

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH,
SEE IN NOTE I. OF SECTION THREE**

**BURGAN BANK A.Ş.
(previously "EUROBANK TEKFEN A.Ş.")**

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2012**



**CONVENIENCE TRANSLATION OF
THE INDEPENDENT AUDITOR'S REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

To the Board of Directors of Burgan Bank A.Ş.:

We have audited the accompanying consolidated balance sheet of Burgan Bank A.Ş. ("the Bank") and its consolidated subsidiaries at 31 December 2012 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the period then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Disclosure for the responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the consolidated financial statements; and for selecting and applying appropriate accounting policies in compliance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents published on the Official Gazette No. 26333 dated 1 November 2006, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, interpretations and circulars published or declared by the Banking Regulation and Supervision Agency ("the BRSA") on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit has been implemented in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.



Independent Auditor's Opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Burgan Bank A.Ş. and its consolidated subsidiaries at 31 December 2012 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411, 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.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Zeynep Uras, SMMM
Partner

Istanbul, March 14, 2013

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

**THE CONSOLIDATED FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 31 DECEMBER 2012**

Address : Esentepe Mahallesi, Büyükdere Caddesi, Tekfen Tower No:209 34394 Şişli/İstanbul
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The consolidated year end 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** OTHER EXPLANATIONS
- **Section Seven** INDEPENDENT AUDITOR'S 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 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 independently audited.

March 14, 2013

| | | | | |
|---|----------------------------------|--|-------------------------------------|---|
| Mehmet N. ERTEN | Adrian Alejandro GOSTUSKI | Mehmet G. SÖNMEZ | A.İdil KURAL | Ahmet CİĞA |
| Chairman of the Board of Directors and Head of Audit Committee | Member of the Audit Committee | Member of the Board of Directors and General Manager | Finance Executive Vice President | Head of Accounting, Tax, and Reporting Unit |

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

Name-Surname / Title : Ahmet CİĞA / Manager
Telephone Number : 0 212 371 34 84
Fax Number : 0 212 371 42 48

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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

(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.

According to the decision taken in the Extraordinary General Assembly Meeting held on 25 December 2007 the name of Tekfenbank A.Ş. was changed to Eurobank Tekfen A.Ş. (“The Bank”) and registered to Turkish Trade Registry on 11 January 2008.

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 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 in 21 December 2012.

The name of the consolidated subsidiary Tekfen Finansal Kiralama A.Ş. was changed to EFG Finansal Kiralama A.Ş. following the change in the name of the Parent Bank with the decision taken in Extraordinary General Assembly Meeting of the Company held on 29 January 2008 and registered to Turkish Trade Registry on 4 February 2008.

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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

(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:

Burgan Bank S.A.K. became the main shareholder on 21 December 2012 by purchasing 99,26% of the Bank's shares from Eurobank and Tekfen Holding.

The bank's title has been started to be used as Burgan Bank A.Ş. as of 25 January 2013.

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).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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

GENERAL INFORMATION (Continued)

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

| <u>Title</u> | <u>Name</u> | <u>Responsibility</u> | <u>Education</u> |
|--|---------------------------|-----------------------------|------------------|
| Chairman of the Board of Directors: | Mehmet Nazmi Erten | Chairman | Undergraduate |
| Board of Directors Members: (*) | Faisal H.M.H. Al Ayyar | Vice Chairman | Undergraduate |
| | Eduardo Eguren Linsen | Member | Undergraduate |
| | Faisal M.A. Al Radwan | Member | Undergraduate |
| | Majed E.A.A. Al Ajeel | Member | Graduate |
| | Adrian Alejandro Gostuski | Member | Graduate |
| | Cüneyt Akpınar | Member | PhD |
| | Mehmet Alev Göçmez | Member | Graduate |
| | Mehmet Gani Sönmez | Member and General Manager | Undergraduate |
| General Manager: | Mehmet Gani Sönmez | Member and General Manager | Undergraduate |
| Vice General Managers: (*) | Bülent Nur Özkan | Senior Vice General Manager | Undergraduate |
| | Fatma Aliye Atalay | Private Banking | Graduate |
| | Esra Aydın | Operations | Undergraduate |
| | Mutlu Akpara | Treasury | Graduate |
| | Hüseyin Cem Öge | Corporate Banking | Graduate |
| | Fedon Hacaki | Loans | Graduate |
| | Ayşe İdil Kural | Financial Affairs | Undergraduate |
| | Cihan Vural | Internal Control and Audit | Undergraduate |
| | Soner Ersoy | Information Technology | Undergraduate |
| | Zeliha Deniz Veral | Transaction Banking | Undergraduate |
| | Neşe Atabey | Commercial Banking | Undergraduate |
| | Rasim Levent Ergin | Human Resources | Graduate |
| Auditors: | Firdevs Sancı | Auditor | Undergraduate |
| | Semih Çınar | Auditor | Undergraduate |
| Audit Committee: (*) | Mehmet Nazmi Erten | Chairman | Undergraduate |
| | Adrian Alejandro Gostuski | Member | Graduate |

(*) After the transfer of Bank's shares in 21 December 2012, following the authorization of their appointment at the Board of Directors meeting as of 23 January 2013, new members of the Board of Directors and Audit Committee took office. As of 01 February 2013, Retail Banking Vice General Manager Şebnem Dönbekçi resigned from her position.

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

**CONVENIENCE TRANSLATION OF PUBLICLY
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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

(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. | 565.722 | %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 December 2012, the Bank has 60 branches operating in Turkey (31 December 2011: 59). The Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2012, the Bank has 1.070 (31 December 2011: 1.041) 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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

**CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2012 AND 31 DECEMBER 2011**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

| I. | BALANCE SHEET | Note (Section Five) | (31/12/2012) | | | (31/12/2011) | | |
|---------------|--|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | TL | FC | Total | TL | FC | Total |
| | ASSETS | | | | | | | |
| I. | CASH AND BALANCES WITH CENTRAL BANK | I-a | 203.265 | 159.941 | 363.206 | 237.963 | 111.042 | 349.005 |
| II. | FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net) | I-b | 90.928 | 13.862 | 104.790 | 392.471 | 27.762 | 420.233 |
| 2.1 | Trading Financial Assets | | 90.928 | 13.862 | 104.790 | 392.471 | 27.762 | 420.233 |
| 2.1.1 | Government Debt Securities | | 82.343 | 227 | 82.570 | 359.867 | 1.128 | 360.995 |
| 2.1.2 | Share Certificates | | 368 | - | 368 | - | - | - |
| 2.1.3 | Trading Derivative Financial Assets | | 5.374 | 13.635 | 19.009 | 31.341 | 26.634 | 57.975 |
| 2.1.4 | Other Marketable Securities | | 2.843 | - | 2.843 | 1.263 | - | 1.263 |
| 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 | 114.803 | 98.569 | 213.372 | 426.907 | 16.078 | 442.985 |
| IV. | MONEY MARKETS | | 140.695 | - | 140.695 | - | - | - |
| 4.1 | Interbank Money Market Placements | | - | - | - | - | - | - |
| 4.2 | Receivables from Istanbul Stock Exchange Money Market | | 140.695 | - | 140.695 | - | - | - |
| 4.3 | Receivables from Reverse Repurchase Agreements | | - | - | - | - | - | - |
| V. | AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net) | I-d | 362.861 | - | 362.861 | 857.428 | - | 857.428 |
| 5.1 | Share Certificates | | 5.169 | - | 5.169 | 3.958 | - | 3.958 |
| 5.2 | Government Debt Securities | | 357.692 | - | 357.692 | 853.470 | - | 853.470 |
| 5.3 | Other Marketable Securities | | - | - | - | - | - | - |
| VI. | LOANS | I-e | 2.063.092 | 845.970 | 2.909.062 | 1.560.830 | 768.513 | 2.329.343 |
| 6.1 | Loans | | 1.998.159 | 845.970 | 2.844.129 | 1.523.429 | 768.513 | 2.291.942 |
| 6.1.1 | Loans to Bank’s Risk Group | | 21 | - | 21 | 99 | 29 | 128 |
| 6.1.2 | Government Debt Securities | | - | - | - | - | - | - |
| 6.1.3 | Other | | 1.998.138 | 845.970 | 2.844.108 | 1.523.330 | 768.484 | 2.291.814 |
| 6.2 | Loans under Follow-up | | 175.971 | - | 175.971 | 114.466 | - | 114.466 |
| 6.3 | Specific Provisions (-) | | 111.038 | - | 111.038 | 77.065 | - | 77.065 |
| VII. | FACTORING RECEIVABLES | I-e | 130.591 | 9.191 | 139.782 | 122.696 | 6.325 | 129.021 |
| VIII. | HELD-TO-MATURITY SECURITIES (Net) | I-f | - | - | - | 167.789 | - | 167.789 |
| 8.1 | Government Debt Securities | | - | - | - | 167.789 | - | 167.789 |
| 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 | 38.955 | 205.655 | 244.610 | 32.515 | 211.142 | 243.657 |
| 12.1 | Financial Lease Receivables | | 46.111 | 231.668 | 277.779 | 38.931 | 242.268 | 281.199 |
| 12.2 | Operational Lease Receivables | | - | - | - | - | - | - |
| 12.3 | Other | | - | - | - | - | - | - |
| 12.4 | Unearned Income (-) | | 7.156 | 26.013 | 33.169 | 6.416 | 31.126 | 37.542 |
| XIII. | HEDGING DERIVATIVE FINANCIAL ASSETS | I-k | - | - | - | - | - | - |
| 13.1 | Fair Value Hedge | | - | - | - | - | - | - |
| 13.2 | Cash Flow Hedge | | - | - | - | - | - | - |
| 13.3 | Foreign Net Investment Hedge | | - | - | - | - | - | - |
| XIV. | PROPERTY AND EQUIPMENT (Net) | I-l | 27.276 | - | 27.276 | 32.717 | - | 32.717 |
| XV. | INTANGIBLE ASSETS (Net) | I-m | 24.350 | - | 24.350 | 85.344 | - | 85.344 |
| 15.1 | Goodwill | | - | - | - | 63.973 | - | 63.973 |
| 15.2 | Other | | 24.350 | - | 24.350 | 21.371 | - | 21.371 |
| XVI. | INVESTMENT PROPERTY (Net) | I-n | - | - | - | - | - | - |
| XVII. | TAX ASSET | I-o | 9.824 | - | 9.824 | 14.484 | - | 14.484 |
| 17.1 | Current Tax Asset | | - | - | - | 168 | - | 168 |
| 17.2 | Deferred Tax Asset | | 9.824 | - | 9.824 | 14.316 | - | 14.316 |
| XVIII. | ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net) | I-p | 13.005 | - | 13.005 | 15.120 | - | 15.120 |
| 18.1 | Held for Resale | | 13.005 | - | 13.005 | 15.120 | - | 15.120 |
| 18.2 | Discontinued Operations | | - | - | - | - | - | - |
| XIX. | OTHER ASSETS | I-r | 68.866 | 21.214 | 90.080 | 40.464 | 8.445 | 48.909 |
| | TOTAL ASSETS | | 3.288.511 | 1.354.402 | 4.642.913 | 3.986.728 | 1.149.307 | 5.136.035 |

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2012 AND 31 DECEMBER 2011
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)**

| I. | BALANCE SHEET | Note (Section Five) | (31/12/2012) | | | (31/12/2011) | | |
|--------------|---|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | TL | FC | Total | TL | FC | Total |
| | LIABILITIES | | | | | | | |
| I. | DEPOSITS | II-a | 1.878.542 | 1.310.752 | 3.189.294 | 1.490.931 | 683.844 | 2.174.775 |
| 1.1 | Deposits of Bank’s Risk Group | | 3.281 | 540 | 3.821 | 389.102 | 186.835 | 575.937 |
| 1.2 | Other | | 1.875.261 | 1.310.212 | 3.185.473 | 1.101.829 | 497.009 | 1.598.838 |
| II. | TRADING DERIVATIVE FINANCIAL LIABILITIES | II-b | 8.478 | 12.375 | 20.853 | 23.375 | 31.470 | 54.845 |
| III. | BORROWINGS | II-c | 44.717 | 397.293 | 442.010 | 788.844 | 417.185 | 1.206.029 |
| IV. | MONEY MARKETS | | 87.744 | | 87.744 | 845.518 | | 845.518 |
| 4.1 | Funds from Interbank Money Market | | - | - | - | - | - | - |
| 4.2 | Funds from Istanbul Stock Exchange Money Market | | - | - | - | - | - | - |
| 4.3 | Funds Provided Under Repurchase Agreements | | 87.744 | - | 87.744 | 845.518 | - | 845.518 |
| V. | MARKETABLE SECURITIES ISSUED (Net) | | | | | | | |
| 5.1 | Bills | | - | - | - | - | - | - |
| 5.2 | Asset Backed Securities | | - | - | - | - | - | - |
| 5.3 | Bonds | | - | - | - | - | - | - |
| VI. | FUNDS | | | | | | | |
| 6.1 | Borrower Funds | | - | - | - | - | - | - |
| 6.2 | Other | | - | - | - | - | - | - |
| VII. | MISCELLANEOUS PAYABLES | | 46.256 | 15.483 | 61.739 | 30.591 | 13.920 | 44.511 |
| VIII. | OTHER LIABILITIES | II-d | 89.249 | 2.428 | 91.677 | 40.523 | 3.339 | 43.862 |
| IX. | FACTORING PAYABLES | | | | | | | |
| X. | LEASE PAYABLES (Net) | II-e | | | | | | |
| 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-f | | | | | | |
| 11.1 | Fair Value Hedge | | - | - | - | - | - | - |
| 11.2 | Cash Flow Hedge | | - | - | - | - | - | - |
| 11.3 | Foreign Net Investment Hedge | | - | - | - | - | - | - |
| XII. | PROVISIONS | II-g | 55.102 | 22.145 | 77.247 | 50.289 | 22.675 | 72.964 |
| 12.1 | General Loan Loss Provision | | 27.303 | 9.793 | 37.096 | 18.034 | 9.980 | 28.014 |
| 12.2 | Restructuring Provisions | | - | - | - | - | - | - |
| 12.3 | Reserve for Employee Rights | | 20.323 | - | 20.323 | 21.111 | - | 21.111 |
| 12.4 | Insurance Technical Provisions (Net) | | - | - | - | - | - | - |
| 12.5 | Other Provisions | | 7.476 | 12.352 | 19.828 | 11.144 | 12.695 | 23.839 |
| XIII. | TAX LIABILITY | II-h | 13.175 | | 13.175 | 13.587 | | 13.587 |
| 13.1 | Current Tax Liability | | 13.175 | - | 13.175 | 13.587 | - | 13.587 |
| 13.2 | Deferred Tax Liability | | - | - | - | - | - | - |
| XIV. | PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net) | II-i | | | | | | |
| 14.1 | Held for Resale | | - | - | - | - | - | - |
| 14.2 | Discontinued Operations | | - | - | - | - | - | - |
| XV. | SUBORDINATED LOANS | II-j | | | | | | |
| XVI. | SHAREHOLDERS' EQUITY | II-k | 659.174 | | 659.174 | 679.944 | | 679.944 |
| 16.1 | Paid-in Capital | | 570.000 | - | 570.000 | 570.000 | - | 570.000 |
| 16.2 | Capital Reserves | | 13.969 | - | 13.969 | (227) | - | (227) |
| 16.2.1 | Share Premium | | - | - | - | - | - | - |
| 16.2.2 | Share Cancellation Profits | | - | - | - | - | - | - |
| 16.2.3 | Marketable Securities Valuation Reserve | | 10.185 | - | 10.185 | (3.739) | - | (3.739) |
| 16.2.4 | Tangible Assets Revaluation Reserve | | 3.717 | - | 3.717 | 3.445 | - | 3.445 |
| 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) | | - | - | - | - | - | - |
| 16.2.9 | Value Differences of Assets Held for Resale and Discontinued Operations | | - | - | - | - | - | - |
| 16.2.10 | Other Capital Reserves | | 67 | - | 67 | 67 | - | 67 |
| 16.3 | Profit Reserves | | 106.635 | - | 106.635 | 81.225 | - | 81.225 |
| 16.3.1 | Legal Reserves | | 17.862 | - | 17.862 | 14.011 | - | 14.011 |
| 16.3.2 | Status Reserves | | - | - | - | - | - | - |
| 16.3.3 | Extraordinary Reserves | | 88.773 | - | 88.773 | 67.214 | - | 67.214 |
| 16.3.4 | Other Profit Reserves | | - | - | - | - | - | - |
| 16.4 | Income or (Loss) | | (31.430) | - | (31.430) | 28.946 | - | 28.946 |
| 16.4.1 | Prior Years' Income or (Loss) | | 3.536 | - | 3.536 | 3.536 | - | 3.536 |
| 16.4.2 | Current Year Income or (Loss) | | (34.966) | - | (34.966) | 25.410 | - | 25.410 |
| 16.5 | Minority Shares | | - | - | - | - | - | - |
| | TOTAL LIABILITIES | | 2.882.437 | 1.760.476 | 4.642.913 | 3.963.602 | 1.172.433 | 5.136.035 |

