

**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS AND
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 31 MARCH 2015**

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 A.Ş.;

Introduction

We have reviewed the consolidated balance sheet of Burgan Bank A.Ş. (“the Bank”) and its subsidiaries (together will be referred as “the Group”) at 31 March 2015 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 three-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” except for the matters 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 International Standard on Review Engagements (ISRE) 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 of Turkey 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 and fair view of the financial position of Burgan Bank A.Ş. and its subsidiaries at 31 March 2015 and of the results of its operations and its cash flows for the three-month-period then ended in all aspects 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” except for the matters regulated by BRSA Legislation.

Additional paragraph for convenience translation to English

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

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

Fatma Ebru Yücel
SMMM, Partner

İstanbul, 22 May 2015

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

**THE CONSOLIDATED INTERIM FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 31 MARCH 2015**

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The consolidated three 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 OF THE GROUP
- **Section Five** EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

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

Subsidiaries	Investment in Associates	Joint Ventures
1. Burgan Finansal Kiralama A.Ş.	-	-
2. Burgan Yatırım Menkul Değerler A.Ş.	-	-
3. Burgan Portföy Yönetimi A.Ş.	-	-

The accompanying consolidated interim 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.

22 May 2015

Mehmet N. ERTEN
Chairman of the
Board of Directors

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

Tuba Onay ERGELEN
Finance Group Head

Ahmet CİĞA
Head of Accounting,
Tax, and
Reporting Unit

Halil Cantekin
Head of the Audit Committee

Adrian Alejandro
GOSTUSKİ
Member of the Audit
Committee

Osama T. AL GHOUSSEIN
Member of the Audit
Committee

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

Name-Surname / Title : Ahmet CİĞA / Manager
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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

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

SECTION ONE

GENERAL INFORMATION

**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 S.A.K., 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 S.A.K. in 7 December 2012 in accordance with the Banking Regulation and Supervision Agency’s authorization, and then 99,26% of the bank shares are turned over to Burgan Bank S.A.K. in 21 December 2012.

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

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

GENERAL INFORMATION (Continued)

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

The Parent Bank's registered capital ceiling is one billion TL. There are no changes to the Parent Bank's shareholder structure.

Founded in 1977, 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), Jordan (Jordan Kuwait Bank) and Tunisia (Tunis International Bank).

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:	Mehmet Nazmi Erten	Chairman of Board of Directors	Undergraduate
Board of Directors Members:	Faisal M.A. Al Radwan	Vice President	Undergraduate
	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:	Robbert J. R. Voogt	Operation, IT and Private Banking Senior Vice General Manager	Undergraduate
	Esra Aydın	Operations	Undergraduate
	Mutlu Akpara	Treasury	Graduate
	Hüseyin Cem Öge	Corporate Banking	Graduate
	Cihan Vural	Internal Systems	Undergraduate
	Soner Ersoy	Information Technology	Undergraduate
	Rasim Leven Ergin	Human Resources	Graduate
	Emine Pınar Kuriş	Retail Banking	PHD
	Suat Kerem Sözügüzel	Commercial Banking	Undergraduate
	Hasan Hüseyin Uyar	Loans	Graduate
	Tuba Onay Ergelen	Finance Group Head	Undergraduate
Audit Committee:	Halil Cantekin (*)	Chairman of the Audit Committee	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Osama T. Al Ghoussein	Member	Undergraduate

(*) As a result of the decision which were taken at the General Assembly dated 30 March 2015, Halil Cantekin has began to work as a Member of the Board of Directors. The date of 17 April 2015 and No:852 decision of the Board of Directors, he is appointed as a Chairman of the Audit Committee.

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

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IN TURKISH, SEE NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

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

GENERAL INFORMATION (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 S.A.K.	893.324	99,26%	99,26%	-

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

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

As of 31 March 2015, the Parent Bank has 59 branches operating in Turkey (31 December 2014: 58). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 March 2015, the Group has 1.232 (31 December 2014: 1.214) employees.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off Balance Sheet Contingencies and Commitments
- III. Statement of Income
- IV. Statement of Income and Expense Items Accounted Under Shareholders' Equity
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flow

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

**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 MARCH 2015 AND 31 DECEMBER 2014**

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

I.	BALANCE SHEET	Note (Section Five)	(31/03/2015)			(31/12/2014)		
			TL	FC	Total	TL	FC	Total
	ASSETS							
I.	CASH AND BALANCES WITH CENTRAL BANK	I-a	237.236	629.427	866.663	242.111	530.757	772.868
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	123.645	61.975	185.620	133.525	45.732	179.257
2.1	Trading Financial Assets		123.645	61.975	185.620	133.525	45.732	179.257
2.1.1	Government Debt Securities		26.444	307	26.751	58.692	278	58.970
2.1.2	Share Certificates		34.736	-	34.736	19.664	-	19.664
2.1.3	Trading Derivative Financial Assets		58.896	61.668	120.564	52.673	45.454	98.127
2.1.4	Other Marketable Securities		3.569	-	3.569	2.496	-	2.496
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	188.666	101.787	290.453	72.256	54.192	126.448
IV.	MONEY MARKETS		112.749	-	112.749	141.155	-	141.155
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		66.721	-	66.721	90.142	-	90.142
4.3	Receivables from Reverse Repurchase Agreements		46.028	-	46.028	51.013	-	51.013
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	279.717	46.511	326.228	679.245	46.014	725.259
5.1	Share Certificates		11.775	-	11.775	11.775	-	11.775
5.2	Government Debt Securities		267.942	-	267.942	667.470	-	667.470
5.3	Other Marketable Securities		-	46.511	46.511	-	46.014	46.014
VI.	LOANS	I-e	3.576.377	3.445.089	7.021.466	3.591.466	2.909.863	6.501.329
6.1	Loans		3.498.503	3.445.089	6.943.592	3.521.782	2.909.863	6.431.645
6.1.1	Loans to Bank's Risk Group		22	-	22	24	-	24
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		3.498.481	3.445.089	6.943.570	3.521.758	2.909.863	6.431.621
6.2	Loans under Follow-up		172.056	-	172.056	145.619	-	145.619
6.3	Specific Provisions (-)		94.182	-	94.182	75.935	-	75.935
VII.	FACTORING RECEIVABLES	I-e	10.654	1.154	11.808	16.849	1.077	17.926
VIII.	HELD-TO-MATURITY SECURITIES (Net)	I-f	-	-	-	-	-	-
8.1	Government Debt Securities		-	-	-	-	-	-
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	I-g	-	-	-	-	-	-
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-h	-	-	-	-	-	-
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI.	JOINT VENTURES (Net)	I-i	-	-	-	-	-	-
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-j	226.126	585.798	811.924	124.328	571.469	695.797
12.1	Financial Lease Receivables		297.397	683.261	980.658	166.221	670.521	836.742
12.2	Operational Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		71.271	97.463	168.734	41.893	99.052	140.945
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	I-k	4.170	-	4.170	-	-	-
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		4.170	-	4.170	-	-	-
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)		42.948	-	42.948	39.194	-	39.194
XV.	INTANGIBLE ASSETS (Net)		44.207	-	44.207	45.543	-	45.543
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		44.207	-	44.207	45.543	-	45.543
XVI.	INVESTMENT PROPERTY (Net)	I-l	-	-	-	-	-	-
XVII.	TAX ASSET	I-m	19.200	-	19.200	23.129	-	23.129
17.1	Current Tax Asset		3.164	-	3.164	5.941	-	5.941
17.2	Deferred Tax Asset		16.036	-	16.036	17.188	-	17.188
XVIII.	ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-n	10.931	-	10.931	10.947	-	10.947
18.1	Held for Resale		10.931	-	10.931	10.947	-	10.947
18.2	Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	I-o	95.377	37.701	133.078	90.992	117.415	208.407
	TOTAL ASSETS		4.972.003	4.909.442	9.881.445	5.210.740	4.276.519	9.487.259

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

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**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 MARCH 2015 AND 31 DECEMBER 2014**

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

I. BALANCE SHEET	Note (Section Five)	(31/03/2015)			(31/12/2014)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	2.148.239	3.302.264	5.450.503	2.164.526	3.174.887	5.339.413
1.1 Deposits of Bank's Risk Group		5.520	36.084	41.604	4.843	29.847	34.690
1.2 Other		2.142.719	3.266.180	5.408.899	2.159.683	3.145.040	5.304.723
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	24.579	58.232	82.811	18.267	36.675	54.942
III. BORROWINGS	II-c	197.069	2.085.876	2.282.945	158.579	1.762.087	1.920.666
IV. MONEY MARKETS		222.265		222.265	462.102		462.102
4.1 Funds from Interbank Money Market							
4.2 Funds from Istanbul Stock Exchange Money Market		78.224		78.224	138.143		138.143
4.3 Funds Provided Under Repurchase Agreements		144.041		144.041	323.959		323.959
V. MARKETABLE SECURITIES ISSUED (Net)	II-d	49.104		49.104			
5.1 Bills							
5.2 Asset Backed Securities							
5.3 Bonds		49.104		49.104			
VI. FUNDS							
6.1 Borrower Funds							
6.2 Other							
VII. MISCELLANEOUS PAYABLES		118.316	77.750	196.066	94.416	74.041	168.457
VIII. OTHER LIABILITIES	II-e	90.127	5.825	95.952	90.566	4.165	94.731
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						
11.1 Fair Value Hedge							
11.2 Cash Flow Hedge							
11.3 Foreign Net Investment Hedge							
XII. PROVISIONS	II-h	58.851	59.702	118.553	70.224	55.002	125.226
12.1 General Loan Loss Provision		33.547	27.009	60.556	39.183	25.476	64.659
12.2 Restructuring Provisions							
12.3 Reserve for Employee Rights		18.099		18.099	24.445		24.445
12.4 Insurance Technical Provisions (Net)							
12.5 Other Provisions		7.205	32.693	39.898	6.596	29.526	36.122
XIII. TAX LIABILITY	II-i	20.437		20.437	18.737		18.737
13.1 Current Tax Liability		20.437		20.437	18.737		18.737
13.2 Deferred Tax Liability							
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		393.012	393.012		349.959	349.959
XVI. SHAREHOLDERS' EQUITY	II-l	969.954	(157)	969.797	952.661	365	953.026
16.1 Paid-in Capital		900.000		900.000	900.000		900.000
16.2 Capital Reserves		11.535	(157)	11.378	11.490	365	11.855
16.2.1 Share Premium							
16.2.2 Share Cancellation Profits							
16.2.3 Marketable Securities Valuation Reserve		(332)	(157)	(489)	795	365	1.160
16.2.4 Tangible Assets Revaluation Reserve		13.187		13.187	13.187		13.187
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)		921		921			
16.2.9 Value Differences of Assets Held for Resale and Discontinued Operations							
16.2.10 Other Capital Reserves		(2.241)		(2.241)	(2.492)		(2.492)
16.3 Profit Reserves		87.205		87.205	69.632		69.632
16.3.1 Legal Reserves		19.107		19.107	18.397		18.397
16.3.2 Status Reserves							
16.3.3 Extraordinary Reserves		68.098		68.098	51.235		51.235
16.3.4 Other Profit Reserves							
16.4 Income or (Loss)		(28.786)		(28.786)	(28.461)		(28.461)
16.4.1 Prior Years' Income or (Loss)		(46.285)		(46.285)	(46.285)		(46.285)
16.4.2 Current Year Income or (Loss)		17.499		17.499	17.824		17.824
16.5 Minority Shares							
TOTAL LIABILITIES		3.898.941	5.982.504	9.881.445	4.030.078	5.457.181	9.487.259

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT
31 MARCH 2015 AND 31 DECEMBER 2014**

