

**(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 2020**

## 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 2020 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 2020 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



Yaşar Bivas, SMMM  
Partner

Istanbul, Turkey  
November 16, 2020

**(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 2020**

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](mailto:bilgi@burgan.com.tr)

The nine month consolidated 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 THE LIMITED REVIEW REPORT
- **Section Seven** EXPLANATIONS ON INTERIM ACTIVITY REPORT

Investments in associates, subsidiaries and joint ventures whose financial statements have been consolidated in this reporting package are as follows:

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

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

16 November 2020

Emin Hakan EMİNSOY Chairman of the Board of Directors	Ali Murat DİNÇ Member of the Board of Directors and General Manager	Esra AYDIN Assistant General Manager Financial Affairs (represent by proxy)	Ahmet CIĞA Head of Accounting, Tax, and Reporting Unit
Halil CANTEKİN Head of the Audit Committee	Adrian Alejandro GOSTUSKI Member of the Audit Committee	Fouad Husni DOUGLAS Member of the Audit Committee	

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

Name-Surname / Title : Ahmet CIĞA / 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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**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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

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**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 (Luxembourg) 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.

**(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 2020**

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

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**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).

(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 2020**

(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>
<b>Chairman of the Board of Directors:</b>	Emin Hakan Eminsoy	Chairman of Board of Directors	Undergraduate
<b>Board of Directors Members:</b>	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 Ghousein	Member	Undergraduate
	Fouad Husni Douglas	Member	Graduate
	Khaled F.A.O. Alzouman	Member	Undergraduate
	Ali Murat Dinç	Member and General Manager	Graduate
<b>General Manager:</b>	Ali Murat Dinç	Member and General Manager	Graduate
<b>Vice General Managers (*):</b>	Esra Aydın	Operations & Management Services/ Financial Affairs (Represent by Proxy)	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
	Banu Ertürk	Credits Monitoring and Legal Follow-up	Undergraduate
	Darço Akkaranfil	Information Technologies	Graduate
<b>Audit Committee:</b>	Halil Cantekin	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Fouad Husni Douglas	Member	Graduate

(\*) Hasan Ufuk Dinç, Assistant General Manager of Digital Banking and Information Technologies, resigned from this position on 31 August 2020, and Darço Akkaranfil started to work as Assistant General Manager in charge of the Information Systems Group on 14 September 2020. Credits Monitoring and Legal Follow-up Group Head Banu Ertürk has been appointed as the Assistant General Manager as of 01 August 2020. Assistant General Manager for Financial Affairs Ümit Sönmez resigned from this position on of 30 September 2020, and Assistant General Manager Esra Aydın deputies for this position.

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



(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 2020**

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

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**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 2020, the Parent Bank, whose headquarter located in Istanbul, has 33 branches operating in Turkey (31 December 2019: 35). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 September 2020, the Group has 1.054 (31 December 2019: 1.024) 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
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- V. Consolidated statement of changes in shareholders' equity
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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.**  
**CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)**  
**AT 30 SEPTEMBER 2020 AND 31 DECEMBER 2019**

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

I.	BALANCE SHEET	Note (Section Five)	Reviewed (30/09/2020)			Audited (31/12/2019)		
			TL	FC	Total	TL	FC	Total
	<b>ASSETS</b>							
<b>I.</b>	<b>FINANCIAL ASSETS (Net)</b>		<b>1.379.657</b>	<b>4.900.112</b>	<b>6.279.769</b>	<b>1.997.500</b>	<b>2.304.665</b>	<b>4.302.165</b>
<b>I.1</b>	<b>Cash and cash equivalents</b>		<b>339.119</b>	<b>4.572.876</b>	<b>4.911.995</b>	<b>1.271.783</b>	<b>2.023.492</b>	<b>3.295.275</b>
1.1.1	Cash and balances at Central Bank	I-a	179.525	3.904.749	4.084.274	172.637	1.990.025	2.162.662
1.1.2	Banks	I-c	82.093	668.127	750.220	541.238	33.467	574.705
1.1.3	Receivables from Money Markets		77.520	-	77.520	557.969	-	557.969
1.1.4	Expected credit losses (-)		19	-	19	61	-	61
<b>I.2</b>	<b>Financial assets at fair value through profit or loss</b>	<b>I-b</b>	<b>5.402</b>	<b>69.422</b>	<b>74.824</b>	<b>1.553</b>	<b>34.739</b>	<b>36.292</b>
1.2.1	Public debt securities		588	6.905	7.493	802	3.813	4.615
1.2.2	Equity instruments		4.814	-	4.814	751	-	751
1.2.3	Other financial assets		-	62.517	62.517	-	30.926	30.926
<b>I.3</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>I-d</b>	<b>260.992</b>	<b>114.320</b>	<b>375.312</b>	<b>168.674</b>	<b>167.651</b>	<b>336.325</b>
1.3.1	Public debt securities		253.318	103.980	357.298	160.490	159.728	320.218
1.3.2	Equity instruments		7.674	10.340	18.014	7.674	7.923	15.597
1.3.3	Other financial assets		-	-	-	510	-	510
<b>I.4</b>	<b>Derivative financial assets</b>	<b>I-l</b>	<b>774.144</b>	<b>143.494</b>	<b>917.638</b>	<b>555.490</b>	<b>78.783</b>	<b>634.273</b>
1.4.1	Derivative financial assets at fair value through profit or loss		166.826	154.102	320.928	123.155	73.996	197.151
1.4.2	Derivative financial assets at fair value through other comprehensive income		607.318	(10.608)	596.710	432.335	4.787	437.122
<b>II.</b>	<b>FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>		<b>6.029.119</b>	<b>13.526.284</b>	<b>19.555.403</b>	<b>4.890.565</b>	<b>11.283.669</b>	<b>16.174.234</b>
<b>2.1</b>	<b>Loans</b>	<b>I-e-f</b>	<b>5.999.127</b>	<b>11.099.253</b>	<b>17.098.380</b>	<b>4.673.923</b>	<b>9.190.030</b>	<b>13.863.953</b>
<b>2.2</b>	<b>Receivables from leasing transactions</b>	<b>I-k</b>	<b>691.409</b>	<b>2.695.144</b>	<b>3.386.553</b>	<b>570.956</b>	<b>2.372.175</b>	<b>2.943.131</b>
<b>2.3</b>	<b>Factoring receivables</b>	<b>I-e</b>	-	-	-	7	-	7
<b>2.4</b>	<b>Other financial assets measured at amortized cost</b>	<b>I-g</b>	-	<b>528.597</b>	<b>528.597</b>	-	<b>262.923</b>	<b>262.923</b>
2.4.1	Public debt securities		-	528.597	528.597	-	262.923	262.923
2.4.2	Other financial assets		-	-	-	-	-	-
<b>2.5</b>	<b>Expected credit losses (-)</b>	<b>I-e-f</b>	<b>661.417</b>	<b>796.710</b>	<b>1.458.127</b>	<b>354.321</b>	<b>541.459</b>	<b>895.780</b>
<b>III.</b>	<b>NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)</b>	<b>I-o</b>	<b>549.381</b>	-	<b>549.381</b>	<b>409.415</b>	-	<b>409.415</b>
3.1	Held for sale		549.381	-	549.381	409.415	-	409.415
3.2	Held from discontinued operations		-	-	-	-	-	-
<b>IV.</b>	<b>INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		-	-	-	-	-	-
<b>4.1</b>	<b>Investments in associates (Net)</b>	<b>I-h</b>	-	-	-	-	-	-
4.1.1	Associates accounted by using equity method		-	-	-	-	-	-
4.1.2	Non-consolidated associates		-	-	-	-	-	-
<b>4.2</b>	<b>Investments in subsidiaries (Net)</b>	<b>I-i</b>	-	-	-	-	-	-
4.2.1	Non-consolidated financial subsidiaries		-	-	-	-	-	-
4.2.2	Non-consolidated non-financial subsidiaries		-	-	-	-	-	-
<b>4.3</b>	<b>Jointly Controlled Partnerships (Joint Ventures) (Net)</b>	<b>I-j</b>	-	-	-	-	-	-
4.3.1	Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2	Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
<b>V.</b>	<b>TANGIBLE ASSETS (Net)</b>		<b>553.979</b>	-	<b>553.979</b>	<b>322.442</b>	-	<b>322.442</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS (Net)</b>		<b>36.915</b>	-	<b>36.915</b>	<b>38.824</b>	-	<b>38.824</b>
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		36.915	-	36.915	38.824	-	38.824
<b>VII.</b>	<b>INVESTMENT PROPERTIES (Net)</b>	<b>I-m</b>	-	-	-	-	-	-
<b>VIII.</b>	<b>CURRENT TAX ASSETS</b>		<b>53.206</b>	-	<b>53.206</b>	<b>13.854</b>	-	<b>13.854</b>
<b>IX.</b>	<b>DEFERRED TAX ASSETS</b>	<b>I-n</b>	<b>66.395</b>	-	<b>66.395</b>	<b>65.844</b>	-	<b>65.844</b>
<b>X.</b>	<b>OTHER ASSETS (Net)</b>	<b>I-p</b>	<b>219.398</b>	<b>149.323</b>	<b>368.721</b>	<b>130.008</b>	<b>90.022</b>	<b>220.030</b>
	<b>TOTAL ASSETS</b>	<b>I-a</b>	<b>8.888.050</b>	<b>18.575.719</b>	<b>27.463.769</b>	<b>7.868.452</b>	<b>13.678.356</b>	<b>21.546.808</b>

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 2020 AND 31 DECEMBER 2019**

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

I. BALANCE SHEET	Note (Section Five)	Reviewed (30/09/2020)			Audited (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>LIABILITIES</b>							
<b>I. DEPOSITS</b>	<b>II-a</b>	<b>3.561.109</b>	<b>10.949.383</b>	<b>14.510.492</b>	<b>3.626.459</b>	<b>7.779.406</b>	<b>11.405.865</b>
<b>II. LOANS RECEIVED</b>	<b>II-c</b>	<b>521.541</b>	<b>6.430.584</b>	<b>6.952.125</b>	<b>228.779</b>	<b>4.821.351</b>	<b>5.050.130</b>
<b>III. MONEY MARKET FUNDS</b>		<b>25.984</b>	<b>263.206</b>	<b>289.190</b>	<b>19.168</b>	<b>192.346</b>	<b>211.514</b>
<b>IV. MARKETABLE SECURITIES (Net)</b>	<b>II-d</b>	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>II-b</b>	-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>II-g</b>	<b>121.847</b>	<b>155.973</b>	<b>277.820</b>	<b>120.688</b>	<b>103.806</b>	<b>224.494</b>
7.1 Derivative financial liabilities at fair value through profit or loss		47.649	126.680	174.329	54.032	92.549	146.581
7.2 Derivative financial liabilities at fair value through other comprehensive income		74.198	29.293	103.491	66.656	11.257	77.913
<b>VIII. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX. LEASE PAYABLES (Net)</b>	<b>II-f</b>	<b>65.818</b>	<b>2.744</b>	<b>68.562</b>	<b>26.364</b>	<b>92.604</b>	<b>118.968</b>
<b>X. PROVISIONS</b>	<b>II-h</b>	<b>57.671</b>	<b>12.739</b>	<b>70.410</b>	<b>75.314</b>	<b>15.737</b>	<b>91.051</b>
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		33.208	-	33.208	52.740	-	52.740
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		24.463	12.739	37.202	22.574	15.737	38.311
<b>XI. CURRENT TAX LIABILITIES</b>	<b>II-i</b>	<b>31.153</b>	-	<b>31.153</b>	<b>40.314</b>	-	<b>40.314</b>
<b>XII. DEFERRED TAX LIABILITIES</b>	<b>II-i</b>	-	-	-	-	-	-
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)</b>	<b>II-j</b>	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT</b>	<b>II-k</b>	-	<b>2.340.015</b>	<b>2.340.015</b>	-	<b>1.797.925</b>	<b>1.797.925</b>
14.1 Loans		-	2.340.015	2.340.015	-	1.797.925	1.797.925
14.2 Other debt instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	<b>II-e</b>	<b>199.733</b>	<b>777.037</b>	<b>976.770</b>	<b>201.677</b>	<b>485.595</b>	<b>687.272</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>II-l</b>	<b>1.970.140</b>	<b>(22.908)</b>	<b>1.947.232</b>	<b>1.935.465</b>	<b>(16.190)</b>	<b>1.919.275</b>
16.1 Paid-in capital		1.535.000	-	1.535.000	1.535.000	-	1.535.000
16.2 Capital reserves		(736)	-	(736)	(736)	-	(736)
16.2.1 Equity share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(736)	-	(736)	(736)	-	(736)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		15.617	-	15.617	15.617	-	15.617
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		11.859	(22.908)	(11.049)	(12.595)	(16.190)	(28.785)
16.5 Profit reserves		398.179	-	398.179	259.625	-	259.625
16.5.1 Legal reserves		24.839	-	24.839	22.870	-	22.870
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		373.340	-	373.340	236.755	-	236.755
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		10.221	-	10.221	138.554	-	138.554
16.6.1 Prior years' profits or losses		-	-	-	-	-	-
16.6.2 Current period net profit or loss		10.221	-	10.221	138.554	-	138.554
16.7 Minority shares		-	-	-	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6.554.996</b>	<b>20.908.773</b>	<b>27.463.769</b>	<b>6.274.228</b>	<b>15.272.580</b>	<b>21.546.808</b>

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 2020 AND 30 SEPTEMBER 2019**

