

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

BURGAN BANK A.Ş.

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

INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the Board of Directors of Burgan Bank Anonim Şirketi,

Introduction

We have reviewed the unconsolidated statement of financial position of Burgan Bank A.Ş. (“the Bank”) at 30 September 2019 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated 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 unconsolidated financial statements do not give a true view of the financial position of Burgan Bank A.Ş. at 30 September 2019 and of the results of its operations and its cash flows for the nine-month period then ended in all material respects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in section seven, is not consistent with the unconsolidated 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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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



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

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

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

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

- **Section One** GENERAL INFORMATION ABOUT THE BANK
- **Section Two** UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- **Section Three** EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD
- **Section Four** INFORMATION RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- **Section Five** EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** EXPLANATIONS ON THE LIMITED REVIEW REPORT
- **Section Seven** EXPLANATIONS ON INTERIM ACTIVITY REPORT

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

8 November 2019

Emin Hakan EMİNSOY
Chairman of the
Board of Directors

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

Ümit SÖNMEZ
Head of Financial Affairs

Ahmet CİĞA
Head of Accounting,
Tax, and Reporting Unit

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 CİĞA / Head of Accounting, Tax, and Reporting Unit
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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

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

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

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

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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

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

GENERAL INFORMATION ABOUT THE BANK (Continued):

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

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

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).

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BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

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

GENERAL INFORMATION ABOUT THE BANK (Continued):

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

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

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

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

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

GENERAL INFORMATION ABOUT THE BANK (Continued):

IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES:

Name/Commercial title	Share Amounts	Share percentage	Paid-in Capital	Unpaid portion
Burgan Bank K.P.S.C.	1.525.972	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 BANK’S SERVICE TYPE AND FIELD OF OPERATIONS:

As of 30 September 2019, the Bank, whose headquarter located in Istanbul, has 35 branches operating in Turkey (31 December 2018: 41). The Bank’s core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 September 2019, the Bank has 945 (31 December 2018: 1.006) employees.

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

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

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

BURGAN BANK A.Ş.

**UNCONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2019 AND 31 DECEMBER 2018**

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

I.	BALANCE SHEET	Note (Section Five)	Reviewed (30/09/2019)			Audited (31/12/2018)		
			TL	FC	Total	TL	FC	Total
	ASSETS							
I.	FINANCIAL ASSETS (Net)		2.498.727	2.371.110	4.869.837	2.484.386	2.007.329	4.491.715
1.1	Cash and cash equivalents		1.731.373	2.066.232	3.797.605	1.375.928	1.564.570	2.940.498
1.1.1	Cash and balances at Central Bank	I-a	170.959	1.657.612	1.828.571	1.373.256	1.373.138	2.746.394
1.1.2	Banks	I-c	540.254	408.620	948.874	3.037	191.432	194.469
1.1.3	Receivables from Money Markets		1.020.455	-	1.020.455	-	-	-
1.1.4	Expected credit losses (-)		295	-	295	365	-	365
1.2	Financial assets at fair value through profit or loss	I-b	972	34.028	35.000	1.036	11.654	12.690
1.2.1	Public debt securities		972	5.762	6.734	1.036	10.938	11.974
1.2.2	Equity instruments		-	-	-	-	-	-
1.2.3	Other financial assets		-	28.266	28.266	-	716	716
1.3	Financial assets at fair value through other comprehensive income	I-d	252.520	147.120	399.640	254.318	134.287	388.605
1.3.1	Public debt securities		244.342	147.120	391.462	248.906	134.287	383.193
1.3.2	Equity instruments		7.674	-	7.674	4.912	-	4.912
1.3.3	Other financial assets		504	-	504	500	-	500
1.4	Derivative financial assets	I-l	513.862	123.730	637.592	853.104	296.818	1.149.922
1.4.1	Derivative financial assets at fair value through profit or loss		111.551	119.238	230.789	197.765	283.466	481.231
1.4.2	Derivative financial assets at fair value through other comprehensive income		402.311	4.492	406.803	655.339	13.352	668.691
II.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		4.069.774	8.583.431	12.653.205	5.433.477	8.889.082	14.322.559
2.1	Loans	I-e-f	4.398.689	8.746.900	13.145.589	5.677.259	8.999.987	14.677.246
2.2	Receivables from leasing transactions	I-k	-	-	-	-	-	-
2.3	Factoring receivables	I-e	7	-	7	7	-	7
2.4	Other financial assets measured at amortized cost	I-g	-	247.064	247.064	-	236.801	236.801
2.4.1	Public debt securities		-	247.064	247.064	-	236.801	236.801
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	Expected credit losses (-)	I-e-f	328.922	410.533	739.455	243.789	347.706	591.495
III.	NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	I-o	318.132	-	318.132	113.090	-	113.090
3.1	Held for sale		318.132	-	318.132	113.090	-	113.090
3.2	Held from discontinued operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		493.017	-	493.017	381.091	-	381.091
4.1	Investments in associates (Net)	I-h	-	-	-	-	-	-
4.1.1	Associates accounted by using equity method		-	-	-	-	-	-
4.1.2	Non-consolidated associates		-	-	-	-	-	-
4.2	Investments in subsidiaries (Net)	I-i	493.017	-	493.017	381.091	-	381.091
4.2.1	Non-consolidated financial subsidiaries		493.017	-	493.017	381.091	-	381.091
4.2.2	Non-consolidated non-financial subsidiaries		-	-	-	-	-	-
4.3	Jointly Controlled Partnerships (Joint Ventures) (Net)	I-j	-	-	-	-	-	-
4.3.1	Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2	Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)		167.260	-	167.260	58.454	-	58.454
VI.	INTANGIBLE ASSETS (Net)		37.529	-	37.529	44.058	-	44.058
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		37.529	-	37.529	44.058	-	44.058
VII.	INVESTMENT PROPERTIES (Net)	I-m	-	-	-	-	-	-
VIII.	CURRENT TAX ASSETS		1.145	-	1.145	10.294	-	10.294
IX.	DEFERRED TAX ASSETS	I-n	29.927	-	29.927	-	-	-
X.	OTHER ASSETS (Net)	I-p	93.901	32.725	126.626	100.780	59.358	160.138
	TOTAL ASSETS		7.709.412	10.987.266	18.696.678	8.625.630	10.955.769	19.581.399

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)

AT 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

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

I. BALANCE SHEET	Note (Section Five)	Reviewed (30/09/2019)			Audited (31/12/2018)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	3.983.854	7.408.963	11.392.817	4.226.304	5.834.151	10.060.455
II. LOANS RECEIVED	II-c	18.214	2.387.155	2.405.369	14.067	4.299.722	4.313.789
III. MONEY MARKET FUNDS		2.649	181.072	183.721	-	171.306	171.306
IV. MARKETABLE SECURITIES (Net)	II-d	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	II-b	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-g	185.704	72.318	258.022	305.188	97.237	402.425
7.1 Derivative financial liabilities at fair value through profit or loss		105.367	65.379	170.746	245.286	86.866	332.152
7.2 Derivative financial liabilities at fair value through other comprehensive income		80.337	6.939	87.276	59.902	10.371	70.273
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	II-f	25.217	83.388	108.605	-	-	-
X. PROVISIONS	II-h	55.987	21.148	77.135	58.438	26.497	84.935
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		40.201	-	40.201	42.292	-	42.292
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		15.786	21.148	36.934	16.146	26.497	42.643
XI. CURRENT TAX LIABILITIES	II-i	27.578	-	27.578	26.620	-	26.620
XII. DEFERRED TAX LIABILITIES	II-i	-	-	-	6.203	-	6.203
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	II-j	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	II-k	-	1.708.718	1.708.718	-	1.599.472	1.599.472
14.1 Loans		-	1.708.718	1.708.718	-	1.599.472	1.599.472
14.2 Other debt instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-e	211.130	425.502	636.632	177.633	862.581	1.040.214
XVI. SHAREHOLDERS' EQUITY	II-l	1.920.835	(22.754)	1.898.081	1.872.094	3.886	1.875.980
16.1 Paid-in capital		1.535.000	-	1.535.000	1.535.000	-	1.535.000
16.2 Capital reserves		(736)	-	(736)	(99)	-	(99)
16.2.1 Equity share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(736)	-	(736)	(99)	-	(99)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		16.552	-	16.552	16.552	-	16.552
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		(1.186)	(22.754)	(23.940)	60.028	3.886	63.914
16.5 Profit reserves		259.625	-	259.625	273.197	-	273.197
16.5.1 Legal reserves		22.870	-	22.870	21.402	-	21.402
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		236.755	-	236.755	251.795	-	251.795
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		111.580	-	111.580	(12.584)	-	(12.584)
16.6.1 Prior years' profits or losses		-	-	-	(174.343)	-	(174.343)
16.6.2 Current period net profit or loss		111.580	-	111.580	161.759	-	161.759
16.7 Minority shares		-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES		6.431.168	12.265.510	18.696.678	6.686.547	12.894.852	19.581.399

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

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

BURGAN BANK A.Ş.

**UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT
30 SEPTEMBER 2019 AND 31 DECEMBER 2018**

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

II.	OFF-BALANCE SHEET	Note (Section Five)	Reviewed (30/09/2019)			Audited (31/12/2018)		
			TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		4.381.067	28.380.183	32.761.250	6.589.188	34.330.411	40.919.599
I	GUARANTEES AND WARRANTIES	III-a-2-3	638.698	948.944	1.587.642	597.086	1.722.881	2.319.967
1.1	Letters of Guarantee		638.698	948.944	1.587.642	597.075	1.089.509	1.686.184
1.1.1	Guarantees Subject to State Tender Law		15.943	272	16.215	10.249	3.643	13.892
1.1.2	Guarantees Given for Foreign Trade Operations							
1.1.3	Other Letters of Guarantee		622.755	948.672	1.571.427	586.426	1.085.866	1.672.292
1.2	Bank Acceptances			107.036	107.036	411	102.926	103.337
1.2.1	Import Letter of Acceptance			107.036	107.036	411	102.926	103.337
1.2.2	Other Bank Acceptances							
1.3	Letters of Credit			446.186	446.186		385.116	385.116
1.3.1	Documentary Letters of Credit			446.186	446.186		385.116	385.116
1.3.2	Other Letters of Credit							
1.4	Prefinancing Given as Guarantee							
1.5	Endorsements							
1.5.1	Endorsements to the Central Bank of the Republic of Turkey							
1.5.2	Other Endorsements							
1.6	Securities Issue Purchase Guarantees							
1.7	Factoring Guarantees							
1.8	Other Guarantees			624.068	624.068		145.330	145.330
1.9	Other Collaterals							
II.	COMMITMENTS	III-a-1	997.037	902.465	1.899.502	449.255	299.806	749.061
2.1	Irrevocable Commitments		997.037	902.465	1.899.502	449.255	299.806	749.061
2.1.1	Asset Purchase and Sales Commitments		754.535	902.465	1.657.000	257.670	299.806	557.476
2.1.2	Deposit Purchase and Sales Commitments							
2.1.3	Share Capital Commitments to Associates and Subsidiaries							
2.1.4	Commitments for Loan Limits		168.805		168.805	117.343		117.343
2.1.5	Securities Issue Brokerage Commitments							
2.1.6	Commitments for Reserve Deposit Requirements							
2.1.7	Commitments for Cheques		73.697		73.697	74.242		74.242
2.1.8	Tax and Fund Liabilities from Export Commitments							
2.1.9	Commitments for Credit Card Limits							
2.1.10	Promotion Commitments for Credit Cards and Banking Services							
2.1.11	Receivables from Short Sale Commitments of Marketable Securities							
2.1.12	Payables for Short Sale Commitments of Marketable Securities							
2.1.13	Other Irrevocable Commitments							
2.2	Revocable Commitments							
2.2.1	Revocable Commitments for Loan Limits							
2.2.2	Other Revocable Commitments							
III.	DERIVATIVE FINANCIAL INSTRUMENTS		2.745.332	25.351.484	28.096.816	5.542.847	32.307.724	37.850.571
3.1	Hedging Derivative Financial Instruments		690.286	2.321.681	3.011.967	970.803	3.192.279	4.163.082
3.1.1	Transactions for Fair Value Hedge							
3.1.2	Transactions for Cash Flow Hedge		690.286	2.321.681	3.011.967	970.803	3.192.279	4.163.082
3.1.3	Transactions for Foreign Net Investment Hedge							
3.2	Trading Derivative Financial Instruments		2.055.046	23.029.803	25.084.849	4.572.044	29.115.445	33.687.489
3.2.1	Forward Foreign Currency Buy/Sell Transactions		412.244	492.660	904.904	758.167	665.301	1.423.468
3.2.1.1	Forward Foreign Currency Transactions-Buy		297.790	164.449	462.239	124.973	533.112	658.085
3.2.1.2	Forward Foreign Currency Transactions-Sell		114.454	328.211	442.665	633.194	132.189	765.383
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		505.071	20.562.682	21.067.753	1.586.276	23.171.073	24.757.349
3.2.2.1	Foreign Currency Swap-Buy		209.098	4.744.026	4.953.124	1.152.608	4.555.379	5.707.987
3.2.2.2	Foreign Currency Swap-Sell		295.973	4.624.044	4.920.017	433.668	5.051.590	5.485.258
3.2.2.3	Interest Rate Swap-Buy			5.597.306	5.597.306		6.782.052	6.782.052
3.2.2.4	Interest Rate Swap-Sell			5.597.306	5.597.306		6.782.052	6.782.052
3.2.3	Foreign Currency, Interest rate and Securities Options		1.035.809	1.878.236	2.914.045	2.227.601	5.279.071	7.506.672
3.2.3.1	Foreign Currency Options-Buy		357.392	1.070.643	1.428.035	528.333	3.150.835	3.679.168
3.2.3.2	Foreign Currency Options-Sell		678.417	807.593	1.486.010	1.699.268	2.128.236	3.827.504
3.2.3.3	Interest Rate Options-Buy							
3.2.3.4	Interest Rate Options-Sell							
3.2.3.5	Securities Options-Buy							
3.2.3.6	Securities Options-Sell							
3.2.4	Foreign Currency Futures		101.922	96.225	198.147			
3.2.4.1	Foreign Currency Futures-Buy		51.694	47.407	99.101			
3.2.4.2	Foreign Currency Futures-Sell		50.228	48.818	99.046			
3.2.5	Interest Rate Futures							
3.2.5.1	Interest Rate Futures-Buy							
3.2.5.2	Interest Rate Futures-Sell							
3.2.6	Other							
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		49.713.988	47.330.590	97.044.578	37.036.009	43.505.919	80.541.928
IV.	ITEMS HELD IN CUSTODY		12.083.081	1.072.723	13.155.804	797.062	385.612	1.182.674
4.1	Customer Fund and Portfolio Balances							
4.2	Investment Securities Held in Custody		11.377.185	309.757	11.686.942	104.449	182.180	286.629
4.3	Cheques Received for Collection		677.582	97.622	775.204	673.437	83.592	757.029
4.4	Commercial Notes Received for Collection		28.314	14.228	42.542	19.176	22.820	41.996
4.5	Other Assets Received for Collection							
4.6	Assets Received for Public Offering							
4.7	Other Items Under Custody			651.116	651.116		97.020	97.020
4.8	Custodians							
V.	PLEDGES RECEIVED		37.630.907	46.257.867	83.888.774	36.238.947	43.120.307	79.359.254
5.1	Marketable Securities			78.288	78.288	56.132		56.132
5.2	Guarantee Notes		21.490.376	16.994.549	38.484.925	22.275.449	17.248.376	39.523.825
5.3	Commodity		765.539	1.280.775	2.046.314	886.897	660.754	1.547.651
5.4	Warranty							
5.5	Immovable		13.770.132	23.758.939	37.529.071	11.509.609	20.785.740	32.295.349
5.6	Other Pledged Items		1.526.572	4.223.604	5.750.176	1.510.860	4.425.437	5.936.297
5.7	Pledged Items-Depository							
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES							
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		54.095.055	75.710.773	129.805.828	43.625.197	77.836.330	121.461.527

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

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

BURGAN BANK A.Ş.

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

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

III.	STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	Note (Section Five)	Reviewed 01/01/2019- 30/09/2019	Reviewed 01/01/2018- 30/09/2018	Reviewed 01/07/2019- 30/09/2019	Reviewed 01/07/2018- 30/09/2018
I.	INTEREST INCOME	IV-a	1.723.791	1.646.067	532.804	662.372
1.1	Interest received from loans		1.191.045	1.202.810	375.464	466.446
1.2	Interest received from reserve deposits		28.511	25.998	7.936	10.475
1.3	Interest received from banks		43.350	74.333	15.939	32.926
1.4	Interest received from money market transactions		82.890	22.530	26.021	16.606
1.5	Interest received from marketable securities portfolio		43.576	34.144	14.294	15.349
1.5.1	Financial assets at fair value through profit or loss		1.173	1.146	351	379
1.5.2	Financial assets at fair value through other comprehensive income		33.906	24.878	11.182	11.163
1.5.3	Financial assets measured at amortized cost		8.497	8.120	2.761	3.807
1.6	Finance lease interest income		-	-	-	-
1.7	Other interest income	IV-k	334.419	286.252	93.150	120.570
II.	INTEREST EXPENSES (-)	IV-b	1.208.604	1.148.012	367.941	470.079
2.1	Interest on deposits		721.528	643.255	233.713	266.002
2.2	Interest on funds borrowed		223.521	204.090	62.468	85.550
2.3	Interest on money market transactions		6.700	6.537	2.099	2.832
2.4	Interest on securities issued		-	-	-	-
2.5	Finance lease interest expenses		7.531	-	2.349	-
2.6	Other interest expenses	IV-k	249.324	294.130	67.312	115.695
III.	NET INTEREST INCOME/EXPENSE (I - II)		515.187	498.055	164.863	192.293
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		26.735	19.278	9.970	4.149
4.1	Fees and commissions received		34.805	31.072	12.142	8.418
4.1.1	Non-cash loans		19.669	16.287	6.772	5.604
4.1.2	Other	IV-k	15.136	14.785	5.370	2.814
4.2	Fees and commissions paid (-)		8.070	11.794	2.172	4.269
4.2.1	Non-cash loans (-)		45	44	16	15
4.2.2	Other (-)	IV-k	8.025	11.750	2.156	4.254
V.	DIVIDEND INCOME		2.769	686	-	-
VI.	TRADING PROFIT/LOSS (Net)	IV-c	23.563	71.170	3.631	30.495
6.1	Profit/losses from capital market transactions		7.900	1.394	3.679	581
6.2	Profit/losses from derivative financial transactions		16.036	26.445	(2.665)	12.953
6.3	Foreign exchange profit/losses		(373)	43.331	2.617	16.961
VII.	OTHER OPERATING INCOME	IV-d	10.341	12.955	3.097	3.114
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		578.595	602.144	181.561	230.051
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-e	181.523	187.699	94.760	94.007
X.	OTHER PROVISION EXPENSES (-)	IV-e	941	23	58	(137)
XI.	PERSONNEL EXPENSES (-)		147.803	122.682	48.555	42.544
XII.	OTHER OPERATING EXPENSES (-)	IV-f	148.388	129.326	49.011	44.169
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		99.940	162.414	(10.823)	49.468
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		32.917	20.782	14.018	6.125
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	IV-g	132.857	183.196	3.195	55.593
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-h	(21.277)	(36.491)	2.394	(10.951)
18.1	Current tax provision		39.537	-	2.691	-
18.2	Expense effect of deferred tax (+)		76.109	244.200	15.740	133.919
18.3	Income effect of deferred tax (-)		94.369	207.709	20.825	122.968
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-i	111.580	146.705	5.589	44.642
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income from assets held for sale		-	-	-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-	-	-
20.3	Other income from discontinued operations		-	-	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Expenses on assets held for sale		-	-	-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-	-	-
21.3	Other expenses from discontinued operations		-	-	-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)		-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1	Current tax provision		-	-	-	-
23.2	Expense effect of deferred tax (+)		-	-	-	-
23.3	Income effect of deferred tax (-)		-	-	-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	IV-j	111.580	146.705	5.589	44.642
	Profit / (Loss) per share (1.000 nominal in TL full)		0,727	1,107	0,036	0,356

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

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

BURGAN BANK A.Ş.

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

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

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

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

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

BURGAN BANK A.Ş.

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other comprehensive income not to be reclassified to profit or loss			Other comprehensive income to be reclassified to profit or loss			Profit Reserves	Prior Period Profit or Loss	Current Period Net Income or Loss	Total Shareholders' Equity
						1	2	3	4	5	6				
Reviewed CURRENT PERIOD 30/09/2019	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellatio Profits	Other Capital Reserves										
I. Prior Period End Balance	II-1	1.535.000	-	-	(99)	19.610	(3.058)	-	5.670	(22.972)	81.216	273.197	(174.343)	161.759	1.875.980
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
IV. Total Comprehensive Income		-	-	-	-	-	-	-	143	16.941	(104.938)	-	(988)	111.580	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)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	(13.572)	175.331	(161.759)	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	(13.572)	175.331	(161.759)	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1.535.000	-	-	(736)	19.610	(3.058)	-	5.813	(6.031)	(23.722)	259.625	-	111.580	1.898.081

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 other comprehensive income to be reclassified as other profit or (loss)).

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

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

BURGAN BANK A.Ş.

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

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

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

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 other comprehensive income to be reclassified as other profit or (loss)).

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

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

BURGAN BANK A.Ş.

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

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	Reviewed 30/09/2019	Reviewed 30/09/2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		77.679	(458.446)
1.1.1 Interest Received		1.698.117	1.300.100
1.1.2 Interest Paid		(1.195.016)	(1.078.995)
1.1.3 Dividend Received		2.769	686
1.1.4 Fees and Commissions Received		23.864	29.019
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		190.312	182.743
1.1.7 Payments to Personnel and Service Suppliers		(147.803)	(122.682)
1.1.8 Taxes Paid		(9.044)	(7.696)
1.1.9 Other		(485.520)	(761.621)
1.2 Changes in Operating Assets and Liabilities		932.538	1.941.916
1.2.1 Net Increase/(Decrease) in Financial Assets at Fair Value Through Profit or Loss		(23.432)	(31.866)
1.2.2 Net (Increase)/Decrease in Due from Banks and Other Financial Institutions		46.815	176.310
1.2.3 Net (Increase)/Decrease in Loans		1.365.107	(3.549.556)
1.2.4 Net (Increase)/Decrease in Other Assets		761.144	(267.193)
1.2.5 Net (Increase)/Decrease in Bank Deposits		(1.711)	(3.423)
1.2.6 Net Increase/(Decrease) in Other Deposits		1.333.228	3.239.618
1.2.7 Net Increase/(Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase/(Decrease) in Funds Borrowed		(1.811.916)	1.914.534
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		(736.697)	463.492
I. Net Cash Provided from Banking Operations		1.010.217	1.483.470
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(122.908)	(139.434)
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		(100.000)	-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(6.826)	(2.774)
2.4 Disposals of Property and Equipment		19.229	7.852
2.5 Cash Paid for Purchase of Investments Available-for-Sale		(115.467)	(161.288)
2.6 Cash Obtained from Sale of Investments Available-for-Sale		80.156	16.776
2.7 Cash Paid for Purchase of Investment Securities		-	-
2.8 Cash Obtained from Sale of Investment Securities		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		-	348.304
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment Of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		-	348.304
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		12.010	122.874
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		899.319	1.815.214
VI. Cash and Cash Equivalents at Beginning of the Period		2.421.711	1.236.153
VII. Cash and Cash Equivalents at end of the Period		3.321.030	3.051.367

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD

I. BASIS OF PRESENTATION:

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

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

The amounts in the unconsolidated financial statements and notes related to these financial statements have been expressed in thousands of Turkish Lira, unless otherwise stated.