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

II. OFF-BALANCE SHEET			(31/03/2015)			(31/12/2014)		
		Note (Section Five)	TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		3,991.684	9,193.330	13,185.014	3,569.531	8,572.726	12,142.257
I	GUARANTEES AND WARRANTIES	III-a-2-3	510.639	732.018	1,242.657	536.481	654.271	1,190.752
1.1	Letters of Guarantee		508.292	423.097	931.389	534.698	379.343	914.041
1.1.1	Guarantees Subject to State Tender Law		8.907	46.493	55.400	10.633	18.957	29.590
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		499.385	376.604	875.989	524.065	360.386	884.451
1.2	Bank Acceptances		2.309	68.636	70.945	1.570	67.643	69.213
1.2.1	Import Letter of Acceptance		2.309	68.636	70.945	1.570	67.643	69.213
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	200.940	200.940	-	176.485	176.485
1.3.1	Documentary Letters of Credit		-	200.940	200.940	-	176.485	176.485
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		38	-	38	213	-	213
1.8	Other Guarantees		-	39.345	39.345	-	30.800	30.800
1.9	Other Collaterals		-	-	-	-	-	-
II	COMMITMENTS	III-a-1	608.066	271.499	879.565	543.124	214.504	757.628
2.1	Irrevocable Commitments		608.066	271.499	879.565	543.124	214.504	757.628
2.1.1	Asset Purchase and Sales Commitments		65.694	271.499	337.193	50.147	214.504	264.651
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Commitments for Loan Limits		162.764	-	162.764	152.030	-	152.030
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		322.444	-	322.444	301.592	-	301.592
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		37.736	-	37.736	37.353	-	37.353
2.1.10	Promotion Commitments for Credit Cards and Banking Services		108	-	108	2	-	2
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		19.320	-	19.320	2.000	-	2.000
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III	DERIVATIVE FINANCIAL INSTRUMENTS		2,872.979	8,189.813	11,062.792	2,489.926	7,703.951	10,193.877
3.1	Hedging Derivative Financial Instruments		127.650	130.670	258.320	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		127.650	130.670	258.320	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		2,745.329	8,059.143	10,804.472	2,489.926	7,703.951	10,193.877
3.2.1	Forward Foreign Currency Buy/Sell Transactions		263.608	629.290	892.898	265.022	621.522	886.544
3.2.1.1	Forward Foreign Currency Transactions-Buy		81.308	357.095	438.403	77.789	359.376	437.165
3.2.1.2	Forward Foreign Currency Transactions-Sell		182.300	272.195	454.495	187.233	262.146	449.379
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		1,515.354	5,847.652	7,363.006	1,372.395	5,673.530	7,045.925
3.2.2.1	Foreign Currency Swap-Buy		692.478	1,285.526	1,978.004	438.212	1,417.669	1,855.881
3.2.2.2	Foreign Currency Swap-Sell		822.876	1,105.986	1,928.862	932.859	874.897	1,807.756
3.2.2.3	Interest Rate Swap-Buy		-	1,728.070	1,728.070	662	1,690.482	1,691.144
3.2.2.4	Interest Rate Swap-Sell		-	1,728.070	1,728.070	662	1,690.482	1,691.144
3.2.3	Foreign Currency, Interest rate and Securities Options		941.759	1,582.201	2,523.960	814.682	1,408.899	2,223.581
3.2.3.1	Foreign Currency Options-Buy		489.821	773.267	1,263.088	443.249	670.452	1,113.701
3.2.3.2	Foreign Currency Options-Sell		451.938	808.934	1,260.872	371.433	733.855	1,105.288
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	2.296	2.296
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	2.296	2.296
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		24.608	-	24.608	37.827	-	37.827
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		21,495.130	12,200.166	33,695.296	20,253.843	10,549.491	30,803.334
IV	ITEMS HELD IN CUSTODY		1,932.486	225.715	2,158.201	2,294.203	228.481	2,522.684
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		551.039	15.261	566.300	667.745	8.820	676.565
4.3	Cheques Received for Collection		1,190.686	180.076	1,370.762	1,446.374	199.132	1,645.506
4.4	Commercial Notes Received for Collection		149.127	30.378	179.505	156.238	20.529	176.767
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		41.634	-	41.634	23.846	-	23.846
4.8	Custodians		-	-	-	-	-	-
V	PLEDGES RECEIVED		19,560.394	11,963.997	31,524.391	17,957.390	10,311.702	28,269.092
5.1	Marketable Securities		1.043	-	1.043	28.235	-	28.235
5.2	Guarantee Notes		15,055.739	7,493.876	22,549.615	13,902.377	7,330.701	21,233.078
5.3	Commodity		368.267	9.859	378.126	326.956	18.119	345.075
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		3,909.136	3,341.743	7,250.879	3,406.143	2,526.660	5,932.803
5.6	Other Pledged Items		226.209	1,118.519	1,344.728	293.679	436.222	729.901
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		2.250	10.454	12.704	2.250	9.308	11.558
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		25,486.814	21,393.496	46,880.310	23,823.374	19,122.217	42,945.591

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
31 MARCH 2015 AND 2014**

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

III. INCOME STATEMENT			01/01/2015-	01/01/2014-
INCOME AND EXPENSE ITEMS	Note (Section Five)		31/03/2015	31/03/2014
I. INTEREST INCOME	IV-a		205.406	147.003
1.1 Interest on Loans			151.679	106.986
1.2 Interest Received from Reserve Requirements			455	-
1.3 Interest Received from Banks			1.442	61
1.4 Interest Received from Money Market Transactions			2.946	9
1.5 Interest Received from Marketable Securities Portfolio			10.473	21.558
1.5.1 Trading Financial Assets			1.217	2.524
1.5.2 Financial Assets at Fair Value through Profit or Loss			-	-
1.5.3 Available-for-sale Financial Assets			9.256	19.034
1.5.4 Held-to-maturity Investments			-	-
1.6 Financial Lease Income			15.119	8.816
1.7 Other Interest Income	IV-k		23.292	9.573
II. INTEREST EXPENSE (-)	IV-b		122.955	98.685
2.1 Interest on Deposits (-)			68.056	46.695
2.2 Interest on Funds Borrowed (-)			20.504	16.287
2.3 Interest Expense on Money Market Transactions (-)			4.082	18.095
2.4 Interest on Securities Issued (-)			104	-
2.5 Other Interest Expenses (-)	IV-k		30.209	17.608
III. NET INTEREST INCOME (I - II)			82.451	48.318
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE			16.408	7.958
4.1 Fees and Commissions Received			21.144	10.502
4.1.1 Non-cash Loans			2.662	2.604
4.1.2 Other	IV-k		18.482	7.898
4.2 Fees and Commissions Paid (-)			4.736	2.544
4.2.1 Non-cash Loans (-)			148	106
4.2.2 Other (-)	IV-k		4.588	2.438
V. DIVIDEND INCOME			-	-
VI. TRADING INCOME / (LOSS) (Net)	IV-c		3.863	5.361
6.1 Trading Gains/(Losses) on Securities			115	1.913
6.2 Trading Gains/(Losses) on Derivative Financial Instruments			(9.749)	4.586
6.3 Foreign Exchange Gains/(Losses)			13.497	(1.138)
VII. OTHER OPERATING INCOME	IV-d		3.431	3.549
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)			106.153	65.186
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-e		13.631	18.297
X. OTHER OPERATING EXPENSES (-)(*)	IV-f		71.787	59.614
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)			20.735	(12.725)
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		20.735	(12.725)
XVI. TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-h		3.236	(2.352)
16.1 Current Tax Provision (-)			1.902	467
16.2 Deferred Tax Provision (-)			1.334	(2.819)
XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV- XVI)	IV-i		17.499	(10.373)
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		17.499	(10.373)
Earnings / (Loss) per share (1.000 nominal in TL full)			0,194	(0,182)

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN
EQUITY FOR THE 31 MARCH 2015 AND 2014**

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	31/03/2015	31/03/2014
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(2.061)	407
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)	1.151	-
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	-	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	182	(82)
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	(728)	325
XI. CURRENT PERIOD INCOME/LOSS	17.499	(10.373)
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	1.191	(378)
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	16.308	(9.995)
XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	16.771	(10.048)

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 MARCH 2014

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
	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
PRIOR PERIOD (31/03/2015)																			
I. Prior Period End Balance		570.000	-	-	-	18.099	-	89.173	(1.708)	(53.697)	(30.228)	(4.414)	3.992	-	-	-	591.217	-	591.217
II. Adjustments according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Beginning Balance(I+II)		570.000	-	-	-	18.099	-	89.173	(1.708)	(53.697)	(30.228)	(4.414)	3.992	-	-	-	591.217	-	591.217
Changes in the Period																			
IV. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	325	-	-	-	-	325	-	325
VI. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment 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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current Year Income or Loss		-	-	-	-	-	-	-	-	(10.373)	-	-	-	-	-	-	(10.373)	-	(10.373)
XX. Profit Distribution		-	-	-	-	298	-	(43.139)	-	53.697	(10.856)	-	-	-	-	-	-	-	-
20.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves		-	-	-	-	298	-	(43.139)	-	53.697	(10.856)	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+... +XIX+XX)		570.000	-	-	-	18.397	-	46.034	(1.708)	(10.373)	(41.084)	(4.089)	3.992	-	-	-	581.169	-	581.169

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 MARCH 2015

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																					
CURRENT PERIOD (31/03/2015)	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		900.000	-	-	-	18.397	-	51.235	(2.492)	17.824	(46.285)	1.160	13.187	-	-	-	953.026	-	953.026		
Changes in the Period																					
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(1.649)	-	-	-	-	(1.649)	-	(1.649)		
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	921	-	921	-	921		
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	921	-	921	-	921		
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
V. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VIII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IX. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
X. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XI. Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	17.499	-	-	-	-	-	-	17.499	-	17.499		
XVIII. Profit Distribution		-	-	-	-	710	-	16.863	251	(17.824)	-	-	-	-	-	-	-	-	-		
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
18.2 Transfers to Reserves		-	-	-	-	710	-	16.863	251	(17.824)	-	-	-	-	-	-	-	-	-		
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Period End Balance (I+II+III+... +XVIII)		900.000	-	-	-	19.107	-	68.098	(2.241)	17.499	(46.285)	(489)	13.187	-	921	-	969.797	-	969.797		

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
31 MARCH 2015 AND 2014**

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

VI. STATEMENT OF CASH FLOWS	(31/03/2015)	(31/03/2014)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	(14.653)	53.803
1.1.1 Interest received	166.512	167.339
1.1.2 Interest paid	(117.991)	(92.111)
1.1.3 Dividend received	-	-
1.1.4 Fees and commissions received	16.539	7.958
1.1.5 Other income	-	-
1.1.6 Collections from previously written-off loans and other receivables	20.866	7.544
1.1.7 Payments to personnel and service suppliers	(38.531)	(32.622)
1.1.8 Taxes paid	(3.164)	(179)
1.1.9 Other	(58.884)	(4.126)
1.2 Changes in operating assets and liabilities	(230.950)	(252.896)
1.2.1 Net (increase)/decrease in trading securities	15.202	58.630
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets	-	-
1.2.3 Net increase/(decrease) in due from banks	(87.577)	(96.337)
1.2.4 Net (increase)/decrease in loans	(476.313)	4.209
1.2.5 Net (increase)/decrease in other assets	(21.349)	(147.267)
1.2.6 Net (increase)/decrease in bank deposits	(110.461)	61.525
1.2.7 Net increase/(decrease) in other deposits	217.347	195.037
1.2.8 Net increase/(decrease) in funds borrowed	404.676	(100.625)
1.2.9 Net increase/(decrease) in payables	-	-
1.2.10 Net increase/(decrease) in other liabilities	(172.475)	(228.068)
I. Net cash provided from banking operations	(245.603)	(199.093)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	381.888	119.555
2.1 Cash paid for acquisition of investments, associates and subsidiaries	-	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries	-	-
2.3 Purchases of property and equipment	(7.231)	(646)
2.4 Disposals of property and equipment	544	1.831
2.5 Cash paid for purchase of investments available-for-sale	-	(128.066)
2.6 Cash obtained from sale of investments available-for-sale	388.575	246.436
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	-	-
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Issued capital instruments	-	-
3.4 Dividends paid	-	-
3.5 Payments for finance leases	-	-
3.6 Other	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	5.316	274
V. Net (increase)/decrease in cash and cash equivalents (I+II+III+IV)	141.601	(79.264)
VI. Cash and cash equivalents at beginning of the period	633.150	331.395
VII. Cash and cash equivalents at end of the period	774.751	252.131

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

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

SECTION THREE

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 1November 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 consolidated financial statements have been prepared in thousand TL, under the historical cost convention as modified in accordance with inflation adjustments until 31 December 2004, except for the financial assets and liabilities, which are carried at fair value.

The preparation of consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Parent Bank's 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 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.

The amendments of TAS and TFRS which have entered into force as of 1 January 2015 have no material impact on the the Group's accounting policies, financial position and performance. The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, which have been published as of reporting date but have not been effective yet, have no impact on the accounting policies, financial condition and performance of the Group. Group assesses the impact of TFRS 9 Financial Instruments standard. The accounting policies and valuation principles applied in the preparation of consolidated financial statements are determined and applied in accordance with TAS and TFRS and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2014. Those accounting policies and valuation principles are explained in Notes II to XXVIII below.

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

None.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

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

ACCOUNTING POLICIES (Continued)

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which these consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these consolidated financial statements. Accordingly, these 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.

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

The Group’s core business activities include retail banking, commercial banking, SME banking, corporate banking, private banking, foreign exchange, money markets, securities transactions (Treasury transactions) and international banking services. The general strategy of the Group of using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Bank is deposits. Other than deposits, the Group’s most important funding sources are equity, marketable securities issued, money market borrowings and mostly borrowings from foreign financial institutions. 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 being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the 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 31 March 2015, foreign currency denominated balances are translated into TL using the exchange rates of TL 2,6134 , TL 2,8075 and TL 2,1714 for USD, Euro and Yen respectively.

