(28.424)	(42.988)	(1.967)	(12.905)
18.1	Current tax provision		42.454	17.560	6.178	14.631
18.2	Expense effect of deferred tax (+)		74.038	256.123	16.383	139.635
18.3	Income effect of deferred tax (-)		88.068	230.695	20.594	141.361
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-i	111.580	146.705	5.589	44.642
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	111.580	146.705	5.589	44.642
25.1	Group's Profit / Loss		111.580	146.705	5.589	44.642
25.2	Minority Shares' Profit / Loss (-)		-	-	-	-
	Profit / (Loss) per share (1.000 nominal in TL full)		0,727	1,107	0,036	0,356

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2019 AND 30 SEPTEMBER 2018

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Reviewed 30/09/2019	Reviewed 30/09/2018
I.	CURRENT PERIOD INCOME/LOSS	111.580	146.705
II.	OTHER COMPREHENSIVE INCOME	(88.842)	96.010
2.1	Other comprehensive income not to be reclassified to profit or loss	-	-
2.1.1	Revaluation Differences of Tangible Assets	-	-
2.1.2	Revaluation Differences of Intangible Assets	-	-
2.1.3	Defined benefit plans re-measurement gains / loss	-	-
2.1.4	Other comprehensive income not to be reclassified to profit or loss	-	-
2.1.5	Income tax relating to components of other comprehensive income not to be reclassified to profit or loss	-	-
2.2	Other comprehensive income to be reclassified to profit or loss	(88.842)	96.010
2.2.1	Exchange differences on translation of foreign operations	143	4.861
2.2.2	Gains or losses on valuation or reclassification arising from financial assets at fair value through other comprehensive income	21.719	(44.505)
2.2.3	Gains or losses arising on cash flow hedges	(134.536)	161.363
2.2.4	Gains or losses arising on net investment hedges	-	-
2.2.5	Other comprehensive income to be reclassified to profit or loss	-	-
2.2.6	Taxes relating to components of other comprehensive income that will be reclassified to profit or loss	23.832	(25.709)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	22.738	242.715

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30 SEPTEMBER 2019

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other comprehensive income not to be reclassified to profit or loss			Other comprehensive income to be reclassified to profit or loss			Profit Reserves	Prior Period Profit or Loss	Current Period Net Income or Loss	Total Shareholders' Equity Except From Minority Interest	Minority Interest	Total Shareholders' Equity
						1	2	3	4	5	6						
Reviewed CURRENT PERIOD 30/09/2019	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves												
I. Prior Period End Balance	II-1	1.535.000	-	-	(99)	19.610	(3.058)	-	5.670	(22.972)	81.216	273.197	(174.343)	161.759	1.875.980	-	1.875.980
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1.535.000	-	-	(99)	19.610	(3.058)	-	5.670	(22.972)	81.216	273.197	(174.343)	161.759	1.875.980	-	1.875.980
IV. Total Comprehensive Income		-	-	-	-	-	-	-	143	16.941	(104.938)	-	(988)	111.580	22.738	-	22.738
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain or Loss related to Other Changes		-	-	-	(637)	-	-	-	-	-	-	-	-	-	(637)	-	(637)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	(13.572)	175.331	(161.759)	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	(13.572)	175.331	(161.759)	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1.535.000	-	-	(736)	19.610	(3.058)	-	5.813	(6.031)	(23.722)	259.625	-	111.580	1.898.081	-	1.898.081

Describes;

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

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30 SEPTEMBER 2018

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other comprehensive income not to be reclassified to profit or loss			Other comprehensive income to be reclassified to profit or loss			Profit Reserves	Prior Period Profit or Loss	Current Period Net Income or Loss	Total Shareholders' Equity Except From Minority Interest	Minority Interest	Total Shareholders' Equity
Reviewed PRIOR PERIOD 30/09/2018	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6						
I. Prior Period End Balance	II-1	1.185.000	-	-	184	18.075	(3.141)	-	1.705	(4.214)	40.256	164.762	109.848	-	1.512.475	-	1.512.475
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	(174.343)	-	(174.343)	-	(174.343)
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	(174.343)	-	(174.343)	-	(174.343)
III. New Balance (I+II)		1.185.000	-	-	184	18.075	(3.141)	-	1.705	(4.214)	40.256	164.762	(64.495)	-	1.338.132	-	1.338.132
IV. Total Comprehensive Income		-	-	-	-	-	-	-	4.861	(34.714)	125.863	-	-	146.705	242.715	-	242.715
V. Capital Increase in Cash		348.304	-	-	-	-	-	-	-	-	-	-	-	-	348.304	-	348.304
VI. Capital Increase in Internal Resources		1.696	-	-	(1.696)	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain or Loss related to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	1.413	-	-	-	-	-	-	108.435	(109.848)	-	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	1.413	-	-	-	-	-	-	108.435	(109.848)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1.535.000	-	-	(99)	18.075	(3.141)	-	6.566	(38.928)	166.119	273.197	(174.343)	146.705	1.929.151	-	1.929.151

Describes;

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

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

(CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 30 SEPTEMBER 2019 AND 30 SEPTEMBER 2018

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	Reviewed 30/09/2019	Reviewed 30/09/2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		147.298	(454.866)
1.1.1 Interest Received		1.860.558	1.422.898
1.1.2 Interest Paid		(1.272.923)	(1.145.039)
1.1.3 Dividend Received		2.769	686
1.1.4 Fees and Commissions Received		22.066	34.245
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		243.325	186.512
1.1.7 Payments to Personnel and Service Suppliers		(174.017)	(140.156)
1.1.8 Taxes Paid		(12.588)	(19.449)
1.1.9 Other		(521.892)	(794.563)
1.2 Changes in Operating Assets and Liabilities		724.636	2.083.074
1.2.1 Net Increase/(Decrease) in Financial Assets at Fair Value Through Profit or Loss		(26.528)	(33.460)
1.2.2 Net (Increase)/Decrease in Due from Banks and Other Financial Institutions		(68.750)	318.832
1.2.3 Net (Increase)/Decrease in Loans		1.274.373	(4.622.773)
1.2.4 Net (Increase)/Decrease in Other Assets		617.035	(123.293)
1.2.5 Net (Increase)/Decrease in Bank Deposits		(1.711)	(3.423)
1.2.6 Net Increase/(Decrease) in Other Deposits		1.377.068	3.149.026
1.2.7 Net Increase/(Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase/(Decrease) in Funds Borrowed		(1.724.929)	3.017.877
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		(721.922)	380.288
I. Net Cash Provided from Banking Operations		871.934	1.628.208
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(23.813)	(140.630)
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		(7.862)	(2.831)
2.4 Disposals of Property and Equipment		19.360	6.713
2.5 Cash Paid for Purchase of Investments Available-for-Sale		(115.467)	(161.288)
2.6 Cash Obtained from Sale of Investments Available-for-Sale		80.156	16.776
2.7 Cash Paid for Purchase of Investment Securities		-	-
2.8 Cash Obtained from Sale of Investment Securities		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		-	348.304
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		-	348.304
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		14.391	120.215
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		862.512	1.956.097
VI. Cash and Cash Equivalents at Beginning of the Period		2.650.063	1.262.144
VII. Cash and Cash Equivalents at end of the Period		3.512.575	3.218.241

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD

I. BASIS OF PRESENTATION:

- a. The preparation of the consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures numbered 5411 Regarding Banks’ Accounting Application and Keeping Documents:**

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) and related appendices and interpretations put into effect by the the Public Oversight Accounting and Auditing Standards Authority (POA). The format and the content of the publicly announced consolidated financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqué related to Publicly Announced Financial Statements of Banks and Explanations and Notes related to these Financial Statements” published in the Official Gazette No. 28337 dated 28 June 2012, and changes and amendments to this communiqué. The Parent Bank maintains its accounting entries in Turkish Lira, in accordance with the Banking Law, Turkish Trade Law and the Turkish Tax Legislation.

The consolidated financial statements expressed in TL were prepared with the cost-based method and were subject to inflation adjustments until 31 December 2004, except for financial assets, liabilities and buildings, which were carried at fair value.

The amounts in the consolidated financial statements and notes related to these financial statements have been expressed in thousand 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.

TFRS 16 Leases

“TFRS 16 Leases” standard came out on official gazette numbered 29826 on the date of 16 April 2018, to be implemented in the accounting periods after the date of 31 December 2018. According to this standard, the difference between operational lease and financial lease has disappeared and all leasing transactions are recognized by the tenants as an asset (tenure) and financial debt related to lease payment on the balance sheet.

The Group has started to apply this standard as of 1 January 2019, the mandatory application date.

Other than the accounting policies mentioned above, there are no other issues to be stated.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

I. BASIS OF PRESENTATION (Continued):

b. Explanations on accounting policies and changes in financial statement presentations:

Along with the Communiqué amending the Communiqué on a Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks in the Official Gazette dated 1 February 2019 and numbered 30673, the financial statements formats have been rearranged. Based on this amendment, the prior year financial statements have been restated in order to be comparable with the current period financial statements.

Additional paragraph for convenience translation into English:

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

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 September 2019, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,6437 and TL 6,1671 for USD and EURO respectively.

If the functional currency of the Group is different from its reporting currency, all assets and liabilities in the reporting currency are translated using the foreign exchange rate at the balance sheet date, and the income and expenses in the income statement are translated using the average foreign exchange rate (this average foreign exchange rate is used when the rate is not far from the cumulative effect of the exchange rate of the transaction, in such a case the income and expenses are translated at the exchange rate of the transaction date) and the resulting foreign currency conversion differences are presented as a separate item under equity. The currency of the Group is not the currency of a high inflationary economy.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

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

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

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

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

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

The carrying amount of the Group’s investment in each subsidiary and the Group’s portion of the cost value of the capital of each subsidiary are eliminated. Intergroup balances and intergroup transactions and resulting unrealized profits and losses are eliminated. Minority interests in the net income of consolidated subsidiaries are identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Group. Minority interests are presented in the consolidated balance sheet, under shareholder’s equity. Minority interests are presented separately in the Group’s income.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Parent Bank.

The Group has no joint ventures as of 30 September 2019 and 31 December 2018.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

The major derivative instruments utilized by the Group are currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

The Group classifies its currency forwards, swaps, options and futures as transactions at “Fair Value Through Profit or Loss” in accordance with TFRS 9 principles. Derivative transactions are recorded in accordance with their fair value on the contract date. Also, liabilities and receivables arising from derivative instruments are followed in the off-balance sheet accounts from their contractual values.

Derivative instruments are measured at their fair values in the periods following their recording and are disclosed under assets or liabilities in the “Derivative Financial Assets at Fair Value Through Profit or Loss” section according to whether their fair value is positive or negative. Valuation differences in the fair value of trading derivative instruments are reflected to the income statement. The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models.

Embedded derivatives are separated from the host contract and accounted for as a derivative under TFRS 9 if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. When the host contract and embedded derivative are closely related, embedded derivatives are not separated from the host contract and are accounted according to the standard applied to the host contract.

As of 30 September 2019, The Group applies cash flow hedge accounting through cross and interest currency swaps to protect against changes in interest rates of FC deposits which have average maturities of up to 3 months. The Group implements effectiveness tests at the balance sheet dates for hedge accounting, the effective parts are accounted as defined in TFRS 9, on the financial statements under equity “Accumulated other comprehensive income or expense to be reclassified through profit or loss”, whereas the amount concerning ineffective parts is associated with the income statement.