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 DECEMBER 2012 AND 31 DECEMBER 2011**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

| II. OFF-BALANCE SHEET | | Note (Section Five) | (31/12/2012) | | | (31/12/2011) | | |
|--|--|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | TL | FC | Total | TL | FC | Total |
| A | OFF-BALANCE SHEET COMMITMENTS (I+II+III) | | 2.174.825 | 3.967.483 | 6.142.308 | 2.647.391 | 5.324.441 | 7.971.832 |
| I. | GUARANTEES AND WARRANTIES | III-a-2-3 | 457.586 | 600.726 | 1.058.312 | 390.407 | 1.273.023 | 1.663.430 |
| 1.1 | Letters of Guarantee | | 456.790 | 160.944 | 617.734 | 389.239 | 134.270 | 523.509 |
| 1.1.1 | Guarantees Subject to State Tender Law | | 10.229 | 24.176 | 34.405 | 10.543 | 13.874 | 24.417 |
| 1.1.2 | Guarantees Given for Foreign Trade Operations | | - | - | - | - | - | - |
| 1.1.3 | Other Letters of Guarantee | | 446.561 | 136.768 | 583.329 | 378.696 | 120.396 | 499.092 |
| 1.2 | Bank Acceptances | | 305 | 94.936 | 95.241 | 600 | 90.689 | 91.289 |
| 1.2.1 | Import Letter of Acceptance | | 305 | 94.936 | 95.241 | 600 | 90.689 | 91.289 |
| 1.2.2 | Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3 | Letters of Credit | | - | 115.632 | 115.632 | - | 194.259 | 194.259 |
| 1.3.1 | Documentary Letters of Credit | | - | 115.632 | 115.632 | - | 194.259 | 194.259 |
| 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 | | 491 | 703 | 1.194 | 568 | 1.835 | 2.403 |
| 1.8 | Other Guarantees | | - | 228.511 | 228.511 | - | 851.970 | 851.970 |
| 1.9 | Other Collaterals | | - | - | - | - | - | - |
| II. | COMMITMENTS | III-a-1 | 388.334 | 97.174 | 485.508 | 342.923 | 76.976 | 419.899 |
| 2.1 | Irrevocable Commitments | | 388.334 | 97.174 | 485.508 | 342.923 | 76.976 | 419.899 |
| 2.1.1 | Asset Purchase and Sales Commitments | | 21.741 | 97.174 | 118.915 | 52.134 | 76.976 | 129.110 |
| 2.1.2 | Deposit Purchase and Sales Commitments | | - | - | - | - | - | - |
| 2.1.3 | Share Capital Commitments to Associates and Subsidiaries | | - | - | - | 1.000 | - | 1.000 |
| 2.1.4 | Commitments for Loan Limits | | 68.406 | - | 68.406 | 42.404 | - | 42.404 |
| 2.1.5 | Securities Issue Brokerage Commitments | | - | - | - | - | - | - |
| 2.1.6 | Commitments for Reserve Deposit Requirements | | - | - | - | - | - | - |
| 2.1.7 | Commitments for Cheques | | 267.935 | - | 267.935 | 225.721 | - | 225.721 |
| 2.1.8 | Tax and Fund Liabilities from Export Commitments | | 18 | - | 18 | 1.111 | - | 1.111 |
| 2.1.9 | Commitments for Credit Card Limits | | 30.056 | - | 30.056 | 20.375 | - | 20.375 |
| 2.1.10 | Promotion Commitments for Credit Cards and Banking Services | | - | - | - | - | - | - |
| 2.1.11 | Receivables from Short Sale Commitments of Marketable Securities | | - | - | - | - | - | - |
| 2.1.12 | Payables for Short Sale Commitments of Marketable Securities | | - | - | - | - | - | - |
| 2.1.13 | Other Irrevocable Commitments | | 178 | - | 178 | 178 | - | 178 |
| 2.2 | Revocable Commitments | | - | - | - | - | - | - |
| 2.2.1 | Revocable Commitments for Loan Limits | | - | - | - | - | - | - |
| 2.2.2 | Other Revocable Commitments | | - | - | - | - | - | - |
| III. | DERIVATIVE FINANCIAL INSTRUMENTS | III-b | 1.328.905 | 3.269.583 | 4.598.488 | 1.914.061 | 3.974.442 | 5.888.503 |
| 3.1 | Hedging Derivative Financial Instruments | | - | - | - | - | - | - |
| 3.1.1 | Transactions for Fair Value Hedge | | - | - | - | - | - | - |
| 3.1.2 | Transactions for Cash Flow Hedge | | - | - | - | - | - | - |
| 3.1.3 | Transactions for Foreign Net Investment Hedge | | - | - | - | - | - | - |
| 3.2 | Trading Derivative Financial Instruments | | 1.328.905 | 3.269.583 | 4.598.488 | 1.914.061 | 3.974.442 | 5.888.503 |
| 3.2.1 | Forward Foreign Currency Buy/Sell Transactions | | 153.853 | 507.879 | 661.732 | 319.982 | 860.454 | 1.180.436 |
| 3.2.1.1 | Forward Foreign Currency Transactions-Buy | | 51.290 | 276.969 | 328.259 | 158.223 | 431.818 | 590.041 |
| 3.2.1.2 | Forward Foreign Currency Transactions-Sell | | 102.563 | 230.910 | 333.473 | 161.759 | 428.636 | 590.395 |
| 3.2.2 | Swap Transactions Related to Foreign Currency and Interest Rates | | 129.900 | 972.942 | 1.102.842 | 433.135 | 1.179.013 | 1.612.148 |
| 3.2.2.1 | Foreign Currency Swap-Buy | | 98.740 | 187.264 | 286.004 | 389.593 | 115.639 | 505.232 |
| 3.2.2.2 | Foreign Currency Swap-Sell | | 31.160 | 250.730 | 281.890 | 43.542 | 455.834 | 499.376 |
| 3.2.2.3 | Interest Rate Swap-Buy | | - | 267.474 | 267.474 | - | 303.770 | 303.770 |
| 3.2.2.4 | Interest Rate Swap-Sell | | - | 267.474 | 267.474 | - | 303.770 | 303.770 |
| 3.2.3 | Foreign Currency, Interest rate and Securities Options | | 1.044.782 | 1.788.762 | 2.833.544 | 1.160.944 | 1.934.975 | 3.095.919 |
| 3.2.3.1 | Foreign Currency Options-Buy | | 522.391 | 866.782 | 1.389.173 | 585.822 | 911.891 | 1.497.713 |
| 3.2.3.2 | Foreign Currency Options-Sell | | 522.391 | 866.782 | 1.389.173 | 575.122 | 921.336 | 1.496.458 |
| 3.2.3.3 | Interest Rate Options-Buy | | - | 27.599 | 27.599 | - | 50.874 | 50.874 |
| 3.2.3.4 | Interest Rate Options-Sell | | - | 27.599 | 27.599 | - | 50.874 | 50.874 |
| 3.2.3.5 | Securities Options-Buy | | - | - | - | - | - | - |
| 3.2.3.6 | Securities Options-Sell | | - | - | - | - | - | - |
| 3.2.4 | Foreign Currency Futures | | - | - | - | - | - | - |
| 3.2.4.1 | Foreign Currency Futures-Buy | | - | - | - | - | - | - |
| 3.2.4.2 | Foreign Currency Futures-Sell | | - | - | - | - | - | - |
| 3.2.5 | Interest Rate Futures | | - | - | - | - | - | - |
| 3.2.5.1 | Interest Rate Futures-Buy | | - | - | - | - | - | - |
| 3.2.5.2 | Interest Rate Futures-Sell | | - | - | - | - | - | - |
| 3.2.6 | Other | | 370 | - | 370 | - | - | - |
| B. | CUSTODY AND PLEDGES RECEIVED (IV+V+VI) | | 11.020.489 | 7.662.474 | 18.682.963 | 8.745.123 | 8.338.138 | 17.083.261 |
| IV. | ITEMS HELD IN CUSTODY | | 2.248.464 | 226.199 | 2.474.663 | 2.432.707 | 375.479 | 2.808.186 |
| 4.1 | Customer Fund and Portfolio Balances | | - | - | - | - | - | - |
| 4.2 | Investment Securities Held in Custody | | 1.269.037 | 3.514 | 1.272.551 | 1.428.986 | 6.740 | 1.435.726 |
| 4.3 | Cheques Received for Collection | | 925.911 | 152.400 | 1.078.311 | 793.066 | 150.112 | 943.178 |
| 4.4 | Commercial Notes Received for Collection | | 40.356 | 16.236 | 56.592 | 23.092 | 12.165 | 35.257 |
| 4.5 | Other Assets Received for Collection | | - | - | - | - | - | - |
| 4.6 | Assets Received for Public Offering | | - | - | - | - | - | - |
| 4.7 | Other Items Under Custody | | 13.160 | 54.049 | 67.209 | 187.563 | 206.462 | 394.025 |
| 4.8 | Custodians | | - | - | - | - | - | - |
| V. | PLEDGES RECEIVED | | 8.772.025 | 7.433.769 | 16.205.794 | 6.312.416 | 7.958.460 | 14.270.876 |
| 5.1 | Marketable Securities | | 1.043 | - | 1.043 | 1.043 | - | 1.043 |
| 5.2 | Guarantee Notes | | 6.761.107 | 5.574.693 | 12.335.800 | 4.538.879 | 5.622.426 | 10.161.305 |
| 5.3 | Commodity | | 100.159 | 92.679 | 192.838 | 69.684 | 96.345 | 166.029 |
| 5.4 | Warranty | | - | - | - | - | - | - |
| 5.5 | Immovable | | 1.721.276 | 1.606.598 | 3.327.874 | 1.572.911 | 2.144.073 | 3.716.984 |
| 5.6 | Other Pledged Items | | 188.440 | 159.799 | 348.239 | 129.899 | 95.616 | 225.515 |
| 5.7 | Pledged Items-Depository | | - | - | - | - | - | - |
| VI. | ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | | - | 2.506 | 2.506 | - | 4.199 | 4.199 |
| TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B) | | | 13.195.314 | 11.629.957 | 24.825.271 | 11.392.514 | 13.662.579 | 25.055.093 |

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 FOR THE YEARS ENDED
31 DECEMBER 2012 AND 31 DECEMBER 2011**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

| III. | INCOME STATEMENT | Note (Section Five) | 01/01/2012-31/12/2012 | 01/01/2011-31/12/2011 |
|---------------|---|---------------------|-----------------------|-----------------------|
| | INCOME AND EXPENSE ITEMS | | | |
| I. | INTEREST INCOME | IV-a | 516.402 | 456.050 |
| 1.1 | Interest on Loans | | 354.631 | 214.580 |
| 1.2 | Interest Received from Reserve Requirements | | - | - |
| 1.3 | Interest Received from Banks | | 32.833 | 73.356 |
| 1.4 | Interest Received from Money Market Transactions | | 7.996 | 1.213 |
| 1.5 | Interest Received from Marketable Securities Portfolio | | 66.701 | 108.510 |
| 1.5.1 | Trading Financial Assets | | 14.030 | 6.155 |
| 1.5.2 | Financial Assets at Fair Value through Profit or Loss | | - | - |
| 1.5.3 | Available-for-sale Financial Assets | | 47.659 | 68.890 |
| 1.5.4 | Held-to-maturity Investments | | 5.012 | 33.465 |
| 1.6 | Financial Lease Income | | 20.828 | 19.032 |
| 1.7 | Other Interest Income | | 33.413 | 39.359 |
| II. | INTEREST EXPENSE (-) | IV-b | 319.151 | 327.798 |
| 2.1 | Interest on Deposits (-) | | 211.398 | 131.757 |
| 2.2 | Interest on Funds Borrowed (-) | | 60.484 | 96.152 |
| 2.3 | Interest Expense on Money Market Transactions (-) | | 23.304 | 58.073 |
| 2.4 | Interest on Securities Issued (-) | | - | - |
| 2.5 | Other Interest Expenses (-) | | 23.965 | 41.816 |
| III. | NET INTEREST INCOME (I - II) | | 197.251 | 128.252 |
| IV. | NET FEES AND COMMISSIONS INCOME/EXPENSE | IV-1 | 33.551 | 55.072 |
| 4.1 | Fees and Commissions Received | | 40.419 | 62.811 |
| 4.1.1 | Non-cash Loans | | 17.718 | 25.708 |
| 4.1.2 | Other | | 22.701 | 37.103 |
| 4.2 | Fees and Commissions Paid (-) | | 6.868 | 7.739 |
| 4.2.1 | Non-cash Loans (-) | | 73 | 833 |
| 4.2.2 | Other (-) | | 6.795 | 6.906 |
| V. | DIVIDEND INCOME | IV-c | 136 | 123 |
| VI. | TRADING INCOME / (LOSS) (Net) | IV-d | 22.610 | 42.133 |
| 6.1 | Trading Gains/(Losses) on Securities | | 9.651 | 38.779 |
| 6.2 | Trading Gains/(Losses) on Derivative Financial Instruments | | 6.732 | (849) |
| 6.3 | Foreign Exchange Gains/(Losses) | | 6.227 | 4.203 |
| VII. | OTHER OPERATING INCOME | IV-e | 12.821 | 8.097 |
| VIII. | TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | 266.369 | 233.677 |
| IX. | PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) | IV-f | 41.526 | 19.753 |
| X. | OTHER OPERATING EXPENSES (-) | IV-g | 251.456 | 179.762 |
| XI. | NET OPERATING INCOME/(LOSS) (VIII-IX-X) | | (26.613) | 34.162 |
| 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-h | (26.613) | 34.162 |
| XVI. | TAX PROVISION FOR CONTINUING OPERATIONS (-) | IV-i | 8.353 | 8.752 |
| 16.1 | Current Tax Provision | | 7.410 | 2.192 |
| 16.2 | Deferred Tax Provision | | 943 | 6.560 |
| XVII. | NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV- XVI) | IV-j | (34.966) | 25.410 |
| 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-k | (34.966) | 25.410 |
| 23.1 | Income / (Loss) of the Group | | (34.966) | 25.410 |
| 23.2 | Income / (Loss) of Minority Interest | | - | - |
| | Earnings / (Loss) per share (1.000 nominal in TL full) | | (0,613) | 0,500 |

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 YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

| IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY | | |
|---|-------------------|-------------------|
| INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY | 31/12/2012 | 31/12/2011 |
| I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS | 18.878 | (5.804) |
| II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS | 340 | 136 |
| 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) | - | - |
| 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 | (3.844) | 1.134 |
| X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX) | 15.374 | (4.534) |
| XI. CURRENT PERIOD INCOME/LOSS | (1.178) | (1.634) |
| 11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement) | (1.178) | (1.634) |
| 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 | - | - |
| XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI) | 14.196 | (6.168) |

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 FOR THE YEAR ENDED 31 DECEMBER 2011

