

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
TOGETHER WITH INDEPENDENT LIMITED REVIEW
REPORT AT 30 SEPTEMBER 2018**



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INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's report originally issued
in Turkish, See Note I. of Section three)

To the Board of Directors of Burgan Bank Anonim Şirketi

Introduction

We have reviewed the consolidated statement of financial position of Burgan Bank A.Ş. (“the Bank”) and its subsidiaries (together will be referred as “the Group”) at 30 September 2018 and the related consolidated income statement, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of Burgan Bank A.Ş. and its subsidiaries at 30 September 2018 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.

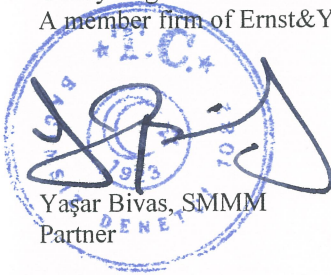
Report on other regulatory requirements arising from legislation

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

Additional paragraph for English translation:

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

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



Istanbul
November 15, 2018

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

**THE NINE-MONTH CONSOLIDATED INTERIM FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 30 SEPTEMBER 2018**

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

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

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

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

The accompanying consolidated nine months financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira, 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.

15 November 2018

Faisal M.A. Al Radwan Chairman of the Board of Directors	Ali Murat DİNÇ Member of the Board of Directors and General Manager	Tuba Onay ERGELEN Acting Finance Group Head	Ahmet CİĞA Head of Accounting, Tax, and Reporting Unit
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Halil CANTEKİN Head of the Audit Committee	Adrian Alejandro GOSTUSKI Member of the Audit Committee	Osama T. AL GHOUSSEIN Member of the Audit Committee
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Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname / Title : Ahmet CİĞA / Head of Accounting Tax and Reporting Unit
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(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018

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

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

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

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

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

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

EFG Eurobank Ergasias S.A. (“Eurobank EFG”) and Tekfen Holding A.Ş. (“Tekfen Group”) signed an agreement as of 8 May 2006, that anticipated Eurobank EFG to purchase Tekfen Group’s 70% share in Tekfenbank and Tekfen Leasing 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., 70% of the bank shares belonging to Eurobank EFH Holding (Luxemburg) S.A. and 29,26% of the shares belonging to Tekfen Holding A.Ş. are bought by Burgan Bank K.P.S.C. in 7 December 2012 in accordance with the Banking Regulation and Supervision Agency’s authorization, and then 99,26% of the bank shares are turned over to Burgan Bank K.P.S.C. in 21 December 2012.

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018

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

GENERAL INFORMATION ABOUT THE GROUP (Continued):

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

The Bank’s registered capital ceiling is 2 billion full TL.

During the capital increase process following the Board of Directors’ decisions dated 15 December 2017, 14 January 2018 and 21 February 2018, rights of preference amounting to TL 285.295.806,45 has been used and the Bank’s capital has been registered as TL 1.185.295.806,45 at 26 March 2018.

Following the Board of Directors’ decision dated 30 May 2018, the Bank’s total capital has been increased by TL 349.704.193,55, with this increase capital previously amounting to TL 1.185.295.806,45 has been increased to full TL 1.535.000.000. The main shareholder capital participation fee amounting to TL 347.647.411,43 has been collected as cash and the following amount has been transferred to the Bank’s capital account with the permission of the BRSA as of 13 June 2018. The rights of preference usage process has been completed and the 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, except for the effects of the capital increase during the year.

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018

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

GENERAL INFORMATION ABOUT THE GROUP (Continued):

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors: (*)	Faisal M.A. Al Radwan	Chairman of Board of Directors	Undergraduate
Board of Directors Members: (*)	Eduardo Eguren Linsen	Member	Undergraduate
	Majed E.A.A. Al Ajeel	Member	Graduate
	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	Halil Cantekin	Member	Undergraduate
	Osama T. Al Ghoussein	Member	Undergraduate
	Ali Murat Dinç	Member and General Manager	Graduate
General Manager:	Ali Murat Dinç	Member and General Manager	Graduate
Vice General Managers: (**)	Esra Aydın	Operations & Management Services	Undergraduate
	Mutlu Akpara	Treasury, Capital Markets and Financial Institutions	Graduate
	Hüseyin Cem Öge	Corporate Banking	Graduate
	Cihan Vural	Internal Systems	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Suat Kerem Sözügüzel	Commercial Banking	Undergraduate
	Hasan Hüseyin Uyar	Loans	Graduate
	Tuba Onay Ergelen	Financial Affairs (represent by proxy)	Undergraduate
Audit Committee:	Halil Cantekin	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Osama T. Al Ghoussein	Member	Undergraduate

(*) The Chairman of the Board of Directors, Mehmet Nazmi Erten, resigned from this position on 12 September 2018 and Vice Chairman Faisal M.A. Al Radwan was elected as the Chairman of Board of Directors on the same date.

(**)The Vice General Manager of Financial Affairs, Mehmet Yalçın, resigned from this position on 2 November 2018, Tuba Onay Ergelen, Head of Strategic Planning and Corporate Communications Group, represents by proxy in this position.

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018

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

GENERAL INFORMATION ABOUT THE GROUP (Continued):

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

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

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

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

As of 30 September 2018, the Parent Bank has 41 branches operating in Turkey (31 December 2017: 43). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 30 September 2018, the Group has 1.075 (31 December 2017: 1.062) employees.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

- I. Consolidated balance sheet (Statement of financial position)
- II. Consolidated off-balance sheet commitments
- III. Consolidated income statement
- IV. Consolidated statement of income and expense items accounted in equity
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows

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

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

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

I. BALANCE SHEET	Note (Section Five)	(30/09/2018)		
		TL	FC	Total
ASSETS				
I. FINANCIAL ASSETS (Net)		3.258.962	3.151.772	6.410.734
1.1 Cash and cash equivalents		1.658.477	2.192.244	3.850.721
1.1.1 Cash and balances at Central Bank	I-a	1.643.442	1.648.058	3.291.500
1.1.2 Banks	I-c	3.400	544.186	547.586
1.1.3 Receivables from Money Markets		11.635	-	11.635
1.2 Financial assets at fair value through profit or loss	I-b	26.052	13.093	39.145
1.2.1 Public debt securities		24.426	11.876	36.302
1.2.2 Equity instruments		1.626	-	1.626
1.2.3 Other financial assets		-	1.217	1.217
1.3 Financial assets at fair value through other comprehensive income	I-d	239.219	148.409	387.628
1.3.1 Public debt securities		229.257	148.409	377.666
1.3.2 Equity instruments		9.456	-	9.456
1.3.3 Other financial assets		506	-	506
1.4 Financial assets measured at amortized cost	I-g	-	269.007	269.007
1.4.1 Public debt securities		-	269.007	269.007
1.4.2 Other financial assets		-	-	-
1.5. Derivative financial assets	I-l	1.335.602	529.019	1.864.621
1.5.1 Derivative financial assets at fair value through profit or loss		451.629	482.048	933.677
1.5.2 Derivative financial assets at fair value through other comprehensive income		883.973	46.971	930.944
1.6 Non-performing financial assets		-	-	-
1.7 Allowance for expected credit losses (-)		388	-	388
II. LOANS (Net)	I-e	6.809.191	12.634.528	19.443.719
2.1 Loans		5.891.373	10.637.834	16.529.207
2.1.1 Loans measured at amortized cost		5.891.373	10.637.834	16.529.207
2.1.2 Loans at fair value through profit or loss		-	-	-
2.1.3 Loans at fair value through other comprehensive income		-	-	-
2.2 Receivables from leasing transactions	I-k	464.053	2.500.659	2.964.712
2.2.1 Finance lease receivables		681.274	2.924.534	3.605.808
2.2.2 Operational lease receivables		-	-	-
2.2.3 Unearned income (-)		217.221	423.875	641.096
2.3. Factoring receivables	I-e	7	-	7
2.3.1 Factoring receivables measured at amortized cost		7	-	7
2.3.2 Factoring receivables at fair value through profit or loss		-	-	-
2.3.3 Factoring receivables at fair value through other comprehensive income		-	-	-
2.4 Non-performing loans		746.001	79.324	825.325
2.5 Allowance for expected credit losses (-)	I-e	292.243	583.289	875.532
2.5.1 12-Month expected credit losses (Stage 1)		27.711	104.441	132.152
2.5.2 Significant increase in credit risk (Stage 2)		49.580	455.001	504.581
2.5.3 Credit-Impaired (Stage 3)		214.952	23.847	238.799
NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	I-o	49.569	-	49.569
3.1 Held for sale		49.569	-	49.569
3.2 Held from discontinued operations		-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-
4.1 Investments in associates (Net)	I-h	-	-	-
4.1.1 Associates accounted by using equity method		-	-	-
4.1.2 Non-consolidated associates		-	-	-
4.2. Investments in subsidiaries (Net)	I-i	-	-	-
4.2.1 Non-consolidated financial subsidiaries		-	-	-
4.2.2 Non-consolidated non-financial subsidiaries		-	-	-
4.3. Jointly Controlled Partnerships (Joint Ventures) (Net)	I-j	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-
4.3.2 Non-consolidated jointly controlled partnerships		-	-	-
V. TANGIBLE ASSETS (Net)		64.036	1.574	65.610
VI. INTANGIBLE ASSETS AND GOODWILL (Net)		42.096	1.069	43.165
6.1 Goodwill		-	-	-
6.2 Other		42.096	1.069	43.165
VII. INVESTMENT PROPERTIES (Net)	I-m	-	-	-
VIII. CURRENT TAX ASSETS		6.325	-	6.325
IX. DEFERRED TAX ASSETS	I-n	19.611	-	19.611
X. OTHER ASSETS	I-p	86.984	239.028	326.012
TOTAL ASSETS		10.336.774	16.027.971	26.364.745

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

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

BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2017

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

I. BALANCE SHEET	Note (Section Five)	(31/12/2017)		
		TL	FC	Total
ASSETS				
I. CASH AND BALANCES WITH CENTRAL BANK	I-a	1.034.438	992.902	2.027.340
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	71.256	72.683	143.939
2.1 Trading Financial Assets		71.256	72.683	143.939
2.1.1 Government Debt Securities		2.342	2.968	5.310
2.1.2 Share Certificates		-	-	-
2.1.3 Trading Derivative Financial Assets		68.812	69.584	138.396
2.1.4 Other Marketable Securities		102	131	233
2.2 Financial Assets Designated at Fair Value through Profit or Loss		-	-	-
2.2.1 Government Debt Securities		-	-	-
2.2.2 Share Certificates		-	-	-
2.2.3 Loans		-	-	-
2.2.4 Other Marketable Securities		-	-	-
III. BANKS	I-c	176	168.553	168.729
IV. MONEY MARKETS		11.000	-	11.000
4.1 Interbank Money Market Placements		-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		11.000	-	11.000
4.3 Receivables from Reverse Repurchase Agreements		-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	180.900	95.695	276.595
5.1 Share Certificates		8.929	-	8.929
5.2 Government Debt Securities		171.251	95.695	266.946
5.3 Other Marketable Securities		720	-	720
VI. LOANS	I-e	5.852.278	7.434.460	13.286.738
6.1 Loans		5.676.699	7.434.460	13.111.159
6.1.1 Loans to Bank’s Risk Group		21	6	27
6.1.2 Government Debt Securities		-	-	-
6.1.3 Other		5.676.678	7.434.454	13.111.132
6.2 Loans under Follow-up		394.852	-	394.852
6.3 Specific Provisions (-)		219.273	-	219.273
VII. FACTORING RECEIVABLES	I-e	6	-	6
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-g	-	171.218	171.218
8.1 Government Debt Securities		-	171.218	171.218
8.2 Other Marketable Securities		-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-h	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-
9.2 Unconsolidated		-	-	-
9.2.1 Financial Investments in Associates		-	-	-
9.2.2 Non-financial Investments in Associates		-	-	-
X. SUBSIDIARIES (Net)	I-i	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
XI. JOINT VENTURES (Net)	I-j	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-
11.2 Unconsolidated		-	-	-
11.2.1 Financial Joint Ventures		-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-
XII. LEASE RECEIVABLES (Net)	I-k	443.385	1.528.493	1.971.878
12.1 Financial Lease Receivables		610.820	1.798.268	2.409.088
12.2 Operational Lease Receivables		-	-	-
12.3 Other		-	-	-
12.4 Unearned Income (-)		167.435	269.775	437.210
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	I-l	257.159	12.141	269.300
13.1 Fair Value Hedge		-	-	-
13.2 Cash Flow Hedge		257.159	12.141	269.300
13.3 Foreign Net Investment Hedge		-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)		70.754	1.346	72.100
XV. INTANGIBLE ASSETS (Net)		46.437	871	47.308
15.1 Goodwill		-	-	-
15.2 Other		46.437	871	47.308
XVI. INVESTMENT PROPERTY (Net)	I-m	-	-	-
XVII. TAX ASSET	I-n	21.029	-	21.029
17.1 Current Tax Asset		6.930	-	6.930
17.2 Deferred Tax Asset		14.099	-	14.099
XVIII. ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-o	45.095	-	45.095
18.1 Held for Resale		45.095	-	45.095
18.2 Discontinued Operations		-	-	-
XIX. OTHER ASSETS	I-p	85.433	156.990	242.423
TOTAL ASSETS		8.119.346	10.635.352	18.754.698

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

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

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

I. BALANCE SHEET	Note (Section Five)	(30/09/2018)		
		TL	FC	Total
LIABILITIES				
I. DEPOSITS	II-a	4.834.817	7.211.478	12.046.295
II. LOANS RECEIVED	II-c	176.706	8.291.555	8.468.261
I. MONEY MARKET FUNDS		19.192	192.223	211.415
II. 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		-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-b	258.004	297.258	555.262
7.1 Derivative financial liabilities at fair value through profit or loss		235.346	285.407	520.753
7.2 Derivative financial liabilities at fair value through other comprehensive income		22.658	11.851	34.509
VIII. FACTORING PAYABLES		-	-	-
IX. LEASE PAYABLES	II-f	-	-	-
9.1 Finance lease payables		-	-	-
9.2 Operating lease payables		-	-	-
9.3 Other		-	-	-
9.4 Deferred finance lease expenses (-)		-	-	-
X. PROVISIONS	II-h	59.437	21.915	81.352
10.1 Provision for restructuring		-	-	-
10.2 Reserves for employee benefits		40.649	-	40.649
10.3 Insurance technical reserves (Net)		-	-	-
10.4 Other provisions		18.788	21.915	40.703
XI. CURRENT TAX LIABILITIES	II-i	39.258	-	39.258
XII. DEFERRED TAX LIABILITIES		19.985	-	19.985
LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	II-j	-	-	-
XIII.		-	-	-
13.1 Held for sale		-	-	-
13.2 Related to discontinued operations		-	-	-
XIV. SUBORDINATED DEBT	II-k	-	1.813.757	1.813.757
14.1 Loans		-	1.813.757	1.813.757
14.2 Other debt instruments		-	-	-
XV. OTHER LIABILITIES	II-e	103.565	1.096.444	1.200.009
XVI. SHAREHOLDERS' EQUITY	II-l	1.907.956	21.195	1.929.151
16.1 Paid-in capital		1.535.000	-	1.535.000
16.2 Capital reserves		(99)	-	(99)
16.2.1 Equity share premiums		-	-	-
16.2.2 Share cancellation profits		-	-	-
16.2.3 Other capital reserves		(99)	-	(99)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		14.934	-	14.934
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		112.562	21.195	133.757
16.5 Profit reserves		273.197	-	273.197
16.5.1 Legal reserves		21.402	-	21.402
16.5.2 Statutory reserves		-	-	-
16.5.3 Extraordinary reserves		251.795	-	251.795
16.5.4 Other profit reserves		-	-	-
16.6 Profit or loss		(27.638)	-	(27.638)
16.6.1 Prior years' profits or losses		(174.343)	-	(174.343)
16.6.2 Current period net profit or loss		146.705	-	146.705
16.7 Minority share		-	-	-
TOTAL EQUITY AND LIABILITIES		7.418.920	18.945.825	26.364.745