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognized in the income statement by using the effective interest method. Starting from 1 January 2018, the Group has started accruing interest accrual on non-performing loans. Net book value of non-performing loans (Gross Book Value – Expected Credit Loss) are rediscounted with the effective interest rate and recognized with the gross book value of the non-performing loan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective Interest (Internal Efficiency) Method" according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection. The commissions and fees other than those whose amortised costs are an integral part of their effective profit rate, are accounted over time in accordance with the TFRS 15 Revenue From Contracts With Customers Standard.

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Group classifies and accounts its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part three "Classification and Measurement of Financial Instruments" published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

The Group recognizes a financial asset into the financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, the business model determined by the Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments are made to earnings, losses or interests that were previously recorded in the financial statements.

a. Financial assets at fair value through profit or loss:

"Financial Assets at Fair Value Through Profit or Loss" are financial assets other than the ones that are managed with business models that aim to hold contractual cash flows in order to collect them and the ones that are managed with business models that aim to collect both the contractual cash flows and cash flows arising from the sale of the assets; If the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at a certain date; That are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. The gains and losses arising from the conducted valuations are included in profit/loss accounts.

During the year, valuation of the bonds indexed to the consumer price index (CPI) in the marketable securities at fair value through profit or loss portfolio are made according to the effective interest rate management based on real coupon rates and the treasury reference index.

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 that are solely payments of principal and interest at certain dates are classified as financial assets at fair value through other comprehensive income.

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

b. Financial assets at fair value through other comprehensive income (Continued):

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are re-measured at fair value. Interest income calculated with the effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. Unrealized gains and losses, arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under “Accumulated other comprehensive income or expense to be reclassified through profit or loss” under shareholders’ equity. When the mentioned marketable securities are collected or sold, the accumulated losses through fair value are reflected on the income statement.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and/or whose fair values can be reliably measured are carried at their fair value. Equity securities that do not have a quoted market price in an active market and/or whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition, an entity can make an irrevocable decision, by choosing to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in other comprehensive income. If this choice is made, the dividends from the investment are taken into the financial statements as profit or loss.

c. Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at their acquisition cost including the transaction costs which reflect the fair value of those instruments and are subsequently recognized at “Amortized Cost” by using “Effective Interest (Internal Efficiency) Rate” method. Interest income obtained from financial assets measured at amortized cost are accounted in the income statement.

d. Loans

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

The Group’s loans are recorded under the “Measured at Amortized Cost” account.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

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

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:

Securities subject to repurchase agreements (“Repo”) are classified as “Financial assets at fair value through profit or loss”, “Financial assets at fair value through other comprehensive income” and “Financial assets measured at amortized cost” according to the investment purposes of the Group and are measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under “Funds Provided under Repurchase Agreements” in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements (“Reverse repo”) to resell are accounted under “Receivables from Reverse Repurchase Agreements” on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the “effective interest method”. The Group has no securities lending transactions.

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

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

The Group has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill:

As of 30 September 2019, the Bank has no goodwill (31 December 2018: None).

b. Other intangible assets:

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

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS (Continued):

b. Other intangible assets (Continued):

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

The Group has adopted the “revaluation method” in accordance with the “Communiqué Regarding the Principles and Procedures for the Tangible Assets (“TFRS 16”)” for its buildings. Independent expert appraisal values determined by independent experts are presented in the financial statements.

Depreciation is calculated over the cost of property and equipment using the straight-line method. The depreciation rates are stated below:

Buildings	2%
Movables, Movables Acquired by Financial Leasing	2-50%

As of the balance sheet date, the depreciation charge for items remaining in property and equipment for less than an accounting period is calculated in proportion to the time period the item remained in property and equipment.

When the carrying amount of an asset is greater than its estimated “Recoverable amount”, it is written down to its “Recoverable amount” and the provision for the diminution value is charged to the income statement.

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

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

The 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 impacts and applications related to the IFRS 16 transition process are explained in Section Three, footnote XXIX.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

Provisions and contingent liabilities except for the specific and general provisions recognized for loans and other receivables are accounted in accordance with the “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (“TAS 37”).

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

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

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

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

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

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

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 22% for 2019 (2018: 22%). The corporate tax rate is calculated on the total income after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

In accordance with the Temporary Article 10 and Article 32 paragraph 1 added to the Corporate Tax Law at 05 December 2017, the Corporate Tax rate which was 20% will be applied as 22% for corporate earnings for the taxation periods of 2018, 2019 and 2020.

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

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

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

XVIII. EXPLANATIONS ON TAXATION (Continued):

a. Current tax (Continued):

75% portion of the capital gains derived from the sale of equity investments and immovable properties before 05 December 2017, the 50% portion of the capital gains derived from the sale of equity investments and immovable properties after 05 December 2017 are tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder’s equity for 5 years. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to 5 years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

b. Deferred tax:

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

XIX. EXPLANATIONS ON BORROWINGS:

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

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

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 September 2019, the Group has no government grants (31 December 2018: 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.

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 September 2019	30 September 2018
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	111.580	146.705
Weighted Average Number of Issued Ordinary Shares (Thousand)	153.500.000	132.569.692
Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)	0,727	1,107

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.

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

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

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

For the purposes of the cash flow statement, “Cash” includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank, and “Cash equivalents” include interbank money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

Operational field is the distinguishable section of the Group that has different characteristics from other operational fields per earning and conducts the presentation of service group, associated bank products or a unique product. Operating segments are disclosed in Note X. in Section Four.

XXVIII. RECLASSIFICATIONS:

Due to the legal modifications in the financial table formats, classification transactions have been made in the previous periods.

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

XXIX. EXPLANATIONS ON TFRS 16 LEASES STANDARD

The Group has applied the changes in accounting policies due to the initial implementation of the "TFRS 16 Leases" standard, which is among the new standards, amendments and interpretations effective from 1 January 2019, in accordance with the transition obligations of the related standard.

TFRS 16 "Leases" Standard

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.

Existence of right to use:

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

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

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

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

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

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.

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

XXIX. EXPLANATIONS ON TFRS 16 LEASES STANDARD (Continued):

First Transition to TFRS 16 Leases Standard

“TFRS 16 Leases” Standard was published in the Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting periods starting after 31 December 2018. The Group applied the TFRS 16 “Leases standard, which replaced the TAS 17 “Leasing Transactions”, as of 1 January 2019, the date of first implementation. These liabilities were measured based on the discounted current value by using the Group’s average borrowing interest rate of remaining lease payments on 1 January 2019.

Details based on the asset with regard to the recognized asset tenure is as follows:

	1 January 2019	30 September 2019
Real estate	125.891	128.624
Tools	9.861	9.775
Total asset tenure	135.752	138.399

Details of depreciation expense based on the asset with regard to the recognised asset tenure is as follows:

	30 September 2019
Real estate	17.832
Tools	3.414
Total asset tenure depreciation expense	21.246

Short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemptions granted by the standard, and the payments related to these agreements are continued to be reflected as expenses on the income statement. Within this scope, lease payments amounting to TL 2.051 has been paid in the relevant period.

	1 January 2019
Operational leasing commitments	162.261
Contracts that are excluded from the scope of TFRS 16 (-)	823
Total Leasing Liability	161.438
Discounted leasing liability (1 January 2019)	33.637
Right to Use Amount	127.801

As of 30 September 2019, net right to use asset in the consolidated financial statements amount to TL 117.153 and the lease liability is TL 113.235.

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SECTION FOUR

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

I. EXPLANATIONS ON CONSOLIDATED EQUITY:

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

As of 30 September 2019 Bank’s total capital has been calculated as TL 3.687.662 (31 December 2018: TL 3.516.051), consolidated standard capital adequacy ratio is 20,39% (31 December 2018: 18,49%).

a. Information about total capital:

	Current Period 30 September 2019	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
COMMON EQUITY TIER 1 CAPITAL				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.535.000		1.535.000	
Share issue premiums	-		-	
Legal Reserves	258.889		273.098	
Gains recognized in equity as per TAS	139.722		258.894	
Profit	111.580		161.759	
Current Period Profit	111.580		161.759	
Prior Period Profit	-		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-		-	
Common Equity Tier 1 Capital Before Deductions	2.045.191		2.228.751	
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	-		-	
Improvement costs for operating leasing	32.811		200.373	
Goodwill (net of related tax liability)	16.538		18.946	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	39.101	39.101	44.755	44.755
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	-		81.216	
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	88.450		345.290	
Total Common Equity Tier 1 Capital	1.956.741		1.883.461	

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

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

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

a. Information about total capital (continued):

	Current Period 30 September 2019	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2018	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	-	-	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-	-	-
Additional Tier I Capital before Deductions	-	-	-	-
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	-	-	-	-
Total Tier I Capital (Tier I Capital=Common Equity + Additional Tier I Capital)	1.956.741		1.883.461	
TIER II CAPITAL				
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	1.523.799		1.425.870	
Provisions (Article 8 of the Regulation on the Equity of Banks)	208.642		207.200	
Tier II Capital Before Deductions	1.732.441		1.633.070	
Deductions From Tier II Capital				
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	1.520		480	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
Total Deductions from Tier II Capital	1.520		480	
Total Tier II Capital	1.730.921		1.632.590	
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.687.662		3.516.051	
Deductions from Total Capital				
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components				
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-

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

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

a. Information about total capital (continued):

	Current Period 30 September 2019	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL				
Total Capital (Tier I and Tier II Capital)	3.687.662		3.516.051	
Total risk weighted amounts	18.086.332		19.014.620	
Capital Adequacy Ratios				
Core Capital Adequacy Ratio (%)	10,82		9,91	
Tier 1 Capital Adequacy Ratio (%)	10,82		9,91	
Capital Adequacy Ratio (%)	20,39		18,49	
BUFFERS				
Total additional Tier I Capital requirement (a + b + c)	2.564		1.875	
a. Capital conservation buffer requirement (%)	2,500		1,875	
b. Bank specific counter-cyclical buffer requirement (%)	0,064		-	
c. Systematically important bank buffer ratio (%)	-		-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	6,32		5,40	
Amounts below the Excess Limits as per the Deduction Principles				
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Amount arising from deferred tax assets based on temporary differences	-		-	
Limits related to provisions considered in Tier II calculation	159.279		187.759	
Limits related to provisions considered in Tier II calculation				
General provisions for standard based receivables (before ten thousand twenty-five limitation)	535.822		462.655	
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	208.642		222.958	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

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

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

b. Information on instruments related to equity estimation:

Details on debt instruments that will be included in equity calculation:		
Issuer – Loan grantor	Burgan Bank K.P.S.C.	Burgan Bank K.P.S.C.
Unique Identifier of the Debt Instrument	-	-
Governing Legislation of the Debt Instrument	BRSA	BRSA
Regulatory Treatment in Equity Calculation	Tier II Capital	Tier II Capital
Assessment whether it is subject to being taken into consideration as 10% decreased as of 1/1/2015	No	No
Validity status in a consolidated or unconsolidated basis or in a consolidated and unconsolidated basis	Unconsolidated – Consolidated	Unconsolidated - Consolidated
Instrument type	Subordinated Loan	Subordinated Loan
Amount recognized in equity calculation (As of most recent reporting date – Thousands TL)	677.244	846.555
Nominal value of debt instrument (USD)	150.000	150.000
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	6.12.2013	30.03.2016
Maturity structure of the debt instrument (Perpetual/Dated)	Dated	Dated
Original maturity date of the debt instrument	10 Years	10 Years
Whether the issuer has a right to call subject to BRSA approval	Yes	Yes
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	3 Months
Fixed or floating dividend/coupon payments	Floating dividend	Floating dividend
Coupon rate and any related index value	LIBOR+3,75	LIBOR+3,75
Existence of a restriction which can stop dividend payments	-	-
Being fully discretionary, partially discretionary or mandatory	-	-
Existence of an interest rate increase or other incentive to call	-	-
Being noncumulative or cumulative	Noncumulative	Noncumulative
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	None
If it has a value reduction feature, write-down trigger(s)	-	-
If it has a value reduction feature, full or partial	-	-
If it has a value reduction feature, permanent or temporary	-	-
If temporary value reduction exists, description of value increase mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to this instrument)	Before debt instruments to be included in Additional Tier I capital calculation but after the deposit holders and all other creditors of the Debtor.	Before debt instruments to be included in Additional Tier I capital calculation but after the deposit holders and all other creditors of the Debtor.
Whether it is in compliance with the terms in articles 7 and 8 of the Communiqué on Bank’s Equities	None.	None.
The terms it is not in compliance with in articles 7 and 8 of the Communiqué on Bank’s Equities	None.	None.