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

| V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY | | | | | | | | | | | | | | | | | | | | |
|--|---|---------------------------|--------------------|-----------------------------------|------------------|----------------------------------|-------------------|--------------------|---------------------------|-------------------|--|--------------------------------------|--|---|---|---------------------|---|--|----------------------|----------------------------------|
| PRIOR PERIOD 31/12/2011 | | 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 | | 380.000 | 1.567 | - | - | 10.568 | - | 78.648 | 67 | 30.352 | 3.626 | 2.538 | 3.336 | - | - | - | 510.702 | - | 510.702 |
| | Changes in the Period | | | | | | | | | | | | | | | | | | | |
| II. | Increase/Decrease due to the Merger | | | | | | | | | | | | | | | | | | | |
| III. | Marketable Securities Valuation Differences | | | | | | | | | | | | (6.277) | | | | | (6.277) | | (6.277) |
| IV. | Hedging Reserves (Effective Portion) | | | | | | | | | | | | | | | | | | | |
| 4.1 | Cash Flow Hedge | | | | | | | | | | | | | | | | | | | |
| 4.2 | Foreign Investment Hedge | | | | | | | | | | | | | | | | | | | |
| V. | Revaluation Differences of Tangible Assets | | | | | | | | | | | | | 109 | | | | 109 | | 109 |
| 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 | | 190.000 | (1.567) | | | | | (33.896) | | | | | (4.537) | | | | 150.000 | | 150.000 |
| 12.1 | Cash | | 150.000 | | | | | | | | | | | | | | | 150.000 | | 150.000 |
| 12.2 | Internal Resources | | 40.000 | (1.567) | | | | | (33.896) | | | | | (4.537) | | | | | | |
| XIII. | Share Premium | | | | | | | | | | | | | | | | | | | |
| XIV. | Share Cancellation Profits | | | | | | | | | | | | | | | | | | | |
| XV. | Adjustment to Share Capital | | | | | | | | | | | | | | | | | | | |
| XVI. | Other | | | | | | | | | | | | | | | | | | | |
| XVII. | Current Year Income or Loss | | | | | | | | | | 25.410 | | | | | | | 25.410 | | 25.410 |
| XVIII. | Profit Distribution | | | | | | 3.443 | | 22.462 | | (30.352) | (90) | | 4.537 | | | | | | |
| 18.1 | Dividend Paid | | | | | | | | | | | | | | | | | | | |
| 18.2 | Transfers to Reserves | | | | | | 3.443 | | 22.462 | | (30.352) | | | 4.537 | | | | 90 | | 90 |
| 18.3 | Other | | | | | | | | | | | (90) | | | | | | (90) | | (90) |
| | Period End Balance (I+II+III+... +XVIII) | | 570.000 | | | | 14.011 | | 67.214 | 67 | 25.410 | 3.536 | (3.739) | 3.445 | | | | 679.944 | | 679.944 |

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 FOR THE YEAR ENDED 31 DECEMBER 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

| V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY | | | | | | | | | | | | | | | | | | | | |
|--|---|---------------------------|--------------------|-----------------------------------|------------------|----------------------------------|-------------------|--------------------|---------------------------|-------------------|--|--------------------------------------|--|---|---|---------------------|---|--|----------------------|----------------------------------|
| CURRENT PERIOD 31/12/2012 | | 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 | | 570.000 | - | - | 14.011 | - | - | 67.214 | 67 | 25.410 | 3.536 | (3.739) | 3.445 | - | - | - | 679.944 | - | 679.944 |
| Changes in the Period | | | | | | | | | | | | | | | | | | | | |
| II. | Increase/Decrease due to the Merger | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. | Marketable Securities Valuation Differences | (V-d) | - | - | - | - | - | - | - | - | - | - | 13.924 | - | - | - | - | 13.924 | - | 13.924 |
| IV. | Hedging Reserves (Effective Portion) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.1 | Cash Flow Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4.2 | Foreign Investment Hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. | Revaluation Differences of Tangible Assets | (V-e) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. | Revaluation Differences of Intangible Assets | | - | - | - | - | - | - | - | - | - | - | - | 272 | - | - | - | 272 | - | 272 |
| 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 | (V-c) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 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 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVIII. | Profit Distribution | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18.1 | Dividend Paid | | - | - | - | 3.851 | - | - | 21.559 | - | (34.966) | (25.410) | - | - | - | - | - | (34.966) | - | (34.966) |
| 18.2 | Transfers to Reserves | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18.3 | Other | | - | - | - | 3.851 | - | - | 21.559 | - | (25.410) | - | - | - | - | - | - | - | - | - |
| Period End Balance (I+II+III+... +XVIII) | | | 570.000 | - | - | 17.862 | - | - | 88.773 | 67 | (34.966) | 3.536 | 10.185 | 3.717 | - | - | - | 659.174 | - | 659.174 |

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 CASH FLOWS FOR THE YEARS ENDED
31 DECEMBER 2012 AND 31 DECEMBER 2011**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

| VI. STATEMENT OF CASH FLOWS | Note | (31/12/2012) | (31/12/2011) |
|---|-------------|------------------|------------------|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating profit before changes in operating assets and liabilities | | 54.486 | 19.042 |
| 1.1.1 Interest received | | 597.977 | 426.079 |
| 1.1.2 Interest paid | | (347.820) | (329.885) |
| 1.1.3 Dividend received | | 136 | 123 |
| 1.1.4 Fees and commissions received | | 33.551 | 55.072 |
| 1.1.5 Other income | | - | - |
| 1.1.6 Collections from previously written-off loans and other receivables | | 31.001 | 29.249 |
| 1.1.7 Payments to personnel and service suppliers | | (100.012) | (51.358) |
| 1.1.8 Taxes paid | | - | - |
| 1.1.9 Other | VI-b | (160.347) | (110.238) |
| 1.2 Changes in operating assets and liabilities | | (826.413) | (526.246) |
| 1.2.1 Net (increase)/decrease in trading securities | | 303.589 | (218.029) |
| 1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets | | - | - |
| 1.2.3 Net increase/(decrease) in due from banks | | - | 33.736 |
| 1.2.4 Net (increase)/decrease in loans | | (639.577) | (776.292) |
| 1.2.5 Net (increase)/decrease in other assets | | (41.952) | (25.807) |
| 1.2.6 Net (increase)/decrease in bank deposits | | (14.541) | (38.381) |
| 1.2.7 Net increase/(decrease) in other deposits | | 1.023.682 | 334.729 |
| 1.2.8 Net increase/(decrease) in funds borrowed | | (1.487.734) | 116.514 |
| 1.2.9 Net increase/(decrease) in payables | | - | - |
| 1.2.10 Net increase/(decrease) in other liabilities | VI-b | 30.120 | 47.284 |
| I. Net cash provided from banking operations | | (771.927) | (507.204) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. Net cash provided from investing activities | | 661.117 | 271.528 |
| 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 | | (8.496) | (10.634) |
| 2.4 Disposals of property and equipment | | 7.258 | 3.669 |
| 2.5 Cash paid for purchase of investments available-for-sale | | - | (514.485) |
| 2.6 Cash obtained from sale of investments available-for-sale | | 494.566 | - |
| 2.7 Cash paid for purchase of investment securities | | - | (408) |
| 2.8 Cash obtained from sale of investment securities | | 167.789 | 793.386 |
| 2.9 Other | | - | - |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net cash provided from financing activities | | - | 150.000 |
| 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 | | - | 150.000 |
| IV. Effect of change in foreign exchange rate on cash and cash equivalents | | (1.648) | 2.196 |
| V. Net (increase)/decrease in cash and cash equivalents (I+II+III+IV) | | (112.458) | (83.480) |
| VI. Cash and cash equivalents at beginning of the period | | 704.697 | 788.177 |
| VII. Cash and cash equivalents at end of the period | VI-a | 592.239 | 704.697 |

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

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

**BURGAN BANK A.Ş.
CONSOLIDATED PROFIT APPROPRIATION STATEMENTS FOR THE YEARS ENDED
31 DECEMBER 2012 AND 31 DECEMBER 2011**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

| VII. PROFIT APPROPRIATION STATEMENT | (31/12/2012) (*) | (31/12/2011) (**) |
|--|------------------|-------------------|
| I. DISTRIBUTION OF CURRENT YEAR INCOME | | |
| 1.1. CURRENT YEAR INCOME | 6.564 | 42.820 |
| 1.2. TAXES AND DUTIES PAYABLE (-) | 7.804 | 5.451 |
| 1.2.1. Corporate Tax (Income tax) | 5.758 | - |
| 1.2.2. Income withholding tax | - | - |
| 1.2.3. Other taxes and duties | 2.046 | 5.451 |
| A. NET INCOME FOR THE YEAR (1.1-1.2) | (1.240) | 37.369 |
| 1.3. PRIOR YEAR LOSSES (-) | - | - |
| 1.4. FIRST LEGAL RESERVES (-) | - | 1.868 |
| 1.5. OTHER STATUTORY RESERVES (-) | - | - |
| B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))(*)] | - | 35.501 |
| 1.6. FIRST DIVIDEND TO SHAREHOLDERS (-) | - | - |
| 1.6.1. To Owners of Ordinary Shares | - | - |
| 1.6.2. To Owners of Privileged Shares | - | - |
| 1.6.3. To Owners of Preferred Shares | - | - |
| 1.6.4. To Profit Sharing Bonds | - | - |
| 1.6.5. To Holders of Profit and Loss Sharing Certificates | - | - |
| 1.7. DIVIDENDS TO PERSONNEL (-) | - | - |
| 1.8. DIVIDENDS TO BOARD OF DIRECTORS (-) | - | - |
| 1.9. SECOND DIVIDEND TO SHAREHOLDERS (-) | - | - |
| 1.9.1. To Owners of Ordinary Shares | - | - |
| 1.9.2. To Owners of Privileged Share | - | - |
| 1.9.3. To Owners of Preferred Shares | - | - |
| 1.9.4. To Profit Sharing Bonds | - | - |
| 1.9.5. To Holders of Profit and Loss Sharing Certificates | - | - |
| 1.10. SECOND LEGAL RESERVES (-) | - | - |
| 1.11. STATUTORY RESERVES (-) | - | - |
| 1.12. EXTRAORDINARY RESERVES | - | 35.501 |
| 1.13. OTHER RESERVES | - | - |
| 1.14. SPECIAL FUNDS | - | - |
| II. DISTRIBUTION OF RESERVES | - | - |
| 2.1. APPROPRIATED RESERVES | - | - |
| 2.2. SECOND LEGAL RESERVES (-) | - | - |
| 2.3. DIVIDENDS TO SHAREHOLDERS (-) | - | - |
| 2.3.1. To owners of ordinary shares | - | - |
| 2.3.2. To owners of privileged shares | - | - |
| 2.3.3. To owners of preferred shares | - | - |
| 2.3.4. To profit sharing bonds | - | - |
| 2.3.5. To holders of profit and loss sharing certificates | - | - |
| 2.4. DIVIDENDS TO PERSONNEL (-) | - | - |
| 2.5. DIVIDENDS TO BOARD OF DIRECTORS (-) | - | - |
| III. EARNINGS PER SHARE | - | - |
| 3.1. TO OWNERS OF ORDINARY SHARES | - | - |
| 3.2. TO OWNERS OF ORDINARY SHARES (%) | - | - |
| 3.3. TO OWNERS OF PRIVILEGED SHARES | - | - |
| 3.4. TO OWNERS OF PRIVILEGED SHARES (%) | - | - |
| IV. DIVIDEND PER SHARE | - | - |
| 4.1. TO OWNERS OF ORDINARY SHARES | - | - |
| 4.2. TO OWNERS OF ORDINARY SHARES (%) | - | - |
| 4.3. TO OWNERS OF PRIVILEGED SHARES | - | - |
| 4.4. TO OWNERS OF PRIVILEGED SHARES (%) | - | - |

(*) Authorised body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet. There can not be profit distribution according to Legislation of Turkish. Therefore, Parent Bank's profit distribution statement is given.

(**) Presents the approved "Profit Distribution Statement" of the Parent Bank in the General Assembly Meeting held on 27 April 2012.

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

**CONVENIENCE TRANSLATION OF PUBLICLY
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IN TURKISH, SEE NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

The Parent Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 (“Banking Act”), which are effective from 1 November 2005, the Turkish Commercial Code and Turkish tax legislation.

The consolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents” published in the Official Gazette No.26333 dated 1 November 2006 by the Banking Regulation and Supervision Agency (“BRSA”) which refers to “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards”(“TFRS”) issued by the Turkish Accounting Standards Board (“TASB”) and other decrees, notes and explanations related to the accounting and financial reporting principles (all “Turkish Accounting Standards” or “TAS”) published by the BRSA. 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.26430 dated 10 February 2007 and changes in the related communiqué.

The consolidated financial statements have been prepared in 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 Group 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.

The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles are defined and applied in accordance with TAS. Those accounting policies and valuation principles are explained in Notes II to XXVIII below.

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.

**CONVENIENCE TRANSLATION OF PUBLICLY
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IN TURKISH, SEE NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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

ACCOUNTING POLICIES (Continued)

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

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. 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”.

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

Consolidated financial statements are prepared in accordance with the “Turkish Accounting Standard for Consolidated and Separate Financial Statements” (“TAS 27”).

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.

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, intergroup transactions, resulting unrealized profits, and losses are eliminated. Minority interests in the net income of consolidated subsidiaries are identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Group. Minority interests are presented in the consolidated balance sheet, in the shareholder’s equity. Minority interests are presented separately in the Group’s income.

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

The Group has no joint ventures or investment in associates as of 31 December 2012 and 31 December 2011.

**CONVENIENCE TRANSLATION OF PUBLICLY
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IN TURKISH, SEE NOTE I. OF SECTION THREE**

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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

ACCOUNTING POLICIES (Continued)

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

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.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortized to profit or loss over the period maturity.

Certain derivative transactions, even though they provide effective economic hedges under the Group’s risk management position, do not qualify for hedge accounting under the specific rules in “Turkish Accounting Standard for Financial Instruments: Recognition and Measurement (“TAS 39”)” and are therefore treated as “Financial assets at fair value through profit or loss”.

“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.

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:

All fees and commissions income/expenses are recognized on an accrual basis, except for certain commission income and fees from various banking services, which are recorded as income at the time of collection. Fees and commissions income/expenses received/paid from/to the other institutions are recognized as transactional costs and recorded using the effective interest method. Contract-based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third or legal person are recognized as income at the time of collection.

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ACCOUNTING POLICIES (Continued)

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 Bank management, taking into consideration the purpose of holding the investment.

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

Financial assets, which are classified as "Financial assets at fair value through profit or loss", are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from the fair market transactions, it is accepted that the fair value cannot be measured reliably and that the financial assets are carried at "amortized cost" using the effective interest method. All gains and losses arising from these evaluations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

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

b. Held-to-maturity financial assets:

Held-to-maturity financial assets are assets that are not classified under loans and receivables and held-for-trading at the time of acquisition and are not included in available-for-sale financial assets, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognized at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at "amortized cost" using the effective interest 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 financial assets which are created by providing money, services or goods to a debtor. 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.

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ACCOUNTING POLICIES (Continued)

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 Bank in determining the estimates.

Provision expenses are deducted from the net income of the year. If there is a collection from a receivable that is provisioned previously, the amount is deducted from the “Specific Provisions” account and recorded as an income to “Provision for Loan Losses and Other Receivables” shown as net with the provisions recorded in the year. Uncollectible receivables are written-off after all the legal procedures have been finalized.

d. Available-for-sale financial assets:

Available-for-sale financial assets are defined as financial assets other than the ones classified as “Loans and receivables”, “Held-to-maturity assets” or “Financial asset at fair value through profit or loss”.

Government bonds included in the available-for-sale financial assets are subsequently re-measured at fair value. When fair value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortized cost using the effective interest method. 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.

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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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 TL63.973 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.

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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. However, the revaluation amount of the building acquired within the context of the financial lease agreement explained in detail in Section V is presented in the financial statements by considering the sales option regarding the share transfer of the Group.

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.

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 2011 (2010: 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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ACCOUNTING POLICIES (Continued)

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:

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 December 2012 and 31 December 2011, 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 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Net Income / (Loss) to be Appropriated to Ordinary Shareholders | (34,966) | 25,410 |
| Weighted Average Number of Issued Ordinary Shares (Thousand) | 57,000,000 | 50,811,844 |
| Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)) | (0,613) | 0,500 |

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of 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:

For the purpose of these financial statements, shareholders, key management personnel and board members together with their families and companies controlled by/affiliated with them, and associated companies are considered and referred to as related parties in accordance with “Turkish Accounting Standard for Related Parties” (“TAS 24”). The transactions with related parties are disclosed in detail 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 and time deposits at banks with original maturity periods of less than three months.

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 VII in Section Four.

XXVIII. RECLASSIFICATIONS:

Reclassifications have been made on comparative 31 December 2012 consolidated figures, to conform to changes in presentation of 31 December 2011 consolidated report notes.

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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 December 2012, the consolidated capital adequacy ratio of the Group is 15,76% (31 December 2011: 15,54%) which satisfies the requirement of being above the minimum ratio of 8% stated in the related legislation and the targeted capital requirement stated in BRSA legislation.