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

**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2017**

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

I. BALANCE SHEET	Note (Section Five)	(31/12/2017)		
		TL	FC	Total
LIABILITIES				
I. DEPOSITS	II-a	3.488.744	5.383.727	8.872.471
1.1 Deposits of Bank's Risk Group		3.773	27.375	31.148
1.2 Other		3.484.971	5.356.352	8.841.323
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	70.586	90.192	160.778
III. BORROWINGS	II-c	205.805	5.876.957	6.082.762
IV. MONEY MARKETS		57.263	198.953	256.216
4.1 Funds from Interbank Money Market		-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		36.971	-	36.971
4.3 Funds Provided Under Repurchase Agreements		20.292	198.953	219.245
V. MARKETABLE SECURITIES ISSUED (Net)	II-d			
5.1 Bills		-	-	-
5.2 Asset Backed Securities		-	-	-
5.3 Bonds		-	-	-
VI. FUNDS				
6.1 Borrower Funds		-	-	-
6.2 Other		-	-	-
VII. MISCELLANEOUS PAYABLES		54.526	299.381	353.907
VIII. OTHER LIABILITIES	II-e	49.359	4.508	53.867
IX. FACTORING PAYABLES				
X. LEASE PAYABLES (Net)	II-f			
10.1 Financial Lease Payables		-	-	-
10.2 Operational Lease Payables		-	-	-
10.3 Other		-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-g	40.807	13.168	53.975
11.1 Fair Value Hedge		-	-	-
11.2 Cash Flow Hedge		40.807	13.168	53.975
11.3 Foreign Net Investment Hedge		-	-	-
XII. PROVISIONS	II-h	108.984	89.083	198.067
12.1 General Loan Loss Provision		42.716	64.850	107.566
12.2 Restructuring Provisions		-	-	-
12.3 Reserve for Employee Rights		36.513	-	36.513
12.4 Insurance Technical Provisions (Net)		-	-	-
12.5 Other Provisions		29.755	24.233	53.988
XIII. TAX LIABILITY	II-i	69.598		69.598
13.1 Current Tax Liability		36.117	-	36.117
13.2 Deferred Tax Liability		33.481	-	33.481
XIV. PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	II-j			
14.1 Held for Resale		-	-	-
14.2 Discontinued Operations		-	-	-
XV. SUBORDINATED LOANS	II-k		1.140.582	1.140.582
XVI. SHAREHOLDERS' EQUITY	II-l	1.506.245	6.230	1.512.475
16.1 Paid-in Capital		1.185.000	-	1.185.000
16.2 Capital Reserves		46.635	6.230	52.865
16.2.1 Share Premium		-	-	-
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Marketable Securities Valuation Reserve		(2.366)	(143)	(2.509)
16.2.4 Tangible Assets Revaluation Reserve		18.075	-	18.075
16.2.5 Intangible Assets Revaluation Reserve		-	-	-
16.2.6 Investment Property Revaluation Reserve		-	-	-
16.2.7 Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-
16.2.8 Hedging Reserves (Effective portion)		33.883	6.373	40.256
16.2.9 Value Differences of Assets Held for Resale and Discontinued Operations		-	-	-
16.2.10 Other Capital Reserves		(2.957)	-	(2.957)
16.3 Profit Reserves		164.762	-	164.762
16.3.1 Legal Reserves		21.342	-	21.342
16.3.2 Status Reserves		-	-	-
16.3.3 Extraordinary Reserves		143.420	-	143.420
16.3.4 Other Profit Reserves		-	-	-
16.4 Income or (Loss)		109.848	-	109.848
16.4.1 Prior Years' Income or (Loss)		-	-	-
16.4.2 Current Year Income or (Loss)		109.848	-	109.848
16.5 Minority Shares		-	-	-
TOTAL LIABILITIES		5.651.917	13.102.781	18.754.698

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

BURGAN BANK A.Ş.

CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT 30 SEPTEMBER 2018 AND 31 DECEMBER 2017

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

II.	OFF-BALANCE SHEET	Note (Section Five)	(30/09/2018)			(31/12/2017)		
			TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I-II+III)		10.143.653	47.553.632	57.697.285	6.458.999	29.277.926	35.736.925
I.	GUARANTEES AND WARRANTIES	III-a-2-3	721.148	1.999.772	2.720.920	759.513	1.359.136	2.118.649
1.1	Letters of Guarantee		721.148	1.342.483	2.063.631	756.055	983.997	1.740.052
1.1.1	Guarantees Subject to State Tender Law		29.046	4.132	33.178	7.251	4.124	11.375
1.1.2	Guarantees Given for Foreign Trade Operations							
1.1.3	Other Letters of Guarantee		692.102	1.338.351	2.030.453	748.804	979.873	1.728.677
1.2	Bank Acceptances			119.706	119.706	3.430	104.336	107.766
1.2.1	Import Letter of Acceptance			119.706	119.706	3.430	104.336	107.766
1.2.2	Other Bank Acceptances							
1.3	Letters of Credit			357.600	357.600		234.673	234.673
1.3.1	Documentary Letters of Credit			357.600	357.600		234.673	234.673
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					28		28
1.8	Other Guarantees			179.983	179.983		36.130	36.130
1.9	Other Collaterals							
II.	COMMITMENTS	III-a-1	881.113	803.362	1.684.475	526.202	143.301	669.503
2.1	Irrevocable Commitments		881.113	803.362	1.684.475	526.202	143.301	669.503
2.1.1	Asset Purchase and Sales Commitments		701.133	803.362	1.504.495	48.666	143.301	191.967
2.1.2	Deposit Purchase and Sales Commitments							
2.1.3	Share Capital Commitments to Associates and Subsidiaries					14.997		14.997
2.1.4	Commitments for Loan Limits		95.486		95.486	109.606		109.606
2.1.5	Securities Issue Brokerage Commitments							
2.1.6	Commitments for Reserve Deposit Requirements							
2.1.7	Commitments for Cheques		84.494		84.494	334.480		334.480
2.1.8	Tax and Fund Liabilities from Export Commitments							
2.1.9	Commitments for Credit Card Limits					18.445		18.445
2.1.10	Promotion Commitments for Credit Cards and Banking Services					8		8
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		8.541.392	44.750.498	53.291.890	5.173.284	27.775.489	32.948.773
3.1	Hedging Derivative Financial Instruments		864.028	6.200.710	7.064.738	885.008	3.717.356	4.602.364
3.1.1	Transactions for Fair Value Hedge							
3.1.2	Transactions for Cash Flow Hedge		864.028	6.200.710	7.064.738	885.008	3.717.356	4.602.364
3.1.3	Transactions for Foreign Net Investment Hedge							
3.2	Trading Derivative Financial Instruments		7.677.364	38.549.788	46.227.152	4.288.276	24.058.133	28.346.409
3.2.1	Forward Foreign Currency Buy/Sell Transactions		1.774.612	2.148.675	3.923.287	775.618	1.126.557	1.902.175
3.2.1.1	Forward Foreign Currency Transactions-Buy		396.003	1.579.948	1.975.951	467.722	488.540	956.262
3.2.1.2	Forward Foreign Currency Transactions-Sell		1.378.609	568.727	1.947.336	307.896	638.017	945.913
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		1.248.302	21.441.195	22.689.497	1.084.832	16.884.296	17.969.128
3.2.2.1	Foreign Currency Swap-Buy		955.466	4.947.336	5.902.802	80.961	4.948.530	5.029.491
3.2.2.2	Foreign Currency Swap-Sell		292.836	5.369.455	5.662.291	1.003.871	4.076.216	5.080.087
3.2.2.3	Interest Rate Swap-Buy			5.562.202	5.562.202		3.929.775	3.929.775
3.2.2.4	Interest Rate Swap-Sell			5.562.202	5.562.202		3.929.775	3.929.775
3.2.3	Foreign Currency, Interest rate and Securities Options		4.654.450	14.959.918	19.614.368	2.427.826	6.047.280	8.475.106
3.2.3.1	Foreign Currency Options-Buy		2.325.027	7.486.148	9.811.175	1.259.407	2.980.038	4.239.445
3.2.3.2	Foreign Currency Options-Sell		2.329.423	7.473.770	9.803.193	1.168.419	3.067.242	4.235.661
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							
3.2.4.1	Foreign Currency Futures-Buy							
3.2.4.2	Foreign Currency Futures-Sell							
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							
3.3	Other							
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		37.950.313	46.827.943	84.778.256	35.877.172	27.091.207	62.968.379
IV.	ITEMS HELD IN CUSTODY		1.698.352	418.832	2.117.184	1.740.277	156.878	1.897.155
4.1	Customer Fund and Portfolio Balances							
4.2	Investment Securities Held in Custody		598.651	202.750	801.401	589.876	61.908	651.784
4.3	Cheques Received for Collection		1.074.861	108.572	1.183.433	1.126.344	63.782	1.190.126
4.4	Commercial Notes Received for Collection		24.840	24.584	49.424	24.057	23.000	47.057
4.5	Other Assets Received for Collection							
4.6	Assets Received for Public Offering							
4.7	Other Items Under Custody			82.926	82.926		8.188	8.188
4.8	Custodians							
V.	PLEDGES RECEIVED		36.251.961	46.409.111	82.661.072	34.136.895	26.933.082	61.069.977
5.1	Marketable Securities		14.331		14.331	1.031		1.031
5.2	Guarantee Notes		22.462.495	19.679.469	42.141.964	21.097.082	12.190.553	33.287.635
5.3	Commodity		1.120.165	30.725	1.150.890		7.706	1.029.843
5.4	Warranty							
5.5	Immovable		11.122.477	21.942.130	33.064.607	11.316.848	11.273.823	22.590.671
5.6	Other Pledged Items		1.532.493	4.756.787	6.289.280	699.797	3.461.000	4.160.797
5.7	Pledged Items-Depository							
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES						1.247	1.247
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		48.093.966	94.381.575	142.475.541	42.336.171	56.369.133	98.705.304

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

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

BURGAN BANK A.Ş.

CONSOLIDATED INCOME STATEMENT AS AT 30 SEPTEMBER 2018

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

III. INCOME STATEMENT		Note (Section Five)	01/01/2018- 30/09/2018	01/07/2018- 30/09/2018
INCOME AND EXPENSE ITEMS				
I.	INTEREST INCOME	IV-a	1.778.987	717.482
1.1	Interest on loans		1.199.493	464.349
1.2	Interest received from reserve deposits		25.998	10.475
1.3	Interest received from banks		75.405	33.734
1.4	Interest received from money market transactions		22.530	16.606
1.5	Interest received from marketable securities portfolio		34.292	15.355
1.5.1	Financial assets at fair value through profit or loss		1.294	385
1.5.2	Financial assets at fair value through other comprehensive income		24.878	11.163
1.5.3	Financial assets measured at amortized cost		8.120	3.807
1.6	Finance lease income		151.441	63.479
1.7	Other interest income	IV-k	269.828	113.484
II.	INTEREST EXPENSES (-)	IV-b	1.214.056	497.330
2.1	Interest on deposits		637.967	263.212
2.2	Interest on funds borrowed		289.298	122.599
2.3	Interest on money market transactions		8.184	2.851
2.4	Interest on securities issued		-	-
2.5	Other interest expenses	IV-k	278.607	108.668
III.	NET INTEREST INCOME/EXPENSE (I - II)		564.931	220.152
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		25.011	3.984
4.1	Fees and commissions received		38.882	9.167
4.1.1	Non-cash loans		16.217	5.584
4.1.2	Other	IV-k	22.665	3.583
4.2	Fees and commissions paid (-)		13.871	5.183
4.2.1	Non-cash loans (-)		255	74
4.2.2	Other (-)	IV-k	13.616	5.109
V.	PERSONNEL EXPENSES (-)		131.524	45.382
VI.	DIVIDEND INCOME		686	-
VII.	TRADING PROFIT/LOSS (Net)	IV-c	76.594	33.076
7.1	Profit/losses from capital market transactions		(704)	(2.860)
7.2	Profit/losses from derivative financial transactions		26.800	13.643
7.3	Foreign exchange profit/losses		50.498	22.293
VIII.	OTHER OPERATING INCOME	IV-d	24.907	7.274
IX.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII+VIII)		560.605	219.104
X.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-e	208.721	106.298
XI.	OTHER OPERATING EXPENSES (-)	IV-f	162.191	55.259
XII.	NET OPERATING PROFIT/LOSS (IX-X-XI)		189.693	57.547
XIII.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XIV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XV.	NET MONETARY POSITION GAIN/LOSS		-	-
XVI.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)	IV-g	189.693	57.547
XVII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-h	(42.988)	(12.905)
17.1	Current tax provision		17.560	5.220
17.2	Expense effect of deferred tax (+)		256.123	136.605
17.3	Income effect of deferred tax (-)		230.695	128.920
XVIII.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVI±XVII)	IV-i	146.705	44.642
XIX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
19.1	Income from assets held for sale		-	-
19.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
19.3	Other income from discontinued operations		-	-
XX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
20.1	Expenses on assets held for sale		-	-
20.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other expenses from discontinued operations		-	-
XXI.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XIX-XX)		-	-
XXII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
22.1	Current tax provision		-	-
22.2	Expense effect of deferred tax (+)		-	-
22.3	Income effect of deferred tax (-)		-	-
XXIII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-
XXIV.	NET PROFIT/LOSSES (XVIII+XXIII)	IV-j	146.705	44.642
24.1	Group's profit/loss		146.705	44.642
24.2	Minority shares profit/loss (-)		-	-
	Profit/Loss per share (1.000 nominal in full TL)		1,107	0,356

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

BURGAN BANK A.Ş.

CONSOLIDATED INCOME STATEMENT AS AT 30 SEPTEMBER 2017

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

III. INCOME STATEMENT INCOME AND EXPENSE ITEMS		Note (Section Five)	01/01/2017- 30/09/2017	01/07/2017- 30/09/2017
I.	INTEREST INCOME	IV-a	1.141.074	399.584
1.1	Interest on Loans		812.531	297.121
1.2	Interest Received from Reserve Requirements		13.900	5.754
1.3	Interest Received from Banks		23.904	3.637
1.4	Interest Received from Money Market Transactions		2.495	422
1.5	Interest Received from Marketable Securities Portfolio		34.529	8.638
1.5.1	Trading Financial Assets		4.483	1.588
1.5.2	Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		24.637	5.251
1.5.4	Held-to-maturity Investments		5.409	1.799
1.6	Financial Lease Income		92.909	35.400
1.7	Other Interest Income	IV-k	160.806	48.612
II.	INTEREST EXPENSE (-)	IV-b	774.053	273.913
2.1	Interest on Deposits		399.970	153.218
2.2	Interest on Funds Borrowed		145.059	56.845
2.3	Interest Expense on Money Market Transactions		15.815	3.102
2.4	Interest on Securities Issued		1.436	-
2.5	Other Interest Expenses	IV-k	211.773	60.748
III.	NET INTEREST INCOME (I + II)		367.021	125.671
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		32.060	9.583
4.1	Fees and Commissions Received		38.767	12.224
4.1.1	Non-cash Loans		13.575	4.690
4.1.2	Other	IV-k	25.192	7.534
4.2	Fees and Commissions Paid (-)		6.707	2.641
4.2.1	Non-cash Loans (-)		366	106
4.2.2	Other (-)	IV-k	6.341	2.535
V.	DIVIDEND INCOME		330	-
VI.	TRADING INCOME/(LOSS) (Net)	IV-c	6.137	(1.690)
6.1	Trading Gains/(Losses) on Securities		3.161	1.184
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		7.791	5.435
6.3	Foreign Exchange Gains/(Losses)		(4.815)	(8.309)
VII.	OTHER OPERATING INCOME	IV-d	16.384	5.004
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		421.932	138.568
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-e	74.444	27.859
X.	OTHER OPERATING EXPENSES (-)	IV-f	261.004	84.006
XI.	NET OPERATING INCOME/(LOSS) (VIII+IX+X)		86.484	26.703
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIII.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV.	INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)	IV-g	86.484	26.703
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-h	20.922	6.222
16.1	Current Tax Provision		11.873	(2.419)
16.2	Deferred Tax Provision		9.049	8.641
XVII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV+XVI)	IV-i	65.562	20.481
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-Current Assets Held for Resale		-	-
18.2	Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
18.3	Other Income from Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expense from Non-Current Assets Held for Resale		-	-
19.2	Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
19.3	Other Expenses from Discontinued Operations		-	-
XX.	INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII+XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX+XXI)		-	-
XXIII.	NET INCOME/(LOSS) (XVII+XXII)	IV-j	65.562	20.481
	Earnings/(Loss) per share (1.000 nominal in TL full)		0,728	0,228

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY FOR THE 30 SEPTEMBER 2018

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		30/09/2018
I.	CURRENT PERIOD INCOME/LOSS	146.705
II.	OTHER COMPREHENSIVE INCOME	96.010
2.1	Other comprehensive income not to be reclassified to profit or loss in subsequent periods.	-
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/losses	-
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 in subsequent periods:	96.010
2.2.1	Exchange differences on translation of foreign operations	4.861
2.2.2	Gains or losses on valuation or reclassification arising from financial assets at fair value through other comprehensive income	(44.505)
2.2.3	Gains or losses arising on cash flow hedges	161.363
2.2.4	Gains or losses arising on net investment hedges	-
2.2.5	Other comprehensive income to be reclassified to profit or loss	-
2.2.6	Income tax relating to components of other comprehensive income to be reclassified to profit or loss	(25.709)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	242.715

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BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY FOR THE 30 SEPTEMBER 2017

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	30/09/2017
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	9.923
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	-
III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-
IV. FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-
V. INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	(3.716)
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	(31)
IX. DEFERRED TAX ON VALUATION DIFFERENCES	1.712
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	7.888
XI. CURRENT PERIOD INCOME/LOSS	65.562
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	1.958
11.2 Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
11.3 Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
11.4 Other	63.604
XII. TOTAL (INCOME)/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	73.450

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

BURGAN BANK A.Ş.