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

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

c. Information related to the TFRS 9 transition process:

	T	T-1	T-2	T-3
EQUITY ITEMS				
Common Equity Tier 1 Capital	1.956.741	1.918.641	1.880.542	1.842.442
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	1.842.442	1.842.442	1.842.442	1.842.442
Tier 1 Capital	1.956.741	1.918.641	1.880.542	1.842.442
Tier 1 Capital Without the Implementation of the Transition Process	1.842.442	1.842.442	1.842.442	1.842.442
Equity	3.801.961	3.763.861	3.725.762	3.687.662
Equity Without the Implementation of the Transition Process	3.687.662	3.687.662	3.687.662	3.687.662
TOTAL RISK WEIGHTED AMOUNTS				
Total Risk Weighted Amounts	18.086.332	18.086.332	18.086.332	18.086.332
CAPITAL ADEQUACY RATIOS				
Common Equity Tier 1 Capital Adequacy Ratio (%)	10,82	10,61	10,40	10,19
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	10,19	10,19	10,19	10,19
Tier 1 Capital Adequacy Ratio (%)	10,82	10,61	10,40	10,19
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	10,19	10,19	10,19	10,19
Capital Adequacy Ratio (%)	21,02	20,81	20,60	20,39
Capital Adequacy Ratio Without the Implementation of the Transition Process	20,39	20,39	20,39	20,39
LEVERAGE RATIO				
Leverage Ratio Total Risk Amount	25.828.636	25.828.636	25.828.636	25.828.636
Leverage Ratio (%)	7,61	7,43	7,28	7,13
Leverage Ratio Without the Implementation of the Transition Process	7,16	7,16	7,16	7,16

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

II. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT:

Overview of risk weighted amounts

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of the date 30 September 2019:

- 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

7		Risk Weighted Amounts		Minimum Capital Liability
		Current Period 30 September 2019	Prior Period 31 December 2018	Current Period 30 September 2019
1	Credit risk (excluding counterparty credit risk) (CCR)	16.014.975	17.180.635	1.281.198
2	Standardised approach (SA)	16.014.975	17.180.635	1.281.198
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	676.383	655.978	54.111
5	Standardised approach for counterparty credit risk (SA-CCR)	676.383	655.978	54.111
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	172.129	212.519	13.770
17	Standardised approach (SA)	172.129	212.519	13.770
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	1.222.845	965.488	97.828
20	Basic indicator approach	1.222.845	965.488	97.828
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)	18.086.332	19.014.620	1.446.907

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

III. EXPLANATIONS ON CONSOLIDATED 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 September 2019	31 December 2018	30 September 2019	31 December 2018
Bid rate	TL 6,1671	TL 6,0422	TL 5,6437	TL 5,2810
1. Day Bid Rate	TL 6,1671	TL 6,0422	TL 5,6437	TL 5,2810
2. Day Bid Rate	TL 6,1836	TL 6,0280	TL 5,6591	TL 5,2609
3. Day Bid Rate	TL 6,1982	TL 6,0245	TL 5,6659	TL 5,2889
4. Day Bid Rate	TL 6,2544	TL 6,0185	TL 5,6882	TL 5,2832
5. Day Bid Rate	TL 6,2381	TL 6,0419	TL 5,6743	TL 5,3034

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 September 2019	31 December 2018	30 September 2019	31 December 2018
Arithmetic average – 30 days	TL 6,2774	TL 6,0359	5,6972	TL 5,3010

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

III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Information on currency risk of the Group:

	EUR	USD	Other FC	Total
30 September 2019				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	318.604	1.336.413	2.595	1.657.612
Due From Banks	11.421	397.465	2.749	411.635
Financial Assets at Fair Value Through Profit or Loss (*)	57.921	44.741	34	102.696
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	12.006	135.114	-	147.120
Loans (*)	7.656.765	3.699.512	-	11.356.277
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	247.064	-	247.064
Hedging Derivative Financial Assets (*)	852	4.197	-	5.049
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	16.507	40.280	39	56.826
Total Assets	8.074.076	5.904.786	5.417	13.984.279
Liabilities				
Bank Deposits	86.740	15.202	16	101.958
Foreign Currency Deposits	3.078.097	3.925.662	208.568	7.212.327
Funds From Interbank Money Market	-	181.072	-	181.072
Funds Borrowed From Other Financial Institutions	1.634.624	4.972.513	-	6.607.137
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	232.357	236.377	2	468.736
Hedging Derivative Financial Liabilities	2.493	4.132	-	6.625
Other Liabilities (*)	49.624	119.520	113	169.257
Total Liabilities	5.083.935	9.454.478	208.699	14.747.112
Net On-balance Sheet Position	2.990.141	(3.549.692)	(203.282)	(762.833)
Net Off-balance Sheet Position	(2.685.322)	3.531.129	203.602	1.049.409
Financial Derivative Assets	1.129.368	5.879.192	259.791	7.268.351
Financial Derivative Liabilities	3.814.690	2.348.063	56.189	6.218.942
Non-Cash Loans (**)	953.340	1.083.835	89.059	2.126.234
31 December 2018				
Total Assets (*)	8.133.769	5.762.718	38.384	13.934.871
Total Liabilities (*)	4.078.647	10.998.655	191.612	15.268.914
Net On-balance Sheet Position	4.055.122	(5.235.937)	(153.228)	(1.334.043)
Net Off-balance Sheet Position	(3.811.325)	5.474.656	154.138	1.817.469
Financial Derivative Assets	1.104.682	8.236.853	207.430	9.548.965
Financial Derivative Liabilities	4.916.007	2.762.197	53.292	7.731.496
Non-Cash Loans (**)	725.771	945.549	51.561	1.722.881

(*) The above table shows the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets are classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts. Due to this, foreign currency indexed loans amounting to TL 326.951 (31 December 2018: TL 578.154) classified as Turkish Lira assets in the 30 September 2019 financial statements are added to the table above. Furthermore, in foreign currency assets “Income Accruals of Derivative Financial Instruments” amounting to TL 50.570 (31 December 2018: TL 190.252) and “Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 460.653 (31 December 2018: TL 347.706), in foreign currency liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 11.497 (31 December 2018: TL 14.433) and “Non-cash Loans Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 13.179 (31 December 2018: TL 20.877) and “Marketable Securities Valuation Reserve” with “Hedging Derivative Financials” amounting to TL (22.754) (31 December 2018: TL 3.886) are not included in the table above.

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

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

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, available-for-sale assets 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 September 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets (***)							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.079.807	-	-	-	-	748.764	1.828.571
Due From Banks	917.524	-	-	-	-	34.298	951.822
Financial Assets at Fair Value Through Profit/Loss (*)	51.932	12.318	486.492	67.389	41.663	-	659.794
Interbank Money Market Placements	1.107.380	-	-	-	-	-	1.107.380
Financial Assets at Fair Value Through Other Comprehensive Income	-	62.987	73.373	172.210	83.393	12.221	404.184
Loans	5.726.638	1.902.808	3.402.123	2.783.449	631.003	768.130	15.214.151
Financial Assets Measured at Amortized Cost	-	-	-	247.016	-	-	247.016
Other Assets	-	-	-	-	-	877.417	877.417
Total Assets	8.883.281	1.978.113	3.961.988	3.270.064	756.059	2.440.830	21.290.335
Liabilities							
Bank Deposits	-	86.451	-	-	-	15.864	102.315
Other Deposits	7.004.329	3.011.324	462.895	37.858	-	672.781	11.189.187
Funds From Interbank Money Market	20.633	-	181.019	-	-	-	201.652
Miscellaneous Payables	-	-	-	-	-	548.369	548.369
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	2.780.436	3.393.156	551.172	23.302	-	-	6.748.066
Other Liabilities (*) (**)	62.540	(1.453)	118.942	127.069	13.671	2.179.977	2.500.746
Total Liabilities	9.867.938	6.489.478	1.314.028	188.229	13.671	3.416.991	21.290.335
Balance Sheet Long Position	-	-	2.647.960	3.081.835	742.388	-	6.472.183
Balance Sheet Short Position	(984.657)	(4.511.365)	-	-	-	(976.161)	(6.472.183)
Off-balance Sheet Long Position	760.898	898.120	1.019.793	-	-	-	2.678.811
Off-balance Sheet Short Position	-	-	-	(2.152.581)	-	-	(2.152.581)
Total Position	(223.759)	(3.613.245)	3.667.753	929.254	742.388	(976.161)	526.230

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 390.828 and other liabilities includes hedging derivative financial liabilities amounting to TL 87.276 classified to a related re-pricing periods.

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
31 December 2018							
Assets (***)							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.418.287	-	-	-	-	328.129	2.746.416
Due From Banks	139.851	-	-	-	-	56.392	196.243
Financial Assets at Fair Value Through Profit/Loss (*)	47.488	465.080	597.746	37.481	11.175	-	1.158.970
Interbank Money Market Placements	9.000	-	-	-	-	-	9.000
Financial Assets at Fair Value Through Other Comprehensive Income	-	73.323	77.373	158.479	74.433	9.541	393.149
Loans	6.280.209	2.042.864	4.454.076	2.983.181	419.324	609.547	16.789.201
Financial Assets Measured at Amortized Costs	-	-	-	236.801	-	-	236.801
Other Assets	-	-	-	-	-	499.085	499.085
Total Assets	8.894.835	2.581.267	5.129.195	3.415.942	504.932	1.502.694	22.028.865
Liabilities							
Bank Deposits	3.464	84.609	-	-	-	8.651	96.724
Other Deposits	5.872.380	2.730.023	906.979	19.183	-	290.011	9.818.576
Funds From Interbank Money Market	10.842	169.386	-	-	-	-	180.228
Miscellaneous Payables	-	-	-	-	-	955.895	955.895
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	3.773.924	2.654.042	1.973.133	58.980	-	-	8.460.079
Other Liabilities (*)(**)	29.697	147.264	95.840	85.540	857	2.158.165	2.517.363
Total Liabilities	9.690.307	5.785.324	2.975.952	163.703	857	3.412.722	22.028.865
Balance Sheet Long Position	-	-	2.153.243	3.252.239	504.075	-	5.909.557
Balance Sheet Short Position	(795.472)	(3.204.057)	-	-	-	(1.910.028)	(5.909.557)
Off-balance Sheet Long Position	797.196	1.448.656	1.163.417	-	-	-	3.409.269
Off-balance Sheet Short Position	-	-	-	(2.589.025)	(60.422)	-	(2.649.447)
Total Position	1.724	(1.755.401)	3.316.660	663.214	443.653	(1.910.028)	759.822

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 664.968 and other liabilities includes hedging derivative financial liabilities amounting to TL 70.273 classified to a related re-pricing periods

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

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

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

IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):

b. Average interest rates for monetary financial instruments:

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

30 September 2019	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due From Banks	-	1,74	-	15,79
Financial Assets at Fair Value Through Profit/Loss	3,60	3,03	-	12,98
Interbank Money Market Placements	-	-	-	14,01
Financial Assets at Fair Value Through Other Comprehensive Income	3,05	4,66	-	15,79
Loans	5,73	7,53	-	20,69
Financial Assets Measured at Amortized Cost	-	4,41	-	-
Liabilities				
Bank Deposits	0,83	-	-	-
Other Deposits (*)	0,83	2,95	-	16,81
Funds From Interbank Money Market	-	3,08	-	15,93
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	3,26	5,05	-	18,05

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

31 December 2018	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	-	2,00	-	13,00
Due From Banks	-	2,18	-	-
Financial Assets at Fair Value Through Profit/Loss	3,88	6,90	-	13,09
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	3,05	4,66	-	14,93
Loans	5,86	8,10	-	23,52
Financial Assets Measured at Amortized Cost	-	4,41	-	-
Liabilities				
Bank Deposits	1,94	-	-	-
Other Deposits (*)	2,56	5,08	-	22,88
Funds From Interbank Money Market	-	3,61	-	26,09
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,95	5,13	-	21,64

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

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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. TRY	+500 bp	(7.221)	(0,2)%
2. TRY	-400 bp	6.603	0,2%
3. EURO	+200 bp	(19.449)	(0,5)%
4. EURO	-200 bp	(5.137)	(0,1)%
5. USD	+200 bp	(15.682)	(0,4)%
6. USD	-200 bp	12.481	0,3%
Total (For Negative Shocks)		13.947	0,4%
Total (For Positive Shocks)		(42.352)	(1,2)%

V. EXPLANATIONS ON CONSOLIDATED SHARE CERTIFICATE POSITION RISK:

None.

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

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.

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

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

Firstly, the Parent Bank and subsidiaries subject to consolidation are responsible to be in accord with the minimum liquidity restrictions that are set by legislation and consolidated and unconsolidated liquidity restrictions that is determined in the Bank’s Liquidity Risk Policy There should be no excess in liquidity limits in accordance with the Bank’s policy. Acceptation of current risk level, reduction or termination of activities causing to risk are evaluated for the risk which are not reduced. The actions, which shall be taken if there is an excess in the legal and internal limits, are detailed in Liquidity Risk Policy of the Bank. Overflow which is formed in liquidity ratios tracked according to legal limitations is eliminated in the period which is also determined by legal legislation.

Triggering market indicators are indicators which are tracked as early warning signals before the transition to stress environment which can form in the market as a result of ordinary business condition. Early warning limits related to liquidity risk in Bank are determined and aforementioned limits are monitored closely with the triggering market indicators.

Market Risk Department reports results of scenarios related to liquidity risk to Board of Directors, Risk Coordination Committee, Risk Committee and ALCO through making monthly calculations based on stress scenarios. These stress tests identify negative market conditions and potential fund outflows which occur in funding resources in a liquidity crisis. The purpose of stress tests is to inform related committees and Board of Directors regarding liquidity outflows and derogation which can occur in the liquidity ratios of the Parent Bank. Required actions are taken by ALCO if there are similar situations mentioned in stress scenarios.

An ALCO meeting is held with a call made by Treasury, Capital Markets and Deputy General Manager of Financial Corporations if there is a negative development sourcing from the group or liquidity. Precautions which shall be taken in this process are determined in scope of Liquidity Emergency Plan and details related to Liquidity Emergency Plan are included in Liquidity Risk Policy of the Parent Bank.

The Parent Bank has a central funding institution function in its relations with partners. Intra-group liquidity management and funding strategies are limited to related legal limitations.

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

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

Consolidated Liquidity Coverage Ratio:

30 September 2019	Unweighted Amounts (*)		Weighted Amounts (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1	High Quality Liquid Assets		2,899.351	1,933.523
CASH OUTFLOWS				
2	Retail and Small Business Customers Deposits		721.048	435.580
3	Stable deposits		28.341	-
4	Less stable deposits		692.707	435.580
5	Unsecured Funding other than Retail and Small Business Customers Deposits		1,893.569	1,492.727
6	Operational deposits		193.410	173.199
7	Non-Operational Deposits		820.839	641.225
8	Other Unsecured Funding		879.320	678.303
9	Secured funding		-	-
10	Other Cash Outflows		175.060	243.549
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions		175.060	243.549
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		303.796	216.063
15	Other irrevocable or conditionally revocable commitments		175.060	243.549
16	TOTAL CASH OUTFLOWS		3,093.473	2,387.919
CASH INFLOWS				
17	Secured Lending Transactions		-	-
18	Unsecured Lending Transactions		1,372.879	587.308
19	Other contractual cash inflows		291.504	145.564
20	TOTAL CASH INFLOWS		1,664.383	732.872
			Upper Bound Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS		2,899.351	1,933.523
22	TOTAL NET CASH OUTFLOWS		1,429.090	1,655.047
23	Liquidity Coverage Ratio (%)		202,88	116,83

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

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

31 December 2018	Unweighted Amounts (*)		Weighted Amounts (*)		
	TL+FC	FC	TL+FC	FC	
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets		3.347.948	1.974.193	
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	7.702.237	3.759.645	740.445	375.964
3	Stable deposits	595.562	-	29.778	-
4	Less stable deposits	7.106.675	3.759.645	710.667	375.964
5	Unsecured Funding other than Retail and Small Business Customers Deposits	3.298.226	2.460.000	1.650.342	1.184.129
6	Operational deposits	1.343.105	1.163.458	335.776	290.864
7	Non-Operational Deposits	1.381.146	926.501	740.591	523.224
8	Other Unsecured Funding	573.975	370.041	573.975	370.041
9	Secured funding	-	-	-	-
10	Other Cash Outflows	1.158	664.982	1.158	664.982
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.158	664.982	1.158	664.982
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	2.500.248	1.843.111	316.141	222.528
16	TOTAL CASH OUTFLOWS			2.708.086	2.447.603
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	2.355.757	1.214.321	1.607.868	920.996
19	Other contractual cash inflows	349.428	-	349.428	-
20	TOTAL CASH INFLOWS	2.705.185	1.214.321	1.957.296	920.996
			Upper Bound Applied Amounts		
21	TOTAL HIGH QUALITY LIQUID ASSETS			3.347.948	1.974.193
22	TOTAL NET CASH OUTFLOWS			750.790	1.526.607
23	Liquidity Coverage Ratio (%)			445,92	129,32

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

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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 Turkey, securities which are not subject to repo/guarantee, deposit having a corporate transaction, banks deposits, foreign sourced funds and receivables from banks. The impacts of aforementioned items on liquidity coverage ratio are higher than other items since they have a higher share in liquid assets and net cash out flows and they can change in time.

As of the period-end, high quality liquid assets of the Bank consist of accounts in Central Bank of Turkey at a ratio of 53% and securities issued by under secretariat of Treasury at a ratio of 44%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to bank debt at ratios of 23%, 46% and 15% 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 September 2019 is given below:

Date	FC	FC + TL
30 September 2019	205.332	205.332

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 2019, 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 (%)	167,30%	389,48%	104,14%	147,67%
Month	31.08.2019	31.08.2019	31.07.2019	31.07.2019

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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 September 2019	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified (***)	Total
Assets (****)								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	748.764	1.079.807	-	-	-	-	-	1.828.571
Due From Banks	34.298	917.524	-	-	-	-	-	951.822
Financial Assets at Fair Value Through Profit or Loss (*)	1.031	47.525	17.550	245.818	302.132	45.738	-	659.794
Interbank Money Market Placements	-	1.107.380	-	-	-	-	-	1.107.380
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	62.987	73.373	172.210	83.393	12.221	404.184
Loans	-	1.807.884	1.823.725	2.623.640	6.141.387	2.049.385	768.130	15.214.151
Financial Assets Measured at Amortized Cost	-	-	-	-	247.016	-	-	247.016
Other Assets (**)	-	90.097	79.720	21.303	47.644	-	638.653	877.417
Total Assets	784.093	5.050.217	1.983.982	2.964.134	6.910.389	2.178.516	1.419.004	21.290.335
Liabilities								
Bank Deposits	15.864	-	86.451	-	-	-	-	102.315
Other Deposits	672.781	7.004.329	3.011.324	462.895	37.858	-	-	11.189.187
Funds Borrowed From Other Financial Institutions	-	324.498	177.829	2.442.626	2.943.568	859.545	-	6.748.066
Funds From Interbank Money Market	-	17.932	-	-	181.072	2.648	-	201.652
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	418.857	-	-	-	-	129.512	548.369
Other Liabilities (*) (***)	-	203.067	11.274	134.906	126.072	102.680	1.922.747	2.500.746
Total Liabilities	688.645	7.968.683	3.286.878	3.040.427	3.288.570	964.873	2.052.259	21.290.335
Net Liquidity Gap	95.448	(2.918.466)	(1.302.896)	(76.293)	3.621.819	1.213.643	(633.255)	-
Net Off-balance sheet position	-	98.505	93.337	151.980	149.469	2.224	-	495.515
Financial Derivative Assets	-	4.504.695	790.564	788.844	1.118.226	189.302	-	7.391.631
Financial Derivative Liabilities	-	(4.406.190)	(697.227)	(636.864)	(968.757)	(187.078)	-	(6.896.116)
Non-cash Loans	-	2.030.271	192.685	368.749	146.861	26.366	-	2.764.932
31 December 2018								
Total Assets	691.778	4.581.420	2.116.070	3.967.988	7.702.605	1.999.388	969.616	22.028.865
Total Liabilities	298.662	7.067.109	3.071.760	3.432.990	5.293.561	805.320	2.059.463	22.028.865
Net Liquidity Gap	393.116	(2.485.689)	(955.690)	534.998	2.409.044	1.194.068	(1.089.847)	-
Net Off-balance sheet position	-	94.126	116.984	591.289	79.093	876	-	882.368
Financial Derivative Assets	-	3.596.179	2.493.071	1.280.046	1.461.713	1.495	-	8.832.504
Financial Derivative Liabilities	-	(3.502.053)	(2.376.087)	(688.757)	(1.382.620)	(619)	-	(7.950.136)
Non-cash Loans	-	1.465.856	168.600	565.789	119.656	66	-	2.319.967

(*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 390.828 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 87.276. These accounts are mainly shown under the 1-5 year maturity period.

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

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

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

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INFORMATION RELATED TO 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 September 2019, the leverage ratio of the Group calculated from the arithmetic average of the three months is 7,61% (31 December 2018: 6,86%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the decrease in the balance sheet assets.

Disclosure of leverage ratio template:

	30 September 2019 (*)	31 December 2018 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	21.011.194	23.065.518
(Assets deducted from Core capital)	56.162	62.271
Total risk amount of balance sheet assets	20.955.032	23.003.247
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	623.814	1.021.621
Potential credit risk amount of derivative financial assets and credit derivatives	104.792	147.532
Total risk amount of derivative financial assets and credit derivatives	728.606	1.169.153
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross notional amount of off-balance sheet transactions	4.144.998	3.554.290
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	4.144.998	3.554.290
Capital and total risk		
Core Capital	1.962.473	1.894.917
Total risk amount	25.828.636	27.726.690
Leverage ratio		
Leverage ratio	7,61%	6,86%

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

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

VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 30 September 2019, The Group applies cash flow hedge accounting using interest swaps to hedge its FC deposits and other liabilities with an average maturity up to 3 months against interest rate fluctuations. The Group implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TFRS 9, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with the statement of profit or loss.