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

Consolidated financial statements are prepared in accordance with the “Turkish Financial Reporting 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 means, directly or indirectly, holding the majority of the capital of an enterprise or although not having this majority, by holding privileged shares; or based on agreements made with other shareholders, holding the majority of the voting power or somehow having the power of dismissal or appointment of the majority of the members of the board of directors regarding the Parent Bank.

**CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

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

ACCOUNTING POLICIES (Continued)

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 Parent Bank has recognised an impairment on its subsidiary Burgan Yatırım Menkul Değerler A.Ş. amounting to TL 54.117 based on the assessment done as of 31 March 2015 and TL 54.117 of this amount has been recorded under current period's profit/loss. The Group has no joint ventures or investment in associates as of 31 March 2015 and 31 December 2014.

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

The major derivative instruments utilized by the Bank are currency and interest rate swaps, cross currency swaps, currency options and currency forwards. The Bank classifies its derivative instruments as "Held-for-hedging" or "Held-for-trading" in accordance with "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" ("TAS 39"). Although certain derivative transactions provide effective economic hedges under the Bank's risk management position, in accordance with TAS 39 they are treated as derivatives "Held-for-trading".

Derivative instruments are measured at fair value on initial recognition and subsequently remeasured at their fair values. The accounting method of the income or loss arising from derivative instruments depends on the derivative being used for hedging purposes or not and depends on the type of the item being hedged.

"Financial assets at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "Financial assets at fair value through profit or loss" in "Trading derivative financial instruments" and if the fair value difference is negative, it is disclosed under "Trading derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted under "Trading income/loss" in 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. Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

Embedded derivatives are separated from the host contract and accounted for as a derivative under TAS 39 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.

**CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

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

ACCOUNTING POLICIES (Continued)

As of 31 March 2015, The Parent Bank applies cash flow hedge accounting using interest swaps to hedge its FC customer deposits with an average maturity of 3 months against interest rate fluctuations. The Parent Bank 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.

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. In case it is one part of hedging strategy, the renewal of hedging instrument or transferring to another hedging instrument is not eliminated the hedging situation in accordance with TAS 39.

V. 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 Group 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.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Group 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 Group is determined at the time of purchase by the Parent 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 fairvalue 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 are financial assets included in a portfolio aimed at short-term profit making.

Trading financial assets are initially recognised at fair value and are subsequently re-measured at their fair value. All gains and losses arising from these evaluations are recognised in the income statement.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

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

ACCOUNTING POLICIES (Continued)

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 recognised 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 “amortised cost” using the effective interest method after their recognition. Interest income earned from held-to-maturity financial assets is reflected to the statement of income.

There are no financial assets that were previously classified as held-to-maturity but which cannot be subject to this classification for two years due to the violation of classification principles.

c. Loans and receivables:

Loans and receivables are non-derivative financial assets that are not classified as financial assets at fair value through profit or loss or financial assets available-for-sale, are unlisted in an active market and whose payments are fixed or can be determined. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognized at the amortized cost value calculated using the effective interest method. The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

The Group 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 and changes in the related communiqué. 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 on the basis of the prudence principle are taken into consideration by the Group 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. Uncollectible receivables are written-off after all the legal procedures have been finalized.

**CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

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

ACCOUNTING POLICIES (Continued)

d. Available-for-sale financial assets:

Financial assets available-for-sale consist of financial assets other than “Loans and receivables”, “Held-tomaturity”, “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 CBT's monthly expected CPI bulletin indices are used.

VIII. 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.

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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IN TURKISH, SEE NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

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

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”, “Available-for-sale” and “Held-to-maturity” according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under “Funds Provided under Repurchase Agreements” in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

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

XI. EXPLANATIONS ON ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS:

Assets held-for-resale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the “Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal” published in the Official Gazette dated 1 November 2006, No. 26333.

The Group has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill

The excess of the cost of an acquisition over the fair value of the Group’s share of the identifiable assets, liabilities or contingent liabilities of the acquired subsidiary at the date of acquisition of the control is recorded as goodwill and represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognized. The acquirer also recognizes assets that are capable of being individually identified and separately recognized, intangible assets (i.e. trademarks) and contingent liabilities at fair value, irrespective of whether the asset had been recognized by the acquiree before the business combination; if it can be distinguished from the goodwill and if the asset’s fair value can be measured reliably.

In line with “Turkish Financial Reporting Standard for Business Combinations” (“TFRS 3”), the goodwill is not subject to depreciation, but is tested annually for impairment and carried at cost less accumulated impairment losses, if any, in line with “Turkish Accounting Standard for Impairment on Assets” (“TAS 36”). For the purpose of impairment testing, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer’s cash generating units that are expected to benefit from the synergies of the business combination. Since the Group has recognised a goodwill impairment of TL 63.973 regarding the goodwill from acquisition of Burgan Yatırım Menkul Değerler A.Ş. based on the assessment done as of 31 December 2012, the net carrying value of goodwill in the consolidated financial statements is null as of 31 March 2015.

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ACCOUNTING POLICIES (Continued)

b. Other intangible assets

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

Property and equipment is measured at its cost when initially 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 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	5-50%

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

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

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

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

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ACCOUNTING POLICIES (Continued)

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 or the present value of the amount of cash consideration given for the leased asset. Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a “Provision for value decrease” is 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 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 provides specific provisions for lease receivables based on the assessments and estimates of the management, by considering the “Communiqué Related to Principles and Procedures on Determining Provisions for Financial Lease Receivables, Factoring Receivables and Receivables of Financing Companies” published in the Official Gazette No. 26588 dated 20 July 2007 and changes in the related communiqué.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

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

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

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ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under "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 Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Bank, the recognition option of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the income statement has been eliminated which is effective for annual periods beginning on or after 1 January 2013. The earlier application of the revision is permitted in the section of the transition and effective date of the standard and therefore the 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 the "Other Reserves" item in the Shareholders Equity section.

XVIII. EXPLANATIONS ON TAXATION :

a. Current tax:

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% for 2015 (2014: 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.

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 at a rate of 20% on their corporate income. 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.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

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

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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 for the Parent Bank and for each consolidated subsidiary separately.

XIX. EXPLANATIONS ON BORROWINGS:

Debt instruments obtained from foreign financial institutions, marketable securities and money market borrowings are major funding source of the Group.

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

The 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 SHARE CERTIFICATES AND 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 31 March 2015 and 31 December 2014, the Group has no government grants.

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.

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ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

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

	31 March 2015	31 March 2014
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	17.499	(10.373)
Weighted Average Number of Issued Ordinary Shares (Thousand)	90.000.000	57.000.000
Earnings Per Ordinary Shares (Disclosed in full TL)	0,194	(0,182)

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares “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 to 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.

XXV. EXPLANATIONS ON RELATED PARTIES:

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

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

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

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

Operational field is distinguishable section of the 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 XI in Section IV.

XXVIII. RECLASSIFICATIONS:

None.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP

I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO:

a. As of 31 March 2015, the consolidated capital adequacy ratio of the Group is 15,48% (31 December 2014: 16,12%) which satisfies the requirement of being above the minimum ratio of stated in the related legislation.

b. Risk Measurement Methods for Calculation of the Capital Adequacy Ratio:

The capital adequacy ratio of the Bank is calculated using the capital required for loan risk, market risk and operational risk. The standard method for measurement of credit and market risk is used as the main indicator in measuring the operational risk. The core credit risk value for the calculation of the capital to mitigate the credit risk loss is computed using the valuation of risk weights and non-cash loans for the loan conversion ratio in accordance with the regulations and “Communiqué on Calculation of Risk Weighted Amounts for Securitisations” published in the Official Gazette dated 28 June 2012 numbered 28337 and “Communiqué on Credit Risk Mitigation Techniques” dated 1 July 2012.

c. The capital adequacy ratio is calculated using “Communiqué on Measurement and Assessment of Capital Adequacy of Banks,” “Communiqué on Shareholders’ Equity of Banks,” (together “Communiqué on Capital Adequacy) published in 28 June 2012. The information for the “risk weighted assets” and “shareholders equity” regarding the measurement of capital adequacy of the Bank is presented below.

Information related to consolidated capital adequacy ratio:

31 March 2015	Risk Weights								Risk Weights							
	Bank								Consolidated							
	%0	%20	%50	%75	%100	%150	%200	%250	%0	%20	%50	%75	%100	%150	%200	%250
Surplus credit risk weighted	1.400.409	447.396	1.710.690	851.426	5.265.902	36.271	52.186	-	1.396.754	447.396	1.787.932	888.852	5.882.916	36.392	52.204	-
Risk classifications:																
Claims on sovereigns and Central Banks	1.133.495	-	-	-	121.848	-	-	-	1.138.815	-	-	-	121.849	-	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	7	-	-	-	-	-	-	-	7	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	65.917	284.955	65.135	-	45.795	1	-	-	57.917	284.954	136.393	-	45.950	2	-	-
Claims on corporates	144.380	152.561	18.601	-	4.124.350	5.363	-	-	143.391	152.561	18.601	-	4.890.263	5.363	-	-
Claims included in the regulatory retail portfolios	14.715	6.955	2.050	851.426	3.114	-	-	-	14.715	6.955	2.050	888.852	3.132	-	-	-
Claims secured by residential property	9.733	2.053	1.617.905	-	548.994	-	-	-	9.733	2.054	1.623.729	-	550.957	-	-	-
Past due loans	21	-	6.999	-	57.151	8.364	-	-	21	-	7.159	-	62.211	8.483	-	-
Higher risk categories decided by the Board	3.476	872	-	-	-	22.543	52.186	-	3.476	872	-	-	-	22.544	52.204	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivables	28.672	-	-	-	364.643	-	-	-	28.686	-	-	-	208.547	-	-	-

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d. Summary information about consolidated capital adequacy ratio:

	Parent Bank		Consolidated	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Amount subject to credit risk (ASCR)	560.646	523.488	615.360	571.910
Amount subject to market risk (ASMR)	12.807	10.622	21.292	17.282
Amount subject to operational risk (ASOR)	35.364	29.978	42.655	35.877
Shareholders' equity	1.297.397	1.251.127	1.314.766	1.259.575
Shareholders' equity/((ASCR+ASMR+ASOR)*12,5*100)	17,05	17,74	15,48	16,12
Core Capital/((ASCR+ASMR+ASOR) *12,5*100)	11,76	12,57	10,74	11,45
Seed Capital/((ASCR+ASMR+ASOR)*12,5*100)	12,12	13,10	11,10	11,99

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e. Information about consolidated shareholders' equity items:

	31 March 2015	31 December 2014
CORE CAPITAL		
Paid-in capital following all debts in terms of claim in case of the Bank's litigation	900.000	900.000
Share premium	-	-
Share cancellation profits	-	-
Reserves	87.205	69.632
Gains recognized in equity as per TAS	14.108	14.347
Profit	17.499	17.824
Current Year Income	17.499	17.824
Prior Years Income	-	-
Provisions for possible risks	-	-
Bonus Shares from Investment in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	-	-
Seed Capital Before Deductions	1.018.812	1.001.803
DEDUCTIONS FROM SEED CAPITAL		
Portion of the sum of net loss for the period and accumulated losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	49.015	48.777
Leasehold improvements (-)	6.838	5.238
Goodwill or other intangible assets and deferred tax liability related to these items (-)	17.351	8.926
Net deferred tax asset/liability (-)	2.897	1.732
Shares obtained contrary to the 4th clause of the 56th article of the Law (-)	-	-
Direct and indirect investments in the seed capital made by the Bank (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Portion of offering mortgage service rights exceeding 10% of the seed capital (-)	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the seed capital (-)	-	-
Amount exceeding 15% of the seed capital pursuant to Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Exceeding amount resulting from offering mortgage service rights (-)	-	-
Exceeding amount resulting from deferred tax assets based on temporary differences (-)	-	-
Other items defined by BRSA (-)	-	-
Amount to be discounted from the seed capital in the case that adequate additional principal capital or supplementary capital is not available (-)	-	-
Total Deductions From Seed Capital	76.101	64.673
Total Seed Capital	942.711	937.130
ADDITIONAL CORE CAPITAL		
Capital amount and related premiums corresponding to preference shares that are not included to seed capital	-	-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2014)	-	-
Debt instruments and premiums deemed suitable by BRSA (issued before 1.1.2014)	-	-
Additional Core Capital before Deductions	-	-
DEDUCTIONS FROM ADDITIONAL CORE CAPITAL		
Direct and indirect investments in the additional core capital made by the Bank (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Other items defined by BRSA (-)	-	-
Amount to be discounted from the additional principal capital in the case that adequate supplementary capital is not available (-)	-	-
Total Deductions From Additional Core Capital	-	-
Total Additional Core Capital	-	-
DEDUCTIONS FROM CORE CAPITAL		
Portion of goodwill and other intangible assets and the deferred tax liabilities related to these which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	26.027	35.704
Portion of net deferred tax assets/liabilities which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	4.345	6.926
Total Core Capital	912.339	894.500
SUPPLEMENTARY CAPITAL		
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2014)	-	-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied before 1.1.2014)	388.674	346.728
Sources pledged to the bank by shareholders to be used in capital increases of the bank	-	-
General Provisions	60.556	64.659
Third party shares in Supplementary Capital	-	-
Supplementary Capital before Deductions	449.230	411.387
DEDUCTIONS FROM SUPPLEMENTARY CAPITAL		
Direct and indirect investments in the supplementary capital made by the Bank (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-	-
Other items defined by BRSA (-)	-	-
Total Deductions From Supplementary Capital	-	-
Total Supplementary Capital	449.230	411.387
CAPITAL		
DEDUCTIONS FROM CAPITAL		
Loans granted contrary to the 50th and 51th article of the Law (-)	46.803	46.312
Net book value of amounts exceeding the limit mentioned in paragraph one of article 57 of the Code and property and real property acquired by the banks because of their receivables which could not be disposed of even though five years have passed since the date of their acquisition pursuant to the same article (-)	292	298
Loans given to banks and financial institutions, including those established abroad, and to eligible shareholders of the bank, and investments made in the borrowing instruments exported by them (-)	46.511	46.014
Amount to be discounted from equity in accordance with paragraph two of article 20 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	-	-
Other items defined by BRSA (-)	-	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank which is not discounted from the additional principal capital and supplementary capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investment made directly or indirectly in additional principal capital or supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated which is not discounted from the additional principal capital and supplementary capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investment made in seed capital elements, deferred tax assets based on temporary differences and offering mortgage service rights of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated to be discounted from the seed capital pursuant to subparagraphs (1) and (2) of paragraph 2 of the Provisional Article 2 of the Regulation on the Equity of Banks which is not discounted from the seed capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation (-)	-	-
EQUITY	1.314.766	1.259.575
Amounts Below the Exceeding Limits in the Discount Principles		
Amounts resulting from the net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated	-	-
Amounts resulting from the net long positions of investment made in seed capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated	-	-
Amount resulting from offering mortgage service rights	-	-
Amount resulting from deferred tax assets based on temporary differences	21.979	23.007

(* The subordinated loan used in the Equity account in accordance with the permission of the Banking Regulation and Supervision Agency dated December 2, 2013 possesses the nature stated in article 8 of the Regulation on the Equity of Banks which took effect on January 1, 2014. TL 3.336 thousand of this amount recognized by deduction from the subordinated loans consists of cash loans provided to the risk group in which the bank is included.

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Details on Subordinated Liabilities	
Issuer	Burgan Bank S.A.K.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-
Governing law(s) of the instrument	BRSA
Regulatory treatment	Supplementary Capital
Transitional Basel III rules	No
Eligible at stand-alone / consolidated	Stand Alone- Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan
Amount recognised in regulatory capital (Currency in thousand, as of most recent reporting date)	388.674
Par value of instrument (USD)	150.000
Accounting classification	Liability-Subordinated Loans-amortised cost
Original date of issuance	06/12/2013
Perpetual or dated	Dated
Original maturity date	10 Years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	After 5th year
Subsequent call dates, if applicable	After 5th year
Coupons / dividends	3 Months
Fixed or floating dividend/coupon	Floating dividend
Coupon rate and any related index	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
Convertible or non-convertible	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
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.
In compliance with article number 7 and 8 of “Own fund regulation”	None
Details of incompliances with article number 7 and 8 of “Own fund regulation”	None

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II. EXPLANATIONS ON CONSOLIDATED MARKET RISK:

The market risk is the potential losses that can occur from the fluctuations of foreign currency rates, interest rates, market prices of stocks and commodity. Risk calculations are performed by both the standard method and the internal method. Position limits and maximum loss limits of held to maturity, available for sale and trading portfolios, derivative and foreign currency positions are followed up properly according to the treasury risk parameters set which are approved by Board of Directors.

The below table represents the details of the market risk calculation in accordance with the “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio” dated 28 June 2012, namely “Calculation of Market Risk with Standard Method”.

Information on Market Risk:

	Balance
(I) Capital to be Employed for General Market Risk - Standard Method	6.460
(II) Capital to be Employed for Specific Risk -Standard Method	2.579
Capital to be Employed for Specific Risk in Securitisation Positions – Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	4.537
(IV) Capital to be Employed for Commodity Risk - Standard Method	-
(V) Capital to be Employed for Clearance Risk - Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options - Standard Method	1
(VII) Capital to be Employed for the Other Party’s Credit Risk - Standard Method	7.715
(VIII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(IX) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	21.292
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	266.150

III. EXPLANATIONS ON CONSOLIDATED OPERATIONAL RISK:

The real value of operational risk is calculated once a year in accordance with “Regulation for Measuring and Evaluating Capital Adequacy of Banks” published in 26 June 2012 Official Gazette No.28337 and “Basic Indicator Approach” dated 1 July 2012.

The annual gross revenue income is calculated by deducting the profit/loss that is generated from available for sale securities that are hold to securities until maturity and extraordinary income, operating expense for support services and amount collected from insurances from sum of net values of interest and non-interest income.

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IV. 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 is set in the risk parameters section of the budget approved by the Board of Directors annually. There is a conservative foreign currency position management policy in the Group due to the free floating currency regime.

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	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
31 March 2015 / 31 December 2014				
Bid rate	TL 2,8075	TL 2,8272	TL 2,6134	TL 2,3269
1. Day bid rate	TL 2,8075	TL 2,8272	TL 2,6134	TL 2,3269
2. Day bid rate	TL 2,8309	TL 2,8207	TL 2,6102	TL 2,3189
3. Day bid rate	TL 2,8292	TL 2,8339	TL 2,6107	TL 2,3235
4. Day bid rate	TL 2,8595	TL 2,8255	TL 2,5962	TL 2,3182
5. Day bid rate	TL 2,8036	TL 2,8368	TL 2,5555	TL 2,3177

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	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Arithmetic average-30 days	TL 2,8043	TL 2,8245	TL 2,5932	TL 2,2941

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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
31 March 2015				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	5.345	623.656	426	629.427
Due From Banks	11.511	88.245	2.031	101.787
Financial Assets at Fair Value Through Profit or Loss (*)	10.210	26.317	235	36.762
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	46.511	-	46.511
Loans (*)	1.551.655	2.614.031	28.798	4.194.484
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-Maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets(***)	260.688	362.750	61	623.499
Total Assets (*)	1.839.409	3.761.510	31.551	5.632.470
Liabilities				
Bank Deposits	237	27.891	14	28.142
Foreign Currency Deposits	730.287	2.517.785	26.050	3.274.122
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions (*)	419.351	2.108.004	3.915	2.531.270
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	30.533	47.063	154	77.750
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities (*)	11.011	49.492	287	60.790
Total Liabilities (*)	1.191.419	4.750.235	30.420	5.972.074
Net On-balance Sheet Position	647.990	(988.725)	1.131	(339.604)
Net Off-balance Sheet Position	(650.576)	1.009.615	659	359.698
Financial Derivative Assets	542.725	2.043.549	96.161	2.682.435
Financial Derivative Liabilities	1.193.301	1.033.934	95.502	2.322.737
Non-Cash Loans (**)	223.812	500.595	7.611	732.018
31 December 2014				
Total Assets (*)	1.830.940	3.045.527	18.729	4.895.196
Total Liabilities (*)	1.318.735	4.070.014	75.945	5.464.694
Net On-balance Sheet Position	512.205	(1.024.487)	(57.216)	(569.498)
Net Off-balance Sheet Position	(501.227)	1.021.897	57.589	578.259
Financial Derivative Assets	532.574	1.884.043	138.962	2.555.579
Financial Derivative Liabilities	1.033.801	862.146	81.373	1.977.320
Non-Cash Loans (**)	210.949	429.298	14.024	654.271

(*) The above table shows the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets, classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of Net Foreign Currency Position. Due to this, foreign currency indexed loans issued amounting to TL 748.241 (31 December 2014: TL 642.493) and foreign currency indexed loans received amounting to TL 52.382 (31 December 2014: TL 59.268) classified as Turkish Lira assets in the 31 March 2015 financial statements are added to the table above. Besides these, in assets “Income Accruals of Derivative Financial Instruments” amounting to TL 25.213 (31 December 2014: TL 23.816), in liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 22.759 (31 December 2014: TL 13.613), “General Provisions” amounting to TL 27.009 (31 December 2014: TL 25.476), provisions for the specific loans amounting to TL 13.201 (31 December 2014: TL 12.301) and “Marketable Securities Valuation Reserve” amounting to TL (157) (31 December 2014: (365)) are not included in the table above.

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

(***) Finance lease receivables are included.

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V. 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 Group'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 bi weekly.

The Parent Bank closely monitors the maturity gap between liabilities and assets that may arise in the balance sheet to manage the interest rate risk better. 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:

31 March 2015	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	-	221.085	-	-	-	645.578	866.663
Due From Banks	231.277	-	-	-	-	59.176	290.453
Financial Assets at Fair Value Through Profit/Loss (*)	14.494	5.953	115.164	14.817	1.057	38.305	189.790
Interbank Money Market Placements	112.749	-	-	-	-	-	112.749
Available-for-Sale Financial Assets	72.501	60.850	134.592	-	46.511	11.774	326.228
Loans	2.270.662	1.927.815	1.571.968	1.178.684	6.271	77.874	7.033.274
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	37.593	52.085	148.416	505.808	68.022	250.364	1.062.288
Total Assets	2.739.276	2.267.788	1.970.140	1.699.309	121.861	1.083.071	9.881.445
Liabilities							
Bank Deposits	23.260	-	-	-	-	5.404	28.664
Other Deposits	2.674.664	1.961.896	364.007	90.140	-	331.132	5.421.839
Funds From Interbank Money Market	222.265	-	-	-	-	-	222.265
Miscellaneous Payables	-	-	-	-	-	196.066	196.066
Marketable Securities Issued	-	49.104	-	-	-	-	49.104
Funds Borrowed From Other Financial Institutions	425.349	1.409.771	834.970	5.867	-	-	2.675.957
Other Liabilities (**)	12.718	2.649	67.059	384	-	1.204.740	1.287.550
Total Liabilities	3.358.256	3.423.420	1.266.036	96.391	-	1.737.342	9.881.445
Balance Sheet Long Position	-	-	704.104	1.602.918	121.861	-	2.428.883
Balance Sheet Short Position	(618.980)	(1.155.632)	-	-	-	(654.271)	(2.428.883)
Off-balance Sheet Long Position	12.480	1.547	21.656	3.010	-	-	38.693
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(606.500)	(1.154.085)	725.760	1.605.928	121.861	(654.271)	38.693

(*) The 3-12 months maturity period of Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 4.170.

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

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31 December 2014	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	-	228.509	-	-	-	544.359	772.868
Due From Banks	110.247	-	-	-	-	16.201	126.448
Financial Assets at Fair Value Through Profit/Loss	34.119	24.046	47.658	31.026	20.248	22.160	179.257
Interbank Money Market Placements	141.155	-	-	-	-	-	141.155
Available-for-Sale Financial Assets	116.877	234.860	315.735	-	46.013	11.774	725.259
Loans	2.507.425	2.027.680	1.084.282	825.511	4.673	69.684	6.519.255
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	22.279	29.531	137.388	428.318	78.281	327.220	1.023.017
Total Assets	2.932.102	2.544.626	1.585.063	1.284.855	149.215	991.398	9.487.259
Liabilities							
Bank Deposits	133.742	-	-	-	-	3.704	137.446
Other Deposits	2.819.468	1.657.517	294.725	79.013	-	351.244	5.201.967
Funds From Interbank Money Market	462.102	-	-	-	-	-	462.102
Miscellaneous Payables	-	-	-	-	-	168.457	168.457
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	350.452	1.405.551	514.622	-	-	-	2.270.625
Other Liabilities (*)	20.190	9.780	24.833	139	-	1.191.720	1.246.662
Total Liabilities	3.785.954	3.072.848	834.180	79.152	-	1.715.125	9.487.259
Balance Sheet Long Position	-	-	750.883	1.205.703	149.215	-	2.105.801
Balance Sheet Short Position	(853.852)	(528.222)	-	-	-	(723.727)	(2.105.801)
Off-balance Sheet Long Position	32.449	-	17.141	8.286	-	-	57.876
Off-balance Sheet Short Position	-	(13.519)	-	-	-	-	(13.519)
Total Position	(821.403)	(541.741)	768.024	1.213.989	149.215	(723.727)	44.357

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

b. Average interest rates for monetary financial instruments:

Below the average interest rates are calculated by weighting the simple rates with their principals.