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

III.	STATEMENT OF PROFIT OR LOSS	Note (Section Five)	Reviewed 01/01/2020 - 30/09/2020	Reviewed 01/01/2019- 30/09/2019	Reviewed 01/07/2020- 30/09/2020	Reviewed 01/07/2019- 30/09/2019
	<b>INCOME AND EXPENSE ITEMS</b>					
<b>I.</b>	<b>INTEREST INCOME</b>	<b>IV-a</b>	<b>1.382.066</b>	<b>1.914.528</b>	<b>448.862</b>	<b>598.823</b>
1.1	Interest received from loans		917.261	1.187.639	295.940	375.324
1.2	Interest received from reserve deposits		-	28.511	-	7.936
1.3	Interest received from banks		20.809	43.351	4.632	15.796
1.4	Interest received from money market transactions		27.257	91.888	8.330	29.386
1.5	Interest received from marketable securities portfolio		40.855	43.587	16.704	14.300
1.5.1	Financial assets at fair value through profit or loss		1.236	1.184	299	357
1.5.2	Financial assets at fair value through other comprehensive income		21.010	33.906	7.769	11.182
1.5.3	Financial assets measured at amortized cost		18.609	8.497	8.636	2.761
1.6	Finance lease interest income		182.857	186.315	63.397	58.966
1.7	Other interest income	IV-k	193.027	333.237	59.859	97.115
<b>II.</b>	<b>INTEREST EXPENSES (-)</b>	<b>IV-b</b>	<b>830.027</b>	<b>1.286.685</b>	<b>269.513</b>	<b>394.259</b>
2.1	Interest on deposits		364.228	717.456	119.075	232.827
2.2	Interest on funds borrowed		240.304	322.227	73.337	91.950
2.3	Interest on money market transactions		7.124	6.716	2.362	2.099
2.4	Interest on securities issued		-	-	-	-
2.5	Finance lease interest expenses		7.256	7.531	2.340	2.349
2.6	Other interest expenses	IV-k	211.115	232.755	72.399	65.034
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>552.039</b>	<b>627.843</b>	<b>179.349</b>	<b>204.564</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>29.731</b>	<b>24.937</b>	<b>9.538</b>	<b>9.829</b>
4.1	Fees and commissions received		41.369	36.098	14.690	12.687
4.1.1	Non-cash loans		20.143	19.541	6.478	6.721
4.1.2	Other	IV-k	21.226	16.557	8.212	5.966
4.2	Fees and commissions paid (-)		11.638	11.161	5.152	2.858
4.2.1	Non-cash loans (-)		95	119	22	41
4.2.2	Other (-)	IV-k	11.543	11.042	5.130	2.817
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>8</b>	<b>2.769</b>	-	-
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	<b>IV-c</b>	<b>115.059</b>	<b>27.261</b>	<b>64.311</b>	<b>(1.684)</b>
6.1	Profit/losses from capital market transactions		30.949	7.999	3.819	3.924
6.2	Profit/losses from derivative financial transactions		(23.991)	40.136	(36.899)	(2.822)
6.3	Foreign exchange profit/losses		108.101	(20.874)	97.391	(2.786)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>IV-d</b>	<b>48.913</b>	<b>33.780</b>	<b>22.156</b>	<b>11.006</b>
<b>VIII.</b>	<b>GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>745.750</b>	<b>716.590</b>	<b>275.354</b>	<b>223.715</b>
<b>IX.</b>	<b>ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	<b>IV-e</b>	<b>375.715</b>	<b>227.706</b>	<b>154.561</b>	<b>102.660</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>IV-e</b>	<b>2.732</b>	<b>941</b>	<b>2.665</b>	<b>58</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>178.226</b>	<b>160.910</b>	<b>60.508</b>	<b>52.401</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>IV-f</b>	<b>178.197</b>	<b>187.029</b>	<b>50.311</b>	<b>61.040</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>10.880</b>	<b>140.004</b>	<b>7.309</b>	<b>7.556</b>
<b>XIV.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XV.</b>	<b>PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-	-	-
<b>XVI.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-	-	-
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>	<b>IV-g</b>	<b>10.880</b>	<b>140.004</b>	<b>7.309</b>	<b>7.556</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>IV-h</b>	<b>(659)</b>	<b>(28.424)</b>	<b>(331)</b>	<b>(1.967)</b>
18.1	Current tax provision		7.834	42.454	(19.116)	6.178
18.2	Expense effect of deferred tax (+)		73.727	74.038	54.351	16.383
18.3	Income effect of deferred tax (-)		80.902	88.068	34.904	20.594
<b>XIX.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVIII±XVIII)</b>	<b>IV-i</b>	<b>10.221</b>	<b>111.580</b>	<b>6.978</b>	<b>5.589</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1	Income from assets held for sale		-	-	-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-	-	-
20.3	Other income from discontinued operations		-	-	-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
21.1	Expenses on assets held for sale		-	-	-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-	-	-
21.3	Other expenses from discontinued operations		-	-	-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)</b>		-	-	-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
23.1	Current tax provision		-	-	-	-
23.2	Expense effect of deferred tax (+)		-	-	-	-
23.3	Income effect of deferred tax (-)		-	-	-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-	-	-
<b>XXV.</b>	<b>NET PROFIT/LOSS (XIX+XXIV)</b>	<b>IV-j</b>	<b>10.221</b>	<b>111.580</b>	<b>6.978</b>	<b>5.589</b>
25.1	Group's Profit / Loss		10.221	111.580	6.978	5.589
25.2	Minority Shares' Profit / Loss (-)		-	-	-	-
	Profit / (Loss) per share (1.000 nominal in TL full)		0,067	0,727	0,045	0,036

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

(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 AS AT 30 SEPTEMBER 2020 AND 30 SEPTEMBER 2019**

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

<b>IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		<b>Reviewed 30/09/2020</b>	<b>Reviewed 30/09/2019</b>
<b>I.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>10.221</b>	<b>111.580</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>17.736</b>	<b>(88.842)</b>
<b>2.1</b>	<b>Other comprehensive income not to be reclassified to profit or loss</b>	-	-
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	-	-
<b>2.2</b>	<b>Other comprehensive income to be reclassified to profit or loss</b>	<b>17.736</b>	<b>(88.842)</b>
2.2.1	Exchange differences on translation of foreign operations	(5.749)	143
2.2.2	Gains or losses on valuation or reclassification arising from financial assets at fair value through other comprehensive income	(785)	21.719
2.2.3	Gains or losses arising on cash flow hedges	30.894	(134.536)
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	(6.624)	23.832
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>27.957</b>	<b>22.738</b>

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 2020**

(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 30/09/2020	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves												
<b>I. Prior Period End Balance</b>	II-1	1.535.000	-	-	(736)	20.713	(5.096)	-	5.749	(2.396)	(32.138)	259.625	138.554	-	1.919.275	-	1.919.275
<b>II. Corrections according to TAS 8</b>																	
2.1 Effect of Corrections of Errors																	
2.2 Effect of Amendments in Accounting Policies																	
<b>III. New Balance (I+II)</b>		1.535.000	-	-	(736)	20.713	(5.096)	-	5.749	(2.396)	(32.138)	259.625	138.554	-	1.919.275	-	1.919.275
<b>IV. Total Comprehensive Income</b>									(5.749)	(612)	24.097			10.221	27.957		27.957
<b>V. Capital Increase in Cash</b>																	
<b>VI. Capital Increase in Internal Resources</b>																	
<b>VII. Adjustment to Share Capital</b>																	
<b>VIII. Convertible Bonds</b>																	
<b>IX. Subordinated Debt Instruments</b>																	
<b>X. Gain or Loss related to Other Changes</b>																	
<b>XI. Profit Distribution</b>												138.554	(138.554)				
11.1 Dividend Paid																	
11.2 Transfers to Reserves												138.554	(138.554)				
11.3 Other																	
<b>Period End Balance (III+IV+.....+X+XI)</b>		1.535.000	-	-	(736)	20.713	(5.096)	-	-	(3.008)	(8.041)	398.179	-	10.221	1.947.232	-	1.947.232

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 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								
Reviewed PRIOR PERIOD 30/09/2019	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	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						
I. Prior Period End Balance	II-I	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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+IV+.....+X+XI)</b>		<b>1.535.000</b>	<b>-</b>	<b>-</b>	<b>(736)</b>	<b>19.610</b>	<b>(3.058)</b>	<b>-</b>	<b>5.813</b>	<b>(6.031)</b>	<b>(23.722)</b>	<b>259.625</b>	<b>-</b>	<b>111.580</b>	<b>1.898.081</b>	<b>-</b>	<b>1.898.081</b>

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 2020 AND 30  
SEPTEMBER 2019**

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

<b>VI. STATEMENT OF CASH FLOWS</b>	<b>Note (Section Five)</b>	<b>Reviewed 30/09/2020</b>	<b>Reviewed 30/09/2019</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>730.616</b>	<b>147.298</b>
1.1.1 Interest Received		1.212.226	1.860.558
1.1.2 Interest Paid		(778.380)	(1.272.923)
1.1.3 Dividend Received		8	2.769
1.1.4 Fees and Commissions Received		31.037	22.066
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		286.117	243.325
1.1.7 Payments to Personnel and Service Suppliers		(195.943)	(174.017)
1.1.8 Taxes Paid		(20.287)	(12.588)
1.1.9 Other		195.838	(521.892)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>454.314</b>	<b>724.636</b>
1.2.1 Net Increase/(Decrease) in Financial Assets at Fair Value Through Profit or Loss		(37.571)	(26.528)
1.2.2 Net (Increase)/Decrease in Due from Banks and Other Financial Institutions		(476.772)	(68.750)
1.2.3 Net (Increase)/Decrease in Loans		(3.363.311)	1.274.373
1.2.4 Net (Increase)/Decrease in Other Assets		(1.655.907)	617.035
1.2.5 Net (Increase)/Decrease in Bank Deposits		(144.111)	(1.711)
1.2.6 Net Increase/(Decrease) in Other Deposits		3.188.699	1.377.068
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		2.452.476	(1.724.929)
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		490.811	(721.922)
<b>I. Net Cash Provided from Banking Operations</b>		<b>1.184.930</b>	<b>871.934</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>(168.857)</b>	<b>(23.813)</b>
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		(10.654)	(7.862)
2.4 Disposals of Property and Equipment		72.718	19.360
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(243.174)	(115.467)
2.6 Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income		180.027	80.156
2.7 Cash Paid for Purchase of Investment Securities		(167.774)	-
2.8 Cash Obtained from Sale of Investment Securities		-	-
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>-</b>	<b>-</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>115.640</b>	<b>14.391</b>
<b>V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>1.131.713</b>	<b>862.512</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>		<b>2.365.411</b>	<b>2.650.063</b>
<b>VII. Cash and Cash Equivalents at end of the Period</b>		<b>3.497.124</b>	<b>3.512.575</b>

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

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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

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**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.

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

Since it is aimed to update the financial information in the most recent annual financial statements in the interim financial statements prepared as of September 30, 2020, considering the magnitude of the economic changes due to COVID-19, the Group made certain estimates in the calculation of expected credit losses, and explained these on disclosure VIII. "Explanations on Expected Credit Losses". In the coming periods, the Group will update its relevant assumptions as necessary and revise the realizations of past estimates.

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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

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**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:**

None.

**c. Items subject to different accounting policies in the preparation of consolidated financial statements:**

None.

**II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS:**

The general strategy of the Group is using financial instruments to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Group is deposits. Additionally, the Group can also sustain a lengthened liability structure by using long-term borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Group and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Group as a result of foreign currency activities are being held at minimum levels and the exposed currency risk is followed within the levels determined by the Board of Directors, considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank’s foreign currency bid rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognized in the income statement under the account of “Foreign exchange gains or losses”.

As of 30 September 2020, foreign currency denominated balances are translated into TL using the exchange rates of TL 7,7522 and TL 9,0835 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.

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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

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**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 2020 and 31 December 2019.

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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

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

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

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

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

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

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 2020, 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.

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

(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.

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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

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

**VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):**

**b. Financial assets at fair value through other comprehensive income:**

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial assets with contractual terms that lead to cash flows that are solely payments of principal and interest at certain dates are classified as financial assets at fair value through other comprehensive income.

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

**d. Loans**

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

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

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



**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

(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.

Within the scope of Articles 4 and 5 of the Regulation on Principles and Procedures Regarding the Classification of Loans and Provisions in accordance with the BRSA Decision numbered 8948 dated March 17, 2020, due to the disruptions in economic and commercial activities resulting from the COVID-19 outbreak, the 90 days default period for loans to be classified as non-performing loans shall be applied as 180 days for loans classified Stage 1 and 2 according to assembly’s resolution dated on March 17, 2020. This measure will be effective until December 31, 2020. In this context,

- Temporarily, the application of classifying receivables that have not been collected until 180 days in Stage 2 has emerged.
- In restructured installment receivables, the practice of shifting installments without a contract breakdown, within the defined terms has started for customers who do not want to be late in their installments.
- In the process of completing the Pro-rata banks protocols, the time to be given to time-consuming operations was extended by a joint agreement.

Terminatively, this leads the Group to continue to allocate provisions for such receivables in accordance with their own risk models used in calculation of expected credit losses under TFRS 9.

In the BRSA's decision dated March 27, 2020 and numbered 8970, due to the COVID-19 outbreak, it was decided to apply the foreseen 30 day delay period as 90 days for the classification of loans to Stage 2 and to continue to allocate provisions under TFRS 9 until December 31, 2020.

Due to the uncertainty of the final process of the coronavirus outbreak, the expected credit losses impact cannot be predicted clearly. However, for possible effects, the Bank has allocated additional provisions with the updates made in its macroeconomic expectations in calculating the expected credit losses.