The preparation of unconsolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

TFRS 16 Leases

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

I. BASIS OF PRESENTATION (Continued):

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

Accounting policies and valuation principles used in the preparation of the unconsolidated financial statements are determined in accordance with the regulations, Communiques, interpretations and legislations related to accounting and financial reporting principles published by the BRSA, and in case where a specific regulation is not made by BRSA, TAS/IFRS (all “BRSA Accounting and Financial Reporting Legislation”) and related appendices and interpretations are put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

Communique on “TAS 27 Separate Financial Statements” standard, which is in force in order to be applied for accounting periods after 31 December 2012 via Public Oversight Accounting and Auditing Standards Authority (POA) website and published in Official Gazette dated 28 October 2011 and numbered 28098, has entered into force through making amendments to be applied for accounting periods after 1 January 2016 with “Communique on amending the Communique on TAS 27 Separate Financial Statements” (Communique) published in the Official Gazette dated 9 April 2015 and numbered 29321.

Before the amendments in the Communique, it was specified that an entity which is preparing separate financial statements was able to recognize its investments in associates, subsidiaries and joint ventures in accordance with the cost value or in accordance with the IFRS 9 Financial Instruments Standard, with the amendments in the Communique the entity which is preparing separate financial statements will also be able to recognize its investments in associates, subsidiaries and joint ventures following the equity method.

The Bank recognized its associates, in which it has direct or indirect shares, according to equity method in accordance with the Communique having a permission to be applied earlier while preparing its unconsolidated financial tables with the 4th quarter of 2015 in conjunction with the approval letter of Banking Regulation and Supervision Authority (BRSA) dated 20 July 2015 and realized the implementation retrospectively in the framework of TAS 8 Accounting Policies, Amendments and Errors in Accounting Estimates standard.

Burgan Finansal Kiralama A.Ş., Burgan Yatırım Menkul Değerler A.Ş and Burgan Wealth Limited Dubai whose shares are directly or indirectly owned by the Bank, are subsidiaries included in the scope of full consolidation in the consolidated financial statements and recognized according to the equity method in separate financial statements in accordance with the Communique.

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

Additional paragraph for convenience translation into English:

The effect of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

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

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

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

As of 30 September 2019, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,6437 and TL 6,1671 for USD and EURO respectively.

If the functional currency of the Group is different from its reporting currency, all assets and liabilities in the reporting currency are translated using the foreign exchange rate at the balance sheet date, and 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 income and expenses are translated at the exchange rate of the transaction date) and the resulting foreign currency translation differences are presented as a separate item under equity. The currency of the Group is not the currency of a high inflationary economy.

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

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

Equity method is the recognition treatment which prescribes to increase or decrease the book value of share included in associate from the change amount occurring in the period in the equity of participated partnership as the share falling to participant and deduction of dividends and associate amounts from the value which is changed in the aforementioned manner.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

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

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

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

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

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 bank 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.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Bank classifies and accounts its financial assets as “Financial Assets at Fair Value Through Profit or Loss”, “Financial Assets at Fair Value Through Other Comprehensive Income” or “Financial Assets Measured at Amortized Cost”. Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 “Classification and Measurement of Financial Instruments” published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than “Financial Assets at Fair Value Through Profit or Loss”, transaction costs are added to fair value or deducted from fair value.

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

a. Financial assets at fair value through profit 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 are remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

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 UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

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

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

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

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

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

c. Financial assets measured at amortized cost:

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

d. Loans:

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

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

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

The basic parameters used in the calculations of provision are described below:

Probability of Default (PD): PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, two different PDs are considered in calculations:

- **12-month PD:** The probability of default occurring within the next 12 months following the balance sheet date.
- **Lifetime PD:** The probability of default occurring over the remaining life of the loan.

The Bank generates ratings for the corporate and commercial customers via internal rating system and the 12-month or lifetime probability of defaults are estimated based on these ratings. Macroeconomic expectations are taken into account when carrying out these expectations and the weighted average of the probabilities of default calculated from three different scenarios are considered as the final probability of default.

For retail customers, the score point is generated via the internal scoring system and the 12-month or lifetime probabilities of default are estimated based on these score points by considering the above-mentioned macroeconomic factors.

For the receivables from customers such as sovereign and banks, provision is calculated by using the determined values in the corporate and commercial probability of default table and the loss given default rates.

Loss Given Default Rate: If a loan default occurs, it refers to the economic loss that might be encountered by taking into consideration the collection period and the time value of money. The Bank has determined the loss given default rates by considering the expert opinion based on the past historical data set.

Exposure at Default: For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans, it is the value calculated through using credit conversion factors.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

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

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

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

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

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

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

Assets held for sale are measured at the lower of the assets’ carrying amount and fair value less costs to sell. Held for sale assets are not amortized and presented separately in the financial statements. In order to classify an asset as held for sale, only when the sale is highly probable, experienced quite often and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. 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 Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill

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

b. Other intangible assets

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

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

The Bank has adopted the “revaluation method” in accordance with the “Communiqué Regarding the Principles and Procedures for the Tangible Assets (“TFRS 16”)” for its buildings. Independent expert appraisal values 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%

The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the 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 in 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 recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

The Bank 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 depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a “Provision for value decrease” is recognised. Liabilities arising from the leasing transactions are included in “Financial Lease Payables” on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Group carries out financial leasing operations as a “Lessor” via Burgan Finansal Kiralama A.Ş. which is its subsidiary and included to consolidation.

With the “TFRS 16 Leases” standard, which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed, and lease transactions have started to be recognized under “Tangible Fixed Assets” as an asset (right to use asset) and under “Lease Payables” as a liability. The impacts and applications related to the TFRS 16 transition process are explained in Section Three, footnote XXIX.

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

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

Provisions and contingent liabilities except for the allowances for expected credit losses 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 recognised when the Bank 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 recognised 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 Bank, 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 recognised in financial statements since this may result in the recognition of income that may never be realised. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements in which the change occurs.

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

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

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

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

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

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

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

In accordance with the Temporary Article 10 and Article 32 paragraph 1 added to the Corporate Tax Law at 05.12.2017, 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.

75% portion of the capital gains derived from the sale of equity investments and immovable properties before 05.12.2017, 50% portion of the capital gains derived from the sale of equity investments and immovable properties after 05.12.2017 are tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder’s equity for 5 years. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

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 Bank 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.

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

XIX. EXPLANATIONS ON BORROWINGS:

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

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at “amortized cost” using the effective interest method.

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

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

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

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

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

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

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

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

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

Based on the Principal Agreement, the 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, Bank’s senior management and Board Members are deemed as related parties. Transactions regarding related parties are presented in Note V. of Section Five.

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

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

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

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

XXVIII. RECLASSIFICATIONS:

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

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

XXIX. EXPLANATIONS ON TFRS 16 LEASES STANDARD

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

TFRS 16 "Leases" Standard

Bank – lessee :

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Existence of right to use:

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

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

When applying the cost method, the existence of the right to use:

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

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

Lease Obligation:

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

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

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

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

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

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

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

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

First Transition to TFRS 16 Leases Standard

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

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

	1 January 2019	30 September 2019
Real estate	121.430	124.122
Tools	9.266	9.180
Total asset tenure	130.696	133.302

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

	30 September 2019
Real estate	17.318
Tools	3.191
Total asset tenure depreciation expense	20.509

Short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemptions granted by the standard, and the payments related to these agreements are continued to be reflected as expenses on the income statement. Within this scope, lease payments amounting to TL 1.528 has been paid in the relevant period.

	1 January 2019
Operational leasing commitments	156.124
Contracts that are excluded from the scope of TFRS 16 (-)	752
Total leasing liability	155.372
Discounted leasing liability (1 January 2019)	32.628
Right to use amount	122.744

As of 30 September 2019, net right to use asset in the unconsolidated financial statements amount to TL 112.793 and the lease liability is TL 108.605.

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

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SECTION FOUR

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

I. EXPLANATIONS ON EQUITY:

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

As of 30 September 2019 Bank’s total capital has been calculated as TL 3,647,314 (31 December 2018: TL 3,485,544) and the Capital adequacy ratio is 22,98% (31 December 2018: 20,74%).

a. Information about total capital:

	Current Period 30 September 2019	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
COMMON EQUITY TIER 1 CAPITAL				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.535.000	-	1.535.000	-
Share issue premiums	-	-	-	-
Legal Reserves	258.889	-	273.098	-
Gains recognized in equity as per TAS	122.106	-	235.406	-
Profit	111.580	-	161.759	-
Current Period Profit	111.580	-	161.759	-
Prior Period Profit	-	-	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-	-	-
Common Equity Tier 1 Capital Before Deductions	2.027.575	-	2.205.263	-
Deductions from Common Equity Tier 1 Capital	-	-	-	-
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	32.811	-	200.373	-
Improvement costs for operating leasing	14.892	-	17.087	-
Goodwill (net of related tax liability)	-	-	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	37.770	37.770	43.876	43.876
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-	81.216	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-	-	-
Gains arising from securitization transactions	-	-	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	-
Defined-benefit pension fund net assets	-	-	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-	-	-
Excess amount arising from mortgage servicing rights	-	-	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-	-	-
Total Deductions From Common Equity Tier 1 Capital	85.473	-	342.552	-
Total Common Equity Tier 1 Capital	1.942.102	-	1.862.711	-

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

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

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

I. EXPLANATIONS ON EQUITY (Continued):

a. Information about total capital (Continued):

	Current Period 30 September 2019	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL				
Preferred Stock not Included in Common Equity and the Related Share Premiums	-			
Debt instruments and premiums approved by BRSA	-			
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-			
Additional Tier I Capital before Deductions	-			
Deductions from Additional Tier I Capital				
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-			
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-			
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-			
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-			
Other items to be defined by the BRSA	-			
Transition from the Core Capital to Continue to deduce Components				
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-			
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-			
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-			
Total Deductions From Additional Tier I Capital	-			
Total Additional Tier I Capital	-			
Total Tier I Capital (Tier I Capital+Common Equity+Additional Tier I Capital)	1.942.102		1.862.711	
TIER II CAPITAL				
Debt instruments and share issue premiums deemed suitable by the BRSA	1.523.799		1.425.870	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-			
Provisions (Article 8 of the Regulation on the Equity of Banks)	182.933		197.443	
Tier II Capital Before Deductions	1.706.732		1.623.313	
Deductions From Tier II Capital				
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-			
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	1.520		480	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-			
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-			
Other items to be defined by the BRSA (-)	-			
Total Deductions from Tier II Capital	1.520		480	
Total Tier II Capital	1.705.212		1.622.833	
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.647.314		3.485.544	
Deductions from Total Capital				
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-			
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-			
Other items to be defined by the BRSA	-			
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components				
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-			
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-			
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-			

