

**(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 2020**

INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the Board of Directors of Burgan Bank Anonim Şirketi,

Introduction

We have reviewed the unconsolidated statement of financial position of Burgan Bank A.Ş. (“the Bank”) at 30 September 2020 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 2020 and of the results of its operations and its cash flows for the nine-month period then ended in all material respects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in section seven, is not consistent with the 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



Yaşar Bivas, SMMM
Partner

Istanbul, Turkey
November 16, 2020

(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 2020**

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.

16 November 2020

Emin Hakan EMİNSOY
Chairman of the
Board of Directors

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

Esra AYDIN
Assistant General Manager
Financial Affairs (represent
by proxy)

Ahmet 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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(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 2020

(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.

(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 2020

(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).

(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 2020

(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/ Financial Affairs (Represented by Proxy)	Undergraduate
	Mutlu Akpara	Treasury, Capital Markets and Financial Institutions	Graduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Suat Kerem Sözügözel	Commercial and Corporate Banking	Undergraduate
	Hasan Hüseyin Uyar	Loans	Graduate
	Banu Ertürk	Credits Monitoring and Legal Follow-Up	Undergraduate
	Darço Akkaranfil	Information Technologies	Graduate
Audit Committee:	Halil Cantekin	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Fouad Housni Douglas	Member	Graduate

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

(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 2020, the Bank, whose headquarter located in Istanbul, has 33 branches operating in Turkey (31 December 2019: 35). The Bank’s core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 September 2020, the Bank has 965 (31 December 2019: 943) 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 2020 AND 31 DECEMBER 2019

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

I. BALANCE SHEET	Note (Section Five)	Reviewed 30/09/2020			Audited 31/12/2019		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (Net)		1.323.079	4.900.323	6.223.402	1.993.667	2.295.728	4.289.395
1.1 Cash and cash equivalents		279.570	4.570.959	4.850.529	1.252.946	2.022.014	3.274.960
1.1.1 Cash and balances at Central Bank	I-a	179.525	3.904.749	4.084.274	172.637	1.990.025	2.162.662
1.1.2 Banks	I-c	40.044	666.210	706.254	540.201	31.989	572.190
1.1.3 Receivables from Money Markets		60.020	-	60.020	540.169	-	540.169
1.1.4 Expected credit losses (-)		19	-	19	61	-	61
1.2 Financial assets at fair value through profit or loss	I-b	495	69.422	69.917	704	34.739	35.443
1.2.1 Public debt securities		495	6.905	7.400	704	3.813	4.517
1.2.2 Equity instruments		-	-	-	-	-	-
1.2.3 Other financial assets		-	62.517	62.517	-	30.926	30.926
1.3 Financial assets at fair value through other comprehensive income	I-d	260.992	103.980	364.972	168.674	159.728	328.402
1.3.1 Public debt securities		253.318	103.980	357.298	160.490	159.728	320.218
1.3.2 Equity instruments		7.674	-	7.674	7.674	-	7.674
1.3.3 Other financial assets		-	-	-	510	-	510
1.4 Derivative financial assets	I-l	782.022	155.962	937.984	571.343	79.247	650.590
1.4.1 Derivative financial assets at fair value through profit or loss		166.826	154.102	320.928	123.155	73.996	197.151
1.4.2 Derivative financial assets at fair value through other comprehensive income		615.196	1.860	617.056	448.188	5.251	453.439
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		5.351.887	10.951.853	16.303.740	4.319.291	8.967.206	13.286.497
2.1 Loans	I-e-f	5.931.242	11.099.253	17.030.495	4.626.037	9.190.030	13.816.067
2.2 Receivables from leasing transactions	I-k	-	-	-	-	-	-
2.3 Factoring receivables	I-e	-	-	-	7	-	7
2.4 Other financial assets measured at amortized cost	I-g	-	528.597	528.597	-	262.923	262.923
2.4.1 Public debt securities		-	528.597	528.597	-	262.923	262.923
2.4.2 Other financial assets		-	-	-	-	-	-
2.5 Expected credit losses (-)	I-e-f	579.355	675.997	1.255.352	306.753	485.747	792.500
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	I-o	431.211	-	431.211	408.176	-	408.176
3.1 Held for sale		431.211	-	431.211	408.176	-	408.176
3.2 Held from discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		539.406	-	539.406	523.728	-	523.728
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	539.406	-	539.406	523.728	-	523.728
4.2.1 Non-consolidated financial subsidiaries		539.406	-	539.406	523.728	-	523.728
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)		126.502	-	126.502	164.471	-	164.471
VI. INTANGIBLE ASSETS (Net)		34.438	-	34.438	37.398	-	37.398
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		34.438	-	34.438	37.398	-	37.398
VII. INVESTMENT PROPERTIES (Net)	I-m	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		18.560	-	18.560	-	-	-
IX. DEFERRED TAX ASSETS	I-n	41.431	-	41.431	44.480	-	44.480
X. OTHER ASSETS (Net)	I-p	156.221	111.803	268.024	73.378	65.050	138.428
TOTAL ASSETS		8.022.735	15.963.979	23.986.714	7.564.589	11.327.984	18.892.573

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 2020 AND 31 DECEMBER 2019

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

I. BALANCE SHEET	Note (Section Five)	Reviewed (30/09/2020)			Audited (31/12/2019)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	3.638.182	11.009.313	14.647.495	3.703.958	7.859.088	11.563.046
II. LOANS RECEIVED	II-c	37.113	3.344.941	3.382.054	34.728	2.266.255	2.300.983
III. MONEY MARKET FUNDS		8.713	263.206	271.919	1.595	192.346	193.941
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	213.231	138.021	351.252	188.481	89.780	278.261
7.1 Derivative financial liabilities at fair value through profit or loss		139.033	108.728	247.761	121.825	78.523	200.348
7.2 Derivative financial liabilities at fair value through other comprehensive income		74.198	29.293	103.491	66.656	11.257	77.913
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	II-f	63.501	2.628	66.129	26.364	87.994	114.358
X. PROVISIONS	II-h	46.064	12.739	58.803	65.930	15.737	81.667
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		29.639	-	29.639	48.290	-	48.290
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		16.425	12.739	29.164	17.640	15.737	33.377
XI. CURRENT TAX LIABILITIES	II-i	26.654	-	26.654	34.210	-	34.210
XII. DEFERRED TAX LIABILITIES	II-i	-	-	-	-	-	-
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	-	2.340.015	2.340.015	-	1.797.925	1.797.925
14.1 Loans		-	2.340.015	2.340.015	-	1.797.925	1.797.925
14.2 Other debt instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-e	161.173	733.988	895.161	166.203	442.704	608.907
XVI. SHAREHOLDERS' EQUITY	II-l	1.970.140	(22.908)	1.947.232	1.935.465	(16.190)	1.919.275
16.1 Paid-in capital		1.535.000	-	1.535.000	1.535.000	-	1.535.000
16.2 Capital reserves		(736)	-	(736)	(736)	-	(736)
16.2.1 Equity share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(736)	-	(736)	(736)	-	(736)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		15.617	-	15.617	15.617	-	15.617
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		11.859	(22.908)	(11.049)	(12.595)	(16.190)	(28.785)
16.5 Profit reserves		398.179	-	398.179	259.625	-	259.625
16.5.1 Legal reserves		24.839	-	24.839	22.870	-	22.870
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		373.340	-	373.340	236.755	-	236.755
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		10.221	-	10.221	138.554	-	138.554
16.6.1 Prior years' profits or losses		-	-	-	-	-	-
16.6.2 Current period net profit or loss		10.221	-	10.221	138.554	-	138.554
16.7 Minority shares		-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES		6.164.771	17.821.943	23.986.714	6.156.934	12.735.639	18.892.573