As of the balance sheet date, derivative financial assets with a carrying amount of TL 390.828 (31 December 2018: TL 664.968) and derivative financial payables with a carrying amount of TL 87.276 (31 December 2018: TL 70.273), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value expense at the amount of TL 104.938 (31 December 2018: TL 40.960 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2018: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments Fair Value		Hedging Funds	Ineffective Part Accounted in Income Statement (Net)
			Assets	Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	390.010	80.896	(6.780)	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	818	6.380	(16.942)	-

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in TFRS 9, the accounting application is ended. In case of deterioration of efficiency, the effective amounts, which are recognized under the equity due to the risk hedge accounting, are eliminated from equities in the periods or periods, when cash flow effects profit and losses (periods, when interest income or expenses are recognized) as re-classification adjustment and then it is re-classified in the profit and loss. There is no amount, which is transferred to statement of profit or loss due to the swaps, of which effectiveness is damaged or closed in the current period (31 December 2018: None).

The measurements conducted as of 30 September 2019 show that the cash flow hedging transactions shown above are effective.

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

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

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

X. EXPLANATIONS ON OPERATING SEGMENTS:

The Parent Bank manages its banking operations through four 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 2018 for balance sheet items and 30 September 2018 for income statement items.

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
30 September 2019					
Net Interest Income	88.963	402.259	23.951	112.670	627.843
Net Fees and Commissions	3.100	23.635	-	(1.798)	24.937
Trading Profit/Loss	10.095	7.025	6.443	3.698	27.261
Other Operating Income	1.199	8.805	-	23.776	33.780
Operating Income	103.357	441.724	30.394	138.346	713.821
Operating Costs (-)	87.627	274.508	27.659	186.792	576.586
Net Operating Income	15.730	167.216	2.735	(48.446)	137.235
Dividend Income	-	-	-	2.769	2.769
Income/Loss from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	15.730	167.216	2.735	(45.677)	140.004
Tax Provisions (-)	(3.461)	(36.787)	(602)	12.426	(28.424)
Net Profit/(Loss)	12.269	130.429	2.133	(33.251)	111.580
Segment Assets	1.381.181	12.082.475	4.059.386	3.086.674	20.609.716
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	680.619	680.619
Total Assets	1.381.181	12.082.475	4.059.386	3.767.293	21.290.335
Segments Liabilities	7.489.255	3.679.677	4.658.144	3.565.178	19.392.254
Unallocated Liabilities	-	-	-	1.898.081	1.898.081
Total Liabilities	7.489.255	3.679.677	4.658.144	5.463.259	21.290.335

(*) Other operations include operations of Burgan Finansal Kiralama A.Ş., Burgan Yatırım Menkul Değerler A.Ş. and its affiliated partner Burgan Wealth Limited Dubai which are consolidated as affiliated partners of the Parent Bank.

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

X. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

30 September 2018	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
Net Interest Income	89.938	360.734	47.277	66.982	564.931
Net Fees and Commissions	3.908	15.370	-	5.733	25.011
Trading Profit/Loss	5.579	13.038	52.553	5.424	76.594
Other Operating Income	2.626	9.364	-	12.917	24.907
Operating Income	102.051	398.506	99.830	91.056	691.443
Operating Costs (-)	67.561	272.641	23.734	138.500	502.436
Net Operating Income	34.490	125.865	76.096	(47.444)	189.007
Dividend Income	-	-	-	686	686
Income/(Loss) from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	34.490	125.865	76.096	(46.758)	189.693
Tax Provisions (-)	(7.588)	(27.690)	(16.741)	9.031	(42.988)
Net Profit / Loss	26.902	98.175	59.355	(37.727)	146.705
31 December 2018					
Segment Assets	1.730.837	13.814.554	3.245.940	2.851.415	21.642.746
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	386.119	386.119
Total Assets	1.730.837	13.814.554	3.245.940	3.237.534	22.028.865
Segments Liabilities	7.300.928	2.443.397	6.583.714	3.824.846	20.152.885
Unallocated Liabilities	-	-	-	1.875.980	1.875.980
Total Liabilities	7.300.928	2.443.397	6.583.714	5.700.826	22.028.865

(*) Other operations include operations of Burgan Finansal Kiralama A.Ş., Burgan Yatırım Menkul Değerler A.Ş. and partners Burgan Portföy Yönetimi A.Ş. and Burgan Wealth Limited Dubai which are consolidated as an affiliated partners of the Parent Bank.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS:

a. Information related to cash and the account of The Central Bank of the Republic of Turkey (the “CBRT”):

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

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Cash/Foreign currency	12.050	78.911	14.108	70.171
CBRT	158.909	1.578.701	1.359.170	1.302.967
Other	-	-	-	-
Total	170.959	1.657.612	1.373.278	1.373.138

2. Information on the account of the CBRT:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Demand Unrestricted Amount	158.909	657.731	1.159.045	549.040
Time Unrestricted Amount	-	37.003	200.125	241.688
Time Restricted Amount	-	883.967	-	512.239
Total	158.909	1.578.701	1.359.170	1.302.967

3. Information on reserve requirements:

In accordance with the “Communiqué Regarding Reserve Requirements” No. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the “Communiqué Regarding Reserve Requirements”, reserve requirements in CBRT can be maintained as TL, USD, EUR and standard gold. As of September 19, 2019, interest on foreign currency reserve deposits is not paid. The interest rate to be paid on required reserves in Turkish lira is determined as 8 percent as of October 4, 2019 and in this context, excluding loans granted to banks and foreign currency indexed loans, banks, which have a growth rate between 10 percent and 20 percent for total TL denominated standard and closely monitored cash loans receive a 10 percent interest rate, while others receive 0 percent interest rate.

As of 30 September 2019, The valid TL required reserve rates vary between 1% and 7% according to their maturities (31 December 2018: Between 1,5% and 8%). The valid foreign currency required reserve rates vary between 5% and 21% according to their maturities (31 December 2018: Between 4% and 20%).

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

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

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

1. As of 30 September 2019, there is no amount subject to repo transactions from financial assets at fair value through profit or loss (31 December 2018: None).

c. Information on banks:

1. Information on banks:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Banks				
Domestic	540.482	5.840	3.267	4.553
Foreign	-	405.795	-	188.788
Headquarters and Branches Abroad	-	-	-	-
Total	540.482	411.635	3.267	193.341

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

1. Characteristics and carrying values of financial assets at fair value through other comprehensive income given as collateral and subject to repo transactions:

As of 30 September 2019, there are TL 347.886 financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2018: TL 31.699). There are TL 2.883 financial assets at fair value through other comprehensive income subject to repurchase agreements. (31 December 2018: None).

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

	30 September 2019	31 December 2018
Debt Securities	401.409	404.851
Quoted on Stock Exchange	401.409	404.851
Not Quoted	-	-
Share Certificates	12.218	9.456
Quoted on Stock Exchange	-	-
Not Quoted	12.218	9.456
Impairment Provision (-)	9.443	21.158
Total	404.184	393.149

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

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

e. Explanations on loans:

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

	30 September 2019		31 December 2018	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	34.451	-	149.865
Corporate Shareholders	-	34.451	-	149.865
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	3.513	-	3.680	-
Total	3.513	34.451	3.680	149.865

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 and Other Receivables Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables with Revised Contract Terms	Re-finance
Non-Specialized Loans	9.610.176	1.707.429	964.729	-
Loans given to enterprises	-	-	-	-
Export Loans	536.378	6.919	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	359.594	-	-	-
Consumer Loans	523.325	26.636	17.750	-
Credit Cards	-	-	-	-
Other (*)	8.190.879	1.673.874	946.979	-
Specialized Loans	-	-	-	-
Other Receivables (***)	1.979.633	189.583	460.788	-
Total	11.589.809	1.897.012	1.425.517	-

(*) The Group also has factoring receivables amounting to TL 7 under the Other account.

(**) Standard loans also include Burgan Yatırım’s loans given out to clients.

(***) Other receivables include the lease receivables of Burgan Finansal Kiralama A.Ş.

ii.

	Standard Loans	Loans Under Close Monitoring
General Provisions (*)	65.975	469.847
12 Month Expected Credit Losses	65.975	-
Significant Increase in Credit Risk	-	469.847

(*) Non-cash loan provisions and finance lease receivables provisions are included in the table.

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

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

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	25.222	527.206	552.428
Real estate loans	-	79.709	79.709
Automotive loans	41	16.109	16.150
Consumer loans	25.181	431.388	456.569
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	5.146	5.146
Real estate loans	-	4.893	4.893
Automotive loans	-	-	-
Consumer loans	-	253	253
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans-TL	376	3.137	3.513
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	376	3.137	3.513
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)	6.624	-	6.624
Credit Deposit Account-FC (Real Person)	-	-	-
Total	32.222	535.489	567.711

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

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	60.151	768.576	828.727
Real estate loans	-	-	-
Automotive loans	-	619	619
Consumer loans	60.151	767.957	828.108
Other	-	-	-
Commercial Installments Loans-FC Indexed	-	272.453	272.453
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	272.453	272.453
Other	-	-	-
Commercial Installments Loans-FC	62.260	5.793.222	5.855.482
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	62.260	5.793.222	5.855.482
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Corporate Credit Cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit Deposit Account-TL (Legal Person)	3	-	3
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	122.414	6.834.251	6.956.665

5. Loans according to types of borrowers:

	30 September 2019	31 December 2018
Public	-	-
Private	14.912.338	16.614.172
Total	14.912.338	16.614.172

6. Distribution of domestic and foreign loans:

	30 September 2019	31 December 2018
Domestic Loans	14.905.368	16.614.172
Foreign Loans	6.970	-
Total	14.912.338	16.614.172

7. Loans given to investments in associates and subsidiaries:

None (31 December 2018: None).

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

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

8. Specific provisions provided against loans (*):

	30 September 2019	31 December 2018
Loans with Limited Collectability	87.559	33.993
Loans with Doubtful Collectability	40.579	74.784
Uncollectible Loans	243.370	152.674
Total	371.508	261.451

(*) It includes the "Receivables from Leasing Transactions".

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

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

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
30 September 2019			
Gross Amounts before the Provisions	-	-	-
Restructured Loans	-	1.545	6.551
31 December 2018			
Gross Amounts before the Provisions	-	-	-
Restructured Loans	-	-	9.868

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

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

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

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Prior Period End Balance	189.842	373.880	307.276
Additions (+)	337.112	111.675	118.309
Transfers from Other Categories of Non-performing Loans (+)	51.191	230.653	400.192
Transfers to Other Categories of Non-performing Loans (-)	230.653	400.192	-
Collections (-)	58.100	93.705	91.520
Write-offs (-)			
Sold Portfolio (-) (**)	-	11.329	42.706
Corporate and Commercial Loans	-	11.329	42.706
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	289.392	210.982	691.551
Specific Provision (-)	87.559	40.578	243.371
Net Balance on Balance Sheet	201.833	170.404	448.180

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

(**) As of 29 March 2019, the Bank has written off its non-performing loans amounting to TL 54.035 from its assets by selling them to an asset company for TL 450.