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.

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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

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

**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):**

The 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.

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.

**BURGAN BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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

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

**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):**

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.

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

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

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

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

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

The Group has no discontinued operations.

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

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

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:**

**a. Goodwill:**

As of 30 September 2020, the Group has no goodwill (31 December 2019: None).

**b. Other intangible assets:**

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

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

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:**

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

The Group has adopted the “revaluation method” in accordance with the “Communiqué Regarding the Principles and Procedures for the Tangible Assets (“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 Group has applied the changes in accounting policies due to the initial implementation of the "IFRS 16 Leases" standard, which is among the new standards, amendments and interpretations effective from 1 January 2019, in accordance with the transition obligations of the related standard.

On June 5, 2020, KGK made amendments to IFRS 16 "Leases" standard by publishing Concessions Granted in Lease Payments - "IFRS 16 Leases" in relation to COVID-19. With this change, lessee are exempted from the concessions granted to lessee due to COVID-19 in their lease payments, not to assess whether there is a change in the lease. The change in question did not have a significant impact on the financial status or performance of the Group.

**IFRS 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 IAS 16 Tangible Assets standard while depreciating the right to use an asset.

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

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

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued):**

**Lease Obligation:**

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

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

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

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

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

**XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:**

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

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

**XVI. EXPLANATIONS ON CONTINGENT ASSETS:**

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

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

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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 2020 (22% for 2019). 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".



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

**BURGAN BANK A.Ş.**

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

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

**XXII. EXPLANATIONS ON GOVERNMENT GRANTS:**

In accordance with the Law No. 5746 on Supporting Research and Development Activities, the total amount of incentives received by the Group from TUBITAK until the balance sheet date is TL 1.909 (31 December 2019: TL 884).

**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.

	<b>30 September 2020</b>	<b>30 September 2019</b>
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	10.221	111.580
Weighted Average Number of Issued Ordinary Shares (Thousand)	153.500.000	153.500.000
<b>Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)</b>	<b>0,067</b>	<b>0,727</b>

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.

**(CONSOLIDATED 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.)

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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:**

None.

**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 2020 Group's total capital has been calculated as TL 4.034.236 (31 December 2019: TL 3.622.102), consolidated standard capital adequacy ratio is 21,12% (31 December 2019: 18,95%).

Based on the press release made by the BRSA on March 23, 2020, due to the fluctuations in the financial markets as a result of the COVID-19 outbreak, in the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy; within monetary assets and non-monetary assets, excluding foreign currency items that are measured in terms of historical cost, when calculating the values of assets in accordance with Turkish Accounting Standards and the related specific provisions, it has been permitted to use the spot purchase exchange rate used in the preparation of the financial statements as of December 31, 2019 and if the revaluation differences of securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" which were acquired before March, 23, 2020 is negative, in accordance with the Communique related to Group's Equity it has been permitted that these differences may not be included in the calculation of the equity amount which will be used in capital adequacy calculation.

As of 30 September 2020, based on the BRSA's articles dated March 23, 2020, in the calculation of the capital adequacy ratio, in the calculation of the equity amount calculated without considering the negative valuation differences of marketable securities classified as "Financial Assets Measured at Fair Value through Other Comprehensive Income" obtained before this date and the credit risk basis amount, the foreign exchange buying rates, which are the basis for the preparation of the financial statements dated December 31, 2019, have been used by the Group.

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

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

**I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):**

**a. Information about total capital:**

	Current Period 30 September 2020	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
<b>COMMON EQUITY TIER I CAPITAL</b>				
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	397.443		258.889	
Gains recognized in equity as per TAS	109.595		140.761	
Profit	10.221		138.554	
Current Period Profit	10.221		138.554	
Prior Period Profit	-		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-		-	
<b>Common Equity Tier I Capital Before Deductions</b>	<b>2.052.259</b>		<b>2.073.204</b>	
<b>Deductions from Common Equity Tier I Capital</b>				
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	25.820		39.630	
Improvement costs for operating leasing	15.023		17.554	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	37.676	37.676	39.115	39.115
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	12.683		-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-		-	
Gains arising from securitization transactions	-		-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-		-	
Defined-benefit pension fund net assets	-		-	
Direct and indirect investments of the Bank in its own Common Equity	-		-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-		-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-		-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-		-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-		-	
Excess amount arising from mortgage servicing rights	-		-	
Excess amount arising from deferred tax assets based on temporary differences	-		-	
Other items to be defined by the BRSA	-		-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-		-	
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>91.202</b>		<b>96.299</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1.961.057</b>		<b>1.976.905</b>	

(\*) 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.

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

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

**I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):**

	Current Period 30 September 2020	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
<b>ADDITIONAL TIER I CAPITAL</b>				
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-	-	-
Debt instruments and premiums approved by BRSA	-	-	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-	-	-
<b>Deductions from Additional Tier I Capital</b>				
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>				
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-	-	-
<b>Total Additional Tier I Capital</b>	-	-	-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity + Additional Tier I Capital)</b>	<b>1.961.057</b>		<b>1.976.905</b>	
<b>TIER II CAPITAL</b>				
Debt instruments and share issue premiums deemed suitable by the BRSA	1.860.528		1.425.600	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-		-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	214.461		222.276	
<b>Tier II Capital Before Deductions</b>	<b>2.074.989</b>		<b>1.647.876</b>	
<b>Deductions from Tier II Capital</b>				
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-		-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	1.810		2.679	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-		-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Other items to be defined by the BRSA	-		-	
<b>Total Deductions from Tier II Capital</b>	<b>1.810</b>		<b>2.679</b>	
<b>Total Tier II Capital</b>	<b>2.073.179</b>		<b>1.645.197</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>4.034.236</b>		<b>3.622.102</b>	
<b>Deductions from Total Capital</b>				
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-		-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-		-	
Other items to be defined by the BRSA (-)	-		-	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>				
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	

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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):**

	Current Period 30 September 2020	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
<b>TOTAL CAPITAL</b>				
<b>Total Capital (Tier I and Tier II Capital)</b>	<b>4.034.236</b>		<b>3.622.102</b>	
Total risk weighted amounts	19.101.254		19.116.167	
<b>Capital Adequacy Ratios</b>				
Core Capital Adequacy Ratio (%)	10,27		10,34	
Tier I Capital Adequacy Ratio (%)	10,27		10,34	
Capital Adequacy Ratio (%)	21,12		18,95	
<b>BUFFERS</b>				
Total additional Tier I Capital requirement (a + b + c)	2,569		2,533	
a. Capital conservation buffer requirement (%)	2,500		2,500	
b. Bank specific counter-cyclical buffer requirement (%)	0,069		0,033	
c. Systematically important bank buffer ratio (%)	-		-	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	5,77		5,84	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>				
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Amount arising from deferred tax assets based on temporary differences	-		-	
Limits related to provisions considered in Tier II calculation	213.850		168.007	
<b>Limits related to provisions considered in Tier II calculation</b>				
General provisions for standard based receivables (before ten thousand twenty-five limitation)	830.711		585.475	
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	214.461		222.276	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

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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:**

<b>Details on debt instruments that will be included in equity calculation:</b>		
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)	697.698	1.162.830
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:**

	<b>T</b>	<b>T-1</b>	<b>T-2</b>
<b>EQUITY ITEMS</b>			
Common Equity Tier 1 Capital	1.961.057	1.922.958	1.884.858
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	1.884.858	1.884.858	1.884.858
Tier 1 Capital	1.961.057	1.922.958	1.884.858
Tier 1 Capital Without the Implementation of the Transition Process	1.884.858	1.884.858	1.884.858
Equity	4.110.435	4.072.336	4.034.236
Equity Without the Implementation of the Transition Process	4.034.236	4.034.236	4.034.236
<b>TOTAL RISK WEIGHTED AMOUNTS</b>			
Total Risk Weighted Amounts	19.101.254	19.101.254	19.101.254
<b>CAPITAL ADEQUACY RATIOS</b>			
Common Equity Tier 1 Capital Adequacy Ratio (%)	10,27	10,07	9,87
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	9,87	9,87	9,87
Tier 1 Capital Adequacy Ratio (%)	10,27	10,07	9,87
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	9,87	9,87	9,87
Capital Adequacy Ratio (%)	21,52	21,32	21,14
Capital Adequacy Ratio Without the Implementation of the Transition Process	21,12	21,12	21,12
<b>LEVERAGE RATIO</b>			
Leverage Ratio Total Risk Amount	32.678.642	32.678.642	32.678.642
Leverage Ratio (%)	6,02	5,88	5,79
Leverage Ratio Without the Implementation of the Transition Process	5,79	5,79	5,79



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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 Notification on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Newspaper no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Notification 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 2020:

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

		Risk Weighted Amounts		Minimum Capital Liability
		Current Period	Prior Period	Current Period
		30 September 2020	31 December 2019	30 September 2020
1	Credit risk (excluding counterparty credit risk) (CCR)	16.590.531	17.246.856	1.327.243
2	Standardised approach (SA)	16.590.531	17.246.856	1.327.243
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	566.373	535.184	45.310
5	Standardised approach for counterparty credit risk (SA-CCR)	566.373	535.184	45.310
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	451.892	111.282	36.151
17	Standardised approach (SA)	451.892	111.282	36.151
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	1.492.458	1.222.845	119.397
20	Basic indicator approach	1.492.458	1.222.845	119.397
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor Adjustments	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>19.101.254</b>	<b>19.116.167</b>	<b>1.528.101</b>

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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 2020	31 December 2019	30 September 2020	31 December 2019
<b>Bid rate</b>	<b>TL 9,0835</b>	<b>TL 6,6621</b>	<b>TL 7,7522</b>	<b>TL 5,9400</b>
1. Day Bid Rate	TL 9,0835	TL 6,6621	TL 7,7522	TL 5,9400
2. Day Bid Rate	TL 9,1281	TL 6,6506	TL 7,8080	TL 5,9402
3. Day Bid Rate	TL 9,0268	TL 6,6117	TL 7,7507	TL 5,9370
4. Day Bid Rate	TL 8,8050	TL 6,5759	TL 7,5546	TL 5,9302
5. Day Bid Rate	TL 8,9277	TL 6,5755	TL 7,6630	TL 5,9293

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 2020	31 December 2019	30 September 2020	31 December 2019
Arithmetic average – 30 days	TL 8,8653	TL 6,4983	TL 7,5160	TL 5,8455

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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
<b>30 September 2020</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	830.492	3.059.308	14.949	3.904.749
Due From Banks	204.295	459.600	4.232	668.127
Financial Assets at Fair Value Through Profit or Loss (*)	56.566	77.364	6	133.936
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	45.205	69.115	-	114.320
Loans (*)	10.510.026	3.451.629	-	13.961.655
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	528.597	-	528.597
Hedging Derivative Financial Assets (*)	1.262	598	-	1.860
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	28.864	120.415	44	149.323
<b>Total Assets</b>	<b>11.676.710</b>	<b>7.766.626</b>	<b>19.231</b>	<b>19.462.567</b>
<b>Liabilities</b>				
Bank Deposits	74.236	27.068	22	101.326
Foreign Currency Deposits	4.266.707	6.290.712	290.638	10.848.057
Funds From Interbank Money Market	14.538	248.668	-	263.206
Funds Borrowed From Other Financial Institutions	1.996.838	6.773.761	-	8.770.599
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	433.695	339.202	147	773.044
Hedging Derivative Financial Liabilities	2.641	26.616	-	29.257
Other Liabilities (*)	42.043	54.121	2.002	98.166
<b>Total Liabilities</b>	<b>6.830.698</b>	<b>13.760.148</b>	<b>292.809</b>	<b>20.883.655</b>
<b>Net On-balance Sheet Position</b>	<b>4.846.012</b>	<b>(5.993.522)</b>	<b>(273.578)</b>	<b>(1.421.088)</b>
<b>Net Off-balance Sheet Position</b>	<b>(4.308.616)</b>	<b>6.070.533</b>	<b>299.497</b>	<b>2.061.414</b>
Financial Derivative Assets	2.853.686	9.538.831	653.154	13.045.671
Financial Derivative Liabilities	7.162.302	3.468.298	353.657	10.984.257
<b>Non-Cash Loans (**)</b>	<b>1.846.962</b>	<b>1.476.458</b>	<b>159.358</b>	<b>3.482.778</b>
<b>31 December 2019</b>				
Total Assets (*)	8.581.361	5.856.613	16.574	14.454.548
Total Liabilities (*)	4.820.447	10.267.180	154.116	15.241.743
<b>Net On-balance Sheet Position</b>	<b>3.760.914</b>	<b>(4.410.567)</b>	<b>(137.542)</b>	<b>(787.195)</b>
<b>Net Off-balance Sheet Position</b>	<b>(3.409.210)</b>	<b>4.649.032</b>	<b>138.159</b>	<b>1.377.981</b>
Financial Derivative Assets	1.285.930	6.429.169	172.834	7.887.933
Financial Derivative Liabilities	4.695.140	1.780.137	34.675	6.509.952
<b>Non-Cash Loans (**)</b>	<b>1.081.865</b>	<b>1.566.223</b>	<b>76.254</b>	<b>2.724.342</b>

(\*) The above table shows the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets are classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts. Due to this, foreign currency indexed loans amounting to TL 177.715 (31 December 2019: TL 260.472) classified as Turkish Lira assets in the 30 September 2020 financial statements are added to the table above. Furthermore, in foreign currency assets “Income Accruals of Derivative Financial Instruments” amounting to TL 77.120 (31 December 2019: TL 19.087) and “Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 786.253 (31 December 2019: TL 534.807), in foreign currency liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 40.625 (31 December 2019: TL 39.869) and “Non-cash Loans Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 7.401 (31 December 2019: TL 7.158) and “Marketable Securities Valuation Reserve” with “Hedging Derivative Financials” amounting to TL (22.908) (31 December 2019: TL (16.190)) 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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**IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK:**