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 2020 AND 31 DECEMBER 2019

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

II.	OFF-BALANCE SHEET	Note (Section Five)	Reviewed 30/09/2020			Audited 31/12/2019		
			TP	FC	Total	TP	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		4.371.349	42.995.161	47.366.510	3.208.630	30.170.553	33.379.183
I.	GUARANTEES AND WARRANTIES	III-a-2-3	771.742	3.482.778	4.254.520	754.905	2.724.342	3.479.247
1.1.	Letters of Guarantee		771.742	1.540.913	2.312.655	754.905	1.045.827	1.800.732
1.1.1.	Guarantees Subject to State Tender Law		14.877	374	15.251	15.047	287	15.334
1.1.2.	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3.	Other Letters of Guarantee		756.865	1.540.539	2.297.404	739.858	1.045.540	1.785.398
1.2.	Bank Acceptances		-	109.589	109.589	-	214.924	214.924
1.2.1.	Import Letter of Acceptance		-	109.589	109.589	-	214.924	214.924
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		-	661.678	661.678	-	624.297	624.297
1.3.1.	Documentary Letters of Credit		-	661.678	661.678	-	624.297	624.297
1.3.2.	Other Letters of Credit		-	-	-	-	-	-
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees		-	1.170.598	1.170.598	-	839.294	839.294
1.9.	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	III-a-1	799.371	1.638.492	2.437.863	290.597	138.379	428.976
2.1.	Irrevocable Commitments		799.371	1.638.492	2.437.863	290.597	138.379	428.976
2.1.1.	Asset Purchase and Sales Commitments		482.085	1.275.152	1.757.237	67.343	138.379	205.722
2.1.2.	Deposit Purchase and Sales Commitments		-	363.340	363.340	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4.	Commitments for Loan Limits		252.558	-	252.558	151.731	-	151.731
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheques		64.728	-	64.728	71.523	-	71.523
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		2.800.236	37.873.891	40.674.127	2.163.128	27.307.832	29.470.960
3.1.	Hedging Derivative Financial Instruments		731.835	2.912.659	3.644.494	690.286	2.452.991	3.143.277
3.1.1.	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2.	Transactions for Cash Flow Hedge		731.835	2.912.659	3.644.494	690.286	2.452.991	3.143.277
3.1.3.	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2.	Trading Derivative Financial Instruments		2.068.401	34.961.232	37.029.633	1.472.842	24.854.841	26.327.683
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		31.641	220.704	252.345	191.740	342.198	533.938
3.2.1.1.	Forward Foreign Currency Transactions-Buy		20.824	106.969	127.793	159.606	111.731	271.337
3.2.1.2.	Forward Foreign Currency Transactions-Sell		10.817	113.735	124.552	32.134	230.467	262.601
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		1.368.306	32.762.359	34.130.665	438.686	22.761.967	23.200.653
3.2.2.1.	Foreign Currency Swap-Buy		375.780	10.325.140	10.700.920	174.727	5.511.909	5.686.636
3.2.2.2.	Foreign Currency Swap-Sell		992.526	9.658.998	10.651.524	263.959	5.441.478	5.705.437
3.2.2.3.	Interest Rate Swap-Buy		-	6.389.111	6.389.111	-	5.904.290	5.904.290
3.2.2.4.	Interest Rate Swap-Sell		-	6.389.110	6.389.110	-	5.904.290	5.904.290
3.2.3.	Foreign Currency, Interest rate and Securities Options		239.936	1.531.394	1.771.330	838.192	1.746.518	2.584.710
3.2.3.1.	Foreign Currency Options-Buy		188.676	688.339	877.015	269.717	1.009.481	1.279.198
3.2.3.2.	Foreign Currency Options-Sell		51.260	843.055	894.315	568.475	737.037	1.305.512
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		428.518	446.775	875.293	4.224	4.158	8.382
3.2.4.1.	Foreign Currency Futures-Buy		205.329	223.387	428.716	4.224	-	4.224
3.2.4.2.	Foreign Currency Futures-Sell		223.189	223.388	446.577	-	4.158	4.158
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)		43.488.625	68.545.518	112.034.143	55.180.855	50.870.916	106.051.771
IV.	ITEMS HELD IN CUSTODY		6.464.177	2.489.175	8.953.352	17.338.053	1.526.244	18.864.297
4.1.	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		5.656.215	1.177.294	6.833.509	16.503.030	522.415	17.025.445
4.3.	Cheques Received for Collection		801.612	103.709	905.321	806.039	125.768	931.807
4.4.	Commercial Notes Received for Collection		6.350	15.093	21.443	28.984	8.642	37.626
4.5.	Other Assets Received for Collection		-	-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		-	1.193.079	1.193.079	-	869.419	869.419
4.8.	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		36.804.272	66.056.343	102.860.615	37.622.626	49.344.672	86.967.298
5.1.	Marketable Securities		265.127	-	265.127	79.361	-	79.361
5.2.	Guarantee Notes		21.177.552	24.390.216	45.567.768	21.688.143	18.204.640	39.892.783
5.3.	Commodity		809.957	1.302.647	2.112.604	746.113	1.361.832	2.107.945
5.4.	Warranty		-	-	-	-	-	-
5.5.	Immovable		12.566.578	34.477.226	47.043.804	13.477.365	25.384.363	38.861.728
5.6.	Other Pledged Items		1.985.058	5.886.254	7.871.312	1.631.644	4.393.837	6.025.481
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		220.176	-	220.176	220.176	-	220.176
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		47.859.974	111.540.679	159.400.653	58.389.485	81.041.469	139.430.954

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 2020 AND 30 SEPTEMBER 2019

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

III. INCOME STATEMENTS INCOME AND EXPENSE ITEMS		Note (Section Five)	Reviewed 01/01/2020- 30/09/2020	Reviewed 01/01/2019- 30/09/2019	Reviewed 01/07/2020- 30/09/2020	Reviewed 01/07/2019- 30/09/2019
I.	INTEREST INCOME	IV-a	1.161.874	1.723.791	372.585	532.804
1.1	Interest received from loans		917.307	1.191.045	295.986	375.464
1.2	Interest received from reserve deposits		-	28.511	-	7.936
1.3	Interest received from banks		17.422	43.350	3.569	15.939
1.4	Interest received from money market transactions		25.692	82.890	8.330	26.021
1.5	Interest received from marketable securities portfolio		40.844	43.576	16.698	14.294
1.5.1	Financial assets at fair value through profit or loss		1.225	1.173	293	351
1.5.2	Financial assets at fair value through other comprehensive income		21.010	33.906	7.769	11.182
1.5.3	Financial assets measured at amortized cost		18.609	8.497	8.636	2.761
1.6	Finance lease interest income		-	-	-	-
1.7	Other interest income	IV-k	160.609	334.419	48.002	93.150
II.	INTEREST EXPENSES (-)	IV-b	741.427	1.208.604	238.386	367.941
2.1	Interest on deposits		364.802	721.528	119.295	233.713
2.2	Interest on funds borrowed		142.335	223.521	38.145	62.468
2.3	Interest on money market transactions		7.124	6.700	2.362	2.099
2.4	Interest on securities issued		-	-	-	-
2.5	Finance lease interest expenses		7.137	7.531	2.338	2.349
2.6	Other interest expenses	IV-k	220.029	249.324	76.246	67.312
III.	NET INTEREST INCOME/EXPENSE (I - II)		420.447	515.187	134.199	164.863
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		25.786	26.735	5.629	9.970
4.1	Fees and commissions received		34.858	34.805	10.023	12.142
4.1.1	Non-cash loans		20.437	19.669	6.608	6.772
4.1.2	Other	IV-k	14.421	15.136	3.415	5.370
4.2	Fees and commissions paid (-)		9.072	8.070	4.394	2.172
4.2.1	Non-cash loans (-)		39	45	9	16
4.2.2	Other (-)	IV-k	9.033	8.025	4.385	2.156
V.	DIVIDEND INCOME		8	2.769	-	-
VI.	TRADING PROFIT/LOSS (Net)	IV-c	89.565	23.563	46.229	3.631
6.1	Profit/losses from capital market transactions		31.268	7.900	4.106	3.679
6.2	Profit/losses from derivative financial transactions		(21.160)	16.036	(35.479)	(2.665)
6.3	Foreign exchange profit/losses		79.457	(373)	77.602	2.617
VII.	OTHER OPERATING INCOME	IV-d	21.073	10.341	10.830	3.097
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		556.879	578.595	196.887	181.561
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-e	276.219	181.523	112.311	94.760
X.	OTHER PROVISION EXPENSES (-)	IV-e	32	941	(35)	58
XI.	PERSONNEL EXPENSES (-)		160.509	147.803	54.225	48.555
XII.	OTHER OPERATING EXPENSES (-)	IV-f	134.718	148.388	36.584	49.011
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		(14.599)	99.940	(6.198)	(10.823)
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		21.285	32.917	12.040	14.018
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	IV-g	6.686	132.857	5.842	3.195
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-h	3.535	(21.277)	1.136	2.394
18.1	Current tax provision		-	39.537	(17.240)	2.691
18.2	Expense effect of deferred tax (+)		61.787	76.109	47.220	15.740
18.3	Income effect of deferred tax (-)		65.322	94.369	31.116	20.825
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-i	10.221	111.580	6.978	5.589
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	10.221	111.580	6.978	5.589
	Profit / (Loss) per share (1.000 nominal in TL full)		0,067	0,727	0,045	0,036

The accompanying explanations and notes form an integral part of these financial 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 2020 AND 30 SEPTEMBER 2019

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

	Reviewed 30/09/2020	Reviewed 30/09/2019
IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
I. CURRENT PERIOD INCOME/LOSS	10.221	111.580
II. OTHER COMPREHENSIVE INCOME	17.736	(88.842)
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	17.736	(88.842)
2.2.1 Exchange differences on translation of foreign operations	(5.749)	143
2.2.2 Gains or losses on valuation or reclassification arising from financial assets at fair value through other comprehensive income	(785)	21.719
2.2.3 Gains or losses arising on cash flow hedges	30.894	(134.536)
2.2.4 Gains or losses arising on net investment hedges	-	-
2.2.5 Other comprehensive income to be reclassified to profit or loss	-	-
2.2.6 Taxes relating to components of other comprehensive income that will be reclassified to profit or loss	(6.624)	23.832
III. TOTAL COMPREHENSIVE INCOME (I+II)	27.957	22.738

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 2020

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other comprehensive income not to be reclassified to profit or loss			Other comprehensive income to be reclassified to profit or loss			Profit Reserves	Prior Period Profit or Loss	Current Period Net Income or Loss	Total Shareholders' Equity
						1	2	3	4	5	6				
Reviewed CURRENT PERIOD 30/09/2020	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellatio Profits	Other Capital Reserves										
I. Prior Period End Balance	II-1	1.535.000	-	-	(736)	20.713	(5.096)	-	5.749	(2.396)	(32.138)	259.625	138.554	-	1.919.275
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		1.535.000	-	-	(736)	20.713	(5.096)	-	5.749	(2.396)	(32.138)	259.625	138.554	-	1.919.275
IV. Total Comprehensive Income		-	-	-	-	-	-	-	(5.749)	(612)	24.097	-	-	10.221	27.957
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	138.554	(138.554)	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	138.554	(138.554)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		1.535.000	-	-	(736)	20.713	(5.096)	-	-	(3.008)	(8.041)	398.179	-	10.221	1.947.232

- Describes;
1. Fixed assets revaluations increases / decreases,
 2. Accumulated re-measurement gains / (losses) of defined benefits,
 3. Other (the share of other comprehensive income of the investments accounted by the equity method that cannot be classified as profit / (loss) and the accumulated amount of other comprehensive income items that will not be reclassified as other profit / (loss)),
 4. Foreign currency translation differences,
 5. Accumulated revaluation and / or classification gains / (losses) on financial assets at fair value through other comprehensive income,
 6. Other (Cash flow hedging gains / (losses), share of other comprehensive income of equity method investees classified as profit / (loss) and accumulated 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 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 PRIOR PERIOD 30/09/2019	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves										
I. Prior Period End Balance	II-1	1.535.000	-	-	(99)	19.610	(3.058)	-	5.670	(22.972)	81.216	273.197	(174.343)	161.759	1.875.980
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 CASH FLOWS AS AT 30 SEPTEMBER 2020 AND 30 SEPTEMBER 2019