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

I. EXPLANATIONS ON EQUITY (Continued):

a. Information about total capital (Continued):

	Current Period 30 September 2019	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL				
Total Capital	3.647.314		3.485.544	
Total risk weighted amounts	15.874.180		16.808.918	
Capital Adequacy Ratios				
Core Capital Adequacy Ratio (%)	12,23		11,08	
Tier I Capital Adequacy Ratio (%)	12,23		11,08	
Capital Adequacy Ratio (%)	22,98		20,74	
BUFFERS				
Total buffer requirement (a+b+c)	2.569		1.875	
a.Capital conservation buffer requirement (%)	2.500		1.875	
b.Bank specific counter-cyclical buffer requirement (%)	0,069		-	
c. Systematic significant buffer (%)	-		-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	7,73		6,58	
Amounts below the Excess Limits as per the Deduction Principles				
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Remaining mortgage servicing rights	-		-	
Amount arising from deferred tax assets based on temporary differences	121.961		158.416	
Limits related to provisions considered in Tier II calculation				
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	483.298		424.885	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	182.933		197.443	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

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

I. EXPLANATIONS ON EQUITY (Continued):

b. Information on instruments related to equity estimation

Details on debt instruments that will be included in equity calculation:		
Issuer – Loan grantor	Burgan Bank K.P.S.C.	Burgan Bank K.P.S.C.
Unique Identifier of the Debt Instrument	-	-
Governing Legislation of the Debt Instrument	BRSA	BRSA
Regulatory Treatment in Equity Calculation	Tier II Capital	Tier II Capital
Assessment whether it is subject to being taken into consideration as 10% decreased as of 1/1/2015	No	No
Validity status in a consolidated or unconsolidated basis or in a consolidated and unconsolidated basis	Unconsolidated – Consolidated	Unconsolidated - Consolidated
Instrument type	Subordinated Loan	Subordinated Loan
Amount recognized in equity calculation (As of most recent reporting date – Thousands TL)	677.244	846.555
Nominal value of debt instrument (USD)	150.000	150.000
The account number that the debt instrument is followed	Liability-Subordinated Loans-Amortized Cost	Liability-Subordinated Loans-Amortized Cost
Original date of issuance of the debt instrument	6.12.2013	30.03.2016
Maturity structure of the debt instrument (Perpetual/Dated)	Dated	Dated
Original maturity date of the debt instrument	10 Years	10 Years
Whether the issuer has a right to call subject to BRSA approval	Yes	Yes
Optional call date, contingent call options and redemption amount	After 5th year	After 5th year
Subsequent call dates of call options	After 5th year	After 5th year
Coupon/dividend payments	3 Months	3 Months
Fixed or floating dividend/coupon payments	Floating dividend	Floating dividend
Coupon rate and any related index value	LIBOR+3,75	LIBOR+3,75
Existence of a restriction which can stop dividend payments	-	-
Being fully discretionary, partially discretionary or mandatory	-	-
Existence of an interest rate increase or other incentive to call	-	-
Being noncumulative or cumulative	Noncumulative	Noncumulative
Being convertible or non-convertible to stock	None	None
If convertible to a stock, conversion trigger(s)	-	-
If convertible to a stock, fully or partially	-	-
If convertible to a stock, conversion rate	-	-
If convertible to a stock, mandatory or optional conversion	-	-
If convertible to a stock, specify instrument type convertible into	-	-
If convertible to a stock, issuer of debt instrument it converts into	-	-
Value reduction feature	None	None
If it has a value reduction feature, write-down trigger(s)	-	-
If it has a value reduction feature, full or partial	-	-
If it has a value reduction feature, permanent or temporary	-	-
If temporary value reduction exists, description of value increase mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to this instrument)	Before debt instruments to be included in Additional Tier I capital calculation but after the deposit holders and all other creditors of the Debtor.	Before debt instruments to be included in Additional Tier I capital calculation but after the deposit holders and all other creditors of the Debtor.
Whether it is in compliance with the terms in articles 7 and 8 of the Communiqué on Bank's Equities	None.	None.
The terms it is not in compliance with in articles 7 and 8 of the Communiqué on Bank's Equities	None.	None.

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

I. EXPLANATIONS ON EQUITY (Continued):

c. Information related to the TFRS 9 transition process:

	T	T-1	T-2	T-3
EQUITY ITEMS				
Common Equity Tier 1 Capital	1.942.102	1.909.874	1.877.647	1.845.419
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	1.845.419	1.845.419	1.845.419	1.845.419
Tier 1 Capital	1.942.102	1.909.874	1.877.647	1.845.419
Tier 1 Capital Without the Implementation of the Transition Process	1.845.419	1.845.419	1.845.419	1.845.419
Equity	3.743.997	3.711.769	3.679.542	3.647.314
Equity Without the Implementation of the Transition Process	3.647.314	3.647.314	3.647.314	3.647.314
TOTAL RISK WEIGHTED AMOUNTS				
Total Risk Weighted Amounts	15.874.180	15.874.180	15.874.180	15.874.180
CAPITAL ADEQUACY RATIOS				
Common Equity Tier 1 Capital Adequacy Ratio (%)	12,23	12,03	11,83	11,63
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	11,63	11,63	11,63	11,63
Tier 1 Capital Adequacy Ratio (%)	12,23	12,03	11,83	11,63
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	11,63	11,63	11,63	11,63
Capital Adequacy Ratio (%)	23,59	23,38	23,18	22,98
Capital Adequacy Ratio Without the Implementation of the Transition Process	22,98	22,98	22,98	22,98
LEVERAGE RATIO				
Leverage Ratio Total Risk Amount	23.361.602	23.361.602	23.361.602	23.361.602
Leverage Ratio (%)	8,35	8,18	8,04	7,90
Leverage Ratio Without the Implementation of the Transition Process	7,93	7,93	7,93	7,93

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

II. EXPLANATIONS ON RISK MANAGEMENT:

Overview of RWA

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

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

	Risk Weighted Amounts		Minimum Capital Liability
	Current Period 30 September 2019	Prior Period 31 December 2018	Current Period 30 September 2019
1 Credit risk (excluding counterparty credit risk) (CCR)	13.963.314	15.112.528	1.117.065
2 Standardised approach (SA)	13.963.314	15.112.528	1.117.065
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	671.335	682.949	53.707
5 Standardised approach for counterparty credit risk (SACCR)	671.335	682.949	53.707
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	166.480	187.613	13.318
17 Standardised approach (SA)	166.480	187.613	13.318
18 Internal model approaches (IMM)	-	-	-
19 Operational risk	1.073.051	825.828	85.844
20 Basic indicator approach	1.073.051	825.828	85.844
21 Standard approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor Adjustments	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	15.874.180	16.808.918	1.269.934

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

III. EXPLANATIONS ON CURRENCY RISK:

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

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

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

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

The simple arithmetic average of the Bank’s foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are shown below:

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

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

III. EXPLANATIONS ON CURRENCY RISK (Continued):

Information on currency risk of the Bank:

	EUR	USD	Other FC	Total
30 September 2019				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	318.604	1.336.413	2.595	1.657.612
Due From Banks	9.752	396.213	2.655	408.620
Financial Assets at Fair Value Through Profit or Loss (*)	57.921	44.741	34	102.696
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	12.006	135.114	-	147.120
Loans (*)	5.982.022	3.091.829	-	9.073.851
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	247.064	-	247.064
Hedging Derivative Financial Assets (*)	852	3.640	-	4.492
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	66	32.620	39	32.725
Total Assets	6.381.223	5.287.634	5.323	11.674.180
Liabilities				
Bank Deposits	86.740	15.202	16	101.958
Foreign Currency Deposits	3.094.861	4.003.576	208.568	7.307.005
Funds From Interbank Money Market	-	181.072	-	181.072
Funds Borrowed From Other Financial Institutions	113.499	3.982.374	-	4.095.873
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	203.985	218.772	2	422.759
Hedging Derivative Financial Liabilities	2.493	4.132	-	6.625
Other Liabilities (*)	49.624	98.559	113	148.296
Total Liabilities	3.551.202	8.503.687	208.699	12.263.588
Net On-balance Sheet Position	2.830.021	(3.216.053)	(203.376)	(589.408)
Net Off-balance Sheet Position	(2.580.483)	3.207.370	203.602	830.489
Financial Derivative Assets	1.234.207	5.969.493	259.791	7.463.491
Financial Derivative Liabilities	3.814.690	2.762.123	56.189	6.633.002
Non-Cash Loans (**)	953.340	1.083.835	89.059	2.126.234
31 December 2018				
Total Assets (*)	6.519.287	5.133.748	38.342	11.691.377
Total Liabilities (*)	2.575.086	10.088.904	191.666	12.855.656
Net On-balance Sheet Position	3.944.201	(4.955.156)	(153.324)	(1.164.279)
Net Off-balance Sheet Position	(3.725.874)	5.169.438	154.138	1.597.702
Financial Derivative Assets	1.190.133	8.236.853	207.430	9.634.416
Financial Derivative Liabilities	4.916.007	3.067.415	53.292	8.036.714
Non-Cash Loans (**)	725.771	945.549	51.561	1.722.881

(*) The above table shows the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets are classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts. Due to this, foreign currency indexed loans amounting to TL 326.951 (31 December 2018: TL 578.154) classified as Turkish Lira assets in the 30 September 2019 financial statements are added to the table above. Furthermore, in foreign currency assets “Income Accruals of Derivative Financial Instruments” amounting to TL 50.570 (31 December 2018: TL 190.252) and “Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 410.533 (31 December 2018: TL 347.706), in foreign currency liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 11.497 (31 December 2018: TL 14.433) and “Non-cash Loans Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 13.179 (31 December 2018: TL 20.877) and “Marketable Securities Valuation Reserve” with “ Hedging Derivative Financials” amounting to TL (22.754) (31 December 2018: TL 3.886) are not included in the table above.

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

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

IV. EXPLANATIONS ON INTEREST RATE RISK:

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

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

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

30 September 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets (***)							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.079.807	-	-	-	-	748.764	1.828.571
Due From Banks	917.525	-	-	-	-	31.054	948.579
Financial Assets at Fair Value Through Profit/Loss (*)	50.901	25.121	490.695	67.389	38.486	-	672.592
Interbank Money Market Placements	1.020.455	-	-	-	-	-	1.020.455
Financial Assets at Fair Value Through Other Comprehensive Income	-	62.987	73.373	172.210	83.393	7.677	399.640
Loans	5.463.106	1.825.134	3.032.086	1.288.164	159.318	638.333	12.406.141
Financial Assets Measured at Amortized Cost	-	-	-	247.016	-	-	247.016
Other Assets	-	-	-	-	-	1.173.684	1.173.684
Total Assets	8.531.794	1.913.242	3.596.154	1.774.779	281.197	2.599.512	18.696.678
Liabilities							
Bank Deposits	-	86.451	-	-	-	15.864	102.315
Other Deposits	7.092.132	3.011.324	462.895	37.858	-	686.293	11.290.502
Funds From Interbank Money Market	2.702	-	181.019	-	-	-	183.721
Miscellaneous Payables	-	-	-	-	-	475.719	475.719
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	1.892.492	1.776.476	445.119	-	-	-	4.114.087
Other Liabilities (*) (**)	58.337	45.212	123.145	127.069	12.863	2.163.708	2.530.334
Total Liabilities	9.045.663	4.919.463	1.212.178	164.927	12.863	3.341.584	18.696.678
Balance Sheet Long Position	-	-	2.383.976	1.609.852	268.334	-	4.262.210
Balance Sheet Short Position	(513.869)	(3.006.221)	-	-	-	(742.072)	(4.262.210)
Off-balance Sheet Long Position	316.116	132.022	1.244.662	-	-	-	1.692.800
Off-balance Sheet Short Position	-	-	-	(1.110.027)	-	-	(1.110.027)
Total Position	(197.753)	(2.874.199)	3.628.638	499.825	268.334	(742.072)	582.773

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 406.803 and other liabilities includes hedging derivative financial liabilities amounting to TL 87.276 classified to a related re-pricing periods.