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

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

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

30 September 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets (***)</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	-	-	-	-	-	4.084.274	4.084.274
Due From Banks	654.240	40.000	-	-	-	55.961	750.201
Financial Assets at Fair Value Through Profit/Loss (*)	126.748	31.585	620.443	176.744	32.128	4.814	992.462
Interbank Money Market Placements	77.520	-	-	-	-	-	77.520
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	73.228	247.271	36.799	18.014	375.312
Loans	7.587.473	2.222.143	3.818.209	3.214.253	810.296	1.374.432	19.026.806
Financial Assets Measured at Amortized Cost	-	-	156.199	365.754	6.644	-	528.597
Other Assets	27.208	-	-	-	-	1.601.389	1.628.597
<b>Total Assets</b>	<b>8.473.189</b>	<b>2.293.728</b>	<b>4.668.079</b>	<b>4.004.022</b>	<b>885.867</b>	<b>7.138.884</b>	<b>27.463.769</b>
<b>Liabilities</b>							
Bank Deposits	-	72.722	-	-	-	28.917	101.639
Other Deposits	10.001.304	3.308.054	190.127	2.174	-	907.194	14.408.853
Funds From Interbank Money Market	26.004	-	248.648	14.538	-	-	289.190
Miscellaneous Payables	384	-	-	-	-	783.640	784.024
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	2.666.315	3.851.790	2.754.035	20.000	-	-	9.292.140
Other Liabilities (*) (**)	52.762	23.696	58.226	194.096	15.634	2.243.509	2.587.923
<b>Total Liabilities</b>	<b>12.746.769</b>	<b>7.256.262</b>	<b>3.251.036</b>	<b>230.808</b>	<b>15.634</b>	<b>3.963.260</b>	<b>27.463.769</b>
<b>Balance Sheet Long Position</b>	-	-	<b>1.417.043</b>	<b>3.773.214</b>	<b>870.233</b>	<b>3.175.624</b>	<b>9.236.114</b>
<b>Balance Sheet Short Position</b>	<b>(4.273.580)</b>	<b>(4.962.534)</b>	-	-	-	-	<b>(9.236.114)</b>
Off-balance Sheet Long Position	1.651.086	931.559	686.882	-	-	-	3.269.527
Off-balance Sheet Short Position	-	-	-	(2.530.484)	-	-	(2.530.484)
<b>Total Position</b>	<b>(2.622.494)</b>	<b>(4.030.975)</b>	<b>2.103.925</b>	<b>1.242.730</b>	<b>870.233</b>	<b>3.175.624</b>	<b>739.043</b>

(\*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 596.710 and other liabilities includes hedging derivative financial liabilities amounting to TL 103.491 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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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

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

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

31 December 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
<b>Assets (***)</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	-	-	-	-	-	2.162.662	2.162.662
Due From Banks	551.531	-	-	-	-	23.113	574.644
Financial Assets at Fair Value Through Profit/Loss (*)	72.433	117.591	387.448	59.713	32.629	751	670.565
Interbank Money Market Placements	557.969	-	-	-	-	-	557.969
Financial Assets at Fair Value Through Other Comprehensive Income	-	76.262	-	153.966	90.509	15.588	336.325
Loans	3.475.269	3.755.499	3.835.400	3.291.877	687.409	865.857	15.911.311
Financial Assets Measured at Amortized Costs	-	-	-	262.923	-	-	262.923
Other Assets	-	-	-	-	-	1.070.409	1.070.409
<b>Total Assets</b>	<b>4.657.202</b>	<b>3.949.352</b>	<b>4.222.848</b>	<b>3.768.479</b>	<b>810.547</b>	<b>4.138.380</b>	<b>21.546.808</b>
<b>Liabilities</b>							
Bank Deposits	148.507	53.383	-	-	-	20.910	222.800
Other Deposits	7.802.995	2.357.439	423.328	29.273	-	570.030	11.183.065
Funds From Interbank Money Market	20.991	190.523	-	-	-	-	211.514
Miscellaneous Payables	-	-	-	-	-	575.877	575.877
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	2.315.772	3.306.855	1.197.741	27.687	-	-	6.848.055
Other Liabilities (*) (**)	107.506	1.682	114.627	108.012	7.738	2.165.932	2.505.497
<b>Total Liabilities</b>	<b>10.395.771</b>	<b>5.909.882</b>	<b>1.735.696</b>	<b>164.972</b>	<b>7.738</b>	<b>3.332.749</b>	<b>21.546.808</b>
<b>Balance Sheet Long Position</b>	-	-	<b>2.487.152</b>	<b>3.603.507</b>	<b>802.809</b>	<b>805.631</b>	<b>7.699.099</b>
<b>Balance Sheet Short Position</b>	<b>(5.738.569)</b>	<b>(1.960.530)</b>	-	-	-	-	<b>(7.699.099)</b>
Off-balance Sheet Long Position	746.862	939.975	1.129.985	-	-	-	2.816.822
Off-balance Sheet Short Position	-	-	-	(2.285.809)	-	-	(2.285.809)
<b>Total Position</b>	<b>(4.991.707)</b>	<b>(1.020.555)</b>	<b>3.617.137</b>	<b>1.317.698</b>	<b>802.809</b>	<b>805.631</b>	<b>531.013</b>

(\*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 437.122 and other liabilities includes hedging derivative financial liabilities amounting to TL 77.913 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:

<b>30 September 2020</b>	<b>EUR</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due From Banks	0,03	0,15	-	12,32
Financial Assets at Fair Value Through Profit/Loss	4,87	1,10	-	10,68
Interbank Money Market Placements	-	-	-	10,84
Financial Assets at Fair Value Through Other Comprehensive Income	4,79	4,51	-	11,33
Loans	5,30	6,40	-	16,81
Financial Assets Measured at Amortized Cost	-	6,06	-	-
<b>Liabilities</b>				
Bank Deposits	1,18	-	-	-
Other Deposits (*)	1,10	2,42	-	11,44
Funds From Interbank Money Market	-	1,29	-	8,29
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,54	3,34	-	13,59

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

<b>31 December 2019</b>	<b>EUR</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due From Banks	-	0,76	-	11,11
Financial Assets at Fair Value Through Profit/Loss	3,46	3,10	-	10,49
Interbank Money Market Placements	-	-	-	9,78
Financial Assets at Fair Value Through Other Comprehensive Income	3,05	4,66	-	15,60
Loans	5,44	7,40	-	18,52
Financial Assets Measured at Amortized Cost	-	4,41	-	-
<b>Liabilities</b>				
Bank Deposits	0,99	1,41	-	-
Other Deposits (*)	0,65	2,39	-	12,02
Funds From Interbank Money Market	-	3,08	-	24,68
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,89	4,78	-	14,77

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

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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):**

**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.

<b>Currency</b>	<b>Applied Shock (+/- x basis point)</b>	<b>Earnings/(Losses)</b>	<b>Earnings/ Equities-Losses/Equities</b>
1. TRY	+500 bp	(23.365)	(0,6) %
2. TRY	-400 bp	21.260	0,5 %
3. EURO	+200 bp	(47.524)	(1,2) %
4. EURO	-200 bp	(11.456)	(0,3) %
5. USD	+200 bp	(1.187)	(0,0) %
6. USD	-200 bp	772	0,0 %
<b>Total (For Negative Shocks)</b>		<b>10.576</b>	<b>0,3 %</b>
<b>Total (For Positive Shocks)</b>		<b>(72.076)</b>	<b>(1,8) %</b>

**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 2020	Unweighted Amounts (*)		Weighted Amounts (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
<b>1 High Quality Liquid Assets</b>			<b>4.455.744</b>	<b>3.673.379</b>
<b>CASH OUTFLOWS</b>				
<b>2 Retail and Small Business Customers Deposits</b>	<b>8.941.973</b>	<b>5.729.143</b>	<b>848.361</b>	<b>572.914</b>
3 Stable deposits	916.722	-	45.836	-
4 Less stable deposits	8.025.251	5.729.143	802.525	572.914
<b>5 Unsecured Funding other than Retail and Small Business Customers Deposits</b>	<b>4.981.118</b>	<b>4.382.546</b>	<b>2.534.907</b>	<b>2.119.032</b>
6 Operational deposits	2.116.990	2.015.586	529.248	503.897
7 Non-Operational Deposits	1.793.174	1.580.855	934.705	829.030
8 Other Unsecured Funding	1.070.954	786.105	1.070.954	786.105
<b>9 Secured funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10 Other Cash Outflows</b>	<b>436.102</b>	<b>445.341</b>	<b>436.102</b>	<b>445.341</b>
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	436.102	445.341	436.102	445.341
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
<b>14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15 Other irrevocable or conditionally revocable commitments</b>	<b>3.850.597</b>	<b>3.053.141</b>	<b>488.331</b>	<b>354.282</b>
<b>16 TOTAL CASH OUTFLOWS</b>			<b>4.307.701</b>	<b>3.491.569</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	2.511.069	1.452.103	1.803.131	997.194
19 Other contractual cash inflows	20.987	181.630	20.987	181.630
<b>20 TOTAL CASH INFLOWS</b>	<b>2.532.056</b>	<b>1.633.733</b>	<b>1.824.118</b>	<b>1.178.824</b>
			<b>Upper Limit Applied Values</b>	
<b>21 TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>4.455.744</b>	<b>3.673.379</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>2.483.583</b>	<b>2.312.745</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>179,41</b>	<b>158,83</b>

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

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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):**

31 December 2019	Unweighted Amounts (*)		Weighted Amounts (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
<b>1 High Quality Liquid Assets</b>			<b>2.959.863</b>	<b>2.073.299</b>
<b>CASH OUTFLOWS</b>				
<b>2 Retail and Small Business Customers Deposits</b>	<b>7.535.330</b>	<b>4.496.728</b>	<b>712.697</b>	<b>449.673</b>
3 Stable deposits	816.734	-	40.837	-
4 Less stable deposits	6.718.596	4.496.728	671.860	449.673
<b>5 Unsecured Funding other than Retail and Small Business Customers Deposits</b>	<b>3.723.531</b>	<b>3.026.723</b>	<b>1.912.957</b>	<b>1.524.195</b>
6 Operational deposits	1.075.164	973.412	268.791	243.353
7 Non-Operational Deposits	2.199.011	1.782.885	1.194.810	1.010.416
8 Other Unsecured Funding	449.356	270.426	449.356	270.426
<b>9 Secured funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10 Other Cash Outflows</b>	<b>208.906</b>	<b>211.680</b>	<b>208.906</b>	<b>211.680</b>
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	208.906	211.680	208.906	211.680
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
<b>14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15 Other irrevocable or conditionally revocable commitments</b>	<b>3.141.140</b>	<b>2.427.506</b>	<b>385.804</b>	<b>277.514</b>
<b>16 TOTAL CASH OUTFLOWS</b>			<b>3.220.364</b>	<b>2.463.062</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	2.071.525	962.087	1.475.375	671.039
19 Other contractual cash inflows	14.098	131.056	14.098	131.056
<b>20 TOTAL CASH INFLOWS</b>	<b>2.085.623</b>	<b>1.093.143</b>	<b>1.489.473</b>	<b>802.095</b>
			<b>Upper Limit Applied Values</b>	
<b>21 TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>2.959.863</b>	<b>2.073.299</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>1.730.891</b>	<b>1.660.966</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>171,00</b>	<b>124,82</b>

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

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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):**

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 80% and securities issued by under secretariat of Treasury at a ratio of 13%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to bank debt at ratios of 23%, 45% and 10% 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 2020 is given below:

Date	FC	FC + TL
30 September 2020	408.259	408.259

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 2020, 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 (%)	261,00 %	296,00 %	115,27 %	138,53 %
Month	30.09.2020	30.09.2020	31.07.2020	31.07.2020

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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):**