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	Reviewed 30/09/2020	Reviewed 30/09/2019
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		601.589	77.679
1.1.1 Interest Received		992.279	1.698.117
1.1.2 Interest Paid		(676.971)	(1.195.016)
1.1.3 Dividend Received		8	2.769
1.1.4 Fees and Commissions Received		27.092	23.864
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		209.571	190.312
1.1.7 Payments to Personnel and Service Suppliers		(160.509)	(147.803)
1.1.8 Taxes Paid		(8.772)	(9.044)
1.1.9 Other		218.891	(485.520)
1.2 Changes in Operating Assets and Liabilities		568.875	932.538
1.2.1 Net Increase/(Decrease) in Financial Assets at Fair Value Through Profit or Loss		(33.513)	(23.432)
1.2.2 Net (Increase)/Decrease in Due from Banks and Other Financial Institutions		(456.446)	46.815
1.2.3 Net (Increase)/Decrease in Loans		(3.267.012)	1.365.107
1.2.4 Net (Increase)/Decrease in Other Assets		(796.378)	761.144
1.2.5 Net (Increase)/Decrease in Bank Deposits		(129.129)	(1.711)
1.2.6 Net Increase/(Decrease) in Other Deposits		3.153.539	1.333.228
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		1.618.743	(1.811.916)
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		479.071	(736.697)
I. Net Cash Provided from Banking Operations		1.170.464	1.010.217
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(170.096)	(122.908)
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		(10.654)	(6.826)
2.4 Disposals of Property and Equipment		71.480	19.229
2.5 Cash Paid for Purchase of Investments Available-for-Sale		(240.758)	(115.467)
2.6 Cash Obtained from Sale of Investments Available-for-Sale		177.610	80.156
2.7 Cash Paid for Purchase of Investment Securities		(167.774)	-
2.8 Cash Obtained from Sale of Investment Securities		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		-	-
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment Of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		110.521	12.010
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		1.110.889	899.319
VI. Cash and Cash Equivalents at Beginning of the Period		2.187.746	2.421.711
VII. Cash and Cash Equivalents at end of the Period		3.298.635	3.321.030

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD

I. BASIS OF PRESENTATION:

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

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations 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.

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020

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

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

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. and Burgan Yatırım Menkul Değerler A.Ş 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.

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 2020

(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 2020, foreign currency denominated balances are translated into TL using the exchange rates of TL 7,7522 and TL 9,0835 for USD and EURO respectively.

If the functional currency of the Group is different from its reporting currency, all assets and liabilities in the reporting currency are translated using the foreign exchange rate at the balance sheet date, and 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 2020 and 31 December 2019.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020

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

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

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 2020, The Bank applies cash flow hedge accounting through cross and interest currency swaps to protect against changes in interest rates of FC deposits which have average maturities of up to 3 months. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting, the effective parts are accounted as defined in TFRS 9, on the financial statements under equity “Accumulated other comprehensive income or expense to be reclassified through profit or loss”, whereas the amount concerning ineffective parts is associated with the income statement.

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognized 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.

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

Fees and commission income/expenses are primarily recognized on an accrual basis or “Effective interest 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 2020

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

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

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

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

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

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.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020

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

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

The 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.

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

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020

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

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

The 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.

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.

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

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.

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.

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

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 2020, the Bank has no goodwill (31 December 2019: None).

b. Other intangible assets

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

Intangibles are amortized over their estimated useful lives using the straight-line 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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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 (“IFRS 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 “IFRS 16 Leases” standard, which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed, and lease transactions have started to be recognized under “Tangible Fixed Assets” as an asset (right to use asset) and under “Lease Payables” as a liability.

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued):

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

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

IFRS 16 "Leases" Standard

Bank – lessee:

At the beginning of a contract, the Bank assesses whether the contract has the quality of a lease or whether the contract includes a lease transaction. In circumstances when the contract transfers the right of controlling the asset for a certain time period for a certain price, this contract carries the quality of a lease or includes a leasing transaction. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Existence of right to use:

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

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

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

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

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

Lease Obligation:

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

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

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

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

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

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(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 2020 (22% for 2019). 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:

Pursuant to Law No. 5746 on Supporting Research and Development Activities, there is an incentive of TL 1.909 (31 December 2019: TL 884) received from TÜBİTAK until the balance sheet date.

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)

BURGAN BANK A.Ş.

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

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

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

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:

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 2020

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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 2020 Bank’s total capital has been calculated as TL 3.997.348 (31 December 2019: TL 3.580.806) and the Capital adequacy ratio is 24,32% (31 December 2019: 21,27%).

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

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

(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:

	Current Period 30 September 2020	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
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	397.443		258.889	
Gains recognized in equity as per TAS	97.851		123.145	
Profit	10.221		138.554	
Current Period Profit	10.221		138.554	
Prior Period Profit	-		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-		-	
Common Equity Tier 1 Capital Before Deductions	2.040.515		2.055.588	
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	25.820		39.630	
Improvement costs for operating leasing	13.663		15.979	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	35.292	35.292	37.712	37.712
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-		-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	12.683		-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-		-	
Gains arising from securitization transactions	-		-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-		-	
Defined-benefit pension fund net assets	-		-	
Direct and indirect investments of the Bank in its own Common Equity	-		-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-		-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-		-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-		-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-		-	
Excess amount arising from mortgage servicing rights	-		-	
Excess amount arising from deferred tax assets based on temporary differences	-		-	
Other items to be defined by the BRSA	-		-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-		-	
Total Deductions From Common Equity Tier 1 Capital	87.458		93.321	
Total Common Equity Tier 1 Capital	1.953.057		1.962.267	

(*) 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):

	Current Period 30 September 2020	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
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)	1.953.057		1.962.267	
TIER II CAPITAL				
Debt instruments and share issue premiums deemed suitable by the BRSA	1.860.528		1.425.600	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-		-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	185.573		195.618	
Tier II Capital Before Deductions	2.046.101		1.621.218	
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.	1.810		2.679	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-		-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Other items to be defined by the BRSA (-)	-		-	
Total Deductions from Tier II Capital	1.810		2.679	
Total Tier II Capital	2.044.291		1.618.539	
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.997.348		3.580.806	
Deductions from Total Capital				
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-		-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-		-	
Other items to be defined by the BRSA	-		-	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components				
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	

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

I. EXPLANATIONS ON EQUITY (Continued):

	Current Period 30 September 2020	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL				
Total Capital	3.997.348		3.580.806	
Total risk weighted amounts	16.435.791		16.837.504	
Capital Adequacy Ratios				
Core Capital Adequacy Ratio (%)	11,88		11,65	
Tier I Capital Adequacy Ratio (%)	11,88		11,65	
Capital Adequacy Ratio (%)	24,32		21,27	
BUFFERS				
Total buffer requirement (a+b+c)	2.577		2.533	
a.Capital conservation buffer requirement (%)	2,500		2,500	
b.Bank specific counter-cyclical buffer requirement (%)	0,077		0,033	
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	7,38		7,15	
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	187.280		130.048	
Limits related to provisions considered in Tier II calculation				
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	709.100		532.528	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	185.573		195.618	
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)	697.698	1.162.830
Nominal value of debt instrument (USD)	150.000	150.000
The account number that the debt instrument is followed	Liability-Subordinated Loans-Amortized Cost	Liability-Subordinated Loans-Amortized Cost
Original date of issuance of the debt instrument	6.12.2013	30.03.2016
Maturity structure of the debt instrument (Perpetual/Dated)	Dated	Dated
Original maturity date of the debt instrument	10 Years	10 Years
Whether the issuer has a right to call subject to BRSA approval	Yes	Yes
Optional call date, contingent call options and redemption amount	After 5th year	After 5th year
Subsequent call dates of call options	After 5th year	After 5th year
Coupon/dividend payments	3 Months	3 Months
Fixed or floating dividend/coupon payments	Floating dividend	Floating dividend
Coupon rate and any related index value	LIBOR+3,75	LIBOR+3,75
Existence of a restriction which can stop dividend payments	-	-
Being fully discretionary, partially discretionary or mandatory	-	-
Existence of an interest rate increase or other incentive to call	-	-
Being noncumulative or cumulative	Noncumulative	Noncumulative
Being convertible or non-convertible to stock	None	None
If convertible to a stock, conversion trigger(s)	-	-
If convertible to a stock, fully or partially	-	-
If convertible to a stock, conversion rate	-	-
If convertible to a stock, mandatory or optional conversion	-	-
If convertible to a stock, specify instrument type convertible into	-	-
If convertible to a stock, issuer of debt instrument it converts into	-	-
Value reduction feature	None	None
If it has a value reduction feature, write-down trigger(s)	-	-
If it has a value reduction feature, full or partial	-	-
If it has a value reduction feature, permanent or temporary	-	-
If temporary value reduction exists, description of value increase mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to this instrument)	Before debt instruments to be included in Additional Tier I capital calculation but after the deposit holders and all other creditors of the Debtor.	Before debt instruments to be included in Additional Tier I capital calculation but after the deposit holders and all other creditors of the Debtor.
Whether it is in compliance with the terms in articles 7 and 8 of the Communiqué on Bank’s Equities	None.	None.
The terms it is not in compliance with in articles 7 and 8 of the Communiqué on Bank’s Equities	None.	None.