31 March 2015	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	-	-	-	1,65
Due From Banks	-	2,61	-	10,60
Financial Assets at Fair Value Through Profit/Loss	-	11,19	-	8,58
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	6,42	-	6,43
Loans	5,45	5,82	4,65	13,90
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	0,37	-	0,25
Other Deposits (*)	2,36	2,68	-	10,67
Funds From Interbank Money Market	-	-	-	9,91
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	10,85
Funds Borrowed From Other Financial Institutions	2,75	2,83	2,43	9,42

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

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31 December 2014	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	-	-	-	1,56
Due From Banks	0,13	0,07	-	10,51
Financial Assets at Fair Value Through Profit/Loss	-	5,76	-	7,94
Interbank Money Market Placements	-	-	-	11,32
Available-for-Sale Financial Assets	-	-	-	10,14
Loans	5,13	5,64	4,00	13,50
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,10	0,49	-	10,40
Other Deposits (*)	2,29	2,53	-	9,71
Funds From Interbank Money Market	-	-	-	9,20
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,78	0,74	2,43	7,74

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

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 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	(32.769)	(2,5)%
2. TRY	-400 bp	29.221	2,3%
3. EURO	+200 bp	(15.689)	(1,2)%
4. EURO	-200 bp	1.816	0,1%
5. USD	+200 bp	(8.239)	(0,6)%
6. USD	-200 bp	8.956	0,7%
Total (For Negative Shocks)		39.993	3,1%
Total (For Positive Shocks)		(56.697)	(4,3)%

d. Share position risk resulting from banking accounts:

None.

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VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK:

Liquidity risk is the risk arising from not having adequate cash or not having adequate cash inflows to fund cash outflows on time due to the imbalance of cash flows. This risk is eliminated by having banks and placements with short-term maturities, liquid and sellable marketable securities portfolios and sound equity structure, and unused borrowing resources. When volatility in the markets arises, the Board of Directors can decrease the limits of all existing placements without considering the credit worthiness.

The Parent Bank’s management and Asset Liability Committee follow-up the interest margin on the diversified maturities between assets and liabilities, and monitor the model studies to measure the possible margin cost of the payments and sudden outflows in the scope of scenario analyses.

The Central Bank, ISE Repo Market, Interbank Money Market and banks’ transaction limits which can be used for sudden outflows in the short-term are utilized at a minimum level. The Group does not need these funds due to the existing liquidity position but utilizes the funds for the opportunities of short-term transactions.

Liquidity coverage ratios are calculated weekly in unconsolidated basis and monthly in consolidated basis starting from 1 January 2015 as per “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette no. 28948, dated 21 March 2014. Liquidity coverage ratios should be at least 40% for foreign currency denominated assets and liabilities and 60% for total assets and liabilities for 2015. Liquidity coverage ratios for the first quarter of 2015 are as follows:

Current Period-31 March 2015	Unconsolidated Liquidity Leverage Ratio		Consolidated Liquidity Leverage Ratio	
	FC	FC+TL	FC	FC + TL
Average (%)	86,81	87,96	82,18	82,64
Maximum (%)	136,39	97,81	106,93	87,81
Minimum (%)	51,78	74,74	54,47	72,37

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Breakdown of assets and liabilities according to their outstanding maturities:

31 March 2015	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year 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	28.670	837.993	-	-	-	-	-	866.663
Due From Banks	59.176	231.277	-	-	-	-	-	290.453
Financial Assets at Fair Value Through Profit or Loss (*)	2.084	14.495	15.950	104.398	15.585	1.057	36.221	189.790
Interbank Money Market Placements	-	112.749	-	-	-	-	-	112.749
Available-for-Sale Financial Assets	-	72.500	60.851	4.796	129.795	46.511	11.775	326.228
Loans	-	595.039	1.582.267	1.342.618	2.663.641	771.835	77.874	7.033.274
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	37.043	112.284	52.519	159.283	521.440	68.022	111.697	1.062.288
Total Assets	126.973	1.976.337	1.711.587	1.611.095	3.330.461	887.425	237.567	9.881.445
Liabilities								
Bank Deposits	5.404	23.260	-	-	-	-	-	28.664
Other Deposits	331.132	2.674.664	1.961.896	364.007	90.140	-	-	5.421.839
Funds Borrowed From Other Financial Institutions	-	143.165	84.541	903.898	1.151.341	393.012	-	2.675.957
Funds From Interbank Money Market	-	222.265	-	-	-	-	-	222.265
Marketable Securities Issued	-	-	-	-	49.104	-	-	49.104
Miscellaneous Payables	-	73.738	3.917	-	-	-	118.411	196.066
Other Liabilities (***)	-	127.202	4.589	66.689	5.042	-	1.084.028	1.287.550
Total Liabilities	336.536	3.264.294	2.054.943	1.334.594	1.295.627	393.012	1.202.439	9.881.445
Net Liquidity Gap	(209.563)	(1.287.957)	(343.356)	276.501	2.034.834	494.413	(964.872)	-
31 December 2014								
Total Assets	48.447	2.064.474	1.854.829	1.805.036	2.582.090	884.377	248.006	9.487.259
Total Liabilities	354.948	3.650.981	1.802.265	1.075.020	1.072.863	349.959	1.181.223	9.487.259
Net Liquidity Gap	(306.501)	(1.586.507)	52.564	730.016	1.509.227	534.418	(933.217)	-

(*) The 1-5 years maturity period of Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 4.170.

(**) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, subsidiaries, associates stationary stocks are classified in this column.

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

VII. EXPLANATIONS ON SECURITIZATION EXPOSURES:

None.

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VIII. EXPLANATIONS ON LOAN RISK MITIGATION TECHNIQUES:

The Group does not perform net-off of balance sheet and off-balance sheet items in credit risk mitigation. In terms of credit risk mitigation the Bank uses real estate as main collateral type, which is reported under different risk class. Mortgages are interested in line with the legal requirements.

Guarantor entity’s credit risk value is to be considered in credit risk mitigation process in cases where bank credit customers obtained guarantee from other entities. There are no collaterals of potential high risk at the bank except real estate. Changes in values of the collaterals considerably that are important in market conditions are monitored.

The Group implements loan risk mitigation based on the basic financial guarantee method as per the Communiqué on Loan Risk Mitigation Techniques. In loan risk mitigation, cash and cash equivalent assets and debt instruments with a high level of loan quality are used.

Total risk amounts relating to each of the risk groups and guaranteed with loan derivatives after in-balance and out-of-balance offsetting are presented in the table below.

Risk Group	Amount	Financial Guarantees	Other Material Guarantees	Guarantees and Loan Derivatives
Claims on sovereigns and Central Banks	1.250.582	131.714	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	34	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	533.905	2.241	-	-
Claims on corporates	5.803.325	166.321	-	8.633
Claims included in the regulatory retail portfolios	1.130.592	27.564	-	8.304
Claims secured by residential property	2.219.210	12.245	-	1.778
Past due loans	77.874	21	-	-
Higher risk categories decided by the Board	79.078	4.330	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other Receivables	385.289	-	-	-
Total	11.479.889	344.436	-	18.715

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IX. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT:

The Group’s risk strategy is its main component of risk management system. The board of directors is responsible for approving and periodically reviewing the risk policy of the Group to ensure its in line with corporate strategy and strategic goals. A basic component of the risk strategy is the risk appetite; the risk appetite defines which risks and into what extent the Group will actively seek and which risks are undesirable and should be avoided or eliminated. The Group’s risk strategy aims to set out the main elements of its risk taking activities so that the Group attains its business goals within the limits prescribed by the risk appetite.

The Group regards the formulation of a clear and realistic risk strategy as an essential part of its overall corporate strategy and as the foundation upon which all risk management policies are to be based.

Risk Management Policies

The Group follows the following principles for a healthy risk management process:

- The Board of Directors is responsible for approving and periodically reviewing the risk policy of the Group
- Senior management is responsible for the implementation of the risk policy approved by the Board of Directors and for the development of systems and procedures for identifying, measuring, monitoring and mitigating risk
- The Group has defined appropriate credit underwriting criteria, ensuring a thorough understanding of the borrower or counterparty, as well as the purpose and structure of the exposure, and its source of repayment.
- The Group has defined certain principles and policies to ensure the efficient monitoring of market risks.
- The Group is carrying out its business by setting procedures, which clearly define the responsibility and accountability of all business units engaged in a particular type of business or transaction. Decision taking is based on delegated authority.
- Appropriate systems and processes are in place to monitor all exposures, both on or off-balance sheet.
- The Group promotes an open risk culture under which all material risks are communicated to the appropriate authorities of the Group as well as to the Board of Directors. The Group considers risk transparency as an essential element of its approach to risk management.
- Risk management supervision is independent from any business decisions, in order to ensure sound risk governance and avoid conflicts of interest.
- Risk management is properly resourced in order to carry out its mission, given the risk appetite of the Group.

Sound risk management is a key element of the Burgan Bank in its effort to achieve its business goals. The Group has established a comprehensive risk management framework in order to ensure that risk taking which is inherent in the Group business activities remains always within desirable and controlled parameters. The risk management framework includes clearly defined processes for the approval and authorisation of all risk taking activities plus a risk oversight function in order to ensure independent monitoring and measurement of risk.

Risk Management

Group’s management aims to ensure that:

- Risk taken by the Group is always in line with the risk appetite as defined by the Board of Directors,
- Total risk taken does not exceed the ability of the Group to absorb losses,
- Risk is adequately mitigated by the introduction and implementation of proper risk management systems and procedures,
- Risk awareness is promoted throughout all units of the Group, and
- Appropriate risk transparency is implemented and all risk figures are properly communicated across all relevant business units as well as to the Board of Directors.

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Risk Limits

Risk limits are specified for quantified risk categories in line with the level of risk that the bank is exposed to. In this respect, limits are determined in credit, market and operational risk categories. Risk limits are determined by the Board of Directors.

Risk limits are revised and updated depending on market conditions and changes in Bank’s strategy. Board of Directors is responsible of reviewing risk limits. In case of a change is needed in risk limits, it is presented to the attention of the risk committee. After the evaluation of risk committee and Audit Committee, the proposal is sent to the sanction of Board of Directors.

Risk Strategy Objectives

The objectives of the Bank’s risk strategy with regard to the main risk categories are presented below:

Credit Risk Strategy

- The Group shall engage in lending activities towards legal entities and individuals which exhibit satisfactory creditworthiness and financial standing.
- The Group shall maintain a diversified credit portfolio. As such, all business sectors where opportunities for profitable growth exist may be eligible for lending purposes. However the effect of economic cycles and other endogenous or exogenous factors must always be taken under consideration in any credit decision.
- The Group will assume credit risk of which it has a good understanding and is capable to manage, either at individual or at portfolio level.
- The Group shall require that credit exposures are adequately covered by satisfactory collateral. Unsecured exposures shall be taken with prudence.
- The Group shall avoid significant concentrations of credit risk, either to single or groups of borrowers or sectors of the economy or geographic areas.
- The Group aims to extend credit facilities towards customers with a satisfactory credit history and successful overall track record. As such, the Bank shall proceed with financing of start-ups & new ventures with outmost care and on exceptional cases.

Market Risk Strategy

- The Group aims to ensure the efficient monitoring of market risks that emanate from its overall activities.
- The Group shall maintain a prudent approach in managing its exposure to market risk and liquidity risk.
- The Group shall be protected against unforeseen market losses through the independent identification, assessment and understanding of the market risks inherent in the business.

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Operational Risk Strategy

- The Group aims to minimize operational risk at acceptable levels.
- Operational risk levels shall be closely monitored in respect to their severity and frequency.
- The Group shall ensure that adequate control functions are established in order to reduce operational risk levels.

Risk Management Unit Organization

RMG reports to the Board of Directors through audit committee. The risk management group consists of credit risk, decision support systems and modelling market risk, operational risk and treasury divisions.

Risk Measurement and Assessment

Group applies specifically tailored rating system for the measurement of credit risk. This system assigns a specific rating to every borrower/ counterparty’s ability to repay funds on a timely manner which reflects the creditworthiness of the borrower. Rating system considers both quantitative and qualitative factors.

Foreign currency position limits, bond portfolio limits and RMD limits are daily monitored. Interest rate gap limits are monitored monthly. All market risk limit utilizations are reported to the ALCO and Risk and Audit Committee. Market Risk Unit runs stress tests on a regular basis and presents the results to BoD, ALCO and Risk and Audit Committee. The stress tests describe the effects of defined changes in yield curves, credit spreads and foreign currency rates on certain on-balance and off-balance items.