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

The capital adequacy ratio of the Group 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 December 2012 | Risk Weights | | | | | | | Risk Weights | | | | | | |
|--|--------------|---------|---------|---------|-----------|--------|--------|--------------|---------|---------|---------|-----------|--------|--------|
| | Bank | | | | | | | Consolidated | | | | | | |
| | 0% | 20% | 50% | 75% | 100% | 150% | 200% | 0% | 20% | 50% | 75% | 100% | 150% | 200% |
| Surplus credit risk weighted | 755.112 | 303.550 | 670.965 | 699.544 | 2.609.843 | 15.996 | 17.396 | 755.167 | 305.085 | 679.115 | 690.809 | 2.788.351 | 16.081 | 17.396 |
| Risk classifications: | | | | | | | | | | | | | | |
| Claims on sovereigns and Central Banks | 677.205 | - | - | - | 22.766 | - | - | 677.204 | - | - | - | 22.766 | - | - |
| Claims on regional governments or local authorities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Claims on administrative bodies and other non-commercial undertakings | - | - | - | - | 12 | - | - | - | - | - | - | 12 | - | - |
| Claims on multilateral development banks | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Claims on international organizations | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Claims on banks and intermediary institutions | 9 | 275.700 | 28.251 | - | 116.527 | - | - | 9 | 275.700 | 34.455 | - | 116.910 | - | - |
| Claims on corporate | 37.125 | 25.044 | - | - | 2.032.285 | 1.597 | - | 38.693 | 26.544 | - | - | 2.280.189 | 1.628 | - |
| Claims included in the regulatory retail portfolios | 12.761 | 1.683 | - | 699.544 | - | - | - | 11.167 | 1.718 | - | 690.809 | - | - | - |
| Claims secured by residential property | 2.054 | 986 | 635.332 | - | 143.855 | - | - | 2.133 | 986 | 637.278 | - | 145.765 | - | - |
| Past due loans | 49 | - | 7.382 | - | 52.939 | 1.349 | - | 49 | - | 7.382 | - | 56.098 | 1.403 | - |
| Higher risk categories decided by the Board | 1.215 | 137 | - | - | - | 13.050 | 17.396 | 1.215 | 137 | - | - | - | 13.050 | 17.396 |
| 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 | 24.694 | - | - | - | 241.459 | - | - | 24.697 | - | - | - | 166.611 | - | - |

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

c. Summary information about consolidated capital adequacy ratio:

| 31 December 2012 | Parent Bank | Consolidated |
|--|--------------------|---------------------|
| Amount subject to credit risk (ASCR) | 287.158 | 301.276 |
| Amount subject to market risk (ASMR) | 5.045 | 5.913 |
| Amount subject to operational risk (ASOR) | 19.710 | 25.628 |
| Shareholders' equity | 641.563 | 655.818 |
| Shareholders' equity/((ASCR+ASMR+ASOR) *12,5*100) | 16.45 | 15.76 |

d. Information about consolidated shareholders' equity items:

| | 31 December 2012 |
|--|-------------------------|
| CORE CAPITAL | 612.806 |
| Paid-in capital | 570.000 |
| Nominal capital | 570.000 |
| Capital commitments (-) | - |
| Inflation adjustment to share capital | - |
| Share premium | - |
| Share cancellation profits | - |
| Reserves | 106.635 |
| Adjustment of reserves | - |
| Profit | 3.536 |
| Current period profit | - |
| Prior period profit | 3.536 |
| Provisions for possible risks (up to 25% of core capital) | - |
| Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital | 67 |
| Primary subordinated loans | - |
| Uncovered portion of loss with reserves (-) | 34.966 |
| Current period loss (-) | 34.966 |
| Prior period loss (-) | - |
| Operating Lease Development Cost (-) | 8.116 |
| Intangible assets (-) | 24.350 |
| Deferred tax asset amount exceeding 10% of core capital (-) | - |
| Limit exceeding amount regarding the third clause of article 56 of the Law (-) | - |
| Total Core Capital | 612.806 |

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| SUPPLEMENTARY CAPITAL | 31 December 2012 |
|---|-------------------------|
| General provisions | 37.096 |
| 45% of the movables revaluation fund | - |
| 45% of the immovables revaluation fund | 1.673 |
| Bonus shares of investment in associates, subsidiaries and joint ventures | - |
| Primary subordinated loans that are not considered in the calculation of core capital | - |
| Secondary subordinated loans | - |
| 45% of marketable securities valuation reserve | 4.583 |
| Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (Except inflation adjustment of legal reserves, status reserves and extraordinary reserves) | - |
| Total Supplementary Capital | 43.352 |
| CAPITAL | 656.158 |
| DEDUCTIONS FROM THE CAPITAL | 340 |
| Shares in unconsolidated banks and financial institutions | - |
| The secondary subordinated loans extended to banks, financial institutions (domestic or foreign) or significant shareholders of the bank and the debt instruments of a primary or secondary subordinated loan nature purchased from them | - |
| Shares of banks and financial institutions final equity method applied but assets and liabilities are not consolidated | - |
| Loans extended as contradictory to the articles 50 and 51 of the Law | - |
| The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed of according to banking law article 57 as they have been held for more than five years from the acquisition date | 340 |
| Other | - |
| TOTAL SHAREHOLDERS' EQUITY | 655.818 |

e. The Rating Process of Internal Capital Adequacy Regarding the Current and Future Operations

During the rating process of internal capital adequacy, the concentrating risk and the interest rate risk from banking calculations, country risk, residual risk, liquidity risk and reputation risk are taken into consideration in addition to the credit risk, market risk and operational risk, which are used in the calculation of legal capital adequacy ratio.

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK:

Credit risk represents the financial potential loss that the Group may incur as a result of defaults or nonfulfilment of the obligations of counterparties that result from loan agreements. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the rating procedures. These criteria include geographical and sectoral concentrations. The sectoral concentrations for loans are monitored closely. In accordance with the Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

With respect to credit risk, debtor and debtor groups are subject to risk limitations envisaged in the Banking Law. There is no risk limitation in terms of geographical region. Sectoral concentration has been limited. Credit limits allocated are subject to revision at least once a year. When a revision becomes due, limits for which the credit worthiness has not been reviewed are suspended (except for cash provisions).

Regarding the maintenance of credit risk under control, there are other limitations in the scope of the Parent Bank Credit Policies apart from the Banking Law limitations related to Management Levels' Authority limits in credit allocation.

Limits regarding credit extension and transactions according to the Parent Bank Credit Policies are specified as:

- Authority to decide to grant a credit within preapproved limits belongs to the Branch Manager. However, the Branch Manager can delegate this authority to the Marketing Unit Director in writing.
- Providing the circumstances set by Board of Directors, credit limit transfer is under the authorization of Branch Manager.
- No transaction can be put into effect without a General Credit Contract (except for Financial Institutions).
- No credit can be allocated to firms with total negative equity except for credits with cash collateral.

The creditworthiness of debtors of credit and other receivables is periodically followed-up in accordance with the relevant legislation. Account status documents taken for the credits have been audited in the manner specified in the legislation. However, account status documents do not need to be audited for cash-based transactions. As a result of the periodical follow-up of creditworthiness, credit limits are changed, when necessary. Taking the creditworthiness into account, collaterals are received for credits and other receivables. With the aim of controlling the credit risk, certain limitations exist in the Parent Bank's Credit Policies in relation to customer selection. According to this:

- Credits shall not be given for speculative purposes,
- Credits shall also not be given to real or legal persons who have been subjected to sequestration, bankruptcy and schemes of arrangement with creditors and those who have bounced cheques and notes without an acceptable explanation.

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- The bank does not provide loans for arms manufacturers and traders, religious organisations, gambling companies, media companies, political organisations, sport clubs and companies operating in nuclear industry. Exceptions should be evaluated by the head office.

The loan limit is determined in accordance with the Banking Regulations and related documents. The valuation of the limits for the customers and the limits of their groups gets reassigned after revision a year later. The balance status documents for the loans are taken according to the related articles in the regulations. The loan limits gets checked by the main banking system; and the permission is not granted to exceed the limits.

The loans are considered as impaired receivables after 90 days delay from the reporting period or the decision of the bank that the debtor loses its credibility. According to the “Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves,” group II loans and 90 day-delayed loans are considered as non-performing loan and general provision is allocated.

Total amount of exposures after offsetting transactions before applying credit risk mitigations and the average exposure amounts that are classified under different risk groups and types for the relevant period:

| Risk Group | Amount | Average |
|--|------------------|------------------|
| Claims on sovereigns and Central Banks | 696.296 | 689.532 |
| Claims on regional governments or local authorities | - | - |
| Claims on administrative bodies and other non-commercial undertakings | 50 | 600 |
| Claims on multilateral development banks | - | - |
| Claims on international organizations | - | - |
| Claims on banks and intermediary institutions | 444.086 | 309.100 |
| Claims on corporates | 2.721.690 | 2.781.795 |
| Claims included in the regulatory retail portfolios | 834.675 | 778.392 |
| Claims secured by residential property | 814.928 | 838.290 |
| Past due loans | 64.932 | 63.831 |
| Higher risk categories decided by the Board | 31.798 | 31.945 |
| 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 | - | 5 |
| Other Receivables | 379.344 | 388.709 |
| Total | 5.987.799 | 5.882.199 |

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The Parent Bank's derivative transactions are mainly composed of foreign exchange and interest rate swaps, money and interest options and forward transactions. The credit risks of these products are managed by deducting them from the company's credit limit, which is specified only for these types of transactions, in proportion to the term of the transaction. Market risk is managed by the Treasury.

In forward transactions no type of coercive action outside of the other party's consent is taken. Such transactions are rare, and normally never occur.

Indemnified non-cash credits are subjected to the same risk weight as the credits which are past due date.

With regard to the credits renewed and re-structured with a new payment plan by the Parent Bank, the method adopted is the one specified by the relevant legislation. Within the framework of risk management systems a risk separation is not practiced as to the maturity of the liabilities.

The Group does not perform any kind of banking activity abroad.

When evaluated within the context of the financial operations of other financial institutions acting as active participants in the international banking market, the Group does not have significant credit risk concentration.

In the current period, the share of the Group's receivables due to cash loans extended to its top 100 and top 200 customers are 33% and 45% within the total cash loan portfolio.

In the current period, the share of the Group's receivables due to non-cash loans extended to its top 100 and top 200 customers are 42% and 56% within the total non-cash loans portfolio.

In the current period, the share of the Group's receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 35% and 48% within cash loans in balance sheet and non-cash loans in off-balance sheet.

As of 31 December 2012, the Bank's general provision for loans amounting to TL37.096 (31 December 2011: TL28.014)

a. Information on types of loans and specific provisions:

| 31 December 2012 | Corporate | Consumer | Credit Cards | Financial Lease Receivables | Factoring Receivables | Total |
|------------------------------|------------------|-----------------|-------------------------|--|----------------------------------|------------------|
| Standard Loans | 2.613.306 | 43.766 | 15.390 | 236.713 | 128.643 | 3.037.818 |
| Loans under close monitoring | 168.446 | 2.488 | 733 | 7.897 | 11.139 | 190.703 |
| Non-performing loans | 160.381 | 972 | 738 | 9.842 | 4.038 | 175.971 |
| Specific provision (-) | 100.289 | 882 | 537 | 6.627 | 2.703 | 111.038 |
| Total | 2.841.844 | 46.344 | 16.324 | 247.825 | 141.117 | 3.293.454 |

| 31 December 2011 | Corporate | Consumer | Credit Cards | Financial Lease Receivables | Factoring Receivables | Total |
|------------------------------|------------------|-----------------|-------------------------|--|----------------------------------|------------------|
| Standard Loans | 2.153.044 | 41.495 | 10.434 | 235.407 | 125.363 | 2.565.743 |
| Loans under close monitoring | 84.447 | 2.296 | 226 | 8.250 | 3.658 | 98.877 |
| Non-performing loans | 107.293 | 465 | 92 | 5.893 | 723 | 114.466 |
| Specific provision (-) | 71.563 | 413 | 81 | 4.828 | 180 | 77.065 |
| Total | 2.273.221 | 43.843 | 10.671 | 244.722 | 129.564 | 2.702.021 |

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b. Information on loans and receivables past due but not impaired:

| 31 December 2012 | Corporate | Consumer | Credit Cards | Financial Lease Receivables | Factoring Receivables | Total |
|-------------------------|------------------|-----------------|-------------------------|--|----------------------------------|----------------|
| Past due up to 30 days | 211.911 | 2.369 | 524 | 32.962 | 12.432 | 260.198 |
| Past due 30-60 days | 12.108 | 1.069 | 360 | 9.312 | - | 22.849 |
| Past due 60-90 days | 17.501 | 735 | 203 | 6.729 | 186 | 25.354 |
| Total | 241.520 | 4.173 | 1.087 | 49.003 | 12.618 | 308.401 |

| 31 December 2011 | Corporate | Consumer | Credit Cards | Financial Lease Receivables | Factoring Receivables | Total |
|-------------------------|------------------|-----------------|-------------------------|--|----------------------------------|----------------|
| Past due up to 30 days | 110.648 | 2.037 | 389 | 17.131 | 5.813 | 136.018 |
| Past due 30-60 days | 7.713 | 1.159 | 90 | 7.179 | - | 16.141 |
| Past due 60-90 days | 11.787 | 442 | 36 | 797 | 8 | 13.070 |
| Total | 130.148 | 3.638 | 515 | 25.107 | 5.821 | 165.229 |

c. Information on debt securities, treasury bills and other bills:

| 31 December 2012 | Financial Assets at Fair Value through P/L (Net) | Available for Sale Financial Assets (Net) | Held to Maturity Securities (Net) | Total |
|-------------------------|---|--|--|----------------|
| Fitch's Rating | | | | |
| Ba1 (*) | 82.570 | 357.692 | - | 440.262 |
| Total | 82.570 | 357.692 | - | 440.262 |

| 31 December 2011 | Financial Assets at Fair Value through P/L (Net) | Available for Sale Financial Assets (Net) | Held to Maturity Securities (Net) | Total |
|-------------------------|---|--|--|------------------|
| Fitch's Rating | | | | |
| Ba2 (*) | 360.995 | 853.470 | 167.789 | 1.382.254 |
| Total | 360.995 | 853.470 | 167.789 | 1.382.254 |

(*) Consists of Turkish Republic government bonds and treasury bills.

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d. Information on rating concentration:

The Bank evaluates its credit risk based on an internal rating system and the portfolio is classified from least probability of default to highest. The information about the concentration of cash and non cash loans which are classified with the rating system is presented below.

| | 31 December 2012 | 31 December 2011 |
|-------------------|------------------|------------------|
| Above average (%) | 9,87 | 9,07 |
| Average (%) | 58,69 | 66,44 |
| Below average (%) | 28,29 | 22,06 |
| Not rated (%) | 3,15 | 2,43 |

e. Fair value of collaterals (loans and advances to customers):

| 31 December 2012 | Corporate Loans | Consumer Loans | Credit Cards | Financial Lease Receivables | Factoring Receivables | Total |
|------------------------------|--------------------|-------------------|-----------------|-----------------------------------|--------------------------|----------------|
| Loans under close monitoring | 131.221 | 338 | 198 | 931 | 8.225 | 140.913 |
| Non-performing loans | 50.022 | 170 | 104 | 345 | 456 | 51.097 |
| Total | 181.243 | 508 | 302 | 1.276 | 8.681 | 192.010 |

| 31 December 2011 | Corporate Loans | Consumer Loans | Credit Cards | Financial Lease Receivables | Factoring Receivables | Total |
|------------------------------|--------------------|-------------------|-----------------|-----------------------------------|--------------------------|----------------|
| Loans under close monitoring | 57.045 | 468 | 77 | 3.000 | 2.241 | 62.831 |
| Non-performing loans | 43.497 | 103 | 3 | 700 | 507 | 44.810 |
| Total | 100.542 | 571 | 80 | 3.700 | 2.748 | 107.641 |

| Type of Collaterals | 31 December 2012 | 31 December 2011 |
|---------------------------|------------------|------------------|
| Real-estate mortgage | 121.369 | 97.750 |
| Pledge | 44.794 | 5.269 |
| Cash and cash equivalents | 25.847 | 4.622 |
| Total | 192.010 | 107.641 |

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

f. Profile of significant exposures in major regions:

| | Exposure Categories (*) | | | | | | | | | | | | | | | | Total |
|---|-------------------------|----------|-----------|----------|----------|----------------|------------------|----------------|----------------|---------------|---------------|----------|----------|----------|----------|----------------|------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | |
| Current Period | | | | | | | | | | | | | | | | | |
| 1. Domestic | 696.296 | - | 12 | - | - | 422.886 | 2.344.330 | 730.233 | 787.082 | 64.933 | 31.798 | - | - | - | - | 332.809 | 5.410.379 |
| 2. EU Countries | - | - | - | - | - | 8.673 | 2.240 | 20 | - | - | - | - | - | - | - | - | 10.933 |
| 3. OECD Countries (**) | - | - | - | - | - | 6 | 45 | - | - | - | - | - | - | - | - | - | 51 |
| 4. Off-Shore Banking Regions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5. USA, Canada | - | - | - | - | - | 599 | - | 7 | - | - | - | - | - | - | - | - | 606 |
| 6. Other Countries | - | - | - | - | - | 5.466 | 1.597 | - | - | - | - | - | - | - | - | - | 7.063 |
| 7. Associates, Subsidiaries and Joint –Ventures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8. Unallocated Assets/Liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9. Total | 696.296 | - | 12 | - | - | 437.630 | 2.348.212 | 730.260 | 787.082 | 64.933 | 31.798 | - | - | - | - | 332.809 | 5.429.032 |

1. Conditional and unconditional exposures to central governments or central banks
2. Conditional and unconditional exposures to regional governments or local authorities
3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
4. Conditional and unconditional exposures to multilateral development banks
5. Conditional and unconditional exposures to international organisations
6. Conditional and unconditional exposures to banks and brokerage houses
7. Conditional and unconditional exposures to corporates
8. Conditional and unconditional retail exposures
9. Conditional and unconditional exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization Positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

(**) Includes OECD countries other than EU countries, USA and Canada.