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INFORMATION RELATED TO 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
EQUITY ITEMS			
Common Equity Tier 1 Capital	1.953.057	1.920.830	1.888.602
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	1.888.602	1.888.602	1.888.602
Tier 1 Capital	1.953.057	1.920.830	1.888.602
Tier 1 Capital Without the Implementation of the Transition Process	1.888.602	1.888.602	1.888.602
Equity	4.061.803	4.029.576	3.997.348
Equity Without the Implementation of the Transition Process	3.997.348	3.997.348	3.997.348
TOTAL RISK WEIGHTED AMOUNTS			
Total Risk Weighted Amounts	16.435.791	16.435.791	16.435.791
CAPITAL ADEQUACY RATIOS			
Common Equity Tier 1 Capital Adequacy Ratio (%)	11,88	11,69	11,49
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	11,49	11,49	11,49
Tier 1 Capital Adequacy Ratio (%)	11,88	11,69	11,49
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	11,49	11,49	11,49
Capital Adequacy Ratio (%)	24,71	24,52	24,32
Capital Adequacy Ratio Without the Implementation of the Transition Process	24,32	24,32	24,32
LEVERAGE RATIO			
Leverage Ratio Total Risk Amount	29.490.966	29.490.966	29.490.966
Leverage Ratio (%)	6,65	6,51	6,40
Leverage Ratio Without the Implementation of the Transition Process	6,40	6,40	6,40

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**INFORMATION RELATED TO FINANCIAL POSITION 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 2020:

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

	Risk Weighted Amounts		Minimum Capital Liability
	Current Period 30 September 2020	Prior Period 31 December 2019	Current Period 30 September 2020
1 Credit risk (excluding counterparty credit risk) (CCR)	14.424.287	15.094.397	1.153.943
2 Standardised approach (SA)	14.424.287	15.094.397	1.153.943
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	421.578	555.067	33.726
5 Standardised approach for counterparty credit risk (SACCR)	421.578	555.067	33.726
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	277.204	114.989	22.176
17 Standardised approach (SA)	277.204	114.989	22.176
18 Internal model approaches (IMM)	-	-	-
19 Operational risk	1.312.722	1.073.051	105.018
20 Basic indicator approach	1.312.722	1.073.051	105.018
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)	16.435.791	16.837.504	1.314.863

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

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

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

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**INFORMATION RELATED TO 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 2020				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	830.492	3.059.308	14.949	3.904.749
Due From Banks	202.737	459.241	4.232	666.210
Financial Assets at Fair Value Through Profit or Loss (*)	56.566	89.832	6	146.404
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	45.205	58.775	-	103.980
Loans (*)	8.435.690	2.841.278	-	11.276.968
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	528.597	-	528.597
Hedging Derivative Financial Assets (*)	1.262	598	-	1.860
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	594	111.165	44	111.803
Total Assets	9.572.546	7.148.794	19.231	16.740.571
Liabilities				
Bank Deposits	74.236	27.068	22	101.326
Foreign Currency Deposits	4.306.491	6.310.858	290.638	10.907.987
Funds From Interbank Money Market	14.538	248.668	-	263.206
Funds Borrowed From Other Financial Institutions	188.568	5.496.388	-	5.684.956
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	400.833	329.015	147	729.995
Hedging Derivative Financial Liabilities	2.641	26.616	-	29.257
Other Liabilities (*)	42.043	36.053	2.002	80.098
Total Liabilities	5.029.350	12.474.666	292.809	17.796.825
Net On-balance Sheet Position	4.543.196	(5.325.872)	(273.578)	(1.056.254)
Net Off-balance Sheet Position	(4.037.590)	5.404.617	299.497	1.666.524
Financial Derivative Assets	3.242.797	9.538.830	653.154	13.434.781
Financial Derivative Liabilities	7.280.387	4.134.213	353.657	11.768.257
Non-Cash Loans (**)	1.846.962	1.476.458	159.358	3.482.778
31 December 2019				
Total Assets (*)	6.772.616	5.265.926	16.574	12.055.116
Total Liabilities (*)	3.070.773	9.479.913	154.116	12.704.802
Net On-balance Sheet Position	3.701.843	(4.213.987)	(137.542)	(649.686)
Net Off-balance Sheet Position	(3.402.548)	4.442.833	138.159	1.178.444
Financial Derivative Assets	1.292.592	6.429.169	172.834	7.894.595
Financial Derivative Liabilities	4.695.140	1.986.336	34.675	6.716.151
Non-Cash Loans (**)	1.081.865	1.566.223	76.254	2.724.342

(*) The above table shows the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets are classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts. Due to this, foreign currency indexed loans amounting to TL 177.715 (31 December 2019: TL 260.472) classified as Turkish Lira assets in the 30 September 2020 financial statements are added to the table above. Furthermore, in foreign currency assets “Income Accruals of Derivative Financial Instruments” amounting to TL 77.120 (31 December 2019: TL 19.087) and “Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 675.997 (31 December 2019: TL 485.747), in foreign currency liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 40.625 (31 December 2019: TL 39.869) and “Non-cash Loans Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 7.401 (31 December 2019: TL 7.158) and “Marketable Securities Valuation Reserve” with “ Hedging Derivative Financials” amounting to TL (22.908) (31 December 2019: TL (16.190)) are not included in the table above.

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

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**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, securities which fair value difference reflected in other comprehensive income and the trading portfolio. Through using these precautions, the possible loss effects on the shareholders’ equity due to both credit risk and interest risk during the volatile periods of the market are minimized.

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

30 September 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets (***)							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	-	-	-	-	-	4.084.274	4.084.274
Due From Banks	654.241	-	-	-	-	51.994	706.235
Financial Assets at Fair Value Through Profit/Loss (*)	126.748	123.085	620.443	105.590	32.035	-	1.007.901
Interbank Money Market Placements	60.020	-	-	-	-	-	60.020
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	73.228	247.271	36.799	7.674	364.972
Loans	7.377.787	2.128.031	3.280.548	1.786.077	122.120	1.080.580	15.775.143
Financial Assets Measured at Amortized Cost	-	-	156.199	365.754	6.644	-	528.597
Other Assets	-	-	-	-	-	1.459.572	1.459.572
Total Assets	8.218.796	2.251.116	4.130.418	2.504.692	197.598	6.684.094	23.986.714
Liabilities							
Bank Deposits	-	72.722	-	-	-	28.917	101.639
Other Deposits	10.077.255	3.308.054	190.127	2.174	-	968.246	14.545.856
Funds From Interbank Money Market	8.733	-	248.648	14.538	-	-	271.919
Miscellaneous Payables	-	-	-	-	-	781.980	781.980
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	1.514.730	2.302.522	1.904.817	-	-	-	5.722.069
Other Liabilities (*) (**)	50.606	115.196	75.683	160.727	15.171	2.145.868	2.563.251
Total Liabilities	11.651.324	5.798.494	2.419.275	177.439	15.171	3.925.011	23.986.714
Balance Sheet Long Position	-	-	1.711.143	2.327.253	182.427	2.759.083	6.979.906
Balance Sheet Short Position	(3.432.528)	(3.547.378)	-	-	-	-	(6.979.906)
Off-balance Sheet Long Position	1.164.811	194.912	1.352.204	-	-	-	2.711.927
Off-balance Sheet Short Position	-	-	-	(1.874.978)	-	-	(1.874.978)
Total Position	(2.267.717)	(3.352.466)	3.063.347	452.275	182.427	2.759.083	836.949

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 617.056 and other liabilities includes hedging derivative financial liabilities amounting to TL 103.491 classified to a related re-pricing periods.

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

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

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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 2019	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	-	-	-	-	-	2.162.662	2.162.662
Due From Banks	549.016	-	-	-	-	23.113	572.129
Financial Assets at Fair Value Through Profit/Loss (*)	72.430	133.911	387.448	59.713	32.531	-	686.033
Interbank Money Market Placements	540.169	-	-	-	-	-	540.169
Financial Assets at Fair Value Through Other Comprehensive Income	-	76.262	-	153.966	90.509	7.665	328.402
Loans	3.220.887	3.678.465	3.447.094	1.839.917	166.650	670.561	13.023.574
Financial Assets Measured at Amortized Cost	-	-	-	262.923	-	-	262.923
Other Assets	-	-	-	-	-	1.316.681	1.316.681
Total Assets	4.382.502	3.888.638	3.834.542	2.316.519	289.690	4.180.682	18.892.573
Liabilities							
Bank Deposits	148.507	53.383	-	-	-	20.910	222.800
Other Deposits	7.958.729	2.357.439	423.328	29.273	-	571.477	11.340.246
Funds From Interbank Money Market	3.418	190.523	-	-	-	-	193.941
Miscellaneous Payables	-	-	-	-	-	497.518	497.518
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	1.526.038	1.922.258	650.612	-	-	-	4.098.908
Other Liabilities (*) (**)	107.506	55.500	114.627	108.012	6.972	2.146.543	2.539.160
Total Liabilities	9.744.198	4.579.103	1.188.567	137.285	6.972	3.236.448	18.892.573
Balance Sheet Long Position	-	-	2.645.975	2.179.234	282.718	944.234	6.052.161
Balance Sheet Short Position	(5.361.696)	(690.465)	-	-	-	-	(6.052.161)
Off-balance Sheet Long Position	233.181	284.172	1.248.785	-	-	-	1.766.138
Off-balance Sheet Short Position	-	-	-	(1.167.973)	-	-	(1.167.973)
Total Position	(5.128.515)	(406.293)	3.894.760	1.011.261	282.718	944.234	598.165

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 453.439 and other liabilities includes hedging derivative financial liabilities amounting to TL 77.913 classified to a related re-pricing periods.

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

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

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

IV. EXPLANATIONS ON INTEREST RATE RISK (Continued):

b. Average interest rates for monetary financial instruments (Continued):

Average interest rates in the tables below are calculated by weighting simple interest rates with principal amounts.