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

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
30 September 2019			
Period-End Balance	50.940	103.048	260.188
Specific Provision (-)	22.785	21.571	128.919
Net Balance on balance sheet	28.155	81.477	131.269
31 December 2018			
Period-End Balance	96.109	141.519	106.952
Specific Provision (-)	11.523	51.156	73.885
Net Balance on balance sheet	84.586	90.363	33.067

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

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

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

iv. Information regarding gross and net amounts of non-performing loans with respect to user groups

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
30 September 2019			
Current Period (Net)	201.833	170.404	448.180
Loans Given to Real Persons and Legal Persons (Gross)	225.705	131.466	554.300
Provision Amount (-)	75.368	30.248	167.759
Loans Given to Real Persons and Legal Persons (Net)	150.337	101.218	386.541
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	63.687	79.516	137.251
Provision Amount (-)	12.191	10.330	75.612
Other Loans and Receivables (Net)	51.496	69.186	61.639
Prior Period (Net)	155.849	299.096	154.602
Loans Given to Real Persons and Legal Persons (Gross)	108.534	326.980	250.933
Provision Amount (-)	27.807	57.490	109.449
Loans Given to Real Persons and Legal Persons (Net)	80.727	269.490	141.484
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	81.308	46.900	56.343
Provision Amount (-)	6.186	17.294	43.225
Other Loans and Receivables (Net)	75.122	29.606	13.118

(*) It includes the "Receivables from Leasing Transactions".

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

Uncollectible loans and other receivables are collected through the liquidation of collaterals by legal procedures.

11. Explanations on the write-off policy:

The write-off transactions are performed in accordance with the regulation.

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

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

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

	III. Group:	IV. Group:	V. Group:
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	27.957	9.402	35.270
Interest Accruals and Valuation Differences	42.343	15.168	55.392
Provision Amount (-)	14.386	5.766	20.122
Prior Period (Net)	19.841	23.591	1.259
Interest Accruals and Valuation Differences	23.285	37.506	1.266
Provision Amount (-)	3.444	13.915	7

g. Information on financial assets measured at amortized cost:

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

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	232.324	-	222.667
Other	-	-	-	-
Total	-	232.324	-	222.667

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

None. (31 December 2018: None)

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

	30 September 2019	31 December 2018
Government Bond	247.064	236.801
Treasury Bond	-	-
Other Public Debt Securities	-	-
Total	247.064	236.801

4. Information on financial assets measured at amortized cost:

	30 September 2019	31 December 2018
Debt securities	247.064	236.801
Publicly-traded	247.064	236.801
Not publicly-traded	-	-
Provision for impairment	-	-
Total	247.064	236.801

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

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

g. Information on financial assets measured at amortized cost (Continued):

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

	30 September 2019	31 December 2018
Opening balance	236.801	171.218
Foreign exchange differences in monetary assets	10.263	65.583
Purchases during the year	-	-
Disposals through Sales and Redemptions	-	-
Value decrease equivalent (-)	-	-
Period end balance	247.064	236.801

h. Information on investments in associates (Net):

None. (31 December 2018: 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 2018: None).

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

None. (31 December 2018: None).

4. Information on consolidated subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage, if different voting percentage (%)	Other shareholders' share percentage (%)
1	Burgan Finansal Kiralama A.Ş.	Istanbul/Turkey	99,99	0,01
	Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary:	Istanbul/Turkey	100,00	-
2	- Burgan Wealth Limited Dubai (*)	Dubai/ UAE	100,00	-

(*) The Board of Directors of Burgan Wealth Limited, the consolidated subsidiary of Burgan Yatırım, has applied to the Dubai Financial Services Institution (DFSI) on 10 October 2018 in order to start its liquidation process and to cancel its license, license cancellation was approved on 20 November 2018 and the liquidation process of the company is still ongoing.

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

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	3.088.472	355.465	70.394	217.414	-	20.514	23.611	-
2 (*)	181.891	137.637	2.529	23.272	11	12.403	(2.829)	-

(*) The consolidated values of Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Wealth Limited Dubai.

6. Movement schedules of consolidated subsidiaries:

	30 September 2019	31 December 2018
Balance at the beginning of the Period	381.091	256.972
Movements during the Period	111.926	124.119
Purchases	100.000	116.000
Bonus Shares Obtained	-	70.000
Dividends from Current Year Income	32.917	33.668
Sales	-	-
Revaluation Increase/Decrease (*)	(20.991)	(95.549)
Impairment Provision	-	-
Balance at the end of the Period	493.017	381.091
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 September 2019	31 December 2018
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	434.215	265.572
Finance Companies	-	-
Other Financial Subsidiaries	58.802	115.519
Total	493.017	381.091

(*) Includes data given prior to consolidation applications.

8. Subsidiaries quoted on stock exchange:

None (31 December 2018: None).

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

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

j. Information on joint ventures:

None. (31 December 2018: None).

k. Information on lease receivables (net):

Presentation of financial lease receivables based on their days to maturity:

	30 September 2019		31 December 2018	
	Gross	Net	Gross	Net
Less than 1 year	881.947	663.034	931.200	749.438
Between 1-4 years	1.845.947	1.495.285	1.866.713	1.506.211
More than 4 years	825.311	752.139	585.877	543.411
Total	3.553.205	2.910.458	3.383.790	2.799.060

l. Information on derivative financial assets:

1. Schedule of positive differences concerning derivative financial assets at fair value through profit or loss:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Forward Transactions	14.729	655	19.713	4.002
Swap Transactions	95.452	116.351	177.441	225.372
Futures Transactions	198	-	-	-
Options	1.172	2.232	611	54.092
Other	-	-	-	-
Total	111.551	119.238	197.765	283.466

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

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	385.779	5.049	636.228	28.740
Foreign Net Investment Hedge	-	-	-	-
Total	385.779	5.049	636.228	28.740

m. Information on investment properties:

None (31 December 2018: None).

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

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

n. Information on deferred tax asset:

As of 30 September 2019, the Group has netted-off the calculated deferred tax asset of TL 156.825 (31 December 2018: TL 193.273) and deferred tax liability of TL 102.206 (31 December 2018: TL 176.516) on the basis of company in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 54.619 (31 December 2018: TL 22.960 net deferred tax asset and TL 6.203 net deferred tax liability) in the financial statements.

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Carried Financial Loss	-	247.448	-	54.264
Provision for Legal Cases	12.332	9.535	2.631	2.053
General Provisions and Other Provisions	623.285	563.440	137.122	123.957
Reserve for Employee Rights	20.927	17.869	4.576	3.904
Unearned Revenue	28.360	30.847	6.239	6.786
Other	28.437	10.583	6.257	2.309
Deferred Tax Assets	713.341	879.722	156.825	193.273
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	24.805	28.549	3.026	3.843
Valuation Differences of Derivative Instruments	448.999	781.690	98.780	171.971
Other	1.906	3.397	400	702
Deferred Tax Liabilities	475.710	813.636	102.206	176.516
Deferred Tax Assets/(Liabilities) (Net)	237.631	66.086	54.619	16.757

The deferred tax asset/liability summary is as follows:

	30 September 2019	31 December 2018
Balance as of 1 January	16.757	(19.382)
Current year deferred tax income/(expense), net	14.030	(36.916)
Deferred tax charged to equity, net	23.832	73.055
Balance at the End of the Period	54.619	16.757

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

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

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

The Group has assets held for resale amounting to TL 319.498 (31 December 2018: TL 113.385) and has no discontinued operations.

	30 September 2019	31 December 2018
Prior Period		
Cost	113.895	45.662
Accumulated Depreciation (-)	510	567
Net Book Value	113.385	45.095
Current Period		
Net book value at beginning of the period	113.385	45.095
Additions	225.660	77.305
Disposals (-), net	19.524	8.146
Impairment (-)	23	869
Depreciation (-)	-	-
Cost	319.936	113.895
Accumulated Depreciation (-)	438	510
Closing Net Book Value	319.498	113.385

p. Information on other assets:

Other assets amount to TL 217.568 (31 December 2018: TL 238.243) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES:

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 30 September 2019:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	60.567	-	313.877	1.943.201	83.577	121.854	531.754	35	3.054.865
Foreign Currency Deposits	389.599	-	893.141	5.408.860	215.832	74.893	230.001	-	7.212.326
Residents in Turkey	368.229	-	800.401	5.368.740	211.275	73.863	221.813	-	7.044.321
Residents Abroad	21.370	-	92.740	40.120	4.557	1.030	8.188	-	168.005
Public Sector Deposits	167.127	-	-	-	-	-	-	-	167.127
Commercial Deposits	50.385	-	35.280	221.240	44.140	75.373	14.038	-	440.456
Other Institutions Deposits	5.103	-	3.255	305.615	-	440	-	-	314.413
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	15.864	-	-	-	86.451	-	-	-	102.315
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	306	-	-	-	-	-	-	-	306
Foreign Banks	15.558	-	-	-	86.451	-	-	-	102.009
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	688.645	-	1.245.553	7.878.916	430.000	272.560	775.793	35	11.291.502

ii. 31 December 2018:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	31.698	-	364.605	2.199.389	565.681	124.414	305.627	-	3.591.414
Foreign Currency Deposits	170.911	-	452.064	4.007.115	748.184	86.839	203.012	-	5.668.125
Residents in Turkey	152.526	-	448.736	3.975.699	743.045	84.735	198.942	-	5.603.683
Residents Abroad	18.385	-	3.328	31.416	5.139	2.104	4.070	-	64.442
Public Sector Deposits	6.647	-	-	-	-	-	-	-	6.647
Commercial Deposits	79.298	-	134.063	125.571	14.444	33.257	26.208	-	412.841
Other Institutions Deposits	1.457	-	1.563	130.559	166	5.804	-	-	139.549
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	8.651	-	88.073	-	-	-	-	-	96.724
The CBRT	-	-	88.073	-	-	-	-	-	88.073
Domestic Banks	162	-	-	-	-	-	-	-	162
Foreign Banks	8.489	-	-	-	-	-	-	-	8.489
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	298.662	-	1.040.368	6.462.634	1.328.475	250.314	534.847	-	9.915.300

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

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

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Saving Deposits				
Saving Deposits	1.217.975	931.241	1.836.890	2.660.173
Foreign Currency Savings Deposit	606.342	321.901	3.741.688	3.158.476
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Off-shore Banking Regions’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Total	1.824.317	1.253.142	5.578.578	5.818.649

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 September 2019	31 December 2018
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	10.468	9.119
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 “TCK” Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	10.468	9.119

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

None (31 December 2018: None).

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

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

c. Information on borrowings:

1. Information on banks and other financial institutions:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	82.959	242.058	128.809	219.470
From Foreign Banks, Institutions and Funds	57.970	4.656.361	-	6.512.328
Total	140.929	4.898.419	128.809	6.731.798

2. Information on maturity structure of borrowings:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Short-term	105.929	844.784	128.809	1.327.061
Medium and Long-term	35.000	4.053.635	-	5.404.737
Total	140.929	4.898.419	128.809	6.731.798

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 September 2019, deposits and borrowings from Group's risk group comprise 0,78% (31 December 2018: 0,24%) of total deposits. Besides this, borrowings from Group's risk group comprise 71,06% (31 December 2018: 67,28%) of subordinated and other borrowings.

d. Information on marketable securities issued:

None (31 December 2018: None).

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 709.290 (31 December 2018: TL 1.110.644) do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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

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

f. Information on lease payables:

	30 September 2019		31 December 2018	
	Gross	Net	Gross	Net
Less than 1 year	7.677	4.976	-	-
Between 1-4 years	17.015	14.982	-	-
More than 4 years	117.647	93.277	-	-
Total	142.339	113.235	-	-

g. Information on derivative financial liabilities:

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

Trading Derivative Financial Liabilities	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Forward Transactions	5.707	1.655	113.297	1.618
Swap Transactions	36.628	76.312	83.558	40.991
Futures Transactions	189	-	-	-
Options	372	3.743	-	49.461
Other	-	-	-	-
Total	42.896	81.710	196.855	92.070

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

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	80.337	6.939	59.902	10.371
Foreign Net Investment Hedge	-	-	-	-
Total	80.337	6.939	59.902	10.371

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

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

h. Information on provisions:

1. Information on reserve for employment termination benefits:

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

As of the date of 1 July 2019, the payment amount which is one month's salary for each working year is restricted to TL 6.379,86 (31 December 2018: TL 5.434,42). Employee termination benefits are not funded as there is no funding requirement.