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g. Risk profile by Sectors or Counterparties:

| | Exposure Categories (*) | | | | | | | | | | | | | | | | TL | FC | Total | |
|-----------------------------------|-------------------------|---|-----------|---|---|---|------------------|------------------|----------------|----------------|---------------|---------------|----|----|----|----|------------------|------------------|------------------|------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | | | | |
| Agriculture | - | - | - | - | - | - | 62.309 | 35.909 | 18.458 | 4.308 | 14 | - | - | - | - | - | 81.899 | 39.099 | 120.998 | |
| Farming and Stockbreeding | - | - | - | - | - | - | 45.075 | 20.554 | 13.680 | 3.847 | 2 | - | - | - | - | - | 49.251 | 33.907 | 83.158 | |
| Forestry | - | - | - | - | - | - | 13.966 | 14.238 | 2.483 | 231 | 12 | - | - | - | - | - | 28.740 | 2.190 | 30.930 | |
| Fishery | - | - | - | - | - | - | 3.268 | 1.117 | 2.295 | 230 | - | - | - | - | - | - | 3.908 | 3.002 | 6.910 | |
| Manufacturing | - | - | - | - | - | - | 1.105.756 | 207.480 | 249.407 | 17.502 | 60 | - | - | - | - | - | 730.278 | 849.927 | 1.580.205 | |
| Mining and Quarrying | - | - | - | - | - | - | 497.134 | 60.584 | 105.230 | 4.159 | 17 | - | - | - | - | - | 281.256 | 385.868 | 667.124 | |
| Production | - | - | - | - | - | - | 572.224 | 144.139 | 138.992 | 12.907 | 43 | - | - | - | - | - | 440.726 | 427.579 | 868.305 | |
| Electricity, Gas and Water | - | - | - | - | - | - | 36.398 | 2.757 | 5.185 | 436 | - | - | - | - | - | - | 8.296 | 36.480 | 44.776 | |
| Construction | - | - | - | - | - | - | 79 | 254.918 | 55.065 | 135.615 | 14.745 | 54 | - | - | - | - | 302.969 | 157.507 | 460.476 | |
| Services | 696.296 | - | 12 | - | - | - | 437.551 | 910.173 | 342.073 | 344.191 | 28.114 | 368 | - | - | - | - | 1.654.287 | 1.104.491 | 2.758.778 | |
| Wholesale and Retail Trade | - | - | - | - | - | - | 608.202 | 290.565 | 120.983 | 19.909 | 225 | - | - | - | - | - | 625.150 | 414.734 | 1.039.884 | |
| Hotel, Food and Beverage services | - | - | - | - | - | - | 83.238 | 8.823 | 182.820 | 39 | 78 | - | - | - | - | - | 35.107 | 239.891 | 274.998 | |
| Transportation and Telecom | - | - | - | - | - | - | 114.870 | 14.532 | 13.856 | 2.100 | 20 | - | - | - | - | - | 44.648 | 100.730 | 145.378 | |
| Financial Institutions | 696.296 | - | - | - | - | - | 437.338 | 10.093 | 2.059 | 2.110 | 72 | 13 | - | - | - | - | 841.910 | 306.071 | 1.147.981 | |
| Real Estate and Rental Services | - | - | - | - | - | - | 46.026 | 6.734 | 1.869 | 345 | 25 | - | - | - | - | - | 35.322 | 19.677 | 54.999 | |
| Self-employment Services | - | - | - | - | - | - | 2.516 | 3.266 | 2.488 | 5.364 | 2 | - | - | - | - | - | 13.636 | - | 13.636 | |
| Educational Services | - | - | 2 | - | - | - | 3.478 | 2.188 | 951 | - | - | - | - | - | - | - | 3.163 | 3.456 | 6.619 | |
| Health and Social Services | - | - | 10 | - | - | - | 213 | 41.750 | 13.906 | 19.114 | 285 | 5 | - | - | - | - | 55.351 | 19.932 | 75.283 | |
| Other | - | - | - | - | - | - | 15.056 | 89.733 | 39.411 | 264 | 31.302 | - | - | - | - | - | 332.809 | 459.808 | 508.575 | |
| Total | 696.296 | - | 12 | - | - | - | 437.630 | 2.348.212 | 730.260 | 787.082 | 64.933 | 31.798 | - | - | - | - | 332.809 | 3.229.241 | 2.199.791 | 5.429.032 |

1. Conditional and unconditional exposures to central governments or central banks
2. Conditional and unconditional exposures to regional governments or local authorities
3. Conditional and unconditional receivables from administrative units and non-commercial enterprises
4. Conditional and unconditional exposures to multilateral development banks
5. Conditional and unconditional exposures to international organisations
6. Conditional and unconditional exposures to banks and brokerage houses
7. Conditional and unconditional exposures to corporates
8. Conditional and unconditional retail exposures
9. Conditional and unconditional exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization Positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank

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h. Analysis of maturity-bearing exposures according to remaining maturities:

| Risk classifications | Term To Maturity | | | | |
|--|------------------|----------------|----------------|----------------|------------------|
| | 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | Over 1 Year |
| Claims on sovereigns and Central Banks | 96 | - | 31.320 | 60.982 | 265.390 |
| Claims on regional governments or local authorities | - | - | - | - | - |
| Claims on administrative bodies and other non-commercial undertakings | 12 | - | - | - | - |
| Claims on multilateral development banks | - | - | - | - | - |
| Claims on international organizations | - | - | - | - | - |
| Claims on banks and intermediary institutions | 383.275 | 23.020 | 1.637 | 4.762 | 1.420 |
| Claims on corporates | 670.301 | 278.610 | 376.673 | 457.681 | 546.308 |
| Claims included in the regulatory retail portfolios | 193.229 | 132.426 | 192.159 | 146.167 | 62.682 |
| Claims secured by residential property | 187.441 | 93.030 | 95.306 | 68.659 | 342.104 |
| Past due loans | - | - | - | - | - |
| Higher risk categories decided by the Board | 1.130 | - | - | - | 30.668 |
| 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 | - | - | - | - | - |
| Total | 1.435.484 | 527.086 | 697.095 | 738.251 | 1.248.572 |

i. Information about the risk exposure categories

As explained in the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks," abovementioned receivables are calculated via third party ratings. Receivables from central governments or central banks are calculated according to the OECD's published country risks. OECD classification is used to determine the risk weights set by the regulations. When a receivable is not provided a grading, the Bank complies with the rules under the regulations.

j. Exposures by risk weights

| Risk Weights | 0% | 20% | 50% | 75% | 100% | 150% | 200% | Deductions from Equity |
|---|---------|---------|---------|---------|-----------|--------|--------|------------------------|
| 1. Exposures before Credit Risk Mitigation | 698.227 | 274.151 | 682.049 | 706.440 | 2.856.309 | 16.936 | 17.893 | 32.806 |
| 2. Exposures after Credit Risk Mitigation | 755.168 | 305.085 | 679.115 | 690.809 | 2.788.351 | 16.081 | 17.396 | 32.806 |

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k. Informations in terms of major sectors and type of counterparties:

| Major Sectors / Counterparties | Credits | | Value Adjustments | Provisions |
|---------------------------------|------------------|------------------|-------------------|----------------|
| | Impaired Credits | Past Due Credits | | |
| Agriculture | 7.539 | 9.520 | 150 | 3.231 |
| Farming and Stockbreeding | 6.653 | 7.319 | 107 | 2.806 |
| Forestry | 426 | 2.190 | 42 | 195 |
| Fishery | 460 | 11 | 1 | 230 |
| Manufacturing | 34.979 | 97.132 | 1.753 | 17.477 |
| Mining and Quarrying | 7.442 | 25.050 | 590 | 3.283 |
| Production | 26.847 | 70.972 | 1.128 | 13.940 |
| Electricity, Gas and Water | 690 | 1.110 | 35 | 254 |
| Construction | 39.863 | 57.760 | 1.057 | 25.118 |
| Services | 86.464 | 137.642 | 3.972 | 58.350 |
| Wholesale and Retail Trade | 56.355 | 68.764 | 2.192 | 36.446 |
| Accommodation and Dining | 173 | 57.608 | 1.588 | 134 |
| Transportation and Telecom | 7.470 | 4.957 | 102 | 5.370 |
| Financial Institutions | 241 | 203 | 5 | 169 |
| Real Estate and Rental Services | 2.425 | - | - | 2.080 |
| Professional Services | 18.291 | 1.279 | 31 | 12.927 |
| Educational Services | 20 | 177 | 3 | 20 |
| Health and Social Services | 1.489 | 4.654 | 51 | 1.204 |
| Other | 7.126 | 6.347 | 103 | 6.862 |
| Total | 175.971 | 308.401 | 7.035 | 111.038 |

l. Information about Value Adjustment and Change in Provisions:

| | Opening Balance | Provision for Period | Write off from Asset | Other Adjustments(*) | Closing Balance |
|------------------------------------|-----------------|----------------------|----------------------|----------------------|-----------------|
| 1. Specific Provisions (**) | 84.687 | 43.267 | (11.263) | - | 116.691 |
| 2. General Provisions | 28.014 | 9.606 | - | (524) | 37.096 |

(*) Consists of FC provisions' currency rate differences.

(**) Also includes provisions for non-cash loans that are classified as non-performing loans.

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III. 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"

a. Information on Market Risk:

| | Balance |
|---|----------------|
| (I) Capital to be Employed for General Market Risk - Standard Method | 2.989 |
| (II) Capital to be Employed for Specific Risk -Standard Method | 48 |
| Capital to be Employed for Specific Risk in Securitisation Positions – Standard Method | - |
| (III) Capital to be Employed for Currency Risk - Standard Method | 756 |
| (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 | 50 |
| (VII) Capital to be Employed for the Other Party's Credit Risk - Standard Method | 2.070 |
| (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) | 5.913 |
| (X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX) | 73.912 |

b. Average Market Risk Table of Calculated Market Risk during the Period at Month Ends:

| | 31 December 2012 | | |
|-------------------------------------|-------------------------|----------------|----------------|
| | Average | Maximum | Minimum |
| Interest Rate Risk | 2.020 | 1.971 | 2.069 |
| Common Stock Risk | 113 | 168 | 59 |
| Currency Risk | 1.108 | 1.410 | 805 |
| Commodity Risk | - | - | - |
| Exchange Risk | - | - | - |
| Option Risk | 45 | 40 | 50 |
| Counterparty Credit Risk | 1.689 | 1.307 | 2.070 |
| Total Amount Subject to Risk | 62.185 | 61.201 | 63.170 |

Above table is prepared for the period 30 September 2012 – 31 December 2012 according to "Communiqué on Measurement and Assessment of Capital Adequacy of Banks," published in 28 June 2012 as the number 28337.

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c. Information on Counterparty Credit Risk:

In order to calculate the counterparty credit risk “Calculating Fair Value” (Annex 2) of “Communiqué on Measurement and Assessment of Capital Adequacy of Banks,” published in 28 June 2012 is taken into consideration. In accordance with the before-mentioned method, potential credit risk value is calculated and added to the renewal costs of the agreements with positive values.

While customer counterparty credit risk limits are listed under a single limit, the limit value differ for banks according to product groups. In order to check the use of limits in customer operations, the maximum possible risk is calculated by the monte carlo simulations till the maturity. Limits for derivate products are determined in the related authorization according to the customer type whether they are commercial or real person. Limits for the transactions of banks are calculated with its fair value. The consistency of counterparty credit risk limits gets daily checked.

There are no credit risk derivatives and credit risk protection.

Quantitative Information on Counterparty Risk:

| | Balance |
|--|----------------|
| Agreements based on Interest Rate | 5.980 |
| Agreement based on Foreign Exchange Currency | 27.688 |
| Agreement Based on Commodity | - |
| Agreement Based on Shares | - |
| Other | - |
| Gross Positive Fair Values | 33.668 |
| Benefits of Netting | - |
| Current Net Risk Amount | - |
| Reserved Guarantee | - |
| Net Position of Derivatives | 33.668 |

IV. 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.

| | 31.12.2010 | 31.12.2011 | 31.12.2012 | Total/Positive Year | Rate (%) | Total |
|--|-------------------|-------------------|-------------------|--------------------------------|-----------------|--------------|
| Gross Income | 30.804 | 19.652 | 26.429 | 3 | 15 | 25.628 |
| Amount subject to Operational Risk (Total*12,5) | | | | | | 320.353 |

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V. 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 | | 100 Japanese Yen | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| 31 December 2012/ 31 December 2011 | | | | | | |
| Bid rate | 2,3452 | TL2,4438 | 1,7776 | TL1,8889 | 2,0605 | TL2,4340 |
| 1. Day bid rate | 2,3452 | TL2,4438 | 1,7776 | TL1,8889 | 2,0605 | TL2,4340 |
| 2. Day bid rate | 2,3517 | TL2,4592 | 1,7826 | TL1,9065 | 2,0656 | TL2,4465 |
| 3. Day bid rate | 2,3657 | TL2,4702 | 1,7829 | TL1,8897 | 2,0750 | TL2,4278 |
| 4. Day bid rate | 2,3566 | TL2,4633 | 1,7848 | TL1,8847 | 2,0866 | TL2,4158 |
| 5. Day bid rate | 2,3586 | TL2,4613 | 1,7877 | TL1,8833 | 2,1049 | TL2,4116 |

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 | | 100 Japanese Yen | |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| Arithmetic average-30 days | 2.3340 | TL2,4510 | 1.7797 | TL1,8605 | 2.1203 | TL2,3862 |

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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 December 2012 | | | | |
| Assets | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey | 6.297 | 153.508 | 136 | 159.941 |
| Due From Banks | 2.019 | 93.378 | 3.172 | 98.569 |
| Financial Assets at Fair Value Through Profit or Loss | - | 315 | - | 315 |
| Interbank Money Market Placements | - | - | - | - |
| Available-for-sale Financial Assets | - | - | - | - |
| Loans (*) | 524.822 | 728.011 | 1.126 | 1.253.959 |
| Investments in Associates, Subsidiaries and Joint Ventures | - | - | - | - |
| Held-to-Maturity Investments | - | - | - | - |
| Hedging Derivative Financial Assets | - | - | - | - |
| Tangible Assets | - | - | - | - |
| Intangible Assets | - | - | - | - |
| Other Assets | 120.274 | 106.269 | 326 | 226.869 |
| Total Assets (*) | 653.412 | 1.081.481 | 4.760 | 1.739.653 |
| Liabilities | | | | |
| Bank Deposits | 17 | 367 | 14 | 398 |
| Foreign Currency Deposits | 361.931 | 943.140 | 5.283 | 1.310.354 |
| Funds From Interbank Money Market | - | - | - | - |
| Funds Borrowed From Other Financial Institutions (*) | 243.349 | 152.776 | 1.168 | 397.293 |
| Marketable Securities Issued | - | - | - | - |
| Miscellaneous Payables | 9.276 | 6.152 | 55 | 15.483 |
| Hedging Derivative Financial Liabilities | - | - | - | - |
| Other Liabilities | 662 | 14.132 | 80 | 14.874 |
| Total Liabilities (*) | 615.235 | 1.116.567 | 6.600 | 1.738.402 |
| Net On-balance Sheet Position | 38.177 | (35.086) | (1.840) | 1.251 |
| Net Off-balance Sheet Position | (29.279) | 31.024 | 1.488 | 3.233 |
| Financial Derivative Assets | 554.189 | 731.011 | 104.722 | 1.389.922 |
| Financial Derivative Liabilities | 583.468 | 699.987 | 103.234 | 1.386.689 |
| Non-Cash Loans (**) | 147.089 | 452.770 | 867 | 600.726 |
| 31 December 2011 | | | | |
| Total Assets (*) | 744.573 | 699.803 | 5.780 | 1.450.156 |
| Total Liabilities (*) | 478.217 | 628.989 | 25.557 | 1.132.763 |
| Net On-balance Sheet Position | 266.356 | 70.814 | (19.777) | 317.393 |
| Net Off-balance Sheet Position | (260.740) | (69.084) | 19.712 | (310.112) |
| Financial Derivative Assets | 639.917 | 743.286 | 132.806 | 1.516.009 |
| Financial Derivative Liabilities | 900.657 | 812.370 | 113.094 | 1.826.121 |
| Non-Cash Loans (**) | 345.726 | 914.477 | 12.820 | 1.273.023 |

(*) 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 amounting to TL398.798 (31 December 2011: TL327.277), and there is no foreign currency indexed borrowings (31 December 2011: TL1.636), classified as Turkish Lira assets in the 31 December 2012 financial statements are added to the table above. Besides this, in assets "Income Accruals of Derivative Financial Instruments" amounting to TL 13.547 (31 December 2011: TL26.428), in liabilities "Expense Accruals of Derivative Financial Instruments" amounting to TL 12.281 (31 December 2011: TL31.326), "General Provisions" amounting to TL 9.793(31 December 2011: TL9.980).