30 September 2020	EUR	USD	Yen	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Due From Banks	0,03	0,15	-	11,74
Financial Assets at Fair Value Through Profit/Loss	4,87	1,10	-	10,30
Interbank Money Market Placements	-	-	-	10,34
Financial Assets at Fair Value Through Other Comprehensive Income	4,79	4,51	-	11,33
Loans	5,11	6,18	-	16,21
Financial Assets Measured at Amortized Cost	-	6,06	-	-
Liabilities				
Bank Deposits	1,18	-	-	-
Other Deposits (*)	1,08	2,41	-	11,33
Funds From Interbank Money Market	-	1,29	-	8,29
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	0,71	3,10	-	8,90

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

31 December 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	-	0,76	-	11,12
Financial Assets at Fair Value Through Profit/Loss	3,46	3,10	-	10,48
Interbank Money Market Placements	-	-	-	9,74
Financial Assets at Fair Value Through Other Comprehensive Income	3,05	4,66	-	15,60
Loans	5,30	7,51	-	18,54
Financial Assets Measured at Amortized Cost	-	4,41	-	-
Liabilities				
Bank Deposits	0,99	1,41	-	-
Other Deposits (*)	0,65	2,37	-	11,97
Funds From Interbank Money Market	-	3,08	-	9,14
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,63	4,83	-	10,38

(*) 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	(23.365)	(0,6)%
2. TRY	-400 bp	21.260	0,5%
3. EURO	+200 bp	(47.524)	(1,2)%
4. EURO	-200 bp	(11.456)	(0,3)%
5. USD	+200 bp	(1.187)	(0,0)%
6. USD	-200 bp	772	0,0%
Total (For Negative Shocks)		10.576	0,3%
Total (For Positive Shocks)		(72.076)	(1,8)%

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 2020	Unweighted Amounts (*)		Weighted Amounts (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1	High Quality Liquid Assets		4.441.099	3.673.545
CASH OUTFLOWS				
2	Retail and Small Business Customers Deposits		8.941.865	5.728.356
3	Stable deposits	916.871	-	45.844
4	Less stable deposits	8.024.994	5.728.356	802.499
5	Unsecured Funding other than Retail and Small Business Customers Deposits		4.874.404	4.377.595
6	Operational deposits	2.098.967	1.997.863	524.742
7	Non-Operational Deposits	1.913.417	1.686.429	982.843
8	Other Unsecured Funding	862.020	693.303	862.020
9	Secured funding		-	-
10	Other Cash Outflows		435.501	459.313
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	435.501	459.313	435.501
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		3.855.245	3.057.600
16	TOTAL CASH OUTFLOWS		4.142.235	3.450.681
CASH INFLOWS				
17	Secured Lending Transactions	-	-	-
18	Unsecured Lending Transactions	2.346.217	1.399.236	1.685.123
19	Other contractual cash inflows	10.221	178.746	10.221
20	TOTAL CASH INFLOWS		2.356.438	1.577.982
			Upper Limit Applied Values	
21	TOTAL HIGH QUALITY LIQUID ASSETS		4.441.099	3.673.545
22	TOTAL NET CASH OUTFLOWS		2.446.891	2.310.081
23	LIQUIDITY COVERAGE RATIO (%)		181,50	159,02

(*) 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 2019		Unweighted Amounts (*)		Weighted Amounts (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			2.960.686	2.074.640
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	7.537.817	4.498.149	712.927	449.815
3	Stable deposits	817.085	-	40.854	-
4	Less stable deposits	6.720.732	4.498.149	672.073	449.815
5	Unsecured Funding other than Retail and Small Business Customers Deposits	3.744.816	3.061.426	1.866.175	1.504.873
6	Operational deposits	1.063.477	962.832	265.869	240.708
7	Non-Operational Deposits	2.326.385	1.885.791	1.245.352	1.051.363
8	Other Unsecured Funding	354.954	212.803	354.954	212.802
9	Secured funding	-	-	-	-
10	Other Cash Outflows	209.155	220.375	209.155	220.375
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	209.155	220.375	209.155	220.375
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	3.145.092	2.430.733	386.273	277.880
16	TOTAL CASH OUTFLOWS			3.174.530	2.452.943
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	1.919.388	903.034	1.384.998	636.265
19	Other contractual cash inflows	10.035	109.848	10.035	109.848
20	TOTAL CASH INFLOWS	1.929.423	1.012.882	1.395.033	746.113
				Upper Limit Applied Values	
21	TOTAL HIGH QUALITY LIQUID ASSETS			2.960.686	2.074.640
22	TOTAL NET CASH OUTFLOWS			1.779.497	1.706.830
23	LIQUIDITY COVERAGE RATIO (%)			166,38	121,55

(*) 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 80% and securities issued by Undersecretariat of Treasury at a ratio of 12%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to banks at ratios of 23%, 46% and 8% respectively.

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

Absolute value of net warrant flows realized as of 30 days periods for each transaction and liability are calculated provided that changes in fair values of derivative transactions and other liabilities can form a margin liability in accordance with “Regulation on Calculation of Liquidity Coverage Ratio of Banks” entered into force through publishing in Official Gazette dated 21 March 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. Information related to the aforementioned cash outflow occurred on 30 September 2020 is given below:

Date	FC	FC + TL
30 September 2020	408.259	408.259

Liquidity coverage rates are calculated weekly for unconsolidated basis and monthly for consolidated basis as of 31 December 2015 in accordance with the “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated 21 March 2014 and numbered 28948. 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 2020. 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 (%)	254,69%	288,92%	102,30%	124,87%
Week	25.09.2020	04.09.2020	17.07.2020	17.07.2020

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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 2020	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	1.737.310	2.346.964	-	-	-	-	-	4.084.274
Due From Banks	51.994	654.241	-	-	-	-	-	706.235
Financial Assets at Fair Value Through Profit or Loss (*)	-	69.542	29.277	242.988	633.444	32.650	-	1.007.901
Interbank Money Market Placements	-	60.020	-	-	-	-	-	60.020
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	73.228	247.271	36.799	7.674	364.972
Loans	-	2.913.643	2.247.822	2.574.387	5.127.456	1.831.255	1.080.580	15.775.143
Financial Assets Measured at Amortized Cost	-	-	-	156.199	365.754	6.644	-	528.597
Other Assets (**)	-	63.050	4.267	14.132	43.755	-	1.334.368	1.459.572
Total Assets	1.789.304	6.107.460	2.281.366	3.060.934	6.417.680	1.907.348	2.422.622	23.986.714
Liabilities								
Bank Deposits	28.917	-	72.722	-	-	-	-	101.639
Other Deposits	968.246	10.077.255	3.308.054	190.127	2.174	-	-	14.545.856
Funds Borrowed From Other Financial Institutions	-	129.306	9.383	3.032.544	1.376.233	1.174.603	-	5.722.069
Funds From Interbank Money Market	-	8.713	-	126.585	136.621	-	-	271.919
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	662.846	-	-	-	-	119.134	781.980
Other Liabilities (*) (***)	-	117.026	19.505	44.068	300.767	30.154	2.051.731	2.563.251
Total Liabilities	997.163	10.995.146	3.409.664	3.393.324	1.815.795	1.204.757	2.170.865	23.986.714
Net Liquidity Gap	792.141	(4.887.686)	(1.128.298)	(332.390)	4.601.885	702.591	251.757	-
Net Off-balance sheet Position	-	133.165	(114.082)	(168.510)	(910.458)	2.420	-	(1.057.465)
Financial Derivative Assets	-	7.415.017	3.508.106	433.200	3.540.621	3.849	-	14.900.793
Financial Derivative Liabilities	-	(7.281.852)	(3.622.188)	(601.710)	(4.451.079)	(1.429)	-	(15.958.258)
Non-cash Loans	-	2.808.914	429.248	767.687	244.034	4.637	-	4.254.520
31 December 2019								
Total Assets	936.842	3.662.377	2.345.865	2.744.711	5.610.008	1.708.479	1.884.291	18.892.573
Total Liabilities	593.982	8.793.439	2.644.381	2.386.114	1.473.738	1.007.676	1.993.243	18.892.573
Net Liquidity Gap	342.860	(5.131.062)	(298.516)	358.597	4.136.270	700.803	(108.952)	-
Net Off-balance sheet Position	-	340.029	165.939	(19.881)	118.654	541	-	605.282
Financial Derivative Assets	-	4.806.031	1.432.903	328.631	1.267.102	821	-	7.835.488
Financial Derivative Liabilities	-	(4.466.002)	(1.266.964)	(348.512)	(1.148.448)	(280)	-	(7.230.206)
Non-cash Loans	-	2.457.879	246.823	566.093	204.173	4.279	-	3.479.247

(*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 617.056 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 103.491. These accounts are mainly shown under the 1-5 year maturity period.

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

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

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

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**INFORMATION RELATED TO FINANCIAL POSITION 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 2020, leverage ratio of the Bank calculated from the arithmetic average of the three months is 6,65% (31 December 2019: 8,18%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in balance sheet and off-balance sheet assets.

Disclosure of leverage ratio template:

	30 September 2020 (*)	31 December 2019 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	23.068.626	18.930.593
(Assets deducted from Core capital)	49.187	52.342
Total risk amount of balance sheet assets	23.019.439	18.878.251
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	631.173	531.860
Potential credit risk amount of derivative financial assets and credit derivatives	151.650	107.092
Total risk amount of derivative financial assets and credit derivatives	782.823	638.952
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	5.688.704	4.395.837
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	5.688.704	4.395.837
Capital and total risk		
Core Capital	1.952.454	1.953.230
Total risk amount	29.490.966	23.913.040
Leverage ratio		
Leverage ratio	6,65%	8,18%

(*) 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 2020, 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 617.056 (31 December 2019: TL 453.439) and derivative financial payables of which carrying amount is TL 103.491 (31 December 2019: TL 77.913), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value income amounting to TL 24.097 (31 December 2019: TL (113.354) fair value expense) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2019: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments		Hedging Funds (*)	Ineffective Part Accounted in the Statement of Profit or Loss(Net)
			Fair Value			
			Assets	Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	616.966	89.880	16.470	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	90	13.611	(24.511)	-

(*) 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 2019: None).

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

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

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.

X. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

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

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

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

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

30 September 2020	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Bank
Net Interest Income	73.832	300.442	46.173	-	420.447
Net Fees and Comissions	1.826	23.960	-	-	25.786
Trading Profit/Loss	19.764	2.581	67.220	-	89.565
Other Operating Income	1.493	19.580	-	-	21.073
Operating Income	96.915	346.563	113.393	-	556.871
Operating Costs (-)	68.909	379.959	28.765	93.845	571.478
Net Operating Income	28.006	(33.396)	84.628	(93.845)	(14.607)
Dividend Income	-	-	-	8	8
Income/Loss from subsidiaries based on equity method	-	-	-	21.285	21.285
Profit Before Tax	28.006	(33.396)	84.628	(72.552)	6.686
Tax Provisions (-)	6.161	(7.347)	18.618	(20.967)	(3.535)
Net Profit/Loss	21.845	(26.049)	66.010	(51.585)	10.221
Segment Assets	2.052.399	15.945.525	4.529.218	-	22.527.142
Investments in associates, subsidiaries and joint ventures	-	-	-	539.406	539.406
Unallocated Assets	-	-	-	920.166	920.166
Total Assets	2.052.399	15.945.525	4.529.218	1.459.572	23.986.714
Segments Liabilities	9.586.940	5.071.492	6.446.877	934.173	22.039.482
Unallocated Liabilities	-	-	-	1.947.232	1.947.232
Total Liabilities	9.586.940	5.071.492	6.446.877	2.881.405	23.986.714

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

X. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified	Total Operations of the Bank
30 September 2019					
Net Interest Income	88.963	402.273	23.951	-	515.187
Net Fees and Commissions	3.100	23.635	-	-	26.735
Commercial 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
31 December 2019					
Segment Assets	1.531.640	12.784.757	3.259.495	-	17.575.892
Investments in associates, subsidiaries and joint ventures	-	-	-	523.728	523.728
Unallocated Assets	-	-	-	792.953	792.953
Total Assets	1.531.640	12.784.757	3.259.495	1.316.681	18.892.573
Segments Liabilities	7.900.248	3.492.166	4.793.910	786.974	16.973.298
Unallocated Liabilities	-	-	-	1.919.275	1.919.275
Total Liabilities	7.900.248	3.492.166	4.793.910	2.706.249	18.892.573

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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 2020		31 December 2019	
	TL	FC	TL	FC
Cash/Foreign currency	15.390	281.338	16.388	126.008
CBRT	164.135	3.617.403	156.249	1.864.017
Other	-	6.008	-	-
Total	179.525	3.904.749	172.637	1.990.025

2. Information on the account of the CBRT:

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

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

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

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EXPLANATIONS AND NOTES RELATED TO 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. Financial assets at fair value through profit / loss given as collateral / blocked:

As of 30 September 2020, there are no subject to assets given as collateral/blocked to financial assets at fair value through profit or loss (31 December 2019: TL 52).

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

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

c. Information on banks:

1. Information on banks:

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Banks				
Domestic	40.044	340.595	540.201	2.973
Foreign	-	325.615	-	29.016
Headquarters and Branches Abroad	-	-	-	-
Total	40.044	666.210	540.201	31.989

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

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

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

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

There are TL 194.232 financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2019: TL 203.247).

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

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

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

	30 September 2020	31 December 2019
Debt Securities	361.523	323.080
Quoted on Stock Exchange	361.523	323.080
Not Quoted	-	-
Share Certificates	7.674	7.674
Quoted on Stock Exchange	-	-
Not Quoted	7.674	7.674
Impairment Provision (-)	4.225	2.352
Total	364.972	328.402

e. Explanations on loans:

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

	30 September 2020		31 December 2019	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	10.865	-	35.560
Corporate Shareholders	-	10.865	-	35.560
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	4.597	-	4.227	-
Total	4.597	10.865	4.227	35.560

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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 (Continued):

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 with Revised Contract Terms	Re-finance
Cash Loans				
Non-Specialized Loans	12.588.780	1.157.580	1.646.579	-
Loans given to enterprises	-	-	-	-
Export Loans	432.418	56.974	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1.346.042	-	-	-
Consumer Loans	301.191	13.482	12.830	-
Credit Cards	-	-	-	-
Other	10.509.129	1.087.124	1.633.749	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	12.588.780	1.157.580	1.646.579	-

ii.

	Standard Loans	Loans Under Close Monitoring
General Provisions (*)	48.995	660.105
12 Month Expected Credit Losses	48.995	-
Significant Increase in Credit Risk	-	660.105

(*) 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):

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

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

5. Loans according to types of borrowers:

	30 September 2020	31 December 2019
Public	176.528	129.080
Private	15.216.411	12.739.850
Total	15.392.939	12.868.930

6. Distribution of domestic and foreign loans:

	30 September 2020	31 December 2019
Domestic Loans	15.392.412	12.868.457
Foreign Loans	527	473
Total	15.392.939	12.868.930

7. Loans given to associates and subsidiaries;

None (31 December 2019: None).

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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 2020	31 December 2019
Loans with Limited Collectability	278.548	33.942
Loans with Doubtful Collectability	11.349	107.190
Uncollectible Loans	267.079	135.451
Total	556.976	276.583

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 2020			
Gross amounts before the Provisions	-	-	-
Restructured Loans	-	779	10.571
31 December 2019			
Gross amounts before the Provisions	-	-	-
Restructured Loans	1.028	1.963	8.201

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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	110.211	300.585	536.348
Additions (+)	846.581	10.617	42.785
Transfers from Other Categories of Non-performing Loans (+)	-	202.946	367.011
Transfers to Other Categories of Non-performing Loans (-)	202.946	367.011	-
Collections (-)	7.413	99.301	102.857
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	746.433	47.836	843.287
Specific Provision (-)	278.548	11.349	267.079
Net Balance on Balance Sheet	467.885	36.487	576.208

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 2020			
Period-End Balance	690.385	21.886	256.761
Specific Provision (-)	253.527	2.972	108.751
Net Balance on balance sheet	436.858	18.914	148.010
31 December 2019			
Period-End Balance	64.439	70.532	155.143
Specific Provision (-)	22.427	36.154	50.712
Net Balance on balance sheet	42.012	34.378	104.431

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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 2020			
Current Period (Net)	467.885	36.487	576.208
Loans Given to Real Persons and Legal Persons (Gross)	746.433	47.836	843.287
Provision Amount (-)	278.548	11.349	267.079
Loans Given to Real Persons and Legal Persons (Net)	467.885	36.487	576.208
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net)	76.269	193.395	400.897
Loans Given to Real Persons and Legal Persons (Gross)	110.211	300.585	536.348
Provision Amount (-)	33.942	107.190	135.451
Loans Given to Real Persons and Legal Persons (Net)	76.269	193.395	400.897
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (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 of the write-off policy:

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

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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)	17.961	1.041	74.487
Interest Accruals and Valuation Differences	27.968	1.416	127.685
Provision Amount (-)	10.007	375	53.198
Prior Period (Net)	11.282	34.873	34.259
Interest Accruals and Valuation Differences	17.656	55.354	56.507
Provision Amount (-)	6.374	20.481	22.248

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

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

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

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

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

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

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

4. Information on financial assets measured at amortized cost:

	30 September 2020	31 December 2019
Debt securities	528.597	262.923
Publicly-traded	528.597	262.923
Not publicly-traded	-	-
Provision for impairment	-	-
Total	528.597	262.923

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

h. Information on associates (Net):

None (31 December 2019: None).

i. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

None (31 December 2019: None).

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

None (31 December 2019: 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
2	Burgan Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100,00	-

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

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

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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 2020	31 December 2019
Balance at the beginning of the Period	523.728	381.091
Movements during the Period	15.678	142.637
Purchases	-	100.000
Bonus Shares Obtained	-	-
Dividends from Current Year Income	21.285	61.683
Sales	-	-
Revaluation Increase/Decrease (*)	(5.607)	(19.046)
Impairment Provision	-	-
Balance at the end of the Period	539.406	523.728
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 2020	31 December 2019
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	462.969	453.279
Finance Companies	-	-
Other Financial Subsidiaries	76.437	70.449
Total	539.406	523.728

7. Subsidiaries quoted on stock exchange:

None (31 December 2019: None).

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

None (31 December 2019: None).

k. Information on lease receivables (net):

None (31 December 2019: None).

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

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

l. Information on derivative financial assets:

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

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

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

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	615.196	1.860	448.188	5.251
Foreign Net Investment Hedge	-	-	-	-
Total	615.196	1.860	448.188	5.251

m. Information on investment property:

None (31 December 2019: 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 2020, Bank has netted-off the calculated deferred tax asset of TL 188.224 (31 December 2019: TL 132.396) and deferred tax liability of TL 146.793 (31 December 2019: TL 87.916) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 41.431 (31 December 2019: TL 44.480 net deferred tax assets) in the financial statements.

As of 30 September 2020 and 31 December 2019, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Carried Financial Loss (*)	78.659	-	17.305	-
Provision for Legal Cases	9.268	9.236	2.039	2.031
General Provisions and Other Provisions	712.816	539.650	156.820	118.723
Reserve for Employee Rights	25.922	21.875	5.703	4.812
Unearned Revenue	28.897	28.527	6.357	6.276
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	-	37.427	-	554
Deferred Tax Assets	855.562	636.715	188.224	132.396
The difference between the book value of fixed assets and the tax base	39.853	-	6.207	-
Valuation Differences of Derivative Instruments	635.417	396.852	139.791	87.307
Other	3.614	2.770	795	609
Deferred Tax Liabilities	678.884	399.622	146.793	87.916
Deferred Tax Assets/(Liabilities) (Net)			41.431	44.480

(*) The bank will be able to use its Carried Financial Loss of TL 78.659 in corporate tax accounts until 2025.

Movement of deferred tax asset/liabilities is presented below:

	30 September 2020	31 December 2019
Balance as of 1 January	44.480	(6.203)
Current year deferred tax income/(expense), net	3.535	30.456
Deferred tax charged to equity, net (*)	(6.584)	20.227
Balance at the End of the Period	41.431	44.480

(*) Deferred tax accounted in equity due to the effects of TAS 27 amounts to TL 40.

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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 431.211 (31 December 2019: TL 408.176) and has no discontinued operations.