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

<b>30 September 2020</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Unclassified (***)</b>	<b>Total</b>
<b>Assets (****)</b>								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1.737.310	2.346.964	-	-	-	-	-	4.084.274
Due From Banks	55.961	654.240	40.000	-	-	-	-	750.201
Financial Assets at Fair Value Through Profit or Loss (*)	-	69.542	29.277	242.988	613.098	32.743	4.814	992.462
Interbank Money Market Placements	-	77.520	-	-	-	-	-	77.520
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	73.228	247.271	36.799	18.014	375.312
Loans	-	3.123.329	2.341.934	3.112.048	6.555.632	2.519.431	1.374.432	19.026.806
Financial Assets Measured at Amortized Cost	-	-	-	156.199	365.754	6.644	-	528.597
Other Assets (**)	-	163.747	38.913	14.132	68.692	-	1.343.113	1.628.597
<b>Total Assets</b>	<b>1.793.271</b>	<b>6.435.342</b>	<b>2.450.124</b>	<b>3.598.595</b>	<b>7.850.447</b>	<b>2.595.617</b>	<b>2.740.373</b>	<b>27.463.769</b>
<b>Liabilities</b>								
Bank Deposits	28.917	-	72.722	-	-	-	-	101.639
Other Deposits	907.194	10.001.304	3.308.054	190.127	2.174	-	-	14.408.853
Funds Borrowed From Other Financial Institutions	-	227.253	305.497	4.840.281	2.744.506	1.174.603	-	9.292.140
Funds From Interbank Money Market	-	25.984	-	126.585	136.621	-	-	289.190
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	664.890	-	-	-	-	119.134	784.024
Other Liabilities (*) (***)	-	198.810	21.802	27.016	244.451	30.154	2.065.690	2.587.923
<b>Total Liabilities</b>	<b>936.111</b>	<b>11.118.241</b>	<b>3.708.075</b>	<b>5.184.009</b>	<b>3.127.752</b>	<b>1.204.757</b>	<b>2.184.824</b>	<b>27.463.769</b>
<b>Net Liquidity Gap</b>	<b>857.160</b>	<b>(4.682.899)</b>	<b>(1.257.951)</b>	<b>(1.585.414)</b>	<b>4.722.695</b>	<b>1.390.860</b>	<b>555.549</b>	<b>-</b>
<b>Net Off-balance sheet position</b>	<b>-</b>	<b>114.228</b>	<b>(137.513)</b>	<b>(308.133)</b>	<b>(3.635.044)</b>	<b>2.422</b>	<b>-</b>	<b>(3.964.040)</b>
Financial Derivative Assets	-	7.382.073	3.299.046	195.904	440.147	3.917	-	11.321.087
Financial Derivative Liabilities	-	(7.267.845)	(3.436.559)	(504.037)	(4.075.191)	(1.495)	-	(15.285.127)
<b>Non-cash Loans</b>	<b>-</b>	<b>2.808.914</b>	<b>429.248</b>	<b>767.687</b>	<b>244.034</b>	<b>4.637</b>	<b>-</b>	<b>4.254.520</b>
<b>31 December 2019</b>								
<b>Total Assets</b>	<b>936.845</b>	<b>4.006.003</b>	<b>2.493.065</b>	<b>3.133.671</b>	<b>7.022.692</b>	<b>2.229.336</b>	<b>1.725.196</b>	<b>21.546.808</b>
<b>Total Liabilities</b>	<b>592.535</b>	<b>8.765.426</b>	<b>2.673.240</b>	<b>3.325.832</b>	<b>3.104.299</b>	<b>1.007.676</b>	<b>2.077.800</b>	<b>21.546.808</b>
<b>Net Liquidity Gap</b>	<b>344.310</b>	<b>(4.759.423)</b>	<b>(180.175)</b>	<b>(192.161)</b>	<b>3.918.393</b>	<b>1.221.660</b>	<b>(352.604)</b>	<b>-</b>
<b>Net Off-balance sheet position</b>	<b>-</b>	<b>379.336</b>	<b>168.200</b>	<b>61.985</b>	<b>489.380</b>	<b>541</b>	<b>-</b>	<b>1.099.442</b>
Financial Derivative Assets	-	4.709.201	1.427.269	322.591	1.190.928	821	-	7.650.810
Financial Derivative Liabilities	-	(4.329.865)	(1.259.069)	(260.606)	(701.548)	(280)	-	(6.551.368)
<b>Non-cash Loans</b>	<b>-</b>	<b>2.457.879</b>	<b>246.823</b>	<b>566.093</b>	<b>204.173</b>	<b>4.279</b>	<b>-</b>	<b>3.479.247</b>

(\*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 596.710 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 103.491. 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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**VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:**

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

As of 30 September 2020, the leverage ratio of the Group calculated from the arithmetic average of the three months is 6,02% (31 December 2019: 7,46%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in the balance sheet and off-balance sheet assets.

**Disclosure of leverage ratio template:**

	30 September 2020 (*)	31 December 2019 (*)
<b>Balance sheet assets</b>		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	26.375.320	21.536.223
(Assets deducted from Core capital)	52.781	55.299
Total risk amount of balance sheet assets	26.322.539	21.480.924
<b>Derivative financial assets and credit derivatives</b>		
Cost of replenishment for derivative financial assets and credit derivatives	602.806	513.049
Potential credit risk amount of derivative financial assets and credit derivatives	144.595	101.092
Total risk amount of derivative financial assets and credit derivatives	747.401	614.141
<b>Financing transactions secured by marketable security or commodity</b>		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
<b>Off-balance sheet transactions</b>		
Gross notional amount of off-balance sheet transactions	5.608.704	4.315.837
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	5.608.704	4.315.837
<b>Capital and total risk</b>		
Core Capital	1.960.765	1.967.889
Total risk amount	32.678.644	26.410.902
<b>Leverage ratio</b>		
Leverage ratio	6,02 %	7,46 %

(\*) 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 2020, The Group applies cash flow hedge accounting using interest swaps to hedge its FC deposits and other liabilities with an average maturity up to 3 months against interest rate fluctuations. The Group implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TFRS 9, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with the statement of profit or loss.

As of the balance sheet date, derivative financial assets with a carrying amount of TL 596.710 (31 December 2019: TL 437.122) and derivative financial payables with a carrying amount of TL 103.491 (31 December 2019: TL 77.913), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value income at the amount of TL 24.097 (31 December 2019: TL (113.354) fair value expense) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2019: 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	596.620	89.880	16.470	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	90	13.611	(24.511)	-

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 2019: None).

The measurements conducted as of 30 September 2020 show that the cash flow hedging transactions shown above are effective.

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

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

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

**X. EXPLANATIONS ON OPERATING SEGMENTS:**

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

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

Corporate and commercial banking provides services like loan, deposit, cash management, foreign trade financing, non-cash loans, foreign currency transaction services to customers.

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

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

The prior period information is presented as of 31 December 2019 for balance sheet items and 30 September 2019 for income statement items.

	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Other and Unclassified (*)</b>	<b>Total Operations of the Bank</b>
<b>30 September 2020</b>					
Net Interest Income	73.832	300.442	46.173	131.592	552.039
Net Fees and Commissions	1.826	23.960	-	3.945	29.731
Trading Profit/Loss	19.764	2.581	67.220	25.494	115.059
Other Operating Income	1.493	19.054	-	28.366	48.913
<b>Operating Income</b>	<b>96.915</b>	<b>346.037</b>	<b>113.393</b>	<b>189.397</b>	<b>745.742</b>
<b>Operating Costs (-)</b>	<b>68.909</b>	<b>379.433</b>	<b>28.765</b>	<b>257.763</b>	<b>734.870</b>
<b>Net Operating Income</b>	<b>28.006</b>	<b>(33.396)</b>	<b>84.628</b>	<b>(68.366)</b>	<b>10.872</b>
Dividend Income	-	-	-	8	8
Income/Loss from subsidiaries based on equity method	-	-	-	-	-
<b>Profit Before Tax</b>	<b>28.006</b>	<b>(33.396)</b>	<b>84.628</b>	<b>(68.358)</b>	<b>10.880</b>
Tax Provisions (-)	6.161	(7.347)	18.618	(16.773)	659
<b>Net Profit/(Loss)</b>	<b>21.845</b>	<b>(26.049)</b>	<b>66.010</b>	<b>(51.585)</b>	<b>10.221</b>
Segment Assets	2.052.399	15.945.525	4.529.218	4.016.461	26.543.603
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	920.166	920.166
<b>Total Assets</b>	<b>2.052.399</b>	<b>15.945.525</b>	<b>4.529.218</b>	<b>4.936.627</b>	<b>27.463.769</b>
Segments Liabilities	9.586.940	4.812.514	6.446.877	4.670.206	25.516.537
Unallocated Liabilities	-	-	-	1.947.232	1.947.232
<b>Total Liabilities</b>	<b>9.586.940</b>	<b>4.812.514</b>	<b>6.446.877</b>	<b>6.617.438</b>	<b>27.463.769</b>

(\*) Other operations include non-distributable items of Parent Bank and operations of Burgan Finansal Kiralama A.Ş., Burgan Yatırım Menkul Değerler A.Ş.



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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):**

		Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
<b>30 September 2019</b>	<b>Retail Banking</b>				
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
<b>Operating Income</b>	<b>103.357</b>	<b>441.724</b>	<b>30.394</b>	<b>138.346</b>	<b>713.821</b>
<b>Operating Costs (-)</b>	<b>87.627</b>	<b>274.508</b>	<b>27.659</b>	<b>186.792</b>	<b>576.586</b>
<b>Net Operating Income</b>	<b>15.730</b>	<b>167.216</b>	<b>2.735</b>	<b>(48.446)</b>	<b>137.235</b>
Dividend Income	-	-	-	2.769	2.769
Income/(Loss) from subsidiaries based on equity method	-	-	-	-	-
<b>Profit Before Tax</b>	<b>15.730</b>	<b>167.216</b>	<b>2.735</b>	<b>(45.677)</b>	<b>140.004</b>
Tax Provisions (-)	3.461	36.787	602	(12.426)	28.424
<b>Net Profit / Loss</b>	<b>12.269</b>	<b>130.429</b>	<b>2.133</b>	<b>(33.251)</b>	<b>111.580</b>
<b>31 December 2019</b>					
Segment Assets	1.531.640	12.784.757	3.259.495	3.177.963	20.753.855
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	792.953	792.953
<b>Total Assets</b>	<b>1.531.640</b>	<b>12.784.757</b>	<b>3.259.495</b>	<b>3.970.916</b>	<b>21.546.808</b>
Segments Liabilities	7.900.248	3.248.989	4.793.910	3.684.386	19.627.533
Unallocated Liabilities	-	-	-	1.919.275	1.919.275
<b>Total Liabilities</b>	<b>7.900.248</b>	<b>3.248.989</b>	<b>4.793.910</b>	<b>5.603.661</b>	<b>21.546.808</b>

(\*) Other operations include non-distributable items of Parent Bank and 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 partnerships 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 2020		31 December 2019	
	TL	FC	TL	FC
Cash/Foreign currency	15.390	281.338	16.388	126.008
CBRT	164.135	3.617.403	156.249	1.864.017
Other	-	6.008	-	-
<b>Total</b>	<b>179.525</b>	<b>3.904.749</b>	<b>172.637</b>	<b>1.990.025</b>

2. Information on the account of the CBRT:

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Demand Unrestricted Amount	164.135	1.071.201	156.249	771.221
Time Unrestricted Amount	-	363.340	-	-
Time Restricted Amount	-	2.182.862	-	1.092.796
<b>Total</b>	<b>164.135</b>	<b>3.617.403</b>	<b>156.249</b>	<b>1.864.017</b>

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. As for Turkish lira denominated required reserves, interest is paid to banks that provide credit growth in accordance with the CBRT’s communique on December 9, 2019 and numbered 2019/19.

As of 30 September 2020, the valid TL required reserve rates vary between 1% and 7% according to their maturities (31 December 2019: Between 1% and 7%). The valid foreign currency required reserve rates vary between 8% and 24% according to their maturities (31 December 2019: Between 5% and 21%).

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

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

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

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

As of 30 September 2020, there are TL 93 subject to assets given as collateral/blocked to financial assets at fair value through profit or loss (31 December 2019: TL 150).

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

As of 30 September 2020, there is no amount subject to repo transactions from financial assets at fair value through profit or loss (31 December 2019: None).

**c. Information on banks:**

1. Information on banks:

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Banks				
Domestic	82.093	342.512	541.238	4.451
Foreign	-	325.615	-	29.016
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>82.093</b>	<b>668.127</b>	<b>541.238</b>	<b>33.467</b>

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

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

As of 30 September 2020, there are TL 194.232 financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2019: TL 203.247).

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

There are TL 26.079 financial assets at fair value through other comprehensive income subject to repurchase agreements. (31 December 2019: TL 11.651).

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

	30 September 2020	31 December 2019
Debt Securities	361.523	323.080
Quoted on Stock Exchange	361.523	323.080
Not Quoted	-	-
Share Certificates	18.014	15.597
Quoted on Stock Exchange	-	-
Not Quoted	18.014	15.597
Impairment Provision (-)	4.225	2.352
<b>Total</b>	<b>375.312</b>	<b>336.325</b>

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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 2020		31 December 2019	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	10.865	-	35.560
Corporate Shareholders	-	10.865	-	35.560
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	4.597	-	4.227	-
<b>Total</b>	<b>4.597</b>	<b>10.865</b>	<b>4.227</b>	<b>35.560</b>

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

i.