Risk Prevention and Risk Reduction Policy with Process Regarding to Continuous Monitoring of Their Effectiveness

The Parent Bank has policies relating to the effectiveness and control of the collaterals management process within the scope of reducing loan risk, which is the biggest exposed risk. The principle, which is regarding to market value of the assets received as securities that are being monitored and followed, is adopted. The collaterals, which are accepted by bank, are listed in the credit policy within this scope. The compliance with existing procedures and legal validity of the collaterals regarding to collateral management, are controlled by the Internal Control and Internal Audit Units. At the same time, the reason of lost date regarding to these issues are analyzed in the Operational Risk Database and the relevant unit are informed and it is ensured that necessary measures are taken.

In addition, Interest Swaps and/or Cross Rate Swap is used in order to manage Structural Interest Rate Risk arising from Banking account and Currency Swap is used in order to manage Liquidity risk by Treasury and Capital Markets Asset and Liability Management Department. Board approved risk appetite is determined for Structural Interest Rate Risk and Liquidity Risk, the relevant policies are revised at least once a year. The process controls are carried out by the Internal Control and Internal Audit Unit controls for mentioned risks and risk management effectiveness is controlled.

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X. EXPLANATIONS ON HEDGE TRANSACTIONS

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

The swaps, of which carrying amount is TL 4.170 (31 December 2014: None) , as of balance sheet date, are subjected to hedge accounting as hedging instruments. As a result of mentioned hedging account, the fair value in the amount of TL 921 (31 March 2014: None) after tax is recognized under the equity. Ineffective part is not available (31 March 2014: None).

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in TAS 39, 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 March 2014: None).

It is determined in the measurements carried out as of the date of 31 March 2015 that above mentioned cash flow hedging transactions are effective.

XIII. EXPLANATIONS ON OPERATING SEGMENTS:

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

Retail banking provides products and services to individual and small business 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 products, non-cash loans, foreign currency transaction services and other corporate banking services to corporate clients.

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

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

Prior period financial information is presented as at 31 December 2014 for balance sheet and 31 March 2014 for income statements items.

	Retail Banking	Corporate and Commercial Banking	Treasury	Other(*)	Total Operations of the Group
31 March 2015					
Segment revenue	21.354	55.904	4.171	24.724	106.153
Unallocated costs	-	-	-	(14.258)	(85.418)
Net Operating Profit	21.354	55.904	4.171	10.466	20.735
Dividend income	-	-	-	-	-
Profit Before Tax	-	-	-	-	20.735
Tax expense	-	-	-	-	(3.236)
Net Profit/Loss	-	-	-	-	17.499
Segment assets	1.440.893	6.047.652	1.109.430	1.094.396	9.692.371
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	189.074
Total Assets	1.440.893	6.047.652	1.109.430	1.094.396	9.881.445
Segment liabilities	2.449.767	3.047.680	2.201.803	1.094.396	8.793.646
Unallocated liabilities	-	-	-	-	1.087.799
Total Liabilities	2.449.767	3.047.680	2.201.803	1.094.396	9.881.445

(*) Other includes operations of subsidiaries of the Bank which are Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş.

	Retail Banking	Corporate and Commercial Banking	Treasury	Other(*)	Total Operations of the Group
31 March 2014					
Segment revenue	15.958	32.065	4.178	12.985	65.186
Unallocated costs	-	-	-	(12.765)	(77.911)
Net Operating Profit	15.958	32.065	4.178	220	(12.725)
Dividend income	-	-	-	-	-
Profit Before Tax	-	-	-	-	(12.725)
Tax expense	-	-	-	-	2.352
Net Profit/Loss	-	-	-	-	(10.373)
31 December 2014					
Segment assets	1.372.774	5.545.266	1.314.910	1.017.839	9.250.789
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	236.470
Total Assets	1.372.774	5.545.266	1.314.910	1.017.839	9.487.259
Segment liabilities	2.079.334	3.314.558	2.041.441	1.015.673	8.451.006
Unallocated liabilities	-	-	-	-	1.036.253
Total Liabilities	2.079.334	3.314.558	2.041.441	1.015.673	9.487.259

(*) Other includes operations of subsidiaries of the Bank which are Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş.

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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:

	31 March 2015		31 December 2014	
	TL	FC	TL	FC
Cash/Foreign currency	15.678	12.974	13.289	16.877
CBRT	221.558	616.453	228.822	513.880
Other	-	-	-	-
Total	237.236	629.427	242.111	530.757

2. Information on the account of the CBRT:

	31 March 2015		31 December 2014	
	TL	FC	TL	FC
Demand Unrestricted Amount	221.558	121.848	228.822	117.891
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	494.605	-	395.989
Total	221.558	616.453	228.822	513.880

3. Information on reserve requirements:

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2013/15, the 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. Starting from November 2014, interest is paid on reserve requirements held in TL. There is no interest payment on reserve requirements held in FC.

The reserve rates for TL liabilities vary between 5% and 11,5% for TL deposits and other liabilities according to their maturities as of 31 March 2015 (31 December 2014: 5% and 11,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 6% and 20% for deposit and other foreign currency liabilities according to their maturities as of 31 March 2015 (31 December 2014: 6% and 13% for all foreign currency liabilities).

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

- As of 31 March 2015, there is no financial assets at fair value through profit or loss subject to repo transaction (31 December 2014: None).
- Positive differences related to trading derivative financial assets:

	31 March 2015		31 December 2014	
	TL	FC	TL	FC
Forward Transactions	9.735	1.643	6.177	957
Swap Transactions	48.248	23.569	44.721	22.859
Futures Transactions	-	-	-	-
Options	913	36.456	1.775	21.638
Other	-	-	-	-
Total	58.896	61.668	52.673	45.454

c. Information on banks:

- Information on banks:

	31 March 2015		31 December 2014	
	TL	FC	TL	FC
Banks				
Domestic	188.666	62.842	72.256	38.338
Foreign	-	38.945	-	15.854
Headquarters and Branches Abroad	-	-	-	-
Total	188.666	101.787	72.256	54.192

d. Information on available-for-sale financial assets:

- Characteristics and carrying values of available-for-sale financial assets given as collateral:
As of 31 March 2015, there are TL 110.291 available-for-sale financial assets given as collateral/blocked (31 December 2014: TL 69.260) and those subject to repurchase agreements amounts to TL 134.230 (31 December 2014: TL 313.971).
- Information on available-for-sale financial assets:

	31 March 2015	31 December 2014
Debt Securities	314.453	713.484
Quoted on Stock Exchange	267.942	667.470
Not Quoted	46.511	46.014
Share Certificates	11.775	11.775
Quoted on Stock Exchange	-	-
Not Quoted	11.775	11.775
Impairment Provision (-)	-	-
Total	326.228	725.259

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e. Explanations on loans:

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

	31 March 2015		31 December 2014	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	876	-	-
Corporate Shareholders	-	876	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	4.833	-	4.570	-
Total	4.833	876	4.570	-

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 and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled		Loans and Other Receivables	Restructured or Rescheduled	
		Loans with Restructured Payment Plans	Other		Loans with Restructured Payment Plans	Other
Non-Specialised Loans	6.661.293	5.089	3.972	294.107	195.924	6.806
Loans Given to Enterprises	-	-	-	-	-	-
Export Loans	836.705	692	-	18.186	13.834	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	211.938	-	-	-	-	-
Consumer Loans	113.863	-	-	5.844	-	-
Credit Cards	15.349	-	-	1.328	-	-
Other (*)	5.483.438	4.397	3.972	268.749	182.090	6.806
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	6.661.293	5.089	3.972	294.107	195.924	6.806

(*) The Group also has TL 11.808 factoring loans in the Other account.

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(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	2.231	195.924
3,4 or 5 times	2.087	-
Over 5 times	771	-
Total	5.089	195.924

(iii)

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	4.233	53.814
6 Months – 12 Months	392	29.662
1-2 Years	-	12.958
2-5 Years	-	93.690
5 Years and Over	464	5.800
Total	5.089	195.924

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	6.297	103.604	109.901
Real estate loans	-	21.322	21.322
Automotive loans	-	753	753
Consumer loans	6.297	81.529	87.826
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	793	793
Real estate loans	-	793	793
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	4.371	-	4.371
With installments	-	-	-
Without installments	4.371	-	4.371
Individual Credit Cards- FC	115	-	115
With installments	-	-	-
Without installments	115	-	115
Personnel Loans-TL	416	3.580	3.996
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	416	3.580	3.996
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	827	2	829
With installments	-	2	2
Without installments	827	-	827
Personnel Credit Cards-FC	8	-	8
With installments	-	-	-
Without installments	8	-	8
Credit Deposit Account-TL (Real Person)	5.017	-	5.017
Credit Deposit Account-FC (Real Person)	-	-	-
Total	17.051	107.979	125.030

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	59.897	664.081	723.978
Real estate loans	-	4	4
Automotive loans	323	12.918	13.241
Consumer loans	59.574	651.159	710.733
Other	-	-	-
Commercial Installments Loans-FC Indexed	29.308	48.041	77.349
Real estate loans	-	-	326
Automotive loans	326	635	961
Consumer loans	28.982	47.406	76.388
Other	-	-	-
Commercial Installments Loans-FC	-	567.466	567.466
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	567.466	567.466
Other	-	-	-
Corporate Credit Cards-TL	11.338	5	11.343
With installment	-	5	5
Without installment	11.338	-	11.338
Corporate Credit Cards-FC	11	-	11
With installment	-	-	-
Without installment	11	-	11
Credit Deposit Account-TL (Legal Person)	53.510	-	53.510
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	154.064	1.279.593	1.433.657

5. Loans according to types of borrowers:

	31 March 2015	31 December 2014
Public	4.500	-
Private	6.950.900	6.449.571
Total	6.955.400	6.449.571

6. Distribution of domestic and foreign loans:

	31 March 2015	31 December 2014
Domestic Loans	6.836.478	6.449.571
Foreign Loans	118.922	-
Total	6.955.400	6.449.571

7. Loans given to investments in associates and subsidiaries:

None (31 December 2014 : None).

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8. Specific provisions provided against loans:

	31 March 2015	31 December 2014
Loans and Other Receivables with Limited Collectability	5.252	4.410
Loans and Other Receivables with Doubtful Collectability	17.016	20.950
Uncollectible Loans and Other Receivables	71.914	50.575
Total	94.182	75.935

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

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

	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 March 2015			
(Gross amounts before the Specific Reserves)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	20	1.705	2.809
31 December 2014			
(Gross amounts before the Specific Reserves)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	31	880	5.218

(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	26.454	57.601	61.564
Additions (+)	42.517	929	3.857
Transfers from Other Categories of Non-performing Loans (+)	-	16.197	28.356
Transfers to Other Categories of Non-performing Loans (-)	16.560	27.992	-
Collections (-)	12.162	1.228	7.477
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	40.249	45.507	86.300
Specific Provision (-)	5.252	17.016	71.914
Net Balance on Balance Sheet	34.997	28.491	14.386

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

	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 March 2015			
Period-End Balance	4.523	3.990	13.331
Specific Provision (-)	1.085	1.993	11.553
Net Balance on balance sheet	3.438	1.997	1.778
31 December 2014			
Period-End Balance	4.812	1.271	14.326
Specific Provision (-)	962	634	12.751
Net Balance on balance sheet	3.850	637	1.575

(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)	34.997	28.491	14.386
Loans Given to Real Persons and Legal Persons (Gross)	36.013	44.273	73.577
Specific Provision Amount (-)	4.224	16.399	60.705
Loans Given to Real Persons and Legal Persons (Net)	31.789	27.874	12.872
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Gross)	-	-	-
Other Loans and Receivables (Gross)	4.236	1.234	12.723
Specific Provision Amount (-)	1.028	617	11.209
Other Loans and Receivables (Net)	3.208	617	1.514
Prior Period (Net)	22.044	36.651	10.989
Loans Given to Real Persons and Legal Persons (Gross)	24.120	56.900	48.854
Specific Provision Amount (-)	3.943	20.600	38.421
Loans Given to Real Persons and Legal Persons (Net)	20.177	36.300	10.433
Banks (Net)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2.334	701	12.710
Specific Provision Amount (-)	467	350	12.154
Other Loans and Receivables (Net)	1.867	351	556

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

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

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11. Explanations on the write-off policy:

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

f. Information on held-to-maturity investments:

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

None (31 December 2014: None).

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

None (31 December 2014: None).

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

None (31 December 2014: None).

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

None (31 December 2014: None).

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

None (31 December 2014: None).

g. Information on investments in associates (Net):

None (31 December 2014: None).

h. Information on subsidiaries (Net):

1. Important sized subsidiaries' capital adequacy:

None (31 December 2014: None).

2. Information on unconsolidated subsidiaries:

None (31 December 2014: None).