Prior Period	30 September 2020	31 December 2019
Cost	408.604	113.600
Accumulated Depreciation (-)	428	510
Net Book Value	408.176	113.090
Current Period		
Net book value at beginning of the period	408.176	113.090
Additions	94.856	328.001
Disposals (-), net	71.480	31.476
Impairment (-)	341	1.439
Depreciation (-)	-	-
Cost	431.584	408.604
Accumulated Depreciation (-)	373	428
Closing Net Book Value	431.211	408.176

p. Information on other assets:

Other assets amount to TL 268.024 (31 December 2019: TL 138.428) 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 2020:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	56.186	-	355.358	2.529.219	69.527	23.032	126.978	4	3.160.304
Foreign Currency Deposits	739.420	-	939.792	8.840.223	278.534	53.656	50.900	-	10.902.525
Residents in Turkey	670.377	-	929.716	8.741.353	275.387	51.897	39.295	-	10.708.025
Residents Abroad	69.043	-	10.076	98.870	3.147	1.759	11.605	-	194.500
Public Sector Deposits	23.307	-	-	-	-	-	-	-	23.307
Commercial Deposits	140.413	-	146.987	137.097	2.939	-	229	-	427.665
Other Institutions Deposits	3.458	-	5.926	17.060	-	149	-	-	26.593
Precious Metal Deposits	5.462	-	-	-	-	-	-	-	5.462
Bank Deposits	28.917	-	-	72.722	-	-	-	-	101.639
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	434	-	-	-	-	-	-	-	434
Foreign Banks	28.483	-	-	72.722	-	-	-	-	101.205
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	997.163	-	1.448.063	11.596.321	351.000	76.837	178.107	4	14.647.495

ii. 31 December 2019:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposit	Total
Saving Deposits	49.770	-	439.397	2.225.553	15.482	67.162	282.974	40	3.080.378
Foreign Currency Deposits	381.249	-	801.874	6.163.650	149.637	78.931	61.293	-	7.636.634
Residents in Turkey	362.300	-	782.115	6.078.883	147.360	75.909	54.677	-	7.501.244
Residents Abroad	18.949	-	19.759	84.767	2.277	3.022	6.616	-	135.390
Public Sector Deposits	43.782	-	-	-	-	-	-	-	43.782
Commercial Deposits	94.463	-	180.449	188.649	11.428	54.188	146	-	529.323
Other Institutions Deposits	2.213	-	4.046	43.870	-	-	-	-	50.129
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	20.910	-	148.507	53.383	-	-	-	-	222.800
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	344	-	148.507	-	-	-	-	-	148.851
Foreign Banks	20.566	-	-	53.383	-	-	-	-	73.949
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	592.387	-	1.574.273	8.675.105	176.547	200.281	344.413	40	11.563.046

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

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 2020	31 December 2019
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	14.256	10.890
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 “TCK” Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	14.256	10.890

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

None (31 December 2019: 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 2020		31 December 2019	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	37.113	8.232	34.728	13.214
From Foreign Banks, Institutions and Funds	-	3.336.709	-	2.253.041
Total	37.113	3.344.941	34.728	2.266.255

2. Information on maturity structure of borrowings:

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Short-term	37.113	319.709	34.728	238.164
Medium and Long-term	-	3.025.232	-	2.028.091
Total	37.113	3.344.941	34.728	2.266.255

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 2020, deposits and borrowings from Bank's risk group comprise 2,30% (31 December 2019: 2,76%) of total deposits. Besides this, Borrowings from Bank's risk group comprise 61,47% (31 December 2019: 78,16%) of subordinated and other borrowings.

d. Information on marketable securities issued:

None (31 December 2019: None).

e. Information on other liabilities:

Other foreign liabilities amounting to TL 895.161 (31 December 2019: TL 608.907) do not exceed 10% of the total of the balance sheet excluding off-balance sheet commitments.

f. Information on lease payables:

	30 September 2020		31 December 2019	
	Gross	Net	Gross	Net
Less Than 1 Year	3.147	3.100	7.884	5.512
Between 1-4 Years	7.252	5.885	11.931	10.490
More Than 4 Years	80.478	57.144	122.423	98.356
Total	90.877	66.129	142.238	114.358

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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 2020		31 December 2019	
	TL	FC	TL	FC
Forward Transactions	3.185	2.295	6.963	1.247
Swap Transactions	133.276	104.870	114.834	73.957
Futures Transactions	2.419	-	10	-
Options	153	1.563	18	3.319
Other	-	-	-	-
Total	139.033	108.728	121.825	78.523

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

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

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 7.117,17 since 1 July 2020 (31 December 2019: TL 6.379,86). 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 2020	31 December 2019
Discount rate (%)	3,26	3,26
Salary increase rate (%)	8,50	8,50
Average remaining work period (Year)	11,60	11,60

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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 2020	31 December 2019
Prior period balance	18.670	12.902
Service cost	5.047	2.539
Interest cost	-	1.926
Settlement cost	-	578
Actuarial loss/gain	-	2.685
Benefits paid (-)	1.358	1.960
Total	22.359	18.670

In addition, as of 30 September 2020 the Bank has accounted for vacation rights provision and personnel bonus provision amounting to TL 7.280 (31 December 2019: TL 29.620).

2. Other provisions:

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

The provisions related to foreign currency differences of foreign indexed loans calculated as of the balance sheet date have been netted-off from the loan amount in the financial statements, and there is no the provision related to foreign currency differences of foreign indexed loans (31 December 2019: None).

ii. Information on other provisions:

The Bank set aside reserves under other provisions amounting to TL 9.268 (31 December 2019: TL 9.236) for lawsuits, TL 19.896 (31 December 2019: TL 24.141) 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 2019: None).

i. Information on taxes payable:

1. Information on tax provision:

As of 30 September 2020, there is no corporate tax provision (31 December 2019: TL 7.178).

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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 2020	31 December 2019
Corporate Tax Payable	-	7.178
Taxation of Marketable Securities	10.303	10.601
Property Tax	172	76
Banking Insurance Transaction Tax	6.050	8.399
Foreign Exchange Transaction Tax	811	241
Value Added Tax Payable	285	511
Other	5.093	3.810
Total	22.714	30.816

3. Information on premium payables:

	30 September 2020	31 December 2019
Social Security Premiums-Employee	1.618	1.421
Social Security Premiums-Employer	1.944	1.681
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	111	97
Unemployment Insurance-Employer	221	195
Other	46	-
Total	3.940	3.394

4. Explanations on deferred tax liability:

As of 30 September 2020, the Bank has netted-off the calculated deferred tax asset of TL 188.224 (31 December 2019: TL 132.396) and deferred tax liability of TL 146.793 (31 December 2019: TL 87.916) in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 41.431 (31 December 2019: TL 44.480 net deferred tax asset) in the financial statements.

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

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

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

None (31 December 2019: 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 2020		31 December 2019	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic Institutions	-	-	-	-
Foreign Banks	-	2.340.015	-	1.797.925
Other Foreign Institutions	-	-	-	-
Total	-	2.340.015	-	1.797.925

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

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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 2020	31 December 2019
Common Stock	1.535.000	1.535.000
Preferred Stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital	1.535.000	4.000.000

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

None.

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

None.

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

None.

6. Information on equity by considering the prior period indicators of income, profitability and liquidity of the Parent Bank and 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 2020		31 December 2019	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(824)	(2.184)	5.674	(2.321)
Foreign Currency Translation Difference	-	-	-	-
Total	(824)	(2.184)	5.674	(2.321)

9. Information on tangible assets revaluation reserve:

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

(*) Classified under other capital reserves.

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

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

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EXPLANATIONS AND NOTES RELATED TO 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 2020	31 December 2019
Foreign currency buy/sell commitments	1.745.709	174.661
Deposits buy/sell commitments	363.340	-
Loan limit commitments	252.558	151.731
Commitments for cheques	64.728	71.523
Securities buy/sell commitments	11.528	31.061
Total	2.437.863	428.976

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

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

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

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

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

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

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

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

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

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

b. Information on contingent assets and contingent liabilities:

As of 30 September 2020, the total amount of legal cases against the Bank is TL 27.732 (31 December 2019: TL 54.309) and the Bank sets aside a provision of TL 9.268 (31 December 2019: TL 9.236) regarding these risks.

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

FITCH (12 October 2020)

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 2020		30 September 2019	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	187.767	41.230	413.310	52.196
Medium/Long-term Loans	275.632	401.238	313.001	408.797
Interest on Loans Under Follow-up	11.440	-	3.741	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	474.839	442.468	730.052	460.993

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

2. Information on interest income on banks:

	30 September 2020		30 September 2019	
	TL	FC	TL	FC
From the CBRT	229	72	7.068	-
From Domestic Banks	15.659	238	29.175	765
From Foreign Banks	-	1.224	-	6.342
Headquarters and Branches Abroad	-	-	-	-
Total	15.888	1.534	36.243	7.107

3. Information on interest income on marketable securities:

	30 September 2020		30 September 2019	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	97	1.128	232	941
Financial Assets Measured at Fair Value through Other Comprehensive Income	17.142	3.868	28.539	5.367
Financial Assets Measured at Amortized Cost	-	18.609	-	8.497
Total	17.239	23.605	28.771	14.805

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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 2020	30 September 2019
Interest Received From Investments in Associates and Subsidiaries	46	3.406

b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 September 2020		30 September 2019	
	TL	FC	TL	FC
Banks	2.624	132.633	1.362	210.881
The CBRT	-	-	-	-
Domestic Banks	2.624	314	1.362	1.297
Foreign Banks	-	132.319	-	209.584
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	7.078	-	11.278
Total (*)	2.624	139.711	1.362	222.159

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

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

	30 September 2020	30 September 2019
Interest Paid to Investment in Associates and Subsidiaries	574	4.072

3. Interest expense on issued marketable securities:

None (30 September 2019: None).