	Standard Loans (*)	Loans and Other Receivables Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Re-finance
<b>Cash Loans</b>				
Non-Specialized Loans	12.656.665	1.157.580	1.646.579	-
Loans given to enterprises	-	-	-	-
Export Loans	432.418	56.974	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.346.042	-	-	-
Consumer Loans	301.191	13.482	12.830	-
Credit Cards	-	-	-	-
Other	10.577.014	1.087.124	1.633.749	-
Specialized Loans	-	-	-	-
Other Receivables (**)	2.158.808	308.006	544.616	-
<b>Total</b>	<b>14.815.473</b>	<b>1.465.586</b>	<b>2.191.195</b>	<b>-</b>

(\*) 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
<b>General Provisions (*)</b>	<b>58.896</b>	<b>771.816</b>
12 Month Expected Credit Losses	58.896	-
Significant Increase in Credit Risk	-	771.816

(\*) 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
<b>Consumer Loans-TL</b>	<b>12.058</b>	<b>299.548</b>	<b>311.606</b>
Real estate loans	-	57.731	57.731
Automotive loans	-	4.904	4.904
Consumer loans	12.058	236.913	248.971
Other	-	-	-
<b>Consumer Loans-FC Indexed</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	-	<b>6.035</b>	<b>6.035</b>
Real estate loans	-	5.963	5.963
Automotive loans	-	-	-
Consumer loans	-	72	72
Other	-	-	-
<b>Individual Credit Cards-TL</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Individual Credit Cards-FC</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Personnel Loans-TL</b>	<b>368</b>	<b>4.229</b>	<b>4.597</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	368	4.229	4.597
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Personnel Credit Cards-FC</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Credit Deposit Account-TL (Real Person)</b>	<b>5.265</b>	-	<b>5.265</b>
<b>Credit Deposit Account-FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>17.691</b>	<b>309.812</b>	<b>327.503</b>

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**BURGAN BANK A.Ş.**

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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
<b>Commercial Installments Loans-TL</b>	<b>76.512</b>	<b>1.054.793</b>	<b>1.131.305</b>
Real estate loans	-	-	-
Automotive loans	-	997	997
Consumer loans	76.512	1.053.796	1.130.308
Other	-	-	-
<b>Commercial Installments Loans-FC Indexed</b>	<b>-</b>	<b>142.088</b>	<b>142.088</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	142.088	142.088
Other	-	-	-
<b>Commercial Installments Loans-FC</b>	<b>98.869</b>	<b>7.411.778</b>	<b>7.510.647</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	98.869	7.411.778	7.510.647
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Corporate Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>928</b>	<b>-</b>	<b>928</b>
<b>Credit Deposit Account-FC (Legal Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>176.309</b>	<b>8.608.659</b>	<b>8.784.968</b>

5. Loans according to types of borrowers (\*):

	30 September 2020	31 December 2019
Public	176.528	129.080
Private	18.295.726	15.485.239
<b>Total</b>	<b>18.472.254</b>	<b>15.614.319</b>

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

6. Distribution of domestic and foreign loans (\*):

	30 September 2020	31 December 2019
Domestic Loans	18.464.825	15.607.499
Foreign Loans	7.429	6.820
<b>Total</b>	<b>18.472.254</b>	<b>15.614.319</b>

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

7. Loans given to investments in associates and subsidiaries:

None (31 December 2019: 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 2020	31 December 2019
Loans with Limited Collectability	294.626	49.369
Loans with Doubtful Collectability	47.284	115.215
Uncollectible Loans	296.230	162.331
<b>Total</b>	<b>638.140</b>	<b>326.915</b>

(\*) It includes the “Provisions for 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
<b>30 September 2020</b>			
Gross Amounts before the Provisions	-	-	-
Restructured Loans	-	779	10.571
<b>31 December 2019</b>			
Gross Amounts before the Provisions	-	-	-
Restructured Loans	1.028	1.963	8.201

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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 (\*):

	<b>III. Group Loans with limited collectability</b>	<b>IV. Group Loans with doubtful collectability</b>	<b>V. Group Uncollectible loans</b>
<b>Prior Period End Balance</b>	<b>201.830</b>	<b>334.836</b>	<b>656.106</b>
Additions (+)	860.412	158.437	44.794
Transfers from Other Categories of Non-performing Loans (+)	42.381	285.418	391.676
Transfers to Other Categories of Non-performing Loans (-)	285.418	391.676	-
Collections (-)	13.949	102.174	169.994
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>805.256</b>	<b>284.841</b>	<b>922.582</b>
<b>Specific Provision (-)</b>	<b>294.626</b>	<b>47.284</b>	<b>296.230</b>
<b>Net Balance on Balance Sheet</b>	<b>510.630</b>	<b>237.557</b>	<b>626.352</b>

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

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

	<b>III. Group Loans with limited collectability</b>	<b>IV. Group Loans with doubtful collectability</b>	<b>V. Group Uncollectible loans</b>
<b>30 September 2020</b>			
Period-End Balance	738.402	228.017	297.938
Specific Provision (-)	267.361	31.224	122.491
<b>Net Balance on balance sheet</b>	<b>471.041</b>	<b>196.793</b>	<b>175.447</b>
<b>31 December 2019</b>			
Period-End Balance	119.529	95.434	231.067
Specific Provision (-)	35.899	39.551	67.835
<b>Net Balance on balance sheet</b>	<b>83.630</b>	<b>55.883</b>	<b>163.232</b>

(\*) 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
<b>30 September 2020</b>			
<b>Current Period (Net)</b>	<b>510.630</b>	<b>237.557</b>	<b>626.352</b>
Loans Given to Real Persons and Legal Persons (Gross)	746.433	47.836	843.287
Provision Amount (-)	278.548	11.349	267.079
Loans Given to Real Persons and Legal Persons (Net)	467.885	36.487	576.208
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	58.823	237.005	79.295
Provision Amount (-)	16.078	35.935	29.151
Other Loans and Receivables (Net)	42.745	201.070	50.144
<b>Prior Period (Net)</b>	<b>152.461</b>	<b>219.621</b>	<b>493.775</b>
Loans Given to Real Persons and Legal Persons (Gross)	110.211	300.585	536.348
Provision Amount (-)	33.942	107.190	135.451
Loans Given to Real Persons and Legal Persons (Net)	76.269	193.395	400.897
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	91.619	34.251	119.758
Provision Amount (-)	15.427	8.025	26.880
Other Loans and Receivables (Net)	76.192	26.226	92.878

(\*) 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. Information on write-off policy:

Write-offs are carried out within the framework of legal legislation.

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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:**

	<b>III. Group:</b>	<b>IV. Group:</b>	<b>V. Group:</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectible loans</b>
<b>Current Period (Net)</b>	<b>17.961</b>	<b>1.041</b>	<b>74.487</b>
Interest Accruals and Valuation Differences	27.968	1.416	127.685
Provision Amount (-)	10.007	375	53.198
<b>Prior Period (Net)</b>	<b>11.282</b>	<b>34.873</b>	<b>34.259</b>
Interest Accruals and Valuation Differences	17.656	55.354	56.507
Provision Amount (-)	6.374	20.481	22.248

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

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

	<b>30 September 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Bonds	-	-	-	-
Bonds and Similar Securities	-	314.809	-	247.227
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>314.809</b>	<b>-</b>	<b>247.227</b>

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

	<b>30 September 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Bonds	-	-	-	-
Bonds and Similar Securities	-	56.163	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>56.163</b>	<b>-</b>	<b>-</b>

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

	<b>30 September 2020</b>	<b>31 December 2019</b>
Government Bond	528.597	262.923
Treasury Bond	-	-
Other Public Debt Securities	-	-
<b>Total</b>	<b>528.597</b>	<b>262.923</b>

4. Information on financial assets measured at amortized cost:

	<b>30 September 2020</b>	<b>31 December 2019</b>
Debt securities	528.597	262.923
Publicly-traded	528.597	262.923
Not publicly-traded	-	-
Provision for impairment (-)	-	-
<b>Total</b>	<b>528.597</b>	<b>262.923</b>

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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 2020	31 December 2019
Opening balance	262.923	236.801
Foreign exchange differences in monetary assets	97.900	26.122
Purchases during the year	167.774	-
Disposals through Sales and Redemptions	-	-
Value decrease equivalent (-)	-	-
<b>Period end balance</b>	<b>528.597</b>	<b>262.923</b>

**h. Information on investments in associates (Net):**

None. (31 December 2019: 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 2019: None).

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

None. (31 December 2019: None).

4. Information on consolidated subsidiaries:

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

(\*) The liquidation process of Burgan Wealth Limited Company, which is a subsidiary of Burgan Investment, was approved by Dubai Financial Services Authority (DFSA) on 15 July 2020 and the liquidation process of the Company was completed.

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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	4.090.631	385.977	425.393	247.632	-	9.548	20.514	-
2	184.808	153.514	2.188	11.297	11	11.737	12.403	-

6. Movement schedules of consolidated subsidiaries:

	30 September 2020	31 December 2019
<b>Balance at the beginning of the Period</b>	<b>523.728</b>	<b>381.091</b>
<b>Movements during the Period</b>	<b>15.678</b>	<b>142.637</b>
Purchases	-	100.000
Bonus Shares Obtained	-	-
Dividends from Current Year Income	21.285	61.683
Sales	-	-
Revaluation Increase/Decrease (*)	(5.607)	(19.046)
Impairment Provision	-	-
<b>Balance at the end of the Period</b>	<b>539.406</b>	<b>523.728</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the end of the Period (%)</b>	<b>99,99%</b>	<b>99,99%</b>

(\*) Includes the data before consolidation procedures.

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

Subsidiaries	30 September 2020	31 December 2019
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	462.969	453.279
Finance Companies	-	-
Other Financial Subsidiaries	76.437	70.449
<b>Total</b>	<b>539.406</b>	<b>523.728</b>

(\*) Includes data given prior to consolidation applications.

8. Subsidiaries quoted on stock exchange:

None (31 December 2019: 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 2019: None).

**k. Information on lease receivables (net):**

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

	30 September 2020		31 December 2019	
	Gross	Net	Gross	Net
Less than 1 year	1.198.073	1.170.355	898.754	679.943
Between 1-4 years	1.663.170	1.359.110	1.981.806	1.493.095
More than 4 years	1.188.300	857.088	698.379	770.093
<b>Total</b>	<b>4.049.543</b>	<b>3.386.553</b>	<b>3.578.939</b>	<b>2.943.131</b>

**l. Information on derivative financial assets:**

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

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Forward Transactions	4.976	4.601	10.508	939
Swap Transactions	157.742	146.038	112.328	69.496
Futures Transactions	3.592	-	2	-
Options	516	3.463	317	3.561
Other	-	-	-	-
<b>Total</b>	<b>166.826</b>	<b>154.102</b>	<b>123.155</b>	<b>73.996</b>

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

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	607.318	(10.608)	432.335	4.787
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>607.318</b>	<b>(10.608)</b>	<b>432.335</b>	<b>4.787</b>

**m. Information on investment properties:**

None (31 December 2019: 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 2020, the Group has netted-off the calculated deferred tax asset of TL 238.607 (31 December 2019: TL 158.801) and deferred tax liability of TL 172.212 (31 December 2019: TL 92.957) on the basis of company in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 66.395 (31 December 2019: TL 65.844 net deferred tax asset) in the financial statements. Transferred Financial Loss

As of 30 September 2020 and 31 December 2019, the accumulated temporary differences and the detail of the deferred tax assets/liabilities are as follows:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Transferred Financial Loss	78.659	-	17.305	-
Provision for Legal Cases	17.136	14.170	3.770	3.117
General Provisions and Other Provisions	904.314	592.599	198.949	130.372
Reserve for Employee Rights	28.132	26.178	6.189	5.759
Unearned Revenue	28.897	58.504	6.357	12.871
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	-	37.427	-	554
Other	27.441	27.860	6.037	6.128
<b>Deferred Tax Assets</b>	<b>1.084.579</b>	<b>756.738</b>	<b>238.607</b>	<b>158.801</b>
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	90.657	17.442	17.387	3.840
Valuation Differences of Derivative Instruments	692.036	396.852	152.247	87.307
Other	11.723	8.221	2.578	1.810
<b>Deferred Tax Liabilities</b>	<b>794.416</b>	<b>422.515</b>	<b>172.212</b>	<b>92.957</b>
<b>Deferred Tax Assets/(Liabilities) (Net)</b>			<b>66.395</b>	<b>65.844</b>

The deferred tax asset/liability summary is as follows:

	30 September 2020	31 December 2019
<b>Balance as of 1 January</b>	<b>65.844</b>	<b>16.757</b>
Current year deferred tax income/(expense), net	7.175	23.435
Deferred tax charged to equity, net	(6.624)	25.652
<b>Balance at the End of the Period</b>	<b>66.395</b>	<b>65.844</b>

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(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 549.381 (31 December 2019: TL 409.415) and has no discontinued operations.

	<b>30 September 2020</b>	<b>31 December 2019</b>
<b>Prior Period</b>		
Cost	409.843	113.895
Accumulated Depreciation (-)	428	510
<b>Net Book Value</b>	<b>409.415</b>	<b>113.385</b>
<b>Current Period</b>		
Net book value at beginning of the period	409.415	113.385
Additions	213.026	332.839
Disposals (-), net	72.719	35.370
Impairment (-)	341	1.439
Depreciation (-)	-	-
Cost	549.754	409.843
Accumulated Depreciation (-)	373	428
<b>Closing Net Book Value</b>	<b>549.381</b>	<b>409.415</b>

**p. Information on other assets:**

Other assets amount to TL 368.721 (31 December 2019: TL 220.030) 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 2020:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	56.186	-	355.358	2.529.219	69.527	23.032	126.978	4	3.160.304
Foreign Currency Deposits	680.187	-	939.094	8.840.223	278.534	53.656	50.900	-	10.842.594
Residents in Turkey	611.144	-	929.018	8.741.353	275.387	51.897	39.295	-	10.648.094
Residents Abroad	69.043	-	10.076	98.870	3.147	1.759	11.605	-	194.500
Public Sector Deposits	23.307	-	-	-	-	-	-	-	23.307
Commercial Deposits	138.594	-	71.734	137.097	2.939	-	229	-	350.593
Other Institutions Deposits	3.458	-	5.926	17.060	-	149	-	-	26.593
Precious Metal Deposits	5.462	-	-	-	-	-	-	-	5.462
Bank Deposits	28.917	-	-	72.722	-	-	-	-	101.639
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	434	-	-	-	-	-	-	-	434
Foreign Banks	28.483	-	-	72.722	-	-	-	-	101.205
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>936.111</b>	<b>-</b>	<b>1.372.112</b>	<b>11.596.321</b>	<b>351.000</b>	<b>76.837</b>	<b>178.107</b>	<b>4</b>	<b>14.510.492</b>

ii. 31 December 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	49.770	-	439.397	2.225.553	15.482	67.162	282.974	40	3.080.378
Foreign Currency Deposits	380.732	-	722.709	6.163.650	149.637	78.931	61.293	-	7.556.952
Residents in Turkey	361.783	-	702.950	6.078.883	147.360	75.909	54.677	-	7.421.562
Residents Abroad	18.949	-	19.759	84.767	2.277	3.022	6.616	-	135.390
Public Sector Deposits	43.782	-	-	-	-	-	-	-	43.782
Commercial Deposits	93.533	-	103.879	188.649	11.428	54.188	146	-	451.823
Other Institutions Deposits	2.213	-	4.046	43.871	-	-	-	-	50.130
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	20.910	-	148.507	53.383	-	-	-	-	222.800
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	344	-	148.507	-	-	-	-	-	148.851
Foreign Banks	20.566	-	-	53.383	-	-	-	-	73.949
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>590.940</b>	<b>-</b>	<b>1.418.538</b>	<b>8.675.106</b>	<b>176.547</b>	<b>200.281</b>	<b>344.413</b>	<b>40</b>	<b>11.405.865</b>