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

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

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

IV. EXPLANATIONS ON INTEREST RATE RISK (Continued):

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

31 December 2018	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets (***)							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.418.287	-	-	-	-	328.107	2.746.394
Due From Banks	139.590	-	-	-	-	54.514	194.104
Financial Assets at Fair Value Through Profit/Loss (*)	115.230	401.061	597.746	37.481	11.094	-	1.162.612
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	73.408	77.373	158.479	74.433	4.912	388.605
Loans	6.152.434	1.894.252	3.972.167	1.514.741	60.462	491.702	14.085.758
Financial Assets Measured at Amortized Cost	-	-	-	236.801	-	-	236.801
Other Assets	-	-	-	-	-	767.125	767.125
Total Assets	8.825.541	2.368.721	4.647.286	1.947.502	145.989	1.646.360	19.581.399
Liabilities							
Bank Deposits	3.464	84.609	-	-	-	8.651	96.724
Other Deposits	5.995.141	2.750.036	906.979	19.183	-	292.392	9.963.731
Funds From Interbank Money Market	1.920	169.386	-	-	-	-	171.306
Miscellaneous Payables	-	-	-	-	-	885.472	885.472
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	1.786.775	2.549.823	1.571.273	5.390	-	-	5.913.261
Other Liabilities (*) (**)	92.573	127.615	95.840	85.540	857	2.148.480	2.550.905
Total Liabilities	7.879.873	5.681.469	2.574.092	110.113	857	3.334.995	19.581.399
Balance Sheet Long Position	945.668	-	2.073.194	1.837.389	145.132	-	5.001.383
Balance Sheet Short Position	-	(3.312.748)	-	-	-	(1.688.635)	(5.001.383)
Off-balance Sheet Long Position	389.965	600.267	1.269.489	-	-	-	2.259.721
Off-balance Sheet Short Position	-	-	-	(1.449.093)	-	-	(1.449.093)
Total Position	1.335.633	(2.712.481)	3.342.683	388.296	145.132	(1.688.635)	810.628

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 668.691 and other liabilities includes hedging derivative financial liabilities amounting to TL 70.273 classified to a related re-pricing periods.

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

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

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

IV. EXPLANATIONS ON INTEREST RATE RISK (Continued):

b. Average interest rates for monetary financial instruments:

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

30 September 2019	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due From Banks	-	1,74	-	15,80
Financial Assets at Fair Value Through Profit/Loss	3,60	3,03	-	13,20
Interbank Money Market Placements	-	-	-	13,85
Financial Assets at Fair Value Through Other Comprehensive Income	3,05	4,66	-	15,79
Loans	5,64	7,64	-	21,01
Financial Assets Measured at Amortized Cost	-	4,41	-	-
Liabilities				
Bank Deposits	0,83	-	-	-
Other Deposits (*)	0,83	2,93	-	16,81
Funds From Interbank Money Market	-	3,08	-	12,75
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,12	5,12	-	14,66

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

31 December 2018	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	2,00	-	13,00
Due From Banks	-	2,18	-	-
Financial Assets at Fair Value Through Profit/Loss	3,88	6,90	-	13,27
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	3,05	4,66	-	14,93
Loans	5,75	8,34	-	24,00
Financial Assets Measured at Amortized Cost	-	4,41	-	-
Liabilities				
Bank Deposits	1,94	-	-	-
Other Deposits (*)	2,55	5,06	-	22,88
Funds From Interbank Money Market	-	3,61	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,24	5,35	-	10,94

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

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

IV. EXPLANATIONS ON INTEREST RATE RISK (Continued):

c. Interest rate risk resulting from banking accounts:

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

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

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

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

Currency	Applied Shock (+/- x basis point)	Earnings/(Losses)	Earnings/ Equities-Losses/ Equities
1. TRY	+500 bp	(7.221)	(0,2)%
2. TRY	-400 bp	6.603	0,2%
3. EURO	+200 bp	(19.449)	(0,5)%
4. EURO	-200 bp	(5.137)	(0,1)%
5. USD	+200 bp	(15.682)	(0,4)%
6. USD	-200 bp	12.481	0,3%
Total (For Negative Shocks)		13.947	0,4%
Total (For Positive Shocks)		(42.352)	(1,2)%

V. EXPLANATIONS ON SHARE CERTIFICATE POSITION RISK:

None.

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

VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO:

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

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

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

Liquidity management is primarily under the responsibility of ALCO in accordance with the Liquidity Risk Management of the Bank. Treasury, Capital Markets and Financial Corporations Group are responsible to perform required actions in accordance with the liquidity standards determined in accordance with the Liquidity Risk Policy. Market Risk Departments is secondarily responsible and it is responsible to control and report compliance with the limits. 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 Bank, risk appetite, liquidity risk reduction appropriate to liquidity and funding policies (diversification of funding sources and maturities, derivative transactions), establishment of effective control environment, risk limits, early warning and triggering market indicators are managed through monitoring closely.

The liquidity risk is removed by short term placements, liquid marketable assets wallet and strong equity structure in the management of liquidity risk. Board of Directors of Bank can perform limit reduction regardless of credit value in current placement limits when the volatility in markets increases. Management of the Bank and ALCO monitors possible marginal costs of payments and spurts as a result of studies made in scope of scenario analysis while tracking interest margin in diversified maturity segments between assets and liabilities. Borrowing limits which can be used in short-term for spurts from Central Bank, BIST Repo Market, Takasbank Money Market and banks are applied at a minimum level. The Bank does not need to use these sources because of its current liquidity position but it uses the aforementioned limits for short-term transaction opportunities. Assets, liabilities and positions on the basis of main 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 FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK (Continued):

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

Although the Bank is responsible to comply with liquidity limitations which are determined in Liquidity Risk Policy, it is primarily obliged with minimum liquidity limits determined by the legal legislation. There should be no excess in liquidity limits in accordance with the Bank’s policy. Acceptation of current risk level, reduction or termination of activities causing to risk are evaluated for the risk which are not reduced. The actions, which shall be taken if there is an excess in the legal and internal limits, are detailed in Liquidity Risk Policy of the Bank. Overflow which is formed in liquidity ratios tracked according to legal limitations is eliminated in the period which is also determined by legal legislation.

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

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

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

The Bank does not serve a function as a central funding institution in its relationship with its partnerships. Intra-group liquidity management and funding strategies are limited to related legal limitations.

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

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

Liquidity Coverage Ratio:

30 September 2019		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			2.902.618	1.932.302
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	7.493.926	4.355.806	720.946	435.581
3	Stable deposits	568.922	-	28.446	-
4	Less stable deposits	6.925.004	4.355.806	692.500	435.581
5	Unsecured Funding other than Retail and Small Business Customers Deposits	3.033.307	2.374.225	1.723.191	1.382.599
6	Operational deposits	775.311	694.325	193.828	173.581
7	Non-Operational Deposits	1.570.512	1.131.320	841.880	660.440
8	Other Unsecured Funding	687.484	548.580	687.483	548.578
9	Secured funding	-	-	-	-
10	Other Cash Outflows	175.415	258.649	175.415	258.649
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	175.415	258.649	175.415	258.649
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	2.501.074	1.900.880	304.513	216.440
16	TOTAL CASH OUTFLOWS			2.924.065	2.293.269
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	1.808.569	754.127	1.296.529	556.155
19	Other contractual cash inflows	58.705	29.649	58.705	29.649
20	TOTAL CASH INFLOWS	1.867.274	783.776	1.355.234	585.804
				Upper Bound Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			2.902.618	1.932.302
22	TOTAL NET CASH OUTFLOWS			1.568.831	1.707.465
23	Liquidity Coverage Ratio (%)			185,02	113,17

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

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

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

31 December 2018		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			3.347.817	1.974.193
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	7.702.237	3.759.645	740.445	375.964
3	Stable deposits	595.562	-	29.778	-
4	Less stable deposits	7.106.675	3.759.645	710.667	375.964
5	Unsecured Funding other than Retail and Small Business Customers Deposits	3.192.094	2.396.279	1.469.653	1.074.010
6	Operational deposits	1.343.105	1.163.458	335.776	290.864
7	Non-Operational Deposits	1.505.410	1.003.832	790.297	554.157
8	Other Unsecured Funding	343.579	228.989	343.580	228.989
9	Secured funding	-	-	-	-
10	Other Cash Outflows	10.735	893.471	10.735	893.471
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	10.735	893.471	10.735	893.471
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	2.540.248	1.843.111	320.141	222.528
16	TOTAL CASH OUTFLOWS			2.540.974	2.565.973
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	2.266.277	1.180.323	1.556.287	901.192
19	Other contractual cash inflows	36.091	-	36.091	-
20	TOTAL CASH INFLOWS	2.302.368	1.180.323	1.592.378	901.192
				Upper Bound Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			3.347.817	1.974.193
22	TOTAL NET CASH OUTFLOWS			948.596	1.664.781
23	Liquidity Coverage Ratio (%)			352,92	118,59

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

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

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

Liquidity coverage rate is calculated through estimating high quality liquid assets owned by the Bank to net cash out flows based on 30 days of maturity. Balance items which are determinant on the ratio are sorted as required reserves kept in Central Bank of Turkey, securities which are not subject to repo/guarantee, deposit having a corporate transaction, banks deposits, foreign sourced funds and receivables from banks. The impacts of aforementioned items on liquidity coverage ratio are higher than other items since they have a higher share in liquid assets and net cash out flows and they can change in time.

High quality liquid assets of the Bank consist of accounts in Central Bank of Turkey, at a ratio of 53% and securities issued by Undersecretariat of Treasury at a ratio of 44%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 24%, 49% 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 2019 is given below:

Date	FC	FC + TL
30 September 2019	205.332	205.332

Liquidity coverage rates are calculated weekly for unconsolidated basis and monthly for consolidated basis as of 31 December 2015 in accordance with the “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated 21 March 2014 and numbered 28948. Liquidity coverage rates must be at least 80% for foreign currency assets and liabilities and at least 100% in total assets and liabilities for the period 30 September 2019. Dates and values of lowest and highest foreign currency and total unconsolidated liquidity coverage rates calculated weekly related to the last quarter and average rates are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC+TL	FC	FC + TL
Weekly Arithmetic Average (%)	162,95%	300,66%	90,79%	142,63%
Week	23.08.2019	23.08.2019	20.09.2019	02.08.2019

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

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

Breakdown of assets and liabilities according to their outstanding maturities:

30 September 2019	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified (***)	Total
Assets (***)								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	748.764	1.079.807	-	-	-	-	-	1.828.571
Due From Banks	31.054	917.525	-	-	-	-	-	948.579
Financial Assets at Fair Value Through Profit or Loss (*)	-	47.525	17.550	210.762	358.266	38.489	-	672.592
Interbank Money Market Placements	-	1.020.455	-	-	-	-	-	1.020.455
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	62.987	73.373	172.210	83.393	7.677	399.640
Loans	-	1.544.352	1.746.051	2.253.603	4.646.102	1.577.700	638.333	12.406.141
Financial Assets Measured at Amortized Cost	-	-	-	-	247.016	-	-	247.016
Other Assets (**)	-	69.687	3.624	21.303	22.979	-	1.056.091	1.173.684
Total Assets	779.818	4.679.351	1.830.212	2.559.041	5.446.573	1.699.582	1.702.101	18.696.678
Liabilities								
Bank Deposits	15.864	-	86.451	-	-	-	-	102.315
Other Deposits	686.293	7.092.132	3.011.324	462.895	37.858	-	-	11.290.502
Funds Borrowed From Other Financial Institutions	-	231.598	160.330	1.781.734	1.080.880	859.545	-	4.114.087
Funds From Interbank Money Market	-	1	-	-	181.072	2.648	-	183.721
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	403.373	-	-	-	-	72.346	475.719
Other Liabilities (*) (***)	-	198.387	11.156	128.334	174.856	102.680	1.914.921	2.530.334
Total Liabilities	702.157	7.925.491	3.269.261	2.372.963	1.474.666	964.873	1.987.267	18.696.678
Net Liquidity Gap	77.661	(3.246.140)	(1.439.049)	186.078	3.971.907	734.709	(285.166)	-
Net Off-balance sheet Position	-	98.480	93.432	125.209	49.327	3.215	-	369.663
Financial Derivative Assets	-	4.645.868	791.579	893.422	1.195.686	363.669	-	7.890.224
Financial Derivative Liabilities	-	(4.547.388)	(698.147)	(768.213)	(1.146.359)	(360.454)	-	(7.520.561)
Non-cash Loans	-	2.030.271	192.685	368.749	146.861	26.366	-	2.764.932
31 December 2018								
Total Assets	689.593	4.499.787	1.964.210	3.481.262	6.142.448	1.640.445	1.163.654	19.581.399
Total Liabilities	301.043	7.159.271	3.059.175	2.726.067	3.546.469	805.320	1.984.054	19.581.399
Net Liquidity Gap	388.550	(2.659.484)	(1.094.965)	755.195	2.595.979	835.125	(820.400)	-
Net Off-balance sheet Position	-	102.225	119.897	593.785	67.176	1.004	-	884.087
Financial Derivative Assets	-	3.689.981	2.562.125	1.307.557	1.608.226	1.623	-	9.169.512
Financial Derivative Liabilities	-	(3.587.756)	(2.442.228)	(713.772)	(1.541.050)	(619)	-	(8.285.425)
Non-cash Loans	-	1.465.856	168.600	565.789	119.656	66	-	2.319.967

(*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 406.803 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 87.266. These accounts are mainly shown under the 1-5 year maturity period.

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

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

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

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

VII. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 30 September 2019, leverage ratio of the Bank calculated from the arithmetic average of the three months is 8,35% (31 December 2018: 7,43%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the decrease in balance sheet assets.

Disclosure of leverage ratio template:

	30 September 2019 (*)	31 December 2018 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	18.421.197	20.587.910
(Assets deducted from Core capital)	53.303	58.335
Total risk amount of balance sheet assets	18.367.894	20.529.575
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	654.171	1.041.175
Potential credit risk amount of derivative financial assets and credit derivatives	114.539	156.092
Total risk amount of derivative financial assets and credit derivatives	768.710	1.197.267
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	4.224.998	3.594.290
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	4.224.998	3.594.290
Capital and total risk		
Core Capital	1.947.717	1.875.365
Total risk amount	23.361.602	25.321.132
Leverage ratio		
Leverage ratio	8,35%	7,43%

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

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

VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

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

As of the balance sheet date derivative financial assets of which carrying amount is TL 406.803 (31 December 2018: TL 668.691) and derivative financial payables of which carrying amount is TL 87.276 (31 December 2018: TL 70.273), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value expense amounting to TL (104.938) (31 December 2018: TL 40.960 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2018: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments		Hedging Funds (*)	Ineffective Part Accounted in the Income Statement (Net)
			Assets	Fair Value Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	405.985	80.896	(6.780)	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	818	6.380	(16.942)	-

(*) Includes TAS 27 impacts and describes after tax amounts.

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 income statement due to the swaps, of which effectiveness is damaged or closed in the current period (31 December 2018: None).

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

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

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

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

X. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

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

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

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

Prior period information is presented as of 31 December 2018 for balance sheet items and as of 30 September 2018 for income / expense items.

30 September 2019	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Bank
Net Interest Income	88.963	402.273	23.951	-	515.187
Net Fees and Comissions	3.100	23.635	-	-	26.735
Trading Profit/Loss	10.095	7.025	6.443	-	23.563
Other Operating Income	1.199	9.142	-	-	10.341
Operating Income	103.357	442.075	30.394	-	575.826
Operating Costs (-)	87.627	274.859	27.659	88.510	478.655
Net Operating Income	15.730	167.216	2.735	(88.510)	97.171
Dividend Income	-	-	-	2.769	2.769
Income/Loss from subsidiaries based on equity method	-	-	-	32.917	32.917
Profit Before Tax	15.730	167.216	2.735	(52.824)	132.857
Tax Provisions (-)	(3.461)	(36.787)	(602)	19.573	(21.277)
Net Profit/Loss	12.269	130.429	2.133	(33.251)	111.580
Segment Assets	1.381.181	12.082.475	4.059.386	-	17.523.042
Investments in associates, subsidiaries and joint ventures	-	-	-	493.017	493.017
Unallocated Assets	-	-	-	680.619	680.619
Total Assets	1.381.181	12.082.475	4.059.386	1.173.636	18.696.678
Segments Liabilities	7.489.255	3.863.366	4.658.144	787.832	16.798.597
Unallocated Liabilities	-	-	-	1.898.081	1.898.081
Total Liabilities	7.489.255	3.863.366	4.658.144	2.685.913	18.696.678

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

i. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Bank
30 September 2018					
Net Interest Income	89.938	360.840	47.277	-	498.055
Net Fees and Comissions	3.908	15.370	-	-	19.278
Commercial Profit/Loss	5.579	13.038	52.553	-	71.170
Other Operating Income	2.626	10.329	-	-	12.955
Operating Income	102.051	399.577	99.830	-	601.458
Operating Costs (-)	67.561	273.712	23.734	74.723	439.730
Net Operating Income	34.490	125.865	76.096	(74.723)	161.728
Dividend Income	-	-	-	686	686
Income/(Loss) from subsidiaries based on equity method	-	-	-	20.782	20.782
Profit Before Tax	34.490	125.865	76.096	(53.255)	183.196
Tax Provisions (-)	(7.588)	(27.690)	(16.741)	15.528	(36.491)
Net Profit / Loss	26.902	98.175	59.355	(37.727)	146.705
31 December 2018					
Segment Assets	1.730.837	13.837.412	3.246.025	-	18.814.274
Investments in associates, subsidiaries and joint ventures	-	-	-	381.091	381.091
Unallocated Assets	-	-	-	386.034	386.034
Total Assets	1.730.837	13.837.412	3.246.025	767.125	19.581.399
Segments Liabilities	7.300.928	2.681.594	6.583.714	1.139.183	17.705.419
Unallocated Liabilities	-	-	-	1.875.980	1.875.980
Total Liabilities	7.300.928	2.681.594	6.583.714	3.015.163	19.581.399

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

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

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Cash/Foreign currency	12.050	78.911	14.086	70.171
CBRT	158.909	1.578.701	1.359.170	1.302.967
Other	-	-	-	-
Total	170.959	1.657.612	1.373.256	1.373.138

2. Information on the account of the CBRT:

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

3. Information on reserve requirements:

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

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

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

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

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

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

c. Information on banks:

1. Information on banks:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Banks				
Domestic	520.254	2.825	3.037	2.644
Foreign	-	405.795	-	188.788
Headquarters and Branches Abroad	-	-	-	-
Total	540.254	408.620	3.037	191.432

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

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

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

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

	30 September 2019	31 December 2018
Debt Securities	401.409	404.851
Quoted on Stock Exchange	401.409	404.851
Not Quoted	-	-
Share Certificates	7.674	4.912
Quoted on Stock Exchange	-	-
Not Quoted	7.674	4.912
Impairment Provision (-)	9.443	21.158
Total	399.640	388.605

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

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

e. Explanations on loans:

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

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

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

i.

	Standard Loans and Other Receivables	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
Cash Loans				
Non-Specialized Loans	9.561.967	1.707.429	964.729	-
Loans given to enterprises	-	-	-	-
Export Loans	536.378	6.919	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	359.594	-	-	-
Consumer Loans	523.325	26.636	17.750	-
Credit Cards	-	-	-	-
Other (*)	8.142.670	1.673.874	946.979	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	9.561.967	1.707.429	964.729	-

(*) The Bank also has TL 7 factoring receivables in the Other account.

ii.

	Standard Loans	Loans Under Close Monitoring
General Provisions (*)	54.496	428.802
12 Month Expected Credit Losses	54.496	-
Significant Increase in Credit Risk	-	428.802

(*) Non-cash loan provisions are included in the table.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

5. Loans according to types of borrowers:

	30 September 2019	31 December 2018
Public	-	-
Private	12.234.125	13.990.804
Total	12.234.125	13.990.804

6. Distribution of domestic and foreign loans:

	30 September 2019	31 December 2018
Domestic Loans	12.233.642	13.990.804
Foreign Loans	483	-
Total	12.234.125	13.990.804

7. Loans given to associates and subsidiaries;

	30 September 2019	31 December 2018
Direct Loans given to associates and subsidiaries	-	22.858
Indirect Loans given to associates and subsidiaries	-	-
Total	-	22.858

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

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

8. Specific provisions provided against loans:

	30 September 2019	31 December 2018
Loans with Limited Collectability	75.368	27.807
Loans with Doubtful Collectability	30.248	57.490
Uncollectible Loans	167.759	109.450
Total	273.375	194.747

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

i. Information on non-performing loans restructured or rescheduled and other receivables:

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

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

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

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Prior Period End Balance	108.534	326.980	250.935
Additions (+)	335.748	37.214	96.407
Transfers from Other Categories of Non-performing Loans (+)	-	192.324	332.591
Transfers to Other Categories of Non-performing Loans (-)	192.324	332.591	-
Collections (-)	26.253	81.132	82.927
Write-offs (-)	-	-	-
Sold Portfolio (-) (*)	-	11.329	42.706
Corporate and Commercial Loans	-	11.329	42.706
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	225.705	131.466	554.300
Specific Provision (-)	75.368	30.248	167.759
Net Balance on Balance Sheet	150.337	101.218	386.541

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

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
30 September 2019			
Period-End Balance	30.644	35.091	173.294
Specific Provision (-)	16.357	13.676	67.396
Net Balance on balance sheet	14.287	21.415	105.898
31 December 2018			
Period-End Balance	14.801	94.619	50.609
Specific Provision (-)	5.337	33.862	30.660
Net Balance on balance sheet	9.464	60.757	19.949

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

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

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans and other
30 September 2019			
Current Period (Net)	150.337	101.218	386.541
Loans Given to Real Persons and Legal Persons (Gross)	225.705	131.466	554.300
Provision Amount (-)	75.368	30.248	167.759
Loans Given to Real Persons and Legal Persons (Net)	150.337	101.218	386.541
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net)	80.727	269.490	141.485
Loans Given to Real Persons and Legal Persons (Gross)	108.534	326.980	250.935
Provision Amount (-)	27.807	57.490	109.450
Loans Given to Real Persons and Legal Persons (Net)	80.727	269.490	141.485
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-

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

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

11. Explanations on the write-off policy:

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

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

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

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

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

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

None (31 December 2018: None).

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

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

4. Information on financial assets measured at amortized cost:

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

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

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

h. Information on associates (Net):

None (31 December 2018: None).

i. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

None (31 December 2018: None).