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

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

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	-	641	-	-	-	-	-	641	179
Savings Deposits	-	33.234	179.971	2.697	2.287	31.670	-	249.859	494.075
Public Deposits	-	4	-	-	-	-	-	4	-
Commercial Deposits	-	5.107	10.721	291	2.406	9	-	18.534	54.315
Other Deposits	-	157	2.459	1	25	-	-	2.642	34.437
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Total	-	39.143	193.151	2.989	4.718	31.679	-	271.680	583.006
Foreign Currency									
Foreign Currency Account	-	7.244	80.972	1.698	843	694	-	91.451	137.160
Bank Deposits	-	1.671	-	-	-	-	-	1.671	1.362
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	-	8.915	80.972	1.698	843	694	-	93.122	138.522
Grand Total	-	48.058	274.123	4.687	5.561	32.373	-	364.802	721.528

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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 2020	30 September 2019
Income	24.119.652	21.331.354
Capital Market Transactions	35.289	11.155
Derivative Financial Transactions	183.610	84.266
Foreign Exchange Gains	23.900.753	21.235.933
Loss (-)	24.030.087	21.307.791
Capital Market Transactions	4.021	3.255
Derivative Financial Transactions	204.770	68.230
Foreign Exchange Losses	23.821.296	21.236.306
Net Income/Loss	89.565	23.563

d. Information on other operating income:

In the current period, the Bank’s other operating income is TL 21.073 (30 September 2019: TL 10.341). TL 12.972 (30 September 2019: TL 4.548) 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 2020	30 September 2019
Expected Credit Loss	276.219	181.523
12 Month Expected Credit Loss (Stage 1)	-	-
Significant Increase in Credit Risk (Stage 2)	-	45.205
Non-performing Loans (Stage 3)	276.219	136.318
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	32	941
Total	276.251	182.464

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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 2020	30 September 2019
Reserve For Employee Termination Benefits (*)	5.404	4.842
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Amortization Expenses of Fixed Assets	18.714	28.290
Impairment Expenses of Intangible Assets	-	-
Amortization Expenses of Intangible Assets	9.493	9.594
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	341	23
Amortization Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	92.085	79.465
Leasing expenses related to TFRS 16 exceptions	1.078	1.528
Maintenance Expenses	984	1.277
Advertising Expenses	4.403	4.194
Other Expense	85.620	72.466
Loss on Sales of Assets	21	217
Other	8.660	25.957
Total	134.718	148.388

(*) As of 30 September 2020, there is “Employee Vacation Fee Provision Expense” amounting to TL 357 (30 September 2019: None).

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 6.686 (30 September 2019: TL 132.857).

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 2020, the Bank has no current tax expense. Deferred tax income amounts to TL 3.535.

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

The Bank has TL 48.017 deferred tax income from temporary differences and TL 17.305 deferred tax income from financial losses carried from previous periods. The bank also has deferred tax expense from closed temporary differences amounting to TL 61.787, deferred tax expense and income net-off to TL 3.535 deferred tax income.

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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:

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 2020, the Bank has TL 13.770 (30 September 2019: TL 70.049 deferred tax income) deferred tax expense arising from temporary differences and has TL 17.305 deferred tax income from financial loss carried forward from prior periods (30 September 2019: TL 51.789 deferred tax expense).

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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(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 1.161.874 (30 September 2019: TL 1.723.791) and TL 160.609 (30 September 2019: TL 334.419) of this amount is classified as "Other Interest Income" in the income statement.

	30 September 2020	30 September 2019
Other Interest Income		
Interest Income Related to Derivative Transactions	153.290	322.678
Other	7.319	11.741
Total	160.609	334.419

2. In the current period, the Bank's interest expense amounts to TL 741.427 (30 September 2019: TL 1.208.604), TL 220.029 (30 September 2019: TL 249.324) of this amount is classified as "Other Interest Expense" in the income statement.

	30 September 2020	30 September 2019
Other Interest Expense		
Interest Expense Related to Derivative Transactions	195.149	234.062
Other	24.880	15.262
Total	220.029	249.324

3. In the current period, the Bank's fee and commission income amounts to TL 34.858 (30 September 2019: TL 34.805) and TL 14.421 (30 September 2019: TL 15.136) the related amount is classified under "Other" account in the income statement.

	30 September 2020	30 September 2019
Other Fee and Commissions Received		
Commissions on Investment Fund Services	5.269	955
Insurance Commissions	2.993	4.763
Commissions from Correspondent Banks	742	414
Transfer Commissions	198	393
Common Point Commissions	118	81
Account Operating Fees	98	3.219
Card and POS Transaction Commission	26	109
Other	4.977	5.202
Total	14.421	15.136

4. In the current period, Bank's fee and commission expense amounts to TL 9.072 (30 September 2019: TL 8.070) and TL 9.033 (30 September 2019: TL 8.025) of the related amount is classified under "Other" account.

	30 September 2020	30 September 2019
Other Fee and Commissions Given		
Card Transaction Commission	2.059	1.460
Commissions Granted to Correspondent Banks	893	942
Common Point Commissions	425	352
EFT Commissions	376	338
Transfer Commissions	55	76
Other	5.225	4.857
Total	9.033	8.025

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

30 September 2020	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	
Banks’ Risk Group	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	39.591	-	35.560	98	-
Balance at the End of the Period	-	62.140	-	10.865	808	-
Interest and Commission Income Received	46	294	-	3	23	-

31 December 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	
Banks’ Risk Group	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
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	-	39.591	-	35.560	98	-
Interest and Commission Income Received	3.406	128	7	5	16	1

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	
Deposit	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period	157.181	145.154	147.223	11.951	15.264	12.172
End of the Period	137.002	157.181	176.373	147.223	22.994	15.264
Interest Expense on Deposits	574	4.072	2.483	1.996	790	1.095

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	
Repurchase Transactions	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense on Repurchase Transactions	-	-	2	-	4	-

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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	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss						
Beginning of the Period (*)	1.294.994	1.437.332	-	-	-	-
End of the period (*)	2.144.247	1.294.994	-	-	-	-
Total Profit/Loss	(27.062)	8.603	-	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	3.517.420	61,47
Deposit	336.369	2,30
Non-cash Loans	73.005	1,72
Banks and Other Institutions	20.307	2,88
Loans	808	-

As of 30 September 2020, the Bank has realized interest income from deposits given to banks included in the risk group amounting to TL 447 (30 September 2019: TL 2.608), the Bank has realized interest expense amounting to TL 109.093 (30 September 2019: TL 140.930) on loans borrowed from the banks in the Bank’s risk group.

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

BURGAN BANK A.Ş.

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

**EXPLANATIONS 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 526 (30 September 2019: TL 313) from Burgan Finansal Kiralama A.Ş., TL 222 (30 September 2019: TL 24) other operation income from Burgan Yatırım Menkul Değerler A.Ş.

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Bank’s risk group and the amount composes 0,35% (31 December 2019: 0,44%) of the Bank’s total cash and non-cash loans.

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

As of 30 September 2020 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the 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 20.789 (30 September 2019: TL 19.688) 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 2020 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 16 November 2020 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)

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020

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SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

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

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

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

The balance sheet size of our bank dated 30 September 2020 is TL 24 billion, while deposits are TL 14.6 billion. In the current period Burgan Bank has maintained its support to its customers uninterruptedly and net cash loans has been realized as TL 15.8 billion. The net profit after additional provisions for possible risks in the future of our bank in the third quarter of 2020 is TL 10.2 million, and our equity has been realized as TL 1.9 billion. Our capital adequacy ratio is around 24,32%. In addition to deepening our existing customers in 14 provinces in which we operate, we will continue to serve with new customer acquisitions, keeping customer satisfaction in the foreground and standing next to our customers who need it because of Covid-19.

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

Ali Murat DİNÇ
Member of Board of Directors and General Manager

Emin Hakan EMİNSOY
Chairman of Board of Directors

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

<u>Name</u>	<u>Duty</u>	<u>Date of Assignment</u>	<u>Educational Background</u>	<u>Banking and Managementship Experience (Year)</u>
Chairman and Members of Board of Directors:				
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
General Manager:				
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
Vice General Managers: (*)				
Esra Aydın	Operation & Management Services (Represent by proxy)	01.08.2007	Bachelor’s degree	16
Mutlu Akpara	Treasury, Capital Markets and Financial Institutions	08.08.2007	Post graduate	11
Cihan Vural	Internal Systems	03.11.2008	Bachelor’s degree	13
Rasim Levent Ergin	Human Resources	01.11.2012	Post graduate	17
Suat Kerem Sözügüzel	Commercial & Corporate Banking	01.04.2014	Bachelor’s degree	17
Hasan Hüseyin Uyar	Loans	01.04.2014	Post graduate	27
Banu Ertürk	Credits Monitoring and Legal Follow-up	01.08.2020	Undergraduate	22
Darço Akkaranfil	Information Technologies	14.09.2020	Post graduate	15

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

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

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BURGAN BANK A.Ş.

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

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

Halil Cantekin has been elected as the Chairman of the Audit Committee while Adrian Alejandro Gostuski and Fouad Husni Douglas have been elected as members of the Audit Committee.

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

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

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

V. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD:

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

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

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

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

	30.09.2020	31.12.2019	Change (%)
Total Assets	23.986.714	18.892.573	27,0
Loans and Factoring Receivables (Net)	15.775.143	13.023.574	21,1
Securities	955.812	619.094	54,4
Deposits	14.647.495	11.563.046	26,7
Debts Having Loan Characteristics	5.993.988	4.292.849	39,6
Shareholder’s Equity	1.947.232	1.919.275	1,5
Guarantee and Suretyship	4.254.520	3.479.247	22,3
Capital Adequacy Ratio	24,32 %	21,27 %	14,4

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

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

The Bank provides high value added banking services and products in corporate, commercial, individual, financial leasing with private banking and via factoring and associates and investment banking areas with a total of 33 branches, including 9 retail, 1 corporate and 23 mixed banking branches, internet banking applications, call center and 965 employees.

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

30 September 2020

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

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