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other comprehensive income not to be reclassified to profit or loss			Other comprehensive income to be reclassified to profit or loss								
CURRENT PERIOD 30/09/2018	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or Loss	Current Period Net Income or Loss	Total Shareholders' Equity Except from Minority Interest	Minority Interest	Total Shareholder's Equity
I. Prior Period End Balance (31/12/2017)	II-I	1.185.000	-	-	184	18.075	(3.141)	-	1.705	(4.214)	40.256	164.762	109.848	-	1.512.475	-	1.512.475
II. Correction according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	(174.343)	-	(174.343)	-	(174.343)
2.1 Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	(174.343)	-	(174.343)	-	(174.343)
III. New Balance (I+II)		1.185.000	-	-	184	18.075	(3.141)	-	1.705	(4.214)	40.256	164.762	(64.495)	-	1.338.132	-	1.338.132
IV. Total Comprehensive Income		-	-	-	-	-	-	-	4.861	(34.714)	125.863	-	-	146.705	242.715	-	242.715
V. Capital Increase in Cash		348.304	-	-	-	-	-	-	-	-	-	-	-	-	348.304	-	348.304
VI. Capital Increase in Internal Resources		1.696	-	-	(1.696)	-	-	-	-	-	-	-	-	-	-	-	-
VII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Gain or Loss related to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	1.413	-	-	-	-	-	-	108.435	(109.848)	-	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Amount Transferred to Reserves		-	-	-	1.413	-	-	-	-	-	-	108.435	(109.848)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+...+X+XI)		1.535.000	-	-	(99)	18.075	(3.141)	-	6.566	(38.928)	166.119	273.197	(174.343)	146.705	1.929.151	-	1.929.151

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30 SEPTEMBER 2017

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
PRIOR PERIOD 30/09/2017	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Equity Except for Minority Interest	Minority Interest	Total Shareholders' Equity
I. Prior Period End Balance (31/12/2016)	II-I	900.000	-	-	-	20.178	-	72.911	(2.375)	71.673	-	(7.871)	16.127	-	21.915	-	1.092.558	-	1.092.558
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)		900.000	-	-	-	20.178	-	72.911	(2.375)	71.673	-	(7.871)	16.127	-	21.915	-	1.092.558	-	1.092.558
IV. Increase/Decrease due to the Merger																			
V. Marketable Securities Valuation Differences												7.162					7.162		7.162
VI. Hedging Reserves (Effective Portion)															(2.973)		(2.973)		(2.973)
6.1 Cash Flow Hedge															(2.973)		(2.973)		(2.973)
6.2 Foreign Investment for Purpose of Hedge																			
VII. Revaluation Differences of Tangible Assets																			
VIII. Revaluation Differences of Intangible Assets																			
IX. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures																			
X. Foreign Exchange Difference																			
XI. Changes due to the Disposal of Assets																			
XII. Changes due to the Reclassification of the Assets																			
XIII. Effects of Changes in Equity of Investments in Associates												675					675		675
XIV. Capital Increase																			
14.1 Cash																			
14.2 Internal Resources																			
XV. Share Premium																			
XVI. Share Cancellation Profits																			
XVII. Adjustment to Share Capital																			
XVIII. Other													3.024				3.024		3.024
XIX. Current Year Income or Loss										65.562							65.562		65.562
XX. Profit Distribution						1.164		70.509		(71.673)									
20.1 Dividend Paid																			
20.2 Transfers to Reserves						1.164		70.509		(71.673)									
20.3 Other																			
Period End Balance (III+IV+...+XX)		900.000	-	-	-	21.342	-	143.420	(2.375)	65.562	-	(34)	19.151	-	18.942	-	1.166.008	-	1.166.008

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOW AT 30 SEPTEMBER 2018

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

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOW AT 30 SEPTEMBER 2017

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

VI. CASH FLOW STATEMENT	Note (Section Five)	Prior Period 30/09/2017
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		157.295
1.1.1 Interest Received		1.100.799
1.1.2 Interest Paid		(770.639)
1.1.3 Dividend Received		330
1.1.4 Fees and Commissions Received		32.151
1.1.5 Other Income		-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		52.171
1.1.7 Payments to Personnel and Service Suppliers		(129.543)
1.1.8 Taxes Paid		(20.922)
1.1.9 Other		(107.052)
1.2 Changes in Operating Assets and Liabilities		(161.479)
1.2.1 Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss		5.532
1.2.2 Net (Increase)/Decrease in Due from Banks and Other Financial Institutions		-
1.2.3 Net (Increase)/Decrease in Loans		42.638
1.2.4 Net (Increase)/Decrease in Other Assets		(1.834.889)
1.2.5 Net (Increase)/Decrease in Bank Deposits		(509.166)
1.2.6 Net Increase/(Decrease) in Other Deposits		370.753
1.2.7 Net Increase/(Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		231.001
1.2.8 Net Increase/(Decrease) in Funds Borrowed		1.753.579
1.2.9 Net Increase/(Decrease) in Payables		-
1.2.10 Net Increase/(Decrease) in Other Liabilities		(220.927)
I. Net Cash Provided from Banking Operations		(4.184)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided from Investing Activities		262.541
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-
2.3 Purchases of Property and Equipment		(4.452)
2.4 Disposals of Property and Equipment		13.790
2.5 Cash Paid for Purchase of Investments Available-for-Sale		(96.101)
2.6 Cash Obtained from Sale of Investments Available-for-Sale		349.304
2.7 Cash Paid for Purchase of Investment Securities		-
2.8 Cash Obtained from Sale of Investment Securities		-
2.9 Other		-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from Financing Activities		(49.288)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-
3.2 Cash Used for Repayment Of Funds Borrowed and Securities Issued		(49.288)
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		(33.062)
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		176.007
VI. Cash and Cash Equivalents at Beginning of the Period		749.561
VII. Cash and Cash Equivalents at end of the Period		925.568

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

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

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and annexes and comments (collectively "Turkish Accounting Standards" or "TAS") implemented by the the Public Oversight Auditing and Accounting Standards Authority (POA), other regulations, communiqués and circulars in respect of accounting and financial reporting promulgated by the Banking Regulatory and Supervision Agency (BRSA), announcements by BRSA, Turkish Commercial Code and Tax Legislation. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 28337 dated 28 June 2012 and changes in the related communiqué.

The Parent Bank is expressing its accounting entries in Turkish Lira, in accordance with the Banking Law, Turkish Trade Law and the Turkish Tax Legislation.

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

Amounts in the consolidated financial statements and related notes and explanations are expressed in thousand of Turkish Lira unless otherwise stated.

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

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

Accounting policies and valuation principles used in the preparation of the unconsolidated financial statements are determined in accordance with the regulations, Communiqués, 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/TFRS (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"). In accordance with the transition rules of TFRS 9, the prior period financial statements and notes are not restated. Accounting policies and valuation principles used for 2018 and 2017 are separately presented in the following notes; The accounting policies for 2017 are included in note XXX. Impacts of the transition to TFRS 9 and its adoption are disclosed in note XXIX.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

I. BASIS OF PRESENTATION (Continued):

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

None.

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

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

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

As of 30 September 2018, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,9902 and TL 6,9505 for USD and EURO respectively.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

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

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

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

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

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

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

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

The Group has no joint ventures as of 30 September 2018 and 31 December 2017.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

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

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

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

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

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

As of 30 September 2018, The Group applies cash flow hedge accounting through cross and interest currency swaps to protect against changes in interest rates of FC deposits which have average maturities of up to 3 months. The Group implements effectiveness tests at the balance sheet dates for hedge accounting, the effective parts are accounted as defined in TFRS 9, on the financial statements under equity “Accumulated other comprehensive income or expense to be reclassified through profit or loss”, whereas the amount concerning ineffective parts is associated with the income statement.

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

Fees and commission income/expenses are primarily recognized on an accrual basis or “Effective Interest (Internal Efficiency) Method” according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection.

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

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

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

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

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

c. Financial assets measured at amortized cost:

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

d. Loans

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

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

As of 1 January 2018, in accordance with the Communiqué related to “Procedures and Principles 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 31 December 2017, the credit loss allowance method within the framework of the BRSA’s related legislation has been changed to the loss allowance for expected credit losses model with the implementation of TFRS 9. The predictions of expected credit loss forecasts include credible information which is objective, probability-weighted, supportable about past events, current conditions, and forecasts of future economic conditions.

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

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

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

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

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

Stage 1:

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

Stage 2:

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is accounted based on the financial asset's lifetime expected credit losses. The provision which will be allocated for the loan is calculated by considering the maturity and cash flow of the loan for three macroeconomic scenarios as stated above. For this purpose, the probability of default and the loss given default amounts are estimated only for 12 months but also for the whole life of the loan and the loan provision is determined by using the present value set calculated over the cash flow.

Stage 3:

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

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

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

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

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

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

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

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

The Group has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill:

As of 30 September 2018, the Bank has no goodwill (31 December 2017: None).

b. Other intangible assets:

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

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

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the “lower of the fair value of the leased asset and the present value of the amount of cash consideration given for the leased asset.

Leased assets are included in the property and equipment and these assets are depreciated their useful lives into consideration. If impairment is detected in the value of the leased asset, a “Provision for value decrease” is recognized. 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 realizes financial leasing transactions in the capacity of “Lessor” by means of Burgan Finansal Kiralama A.Ş. which is the consolidated subsidiary of the Group. The asset subject to financial leasing is disclosed as a net financial leasing receivable in the balance sheet. The interest income is determined in a way to form a fixed revenue return ratio using net investment method related to leased asset of the lessor, and the portion of interest income which does not take part in the related term is followed under unearned interest income account.

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

The Group allocates specific provisions for lease receivables based on the assessments and estimates of the management, by considering the current applicable communiqué.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

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

Provisions are recognized when the 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 recognized in the same period of occurrence in accordance with the "Matching principle". When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Group, it is considered that a "Contingent" liability exists and it is disclosed in the related notes to the financial statements.

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (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 2018 (2017: 20%). The corporate tax rate is calculated on the total income after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

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

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

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

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

b. Deferred tax:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XIX. EXPLANATIONS ON BORROWINGS:

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

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

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 September 2018, the Group has no government grants (31 December 2017: None).

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

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

	30 September 2018	30 September 2017
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	146.705	65.562
Weighted Average Number of Issued Ordinary Shares (Thousand)	132.569.692	90.000.000
Earnings Per Ordinary Shares (Disclosed in full TL)	1,107	0,728

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XXIV. EXPLANATIONS ON EARNINGS PER SHARE (Continued):

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

XXV. EXPLANATIONS ON RELATED PARTIES:

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

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

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

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

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

XXVIII. RECLASSIFICATIONS:

None.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XXIX. DISCLOSURES OF TFRS 9 FINANCIAL INSTRUMENTS STANDARD:

TFRS 9 Financial Instruments Standard, which is effective as at 1 January 2018 has replaced the TAS 39 Financial Instruments: Recognition and Measurement standard. TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting.

Classification and measurement of financial assets:

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model in which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent solely payments of principal and interest.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment; “Principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. When making this assessment the Group considers the events that can alter the amount and timing of cash flows, product specific leverage features, prepayment and extension terms, terms that limit the Group’s claim to cash flows from specified assets and the features that modify consideration for the time value of money.

The Group fulfills the on-balance sheet classification and measurement criterias by applying the procedures described above for all financial assets.

Upon initial recognition each financial asset is classified as either fair value through profit or loss, fair value through other comprehensive income or measured at amortized cost. The application of TAS 39 principles on the classification and measurement of financial liabilities remain largely unchanged.

Explanations of the effects from the Group’s application of TFRS 9 is presented below.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XXIX. DISCLOSURES OF TFRS 9 FINANCIAL INSTRUMENTS STANDARD (Continued):

a. Classification and measurement of financial assets:

Financial Assets	Before TFRS 9		In Scope of TFRS 9	
	Measurement Bases	Book Value 31 December 2017	Measurement Bases	Book Value 1 January 2018
Cash and Balances with Central Bank	Measured at amortized cost	2.027.340	Measured at amortized cost	2.027.340
Banks and Money Markets	Measured at amortized cost	179.729	Measured at amortized cost	179.729
Marketable Securities	Fair value through profit or loss	5.543	Fair value through profit or loss	5.703
Marketable Securities	Fair value through other comprehensive income	276.595	Fair value through other comprehensive income	276.435
Marketable Securities	Measured at amortized cost	171.218	Measured at amortized cost	171.218
Derivative Financial Assets	Fair value through profit or loss	407.696	Fair value through profit or loss	407.696
Loans (Gross)	Measured at amortized cost	15.915.105	Measured at amortized cost	15.915.105

Since their previous categories under TAS 39 are “put out of use”, without any adjustments, the financial assets that are classified as Trading, “Available-for-sale” and “Held-to-maturity” are now classified as “Fair value through profit or loss”, “Fair value through other comprehensive income” and “Measured at amortized cost” respectively under TFRS 9 as of 1 January 2018.

b. Reconciliation of statement of financial position balances from TAS 39 to TFRS 9:

Financial Assets	Book value before TFRS 9 31 December 2017	Reclassifications	Remeasurements	Book value after TFRS 9 1 January 2018
Fair value through profit or loss				
Balance before classification (for trading purposes)	5.543	-	-	-
Classified from available-for-sale	-	160	-	-
Book value after classification	-	-	-	5.703
Fair value through other comprehensive income				
Book value before classification (available-for-sale)	276.595	-	-	-
Available-for-sale financial assets valuation difference	-	-	-	-
Classified at financial assets at fair value through profit or loss	-	(160)	-	-
Book value after classification	-	-	-	276.435

The “Cash and Cash Equivalents” account which is used on financial statements as of 1 January 2018 includes the combination of “Cash and Balances at Central Bank”, “Banks” and “Receivables from Money Markets” accounts which were presented separately in the 31 December 2017 financial statements. Furthermore, the “Other Liabilities” account, effective on financial statements as of 1 January 2018, includes the combination of “Miscellaneous Payables” and “Other Foreign Liabilities” accounts, which were presented separately on the 31 December 2017 financial statements.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XXIX. DISCLOSURES OF TFRS 9 FINANCIAL INSTRUMENTS STANDARD (Continued):

c. Reconciliation of the opening balances of the provision for expected credit losses to TFRS 9:

The table below shows the reconciliation of the provision for impairment of the Bank as of 31 December 2017 and the provision for the expected loss model as measured in accordance with TFRS 9 as of 1 January 2018.

	Book value before TFRS 9 31 December 2017	Remeasurements	Book value after TFRS 9 1 January 2018
Loans	364.757	237.852	602.609
Stage 1	94.018	(29.682)	64.336
Stage 2	10.911	298.447	309.358
Stage 3	219.273	9.642	228.915
Other (*)	40.555	(40.555)	-
Financial assets	471	65	536
Non-cash loans	6.465	15.940	22.405
Stage 1 and 2	2.165	15.953	18.118
Stage 3	4.300	(13)	4.287
Total	371.693	253.857	625.550

(*) It expresses the provisions the Bank has allocated for certain loans in its loan portfolio related to risks that can arise in the future in the unconsolidated financial statements as of 31 December 2017.

d. Effects on equity with TFRS 9 transition:

According to paragraph 15 of Article 7 of TFRS 9 Financial Instruments Standards published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous period information in accordance with TFRS 9 and if the previous period information is not revised, it is stated that the difference between the book value of 1 January 2018 at the date of application should be reflected in the opening amount of equity. Under the framework of this article, the explanations about the effects of the transition to TFRS 9 shown in equity items are given below:

The expense directional difference between the provision for impairment of the previous period of the Group together with the general provisions for loans and other receivables of the Group, and the new expected credit losses measured in accordance with the predicted TFRS 9 impairment model as of 1 January 2018, netted off from deferred tax income and corporate tax amounting to TL 174.343 is classified in equity under the "Prior Year's Profits or Losses" account.

As stated in the Communiqué on "Uniform Chart of Accounts and Prospectus" issued on 20 September 2017, for general provisions (TFRS 9 expected loss provisions for the loans at first and second stages), deferred tax assets calculation has started as of 1 January 2018. Under this framework, deferred tax assets amounting to TL 78.526 has been reflected to the opening financials of 1 January 2018 and the related amount has been classified under "Prior Year's Profits or Losses" in shareholders' equity. For the specific provisions (TFRS 9 expected loss provisions for third stage loans), which have been cancelled due to TFRS 9 transition, corporate tax liability amounting to TL 988 is classified under "Prior Year's Profits or Losses" in equity as of 1 January 2018.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XXX. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES NOT VALID FOR THE CURRENT PERIOD:

The TFRS 9 standard has been effective instead of TAS 39 as of 1 January 2018. Accounting policies which have lost their validity with the transition to TFRS 9 are given below:

1. Explanations On Interest Income and Expense:

Interest income and expenses are recognized in the income statement on an accrual basis by using the effective interest method. The Bank ceases accruing interest income on non-performing loans and, any interest income accruals from such loans are being reversed and no income is accounted until the collection is made according to the related regulation.