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

	30 September 2019	31 December 2018
Discount rate (%)	4,07	4,07
Salary increase rate (%)	11,50	11,50
Average remaining work period (Year)	11,40	11,40

Movement of reserve for employment termination benefits during the period:

	30 September 2019	31 December 2018
Prior Period End Balance	14.517	12.478
Service cost	5.103	2.878
Interest cost	-	1.242
Settlement cost	-	240
Actuarial loss/gain	-	(325)
Benefits paid (-)	2.541	1.996
Total	17.079	14.517

In addition, as of 30 September 2019 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 26.841. (31 December 2018: TL 32.260).

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

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

2. Other provisions:

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

The provisions related to foreign currency differences of foreign indexed loans calculated as of the balance sheet date have been netted-off from the loan amount in the financial statements, and there is no the provision related to foreign currency differences of foreign indexed loans. (31 December 2018: TL 26).

ii. Information on other provisions:

The Group has set aside under other provisions amounting to TL 12.331 (31 December 2018: TL 9.535) for lawsuits, TL 28.702 (31 December 2018: TL 35.017) for provisions for non-cash loans that are not converted to cash and are not indemnified. There is no provision for miscellaneous receivables in the current period (31 December 2018: TL 334).

i. Information on taxes payable:

1. Information on tax provision:

As of 30 September 2019, corporate tax provision is TL 3.228. (31 December 2018: TL 2.246).

2. Information on taxes payable:

	30 September 2019	31 December 2018
Corporate Tax Payable	3.228	2.246
Taxation of Marketable Securities	10.886	9.727
Property Tax	263	78
Banking Insurance Transaction Tax	7.974	9.150
Foreign Exchange Transaction Tax	139	-
Value Added Tax Payable	245	535
Other	4.645	4.096
Total	27.380	25.832

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

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

3. Information on premium payables:

	30 September 2019	31 December 2018
Social Security Premiums-Employee	1.620	1.404
Social Security Premiums-Employer	2.332	2.023
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	104	90
Unemployment Insurance-Employer	196	181
Other	42	40
Total	4.294	3.738

4. Explanations on deferred tax asset/liability:

As of 30 September 2019, the Group has netted-off the calculated deferred tax asset of TL 156.825 (31 December 2018: TL 193.273) and deferred tax liability of TL 102.206 (31 December 2018: TL 176.516) on a company basis in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 54.619. (31 December 2018: TL 22.960 net deferred tax asset, TL 6.203 net deferred tax liability) in the financial statements.

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

None (31 December 2018: None).

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

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

k. Information on subordinated loans:

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

Issuing Institution	Amount	Opening Date	Maturity Date	Interest Rate (%)
Burgan Bank K.P.S.C. (Main Shareholder)	USD 150.000.000	6 December 2013	4 December 2023	LIBOR+3,75
Burgan Bank K.P.S.C. (Main Shareholder)	USD 150.000.000	30 March 2016	30 March 2026	LIBOR+3,75

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

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	1.708.718	-	1.599.472
Other Foreign	-	-	-	-
Total	-	1.708.718	-	1.599.472

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Debt Instruments Subject to Common Equity	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments Subject to Tier 2 Equity	-	1.708.718	-	1.599.472
Subordinated Loans	-	1.708.718	-	1.599.472
Subordinated Debt Instruments	-	-	-	-
Total	-	1.708.718	-	1.599.472

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

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

I. Information on shareholders' equity:

1. Presentation of paid-in capital:

	30 September 2019	31 December 2018
Common Stock	1.535.000	1.535.000
Preferred Stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital	1.535.000	4.000.000

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

None

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

None.

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

None.

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

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

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

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

I. Information on shareholders' equity (Continued):

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

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

8. Information on marketable securities valuation reserve:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Controlled Partnerships (Joint Ventures)	-	-	-	-
Valuation Difference	5.164	(5.382)	(8.303)	(8.999)
Foreign Currency Translation Difference	-	-	-	-
Total	5.164	(5.382)	(8.303)	(8.999)

9. Information on tangible assets revaluation reserve:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	19.610	-	19.610	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables (*)	1.413	-	1.413	-

(*) Classified under other capital reserves.

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

According to the General Assembly meeting decision on 29 March 2019, the loss amounting to TL 12.584, including the effects of TAS 27 and TFRS 9 has been deducted from statutory reserves.

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

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

a. Information on off-balance sheet commitments:

1. The amount and type of irrevocable commitments:

	30 September 2019	31 December 2018
Foreign currency buy/sell commitments	1.635.424	557.476
Forward securities commitments	88.805	77.343
Commitments for cheques	73.697	74.242
Loan limit commitments	21.576	-
Total	1.819.502	709.061

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

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

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

	30 September 2019	31 December 2018
Letter of guarantees	1.587.642	1.686.184
Other guarantees	624.068	145.330
Letter of credits	446.186	385.116
Bank acceptance loans	107.036	103.337
Total	2.764.932	2.319.967

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

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Irrevocable letters of guarantee	563.881	425.694	516.187	407.282
Revocable letters of guarantee	16.312	42.529	7.141	37.908
Letters of guarantee given in advance	9.457	246.157	4.485	225.758
Guarantees given to customs	31.408	65.155	25.205	63.836
Other letters of guarantee	17.640	169.409	43.657	354.725
Total	638.698	948.944	596.675	1.089.509

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

III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS (Continued):

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

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

	30 September 2019	31 December 2018
Non-cash loans given against cash loans	795.037	530.183
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	795.037	530.183
Other non-cash loans	1.969.895	1.789.784
Total	2.764.932	2.319.967

ii. Information on non-cash loans classified in 1st and 2nd group:

Current Period (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	610.915	696.302	17.031	238.170
Bank Acceptances	-	107.036	-	-
Letters of Credit	-	445.224	-	-
Endorsements	-	-	-	-
Securities Issuance Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	624.068	-	-
Total	610.915	1.872.630	17.031	238.170

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 26.186. As of 30 September 2019, the Group has allocated provisions amounting to TL 10.518 provision regarding these risks.

b. Information on contingent assets and contingent liabilities:

As of 30 September 2019, the total amount of legal cases against the Group is TL 58.304 (31 December 2018: TL 56.407) and the Group sets aside a provision of TL 12.331 (31 December 2018: TL 9.535) regarding these risks.

c. Brief information on the Bank's rating given by International Rating Institutions:

FITCH (15 October 2019)

Outlook	Negative
Long Term FC	B+
Short Term FC	B
Long Term TL	BB-
Short Term TL	B
Support Rating	4
National Rating	AA(tur)
Viability Rating	b

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

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans :

	30 September 2019		30 September 2018	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	409.904	52.196	414.092	25.369
Medium/Long-term Loans	313.001	408.797	377.193	379.498
Interest on Loans Under Follow-up	3.741	-	3.341	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	726.646	460.993	794.626	404.867

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

2. Information on interest income on banks:

	30 September 2019		30 September 2018	
	TL	FC	TL	FC
From the CBRT	7.068	-	57.474	-
From Domestic Banks	29.176	765	15.388	1.015
From Foreign Banks	-	6.342	-	1.528
Headquarters and Branches Abroad	-	-	-	-
Total	36.244	7.107	72.862	2.543

3. Information on marketable securities:

	30 September 2019		30 September 2018	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value Through Profit/Loss	243	941	742	552
Financial Assets Measured at Fair Value Through Other Comprehensive Income	28.539	5.367	19.883	4.995
Financial Assets Measured at Amortized Cost	-	8.497	-	8.120
Total	28.782	14.805	20.625	13.667

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

None (30 September 2018: None).

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

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

b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 September 2019		30 September 2018	
	TL	FC	TL	FC
Banks	23.320	287.629	23.438	254.187
The CBRT	-	-	-	-
Domestic Banks	23.320	1.297	23.438	1.589
Foreign Banks	-	286.332	-	252.598
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	11.278	-	11.673
Total (*)	23.320	298.907	23.438	265.860

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

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

None (30 September 2018: None).

3. Information on interest expense on issued securities:

None (30 September 2018: None).

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

Current Period	Demand Deposit	Time Deposit					Accum. Deposit	Total	Prior Period Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year			
TL									
Bank Deposits	-	179	-	-	-	-	-	179	164
Savings Deposits	-	53.515	321.640	36.696	18.293	63.931	-	494.075	401.859
Public Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	-	9.078	31.872	3.143	4.405	3.131	-	51.629	51.982
Other Deposits	-	5.418	28.725	10	284	-	-	34.437	8.535
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Total	-	68.190	382.237	39.849	22.982	67.062	-	580.320	462.540
FC									
Foreign Currency Account	-	11.579	101.439	10.300	2.172	10.284	-	135.774	167.819
Bank Deposits	-	1.362	-	-	-	-	-	1.362	7.608
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	-	12.941	101.439	10.300	2.172	10.284	-	137.136	175.427
Grand Total	-	81.131	483.676	50.149	25.154	77.346	-	717.456	637.967

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

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

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

	30 September 2019	30 September 2018
Income	23.511.211	27.706.459
Capital Market Transactions	11.716	9.499
Derivative Financial Transactions	127.540	332.628
Foreign Exchange Gains	23.371.955	27.364.332
Loss (-)	23.483.950	27.629.865
Capital Market Transactions	3.717	10.203
Derivative Financial Transactions	87.404	305.828
Foreign Exchange Losses	23.392.829	27.313.834
Net Income/(Loss)	27.261	76.594

d. Information on other operating income:

The Group’s other operating income in the current period is TL 33.780 (30 September 2018: TL 24.907). TL 4.548 (30 September 2018: TL 2.791) of the amount of other operating income is composed of profit from sales of the fixed assets that were classified as “Asset Held for Resale” of the Parent Bank.

e. Expected loss provisions and other provision expenses:

	30 September 2019	30 September 2018
Expected Credit Loss	227.706	208.721
12 Month Expected Credit Loss (Stage 1)	(8.730)	62.245
Significant Increase in Credit Risk (Stage 2)	68.690	48.154
Non-performing Loans (Stage 3)	167.746	98.322
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	941	23
Total	228.647	208.744

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(Continued):**

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

f. Information related to other operating expenses:

	30 September 2019	30 September 2018
Reserve For Employee Termination Benefits (*)	5.202	5.289
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	3
Amortization Expenses of Fixed Assets	30.938	8.382
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	11.133	9.760
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	23	1.032
Amortization Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	93.447	103.001
Leasing expenses related to TFRS 16 exceptions	2.051	24.950
Maintenance Expenses	1.301	2.429
Advertising Expenses	5.490	1.536
Other Expense	84.605	74.086
Loss on Sales of Assets	217	253
Other	46.069	34.448
Total	187.029	162.168

(*) As of 30 September 2019, there is no “Employee Vacation Fee Provision Expense” accounted. (30 September 2018: TL 607).

g. Information on net income/(loss) before taxes from discontinued and continuing operations:

The Group has no discontinued operations. The Group’s income before tax from continuing operations is TL 140.004 (30 September 2018: TL 189.693 income before tax).

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(Continued):**

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

h. Information on provision for taxes from discontinued and continuing operations:

The Group has no discontinued operations, the explanations below represent the provision for taxes of continuing operations:

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

As of 30 September 2019, the Group has current tax expense amounting to TL 42.454 and deferred tax income amounting to TL 14.030.