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

None (31 December 2018: None).

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

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

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

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

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

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

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

i. Information on subsidiaries (Net) (Continued):

5. Movement schedules of consolidated subsidiaries:

	30 September 2019	31 December 2018
Balance at the beginning of the Period	381.091	256.972
Movements during the Period	111.926	124.119
Purchases	100.000	116.000
Bonus Shares Obtained	-	70.000
Dividends from Current Year Income	32.917	33.668
Sales	-	-
Revaluation Increase/Decrease (*)	(20.991)	(95.549)
Impairment Provision	-	-
Balance at the end of the Period	493.017	381.091
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	99,99%	99,99%

(*) Includes the increases/decreases occurred as a result of the application of the equity method in accordance with TAS 27 disclosed in Note I, in Section Three.

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

Subsidiaries	30 September 2019	31 December 2018
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	434.215	265.572
Finance Companies	-	-
Other Financial Subsidiaries	58.802	115.519
Total	493.017	381.091

7. Subsidiaries quoted on stock exchange:

None (31 December 2018: None).

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

None (31 December 2018: None).

k. Information on lease receivables (net):

None (31 December 2018: None).

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

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

1. Information on derivative financial assets:

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

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

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

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	402.311	4.492	655.339	13.352
Foreign Net Investment Hedge	-	-	-	-
Total	402.311	4.492	655.339	13.352

m. Information on investment property:

None (31 December 2018: None).

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

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

n. Information on deferred tax asset:

As of 30 September 2019, Bank has netted-off the calculated deferred tax asset of TL 123.220 (31 December 2018: TL 160.790) and deferred tax liability of TL 93.293 (31 December 2018: TL 166.993) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 29.927 (31 December 2018: TL 6.203 net deferred tax liability) in the financial statements.

As of 30 September 2019 and 31 December 2018, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Carried Financial Loss	-	238.716	-	52.517
Provision for Legal Cases	8.232	7.292	1.811	1.604
General Provisions and Other Provisions	504.056	428.042	110.893	94.169
Reserve for Employee Rights	19.443	16.336	4.277	3.594
Unearned Revenue	28.360	30.847	6.239	6.786
Other	-	9.639	-	2.120
Deferred Tax Assets	560.091	730.872	123.220	160.790
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	15.415	28.090	968	3.756
Valuation Differences of Derivative Instruments	418.703	741.988	92.115	163.237
Other	956	-	210	-
Deferred Tax Liabilities	435.074	770.078	93.293	166.993
Deferred Tax Assets/(Liabilities) (Net)	125.017	(39.206)	29.927	(6.203)

Movement of deferred tax asset/liabilities is presented below:

	30 September 2019	31 December 2018
Balance as of 1 January	(6.203)	(33.481)
Current year deferred tax income/(expense), net	18.260	(37.434)
Deferred tax charged to equity, net (*)	17.870	64.712
Balance at the End of the Period	29.927	(6.203)

(*) Deferred tax accounted in equity due to the effects of TAS 27 amounts to TL 5.962.

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

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

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

The Bank has assets held for resale amounting to TL 318.132 (31 December 2018: TL 113.090) and has no discontinued operations.

Prior Period	30 September 2019	31 December 2018
Cost	113.600	45.652
Accumulated Depreciation (-)	510	567
Net Book Value	113.090	45.085
Current Period		
Net book value at beginning of the period	113.090	45.085
Additions	224.294	77.020
Disposals (-), net	19.229	8.146
Impairment (-)	23	869
Depreciation (-)	-	-
Cost	318.570	113.600
Accumulated Depreciation (-)	438	510
Closing Net Book Value	318.132	113.090

p. Information on other assets:

Other assets amount to TL 126.626 (31 December 2018: TL 160.138) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 30 September 2019:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	60.567	-	313.877	1.943.201	83.577	121.854	531.754	35	3.054.865
Foreign Currency Deposits	402.464	-	919.360	5.464.455	215.832	74.893	230.001	-	7.307.005
Residents in Turkey	381.094	-	826.620	5.424.335	211.275	73.863	221.813	-	7.139.000
Residents Abroad	21.370	-	92.740	40.120	4.557	1.030	8.188	-	168.005
Public Sector Deposits	167.127	-	-	-	-	-	-	-	167.127
Commercial Deposits	51.032	-	41.270	221.240	44.140	75.373	14.038	-	447.093
Other Institutions Deposits	5.103	-	3.255	305.614	-	440	-	-	314.412
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	15.864	-	-	-	86.451	-	-	-	102.315
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	306	-	-	-	-	-	-	-	306
Foreign Banks	15.558	-	-	-	86.451	-	-	-	102.009
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	702.157	-	1.277.762	7.934.510	430.000	272.560	775.793	35	11.392.817

ii. 31 December 2018:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	31.698	-	364.605	2.199.389	565.681	124.414	305.627	-	3.591.414
Foreign Currency Deposits	172.899	-	485.371	4.041.452	748.184	86.839	203.012	-	5.737.757
Residents in Turkey	154.514	-	482.043	4.010.036	743.045	84.735	198.942	-	5.673.315
Residents Abroad	18.385	-	3.328	31.416	5.139	2.104	4.070	-	64.442
Public Sector Deposits	6.647	-	-	-	-	-	-	-	6.647
Commercial Deposits	79.691	-	158.635	176.130	14.444	33.257	26.208	-	488.365
Other Institutions Deposits	1.457	-	1.563	130.558	166	5.804	-	-	139.548
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	8.651	-	88.073	-	-	-	-	-	96.724
The CBRT	-	-	88.073	-	-	-	-	-	88.073
Domestic Banks	162	-	-	-	-	-	-	-	162
Foreign Banks	8.489	-	-	-	-	-	-	-	8.489
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	301.043	-	1.098.247	6.547.529	1.328.475	250.314	534.847	-	10.060.455

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

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

2. Information on saving deposits insurance:

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

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

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

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

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

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

None (31 December 2018: None).

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

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

c. Information on borrowings:

1. Information on banks and other financial institutions:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	18.214	21.210	14.067	58.404
From Foreign Banks, Institutions and Funds	-	2.365.945	-	4.241.318
Total	18.214	2.387.155	14.067	4.299.722

2. Information on maturity structure of borrowings:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Short-term	18.214	161.208	14.067	603.283
Medium and Long-term	-	2.225.947	-	3.696.439
Total	18.214	2.387.155	14.067	4.299.722

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

The Bank's main funding sources are deposits and borrowings. As of 30 September 2019, deposits and borrowings from Bank's risk group comprise 1,66% (31 December 2018: 1,68%) of total deposits. Besides this, Borrowings from Bank's risk group comprise 74,02% (31 December 2018: 66,08%) of subordinated and other borrowings.

d. Information on marketable securities issued:

None (31 December 2018: None).

e. Information on other liabilities:

Other foreign liabilities amounting to TL 636.632 (31 December 2018: TL 1.040.214) do not exceed 10% of the total of the balance sheet excluding off-balance sheet commitments.

f. Information on lease payables:

	30 September 2019		31 December 2018	
	Gross	Net	Gross	Net
Less Than 1 Year	6.738	4.246	-	-
Between 1-4 Years	14.026	12.450	-	-
More Than 4 Years	115.917	91.909	-	-
Total	136.681	108.605	-	-

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

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

g. Information on derivative financial liabilities:

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

Trading Derivative Financial Liabilities	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Forward Transactions	5.707	1.655	113.297	1.618
Swap Transactions	99.099	59.981	131.989	35.787
Futures Transactions	189	-	-	-
Options	372	3.743	-	49.461
Other	-	-	-	-
Total	105.367	65.379	245.286	86.866

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

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

h. Information on provisions:

1. Information on reserve for employment termination benefits:

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

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

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

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

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

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

Movement of reserve for employment termination benefits during the period:

	30 September 2019	31 December 2018
Prior period balance	12.902	11.432
Service cost	4.842	2.162
Interest cost	-	1.242
Settlement cost	-	240
Actuarial loss/gain	-	(232)
Benefits paid (-)	1.692	1.942
Total	16.052	12.902

In addition, as of 30 September 2019 the Bank has accounted for vacation rights provision and personnel bonus provision amounting to TL 24.149 (31 December 2018: TL 29.390).

2. Other provisions:

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

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

ii. Information on other provisions:

The Bank set aside reserves under other provisions amounting to TL 8.232 (31 December 2018: TL 7.292) for lawsuits, TL 28.702 (31 December 2018: TL 35.017) for provisions for non-cash loans and commitments that are not converted to cash and not indemnified. There is no allowance covered for miscellaneous receivables in the current period (31 December 2018: TL 334).

i. Information on taxes payable:

1. Information on tax provision:

None (31 December 2018: None).

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(Continued):**

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

i. Information on taxes payable (Continued):

2. Information on taxes payable:

	30 September 2019	31 December 2018
Corporate Tax Payable	-	-
Taxation of Marketable Securities	10.886	9.727
Property Tax	263	78
Banking Insurance Transaction Tax	7.907	9.087
Foreign Exchange Transaction Tax	139	-
Value Added Tax Payable	208	493
Other	4.216	3.783
Total	23.619	23.168

3. Information on premium payables:

	30 September 2019	31 December 2018
Social Security Premiums-Employee	1.428	1.245
Social Security Premiums-Employer	2.195	1.911
Bank Social Aid Pension Fund Premiums-Employee	-	-
Bank Social Aid Pension Fund Premiums-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	98	85
Unemployment Insurance-Employer	196	171
Other	42	40
Total	3.959	3.452

4. Explanations on deferred tax liability:

As of 30 September 2019, the Bank has netted-off the calculated deferred tax asset of TL 123.220 (31 December 2018: TL 160.790) and deferred tax liability of TL 93.293 (31 December 2018: TL 166.993) in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 29.927 (31 December 2018: TL 6.203 net deferred tax liability) in the financial statements.

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

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

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

None (31 December 2018: None).

k. Information on subordinated debt instruments:

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

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

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

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

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

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

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

I. Information on shareholders' equity:

1. Presentation of paid-in capital:

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

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

Capital System	Paid-in Capital	Ceiling
Registered Capital	1.535.000	4.000.000

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

None.

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

None.

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

None

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

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

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

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

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

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

I. Information on shareholders' equity (Continued):

8. Information on marketable securities valuation reserve:

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

9. Information on tangible assets revaluation reserve:

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

(*) Classified under other capital reserves.

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

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

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

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	30 September 2019	31 December 2018
Foreign currency buy/sell commitments	1.635.424	557.476
Loan limit commitments	168.805	117.343
Commitments for cheques	73.697	74.242
Securities buy/sell commitments	21.576	-
Total	1.899.502	749.061

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Information on contingent assets and contingent liabilities:

As of 30 September 2019, the total amount of legal cases against the Bank is TL 54.205 (31 December 2018: TL 54.164) and the Bank sets aside a provision of TL 8.232 (31 December 2018: TL 7.292) regarding these risks.