2. Explanations On Financial Assets:

The Bank classifies and accounts its financial assets as “Fair value through profit or loss”, “Available-for-sale”, “Loans and receivables” or “Held-to-maturity”. Sales and purchases of the financial assets mentioned above are recognized at the “settlement dates”. The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of holding the investment.

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

This category has two subcategories: “Trading financial assets” and “Financial assets designated at fair value through profit/loss at initial recognition”.

Trading financial assets are financial assets which are either acquired for generating a profit from short term fluctuations in prices or regardless of their ac are financial assets included in a portfolio aimed at short-term profit making.

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. All gains and losses arising from these evaluations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial instruments are treated as trading financial assets unless they are not designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note IV. of this section.

b. Held-to-maturity financial assets:

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to held-to-maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available-for-sale; and those that meet the definition of loans and receivables. Held-to-maturity financial assets are initially recognized at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at “Amortized cost” using the Effective Interest Rate (Internal Efficiency)” method after their recognition.

Interest income earned from held-to-maturity financial assets is reflected to the statement of income.

The Group does not have financial assets that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to breach of classification principles.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

**XXX. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES NOT VALID FOR THE
CURRENT PERIOD (Continued):**

c. Loans and receivables:

Loans and receivables are non-derivative financial assets held for trading, whose fair value differences are reflected in profit or loss, are not defined as available-for-sale, are fixed or determinable and are not quoted on an active market. Loans and receivables are initially recognized at cost and are subsequently measured at amortized cost using the effective interest rate method. Fees and other similar charges related to the assets acquired as collateral are not considered as part of the transaction cost and are reflected in the expense accounts.

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No.26333 dated 1 November 2006. In this context, the revised credit risk, general structure of the current loan portfolio, financial conditions of the customers, non-financial information and economic conjuncture based on the prudence principle are taken into consideration by the Bank in determining the estimates.

Provision expenses are deducted from the net income of the year. If there is a collection from a receivable that is provisioned previously, the amount is deducted from the "Specific Provisions" account and recorded as an income to "Provision for Loan Losses and Other Receivables" shown as net with the provisions recorded in the year.

d. Available-for-sale financial assets:

Financial assets available-for-sale consist of financial assets other than "Loans and receivables", "Held-to-maturity", "Financial assets at fair value through profit or loss" and non-derivative financial assets. Financial assets available-for-sale are recorded by adding transaction cost to acquisition cost reflecting the fair value of the financial asset.

After the recognition, financial assets available-for-sale are remeasured at fair value. Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

"Unrealized gains and losses" arising from changes in the fair value of financial assets classified as available-for-sale are recognized in the shareholders' equity as "Marketable Securities Valuation Reserve", until there is a permanent decline in the fair values of such assets or they are disposed of. When these financial assets are disposed of or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement. When calculating CPI Indexed government bonds' discounted values, cash flows calculated through CBRT's monthly expected CPI bulletin indices are used.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

**XXX. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES NOT VALID FOR THE
CURRENT PERIOD (Continued):**

3. Explanations On Impairment of Financial Assets:

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the effective interest method, or the fair value if one exists is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and it is charged against the income for the year.

The principles for the accounting of provisions for loans are explained in detail in Note VII. of this Section.

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SECTION FOUR

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

I. EXPLANATIONS ON CONSOLIDATED EQUITY:

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. While calculating capital adequacy ratios; According to the BRSA writing dated 13.08.2018 and numbered 10578, the foreign currency buying rate of 30.06.2018 was used in the calculation of the amount subject to credit risk, the average exchange rate of the CBRT on the average of 252 business days before the calculation date and the application of the higher of the foreign exchange buying rate dated 30.06.2018. Furthermore, The Bank considered to apply the Regulation numbered 10513, dated August 12, 2018: The valuation differences of the securities included in the “Financial Assets at Fair Value through Other Comprehensive Income” portfolio shall be calculated in accordance with the regulation and shall not be taken into consideration in the equity amount that in the capital adequacy ratio calculation as of 12 August 2018.

As of 30 September 2018 Bank’s total capital has been calculated as TL 3.905.182 (31 December 2017: TL 2.645.483), Capital adequacy ratio is 21,17% (31 December 2017: 17,32%).

a. Information about total capital:

	Current Period 30 September 2018	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2017	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		1.185.000	
Share issue premiums	-		-	
Legal Reserves	273.098		164.946	
Gains recognized in equity as per TAS	343.158		60.036	
Profit	146.705		109.848	
Current Period Profit	146.705		109.848	
Prior Period Profit	-		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-		-	
Common Equity Tier 1 Capital Before Deductions	2.297.961		1.519.830	
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	177.484		7.355	
Improvement costs for operating leasing	18.368		18.592	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	43.085	43.085	37.719	47.149
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	166.119		40.256	
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	405.056		103.922	
Total Common Equity Tier 1 Capital	1.892.905		1.415.908	

(*) 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.

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I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

	Current Period 30 September 2018	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2017	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 (-)	-	-	9.430	-
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)	1.892.905		1.406.478	
TIER II CAPITAL				
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-	1.131.570	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	1.797.060	-	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	216.103	-	107.566	-
Tier II Capital Before Deductions	2.013.163		1.239.136	
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.	886	-	131	-
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	886		131	
Total Tier II Capital	2.012.277		1.239.005	
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.905.182		2.645.483	
Deductions from Total Capital				
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components				
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-

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

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

	Current Period 30 September 2018	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2017	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL				
Total Capital (Tier I and Tier II Capital)	3.905.182		2.645.483	
Total risk weighted amounts	18.444.711		15.271.897	
Capital Adequacy Ratios				
Core Capital Adequacy Ratio (%)	10,26		9,27	
Tier I Capital Adequacy Ratio (%)	10,26		9,21	
Capital Adequacy Ratio (%)	21,17		17,32	
BUFFERS				
Total additional Tier I Capital requirement (a+b+c)	1.875		1.250	
a. Capital conservation buffer requirement (%)	1,875		1,250	
b. Bank specific counter-cyclical buffer requirement (%)	-		-	
c. Systematically important bank buffer ratio (%)	-		-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	5,76		4,77	
Amounts below the Excess Limits as per the Deduction Principles				
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Amount arising from deferred tax assets based on temporary differences	-		-	
Limits related to provisions considered in Tier II calculation	283.267		31.303	
Limits related to provisions considered in Tier II calculation				
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	664.680		107.566	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	216.103		107.566	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

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**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
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I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

b. Information on instruments related to equity estimation:

Details on Subordinated Liabilities		
Issuer	Burgan Bank K.P.S.C.	Burgan Bank K.P.S.C.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	-	-
Governing law(s) of the instrument	BRSA	BRSA
Regulatory treatment	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	No	No
Eligible at stand-alone/consolidated	Stand Alone – Consolidated	Stand Alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan	Subordinated Loan
Amount recognized in regulatory capital (Currency in thousand, as of most recent reporting date)	898.530	898.530
Par value of instrument (USD)	150.000	150.000
Accounting classification	Liability-Subordinated Loans-amortized cost	Liability-Subordinated Loans-amortized cost
Original date of issuance	06.12.2013	30.03.2016
Perpetual or dated	Dated	Dated
Original maturity date	10 Years	10 Years
Issuer call subject to prior supervisory approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	After 5th year
Subsequent call dates, if applicable	After 5th year	After 5th year
Coupons / dividends	3 Months	3 Months
Fixed or floating dividend/coupon	Floating dividend	Floating dividend
Coupon rate and any related index	LIBOR+3,75	LIBOR+3,75
Existence of a dividend stopper	-	-
Fully discretionary, partially discretionary or mandatory	-	-
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	None
If convertible, conversion trigger(s)	-	-
If convertible, fully or partially	-	-
If convertible, conversion rate	-	-
If convertible, mandatory or optional conversion	-	-
If convertible, specify instrument type convertible into	-	-
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature	None	None
If write-down, write-down trigger(s)	-	-
If write-down, full or partial	-	-
If write-down, permanent or temporary	-	-
If temporary write-down, description of write-up mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments to be included in supplementary capital calculation but after the deposit holders and all other creditors of the Debtor.	Before debt instruments to be included in supplementary capital calculation but after the deposit holders and all other creditors of the Debtor.
In compliance with article number 7 and 8 of “Own fund regulation”	None.	None.
Details of incompliances with article number 7 and 8 of “Own fund regulation”	None.	None.

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

I. EXPLANATIONS ON EQUITY (Continued):

c. Information related to the TFRS 9 transition process:

	T	T-1	T-2	T-3	T-4
EQUITY ITEMS					
Common Equity Tier 1 Capital	1.892.905	1.854.806	1.816.706	1.778.607	1.740.507
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	1.740.507	1.740.507	1.740.507	1.740.507	1.740.507
Tier 1 Capital	1.892.905	1.854.806	1.816.706	1.778.607	1.740.507
Tier 1 Capital Without the Implementation of the Transition Process	1.740.507	1.740.507	1.740.507	1.740.507	1.740.507
Equity	3.905.182	3.905.182	3.905.182	3.905.182	3.905.182
Equity Without the Implementation of the Transition Process	3.905.182	3.905.182	3.905.182	3.905.182	3.905.182
TOTAL RISK WEIGHTED AMOUNTS					
Total Risk Weighted Amounts	18.444.711	18.444.711	18.444.711	18.444.711	18.444.711
CAPITAL ADEQUACY RATIOS					
Common Equity Tier 1 Capital Adequacy Ratio (%)	10,26	10,06	9,85	9,64	9,44
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	9,44	9,44	9,44	9,44	9,44
Tier 1 Capital Adequacy Ratio (%)	10,26	10,06	9,85	9,64	9,44
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	9,44	9,44	9,44	9,44	9,44
Capital Adequacy Ratio (%)	21,17	21,17	21,17	21,17	21,17
Capital Adequacy Ratio Without the Implementation of the Transition Process	21,17	21,17	21,17	21,17	21,17
LEVERAGE RATIO					
Leverage Ratio Total Risk Amount	31.555.110	31.555.110	31.555.110	31.555.110	31.555.110
Leverage Ratio (%)	5,97	5,88	5,76	5,64	5,48
Leverage Ratio Without the Implementation of the Transition Process	5,48	5,48	5,48	5,48	5,48

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**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
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II. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT:

Overview of risk weighted amounts

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 30 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 2018:

- 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 2018	Prior Period 31 December 2017	Current Period 30 September 2018	
1	Credit risk (excluding counterparty credit risk) (CCR)	16.373.897	13.960.500	1.309.912
2	Standardized approach (SA)	16.373.897	13.960.500	1.309.912
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	914.320	367.260	73.146
5	Standardized approach for counterparty credit risk (SA-CCR)	914.320	367.260	73.146
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	191.006	127.984	15.280
17	Standardized approach (SA)	191.006	127.984	15.280
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	965.488	816.153	77.239
20	Basic indicator approach	965.488	816.153	77.239
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor Adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	18.444.711	15.271.897	1.475.577

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

III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK:

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

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

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

	EUR		USD	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
30 September 2018 / 31 December 2017				
Bid rate	TL 6,9505	TL 4,5155	TL 5,9902	TL 3,7719
1. Day Bid Rate	TL 6,9505	TL 4,5155	TL 5,9902	TL 3,7719
2. Day Bid Rate	TL 7,1130	TL 4,5478	TL 6,0752	TL 3,8104
3. Day Bid Rate	TL 7,2007	TL 4,5385	TL 6,1242	TL 3,8197
4. Day Bid Rate	TL 7,2057	TL 4,5116	TL 6,1240	TL 3,8029
5. Day Bid Rate	TL 7,3234	TL 4,5205	TL 6,2287	TL 3,8087

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

	EUR		USD	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Arithmetic average – 30 days	TL 7,3665	TL 4,5508	TL 6,3154	TL 3,8440

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

III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Information on currency risk of the Group:

The Group’s real foreign currency position, both in financial and economic terms, is presented in the table below:

	EUR	USD	Other FC	Total
30 September 2018				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	184.435	1.461.670	1.953	1.648.058
Due From Banks	20.386	515.938	7.862	544.186
Financial Assets at Fair Value Through Profit or Loss (*)	128.710	174.777	1.328	304.815
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	12.643	135.766	-	148.409
Loans (*)	9.061.412	4.979.613	-	14.041.025
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	269.007	-	269.007
Hedging Derivative Financial Assets	1.031	43.746	-	44.777
Tangible Assets	-	1.574	-	1.574
Intangible Assets	-	1.069	-	1.069
Other Assets	34.107	204.921	-	239.028
Total Assets	9.442.724	7.788.081	11.143	17.241.948
Liabilities				
Bank Deposits	83.839	4.946	17	88.802
Foreign Currency Deposits	1.723.700	5.238.593	160.383	7.122.676
Funds From Interbank Money Market	-	192.223	-	192.223
Funds Borrowed From Other Financial Institutions	2.317.874	7.787.438	-	10.105.312
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	569.242	516.708	4	1.085.954
Hedging Derivative Financial Liabilities	833	11.018	-	11.851
Other Liabilities (*)	98.952	175.681	1.368	276.001
Total Liabilities	4.794.440	13.926.607	161.772	18.882.819
Net On-balance Sheet Position	4.648.284	(6.138.526)	(150.629)	(1.640.871)
Net Off-balance Sheet Position	(4.333.776)	6.462.497	190.783	2.319.504
Financial Derivative Assets	3.508.952	12.404.816	363.814	16.277.582
Financial Derivative Liabilities	7.842.728	5.942.319	173.031	13.958.078
Non-Cash Loans (**)	1.020.158	923.420	56.194	1.999.772
31 December 2017				
Total Assets (*)	6.474.772	4.951.338	18.930	11.445.040
Total Liabilities (*)	2.612.282	10.219.429	121.583	12.953.294
Net On-balance Sheet Position	3.862.490	(5.268.091)	(102.653)	(1.508.254)
Net Off-balance Sheet Position	(3.830.308)	5.289.780	100.381	1.559.853
Financial Derivative Assets	988.000	8.162.761	457.352	9.608.113
Financial Derivative Liabilities	4.818.308	2.872.981	356.971	8.048.260
Non-Cash Loans (**)	587.467	708.298	63.371	1.359.136

(*) 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 847.055 (31 December 2017: TL 831.039) classified as Turkish Lira assets in the 30 September 2018 financial statements are added to the table above. Furthermore, in foreign currency assets “Income Accruals of Derivative Financial Instruments” amounting to TL 192.520 (31 December 2017: TL 21.351) and “Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 559.442 TL (31 December 2017: None), in foreign currency liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 20.462 (31 December 2017: TL 54.410) and “Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 21.349 (31 December 2017: TL 23.997 “Free Provisions for Probable Risks” and TL 64.850 “General Provisions”) and “Marketable Securities Valuation Reserve” with “ Hedging Derivative Financials” amounting to TL 21.195 (31 December 2017: TL 6.230) are not included in the table above.