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**BURGAN BANK A.Ş.**

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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 2020	31 December 2019	30 September 2020	31 December 2019
<b>Saving Deposits</b>				
Saving Deposits	1.216.994	1.268.116	1.943.310	1.812.262
Foreign Currency Savings Deposit	698.589	622.528	5.454.604	3.996.749
Other Deposits in the Form of Savings Deposits	917	-	4.545	-
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
<b>Total</b>	<b>1.916.500</b>	<b>1.890.644</b>	<b>7.402.459</b>	<b>5.809.011</b>

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 2020	31 December 2019
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	14.256	10.890
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 “TCK” Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
<b>Total</b>	<b>14.256</b>	<b>10.890</b>

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

None (31 December 2019: 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 2020		31 December 2019	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	521.541	774.922	212.492	336.008
From Foreign Banks, Institutions and Funds	-	5.655.662	16.287	4.485.343
<b>Total</b>	<b>521.541</b>	<b>6.430.584</b>	<b>228.779</b>	<b>4.821.351</b>

2. Information on maturity structure of borrowings:

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Short-term	248.444	2.297.858	103.779	1.229.361
Medium and Long-term	273.097	4.132.726	125.000	3.591.990
<b>Total</b>	<b>521.541</b>	<b>6.430.584</b>	<b>228.779</b>	<b>4.821.351</b>

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 2020, deposits and borrowings from Group’s risk group comprise 1,4% (31 December 2019: 1,4%) of total deposits. Besides this, borrowings from Group’s risk group comprise 58,6% (31 December 2019: 75,4%) of subordinated and other borrowings.

**d. Information on marketable securities issued:**

None (31 December 2019: None).

**e. Information on other foreign liabilities:**

Other foreign liabilities amounting to TL 976.770 (31 December 2019: TL 687.272) 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 2020		31 December 2019	
	Gross	Net	Gross	Net
Less than 1 year	3.932	3.718	8.892	6.288
Between 1-4 years	8.907	7.237	15.023	13.162
More than 4 years	80.941	57.607	123.731	99.518
<b>Total</b>	<b>93.780</b>	<b>68.562</b>	<b>147.646</b>	<b>118.968</b>

**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 2020		31 December 2019	
	TL	FC	TL	FC
Forward Transactions	3.185	2.295	6.963	1.247
Swap Transactions	41.892	122.822	47.041	87.983
Futures Transactions	2.419	-	10	-
Options	153	1.563	18	3.319
Other	-	-	-	-
<b>Total</b>	<b>47.649</b>	<b>126.680</b>	<b>54.032</b>	<b>92.549</b>

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

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	74.198	29.293	66.656	11.257
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>74.198</b>	<b>29.293</b>	<b>66.656</b>	<b>11.257</b>

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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 2020, the payment amount which is one month’s salary for each working year is restricted to TL 7.117,17 (31 December 2019: TL 6.379,86). 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:

	<b>30 September 2020</b>	<b>31 December 2019</b>
Discount rate (%)	3,26	3,26
Salary increase rate (%)	8,50	8,50
Average remaining work period (Year)	11,60	11,60

Movement of reserve for employment termination benefits during the period:

	<b>30 September 2020</b>	<b>31 December 2019</b>
Prior Period End Balance	19.641	14.517
Service cost	5.745	2.875
Interest cost	-	1.926
Settlement cost	-	578
Actuarial loss/gain	-	2.646
Benefits paid (-)	1.499	2.901
<b>Total</b>	<b>23.887</b>	<b>19.641</b>

In addition, as of 30 September 2020 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 9.321 (31 December 2019: TL 33.099).

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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 2019: None).

ii. Information on other provisions:

The Group has set aside under other provisions amounting to TL 17.136 (31 December 2019: TL 14.170) for lawsuits, TL 19.896 (31 December 2019: TL 24.141) for provisions for non-cash loans that are not converted to cash and are not indemnified. There is provision for miscellaneous receivables in the current period amounting to TL 170 (31 December 2019: None).

**i. Information on taxes payable:**

1. Information on tax provision:

As of 30 September 2020, corporate tax provision is TL 1.375 (31 December 2019: TL 10.459).

2. Information on taxes payable:

	30 September 2020	31 December 2019
Corporate Tax Payable	1.375	10.459
Taxation of Marketable Securities	10.303	10.601
Property Tax	172	76
Banking Insurance Transaction Tax	6.138	8.451
Foreign Exchange Transaction Tax	811	241
Value Added Tax Payable	322	574
Other	7.220	6.156
<b>Total</b>	<b>26.341</b>	<b>36.558</b>

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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 2020	31 December 2019
Social Security Premiums-Employee	1.866	1.620
Social Security Premiums-Employer	2.124	1.825
Bank Social Aid Pension Fund Premiums-Employee	-	-
Bank Social Aid Pension Fund Premiums-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	10	-
Pension Fund Membership Fee and Provisions-Employer	9	-
Unemployment Insurance-Employee	119	103
Unemployment Insurance-Employer	237	208
Other	447	-
<b>Total</b>	<b>4.812</b>	<b>3.756</b>

4. Explanations on deferred tax asset/liability:

As of 30 September 2020, the Group has netted-off the calculated deferred tax asset of TL 238.607 (31 December 2019: TL 158.801) and tax liability of TL 172.212 (31 December 2019: TL 92.957) on a company basis in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 66.395 (31 December 2019: TL 65.844 net deferred tax asset) in the financial statements.

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

None (31 December 2019: 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	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 2020		31 December 2019	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	2.340.015	-	1.797.925
Other Foreign	-	-	-	-
<b>Total</b>	-	<b>2.340.015</b>	-	<b>1.797.925</b>

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
<b>Debt Instruments Subject to Common Equity</b>	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
<b>Debt Instruments Subject to Tier 2 Equity</b>	-	<b>2.340.015</b>	-	<b>1.797.925</b>
Subordinated Loans	-	2.340.015	-	1.797.925
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	-	<b>2.340.015</b>	-	<b>1.797.925</b>

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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 2020	31 December 2019
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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**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 2020		31 December 2019	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Controlled Partnerships (Joint Ventures)	-	-	-	-
Valuation Difference	(824)	(2.184)	5.674	(2.321)
Foreign Currency Translation Difference	-	-	-	-
<b>Total</b>	<b>(824)</b>	<b>(2.184)</b>	<b>5.674</b>	<b>(2.321)</b>

9. Information on tangible assets revaluation reserve:

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	20.713	-	20.713	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables (*)	1.413	-	1.413	-

(\*) Classified under other capital reserves.

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

In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on March 26, 2020; TL 138.554 including the effects of TMS 27 Standard, which is the profit of 2019, was not distributed and transferred to reserve funds.

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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: Deposits buy/sell commitments

	30 September 2020	31 December 2019
Foreign currency buy/sell commitments	1.745.709	174.661
Deposits buy/sell commitments	363.340	-
Loan limit commitments	172.558	71.731
Commitments for cheques	64.728	71.523
Securities buy/sell commitments	11.528	31.061
<b>Total</b>	<b>2.357.863</b>	<b>348.976</b>

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

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

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

	30 September 2020	31 December 2019
Letter of guarantees	2.312.655	1.800.732
Other guarantees	1.170.598	839.294
Letter of credits	661.678	624.297
Bank acceptance loans	109.589	214.924
<b>Total</b>	<b>4.254.520</b>	<b>3.479.247</b>

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

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Irrevocable letters of guarantee	613.303	713.205	600.097	485.135
Revocable letters of guarantee	18.827	6.072	90.696	4.664
Letters of guarantee given in advance	9.330	409.644	8.294	287.252
Guarantees given to customs	29.224	94.151	32.342	70.385
Other letters of guarantee	101.058	317.841	23.476	198.391
<b>Total</b>	<b>771.742</b>	<b>1.540.913</b>	<b>754.905</b>	<b>1.045.827</b>

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**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 2020	31 December 2019
Non-cash loans given against cash loans	1.566.710	1.043.071
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	1.566.710	1.043.071
Other non-cash loans	2.687.810	2.436.176
<b>Total</b>	<b>4.254.520</b>	<b>3.479.247</b>

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

Current Period (*)	1st Group		2nd Group	
	TL	FC	TL	FC
Letters of Guarantee	749.830	1.329.716	11.752	197.617
Bill of Exchange and Acceptances	-	109.589	-	-
Letters of Credit	-	660.356	-	-
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	1.170.598	-	-
<b>Total</b>	<b>749.830</b>	<b>3.270.259</b>	<b>11.752</b>	<b>197.617</b>

(\*) In addition to the non-cash loans stated in the table above, the Bank has a non-cash loan amounting to TL 25.062, which is classified as total non-performing loans. As of 30 September 2020, the Bank has recorded a TL 8.148 provision regarding these loans.

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

As of 30 September 2020, the total amount of legal cases against the Group is TL 36.730 (31 December 2019: TL 59.243) and the Group sets aside a provision of TL 17.136 (31 December 2019: TL 14.170) regarding these risks.

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

**FITCH (12 October 2020)**

<b>Outlook</b>	Negative
<b>Long Term FC</b>	B+
<b>Short Term FC</b>	B
<b>Long Term TL</b>	BB-
<b>Short Term TL</b>	B
<b>Support Rating</b>	4
<b>National Rating</b>	AA (tur)
<b>Viability Rating</b>	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 2020		30 September 2019	
	TL	FC	TL	FC
<b>Interest Income on Loans (*)</b>				
Short-term Loans	187.721	41.230	409.904	52.196
Medium/Long-term Loans	275.632	401.238	313.001	408.797
Interest on Loans Under Follow-up	11.440	-	3.741	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>474.793</b>	<b>442.468</b>	<b>726.646</b>	<b>460.993</b>

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

2. Information on interest income on banks:

	30 September 2020		30 September 2019	
	TL	FC	TL	FC
From the CBRT	229	72	7.068	-
From Domestic Banks	19.039	245	29.176	765
From Foreign Banks	-	1.224	-	6.342
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>19.268</b>	<b>1.541</b>	<b>36.244</b>	<b>7.107</b>

3. Information on marketable securities:

	30 September 2020		30 September 2019	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value Through Profit/Loss	108	1.128	243	941
Financial Assets Measured at Fair Value Through Other Comprehensive Income	17.142	3.868	28.539	5.367
Financial Assets Measured at Amortized Cost	-	18.609	-	8.497
<b>Total</b>	<b>17.250</b>	<b>23.605</b>	<b>28.782</b>	<b>14.805</b>

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

None (31 December 2019: None).

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**BURGAN BANK A.Ş.**

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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 2020		30 September 2019	
	TL	FC	TL	FC
<b>Banks</b>	<b>32.933</b>	<b>200.293</b>	<b>23.320</b>	<b>287.629</b>
The CBRT	-	-	-	-
Domestic Banks	32.834	11.371	23.320	1.297
Foreign Banks	99	188.922	-	286.332
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	7.078	-	11.278
<b>Total (*)</b>	<b>32.933</b>	<b>207.371</b>	<b>23.320</b>	<b>298.907</b>

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

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

None (30 September 2019: None).

3. Information on interest expense on issued securities:

None (30 September 2019: 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			
<b>TL</b>									
Bank Deposits	-	641	-	-	-	-	-	641	179
Savings Deposits	-	33.234	179.971	2.697	2.287	31.670	-	249.859	494.075
Public Deposits	-	4	-	-	-	-	-	4	-
Commercial Deposits	-	4.572	10.721	291	2.406	9	-	17.999	51.629
Other Deposits	-	157	2.459	1	25	-	-	2.642	34.437
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>38.608</b>	<b>193.151</b>	<b>2.989</b>	<b>4.718</b>	<b>31.679</b>	<b>-</b>	<b>271.145</b>	<b>580.320</b>
<b>FC</b>									
Foreign Currency Account	-	7.205	80.972	1.698	843	694	-	91.412	135.774
Bank Deposits	-	1.671	-	-	-	-	-	1.671	1.362
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>8.876</b>	<b>80.972</b>	<b>1.698</b>	<b>843</b>	<b>694</b>	<b>-</b>	<b>93.083</b>	<b>137.136</b>
<b>Grand Total</b>	<b>-</b>	<b>47.484</b>	<b>274.123</b>	<b>4.687</b>	<b>5.561</b>	<b>32.373</b>	<b>-</b>	<b>364.228</b>	<b>717.456</b>

(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 2020**

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

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

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

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

	30 September 2020	30 September 2019
<b>Income</b>	<b>25.938.401</b>	<b>23.511.211</b>
Capital Market Transactions	35.289	11.716
Derivative Financial Transactions	185.203	127.540
Foreign Exchange Gains	25.717.909	23.371.955
<b>Loss (-)</b>	<b>25.823.342</b>	<b>23.483.950</b>
Capital Market Transactions	4.340	3.717
Derivative Financial Transactions	209.194	87.404
Foreign Exchange Losses	25.609.808	23.392.829
<b>Net Income/(Loss)</b>	<b>115.059</b>	<b>27.261</b>

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

The Group’s other operating income in the current period is TL 48.913 (30 September 2019: TL 33.780). TL 12.972 (30 September 2019: TL 4.548) 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 2020	30 September 2019
<b>Expected Credit Loss</b>	<b>375.715</b>	<b>227.706</b>
12 Month Expected Credit Loss (Stage 1)	-	(8.730)
Significant Increase in Credit Risk (Stage 2)	69.024	68.690
Non-performing Loans (Stage 3)	306.691	167.746
<b>Marketable Securities Impairment Expense</b>	<b>-</b>	<b>-</b>
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
<b>Investments in Associates, Subsidiaries and Joint Ventures Value Decrease</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
<b>Other</b>	<b>2.732</b>	<b>941</b>
<b>Total</b>	<b>378.447</b>	<b>228.647</b>

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

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

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

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

	<b>30 September 2020</b>	<b>30 September 2019</b>
Reserve For Employee Termination Benefits (*)	6.189	5.202
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Amortization Expenses of Fixed Assets	25.687	30.938
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	10.159	11.133
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	341	23
Amortization Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	113.738	93.447
Leasing expenses related to TFRS 16 exceptions	1.548	2.051
Maintenance Expenses	2.471	1.301
Advertising Expenses	4.602	5.490
Other Expense	105.117	84.605
Loss on Sales of Assets	21	217
Other	22.062	46.069
<b>Total</b>	<b>178.197</b>	<b>187.029</b>

(\*) As of 30 September 2020, there is “Employee Vacation Fee Provision Expense” amounts to TL 444 (30 September 2019: None).