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

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VI. 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 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 December 2012 | 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 | - | - | - | - | - | 363.206 | 363.206 |
| Due From Banks | 203.552 | 889 | - | - | - | 8.931 | 213.372 |
| Financial Assets at Fair Value Through Profit/Loss | 18.156 | 23.825 | 53.640 | 5.393 | 565 | 3.211 | 104.790 |
| Interbank Money Market Placements | 130.684 | 10.011 | - | - | - | - | 140.695 |
| Available-for-Sale Financial Assets | 63.188 | 229.512 | 64.992 | - | - | 5.169 | 362.861 |
| Loans | 608.923 | 1.393.247 | 531.876 | 343.531 | 106.334 | 64.933 | 3.048.844 |
| Held-to-Maturity Investments | - | - | - | - | - | - | - |
| Other Assets | 11.598 | 15.524 | 67.413 | 148.840 | 1.235 | 164.535 | 409.145 |
| Total Assets | 1.036.101 | 1.673.008 | 717.921 | 497.764 | 108.134 | 609.985 | 4.642.913 |
| Liabilities | | | | | | | |
| Bank Deposits | - | - | - | - | - | 14.347 | 14.347 |
| Other Deposits | 1.482.445 | 1.053.853 | 421.172 | 12.246 | - | 205.231 | 3.174.947 |
| Funds From Interbank Money Market | 87.744 | - | - | - | - | - | 87.744 |
| Miscellaneous Payables | - | - | - | - | - | 61.739 | 61.739 |
| Marketable Securities Issued | - | - | - | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 9.718 | 16.972 | 207.839 | 204.068 | 3.413 | - | 442.010 |
| Other Liabilities (*) | 5.312 | 4.424 | 11.111 | 6 | - | 841.273 | 862.126 |
| Total Liabilities | 1.585.219 | 1.075.249 | 640.122 | 216.320 | 3.413 | 1.122.590 | 4.642.913 |
| Balance Sheet Long Position | - | 597.759 | 77.799 | 281.444 | 104.721 | - | 1.061.723 |
| Balance Sheet Short Position | (549.118) | - | - | - | - | (512.605) | (1.061.723) |
| Off-balance Sheet Long Position | - | - | 862 | 3.848 | - | - | 4.710 |
| Off-balance Sheet Short Position | (2.390) | (3.497) | - | - | - | - | (5.887) |
| Total Position | (551.508) | 594.262 | 78.661 | 285.292 | 104.721 | (512.605) | (1.177) |

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

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| 31 December 2011 | 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 | - | - | - | - | - | 349.005 | 349.005 |
| Due From Banks | 427.840 | - | - | - | - | 15.145 | 442.985 |
| Financial Assets at Fair Value Through Profit/Loss | 15.319 | 203.296 | 173.054 | 25.432 | 1.869 | 1.263 | 420.233 |
| Interbank Money Market Placements | - | - | - | - | - | - | - |
| Available-for-Sale Financial Assets | - | 606.817 | 199.959 | - | 46.694 | 3.958 | 857.428 |
| Loans | 566.876 | 1.112.221 | 395.083 | 177.155 | 169.628 | 37.401 | 2.458.364 |
| Held-to-Maturity Investments | - | - | 167.789 | - | - | - | 167.789 |
| Other Assets | 9.117 | 11.402 | 57.957 | 160.420 | 4.762 | 196.573 | 440.231 |
| Total Assets | 1.019.152 | 1.933.736 | 993.842 | 363.007 | 222.953 | 603.345 | 5.136.035 |
| Liabilities | | | | | | | |
| Bank Deposits | 8.459 | - | - | - | - | 6.082 | 14.541 |
| Other Deposits | 1.447.876 | 406.365 | 86.137 | - | - | 219.856 | 2.160.234 |
| Funds From Interbank Money Market | 845.518 | - | - | - | - | - | 845.518 |
| Miscellaneous Payables | - | - | - | - | - | 44.511 | 44.511 |
| Marketable Securities Issued | - | - | - | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 661.438 | 164.530 | 222.314 | 148.384 | 9.363 | - | 1.206.029 |
| Other Liabilities (*) | 34.580 | 10.138 | 28.001 | - | - | 792.483 | 865.202 |
| Total Liabilities | 2.997.871 | 581.033 | 336.452 | 148.384 | 9.363 | 1.062.932 | 5.136.035 |
| Balance Sheet Long Position | - | 1.352.703 | 657.390 | 214.623 | 213.590 | - | 2.438.306 |
| Balance Sheet Short Position | (1.978.719) | - | - | - | - | (459.587) | (2.438.306) |
| Off-balance Sheet Long Position | - | 7.150 | - | 6.685 | - | - | 13.835 |
| Off-balance Sheet Short Position | (4.800) | - | (2.264) | - | - | - | (7.064) |
| Total Position | (1.983.519) | 1.359.853 | 655.126 | 221.308 | 213.590 | (459.587) | 6.771 |

Interest Rate Risk Sensitivity Analysis:

| Change in interest rates 31 December 2012 | Effect on income statement | Effect on equity |
|--|-----------------------------------|-------------------------|
| (+) 1% | (525) | (555) |
| (-) 1% | 551 | 561 |

| Change in interest rates 31 December 2011 | Effect on income statement | Effect on equity |
|--|-----------------------------------|-------------------------|
| (+) 1% | (1.687) | (4.141) |
| (-) 1% | 1.725 | 4.327 |

The effect of changes in interest rates by (+) 1% and (-) 1% on income statement and equity is demonstrated on the above table as net off tax amounts.

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b. Average interest rates for monetary financial instruments:

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

| 31 December 2012 | EUR | USD | Yen | TL |
|---|------------|------------|------------|-----------|
| | % | % | % | % |
| Assets | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | - | - | - | - |
| Due From Banks | - | 0,28 | - | 5,46 |
| Financial Assets at Fair Value Through Profit/Loss | - | 5,83 | - | 6,46 |
| Interbank Money Market Placements | - | - | - | 6,18 |
| Available-for-Sale Financial Assets | - | - | - | 9,53 |
| Loans | 6,41 | 6,21 | 4,65 | 12,66 |
| Held-to-Maturity Investments | - | - | - | - |
| Liabilities | | | | |
| Bank Deposits | - | - | - | - |
| Other Deposits (*) | 3,12 | 3,49 | - | 8,39 |
| Funds From Interbank Money Market | - | - | - | 4,68 |
| Miscellaneous Payables | - | - | - | - |
| Marketable Securities Issued | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 3,14 | 3,78 | 2,43 | 8,01 |

| 31 December 2011 | EUR | USD | Yen | TL |
|---|------------|------------|------------|-----------|
| | % | % | % | % |
| Assets | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | - | - | - | - |
| Due From Banks | - | 0,20 | - | 13,83 |
| Financial Assets at Fair Value Through Profit/Loss | - | 11,78 | - | 10,58 |
| Interbank Money Market Placements | - | - | - | - |
| Available-for-Sale Financial Assets | - | - | - | 8,49 |
| Loans | 6,88 | 7,10 | 3,59 | 16,57 |
| Held-to-Maturity Investments | - | - | - | 17,68 |
| Liabilities | | | | |
| Bank Deposits | - | - | - | 0,25 |
| Other Deposits (*) | 3,94 | 4,62 | - | 10,96 |
| Funds From Interbank Money Market | - | - | - | 6,25 |
| Miscellaneous Payables | - | - | - | - |
| Marketable Securities Issued | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 3,77 | 3,50 | 2,42 | 10,61 |

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

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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 sheet 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 | (11.821) | (1,7%) |
| 2. TRY | -400 bp | 11.366 | 1,7% |
| 3. EURO | +200 bp | (7.476) | (1,1%) |
| 4. EURO | -200 bp | 2.142 | 0,3% |
| 5. USD | +200 bp | (2.334) | (0,3%) |
| 6. USD | -200 bp | 810 | (0,1%) |
| Total (For Negative Shocks) | | 14.318 | 2,1% |
| Total (For Positive Shocks) | | (21.631) | (3,1%) |

d. Share position risk resulting from banking accounts:

None.

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VII. 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.

When the foreign markets are appropriate, the Group periodically uses long-term borrowings in terms of foreign currency for its long-term liquidity requirement. 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.

In accordance with the “Regulation on Measurement and Assessment of Liquidity Adequacy of the Banks”, which came into effect after its publication in the Official Gazette numbered 26333 on 1 November 2006 by BRSA, weekly simple arithmetic average of total liquidity adequacy ratio related to the first maturity period, and total liquidity adequacy ratio related to the second maturity period cannot be less than a hundred percent; weekly simple arithmetic average of the foreign currency liquidity adequacy ratio related to first maturity period, and foreign currency liquidity adequacy ratio related to second maturity period cannot be less than eighty percent as of 1 June 2007. In accordance with the regulation published on 11 December 2009, for the 14 day period subject to the reserve requirement calculation the simple arithmetic average of the ratio of assets, which are calculated with hundred percent weight with stock values to liabilities cannot be less than seven percent. The parent Bank’s liquidity ratios realized in 2012 are as follows for the Parent Bank:

| | First Maturity Period | | Second Maturity Period | | Stock Values |
|--------------------|-----------------------|---------|------------------------|---------|--------------|
| | FC | FC + TL | FC | FC + TL | FC + TL |
| Average (%) | 160,65% | 201,12% | 96,59% | 137,02% | 11,48% |
| Maximum (%) | 251,58% | 326,80% | 114,10% | 168,73% | 13,90% |
| Minimum (%) | 109,90% | 148,55% | 81,50% | 119,61% | 10,12% |

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Breakdown of assets and liabilities according to their outstanding maturities:

| 31 December 2012 | 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 | 24.719 | 338.487 | - | - | - | - | - | 363.206 |
| Due From Banks | 8.931 | 203.552 | 889 | - | - | - | - | 213.372 |
| Financial Assets at Fair Value Through Profit or Loss | - | 16.661 | 9.248 | 62.125 | 12.788 | 757 | 3.211 | 104.790 |
| Interbank Money Market Placements | - | 130.684 | 10.011 | - | - | - | - | 140.695 |
| Available-for-Sale Financial Assets | - | - | - | 92.302 | 265.390 | - | 5.169 | 362.861 |
| Loans | - | 451.886 | 1.394.863 | 627.010 | 403.818 | 106.334 | 64.933 | 3.048.844 |
| Held-to-Maturity Investments | - | - | - | - | - | - | - | - |
| Other Assets (*) | - | 70.465 | 23.878 | 72.412 | 159.790 | 1.244 | 81.356 | 409.145 |
| Total Assets | 33.650 | 1.211.735 | 1.438.889 | 853.849 | 841.786 | 108.335 | 154.669 | 4.642.913 |
| Liabilities | | | | | | | | |
| Bank Deposits | 14.347 | - | - | - | - | - | - | 14.347 |
| Other Deposits | 205.231 | 1.482.445 | 1.053.853 | 421.172 | 12.246 | - | - | 3.174.947 |
| Funds Borrowed From Other Financial Institutions | - | 9.718 | 16.972 | 140.189 | 271.718 | 3.413 | - | 442.010 |
| Funds From Interbank Money Market | - | 87.744 | - | - | - | - | - | 87.744 |
| Marketable Securities Issued | - | - | - | - | - | - | - | - |
| Miscellaneous Payables | - | 20.027 | 1.709 | - | - | - | 40.003 | 61.739 |
| Other Liabilities (**) | - | 106.553 | 3.321 | 19.690 | 6.224 | 6 | 726.332 | 862.126 |
| Total Liabilities | 219.578 | 1.706.487 | 1.075.855 | 581.051 | 290.188 | 3.419 | 766.335 | 4.642.913 |
| Net Liquidity Gap | (185.928) | (494.752) | 363.034 | 272.798 | 551.598 | 104.916 | (611.666) | - |
| 31 December 2011 | | | | | | | | |
| Total Assets | 39.628 | 1.202.466 | 1.029.127 | 1.587.589 | 811.352 | 289.474 | 176.399 | 5.136.035 |
| Total Liabilities | 225.938 | 2.391.292 | 548.357 | 225.737 | 174.735 | 793.594 | 776.382 | 5.136.035 |
| Net Liquidity Gap | (186.310) | (1.188.826) | 480.770 | 1.361.852 | 636.617 | (504.120) | (599.983) | - |

(*) Balance sheet assets such as fixed and intangible assets, subsidiaries, stationary stocks, prepaid expenses and loans under follow-up, are classified in this column.