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

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

IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK:

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

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

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

30 September 2018	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	2.550.893	-	-	-	-	740.607	3.291.500
Due From Banks	431.569	-	-	-	-	115.646	547.215
Financial Assets at Fair Value Through Profit/Loss (*)	105.147	312.720	1.418.421	55.176	12.302	-	1.903.766
Interbank Money Market Placements	11.635	-	-	-	-	-	11.635
Financial Assets at Fair Value Through Other Comprehensive Income	-	506	87.889	207.875	81.885	9.456	387.611
Loans	6.577.703	3.729.570	4.446.180	3.675.457	471.072	543.737	19.443.719
Financial Assets Measured at Amortized Cost	-	-	-	269.007	-	-	269.007
Other Assets	-	-	-	-	-	510.292	510.292
Total Assets	9.676.947	4.042.796	5.952.490	4.207.515	565.259	1.919.738	26.364.745
Liabilities							
Bank Deposits	83.511	-	-	-	-	5.638	89.149
Other Deposits	9.674.745	1.490.580	432.485	4.757	-	354.579	11.957.146
Funds From Interbank Money Market	19.282	-	192.133	-	-	-	211.415
Miscellaneous Payables	-	-	-	-	-	1.127.718	1.127.718
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	5.060.375	3.419.219	1.657.277	145.147	-	-	10.282.018
Other Liabilities (*) (**)	88.350	251.626	170.239	44.811	236	2.142.037	2.697.299
Total Liabilities	14.926.263	5.161.425	2.452.134	194.715	236	3.629.972	26.364.745
Balance Sheet Long Position	-	-	3.500.356	4.012.800	565.023	-	8.078.179
Balance Sheet Short Position	(5.249.316)	(1.118.629)	-	-	-	(1.710.234)	(8.078.179)
Off-balance Sheet Long Position	1.281.392	929.678	1.597.520	-	-	-	3.808.590
Off-balance Sheet Short Position	-	-	-	(2.587.909)	(69.505)	-	(2.657.414)
Total Position	(3.967.924)	(188.951)	5.097.876	1.424.891	495.518	(1.710.234)	1.151.176

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 930.944 and other liabilities includes hedging derivative financial liabilities amounting to TL 34.509 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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GROUP ON A CONSOLIDATED BASIS (Continued):**

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

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

31 December 2017	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1.975.239	-	-	-	-	52.101	2.027.340
Due From Banks	145.331	-	-	-	-	23.398	168.729
Financial Assets at Fair Value Through Profit/Loss	29.336	111.647	227.327	41.246	3.683	-	413.239
Interbank Money Market Placements	11.000	-	-	-	-	-	11.000
Available-for-Sale Financial Assets	220	91.181	-	122.732	53.519	8.943	276.595
Loans	4.753.935	2.727.799	3.177.468	2.379.633	66.897	181.012	13.286.744
Held-to-Maturity Investments	-	-	-	171.218	-	-	171.218
Other Assets	99.890	81.318	352.631	1.162.344	275.695	427.955	2.399.833
Total Assets	7.014.951	3.011.945	3.757.426	3.877.173	399.794	693.409	18.754.698
Liabilities							
Bank Deposits	86.846	-	-	-	-	6.643	93.489
Other Deposits	5.563.222	2.182.603	712.796	54	-	320.307	8.778.982
Funds From Interbank Money Market	135.234	120.982	-	-	-	-	256.216
Miscellaneous Payables	-	-	-	-	-	353.907	353.907
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	2.258.217	3.139.725	1.792.189	33.213	-	-	7.223.344
Other Liabilities (*)	53.611	62.745	29.737	68.546	114	1.834.007	2.048.760
Total Liabilities	8.097.130	5.506.055	2.534.722	101.813	114	2.514.864	18.754.698
Balance Sheet Long Position	-	-	1.222.704	3.775.360	399.680	-	5.397.744
Balance Sheet Short Position	(1.082.179)	(2.494.110)	-	-	-	(1.821.455)	(5.397.744)
Off-balance Sheet Long Position	487.564	929.592	747.727	-	-	-	2.164.883
Off-balance Sheet Short Position	-	-	-	(1.991.199)	-	-	(1.991.199)
Total Position	(594.615)	(1.564.518)	1.970.431	1.784.161	399.680	(1.821.455)	173.684

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

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

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

b. Average interest rates for monetary financial instruments:

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

30 September 2018	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	1,50	-	13,00
Due From Banks	-	2,00	-	-
Financial Assets at Fair Value Through Profit/Loss	3,78	6,83	-	23,03
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	3,05	4,66	-	14,94
Loans	5,54	7,92	-	24,18
Financial Assets Measured at Amortized Cost	-	4,41	-	-
Liabilities				
Bank Deposits	1,60	-	-	-
Other Deposits (*)	2,76	6,40	-	24,77
Funds From Interbank Money Market	-	3,61	-	26,07
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,68	4,76	-	23,48

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

31 December 2017	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	-	1,50	-	4,00
Due From Banks	-	1,42	-	-
Financial Assets at Fair Value Through Profit/Loss	4,31	5,13	-	10,29
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	5,32	-	10,19
Loans	5,15	6,44	-	16,38
Held-to-Maturity Investments	-	5,96	-	-
Liabilities				
Bank Deposits	-	1,41	-	-
Other Deposits (*)	1,73	3,97	-	14,08
Funds From Interbank Money Market	-	2,61	-	11,29
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,25	3,89	-	13,24

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

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GROUP ON A CONSOLIDATED BASIS (Continued):**

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

c. Interest rate risk resulting from banking accounts:

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

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

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

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

Currency	Applied Shock (+/- x basis point)	Earnings/(Losses)	Earnings/ Equities-Losses/Equities
1. TRY	+500 bp	(78.861)	(2,0)%
2. TRY	-400 bp	71.043	1,8%
3. EURO	+200 bp	(2.863)	(0,1)%
4. EURO	-200 bp	(1.309)	0,0%
5. USD	+200 bp	(20.626)	(0,5)%
6. USD	-200 bp	22.862	0,6%
Total (For Negative Shocks)		92.596	2,4%
Total (For Positive Shocks)		(102.350)	(2,6)%

V. EXPLANATIONS ON CONSOLIDATED SHARE CERTIFICATE POSITION RISK:

None.

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

**VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK AND THE CONSOLIDATED
LIQUIDITY COVERAGE RATIO:**

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

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

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

Liquidity management is primarily under the responsibility of ALCO in accordance with the Liquidity Risk Management of the Bank. Treasury, Capital Markets and Financial Corporations Group are responsible to perform required actions in accordance with the liquidity standards determined in accordance with the Liquidity Risk Policy. Market Risk Departments is secondarily responsible and it is responsible to control and report compliance with the limits. Detailed information related to periodic and specific reports related to liquidity risk, stress tests, scenario tests, scenario analysis, compliance with risk limits and legal liquidity reports are included in Liquidity Risk Policy of the Bank.

Liquidity risk exposed by the Parent Bank, risk appetite, liquidity risk reduction appropriate to liquidity and funding policies (diversification of funding sources and maturities, derivative transactions), establishment of effective control environment, risk limits, early warning and triggering market indicators are managed through monitoring closely.

The liquidity risk is removed by short term placements, liquid marketable assets wallet and strong equity structure in the management of liquidity risk. Board of Directors of Bank can perform limit reduction regardless of credit value in current placement limits when the volatility in markets increases. Management of the Bank and ALCO monitors possible marginal costs of payments and spurts as a result of studies made in scope of scenario analysis while tracking interest margin in diversified maturity segments between assets and liabilities. Borrowing limits which can be used in short-term for spurts from Central Bank, BIST Repo Market, Takasbank Money Market and banks are applied at a minimum level. The Parent Bank does not need to use these sources because of its current liquidity position but it uses the aforementioned limits for short-term transaction opportunities. Assets, liabilities and positions on the basis of main types of currencies (currencies forming at least 5% of Bank’s total liabilities) are managed under the control of Treasury and Capital Markets.

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

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

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

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

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

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

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

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

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

Liquidity Coverage Ratio:

30 September 2018	Unweighted Amounts (*)		Weighted Amounts (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High Quality Liquid Assets	-	-	3.456.806	2.197.098
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	7.233.824	3.824.279	693.347	382.428
3 Stable deposits	600.718	-	30.036	-
4 Less stable deposits	6.633.106	3.824.279	663.311	382.428
5 Unsecured Funding other than Retail and Small Business Customers Deposits	4.405.690	3.718.264	2.747.932	2.288.277
6 Operational deposits	1.233.794	1.097.902	308.448	274.475
7 Non-Operational Deposits	2.154.417	1.872.237	1.422.005	1.265.677
8 Other Unsecured Funding	1.017.479	748.125	1.017.479	748.125
9 Secured funding	-	-	-	-
10 Other Cash Outflows	27.647	87.658	27.647	87.658
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	27.647	87.658	27.647	87.658
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	2.811.224	2.016.911	335.458	218.512
16 TOTAL CASH OUTFLOWS	-	-	3.804.384	2.976.875
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	2.367.018	1.013.945	1.682.045	731.174
19 Other contractual cash inflows	68.750	525.727	68.750	525.727
20 TOTAL CASH INFLOWS	2.435.768	1.539.672	1.750.795	1.256.901
			Upper Bound Applied Amounts	
21 TOTAL HIGH QUALITY LIQUID ASSETS	-	-	3.456.806	2.197.098
22 TOTAL NET CASH OUTFLOWS	-	-	2.053.589	1.719.974
23 Liquidity Coverage Ratio (%)	-	-	168,33	127,74

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

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

31 December 2017	Unweighted Amounts (*)		Weighted Amounts (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High Quality Liquid Assets	-	-	2.047.365	1.377.625
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	5.793.393	2.964.383	553.623	296.438
3 Stable deposits	514.333	-	25.717	-
4 Less stable deposits	5.279.060	2.964.383	527.906	296.438
5 Unsecured Funding other than Retail and Small Business Customers Deposits	2.631.244	1.834.271	1.451.772	896.376
6 Operational deposits	844.191	738.315	211.048	184.579
7 Non-Operational Deposits	1.158.499	846.445	612.587	462.286
8 Other Unsecured Funding	628.554	249.511	628.137	249.511
9 Secured funding	-	-	-	-
10 Other Cash Outflows	64.720	57.474	64.720	57.474
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	64.720	57.474	64.720	57.474
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	2.503.898	1.497.236	300.807	180.239
16 TOTAL CASH OUTFLOWS			2.370.922	1.430.527
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	1.443.023	442.170	1.030.715	299.428
19 Other contractual cash inflows	12.862	383.974	12.862	383.974
20 TOTAL CASH INFLOWS	1.455.885	826.144	1.043.577	683.402
Upper Bound Applied Amounts				
21 TOTAL HIGH QUALITY LIQUID ASSETS	-	-	2.047.365	1.377.625
22 TOTAL NET CASH OUTFLOWS	-	-	1.327.345	747.125
23 Liquidity Coverage Ratio (%)	-	-	154,25	184,39

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

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

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

As of the period-end, high quality liquid assets of the Bank consist of accounts in Central Bank of Turkey at a ratio of 85% 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 bank debt at ratios of 25%, 41% and 24% 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. With the decision of the Banking Regulation and Supervision Agency dated 07.09.2018 and numbered 7940, it has been decided that the banks will not include the collaterals they received for credit derivatives and derivative transactions in the calculation of liquidity coverage ratio until 31 December 2018, effective from 31 July 2018.

Liquidity coverage rates are calculated weekly for unconsolidated basis and monthly for consolidated basis as of 31 December 2015 in accordance with the “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated 21 March 2014 and numbered 28948. As of 30 September 2018, liquidity coverage rates must be at least 70% for foreign currency assets and liabilities and at least 90% in total assets and liabilities. Dates and values of the lowest and highest foreign currency and total consolidated liquidity coverage ratios related to the three-month period calculated by taking daily arithmetic averages are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC + TL	FC	FC + TL
Monthly Arithmetic Average (%)	202,39%	244,34%	107,27%	143,42%
Month	31.07.2018	31.07.2018	30.09.2018	31.08.2018

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GROUP ON A CONSOLIDATED BASIS (Continued):**

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

Breakdown of assets and liabilities according to their outstanding maturities:

30 September 2018	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	740.607	2.550.893	-	-	-	-	-	3.291.500
Due From Banks	115.646	431.569	-	-	-	-	-	547.215
Financial Assets at Fair Value Through Profit or Loss (*)	-	78.747	203.263	706.915	891.560	23.281	-	1.903.766
Interbank Money Market Placements	-	11.635	-	-	-	-	-	11.635
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	19.261	277.008	81.886	9.456	387.611
Loans	-	2.451.320	2.046.805	4.267.632	8.007.239	2.126.986	543.737	19.443.719
Financial Assets Measured at Amortized Cost	-	-	-	-	269.007	-	-	269.007
Other Assets (**)	-	42.629	3.903	23.388	31.800	5.361	403.211	510.292
Total Assets	856.253	5.566.793	2.253.971	5.017.196	9.476.614	2.237.514	956.404	26.364.745
Liabilities								
Bank Deposits	5.638	83.511	-	-	-	-	-	89.149
Other Deposits	354.579	9.674.745	1.490.580	432.485	4.757	-	-	11.957.146
Funds Borrowed From Other Financial Institutions	-	640.747	1.092.305	1.747.004	4.988.205	1.813.757	-	10.282.018
Funds From Interbank Money Market	-	19.162	-	-	192.253	-	-	211.415
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	1.033.199	-	-	-	-	94.519	1.127.718
Other Liabilities (*) (***)	-	95.704	161.198	237.268	208.027	3.849	1.991.253	2.697.299
Total Liabilities	360.217	11.547.068	2.744.083	2.416.757	5.393.242	1.817.606	2.085.772	26.364.745
Net Liquidity Gap	496.036	(5.980.275)	(490.112)	2.600.439	4.083.372	419.908	(1.129.368)	-
Net Off-balance sheet position	-	1.030.769	1.472.226	934.377	342.900	1.108	-	3.781.380
Financial Derivative Assets	-	5.649.696	2.490.660	4.112.006	1.421.126	1.969	-	13.675.457
Financial Derivative Liabilities	-	(4.618.927)	(1.018.434)	(3.177.629)	(1.078.226)	(861)	-	(9.894.077)
Non-cash Loans	-	1.602.376	196.141	764.256	150.884	7.263	-	2.720.920
31 December 2017								
Total Assets	75.499	3.758.845	1.752.418	3.323.926	7.614.942	1.710.834	518.234	18.754.698
Total Liabilities	326.950	6.442.731	2.312.017	3.333.304	3.378.335	1.142.749	1.818.612	18.754.698
Net Liquidity Gap	(251.451)	(2.683.886)	(559.599)	(9.378)	4.236.607	568.085	(1.300.378)	-
Net Off-balance sheet position	-	360.711	283.564	525.015	(14.967)	1.277	-	1.155.600
Financial Derivative Assets	-	4.436.985	1.803.485	929.100	1.357.464	1.848	-	8.528.882
Financial Derivative Liabilities	-	(4.076.274)	(1.519.921)	(404.085)	(1.372.431)	(571)	-	(7.373.282)
Non-cash Loans	-	1.034.096	83.673	626.108	368.523	6.249	-	2.118.649

(*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 930.944 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 34.509. These accounts are mainly shown under the 1-5 year maturity period.

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

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

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

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

VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:

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

As of 30 September 2018, the leverage ratio of the Group calculated from the arithmetic average of the three months is 5,97% (31 December 2017: 5,38%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in the balance sheet and off-balance sheet assets.

Disclosure of leverage ratio template:

	30 September 2018 (*)	31 December 2017 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	26.258.218	18.786.108
(Assets deducted from Core capital)	62.435	61.414
Total risk amount of balance sheet assets	26.195.783	18.724.694
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	1.289.514	352.414
Potential credit risk amount of derivative financial assets and credit derivatives	196.710	112.968
Total risk amount of derivative financial assets and credit derivatives	1.486.224	465.382
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross notional amount of off-balance sheet transactions	3.873.103	3.120.668
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	3.873.103	3.120.668
Capital and total risk		
Core Capital	1.870.082	1.200.996
Total risk amount	31.555.110	22.310.744
Leverage ratio		
Leverage ratio	5,97%	5,38%

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

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

VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 30 September 2018, The Group applies cash flow hedge accounting using interest swaps to hedge its FC deposits and other liabilities with an average maturity up to 3 months against interest rate fluctuations. The Group implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with income statement.

As of the balance sheet date, derivative financial receivables with a carrying amount of TL 930.944 (31 December 2017: TL 269.300) and derivative financial payables with a carrying amount of TL 34.509 (31 December 2017: TL 53.975), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value income at the amount of TL 125.863 (31 December 2017: TL 18.341 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2017: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments Fair Value		Hedging Funds	Ineffective Part Accounted in Income Statement (Net)
			Assets	Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	908.705	30.968	151.454	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	22.239	3.541	14.665	-

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 2017: None).

The measurements conducted as of 30 September 2018 show that the cash flow hedging transactions shown above are effective.

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

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

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

X. EXPLANATIONS ON OPERATING SEGMENTS:

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

Retail banking provides products and services to individual and private customers. Products and services include primarily deposit, loan, credit card, 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 small, medium and large sized 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 2017 for balance sheet items and as of 30 September 2017 for income statement items.