**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 10.880 (30 September 2019: TL 140.004 income before tax).

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

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

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

**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 2020, the Group has current tax expense amounting to TL 7.834 and deferred tax income amounting to TL 7.175.

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

The Group has TL 63.597 deferred tax income from temporary differences and TL 17.305 deferred tax income from financial losses carried from previous periods. The bank also has deferred tax expense from closed temporary differences amounting to TL 73.727, deferred tax expense and income net-off to TL 7.175 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 2020, the Group has deferred tax expenses of TL 10.130 (30 September 2019: TL 65.819 deferred tax income) arising from temporary differences, but there is TL 17.305 deferred tax income arising from financial losses carried from previous periods (30 September 2019: TL 51.789 deferred tax expense).

**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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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (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 1.382.066 (30 September 2019: TL 1.914.528) and TL 193.027 (30 September 2019: TL 333.237) of the related amount is classified as “Other Interest Income” account in income statement.

	30 September 2020	30 September 2019
<b>Other Interest Income</b>		
Interest income related to derivative transactions	115.173	280.221
Other	77.854	53.016
<b>Total</b>	<b>193.027</b>	<b>333.237</b>

2. In the current period, the Group’s interest expense amounting to TL 830.027 (30 September 2019 TL 1.286.685) and TL 211.115 (30 September 2019: TL 232.755) of the related amount is classified as “Other Interest Expense” in the income statement.

	30 September 2020	30 September 2019
<b>Other Interest Expense</b>		
Interest expense related to derivative transactions	157.032	191.605
Other	54.083	41.150
<b>Total</b>	<b>211.115</b>	<b>232.755</b>

3. In the current period, the Group’s fee and commission income amounts to TL 41.369 (30 September 2019: TL 36.098) and TL 21.226 (30 September 2019: TL 16.557) of the related amount is classified under “Other” account.

	30 September 2020	30 September 2019
<b>Other Fee and Commissions Received</b>		
Commissions on Investment Fund Services	5.269	955
Commissions from Stock Brokerage Activity	3.635	364
Insurance Commissions	2.993	4.763
Commissions from Correspondent Banks	742	414
Transfer Commissions	198	393
Common Point Commissions	118	81
Account Operating Fees	98	3.219
Card and POS Transaction Commission	26	109
Other	8.147	6.259
<b>Total</b>	<b>21.226</b>	<b>16.557</b>

4. In the current period, Group’s fees and commissions expense amounts to TL 11.638 (30 September 2019: TL 11.161) and TL 11.543 (30 September 2019: TL 11.042) of the related amount is classified under “Other” account.

	30 September 2020	30 September 2019
<b>Other Fee and Commissions Given</b>		
Card Transaction Commission	2.059	1.460
Banks Common Point Commissions	893	352
Commissions Granted to Correspondent	425	1.199
EFT Fees and Commissions	181	1.978
Transfer Commissions	55	76
Other	7.930	5.977
<b>Total</b>	<b>11.543</b>	<b>11.042</b>

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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 2019 for balance sheet and 30 September 2019 for income statement items.

30 September 2020 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	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	39.591	-	35.560	98	-
Balance at the End of the Period	-	62.140	-	10.865	808	-
Interest and Commission Income Received	-	-	-	3	23	-

31 December 2019 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	
	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	-	39.591	-	35.560	98	-
Interest and Commission Income Received	-	-	7	5	16	1

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	-	-	147.223	11.951	15.264	12.172
End of the Period	-	-	176.373	147.223	22.994	15.264
Interest Expense on Deposits	-	-	2.483	1.996	790	1.095

Groups’ Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Repurchase Transactions						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense on Repurchase Transactions	-	-	2	-	4	-

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

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**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 Fair value through other comprehensive income transactions	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
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
<b>Total Profit/Loss</b>	-	-	-	<b>3.231</b>	-	-
<b>Transactions for hedging purposes</b>						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-

**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:

	<b>Total Risk Group</b>	<b>Share in Financial Statements (%)</b>
Borrowings and Subordinated Debt Instruments	5.449.350	58,64
Deposits	199.367	1,37
Non-cash Loans	73.005	1,72
Banks and Other Financial Institutions Loans	20.307	2,71
Loans	808	-

As of 30 September 2020, the Group has TL 447 interest income from deposits given to banks included in the risk group (30 September 2019: TL 2.608), the Group has realized interest expense amounting to TL 152.615 (30 September 2019: TL 200.196) on loans borrowed from the banks included in the risk group.

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

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**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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**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 0,35% (31 December 2019: 0,43%) of the Group’s total cash and non-cash loans.

As of 30 September 2020 there are no purchase-sales transactions on any assets including real estate with the risk group consisting the Parent Bank.

As of 30 September 2020 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 25.087 (30 September 2019: TL 23.882) 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 CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)**

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**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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## **SECTION SIX**

### **EXPLANATIONS ON LIMITED REVIEW REPORT**

#### **I. EXPLANATIONS ON THE LIMITED REVIEW REPORT**

The consolidated financial statements as of 30 September 2020 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) and the independent auditor’s limited review report dated 16 November 2020 has been presented prior to the consolidated financial statements.

#### **II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR:**

None.

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

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**SECTION SEVEN**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT**

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

The globe still struggles with the Covid-19 pandemic and the associated challenges on global economy. Widespread and various policy responses have to partly achieved to mitigate the negative impact of Covid-19 on global economic activity. Based on the signals of recovery started as of end-May, IMF has updated its forecast on contraction global economy to 4.4% for 2020. Still, the world faces the deepest and widespread recession since World War II. The output loss due to Covid-19 pandemic is estimated as roughly US\$11 trillion in 2020-21 period. The economic contraction has been even more severe in European countries, which are Turkey’s traditional exports markets. On the other hand, the number of Covid-19 cases have been rising in most of the countries as of September. This deepens the negative impact of the Covid-19 on service sectors including tourism and increases the uncertainty on sustainable economic recovery globally. In the absence of an effective and approved vaccine against the Covid-19, increases the risk of spreading the economic effects of the epidemic over a long term.

We observed fruitful results of the economic policies implemented during this period to curb the contraction in economic activity and speed up the recovery. Credit expansion and employment supports have promoted revival in domestic demand, and manufacturing production and retails sales have recovered rapidly. Thus, Turkish economy is likely to shrink less than initially projected and milder than most of the other countries in 2020. On the other hand, the shortfall in tourism income, revival in imports demand and seizable capital outflows have triggered reserve erosion and increased the pressure on the exchange rate. We closely monitor the steps taken to stabilize the financial markets through curbing domestic demand revival and fostering the attraction of Turkish assets. With the right combination of policies, we trust to return to the sustainable growth path in the coming period.

The balance sheet size of our bank dated 30 September 2020 is TL 27.5 billion, while deposits are TL 14.5 billion. In the current period Burgan Bank has maintained its support to its customers uninterruptedly and consolidated net cash loans has been realized as TL 19 billion. The net profit after additional provisions for possible risks in the future of our bank in the third quarter of 2020 is TL 10.2 million, and our equity has been realized as TL 1.9 billion. Our capital adequacy ratio is around 21,12%. In addition to deepening our existing customers in 14 provinces in which we operate, we will continue to serve with new customer acquisitions, keeping customer satisfaction in the foreground and standing next to our customers who need it because of Covid-19.

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 CONSOLIDATED 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 ON INTERIM ACTIVITY REPORT (Continued):**

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

<u>Name</u>	<u>Duty</u>	<u>Date of Assignment</u>	<u>Educational Background</u>	<u>Banking and Managership Experience (Year)</u>
<i>Chairman and Members of Board of Directors:</i>				
Emin Hakan Eminsoy	Chairman	07.08.2019	Bachelor’s degree	34
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 (Represent by proxy)	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
Darço Akkaranfil	Information Technologies	14.09.2020	Post graduate	15
Banu Ertürk	Credits Monitoring and Legal Follow-up	01.08.2020	Undergraduate	22

(\* ) Credits Monitoring and Legal Follow-up Group Head Banu Ertürk has been appointed as the Assistant General Manager as of 01 August 2020. Darço Akkaranfil started to work as Deputy General Manager responsible for Information Systems Group on 14 September 2020. Esra Aydın, Deputy General Manager in charge of Operations and Management Services, has been appointed as a Vice General Manager responsible for Financial Affairs. Digital Banking and Information Technologies Assistant General Manager Hasan Ufuk Dinç, as of 31 August 2020, Assistant General Manager for Financial Affairs Ümit Sönmez have resigned from the Bank as of 30 September 2020.

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

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

**BURGAN BANK A.Ş.**

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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

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**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):**

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

Emin Hakan Eminsoy, chairman of Board of Directors, performs the duty of chairmanship of Credit Committee. 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 has been elected as the Chairman of the Audit Committee while Adrian Alejandro Gostuski and Fouad Husni Douglas have been elected as members of the Audit Committee.

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

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.

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

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



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**BURGAN BANK A.Ş.**

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):**

**V. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD:**

Although 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,

By our Bank, a permit application was made to the CMB to issue debt instruments (bonds and / or bonds) in the form of sales to private placements and / or qualified investors, without being offered to the public in one or more times. as the total amount in circulation in the country does not exceed 1.000.000.000-TL (One Billion Turkish Lira) and in compliance with the legal restrictions, in different terms up to a maximum of three years, in total 3.000.000.000-TL (Three Billion Turkish Lira), in Turkish Lira.

Our application in question has been approved by the Capital Markets Board with the "Certificate of Issuance Regarding the Capital Market Instruments to be Issued in Turkey or Abroad" with the decision number 40/830, dated July 2, 2020 and numbered 89/BA-830, dated July 3, 2020. It is approved.

On the other hand, Burgan Finansal Kiralama A.Ş., a subsidiary of our Bank, has a total of TL 150.000.000 (one hundred and fifty million Turkish Liras) for different maturities up to a maximum of three years, with the total circulation amount not exceeding TL 600.000.000 (six hundred million Turkish Liras) and in compliance with legal restrictions. On 25.06.2020, an application was made to the CMB for the issuance of debt instruments (bonds and / or bonds) in the form of sale to private placements and / or qualified investors without being offered to the public in one or more times.

The aforementioned application was made by the Capital Markets Board with the "Issue Document Regarding Capital Market Instruments That Do Not Have The Right Of Ownership To Be Issued Abroad" and "The Issue Of Debt Securities Without Public Offerings Or Abroad" with the Decision No. 40/802 dated 02 July 2020. It is approved.

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

	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>Change (%)</b>
Total Assets	27.463.769	21.546.808	27,5
Loans and Factoring Receivables (Net)	19.026.806	15.911.311	19,6
Securities	893.388	588.266	51,9
Deposits	14.510.492	11.405.865	27,2
Debts Having Loan Characteristics	9.581.330	7.059.569	35,7
Shareholder's Equity	1.947.232	1.919.275	1,5
Guarantee and Suretyship	4.254.520	3.479.247	22,3
Capital Adequacy Ratio	21,12%	18,95%	11,5

	<b>01/01/2020 - 30/09/2020</b>	<b>01/01/2019 - 30/09/2019</b>	<b>01/07/2020 - 30/09/2020</b>	<b>01/07/2019 - 30/09/2019</b>
Current Period Net Profit/(Loss)	10.221	111.580	6.978	5.589

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**BURGAN BANK A.Ş.**

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020**

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

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):**

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

The Bank provides high value added banking services and products in corporate, commercial, individual, financial leasing with private banking and via factoring and associates and investment banking areas with a total of 33 branches, including 9 retail, 1 corporate and 23 mixed banking branches, internet banking applications, call center and 1.054 employees.

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

**30 September 2020**

<b>Million TL</b>	<b>Burgan Bank</b>	<b>Sector (*)</b>	<b>Share of our Bank (%)</b>
Cash Loans	14.438	3.555.358	0,41
Customer Deposits	14.516	3.444.338	0,42
Branch Number	33	10.079	0,33
Personnel Number	965	186.654	0,52

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