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

Financial liabilities according to their remaining maturities:

| 31 December 2012 | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | 5 years and over | Total |
|-------------------------|------------------|------------------|----------------|----------------|------------------|------------------|
| Liabilities | | | | | | |
| Bank deposits | 14.347 | - | - | - | - | 14.347 |
| Other deposits | 1.700.645 | 1.060.824 | 440.052 | 14.294 | - | 3.215.816 |
| Borrowings | 9.746 | 17.113 | 143.600 | 273.213 | 3.413 | 447.085 |
| Funds from money market | 87.822 | - | - | - | - | 87.822 |
| Total | 1.812.559 | 1.077.938 | 583.652 | 287.506 | 3.413 | 3.765.069 |
| 31 December 2011 | | | | | | |
| Liabilities | | | | | | |
| Bank deposits | 14.541 | - | - | - | - | 14.541 |
| Other deposits | 1.646.720 | 441.256 | 89.705 | - | - | 2.177.681 |
| Borrowings | 88.322 | 202.722 | 160.009 | 502.640 | 2.935.851 | 3.889.544 |
| Funds from money market | 845.653 | - | - | - | - | 845.653 |
| Total | 2.595.236 | 643.978 | 249.714 | 502.640 | 2.935.851 | 6.927.419 |

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Contractual maturity analysis of the Group’s derivative instruments:

| 31 December 2012 | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | 5 years and over | Total |
|---------------------------------------|----------------------|-------------------|--------------------|------------------|-------------------------|------------------|
| Trading Derivative Instruments | | | | | | |
| Foreign exchange derivatives: | | | | | | |
| - Inflow | 415.554 | 230.162 | 430.846 | 54.239 | - | 1.130.801 |
| - Outflow | 416.603 | 230.198 | 437.250 | 55.491 | - | 1.139.542 |
| Interest rate derivatives: | | | | | | |
| - Inflow | 291 | 618 | 2.029 | 10.458 | - | 13.396 |
| - Outflow | 262 | 487 | 1.604 | 9.802 | - | 12.155 |
| Hedging Derivative Instruments | | | | | | |
| Foreign exchange derivatives: | | | | | | |
| - Inflow | - | - | - | - | - | - |
| - Outflow | - | - | - | - | - | - |
| Interest rate derivatives: | | | | | | |
| - Inflow | - | - | - | - | - | - |
| - Outflow | - | - | - | - | - | - |
| Total cash inflow | 415.845 | 230.780 | 432.875 | 64.697 | - | 1.144.197 |
| Total cash outflow | 416.865 | 230.685 | 438.854 | 65.293 | - | 1.151.697 |

| 31 December 2011 | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | 5 years and over | Total |
|---------------------------------------|----------------------|-------------------|--------------------|------------------|-------------------------|------------------|
| Trading Derivative Instruments | | | | | | |
| Foreign exchange derivatives: | | | | | | |
| - Inflow | 709.205 | 457.416 | 586.410 | 77.301 | - | 1.830.332 |
| - Outflow | 713.951 | 451.221 | 591.099 | 77.866 | - | 1.834.137 |
| Interest rate derivatives: | | | | | | |
| - Inflow | 171 | 828 | 2.334 | 13.580 | 63 | 16.976 |
| - Outflow | 174 | 828 | 2.282 | 13.529 | 63 | 16.876 |
| Hedging Derivative Instruments | | | | | | |
| Foreign exchange derivatives: | | | | | | |
| - Inflow | - | - | - | - | - | - |
| - Outflow | - | - | - | - | - | - |
| Interest rate derivatives: | | | | | | |
| - Inflow | - | - | - | - | - | - |
| - Outflow | - | - | - | - | - | - |
| Total cash inflow | 709.376 | 458.244 | 588.744 | 90.881 | 63 | 1.847.308 |
| Total cash outflow | 714.125 | 452.049 | 593.381 | 91.395 | 63 | 1.851.013 |

VIII. SECURITIZATION POSITIONS:

None.

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IX. CREDIT RISK MITIGATION TECHNIQUES:

Bank 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. Legal validity of mortgages is sustained by mortgage’s timely and fair approval.

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 Bank 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 | 696.296 | - | - | - |
| Claims on regional governments or local authorities | - | - | - | - |
| Claims on administrative bodies and other non-commercial undertakings | 50 | - | - | - |
| Claims on multilateral development banks | - | - | - | - |
| Claims on international organizations | - | - | - | - |
| Claims on banks and intermediary institutions | 444.086 | 27 | - | - |
| Claims on corporates | 2.721.690 | 67.922 | - | 996 |
| Claims included in the regulatory retail portfolios | 834.675 | 16.736 | - | 2.819 |
| Claims secured by residential property | 814.928 | 3.276 | - | 2.011 |
| Past due loans | 64.932 | 49 | - | - |
| Higher risk categories decided by the Board | 31.798 | 1.352 | - | - |
| 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 | 379.344 | - | - | - |
| Total | 5.987.799 | 89.362 | - | 5.826 |

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X. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT:

Burgan Bank defines risk as the deviation from anticipated outcomes that may affect the value, capital or earnings of the bank. As a result, risk stems from its exposure to external or internal risk factors in conducting its business activities. The board of directors is responsible for approving and periodically reviewing the risk policy of the bank 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 Bank will actively seek and which risks are undesirable and should be avoided or eliminated. Burgan Bank’s risk strategy aims to set out the main elements of its risk taking activities so that the Bank attains its business goals within the limits prescribed by the risk appetite. The Bank 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 management systems have the capacity of monitoring the conformity of the pre-defined limits.

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.
- Credit risk shall be priced accordingly so that the risk/ reward ratio is optimised.
- 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.

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. Risk management group consists of credit risk, market risk and operational risk divisions.

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Risk Measurement and Assessment

Burgan Bank, applies internal systems for the measurement of credit risk. These systems assign a specific rating to every borrower/ counterparty (1-11 scale) which reflects the creditworthiness of the particular borrower and consequently the ability to repay funds on a timely manner. Credit rating takes under consideration both quantitative and qualitative factors.

FX position limits, bond portfolio limits and VaR limits are monitored daily. Interest rate gap limits are monitored monthly. All market risk limit utilizations are reported to the ALCO and Risk Committee.

Market Risk Unit runs stress tests on a regular basis and presents the results to BoD, ALCO and Risk Committee. The stress test describes the effects of defined changes in yield curves, credit spreads and FX rates on certain on-balance and off-balance items.

XI. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

a. Financial Assets and Liabilities at their fair values:

The fair values of held-to-maturity assets are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand placements and deposits represents the amount to be paid upon request. The expected fair value of the fixed rate deposits is determined by calculating the discounted cash flow using the Parent Bank’s current interest rates as of balance sheet date.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the Parent Bank’s current interest rates for fixed interest loans. For the loans with floating interest rates, it is assumed that the book value reflects the fair value.

The expected fair value of bank placements, money market placements and bank deposits are determined by calculating the discounted cash flows using the current market interest rates of similar assets and liabilities.

The following table summarises the book values and fair values of some financial assets and liabilities of the Group.

| | Book Value | | Fair Value | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| Financial Assets | 3.765.772 | 3.926.566 | 4.052.288 | 4.112.195 |
| Due from Money Market | 140.695 | - | 140.722 | - |
| Due from Banks | 213.372 | 442.985 | 213.374 | 444.171 |
| Available-for-Sale Financial Assets | 362.861 | 857.428 | 362.861 | 857.428 |
| Held-to-maturity Investments | - | 167.789 | - | 169.488 |
| Loans | 3.048.844 | 2.458.364 | 3.335.331 | 2.641.108 |
| Financial Liabilities | 3.693.043 | 3.425.315 | 3.729.079 | 3.376.556 |
| Bank Deposits | 14.347 | 14.541 | 14.347 | 14.537 |
| Other Deposits | 3.174.947 | 2.160.234 | 3.192.921 | 2.167.093 |
| Borrowings | 442.010 | 1.206.029 | 460.072 | 1.150.415 |
| Marketable Securities Issued | - | - | - | - |
| Miscellaneous Payables | 61.739 | 44.511 | 61.739 | 44.511 |

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b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques, which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- a) Quoted market prices (non-adjusted) (1st level)
- b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
- c) Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Group carried at fair value according to the foregoing principles is given in the table below:

| 31 December 2012 | 1st Level | 2nd Level | 3rd Level | Total |
|---|-----------------------------|-----------------------------|-----------------------------|----------------|
| Financial Assets at Fair Value Through Profit or Loss | 85.781 | 19.009 | - | 104.790 |
| Government Debt Securities | 82.570 | - | - | 82.570 |
| Share Certificates | 368 | - | - | 368 |
| Trading Derivative Financial Assets | - | 19.009 | - | 19.009 |
| Other Marketable Securities | 2.843 | - | - | 2.843 |
| Government Debt Securities | 357.692 | - | - | 357.692 |
| Government Debt Securities | 357.692 | - | - | 357.692 |
| Other Marketable Securities | - | - | - | - |
| Hedging Derivative Financial Assets | - | - | - | - |
| Total Assets | 443.473 | 19.009 | - | 462.482 |
| Trading Derivative Financial Liabilities | - | 20.853 | - | 20.853 |
| Hedging Derivative Financial Liabilities | - | - | - | - |
| Total Liabilities | - | 20.853 | - | 20.853 |

| 31 December 2011 | 1st Level | 2nd Level | 3rd Level | Total |
|---|-----------------------------|-----------------------------|-----------------------------|------------------|
| Financial Assets at Fair Value Through Profit or Loss | 362.258 | 57.975 | - | 420.233 |
| Government Debt Securities | 360.995 | - | - | 360.995 |
| Share Certificates | - | - | - | - |
| Trading Derivative Financial Assets | - | 57.975 | - | 57.975 |
| Other Marketable Securities | 1.263 | - | - | 1.263 |
| Government Debt Securities | 853.470 | - | - | 853.470 |
| Government Debt Securities | 853.470 | - | - | 853.470 |
| Other Marketable Securities | - | - | - | - |
| Total Assets | 1.215.728 | 57.975 | - | 1.273.703 |
| Trading Derivative Financial Liabilities | - | 54.845 | - | 54.845 |
| Hedging Derivative Financial Liabilities | - | - | - | - |
| Total Liabilities | - | 54.845 | - | 54.845 |

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There are no transfers between the 1st and the 2nd levels in the current year.

**XII. EXPLANATION REGARDING THE ACTIVITIES CARRIED OUT ON BEHALF AND
ACCOUNT OF OTHER PARTIES:**

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

XIII. EXPLANATIONS ON OPERATING SEGMENTS:

The Parent Bank manages its banking operations through three main business units: retail banking, corporate 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 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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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

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

Prior period financial information is presented as at 31 December 2011 for income statements and balance sheet items.

| 31 December 2012 | Retail Banking | Corporate Banking | Treasury | Other(*) | Total Operations of the Group |
|---|---------------------------|------------------------------|-----------------|-----------------|--|
| Segment revenue | 61.563 | 103.123 | 68.925 | 32.622 | 266.233 |
| Unallocated costs | - | - | - | (30.821) | (292.983) |
| Net Operating Profit | 61.563 | 103.123 | 68.925 | 1.801 | (26.750) |
| Dividend income | - | - | - | - | 137 |
| Profit Before Tax | - | - | - | - | (26.613) |
| Tax expense | - | - | - | - | (8.353) |
| Net Profit | - | - | - | - | (34.966) |
| Segment assets | 643.476 | 2.690.276 | 874.173 | 289.704 | 4.497.629 |
| Investments in associates, subsidiaries and joint ventures | - | - | - | - | - |
| Unallocated assets | - | - | - | - | 145.284 |
| Total Assets | 643.476 | 2.690.276 | 874.173 | 289.704 | 4.642.913 |
| Segment liabilities | 1.190.297 | 2.031.425 | 311.296 | 289.704 | 3.822.722 |
| Unallocated liabilities | - | - | - | - | 820.191 |
| Total Liabilities | 1.190.297 | 2.031.425 | 311.296 | 289.704 | 4.642.913 |

| 31 December 2011 | Retail Banking | Corporate Banking | Treasury | Other(*) | Total Operations of the Group |
|---|---------------------------|------------------------------|------------------|-----------------|--|
| Segment revenue | 42.061 | 60.577 | 81.864 | 49.052 | 233.554 |
| Unallocated costs | - | - | - | (32.726) | (199.515) |
| Net Operating Profit | 42.061 | 60.577 | 81.864 | 16.326 | 34.039 |
| Dividend income | - | - | - | - | 123 |
| Profit Before Tax | - | - | - | - | 34.162 |
| Tax expense | - | - | - | - | (8.752) |
| Net Profit | - | - | - | - | 25.410 |
| Segment assets | 443.226 | 2.188.363 | 2.050.458 | 283.710 | 4.965.757 |
| Investments in associates, subsidiaries and joint ventures | - | - | - | - | - |
| Unallocated assets | - | - | - | - | 170.278 |
| Total Assets | 443.226 | 2.188.363 | 2.050.458 | 283.710 | 5.136.035 |
| Segment liabilities | 923.126 | 1.275.791 | 1.862.868 | 283.710 | 4.345.495 |
| Unallocated liabilities | - | - | - | - | 790.540 |
| Total Liabilities | 923.126 | 1.275.791 | 1.862.868 | 283.710 | 5.136.035 |

(*) 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 December 2012 | | 31 December 2011 | |
|-----------------------|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| Cash/Foreign currency | 11.573 | 13.125 | 9.149 | 14.021 |
| CBRT | 191.692 | 146.816 | 228.814 | 97.021 |
| Other | - | - | - | - |
| Total | 203.265 | 159.941 | 237.963 | 111.042 |

2. Information on the account of the CBRT:

| | 31 December 2012 | | 31 December 2011 | |
|----------------------------|------------------|----------------|------------------|---------------|
| | TL | FC | TL | FC |
| Demand Unrestricted Amount | 191.692 | 22.766 | 228.814 | 12.988 |
| Time Unrestricted Amount | - | - | - | - |
| Time Restricted Amount | - | 124.050 | - | 84.033 |
| Total | 191.692 | 146.816 | 228.814 | 97.021 |

3. Information on reserve requirements:

As of balance sheet date, according to CBRT’s “Required Reserves Announcement “ No 2005/1, required reserves ratios for commercial banks operating in Turkey, are as follows; for demand deposits, notice deposits and private current accounts, deposits/participation accounts up to 1-month, up to 3 month it is 11%, for deposits/participation accounts up to 6-month maturity (including 6-month) 8%, for deposits/participation accounts up to 1-year maturity is 6%, for deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts 5%, for liabilities other than deposits/participation funds it is 5% , for liabilities other than deposits/participation funds accounts up to 1-year maturity is 11%, for liabilities other than deposits/participation funds accounts up to 1-year maturity is 8% and for liabilities other than deposits/participation funds accounts longer than 3-year maturity is 5%. For FX demand deposits, notice deposits and FX private current accounts, deposits/participation accounts up to 1-month, up to 3-month, up to 6-month and up to 1-year maturities it is 11.5%, for FX deposits/FX participation accounts with 1-year and longer maturity and cumulative FX deposits/FX participation accounts it is 9.5%, for other FX liabilities up to 1 year maturity (including 1-year) it is 11.5%, for other FX liabilities up to 3-year maturity (including 3-year) it is 9.5%, for other FX liabilities longer than 3-year maturity it is 6%.

According to the announcement in Official Gazette, No 28565 in February 20, 2013, regarding the changes in CBRT’s “Required Reserves Announcement “ No 2005/1, as of March 1, 2013, required reserve deposit ratios had been increased to: 11,5% from 11,25% for demand deposits, notice deposits and private current accounts, deposits/participation accounts up to 1-month, up to 3 month; 8,5% from 8,25% for deposits/participation accounts up to 6-month maturity (including 6-month); 6,5% from 6,25% for deposits/participation accounts up to 1-year maturity; 11,5% from 11,25% for liabilities other than deposits/participation funds accounts up to 1-year maturity is; 12,5% from 12% for FX demand deposits, notice deposits and FX private current accounts, deposits/participation accounts up to 1-month, up to 3-month, up to 6-month and up to 1-year maturities, other FX liabilities up to 1 year maturity (including 1-year); and 10,5% from 10% for other FX liabilities up to 3 year maturity.

No interest is charged by CBRT for Turkish Lira and foreign currency denominated reserve requirements.

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

- As of 31 December 2012, there are no financial assets at fair value through profit or loss subject to repo transactions (31 December 2011: TL291.929).
- Positive differences related to trading derivative financial assets:

| | 31 December 2012 | | 31 December 2011 | |
|----------------------|------------------|---------------|------------------|---------------|
| | TL | FC | TL | FC |
| Forward Transactions | 2.431 | 838 | 12.654 | 1.622 |
| Swap Transactions | 2.482 | 4.722 | 9.793 | 2.006 |
| Futures Transactions | - | - | - | - |
| Options | 461 | 8.075 | 8.894 | 23.006 |
| Other | - | - | - | - |
| Total | 5.374 | 13.635 | 31.341 | 26.634 |

c. Information on banks:

- Information on banks:

| | 31 December 2012 | | 31 December 2011 | |
|----------------------------------|------------------|---------------|------------------|---------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 114.803 | 89.862 | 2.531 | 3.507 |
| Foreign | - | 8.707 | 424.376 | 12.571 |
| Headquarters and Branches Abroad | - | - | - | - |
| Total | 114.803 | 98.569 | 426.907 | 16.078 |

- Information on foreign banks account:

| | Unrestricted Amount | | Restricted Amount | |
|---------------------------|---------------------|------------------|-------------------|------------------|
| | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| EU Countries | 6.524 | 435.394 | - | - |
| USA, Canada | 2.176 | 1.553 | - | - |
| OECD Countries (*) | 7 | - | - | - |
| Off-shore Banking Regions | - | - | - | - |
| Other | - | - | - | - |
| Total | 8.707 | 436.947 | - | - |

(*) OECD countries except EU countries, USA and Canada

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

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

As of 31 December 2012, there are TL 88.396 available-for-sale financial assets given as collateral/blocked (31 December 2011: 86.205) and those subject to repurchase agreements amounts to TL 87.918 (31 December 2011: TL441.590).