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

None (31 December 2014: None).

4. Information on consolidated subsidiaries:

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

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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	881.220	122.252	103	15.328	-	6.295	1.894	-
2 (*)	297.677	103.953	3.203	3.792	491	2.049	(1.820)	-

(*) The amount consists of consolidated values of Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş.

6. Movement schedules of subsidiaries:

	31 March 2015	31 December 2014
Balance at the beginning of the Period	202.193	99.193
Movements during the Period	-	103.000
Purchases	-	97.799
Bonus Shares Obtained	-	5.201
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
Balance at the end of the Period	202.193	202.193
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	99,99%	99,99%

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

Subsidiaries	31 March 2015	31 December 2014
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	104.210	104.210
Finance Companies	-	-
Other Financial Subsidiaries	97.983	97.983
Total	202.193	202.193

8. Subsidiaries quoted on stock exchange:

None. (31 December 2014 : None)

i. Information on joint ventures:

None. (31 December 2014 : None)

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j. Information on lease receivables (net):

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

	31 March 2015		31 December 2014	
	Gross	Net	Gross	Net
Less than 1 year	295.812	238.094	235.542	189.197
Between 1-4 years	519.594	429.718	447.229	373.364
More than 4 years	165.252	144.112	153.971	133.236
Total	980.658	811.924	836.742	695.797

k. Information on hedging derivative financial assets:

	31 March 2015		31 December 2014	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	4.170	-	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	4.170	-	-	-

l. Information on investment property:

None (31 March 2014: None).

m. Information on deferred tax asset:

As of 31 March 2015, the Group has netted-off the calculated deferred tax asset of TL 29.895 (31 December 2014: TL 31.878) and deferred tax liability of TL 13.859 (31 December 2014: TL 14.690) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 16.036 (31 December 2014: TL 17.188) in the financial statements. As of 31 March 2015 the Group has no deferred tax liability (31 December 2014: None).

As of 31 March 2015 and 31 December 2014, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Carried Financial Loss (*)	68.858	77.787	13.772	15.557
Provision for Legal Cases	22.939	20.191	4.588	4.038
Provisions for Possible Risks	13.201	12.301	2.640	2.460
Reserve for Employee Rights	18.099	24.445	3.620	4.889
Other Provisions	13.813	12.844	2.763	2.569
Unearned Revenue	11.973	11.387	2.395	2.277
Other	586	439	117	88
Deferred Tax Assets	149.469	159.394	29.895	31.878
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	25.864	27.787	5.173	5.557
Valuation Differences of Derivative Instruments	37.262	39.312	7.452	7.862
Other	6.169	6.357	1.234	1.271
Deferred Tax Liabilities	69.295	73.456	13.859	14.690
Deferred Tax Assets / (Liabilities) (Net)	80.174	85.938	16.036	17.188

(*) The Group’s financial losses carried forward amounting to TL 5.673 is usable in the corporate tax calculations until 2017, TL 53.303 until 2018 and TL 9.882 TL until 2019.

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Movement of deferred tax asset/ liabilities is presented below:

	31 March 2015	31 December 2014
Balance as of 1 January	17.188	24.985
Current year deferred tax income/(expense) (net)	(1.334)	(4.300)
Deferred tax charged to equity (net)	182	(3.497)
Balance at the End of the Period	16.036	17.188

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

The Group has assets held for resale amounting to TL 10.931 (31 December 2014: TL 10.947) and has no discontinued operations.

	31 March 2015	31 December 2014
Prior Period End:		
Cost	11.683	14.659
Accumulated Depreciation (-)	736	656
Net Book Value	10.947	14.003
Current Period:		
Net book value at beginning of the period	10.947	14.003
Additions	618	2.198
Disposals (-), net	544	5.020
Impairment	-	-
Depreciation (-)	90	234
Cost	11.739	11.683
Accumulated Depreciation (-)	808	736
Closing Net Book Value	10.931	10.947

o. Information on other assets:

As of 31 March 2015, other assets amount to TL 133.078 (31 December 2014: TL 208.407) and 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

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 31 March 2015:

	Demand	With 7 days	Up to 1	1-3	3-66 months -	1 year	1 year	Accum.	Total
		notifications	month	months	months -	and over	and over	Deposit	
Saving Deposits	25.943	-	77.352	924.059	136.321	140.932	84.934	-	1.389.541
Foreign Currency Deposits	148.977	-	152.851	2.369.228	416.672	103.566	82.828	-	3.274.122
Residents in Turkey	119.992	-	152.183	2.345.893	411.121	100.621	44.747	-	3.174.557
Residents Abroad	28.985	-	668	23.335	5.551	2.945	38.081	-	99.565
Public Sector Deposits	25.121	-	-	25.233	-	-	-	-	50.354
Commercial Deposits	128.861	-	78.667	251.996	61.736	47.537	91.002	-	659.799
Other Institutions Deposits	2.230	-	3.931	15.677	26.080	89	16	-	48.023
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	5.404	-	23.260	-	-	-	-	-	28.664
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	96	-	23.260	-	-	-	-	-	23.356
Foreign Banks	5.308	-	-	-	-	-	-	-	5.308
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	336.536	-	336.061	3.586.193	640.809	292.124	258.780	-	5.450.503

ii. 31 December 2014:

	Demand	With 7 days	Up to 1	1-3	3-66 months -	1 year	1 year	Accum.	Total
		notifications	month	months	months -	and over	and over	Deposit	
Saving Deposits	26.205	-	31.543	904.464	132.127	97.074	68.794	-	1.260.207
Foreign Currency Deposits	190.141	-	264.279	1.980.390	519.656	39.173	59.692	-	3.053.331
Residents in Turkey	171.026	-	249.935	1.964.688	514.125	36.433	25.576	-	2.961.783
Residents Abroad	19.115	-	14.344	15.702	5.531	2.740	34.116	-	91.548
Public Sector Deposits	17.111	-	-	-	-	-	-	-	17.111
Commercial Deposits	116.082	-	101.524	361.234	74.700	33.621	91.673	-	778.834
Other Institutions Deposits	1.705	-	883	64.223	25.582	91	-	-	92.484
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	3.704	-	133.742	-	-	-	-	-	137.446
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	106	-	69.368	-	-	-	-	-	69.474
Foreign Banks	3.598	-	64.374	-	-	-	-	-	67.972
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	354.948	-	531.971	3.310.311	752.065	169.959	220.159	-	5.339.413

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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	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Saving Deposits				
Saving Deposits	442.882	407.705	946.659	852.502
Foreign Currency Savings Deposit	141.373	121.979	1.731.449	1.533.681
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	584.255	529.684	2.678.108	2.386.183

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:

	31 March 2015	31 December 2014
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	15.673	12.778
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	15.673	12.778

b. Information on trading derivative financial liabilities:

Schedule of negative differences concerning trading derivative financial liabilities:

Trading Derivative Financial Liabilities	31 March 2015		31 December 2014	
	TL	FC	TL	FC
Forward Transactions	7.466	15.308	6.925	9.147
Swap Agreements	16.989	7.451	11.294	4.466
Futures Transactions	-	-	-	-
Options	124	35.473	48	23.062
Other	-	-	-	-
Total	24.579	58.232	18.267	36.675

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c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 March 2015		31 December 2014	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	174.378	136.115	157.275	197.555
From Foreign Banks, Institutions and Funds	22.691	1.949.761	1.304	1.564.532
Total	197.069	2.085.876	158.579	1.762.087

2. Information on maturity structure of borrowings:

	31 March 2015		31 December 2014	
	TL	FC	TL	FC
Short-term	101.369	281.262	78.840	140.460
Medium and Long-term	95.700	1.804.614	79.739	1.621.627
Total	197.069	2.085.876	158.579	1.762.087

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

The Group's main funding sources are deposits and borrowings. As of 31 March 2015, deposits and borrowings from Group's risk group comprise 0,8% (31 December 2014: 0,6%) of total deposits. Besides this, Borrowings from Bank's risk group comprise 54% (31 December 2013: 57%) of subordinated and other borrowings.

d. Information on securities issued:

	31 March 2015		31 December 2014	
	TL	FC	TL	FC
Bill	49.104	-	-	-
Bonds	-	-	-	-
Asset guaranteed securities	-	-	-	-
Total	49.104	-	-	-

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 95.952 (31 December 2014: TL 94.731) do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

f. Information on financial lease agreements:

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:

None (31 December 2014: None).

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h. Information on provisions:

1. Information on general provisions:

	31 March 2015	31 December 2014
General Provisions	60.556	64.659
Provisions for First Group Loans and Receivables	45.725	48.904
Additional Provision for Loans and Receivables with Extended Maturities	217	2.601
Provisions for Second Group Loans and Receivables	11.937	10.325
Additional Provision for Loans and Receivables with Extended Maturities	9.842	8.167
Provisions for Non-Cash Loans	2.737	2.745
Other	157	2.685

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.

The payment amount which is one month’s salary for each working year is restricted to TL 3.541,37 (31 December 2014: TL 3.438,22). 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.

As it is explained in detail in the Note XVII of the Accounting Policies, in accordance with revision on TAS 19 effective for the annual reporting periods are beginning from 1 January 2013 actuarial gains and losses recognized in the “Statement of Income and expense items recognized in Equity” and presented in the “Other reserves” item under the Equity section of the Shareholders Equity.

	31 March 2015	31 December 2014
Discount rate (%)	2,45	2,45
Salary increase rate (%)	7,00	7,00
Average remaining work period (Year)	11,86	11,86

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Movement of reserve for employment termination benefits during the period:

	31 March 2015	31 December 2014
As of January 1	9.071	8.024
Service cost	1.041	1.634
Interest cost	-	679
Settlement cost	-	596
Actuarial loss/gain	-	980
Benefits paid	446	2.842
Total	9.666	9.071

In addition, as of 31 March 2015 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 8.433 (31 December 2014: TL 15.374).

3. Other provisions:

(i) Information on provisions for possible risks:

	31 March 2015	31 December 2014
Provisions for possible risks (*)	13.201	12.301
Total	13.201	12.301

(*) The Group sets aside a provision for possible risks related to loan portfolio.

(ii) Information on other provisions:

The Group set aside reserves amounting to TL 22.939 (31 December 2014: TL 20.191) for lawsuits, TL 2.436 (31 December 2014: TL 2.818) for non-cash loans, TL 1.030 (31 December 2014: TL 590) for customer cheques commitments, TL 129 (31 December 2014: TL 76) for credit card loyalty points and TL 163 (31 December 2014: TL 146) for other receivables.

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

As of 31 March 2015, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 2.854 (31 December 2014: TL 2.858) and is netted from the loan amount in the financial statements.

i. Information on taxes payable:

1. Information on tax provision:

As of 31 March 2015, the corporate tax provision is TL 1.902 (31 December 2014: TL 1.435).

2. Information on taxes payable:

	31 March 2015	31 December 2014
Corporate Tax Payable	1.902	1.435
Taxation of Marketable Securities	7.939	5.970
Property Tax	242	187
Banking Insurance Transaction Tax	4.260	4.543
Value Added Tax Payable	299	352
Other	3.078	3.747
Total	17.720	16.234

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3. Information on premium payables:

	31 March 2015	31 December 2014
Social Security Premiums-Employee	1.219	1.132
Social Security Premiums-Employer	1.313	1.201
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	62	57
Unemployment Insurance-Employer	123	113
Other	-	-
Total	2.717	2.503

4. Information on deferred tax liability:

As of 31 March 2015, the Group has netted-off the calculated deferred tax asset of TL 29.895 (31 December 2014: TL 31.878) and deferred tax liability of TL 13.859 (31 December 2014: TL 14.690) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 16.036 (31 December 2014: TL 17.188) in the financial statements. As of 31 March 2015 the Group has no deferred tax liability (31 December 2014: None).

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

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	Vade	Interest Rate (%)
Burgan Bank S.A.K.	USD 150.000.000	6 December 2013	4 December 2023	LIBOR+3,75

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

1. Information on subordinated loans:

	31 March 2015		31 December 2014	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	393.012	-	349.959
Other Foreign	-	-	-	-
Total	-	393.012	-	349.959

l. Information on shareholders' equity:

1. Presentation of paid-in capital:

	31 March 2015	31 December 2014
Common Stock	900.000	900.000
Preferred Stock	-	-

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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	900.000	1.000.000

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

None.

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

None.

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

None.

6. Information on capital by considering the Group’s profitability, prior period indicators on liquidity and uncertainty 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 Group within several risk limits and legal limits.