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

The Group has TL 139.855 deferred tax income from temporary differences, TL 51.789 deferred tax expense from carried financial loss. The deferred tax expense due to the closing of temporary differences amounts to TL 74.036, netting off to TL 14.030 deferred tax income.

3. Information on recognition of deferred tax income or expense, temporary difference, financial loss, diminution of tax expense and exceptions on income statement:

As of 30 September 2019, the Group has TL 65.819 (30 September 2018: TL 126.919 deferred tax expense) deferred tax income arising from temporary differences and TL 51.789 deferred tax expense as a result of financial loss. (30 September 2018: TL 101.491 deferred tax income).

i. Information on net income/(loss) before taxes from discontinued and continuing operations:

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

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

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

None.

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

None.

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(Continued):**

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

k. Information on other income and expenses:

1. In the current period, the Group’s interest income amounts to TL 1.914.528 (30 September 2018: TL 1.778.987) and TL 333.327 (30 September 2018: TL 269.828) of the related amount is classified as “Other Interest Income” account in income statement.

	30 September 2019	30 September 2018
Other Interest Income		
Interest income related to derivative transactions	280.221	239.228
Other	53.016	30.600
Total	333.237	269.828

2. In the current period, the Group’s interest expense amounting to TL 1.286.685 (30 September 2018: TL 1.214.056) and TL 232.755 (30 September 2018: TL 278.607) of the related amount is classified as “Other Interest Expense” in the income statement.

	30 September 2019	30 September 2018
Other Interest Expense		
Interest expense related to derivative transactions	191.605	241.067
Other	41.150	37.540
Total	232.755	278.607

3. In the current period, the Group’s fee and commission income amounts to TL 36.098 (30 September 2018: TL 38.882) and TL 16.557 (30 September 2018: TL 22.665) of the related amount is classified under “Other” account.

	30 September 2019	30 September 2018
Other Fees and Commissions Received		
Insurance Commissions	4.763	7.701
Accounting Operating Fees	3.219	2.066
Investment Consultancy Fees	1.057	5.104
Commissions on Investment Fund Services	955	558
Commissions received from Correspondent Banks	414	482
Transfer Commissions	393	463
Commissions From Brokerage Activity in Istanbul Stock Exchange	364	553
Credit Card and POS Transaction Commission	109	182
Common Point Commissions	81	84
Other	5.202	5.472
Total	16.557	22.665

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued):

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

In the current period, Group’s fees and commissions expense amounts to TL 11.161 (30 September 2018: TL 13.871) and TL 11.042 (30 September 2018: TL 13.616) of the related amount is classified under “Other” account.

	30 September 2019	30 September 2018
Other Fees and Commissions Given		
EFT Commissions	1.978	630
Credit Card Transaction Commission	1.460	1.847
Commissions Granted to Correspondent Banks	1.199	1.067
Common Point Clearing Commissions	352	393
Stock Exchange Contribution Expenses	309	749
Transfer Commissions	76	121
Other	5.668	8.809
Total	11.042	13.616

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

V. EXPLANATIONS AND NOTES RELATED TO GROUP’S RISK GROUP:

a. The volume of transactions relating to the Group’s risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Prior period financial information is presented as at 31 December 2018 for balance sheet items and 30 September 2018 for income statements items.

30 September 2019	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	10.792	-	149.865	166	87
Balance at the End of the Period	-	25.390	-	34.451	107	-
Interest and Commission Income Received	-	-	7	5	16	1

31 December 2018	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	12.963	-	-	27	15.429
Balance at the End of the Period	-	10.792	-	149.865	166	87
Interest and Commission Income Received	-	-	-	-	15	-

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

Groups’ Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	-	-	11.951	6.357	12.172	24.791
End of the Period	-	-	73.016	11.951	14.504	12.172
Interest Expense on Deposits	-	-	1.996	-	1.095	1.221

Groups’ Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Repurchase Transactions						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense on Repurchase Transactions	-	-	-	-	-	-

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

V. EXPLANATIONS AND NOTES RELATED TO GROUP’S RISK GROUP (Continued):

3. Information on forward and option agreements and other similar agreement with the Group’s risk group:

Groups’ Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for trading purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	3.231	-	-	-
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

b. With respect to the Group’s risk group:

1. The relations with entities that are included in the Group’s risk group and controlled by the Group regardless of whether there is a transaction between parties:

The Group performs various transactions with related parties during its banking activities. These are commercial transactions realized with market prices.

2. Along with the type of relationship, the type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

	Total Risk Group	Share in Financial Statements (%)
Borrowings and Subordinated Loans	4.795.367	71,06
Deposits	87.520	0,78
Non-cash Loans	59.841	2,16
Banks and Other Financial Institutions Loans	492	0,05
Loans	107	-

As of 30 September 2019, the Group has TL 2.608 interest income from deposits given to banks included in the risk group (30 September 2018: TL 1.007), the Group has realized interest expense amounting to TL 200.196 (30 September 2018: TL 161.572) on loans borrowed from the banks included in the risk group.

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

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(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):

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 0,38% (31 December 2018: 0,99%) of the Group’s total cash and non-cash loans.

As of 30 September 2019 there are no purchase-sales transactions on any assets including real estate with the risk group consisting the Parent Bank.

As of 30 September 2019 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 23.882 (30 September 2018: TL 20.050) which constitutes of the sum of other benefits including yearly gross salaries and other payments and travel, meal aids, health and life insurances and vehicle expenses.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS:

None.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

SECTION SIX

EXPLANATIONS ON THE LIMITED REVIEW REPORT

I. EXPLANATIONS ON THE LIMITED REVIEW REPORT:

The consolidated financial statements as of 30 September 2019 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) and the auditor’s limited review report dated 8 November 2019 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR:

None.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

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

Global economic growth continues to slow down due to the impact of trade policies and geopolitical concerns. Especially the deterioration in the indicators related to the manufacturing sector is noteworthy. In this environment, central banks have started to change positions to support the economic activity. In the last three months, the US Federal Reserve cut policy rates by 50 basis points and the European Central Bank by 10 basis points, and took steps to re-expand their balance sheets.

Supporting parallel global monetary policy and falling inflation rates in the country, the Central Bank of the Republic of Turkey has taken steps to ease monetary policy during this period. Policy interest declined by 10 points in the last three months to 14%, the lowest level since May 2018. The relaxation in financial conditions is also expected to support economic activity. While economic activity, which contracted in the first half of the year, showed signs of recovery in the third quarter, this recovery is expected to strengthen in the last quarter. On the other hand, the positive outlook regarding the current account balance is effective in stabilizing the Turkish Lira.

Easing of geopolitical concerns about Turkey, supports the optimistic perception of risk appetite in global financial markets and monetary policy easing in the stance, the banking sector expectations for the future the rate of credit volume are also positively affected. The economic policies and structural reforms to be implemented in the upcoming period are important for achieving both financial and economic stability and low inflation, low current account deficit and stable high growth targets.

The balance sheet size of our bank dated 30 September 2019 is TL 21.290.335, while deposits are TL 11.291.502. In the current period Burgan Bank has maintained its support to its customers uninterruptedly and net cash loans and factoring receivables has been realized as TL 15.214.151. Our equities have been realized as TL 1.898.081 while our capital adequacy ratio is 20.39%. Our Bank has made a net profit of TL 111.580 in the third quarter of 2019. We will continue to render our services in 14 cities through improving our relations with our current customers besides gaining new customers.

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

Ali Murat DİNÇ
Member of Board of Directors and General Manager

Emin Hakan EMİNSOY
Chairman of Board of Directors

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

<u>Name</u>	<u>Duty</u>	<u>Date of Assignment</u>	<u>Educational Background</u>	<u>Banking and Managership Experience (Year)</u>
<i>Chairman and Members of Board of Directors: (*)(**)</i>				
Emin Hakan Eminsoy	Chairman	07.08.2019	Bachelor’s degree	34
Faisal M.A. Al Radwan	Deputy Chairman	21.12.2012	Bachelor’s degree	23
Adrian Alejandro Gostuski	Member	21.12.2012	Post graduate	35
Mehmet Alev Göçmez	Member	23.01.2013	Post graduate	33
Halil Cantekin	Member	30.03.2015	Bachelor’s degree	31
Osama T. Al Ghousein	Member	25.06.2014	Bachelor’s degree	33
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
Fouad Husni Douglas	Member	13.06.2019	Post graduate	32
Khaled F.A.O. Alzouman	Member	13.06.2019	Bachelor’s degree	31
<i>General Manager:</i>				
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>Vice General Managers:</i>				
Esra Aydın	Operation & Management Services	01.08.2007	Bachelor’s degree	16
Mutlu Akpara	Treasury, Capital Markets and Financial Institutions	08.08.2007	Post graduate	11
Cihan Vural	Internal Systems	03.11.2008	Bachelor’s degree	13
Rasim Levent Ergin	Human Resources	01.11.2012	Post graduate	17
Suat Kerem Sözügüzel	Commercial & Corporate Banking	01.04.2014	Bachelor’s degree	17
Hasan Hüseyin Uyar	Loans	01.04.2014	Post graduate	27
Hasan Ufuk Dinç	Digital Banking and Information Technologies	19.11.2018	Post graduate	22
Ümit Sönmez	Financial Affairs	01.07.2019	Post graduate	22

(*) Emin Hakan EMİNSOY, Chairman of the Board of Directors, started to serve his position as of 7 August 2019.

(**) Faisal M.A. Al Radwan has resigned from his position of chairman of board of directors as of 31 July 2019 and is continuing his work as deputy chairman of board of directors. On the same date, Board Member Eduardo Majed E.A.A. Al Ajeel has resigned from this position.

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

Emin Hakan Eminsoy, chairman of Board of Directors, performs the duty of chairmanship of Credit Committee. Faisal M.A. Al Radwan and Ali Murat Dinç, Deputy Chairman of Board of Directors and General Manager, are performing their duties as noble members of the committee. Halil Cantekin and Adrian Alejandro Gostuski, who are also members of Board of Directors, are substitute members of the Committee.

Halil Cantekin and Adrian Alejandro Gostuski, who are also members of Board of Directors, are substitute members of the Committee.

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

Faisal M.A. Al Radwan 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.

Faisal M.A. Al Radwan has been elected as the chairman of the Appointment and Pricing Committee while Khaled F.A.O. Alzouman and Mehmet Alev Göçmez have been elected as members of the Appointment and Pricing Committee.

III. 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.

IV. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD:

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

	30.09.2019	31.12.2018	Change (%)
Total Assets	21.290.335	22.028.865	(3,4)
Loans, Leasing and Factoring Receivables (Net)	15.214.151	16.789.201	(9,4)
Securities	677.207	633.265	6,9
Deposits	11.291.502	9.915.300	13,9
Debts Having Loan Characteristics	6.949.718	8.640.307	(19,6)
Shareholder’s Equity	1.898.081	1.875.980	1,2
Guarantee and Warranties	2.764.932	2.319.967	19,2
Capital Adequacy Ratio	20,39%	18,49%	10,3

	01/01/2019	01/01/2018	01/07/2019	01/07/2018
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Current Period Net Profit/(Loss)	111.580	146.705	5.589	44.642

VI. 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 35 branches, including 9 retail, 1 corporate and 25 mixed banking branches, internet banking applications, call center and 1.021 group employees.

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

30 September 2019

Million TL	Burgan Bank	Sector (*)	Share of our Bank (%)
Cash Loans	11.621	2.532.175	0,46
Customer Deposits	11.200	2.361.969	0,47
Branch Number	35	10.289	0,34
Personnel Number	945	189.507	0,50

(*) Reference BRSA and The Banks Associations of Turkey.