30 September 2018	Retail Banking	Corporate, Commercial and SME Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
Net Interest Income	89.938	360.734	47.277	66.982	564.931
Net Fees and Commissions	3.908	15.370	-	5.733	25.011
Trading Profit/Loss	5.579	13.038	52.553	5.424	76.594
Other Operating Income	2.626	9.364	-	12.917	24.907
Operating Income	102.051	398.506	99.830	91.056	691.443
Operating Costs (-)	67.561	272.641	23.734	138.500	502.436
Net Operating Income	34.490	125.865	76.096	(47.444)	189.007
Dividend Income	-	-	-	686	686
Income/Loss from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	34.490	125.865	76.096	(46.758)	189.693
Tax Provisions (-)	7.588	27.690	16.741	(9.031)	42.988
Net Profit/(Loss)	26.902	98.175	59.355	(37.727)	146.705
Segment Assets	1.477.856	16.082.668	5.187.377	3.263.498	26.011.399
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	353.346	353.346
Total Assets	1.477.856	16.082.668	5.187.377	3.616.844	26.364.745
Segments Liabilities	8.123.027	3.728.708	8.223.035	4.360.824	24.435.594
Unallocated Liabilities	-	-	-	1.929.151	1.929.151
Total Liabilities	8.123.027	3.728.708	8.223.035	6.289.975	26.364.745

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

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

X. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

		Corporate, Commercial and SME Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
30 September 2017	Retail Banking				
Net Interest Income	45.899	246.328	26.944	47.850	367.021
Net Fees and Commissions	4.141	20.064	-	7.855	32.060
Trading Profit/Loss	6.902	11.414	(12.614)	435	6.137
Other Operating Income	1.573	7.153	-	7.658	16.384
Operating Income	58.515	284.959	14.330	63.798	421.602
Operating Costs (-)	49.229	152.091	18.752	115.376	335.448
Net Operating Income	9.286	132.868	(4.422)	(51.578)	86.154
Dividend Income	-	-	-	330	330
Income/(Loss) from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	9.286	132.868	(4.422)	(51.248)	86.484
Tax Provisions (-)	1.857	25.939	(884)	(5.990)	20.922
Net Profit / Loss	7.429	106.929	(3.538)	(45.258)	65.562
31 December 2017					
Segment Assets	1.320.669	13.068.773	1.885.589	2.226.054	18.501.085
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	253.613	253.613
Total Assets	1.320.669	13.068.773	1.885.589	2.479.667	18.754.698
Segments Liabilities	5.749.776	3.020.524	5.875.421	2.596.502	17.242.223
Unallocated Liabilities	-	-	-	1.512.475	1.512.475
Total Liabilities	5.749.776	3.020.524	5.875.421	4.108.977	18.754.698

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

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS:

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

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

	30 September 2018		31 December 2017	
	TL	FC	TL	FC
Cash/Foreign currency	17.809	111.256	12.427	39.651
CBRT	1.625.633	1.536.802	1.022.011	953.251
Other	-	-	-	-
Total	1.643.442	1.648.058	1.034.438	992.902

2. Information on the account of the CBRT:

	30 September 2018		31 December 2017	
	TL	FC	TL	FC
Demand Unrestricted Amount	463.458	611.519	955.529	6.766
Time Unrestricted Amount	1.162.175	152.911	66.482	-
Time Restricted Amount	-	772.372	-	946.485
Total	1.625.633	1.536.802	1.022.011	953.251

3. Information on reserve requirements:

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2013/15, the Parent Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD and standard gold. CBRT started paying interest on reserve balances held in FC starting from May 2015 and held in TL starting from November 2014.

As of 30 September 2018, The valid TL required reserve rates vary between 1,5% and 8% according to their maturities (31 December 2017: Between 4% and 10,5%). The valid foreign currency required reserve rates vary between 4% and 20% according to their maturities (31 December 2017: Between 4% and 24%).

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

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

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

1. As of 30 September 2018, there is no amount subject to repo transactions from financial assets at fair value through profit or loss (31 December 2017: None).
2. Positive differences related to derivative financial assets at fair value through profit or loss:

	30 September 2018	
	TL	FC
Forward Transactions	189.920	7.816
Swap Transactions	261.616	234.608
Futures Transactions	-	-
Options	93	239.624
Other	-	-
Total	451.629	482.048

	31 December 2017	
	TL	FC
Forward Transactions	23.695	9.926
Swap Transactions	43.395	33.376
Futures Transactions	-	-
Options	1.722	26.282
Other	-	-
Total	68.812	69.584

c. Information on banks:

1. Information on banks:

	30 September 2018		31 December 2017	
	TL	FC	TL	FC
Banks				
Domestic	3.400	11.751	167	13.140
Foreign	-	532.435	9	155.413
Headquarters and Branches Abroad	-	-	-	-
Total	3.400	544.186	176	168.553

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

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

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

1. Characteristics and carrying values of available-for-sale financial assets given as collateral:

As of 30 September 2018, there are TL 363.230 available-for-sale financial assets given as collateral/blocked (31 December 2017: TL 54.280) and those subject to repurchase agreements amount to TL 23 (31 December 2017: TL 115.358).

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

	30 September 2018
Debt Securities	419.719
Quoted on Stock Exchange	419.719
Not Quoted	-
Share Certificates	9.456
Quoted on Stock Exchange	-
Not Quoted	9.456
Impairment Provision (-)	41.547
Total	387.628

Information on available-for-sale financial assets:

	31 December 2017
Debt Securities	269.957
Quoted on Stock Exchange	269.957
Not Quoted	-
Share Certificates	8.929
Quoted on Stock Exchange	-
Not Quoted	8.929
Impairment Provision (-)	2.291
Total	276.595

e. Explanations on loans:

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

	30 September 2018		31 December 2017	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	22.212	-	-
Corporate Shareholders	-	22.212	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	3.816	-	4.660	-
Total	3.816	22.212	4.660	-

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

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

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

i.

Cash Loans	Standard Loans (**)	Loans and Other Receivables Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables with Revised Contract Terms	Re-finance
Non-Specialized Loans	14.609.138	1.648.284	271.792	-
Loans given to enterprises	-	-	-	-
Export Loans	976.106	131.742	187	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	405.143	-	-	-
Consumer Loans	654.779	31.784	6.085	-
Credit Cards	125	68	-	-
Other (*)	12.572.985	1.484.690	265.520	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	14.609.138	1.648.284	271.792	-

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

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

ii.

Number of Modifications Made to Extend Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
1 or 2 times	-	240.003
3,4 or 5 times	-	31.789
Over 5 times	-	-
Total	-	271.792

iii.

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	-	62.972
6 Months – 12 Months	-	13.093
1-2 Years	-	41.425
2-5 Years	-	93.862
5 Years and Over	-	60.440
Total	-	271.792

iv.

	Standard Loans	Loans Under Close Monitoring
General Provisions	148.132	516.548
12 Month Expected Credit Losses	148.132	-
Significant Increase in Credit Risk	-	516.548

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(Continued):**

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

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	32.810	642.531	675.341
Real estate loans	-	92.938	92.938
Automotive loans	213	24.249	24.462
Consumer loans	32.597	525.344	557.941
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	160	6.863	7.023
Real estate loans	-	6.243	6.243
Automotive loans	-	-	-
Consumer loans	160	620	780
Other	-	-	-
Individual Credit Cards-TL	155	-	155
With installments	-	-	-
Without installments	155	-	155
Individual Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans-TL	318	3.470	3.788
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	318	3.470	3.788
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	28	-	28
With installments	-	-	-
Without installments	28	-	28
Personnel Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-TL (Real Person)	6.496	-	6.496
Credit Deposit Account-FC (Real Person)	-	-	-
Total	39.967	652.864	692.831

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

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	17.792	1.422.411	1.440.203
Real estate loans	-	-	-
Automotive loans	258	5.058	5.316
Consumer loans	17.534	1.417.353	1.434.887
Other	-	-	-
Commercial Installments Loans-FC Indexed	17.308	610.367	627.675
Real estate loans	-	-	-
Automotive loans	-	3.201	3.201
Consumer loans	17.308	607.166	624.474
Other	-	-	-
Commercial Installments Loans-FC	43.293	5.874.067	5.917.360
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	43.293	5.874.067	5.917.360
Other	-	-	-
Corporate Credit Cards-TL	10	-	10
With installment	-	-	-
Without installment	10	-	10
Corporate Credit Cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit Deposit Account-TL (Legal Person)	213	-	213
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	78.616	7.906.845	7.985.461

5. Loans according to types of borrowers:

	30 September 2018	31 December 2017
Public	-	-
Private	16.529.214	13.111.165
Total	16.529.214	13.111.165

6. Distribution of domestic and foreign loans:

	30 September 2018	31 December 2017
Domestic Loans	16.529.214	13.111.165
Foreign Loans	-	-
Total	16.529.214	13.111.165

7. Loans given to investments in associates and subsidiaries:

None (31 December 2017: None).

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(Continued):**

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

8. Specific provisions provided against loans:

	30 September 2018
Loans and Other Receivables with Limited Collectability	45.624
Loans and Other Receivables with Doubtful Collectability	50.634
Uncollectible Loans and Other Receivables	142.541
Total	238.799

	31 December 2017
Loans and Other Receivables with Limited Collectability	4.648
Loans and Other Receivables with Doubtful Collectability	14.810
Uncollectible Loans and Other Receivables	199.815
Total	219.273

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
30 September 2018			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	-	10.367

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
31 December 2017			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	-	6.069

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(Continued):

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Prior Period End Balance	66.811	56.476	271.565
Additions (+)	564.624	41.086	110.049
Transfers from Other Categories of Non-performing Loans (+)	-	320.998	100.638
Transfers to Other Categories of Non-performing Loans (-)	321.475	100.161	-
Collections (-)	20.479	34.442	131.285
Write-offs (-)	-	-	-
Sold Portfolio (-) (*)	-	11.873	87.207
Corporate and Commercial Loans	-	11.873	81.353
Consumer Loans	-	-	5.497
Credit Cards	-	-	357
Other	-	-	-
Balance at the End of the Period	289.481	272.084	263.760
Specific Provision (-)	45.624	50.634	142.541
Net Balance on Balance Sheet	243.857	221.450	121.219

(*) At 28 June 2018, the Bank has erased non-performing loans amounting to TL 99.080 from its assets by selling them to Efes Varlık Yönetimi A.Ş. for TL 305.

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
30 September 2018			
Period-End Balance	149.596	126.845	99.826
Specific Provision (-)	32.996	34.566	71.145
Net Balance on balance sheet	116.600	92.279	28.681

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
31 December 2017			
Period-End Balance	3.404	14.867	91.901
Specific Provision (-)	443	3.946	75.078
Net Balance on balance sheet	2.961	10.921	16.823

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

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

iv. Information on non-performing loans based on types of borrowers:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	243.857	221.450	121.219
Loans Given to Real Persons and Legal Persons (Gross)	187.859	249.921	213.962
Specific Provision Amount (-)	24.922	44.127	101.325
Loans Given to Real Persons and Legal Persons (Net)	162.937	205.794	112.637
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	101.622	22.163	49.798
Specific Provision Amount (-)	20.702	6.507	41.216
Other Loans and Receivables (Net)	80.920	15.656	8.582

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Prior Period (Net)	62.163	41.666	71.750
Loans Given to Real Persons and Legal Persons (Gross)	66.345	50.910	228.406
Specific Provision Amount (-)	4.554	12.027	165.724
Loans Given to Real Persons and Legal Persons (Net)	61.791	38.883	62.682
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	466	5.566	43.159
Specific Provision Amount (-)	94	2.783	34.091
Other Loans and Receivables (Net)	372	2.783	9.068

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 and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	35.907	3.390	4
Interest Accruals and Valuation Differences	45.593	6.085	7
Provision Amount (-)	9.686	2.695	3
Prior Period (Net)	-	-	-
Interest Accruals and Valuation Differences	-	-	-
Provision Amount (-)	-	-	-

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

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

g. Information on financial assets measured at amortized cost:

1. Information on held-to-maturity financial assets subject to repurchase agreements:

	30 September 2018		31 December 2017	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	253.160	-	171.218
Other	-	-	-	-
Total	-	253.160	-	171.218

2. Information on held-to-maturity financial assets given as collateral/blocked:

	30 September 2018		31 December 2017	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	15.847	-	-
Other	-	-	-	-
Total	-	15.847	-	-

3. Information on government debt securities held-to-maturity:

	30 September 2018	31 December 2017
Government Bond	269.007	171.218
Treasury Bond	-	-
Other Public Debt Securities	-	-
Total	269.007	171.218

4. Information on investment securities held-to-maturity:

	30 September 2018	31 December 2017
Debt securities	269.007	171.218
Publicly-traded	269.007	171.218
Not publicly-traded	-	-
Provision for impairment	-	-
Total	269.007	171.218

5. Movement of held-to-maturity investments within the period:

	30 September 2018	31 December 2017
Opening balance	171.218	161.607
Foreign exchange differences in monetary assets	97.789	9.611
Purchases during the year	-	-
Disposals through Sales and Redemptions	-	-
Value decrease equivalent (-)	-	-
Period end balance	269.007	171.218

h. Information on investments in associates (Net):

None. (31 December 2017: None).

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

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

i. Information on subsidiaries (Net):

1. Capital adequacy situation of major subsidiaries:

The Parent Bank does not need any capitals arising from subsidiaries who inserted capital adequacy standard ratio.

2. Information on unconsolidated subsidiaries:

None. (31 December 2017: None).

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

None. (31 December 2017: None).

4. Information on consolidated subsidiaries:

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

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

	Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	3.360.184	259.721	5.687	171.010	-	23.611	20.571	-
2 (*)	152.489	125.447	4.033	11.176	148	(2.829)	(11.898)	-

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

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

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

6. Movement schedules of subsidiaries:

	30 September 2018	31 December 2017
Balance at the beginning of the Period	256.972	237.171
Movements during the Period	128.112	19.801
Purchases	116.000	-
Bonus Shares Obtained	70.000	-
Dividends from Current Year Income	20.782	17.168
Sales	-	-
Revaluation Increase/Decrease (*)	(78.670)	2.633
Impairment Provision	-	-
Balance at the end of the Period	385.084	256.972
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	99,99%	99,99%

(*) Includes the data before consolidation procedures.

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

Subsidiaries	30 September 2018	31 December 2017
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	269.208	206.686
Finance Companies	-	-
Other Financial Subsidiaries	115.876	50.286
Total	385.084	256.972

(*) Includes data given prior to consolidation applications.

8. Subsidiaries quoted on stock exchange:

None (31 December 2017: None).

j. Information on joint ventures:

None. (31 December 2017: None).

k. Information on lease receivables (net):

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

	30 September 2018		31 December 2017	
	Gross	Net	Gross	Net
Less than 1 year	921.017	773.644	676.982	533.839
Between 1-4 years	2.250.863	1.804.133	1.418.184	1.162.344
More than 4 years	433.928	386.935	313.922	275.695
Total	3.605.808	2.964.712	2.409.088	1.971.878

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

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

l. Information on fair value hedging derivative financial assets:

	30 September 2018	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	883.973	46.971
Foreign Net Investment Hedge	-	-
Total	883.973	46.971

	31 December 2017	
	TL	FC
Fair Value Hedge	-	-
Cash Flow Hedge	257.159	12.141
Foreign Net Investment Hedge	-	-
Total	257.159	12.141

m. Information on investment property:

None (31 December 2017: None).

n. Information on deferred tax asset:

As of 30 September 2018, the Group has netted-off the calculated deferred tax asset of TL 293.805 (31 December 2017: TL 34.676) and deferred tax liability of TL 294.179 (31 December 2017: TL 54.058) on the basis of company in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 19.611 and has recorded a net deferred tax liability of TL 19.985 (31 December 2017: TL 14.099 net deferred tax asset and TL 33.481 net deferred tax liability) in the financial statements.

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

The Bank has assets held for resale amounting to TL 49.569 (31 December 2017: TL 45.095) and has no discontinued operations.