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

FITCH (15 October 2019)

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

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

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

	30 September 2019		30 September 2018	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	413.310	52.196	417.409	25.369
Medium/Long-term Loans	313.001	408.797	377.193	379.498
Interest on Loans Under Follow-up	3.741	-	3.341	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	730.052	460.993	797.943	404.867

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

2. Information on interest income on banks:

	30 September 2019		30 September 2018	
	TL	FC	TL	FC
From the CBRT	7.068	-	57.474	-
From Domestic Banks	29.175	765	14.316	1.015
From Foreign Banks	-	6.342	-	1.528
Headquarters and Branches Abroad	-	-	-	-
Total	36.243	7.107	71.790	2.543

3. Information on interest income on marketable securities:

	30 September 2019		30 September 2018	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	232	941	594	552
Financial Assets Measured at Fair Value through Other Comprehensive Income	28.539	5.367	19.883	4.995
Financial Assets Measured at Amortized Cost	-	8.497	-	8.120
Total	28.771	14.805	20.477	13.667

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

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

a. Information on interest income (Continued):

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

	30 September 2019	30 September 2018
Interest Received From Investments in Associates and Subsidiaries	3.406	3.317

b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 September 2019		30 September 2018	
	TL	FC	TL	FC
Banks	1.362	210.881	1.324	191.093
The CBRT	-	-	-	-
Domestic Banks	1.362	1.297	1.324	1.589
Foreign Banks	-	209.584	-	189.504
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	11.278	-	11.673
Total (*)	1.362	222.159	1.324	202.766

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

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

	30 September 2019	30 September 2018
Interest Paid to Investment in Associates and Subsidiaries	4.072	5.288

3. Interest expense on issued marketable securities:

None. (30 September 2018: None)

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

Current Period	Demand Deposit	Time Deposit					Accum. Deposit	Total	Prior Period Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year			
Turkish Currency									
Bank Deposits	-	179	-	-	-	-	-	179	164
Savings Deposits	-	53.515	321.640	36.696	18.293	63.931	-	494.075	401.859
Public Deposits									
Commercial Deposits	-	11.764	31.872	3.143	4.405	3.131	-	54.315	56.906
Other Deposits	-	5.418	28.725	10	284	-	-	34.437	8.535
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Total	-	70.876	382.237	39.849	22.982	67.062	-	583.006	467.464
Foreign Currency									
Foreign Currency Account	-	12.965	101.439	10.300	2.172	10.284	-	137.160	168.183
Bank Deposits	-	1.362	-	-	-	-	-	1.362	7.608
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	-	14.327	101.439	10.300	2.172	10.284	-	138.522	175.791
Grand Total	-	85.203	483.676	50.149	25.154	77.346	-	721.528	643.255

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

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

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

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

	30 September 2019	30 September 2018
Income	21.331.354	27.647.356
Capital Market Transactions	11.155	5.094
Derivative Financial Transactions	84.266	329.407
Foreign Exchange Gains	21.235.933	27.312.855
Loss (-)	21.307.791	27.576.186
Capital Market Transactions	3.255	3.700
Derivative Financial Transactions	68.230	302.962
Foreign Exchange Losses	21.236.306	27.269.524
Net Income/Loss	23.563	71.170

d. Information on other operating income:

In the current period, the Bank’s other operating income is TL 10.341 (30 September 2018: TL 12.955). TL 4.548 (30 September 2018: TL 2.791) amount of the other operating income is composed of the profit from sales of the fixed assets that were classified as “Asset Held for Resale”.

e. Expected loss provisions and other provision expenses:

	30 September 2019	30 September 2018
Expected Credit Loss	181.523	187.699
12 Month Expected Credit Loss (Stage 1)	-	48.299
Significant Increase in Credit Risk (Stage 2)	45.205	55.865
Non-performing Loans (Stage 3)	136.318	83.535
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Joint Ventures Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	941	23
Total	182.464	187.722

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

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

f. Information related to other operating expenses:

	30 September 2019	30 September 2018
Reserve For Employee Termination Benefits (*)	4.842	4.526
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Amortization Expenses of Fixed Assets	28.290	7.287
Impairment Expenses of Intangible Assets	-	-
Amortization Expenses of Intangible Assets	9.594	8.278
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	23	1.032
Amortization Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	79.465	86.486
Leasing expenses related to TFRS 16 exceptions	1.528	23.371
Maintenance Expenses	1.277	1.485
Advertising Expenses	4.194	1.535
Other Expense	72.466	60.095
Loss on Sales of Assets	217	253
Other	25.957	21.464
Total	148.388	129.326

(*) As of 30 September 2019, there is no “Employee Vacation Fee Provision Expense” (30 September 2018: TL 564).

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

The Bank has no discontinued operations. The Bank’s net in profit before taxes from continuing operations is TL 132.857 (30 September 2018: TL 183.196).

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

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

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

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

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

As of 30 September 2019, the Bank has current tax expense amounting to TL 39.537. Deferred tax income amounts to TL 18.260.

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

The Bank has TL 146.158 deferred tax income from temporary differences and TL 51.789 deferred tax expense from financial loss carried forward from prior periods. The bank also has deferred tax expense from closed temporary differences amounting to TL 76.109, deferred tax expense and income net-off to TL 18.260 deferred tax income.

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

As of 30 September 2019, the Bank has TL 70.049 (30 September 2018: TL 137.982 deferred tax expense) deferred tax income arising from temporary differences and deferred tax expense from financial loss carried forward from prior periods amounting to TL 51.789 (30 September 2018: TL 101.491 deferred tax income).

i. Information on continuing and discontinued operations' current period net profit/(loss):

The Bank has no discontinued operations and the below article (j) represents the current period net profit/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 Bank, the composition and amount of these items:

None.

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

None.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued):

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

k. Information on other income and expenses:

1. In the current period, the Bank's interest income amounts to TL 1.723.791 (30 September 2018: TL 1.646.067) and TL 334.419(30 September 2018: TL 286.252) of this amount is classified as "Other Interest Income" in the income statement.

	30 September 2019	30 September 2018
Other Interest Income		
Interest Income Related to Derivative Transactions	322.678	279.783
Other	11.741	6.469
Total	334.419	286.252

2. In the current period, the Bank's interest expense amounts to TL 1.208.604 (30 September 2018: TL 1.148.012), TL 249.324 (30 September 2018: TL 294.130) of this amount is classified as "Other Interest Expense" in the income statement.

	30 September 2019	30 September 2018
Other Interest Expense		
Interest Expense Related to Derivative Transactions	234.062	281.622
Other	15.262	12.508
Total	249.324	294.130

3. In the current period, the Bank's fee and commission income amounts to TL 34.805 (30 September 2018: TL 31.072) and TL 15.136 (30 September 2018: TL 14.785) the related amount is classified under "Other" account in the income statement.

	30 September 2019	30 September 2018
Other Fee and Commissions Received		
Insurance Commissions	4.763	6.556
Account Operating Fees	3.219	2.066
Commissions on Investment Fund Services	955	558
Commissions from Correspondent Banks	414	482
Transfer Commissions	393	463
Credit Card and POS Transaction Commission	109	182
Common Point Commissions	81	84
Other	5.202	4.394
Total	15.136	14.785

4. In the current period, Bank's fee and commission expense amounts to TL 8.070 (30 September 2018: TL 11.794) and TL 8.025 (30 September 2018: TL 11.750) of the related amount is classified under "Other" account.

	30 September 2019	30 September 2018
Other Fee and Commissions Given		
Credit Card Transaction Commission	1.460	1.847
Commissions Granted to Correspondent Banks	942	1.067
Common Point Commissions	352	393
EFT Commissions	338	566
Transfer Commissions	76	121
Other	4.857	7.756
Total	8.025	11.750

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

30 September 2019	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Banks’ Risk Group						
Loans and Other Receivables						
Balance at the Beginning of the Period	22.858	10.792	-	149.865	166	87
Balance at the End of the Period	-	25.390	-	34.451	107	-
Interest and Commission Income Received	3.406	128	7	5	16	1

31 December 2018	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Banks’ Risk Group						
Loans and Other Receivables						
Balance at the Beginning of the Period	21.693	12.963	-	-	27	15.429
Balance at the End of the Period	22.858	10.792	-	149.865	166	87
Interest and Commission Income Received	3.317	70	-	-	15	-

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

Banks’ Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	145.154	55.644	11.951	6.357	12.172	24.791
End of the Period	101.314	145.154	73.016	11.951	14.504	12.172
Interest Expense on Deposits	4.072	5.288	1.996	-	1.095	1.221

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

(Continued):

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

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

Banks' Risk Group Transactions at fair value through profit or loss	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period (*)	1.437.332	806.971	-	-	-	-
End of the period (*)	1.530.218	1.437.332	-	-	-	-
Total Profit/Loss	8.603	2.908	3.231	-	-	-
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

(*) The information in the table above shows the total amount of "buy".

b. With respect to the Bank's risk group:

1. The relations with entities that are included in the Bank's risk group and controlled by the Bank regardless of the presence of a transaction between parties:

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

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

	Total Risk Group	Share in Financial Statements (%)
Borrowings and Subordinated Debt Instruments	188.834	1,66
Banks and Other Institutions	3.045.334	74,02
Deposit	59.841	2,16
Non-cash loans	492	0,05
Loans	107	0,00

As of 30 September 2019, the Bank has realized interest income from deposits given to banks included in the risk group amounting to TL 2.608 (30 September 2018: TL 1.007), the Bank has realized interest expense amounting to TL 140.930 (30 September 2018: TL 118.450) on loans borrowed from the banks in the Bank's risk group.

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

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

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

According to the Joint Expense Sharing Agreement with the Bank and its subsidiaries; the Bank has received TL 313 (30 September 2018: TL 313) from Burgan Finansal Kiralama A.Ş., TL 24 (30 September 2018: TL 689) from Burgan Yatırım Menkul Değerler A.Ş as other operating income and the Bank has paid TL 201 (30 September 2018: TL 142) to Burgan Finansal Kiralama A.Ş. as other operating expense.

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Bank's risk group and the amount composes 0,38% (31 December 2018: 1,12%) of the Bank's total cash and non-cash loans.

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

As of 30 September 2019 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Bank is included.

c. Information on benefits provided to top management:

Top management of the Bank is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management in the current period, totals TL 19.688 (30 September 2018: TL 16.715) 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.

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

SECTION SIX

EXPLANATIONS ON THE LIMITED REVIEW REPORT

I. EXPLANATIONS ON THE LIMITED REVIEW REPORT:

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

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR:

None.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

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

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

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

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

The balance sheet size of our bank dated 30 September 2019 is TL 18.696.678, while deposits are TL 11.392.817. In the current period Burgan Bank has maintained its support to its customers uninterruptedly and net cash loans and factoring receivables has been realized as TL 12.406.141. Our equities have been realized as TL 1.898.081 while our capital adequacy ratio is 22,98%. Our Bank has made a net profit of TL 111.580 in the third quarter of 2019. We will continue to render our services in 14 cities through improving our relations with our current customers besides gaining new customers.

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

Ali Murat DİNÇ

Member of Board of Directors and General Manager

Emin Hakan EMİNSOY

Chairman of Board of Directors

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

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

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

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

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

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

Faisal M.A. Al Radwan has been elected as the Chairman of the Corporate Executive Committee while Emin Hakan Eminsoy and Ali Murat Dinç have been elected as members of the Corporate Executive Committee.

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

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

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

IV. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD:

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

	30.09.2019	31.12.2018	Change (%)
Total Assets	18.696.678	19.581.399	(4,5)
Loans and Factoring Receivables (Net)	12.406.141	14.085.758	(11,9)
Securities	674.030	633.184	6,5
Deposits	11.392.817	10.060.455	13,2
Debts Having Loan Characteristics	4.297.808	6.084.567	(29,4)
Shareholder’s Equity	1.898.081	1.875.980	1,2
Guarantees and Warranties	2.764.932	2.319.967	19,2
Capital Adequacy Ratio	22,98%	20,74%	10,8

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

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

The Bank provides high value added banking services and products in corporate, commercial, individual, financial leasing with private banking and via factoring and associates and investment banking areas with a total of 35 branches, including 9 retail, 1 corporate and 25 mixed banking branches, internet banking applications, call center and 945 employees.

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

30 September 2019

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

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