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

Based on the Principal Agreement, the Group 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:

	31 March 2015		31 December 2014	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(332)	(157)	795	365
Foreign Currency Difference	-	-	-	-
Total	(332)	(157)	795	365

9. Information on tangible assets revaluation reserve:

	31 March 2015		31 December 2014	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	13.187	-	13.187	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables	-	-	-	-
Total	13.187	-	13.187	-

10. Information on distribution of retained earnings:

The profit of the 2014 amounting to TL 17.824 is not distributed and amounting to TL 710 is transferred to legal reserves, amounting to TL 251 is transferred to other reserves and amounting to TL 16.863 is transferred to extraordinary reserves.

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**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:

	31 March 2015	31 December 2014
Foreign currency buy/sell commitments	336.970	264.651
Commitments for cheques	322.444	301.592
Loan limit commitments	162.764	152.030
Commitments for credit card limits	37.736	37.353
Tax and fund obligations arising from export commitments	19.320	2.000
Term securities purchase commitments	223	-
Promotions for the credit cards and their care services	108	2
Blocked cheques given to customers	-	-
Total	879.565	757.628

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:

	31 March 2015	31 December 2014
Letter of guarantees	931.389	914.041
Letter of credits	200.940	176.485
Bank acceptance loans	70.945	69.213
Other guarantees	39.345	30.800
Factoring guarantees	38	213
Total	1.242.657	1.190.752

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

	TL	FC
Irrevocable letters of guarantee	402.139	221.337
Guarantees given to customs	39.313	27.275
Revocable letters of guarantee	35.329	19.687
Letters of guarantee given in advance	7.235	98.975
Other letters of guarantee	24.276	55.823
Total	508.292	423.097

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

	31 March 2015	31 December 2014
Non-cash loans given against cash loans	114.463	88.246
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	114.463	88.246
Other non-cash loans	1.128.194	1.102.506
Total	1.242.657	1.190.752

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

	Group I		Group II	
	TL	FC	TL	FC
Non-cash Loans (*)				
Letters of Guarantee	483.634	416.136	18.322	6.923
Bank Acceptances	2.309	68.636	-	-
Letters of Credit	-	200.940	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	38	-	-	-
Other Commitments and Contingencies	-	37.337	-	2.008
Total	485.981	723.049	18.322	8.931

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 6.374. As of 31 March 2015, the Group has recorded a TL 2.436 provision regarding these risks.

c. Investment Funds:

As of 31 March 2015, the Group is the founder of 6 investment funds (31 December 2014: 6) with a total fund value of TL 48.822 (31 December 2014: TL 31.546). The shares of the investment funds established in accordance with the Capital Markets Board legislation are kept dematerialized by Central Registry Agency Inc..

d. Information on contingent assets and contingent liabilities:

As of 31 March 2015, the total amount of legal cases against the Group is TL 48.799 (31 December 2014: TL 51.784) and the Parent Bank sets aside a provision of TL 22.939 (31 December 2014: TL 20.191) 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.

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

MOODY’S (Dated on 10 September 2014)

Category	Rating	Outlook
(Long Term Foreign Currency)	Ba2	Monitoring
(Short Term Foreign Currency)	Not Prime	-
(Long Term Local Currency)	Ba2	Monitoring
(Short Term Local Currency)	Not Prime	-

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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 (*):

	31 March 2015		31 March 2014	
	TL	FC	TL	FC
Interest Income on Loans				
Short-term Loans	77.781	4.053	62.121	6.682
Medium/Long-term Loans	27.560	40.212	19.409	18.092
Interest on Loans Under Follow-up	2.073	-	682	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	107.414	44.265	82.212	24.774

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

2. Information on interest income on banks:

	31 March 2015		31 March 2014	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	1.415	22	35	23
From Foreign Banks	-	5	-	3
Headquarters and Branches Abroad	-	-	-	-
Total	1.415	27	35	26

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

	31 March 2015		31 March 2014	
	TL	FC	TL	FC
From Trading Financial Assets	1.213	4	2.519	5
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	8.494	762	19.034	-
From Held-to-Maturity Investments	-	-	-	-
Total	9.707	766	21.553	5

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

None (31 March 2014: None).

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b. Information on interest expense:

1. Information on interest expense on borrowings (*):

	31 March 2015		31 March 2014	
	TL	FC	TL	FC
Banks	3.679	16.825	1.925	14.362
The CBRT	-	-	-	-
Domestic Banks	3.664	229	979	513
Foreign Banks	15	16.596	946	13.849
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	3.679	16.825	1.925	14.362

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

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

None (31 March 2014: None).

3. Information on interest expense on issued securities

	31 March 2015	31 March 2014
Interest expense on issued securities	104	-

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

Account Name	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		
Turkish Currency								
Bank Deposits	4	142	-	-	-	-	-	146
Savings Deposits	-	1.041	23.237	4.153	3.276	2.040	-	33.747
Public Deposits	-	-	163	-	-	-	-	163
Commercial Deposits	-	1.808	6.248	1.882	1.062	2.409	-	13.409
Other Deposits	-	42	598	974	2	-	-	1.616
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	4	3.033	30.246	7.009	4.340	4.449	-	49.081
Foreign Currency								
Foreign Currency Account	-	560	13.647	3.710	505	493	-	18.915
Bank Deposits	-	60	-	-	-	-	-	60
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	620	13.647	3.710	505	493	-	18.975
Sum Total	4	3.653	43.893	10.719	4.845	4.942	-	68.056

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

	31 March 2015	31 March 2014
Income	3.189.465	1.585.788
Income from Capital Market Transactions	12.991	8.816
From Derivative Financial Transactions	19.612	24.227
Foreign Exchange Gains	3.156.862	1.552.745
Loss (-)	3.185.602	1.580.427
Loss from Capital Market Transactions	12.876	6.903
From Derivative Financial Transactions	29.361	19.641
Foreign Exchange Loss	3.143.365	1.553.883
Net Income/(Loss)	3.863	5.361

d. Information on other operating income:

As of 31 March 2015, the Group’s other operating income is TL 3.431 (31 March 2014: TL 3.549). TL 264 (31 March 2014: TL 1.831) of the amount is composed of profit from sales of the fixed assets that were classified as Asset Held for Resale of the Parent Bank.

e. Provision expenses related to loans and other receivables:

	31 March 2015	31 March 2014
Specific Provisions for Loans and Other Receivables	16.316	13.247
III. Group Loans and Receivables	3.535	5.131
IV. Group Loans and Receivables	4.218	3.638
V. Group Loans and Receivables	8.563	4.478
General Provision Expenses	(3.664)	1.540
Provision Expense for Possible Risks	979	3.510
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	13.631	18.297

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f. Information related to other operating expenses:

	31 March 2015	31 March 2014
Personnel Expenses	38.526	32.587
Reserve For Employee Termination Benefits (*)	1.442	1.379
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	1.951	1.704
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	1.899	1.244
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	90	60
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	21.308	18.620
Operational Lease Expenses	6.877	5.648
Maintenance Expenses	600	653
Advertising Expenses	115	157
Other Expense	13.716	12.162
Loss on Sales of Assets	-	-
Other	6.571	4.020
Total	71.787	59.614

(*) As of 31 March 2015, the employee unused vacation provision expense is TL 468 (31 March 2014: TL 430).

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

The Group has no discontinued operations. The Group’s net profit before tax from continuing operations is TL 20.735 (31 March 2014: TL 12.725 net loss 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. If the disclosure of usual banking transactions, income and expenditure items’ composition is necessary to understand the annual performance of Group, the composition and amount of these items:

As of 31 March 2015, the Group has current tax expense amounting to TL 1.902 (31 March 2014: TL 467 tax expense) and deferred tax expense amounting to TL 1.334 (31 March 2014: 2.819 tax income).

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

The Group has TL 3.194 deferred tax income (31 March 2014: TL 3.026 deferred tax income) from temporary differences, TL 1.785 deferred tax income (31 March 2014: 3.906 deferred tax income) from carried financial loss, TL 2.743 deferred tax expense (31 March 2014: TL 4.113 deferred tax expense) and income due to temporary differences closed to net TL 1.334 deferred tax expense (31 March 2014: TL 2.819 deferred tax income).

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

As of 31 March 2015, the Group has TL 451 deferred tax income (31 March 2014: TL 1.087 deferred tax expense) arising from temporary differences and TL 1.785 deferred tax expense (31 March 2014: TL 2.899 deferred tax income) as a result of carried financial loss.

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

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

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

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

None.

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

None.

- k. Information on other income and expenses:**

1. Interest income amounts to TL 205.406 (31 March 2014: TL 147.003) and TL 23.292 (31 March 2014: TL 9.573) of this amount is classified as "Other Interest Income" in the income statement of the Group in the current period.

	31 March 2015	31 March 2014
Other Interest Income		
Interest Income Related to Derivative Transactions	20.398	7.349
Other	2.894	2.224
Total	23.292	9.573

2. Interest expense amounts to TL 122.955 (31 March 2014: TL 98.685), TL 30.209 (31 March 2014: TL 17.608) of this amount is classified as "Other Interest Expense" in the income statement of the Group in the current period.

	31 March 2015	31 March 2014
Other Interest Expense		
Interest Expense Related to Derivative Transactions	29.505	17.045
Other	704	563
Total	30.209	17.608

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3. As of 31 March 2015, the Group’s fee and commission income amounts to TL 21.144 (31 March 2014: TL 10.502) and TL 18.482 (31 March 2014: TL 7.898) of the related amount is classified under “Other” account.

	31 March 2015	31 March 2014
Other Fee and Commissions Received		
Commissions From Brokerage Activity-Leveraged Trading	6.125	1.611
Commissions From Brokerage Activity in Istanbul Stock Exchange	4.414	2.864
Credit Card and POS Transaction Commission	2.545	793
Insurance Commissions	562	406
Account Operating Fees	515	297
Commissions From Brokerage Activity in Turkish Derivative Exchange	396	266
Investment Consultancy Fees	352	200
Commissions on Investment Fund Services	333	72
Transfer Commissions	313	265
Commissions from Correspondent Banks	82	152
Ortak Nokta Commissions	32	25
Letter of Credit Commissions	9	5
Other	2.804	942
Total	18.482	7.898

4. As of 31 March 2015, Group’s fee and commission expense amounts to TL 4.736 (31 March 2014: TL 2.544) and TL 4.588 (31 March 2014: TL 2.438) of the related amount is classified under “Other” account.

	31 March 2015	31 March 2014
Other Fee and Commissions Given		
Credit Card Transaction Commission	2.380	940
Stock Exchange Contribution Expenses	582	260
EFT Commissions	159	137
Commissions Granted to Correspondent Banks	138	135
Ortak Nokta Clearing Commissions	56	55
Transfer Commissions	36	29
Other	1.237	882
Total	4.588	2.438

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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:

Prior period financial information is presented as at 31 December 2014 for balance sheet and 31 March 2014 for income statement items.

1. 31 March 2015:

Groups’ Risk Group (*) Loans and Other Receivables	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
Balance at the Beginning of the Period	-	18.079	-	-	24	26.972
Balance at the End of the Period	-	18.673	-	876	22	18.112
Interest and Commission Income Received	-	-	-	-	-	-

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

31 December 2014:

Groups’ Risk Group (*) Loans and Other Receivables	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
Balance at the Beginning of the Period	-	18.786	-	126	13.267	892
Balance at the End of the Period	-	18.079	-	-	24	26.972
Interest and Commission Income Received	-	-	-	-	812	-

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

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

Groups’ Risk Group(*) Deposit	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period	-	-	21.433	576	13.257	8.812
End of the Period	-	-	25.424	21.433	16.180	13.257
Interest Expense on Deposits	-	-	1	-	210	103

(*) Defined n Article 49 of subsection 2 of the Banking Act No. 5411.

Groups’ Risk Group(*) Repurchase Transactions	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the Period	-	-	-	-	-	108
End of the Period	-	-	-	-	-	-
Interest Expense on Repurchase Transactions	-	-	-	-	-	-

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

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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	-	-	-	-	-	-

(*) Defined in Article 49 of subsection 2 of the Banking Act No. 5411.

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	1.436.087	53,67
Deposit	41.604	0,76
Non-cash loans	37.661	3,03
Banks and Other Financial Institutions	1.222	0,42
Loans	22	0,00

As of 31 March 2015, the Goup has realized interest expense amounting to TL 15.321 (31 March 2014: 13.232) on loans borrowed from the direct shareholders.

3. Equity accounting transactions:

None.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. 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 Group's risk group and the amount composes 0,46% (31 March 2014: 0,58%) of the Group's total cash and non-cash loans.

As of 31 March 2015 there are no purchase-sales transactions on any assets including real-estate with the risk group consisting the Parent Bank.

As of 31 March 2015 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, totals TL 7.476 (31 March 2014: TL 5.667) which include total gross salary, travel, meal, health, life insurance and other expenses.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2015

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

SECTION SIX

EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

The consolidated financial statements for the period ended 31 March 2015 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young) and the independent limited review report dated 22 May 2015 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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