Prior Period	30 September 2018	31 December 2017
Cost	45.652	46.342
Accumulated Depreciation (-)	567	831
Net Book Value	45.095	45.511
Current Period		
Net book value at beginning of the period	45.095	45.511
Additions	13.358	13.340
Disposals (-), net	7.852	13.313
Impairment (-)	1.032	397
Depreciation (-)	-	46
Cost	50.079	45.662
Accumulated Depreciation (-)	510	567
Closing Net Book Value	49.569	45.095

p. Information on other assets:

Other assets amount to TL 326.012 (31 December 2017: TL 242.423) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES:

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 30 September 2018:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	30.258	-	360.630	3.225.952	107.972	86.373	40.779	-	3.851.964
Foreign Currency Deposits	262.164	-	593.288	4.998.425	908.488	284.518	75.793	-	7.122.676
Residents in Turkey	238.668	-	591.409	4.924.119	900.454	282.636	71.039	-	7.008.325
Residents Abroad	23.496	-	1.879	74.306	8.034	1.882	4.754	-	114.351
Public Sector Deposits	3.614	-	-	-	-	-	-	-	3.614
Commercial Deposits	57.372	-	176.183	504.101	6.968	32.345	12.072	-	789.041
Other Institutions Deposits	1.171	-	6.586	172.951	3.364	5.779	-	-	189.851
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	5.638	-	83.511	-	-	-	-	-	89.149
The CBRT	-	-	83.511	-	-	-	-	-	83.511
Domestic Banks	213	-	-	-	-	-	-	-	213
Foreign Banks	5.425	-	-	-	-	-	-	-	5.425
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	360.217	-	1.220.198	8.901.429	1.026.792	409.015	128.644	-	12.046.295

ii. 31 December 2017:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	31.527	-	225.597	2.333.196	100.087	78.556	76.825	-	2.845.788
Foreign Currency Deposits	178.981	-	364.155	3.662.979	900.151	156.529	27.762	-	5.290.557
Residents in Turkey	165.575	-	343.962	3.625.377	887.658	155.010	24.659	-	5.202.241
Residents Abroad	13.406	-	20.193	37.602	12.493	1.519	3.103	-	88.316
Public Sector Deposits	5.699	-	-	-	-	-	-	-	5.699
Commercial Deposits	98.518	-	40.860	168.917	19.354	23.409	206.176	-	557.234
Other Institutions Deposits	5.582	-	1.039	38.819	2.097	21.205	10.962	-	79.704
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	6.643	-	86.846	-	-	-	-	-	93.489
The CBRT	-	-	65.720	-	-	-	-	-	65.720
Domestic Banks	120	-	21.126	-	-	-	-	-	21.246
Foreign Banks	6.523	-	-	-	-	-	-	-	6.523
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	326.950	-	718.497	6.203.911	1.021.689	279.699	321.725	-	8.872.471

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(Continued):**

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

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Saving Deposits				
Saving Deposits	884.730	696.957	2.967.234	2.148.831
Foreign Currency Savings Deposit	275.546	244.679	3.700.527	2.688.262
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Off-shore Banking Regions’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Total	1.160.276	941.636	6.667.761	4.837.093

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

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

	30 September 2018	31 December 2017
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	26.748	23.562
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	26.748	23.562

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(Continued):**

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

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

Schedule of negative differences concerning derivative financial liabilities at fair value through profit or loss:

Trading Derivative Financial Liabilities	30 September 2018		31 December 2017	
	TL	FC	TL	FC
Forward Transactions	121.602	4.709	18.993	2.876
Swap Agreements	113.744	41.922	51.286	60.576
Futures Transactions	-	-	-	-
Options	-	238.776	307	26.740
Other	-	-	-	-
Total	235.346	285.407	70.586	90.192

c. Information on borrowings:

1. Information on banks and other financial institutions:

	30 September 2018		31 December 2017	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	149.841	359.151	115.370	296.886
From Foreign Banks, Institutions and Funds	26.865	7.932.404	90.435	5.580.071
Total	176.706	8.291.555	205.805	5.876.957

2. Information on maturity structure of borrowings:

	30 September 2018		31 December 2017	
	TL	FC	TL	FC
Short-term	176.706	1.622.455	205.805	733.471
Medium and Long-term	-	6.669.100	-	5.143.486
Total	176.706	8.291.555	205.805	5.876.957

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

The Group's main funding sources are deposits and borrowings. As of 30 September 2018, deposits and borrowings from Group's risk group comprise 0,3% (31 December 2017: 0,4%) of total deposits. Besides this, borrowings from Group's risk group comprise 60,90% (31 December 2017: 52,2%) of subordinated and other borrowings.

d. Information on marketable securities issued:

None (31 December 2017: None).

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 1.200.009 (31 December 2017: TL 53.867 Other Foreign Liabilities and TL 353.907 Miscallenous Payables) do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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

f. Information on lease payables (net):

The contingent rent installments of financial lease contracts are determined by the price of commodity, market interest rates and the maturity of funding. The financial leasing contracts do not have any conditions which place significant commitments on the Group.

g. Information on hedging derivative financial liabilities:

	30 September 2018		31 December 2017	
	TL	FC	TL	FC
Hedging Fair Value Risk	-	-	-	-
Hedging Cash Flow Risk	22.658	11.851	40.807	13.168
Hedging Net Investment In Foreign Operations	-	-	-	-
Total	22.658	11.851	40.807	13.168

h. Information on provisions:

1. Information on general provisions:

Are classified under assets in the current period due to the implementation of TFRS 9.

	31 December 2017
General Provisions	107.566
Provisions for First Group Loans and Receivables	94.018
Additional Provision for Loans and Receivables with Extended Maturities	-
Provisions for Second Group Loans and Receivables	10.911
Additional Provision for Loans and Receivables with Extended Maturities	-
Provisions for Non-Cash Loans	2.166
Other	471

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(Continued):**

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

2. Information on reserve for employment termination benefits:

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

As of the date of 1 July 2018, the payment amount which is one month's salary for each working year is restricted to TL 5.434,42 (31 December 2017: TL 4.732,48). Employee termination benefits are not funded as there is no funding requirement.

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

	30 September 2018	31 December 2017
Discount rate (%)	3,26	3,26
Salary increase rate (%)	8,50	8,50
Average remaining work period (Year)	11,00	11,00

Movement of reserve for employment termination benefits during the period:

	30 September 2018	31 December 2017
As of January 1	12.478	10.499
Service cost	4.682	2.336
Interest cost	-	1.056
Settlement cost	-	936
Actuarial loss/gain	-	763
Benefits paid (-)	1.515	3.112
Total	15.645	12.478

In addition, as of 30 September 2018 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 25.004 (31 December 2017: TL 24.035).

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(Continued):**

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

3. Other provisions:

i. Information on provisions for possible risks:

	31 December 2017
Provisions for potential risks (*)	40.555
Total	40.555

(*) Includes the provisions allocated for risks that may arise in the future related to certain loans in the Bank’s loan portfolio.

ii. Information on other provisions:

The Bank set aside reserves under other provisions amounting to TL 9.159 (31 December 2017: TL 8.864) for lawsuits, TL 28.607 (31 December 2017: TL 2.389) for provisions for non-cash loans that are not converted to cash and are not indemnified, TL 2.374 (31 December 2017: TL 1.911) for customer cheques commitments and TL 188 (31 December 2017: TL 33) provision allocated for credit card loyalty points and TL 375 provisions for other receivables (31 December 2017: TL 236).

4. 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 no provisions have been allocated for foreign currency differences of foreign indexed loans (31 December 2017: TL 1.407).

i. Information on taxes payable:

1. Information on tax provision:

As of 30 September 2018, no corporate tax provision has been allocated (31 December 2017: TL 11.300).

2. Information on taxes payable:

	30 September 2018	31 December 2017
Corporate Tax Payable	-	11.300
Taxation of Marketable Securities	12.126	8.567
Property Tax	315	104
Banking Insurance Transaction Tax	10.342	6.517
Value Added Tax Payable	5.496	585
Other	4.476	3.090
Total	32.755	30.163

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(Continued):**

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

3. Information on premium payables:

	30 September 2018	31 December 2017
Social Security Premiums-Employee	2.589	2.254
Social Security Premiums-Employer	3.351	3.036
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	172	151
Unemployment Insurance-Employer	344	300
Other	47	213
Total	6.503	5.954

4. Explanations on deferred tax asset/liability:

As of 30 September 2018, the Group has netted-off the calculated deferred tax asset of TL 293.805 (31 December 2017: TL 34.676) and deferred tax liability of TL 294.179 (31 December 2017: TL 54.058) on a company basis in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 19.611 and has recorded a net deferred tax liability of TL 19.985 (31 December 2017: TL 14.099 net deferred tax asset, TL 33.481 net deferred tax liability) in the financial statements.

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Carried Financial Loss (*)	470.053	8.732	103.237	1.746
Provision for Legal Cases	9.159	8.864	1.970	1.912
General Provisions and Other Provisions	793.198	77.523	174.503	17.055
Reserve for Employee Rights	18.363	21.749	4.022	4.775
Valuation Differences of Derivative Instruments	-	5.049	-	1.110
Unearned Revenue	31.053	24.015	6.832	5.283
Other	14.814	12.735	3.241	2.795
Deferred Tax Assets	1.336.640	158.667	293.805	34.676
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	25.406	29.627	3.340	4.257
Valuation Differences of Derivative Instruments	1.312.407	216.678	288.730	47.670
Other	9.748	9.688	2.109	2.131
Deferred Tax Liabilities	1.347.561	255.993	294.179	54.058
Deferred Tax Assets/(Liabilities) (Net)	(10.921)	(97.326)	(374)	(19.382)

(*) The Group will be able to use TL 6.200 to be paid in the corporate tax calculation until 2020, TL 2.532 to be paid until 2021, TL 461.321 to be paid until 2023 from the total carried financial loss of 470.053.

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(Continued):**

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

The deferred tax asset/liability summary is as follows:

	30 September 2018	31 December 2017
Balance as of 1 January	(19.382)	(5.506)
Current year deferred tax income/(expense), net	(25.428)	(8.896)
Deferred tax charged to equity, net (*)	44.436	(4.980)
Balance at the End of the Period	(374)	(19.382)

(*) The deferred tax asset accounted under equity includes the TFRS 9 transition effect.

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

None (31 December 2017: None).

k. Information on subordinated loans:

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

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

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

	30 September 2018		31 December 2017	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	1.813.757	-	1.140.582
Other Foreign	-	-	-	-
Total	-	1.813.757	-	1.140.582

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments Subject to Common Equity	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments Subject to Tier 2 Equity	-	1.813.757	-	1.140.582
Subordinated Loans	-	1.813.757	-	1.140.582
Subordinated Debt Instruments	-	-	-	-
Total	-	1.813.757	-	1.140.582

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(Continued):**

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

I. Information on shareholders' equity:

1. Presentation of paid-in capital:

	30 September 2018	31 December 2017
Common Stock	1.535.000	1.185.000
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	2.000.000

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

Capital Increase Date	Capital Increase Amount	Cash	Profit Reserves Related to Capital Increase	Capital Reserves Related to Capital Increase
16.03.2018	296	296	-	-
13.06.2018 (*)	347.647	347.647	-	-
08.08.2018 (*)	2.057	361	-	1.696
Total	350.000	348.304	-	1.696

(*) Following the Board of Directors' decision dated 30 May 2018, the Bank's total capital has been increased by TL 349.704.193,55, with this increase capital previously amounting to TL 1.185.295.806,45 has been increased to full TL 1.535.000.000. The main shareholder capital participation fee amounting to TL 347.647.411,43 has been collected as cash and the following amount has been transferred to the Bank's capital account with the permission of the BRSA as of 13 June 2018. The rights of preference usage process has been completed and the Bank's capital amounting to full TL 1.535.000.000 has been registered as of 8 August 2018.

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 Group and its Subsidiaries and the uncertainties on these indicators:

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

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(Continued):**

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

I. Information on shareholders’ equity (Continued):

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

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

8. Information on marketable securities valuation reserve:

	30 September 2018		31 December 2017	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Controlled Partnerships (Joint Ventures)	-	-	-	-
Valuation Difference	(19.163)	(13.199)	(2.366)	(143)
Foreign Currency Translation Difference	-	-	-	-
Total	(19.163)	(13.199)	(2.366)	(143)

9. Information on tangible assets revaluation reserve:

	30 September 2018		31 December 2017	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	18.075	-	18.075	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables	1.413	-	-	-
Total	19.488	-	18.075	-

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

Due to the General Assembly meeting decision on 30 March 2018, the profit of 2017 amounting to TL 109.848 (TAS 27) has not been distributed and has been classified as legal and extraordinary reserves.

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

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	30 September 2018	31 December 2017
Foreign currency buy/sell commitments	1.504.495	191.967
Commitments for cheques	84.494	334.480
Loan limit commitments	95.486	109.606
Commitments for credit card limits	-	18.445
Promotions for the credit cards and care services of the bank	-	8
Capital Commitments for subsidiaries and joint ventures	-	14.997
Total	1.684.475	669.503

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 2018	31 December 2017
Letter of guarantees	2.063.631	1.740.052
Letter of credits	357.600	234.673
Bank acceptance loans	119.706	107.766
Other guarantees	179.983	36.130
Factoring guarantees	-	28
Total	2.720.920	2.118.649

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

	30 September 2018		31 December 2017	
	TL	FC	TL	FC
Irrevocable letters of guarantee	640.272	465.808	643.291	396.530
Revocable letters of guarantee	25.119	43.834	29.024	70.284
Letters of guarantee given in advance	25.637	268.889	7.571	157.427
Guarantees given to customs	19.591	73.432	56.429	26.916
Other letters of guarantee	10.529	490.520	19.740	332.840
Total	721.148	1.342.483	756.055	983.997

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(Continued):**

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

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

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

	30 September 2018	31 December 2017
Non-cash loans given against cash loans	666.351	378.095
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	666.351	378.095
Other non-cash loans	2.054.569	1.740.554
Total	2.720.920	2.118.649

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

Current Period (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	694.271	1.308.269	19.672	33.565
Bank Acceptances	-	119.706	-	-
Letters of Credit	-	356.579	-	1.021
Endorsements	-	-	-	-
Securities Issuance Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	179.983	-	-
Total	694.271	1.964.537	19.672	34.586

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 7.854. As of 30 September 2017, the Group has recorded provisions amounting to TL 2.379 provision regarding these risks.

b. Information on contingent assets and contingent liabilities:

As of 30 September 2018, the total amount of legal cases against the Group is TL 61.076 (31 December 2017: TL 59.102) and the Group sets aside a provision of TL 9.159 (31 December 2017: TL 8.864) regarding these risks. Due to the delayed reply to e-foreclosure sent by Gökpınar Tax Administration, negative declaratory action has been claimed at "Denizli Tax Authority" and "Denizli Civil Court of General Jurisdiction" for cancellation of the payment order of TL 25.459, which was notified to the Parent Bank. The transactions have been stopped with obtaining injunction in response to 15% collateral. The law cases in local courts have resulted in favor of the Parent Bank. The cases are at the appeal phase. As a result, the Parent Bank did not book any provision.

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

FITCH (23 October 2018)

Outlook	Negative
Long Term FC	BB-
Short Term FC	B
Long Term TL	BB
Short Term TL	B
Support Rating	3
National Rating	AA (tur)
Viability Rating	b

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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans :

	30 September 2018		30 September 2017	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	414.092	25.369	264.067	11.311
Medium/Long-term Loans	377.193	379.498	266.116	267.763
Interest on Loans Under Follow-up	3.341	-	3.274	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	794.626	404.867	533.457	279.074

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

2. Information on interest income on banks:

	30 September 2018		30 September 2017	
	TL	FC	TL	FC
From the CBRT	57.474	-	11.082	-
From Domestic Banks	15.388	1.015	11.953	841
From Foreign Banks	-	1.528	-	28
Headquarters and Branches Abroad	-	-	-	-
Total	72.862	2.543	23.035	869

3. Information on marketable securities:

	30 September 2018		30 September 2017	
	TL	FC	TL	FC
From Trading Financial Assets	742	552	4.341	142
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	19.883	4.995	19.549	5.088
From Held-to-Maturity Investments	-	8.120	-	5.409
Total	20.625	13.667	23.890	10.639

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

None (30 September 2017: None).

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(Continued):**

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

b. Information on interest expense:

1. Information on interest expense on borrowings:

	30 September 2018		30 September 2017	
	TL	FC	TL	FC
Banks	23.438	254.187	9.018	126.901
The CBRT	-	-	-	-
Domestic Banks	23.438	1.589	9.018	819
Foreign Banks	-	252.598	-	126.082
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	11.673	-	9.140
Total (*)	23.438	265.860	9.018	136.041

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

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

None (30 September 2017: None).

3. Information on interest expense on issued securities:

	30 September 2018	30 September 2017
Interest expense on issued securities	-	1.436

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

Current Period	Demand Deposit	Time Deposit					Accum. Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
TL								
Bank Deposits	-	164	-	-	-	-	-	164
Savings Deposits	-	53.787	316.917	15.339	9.986	5.830	-	401.859
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	6.220	31.321	1.535	2.285	10.621	-	51.982
Other Deposits	-	225	6.880	193	743	494	-	8.535
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	-	60.396	355.118	17.067	13.014	16.945	-	462.540
FC								
Foreign Currency Account	-	9.774	136.113	14.617	6.297	1.018	-	167.819
Bank Deposits	-	7.608	-	-	-	-	-	7.608
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	17.382	136.113	14.617	6.297	1.018	-	175.427
Sum Total	-	77.778	491.231	31.684	19.311	17.963	-	637.967

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

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

	30 September 2018	30 September 2017
Income	27.706.459	14.229.013
Capital Market Transactions	9.499	8.169
Derivative Financial Transactions	332.628	51.419
Foreign Exchange Gains	27.364.332	14.169.425
Loss (-)	27.629.865	14.222.876
Capital Market Transactions	10.203	5.008
Derivative Financial Transactions	305.828	43.628
Foreign Exchange Losses	27.313.834	14.174.240
Net Income/(Loss)	76.594	6.137

d. Information on other operating income:

The Group’s other operating income in the current period is TL 24.907 (30 September 2017: TL 16.384). TL 2.791 (30 September 2017: TL 4.125) of the amount of other operating income is composed of profit from sales of the fixed assets that were classified as “Asset Held for Resale” of the Parent Bank.

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(Continued):**

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

e. Provision expenses related to loans and other receivables:

	30 September 2018
Expected Credit Loss	208.721
12 Month Expected Credit Loss (Stage 1)	62.245
Significant Increase in Credit Risk (Stage 2)	48.154
Non-performing Loans (Stage 3)	98.322
Marketable Securities Impairment Expense	-
Financial Assets at Fair Value through Profit or Loss	-
Financial Assets at Fair Value through Other Comprehensive Income	-
Investments in Associates, Subsidiaries and Joint Ventures Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
Total	208.721

	30 September 2017
Specific Provisions for Loans and Other Receivables	57.464
III. Group Loans and Receivables	3.845
IV. Group Loans and Receivables	(5.428)
V. Group Loans and Receivables	59.047
General Provision Expenses	2.990
Provision Expense for Possible Risks	13.990
Marketable Securities Impairment Expense	-
Financial Assets at Fair Value Through Profit or Loss	-
Available-for-sale Financial Assets	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Held-to-maturity Investments	-
Other	-
Total	74.444

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(Continued):**

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

f. Information related to other operating expenses:

	30 September 2018
Personnel Expenses (**)	131.524
Reserve For Employee Termination Benefits (*)	5.289
Bank Social Aid Pension Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	3
Amortization Expenses of Fixed Assets	8.382
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expense	-
Amortization Expenses of Intangible Assets	9.760
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held For Resale	1.032
Amortization Expenses of Assets Held for Resale	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	103.001
Operational Lease Expenses	24.950
Maintenance Expenses	2.429
Advertising Expenses	1.536
Other Expense	74.086
Loss on Sales of Assets	253
Other	34.471
Total	293.715

(*) As of 30 September 2018, the “Employee Vacation Fee Provision Income” is TL 607 (30 September 2017: TL 1.255).

(**) The personnel expenses amount has been presented on a separate row on the income statement.

	30 September 2017
Personnel Expenses	130.237
Reserve For Employee Termination Benefits	5.916
Bank Social Aid Pension Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	813
Depreciation Expenses of Fixed Assets	8.213
Impairment Expenses of Intangible Assets	-
Impairment Expense of Goodwill	-
Amortisation Expenses of Intangible Assets	8.344
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held For Resale	76
Depreciation Expenses of Assets Held for Resale	46
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	85.995
Operational Lease Expenses	23.455
Maintenance Expenses	1.820
Advertising Expenses	741
Other Expense	59.979
Loss on Sales of Assets	471
Other	20.893
Total	261.004

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(Continued):**

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

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

The Group has no discontinued operations. The Group's income before tax from continuing operations is TL 189.693 (30 September 2017: TL 86.484 income before tax).

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

The Group 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 2018, the Group has current tax expense amounting to TL 17.560 and deferred tax expense amounting to TL 25.428

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

The Group has TL 129.204 deferred tax income from temporary differences, TL 101.491 deferred tax income from carried financial loss. The deferred tax expense due to the closing of temporary differences amounts to TL 256.123, netting off to TL 25.428 deferred tax expense.

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

As of 30 September 2018, the Group has TL 126.919 (30 September 2017: TL 9.049) deferred tax expense arising from temporary differences and TL 101.491 deferred tax income as a result of financial loss. (30 September 2017: None).

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

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

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

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

None.

2. If an estimation change significantly affects the profit or has the probability of affecting the profit of following period, the effect for related periods:

None.

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(Continued):**

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

k. Information on other income and expenses:

1. In the current period, the Group’s interest income amounts to TL 1.778.987 (30 September 2017: TL 1.141.074) and TL 269.828 (30 September 2017: TL 160.806) of the related amount is classified as “Other Interest Income” account in income statement.

	30 September 2018	30 September 2017
Other Interest Income		
Interest income related to derivative transactions	239.228	146.248
Other	30.600	14.558
Total	269.828	160.806

2. In the current period, the Group’s interest expense amounting to TL 1.214.056 (30 September 2017: TL 774.053) and TL 278.607 (30 September 2017: TL 211.773) of the related amount is classified as “Other Interest Expense” in the income statement.

	30 September 2018	30 September 2017
Other Interest Expense		
Interest expense related to derivative transactions	241.067	194.921
Other	37.540	16.852
Total	278.607	211.773

3. In the current period, the Group’s fee and commission income amounts to TL 38.882 (30 September 2017: TL 38.767) and TL 22.665 (30 September 2017: TL 25.192) of the related amount is classified under “Other” account.

	30 September 2018	30 September 2017
Other Fee and Commissions Received		
Insurance Commissions	7.701	5.667
Investment Consultancy Fees	5.104	5.294
Account Operating Fees	2.066	1.364
Commissions on Investment Fund Services	558	126
Commissions From Brokerage Activity in Istanbul Stock Exchange	553	457
Commissions from Correspondent Banks	482	362
Transfer Commissions	463	613
Credit Card and POS Transaction Commission	182	386
Common Point Commissions	84	78
Letter of Credit Commissions	8	6
Other	5.464	10.839
Total	22.665	25.192

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

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

4. In the current period, Group’s fee and commission expense amounts to TL 13.871 (30 September 2017: TL 6.707) and TL 13.616 (30 September 2017: TL 6.341) of the related amount is classified under “Other” account.

	30 September 2018	30 September 2017
Other Fee and Commissions Given		
Credit Card Transaction Commission	1.847	1.916
Commissions Granted to Correspondent Banks	1.067	892
Stock Exchange Contribution Expenses	749	879
EFT Commissions	630	622
Common Point Clearing Commissions	393	301
Transfer Commissions	121	71
Other	8.809	1.660
Total	13.616	6.341

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

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

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

1. Prior period financial information is presented as at 31 December 2017 for balance sheet items and as at 30 September 2017 for income statements items.

30 September 2018:

Groups’ Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	12.963	-	-	27	15.429
Balance at the End of the Period	-	9.186	-	22.212	188	87
Interest and Commission Income Received	-	-	-	-	15	-

31 December 2017:

Groups’ Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	27.908	-	-	113	68.425
Balance at the End of the Period	-	12.963	-	-	27	15.429
Interest and Commission Income Received	-	-	-	-	11	-

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

Groups’ Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	-	-	6.357	5.656	24.791	26.005
End of the Period	-	-	5.424	6.357	31.148	24.791
Interest Expense on Deposits	-	-	-	-	1.221	1.331

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

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

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

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

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

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

1. The relations with entities that are included in the Group’s risk group and controlled by the Group:

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

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

	Total Risk Group	Share in Financial Statements (%)
Borrowings and Subordinated Loans	6.261.642	60,90
Banks and Other Financial Institutions Loans	446.425	81,53
Deposits	36.572	0,30
Non-cash Loans	31.485	1,16
Loans	188	0,00

As of 30 September 2018, the Group has TL 1.007 interest income from deposits given to banks included in the risk group (30 September 2017: None), the Group has realized interest expense amounting to TL 161.572 (30 September 2017: TL 95.176) on loans borrowed from the banks included in the risk group.

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

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

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

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Parent Bank's risk group and the amount composes 0,16% (31 December 2017: 0,18%) of the Group's total cash and non-cash loans.

As of 30 September 2018 there are no purchase-sales transactions on any assets including real estate with the risk group consisting the Parent Bank.

As of 30 September 2018 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Parent Bank is included.

c. Information on benefits provided to top management:

Top management of the Group is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, amounts to TL 20.050 (30 September 2017: TL 17.088) which include total gross salary, travel, meal, health, life insurance and other expenses.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS:

The Board of Directors of Burgan Wealth Limited, the indirect subsidiary of the Bank, requested the cancellation of its license by applying to Dubai Financial Services Authority (DFSA) to begin the liquidation of Burgan Wealth Limited on 10 October 2018.

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SECTION SIX

EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT:

The consolidated financial statements as of 30 September 2018 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) and the auditor’s independent limited review report dated 15 November 2018 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR:

None.

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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 global economy continues to expand steadily since mid-2016, though the expansion has become less synchronized across countries as of 2018. The momentum in US economy remains strong thanks to the fiscal stimulus, while economic activity in Europe, Japan and China have lost some momentum. On the other hand, the tariffs imposed on US imports from China and rising trade barriers are likely to weigh on global activity, particularly on advanced economies, as of 2019. According to the IMF World Economy Report released in October, global economy is projected to grow by 3,7% in 2019, similar to the performance in 2018. In the United States, growth is expected to slow down towards 2,5% in 2019, after having hit 2,9% in 2018. Similarly, growth rates in EU and China is expected to decelerate 1,9% and 6,2% in 2019, respectively. The growth has also become more uneven among emerging market economies due to rising oil prices. The Federal Reserve raised the target range of federal funds rate to 2,00-2,25% in September, and signalled one additional hike in the remainder of 2018 and three in 2019. However, the path of interest rate increases that markets anticipate is less steep than projected by the Federal Reserve, posing risks for financial markets in the upcoming period.

In Turkey, the financial turmoil in August has also repercussions on macroeconomic picture. The deterioration of emerging-market perception in global markets, developments in foreign politics, rising current account deficit and high level corporate debt have triggered outflows from Turkish assets in 3Q18. The Turkish Lira depreciated by 25% in August; the yields on TRY-denominated 10-year government bond rose as high as 22%; and Turkey’s 5-year CDS – an indicator for the country’s risk premium- exceeded 500 levels. However, financial indicators have recovered to some extent in September and October on the back of measures taken by the government and authorities as well as waning tension in foreign politics.

After having simplified and tightened the monetary policy gradually since the beginning of the year, the Central Bank of Turkey (CBT) boldly raised the policy rate by 625bps to 24% in September in a bid to tame inflation expectations. Hence, the weighted average funding rate increased by 11,25pp so far in 2018.

In September, the government announced the New Economy Program entitled “Balance, Discipline, Transformation” which incorporates revised macroeconomic targets and policies for 2019-2021 period. Under the target of “Balance”, the government revised its GDP growth targets down to 3,8%, 2,3% and 3,5% for 2018, 2019 and 2020, respectively. Under the target of “Discipline”, the program-defined public sector deficit is planned to improve to 0,2% of GDP in 2019 from 2,1% of GDP in 2018, owing to slower budget expenditures. In accordance with these targets, the government projects annual inflation to decelerate towards 15,9% by end-2019, from 20,8% by end-2018, and current account deficit-to-GDP ratio to decline to 3,3% by end-2019, from 4,7% by end-2018.

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

The Turkish economy expanded by 5,2% yoy in 2Q18. Adjusted for working days and seasonality, the data suggest 0,9% qoq expansion, implying a deceleration in growth path following six quarters of high growth rates. The growth has been driven by strong private consumption, where private consumption rose 6,3% yoy. Exports of goods and services increased by 4,5% yoy thanks to buoyant tourism sector and solid export performance, while the increase in imports of goods and services slowed down to 0,3% yoy. Thus, the contribution of net exports to the headline growth has turned positive. Leading indicators signal a marked slowdown in economic activity as of 3Q18 due to increased volatility in financial markets and tighter financial conditions. Industrial production lost pace towards 1,7% yoy growth in August. Purchasing Managers Index (PMI) declined to 9-years low of 42.7 in September, indicating further deterioration in manufacturing outlook. Consumer confidence has also dropped to the lowest levels since 2009, while the 13-week annualized data suggest a contracting trend in total loans. Under this framework, Turkish economy is estimated to grow by 3.0-3.5% in 2018.

In parallel to the slowdown in economic activity, current account deficit ceased to expand as of 2Q18 and current account has produced a surplus of US\$2.6bn in August. Exports rose 9% yoy on average in July-August period, while imports have contracted by 15% yoy. Tourism revenues were up by 12% yoy in August. Year-to-date, tourist arrivals increased by 23% yoy to 27 million and tourism receipts reached US\$17.4bn with 23% yoy rise. Thus, 12-months rolling current account deficit declined to US\$51.1bn as of August, from the peak of US\$58.3bn in May. Current account deficit is expected to decline further towards US\$40bn by year-end 2018.

On the other hand, inflation continue to accelerate as of 3Q18. The massive depreciation of Turkish Lira, heightened FX pass-through and deterioration in pricing behaviour led annual inflation to climb as high as 24.5% in September, the highest reading since 2003. Similarly, producer inflation jumped to 46% in September. According to the latest expectations survey by the CBT, inflation expectation for YE18 hit 24.2%, while 1-year and 2-years forward looking inflation expectation rose further to 17.0% and 12.7%, respectively. The government announced an “Anti-inflation Program” in October, including a minimum 10% reduction in product prices by companies that voluntarily participate in the campaign. Annual inflation is expected to decelerate slightly in the remainder of the year, depending on the size of participation in the Anti-inflation campaign, the sustainability of the recent appreciation of TRY and slowdown in economic activity.

In the coming period, the tightening cycle of the Federal Reserve, policies to affect global trade, the economic and political developments in Italy and Europe, as well as details of the policies underlined in the New Economic Program, the course of inflation and monetary policy, and political developments ahead of local elections in March 2019 will be followed closely.

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

Consolidated balance sheet size of our bank dated 30 September 2018 is TL 26.364.745 while consolidated deposit total is TL 12.046.295. Burgan Bank has maintained its support to customers uninterruptedly and consolidated net cash loans, leasing and factoring receivables total is realized as TL 20.135.015 Our consolidated equities are realized as TL 1.929.151 while our consolidated capital adequacy ratio has risen up to 21,17%. Our Bank has made a net profit of TL 146.705 in the third quarter of 2018. We will continue to render our services in 16 cities through deepening our relations with our current customers besides gaining new customers

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

Ali Murat DİNÇ
Member of Board of Directors and General Manager

Faisal M.A. 55Al Radwan
Chairman of Board of Directors

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

<u>Name</u>	<u>Duty</u>	<u>Date of Assignment</u>	<u>Educational Background</u>	<u>Banking and Managership Experience (Year)</u>
<i>Chairman and Members of Board of Directors: (*)</i>				
Faisal M.A. Al Radwan	Chairman	12.09.2018	Bachelor’s degree	23
Eduardo Eguren Linsen	Member	20.12.2012	Bachelor’s degree	25
Majed E.A.A. Al Ajeel	Member	20.12.2012	Post graduate	22
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 Ghoussein	Member	25.06.2014	Bachelor’s degree	33
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>General Manager</i>				
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>Deputy General Managers: (**)</i>				
Esra Aydın	Operation & Management Services	01.08.2007	Bachelor’s degree	16
Mutlu Akpara	Treasury, Capital Markets and Financial Institutions	08.08.2007	Post graduate	11
Hüseyin Cem Öge	Corporate Banking	22.08.2007	Post graduate	13
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 & SME banking	01.04.2014	Bachelor’s degree	17
Hasan Hüseyin Uyar	Loans	01.04.2014	Post graduate	27
Tuba Onay Ergelen	Financial Affairs (represent by proxy)	08.11.2018	Bachelor’s degree	18

(*) The Chairman of the Board of Directors, Mehmet Nazmi Erten, resigned from this position on 12 September 2018 and Vice Chairman Faisal M.A. Al Radwan was elected as the Chairman of Board of Directors on the same date.

(**) The Vice General Manager of Financial Affairs, Mehmet Yalçın, resigned from this position on 2 November 2018, Tuba Onay Ergelen, Head of Strategic Planning and Corporate Communications Group, represents by proxy in this position.

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

Faisal M.A.Al Radwan, chairman of Board of Directors, performs the duty of chairmanship of Credit Committee. The members of the aforementioned committee are Ali Murat Dinç, General Manager of the Bank, and Eduardo Eguren Linsen, members of Board of Directors. Mehmet Alev Göçmez 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 Osama T. Al Ghoussein have been elected as members of the Audit Committee.

Adrian Alejandro Gostuski has been elected as the Chairman of the Risk Committee while Majed E.A.A. Al Ajeel and Osama T. Al Ghoussein have been elected as members of the Risk 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:

Board of Directors’ decisions dated 03 October 2018, increase the registered capital of the Bank from TL 2 million to TL 4 million and BRSA permission was obtained on 17 October 2018. The legal process is ongoing.

The Board of Directors of Burgan Wealth Limited, the indirect subsidiary of the Bank, requested the cancellation of its license by applying to Dubai Financial Services Authority (DFSA) to begin the liquidation of Burgan Wealth Limited on 10 October 2018.

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.

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

	30.09.2018	31.12.2017	Change (%)
Total Assets	26.364.745	18.754.698	40,6
Loans, Leasing and Factoring Receivables (Net)	20.135.015	15.520.247	29,7
Securities	686.324	186.410	54,4
Deposits	12.046.295	8.872.471	35,8
Debts Having Loan Characteristics	10.282.018	7.223.344	42,3
Shareholder's Equity	1.929.151	1.512.475	27,5
Guarantee and Suretyship	2.720.920	2.118.649	28,4
Capital Adequacy Ratio	21,17%	17,32%	22,2

	01/01/2018 30/09/2018	01/01/2017 30/09/2017	01/07/2018 30/09/2018	01/07/2017 30/09/2017
Current Period Net Profit/(Loss)	146.705	65.562	44.642	20.481

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 investment banking areas with a total of 41 branches, including 9 retail, 1 corporate and 31 mixed banking branches, internet banking applications, call center and 986 employees. The Group has total of 1.075 employees.

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

30 September 2018

Million TL	Burgan Bank	Sector (*)	Share of our Bank (%)
Cash Loans	15.754	2.587.666	0,61
Customer Deposits	12.013	2.136.570	0,56
Branch Number	41	10.505	0,39
Personnel Number	986	193.343	0,51

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