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(Continued)**

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

| | 31 December 2012 | 31 December 2011 |
|--------------------------|------------------|------------------|
| Debt Securities | 357.692 | 855.509 |
| Quoted on Stock Exchange | 357.692 | 855.509 |
| Not Quoted | - | - |
| Share Certificates | 5.169 | 3.958 |
| Quoted on Stock Exchange | - | - |
| Not Quoted | 5.169 | 3.958 |
| Impairment Provision (-) | - | 2.039 |
| Total | 362.861 | 857.428 |

e. Explanations on loans:

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

| | 31 December 2012 | | 31 December 2011 (*) | |
|---|------------------|----------|----------------------|---------------|
| | Cash | Non-cash | Cash | Non-cash |
| Direct Loans Granted To Shareholders | - | - | - | - |
| Corporate Shareholders | - | - | - | - |
| Real Person Shareholders | - | - | - | - |
| Indirect Loans Granted To Shareholders | - | - | 433.544 | 35.225 |
| Loans Granted To Employees | 3.582 | - | 3.175 | - |
| Total | 3.582 | - | 436.719 | 35.225 |

(*) Prior Period information is presented according to the Bank's shareholder structure and related party risk group as of 31 December 2011.

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 | 2.755.164 | 37.114 | 8.827 | 100.220 | 67.174 | 15.412 |
| Loans Given to Enterprises | - | - | - | - | - | - |
| Export Loans | 554.198 | 6.422 | - | 6.247 | 517 | - |
| Import Loans | - | - | - | - | - | - |
| Loans Given to Financial Sector | 32.245 | - | - | - | - | - |
| Consumer Loans | 43.766 | - | - | 2.468 | 20 | - |
| Credit Cards | 15.390 | - | - | 733 | - | - |
| Other (*) | 2.109.565 | 30.692 | 8.827 | 90.772 | 66.637 | 15.412 |
| Specialised Loans | - | - | - | - | - | - |
| Other Receivables | - | - | - | - | - | - |
| Total | 2.755.164 | 37.114 | 8.827 | 100.220 | 67.174 | 15.412 |

(*) The Group also has TL139.782 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 | 24.420 | 67.174 |
| 3,4 or 5 times | 9.473 | - |
| Over 5 times | 3.221 | - |
| Total | 37.114 | 67.174 |

(iii)

| Extended Period of Time | Standard Loans and Other Receivables | Loans and Other Receivables Under Close Monitoring |
|--------------------------------|---|---|
| 0-6 Months | 18.676 | 19.665 |
| 6 Ay – 12 Months | 18.438 | 11.605 |
| 1-2 Years | - | 18.971 |
| 2-5 Years | - | 16.933 |
| 5 Years and Over | - | - |
| Total | 37.114 | 67.174 |

3. Loans according to their maturity structure:

| | 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 |
| Short-term Loans and Other Receivables | 2.034.626 | 36.608 | 44.042 | 40.533 |
| Non-specialised Loans | 2.034.626 | 36.608 | 44.042 | 40.533 |
| Specialised Loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| Medium and Long-Term Loans and Other Receivables | 720.538 | 9.333 | 56.178 | 42.053 |
| Non-specialised Loans | 720.538 | 9.333 | 56.178 | 42.053 |
| Specialised Loans | - | - | - | - |
| Other Receivables | - | - | - | - |

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

| | Short- term | Medium and Long-term | Total |
|--|---------------|-------------------------|---------------|
| Consumer Loans-TL | 3.364 | 37.842 | 41.206 |
| Real estate loans | - | 4.783 | 4.783 |
| Automotive loans | - | 654 | 654 |
| Consumer loans | 3.364 | 32.405 | 35.769 |
| Other | - | - | - |
| Consumer Loans-FC Indexed | - | 1.269 | 1.269 |
| Real estate loans | - | 1.269 | 1.269 |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Consumer Loans-FC | - | - | - |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Individual Credit Cards-TL | 5.221 | - | 5.221 |
| With installments | - | - | - |
| Without installments | 5.221 | - | 5.221 |
| Individual Credit Cards- FC | 20 | - | 20 |
| With installments | - | - | - |
| Without installments | 20 | - | 20 |
| Personnel Loans-TL | 324 | 2.392 | 2.716 |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | 324 | 2.392 | 2.716 |
| 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 | 864 | - | 864 |
| With installments | - | - | - |
| Without installments | 864 | - | 864 |
| Personnel Credit Cards-FC | 2 | - | 2 |
| With installments | - | - | - |
| Without installments | 2 | - | 2 |
| Credit Deposit Account-TL (Real Person) | 1.063 | - | 1.063 |
| Credit Deposit Account-FC (Real Person) | - | - | - |
| Total | 10.858 | 41.503 | 52.361 |

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

| | Short-term | Medium and long-term | Total |
|---|---------------|-------------------------|----------------|
| Commercial Installments Loans-TL | 37.113 | 185.418 | 222.531 |
| Real estate loans | - | 904 | 904 |
| Automotive loans | 19 | 2.512 | 2.531 |
| Consumer loans | 25.830 | 164.314 | 190.144 |
| Other | 11.264 | 17.688 | 28.952 |
| Commercial Installments Loans-FC Indexed | 899 | 46.229 | 47.128 |
| Real estate loans | - | - | - |
| Automotive loans | - | 239 | 239 |
| Consumer loans | 899 | 45.919 | 46.818 |
| Other | - | 71 | 71 |
| Commercial Installments Loans-FC | - | - | - |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| Corporate Credit Cards-TL | 9.958 | - | 9.958 |
| With installment | - | - | - |
| Without installment | 9.958 | - | 9.958 |
| Corporate Credit Cards-FC | 58 | - | 58 |
| With installment | - | - | - |
| Without installment | 58 | - | 58 |
| Credit Deposit Account-TL (Legal Person) | 21.538 | - | 21.538 |
| Credit Deposit Account-FC (Legal Person) | - | - | - |
| Total | 69.566 | 231.647 | 301.213 |

6. Loans according to types of borrowers:

| | 31 December 2012 | 31 December 2011 |
|--------------|------------------|------------------|
| Public | - | - |
| Private | 2.983.911 | 2.420.963 |
| Total | 2.983.911 | 2.420.963 |

7. Distribution of domestic and foreign loans:

| | 31 December 2012 | 31 December 2011 |
|----------------|------------------|------------------|
| Domestic Loans | 2.983.911 | 2.420.963 |
| Foreign Loans | - | - |
| Total | 2.983.911 | 2.420.963 |

8. Loans given to investments in associates and subsidiaries:

None (31 December 2011: None).

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9. Specific provisions provided against loans:

| | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Loans and Other Receivables with Limited Collectability | 4.167 | 505 |
| Loans and Other Receivables with Doubtful Collectability | 10.884 | 2.120 |
| Uncollectible Loans and Other Receivables | 95.987 | 74.440 |
| Total | 111.038 | 77.065 |

10. 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 December 2012 | | | |
| (Gross amounts before the Specific Reserves) | | | |
| Restructured Loans and Other Receivables | | | - |
| Rescheduled Loans and Other Receivables | 127 | 145 | 4.485 |
| 31 December 2011 | | | |
| (Gross amounts before the Specific Reserves) | | | |
| Restructured Loans and Other Receivables | | | - |
| Rescheduled Loans and Other Receivables | 46 | 238 | 5.831 |

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 | 4.615 | 7.009 | 102.842 |
| Additions (+) | 77.001 | 1.902 | 13.603 |
| Transfers from Other Categories of Non-performing Loans (+) | | 46.467 | 18.991 |
| Transfers to Other Categories of Non-performing Loans (-) | 46.712 | 18.746 | - |
| Collections (-) | 9.918 | 4.511 | 16.572 |
| Write-offs (-) | | | |
| Corporate and Commercial Loans | | | |
| Consumer Loans | | | |
| Credit Cards | | | |
| Other | | | |
| Balance at the End of the Period | 24.986 | 32.121 | 118.864 |
| Specific Provision (-) | 4.167 | 10.884 | 95.987 |
| Net Balance on Balance Sheet | 20.819 | 21.237 | 22.877 |

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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 December 2012 | | | |
| Period-End Balance | 6.263 | 2.469 | 33.934 |
| Specific Provision (-) | 1.019 | 1.201 | 23.471 |
| Net Balance on balance sheet | 5.244 | 1.268 | 10.463 |
| 31 December 2011 | | | |
| Period-End Balance | 846 | - | 32.527 |
| Specific Provision (-) | 169 | - | 19.098 |
| Net Balance on balance sheet | 677 | - | 13.429 |

(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) | 20.819 | 21.237 | 22.877 |
| Loans Given to Real Persons and Legal Persons (Gross) | 21.499 | 31.924 | 112.517 |
| Specific Provision Amount (-) | 3.457 | 10.785 | 89.980 |
| Loans Given to Real Persons and Legal Persons (Net) | 18.042 | 21.139 | 22.537 |
| Banks (Gross) | - | - | - |
| Specific Provision Amount (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other Loans and Receivables (Gross) | 3.487 | 197 | 6.347 |
| Specific Provision Amount (-) | 710 | 99 | 6.007 |
| Other Loans and Receivables (Net) | 2.777 | 98 | 340 |
| Prior Period (Net) | 4.110 | 4.889 | 28.402 |
| Loans Given to Real Persons and Legal Persons (Gross) | 4.347 | 6.264 | 97.773 |
| Specific Provision Amount (-) | 451 | 1.916 | 69.681 |
| Loans Given to Real Persons and Legal Persons (Net) | 3.896 | 4.348 | 28.092 |
| Banks (Net) | - | - | - |
| Specific Provision Amount (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other Loans and Receivables (Gross) | 268 | 745 | 5.069 |
| Specific Provision Amount (-) | 54 | 204 | 4.759 |
| Other Loans and Receivables (Net) | 214 | 541 | 310 |

11. 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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12. 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:

| | 31 December 2012 | | 31 December 2011 | |
|-----------------------------|------------------|----------|------------------|----------|
| | TL | FC | TL | FC |
| Bill | - | - | - | - |
| Bond and Similar Securities | - | - | 114.785 | - |
| Other | - | - | - | - |
| Total | - | - | 114.785 | - |

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

| | 31 December 2012 | | 31 December 2011 | |
|-----------------------------|------------------|----------|------------------|----------|
| | TL | FC | TL | FC |
| Bill | - | - | - | - |
| Bond and Similar Securities | - | - | 49.300 | - |
| Other | - | - | - | - |
| Total | - | - | 49.300 | - |

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

| | 31 December 2012 | 31 December 2011 |
|-----------------------|------------------|------------------|
| Government Bond | - | 167.789 |
| Treasury Bill | - | - |
| Other Debt Securities | - | - |
| Total | - | 167.789 |

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

| | 31 December 2012 | 31 December 2011 |
|--------------------------|------------------|------------------|
| Debt Securities | - | 167.789 |
| Quoted | - | 167.789 |
| Not Quoted | - | - |
| Impairment Provision (-) | - | - |
| Total | - | 167.789 |

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

| | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| Beginning Balance | 167.789 | 959.996 |
| Foreign Currency Differences on Monetary Assets | - | - |
| Purchases During Year | - | - |
| Disposals through Sales and Redemptions (-) (*) | 167.789 | 792.207 |
| Impairment Provision (-) | - | - |
| Period End Balance | - | 167.789 |

(*) Above movement table includes changes in interest accruals, with security disposals through redemption amounting to TL159.331.

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g. Information on investments in associates (Net):

None.

h. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

None.

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

None.

3. 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. (Formerly EFG Finansal Kiralama A.Ş.) | İstanbul/Turkey | 99,99 | 0,01 |
| 2 | Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş. (Formerly EFG İstanbul Equities Menkul Değerler A.Ş. , and its subsidiary EFG İstanbul Portföy Yönetimi A.Ş.) | İstanbul/Turkey | 99,99 | 0,01 |

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

| | Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income from Marketable Securities Portfolio | Current Period Profit / Loss | Prior Period Profit / Loss | Fair value |
|-------|--------------|----------------------|--------------------|-----------------|---|------------------------------|----------------------------|------------|
| 1 | 286.111 | 40.026 | 22 | 21.946 | - | 4.727 | 5.668 | - |
| 2 (*) | 78.951 | 65.824 | 2.325 | 7.688 | 1.349 | (3.475) | 7.283 | - |

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

5. Movement schedules of subsidiaries:

| | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Balance at the beginning of the Period | 134.332 | 134.332 |
| Movements during the Period | (45.995) | - |
| Purchases | - | - |
| Bonus Shares Obtained | - | - |
| Dividends from Current Year Income | - | - |
| Sales | - | - |
| Revaluation Increase | - | - |
| Impairment Provision | (45.995) | - |
| Balance at the end of the Period | 88.337 | 134.332 |
| Capital Commitments | - | - |
| Share Percentage at the end of the Period (%) | %99,99 | %99,99 |

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

| Subsidiaries | 31 December 2012 | 31 December 2011 |
|------------------------------|-------------------------|-------------------------|
| Banks | - | - |
| Insurance Companies | - | - |
| Factoring Companies | - | - |
| Leasing Companies | 22.232 | 22.232 |
| Finance Companies | - | - |
| Other Financial Subsidiaries | 66.105 | 112.100 |
| Total | 88.337 | 134.332 |

7. Subsidiaries quoted on stock exchange:

None.

i. Information on joint ventures:

None.

j. Information on lease receivables (net):

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

| | 31 December 2012 | | 31 December 2011 | |
|-------------------|-------------------------|----------------|-------------------------|----------------|
| | Gross | Net | Gross | Net |
| Less than 1 year | 111.248 | 94.558 | 94.434 | 78.475 |
| Between 1-4 years | 160.309 | 144.280 | 165.492 | 145.321 |
| More than 4 years | 6.222 | 5.772 | 21.273 | 19.861 |
| Total | 277.779 | 244.610 | 281.199 | 243.657 |

k. Information on hedging derivative financial assets:

As of 31 December 2012, there are no positive differences related with hedging derivative financial assets (31 December 2011: None).

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l. Information on property and equipment (Net):

| | Immovables | Motor Vehicles | Other Tangible Assets | Total |
|---|-------------------|---------------------------|--------------------------------------|---------------|
| 31 December 2010 | | | | |
| Cost | 8.146 | 631 | 73.579 | 82.356 |
| Accumulated depreciation (-) | 1.295 | 536 | 46.511 | 48.342 |
| Net book value | 6.851 | 95 | 27.068 | 34.014 |
| 31 December 2011 | | | | |
| Net book value at beginning of the period | 6.851 | 95 | 27.068 | 34.014 |
| Additions | - | - | 5.719 | 5.719 |
| Disposals (-), (net) | - | 9 | - | 9 |
| Impairment | - | - | - | - |
| Depreciation (-) | 137 | 45 | 6.961 | 7.143 |
| Revaluation Increase | 136 | - | - | 136 |
| Cost at Period End | 8.282 | 373 | 47.176 | 55.831 |
| Accumulated Depreciation at Period End (-) | 1.432 | 332 | 21.350 | 23.114 |
| Closing Net Book Value at Period End | 6.850 | 41 | 25.826 | 32.717 |

| | Immovables | Motor Vehicles | Other Tangible Assets | Total |
|---|-------------------|---------------------------|--------------------------------------|---------------|
| 31 December 2011 | | | | |
| Cost | 8.282 | 373 | 47.176 | 55.831 |
| Accumulated depreciation (-) | 1.432 | 332 | 21.350 | 23.114 |
| Net book value | 6.850 | 41 | 25.826 | 32.717 |
| 31 December 2012 | | | | |
| Net book value at beginning of the period | 6.850 | 41 | 25.826 | 32.717 |
| Additions | - | 43 | 2.134 | 2.177 |
| Disposals (-), (net) | 50 | 16 | - | 66 |
| Impairment | - | - | - | - |
| Depreciation (-) | 140 | 28 | 7.724 | 7.892 |
| Revaluation Increase | 340 | - | - | 340 |
| Cost at Period End | 8.557 | 203 | 49.149 | 57.909 |
| Accumulated Depreciation at Period End (-) | 1.557 | 163 | 28.913 | 30.633 |
| Closing Net Book Value at Period End | 7.000 | 40 | 20.236 | 27.276 |

m. Information on intangible assets:

1. Book value and accumulated depreciation at the beginning and at the end of the period:

| | 31 December 2012 | 31 December 2011 |
|------------------------------|-------------------------|-------------------------|
| Gross Book Value | 34.974 | 92.628 |
| Accumulated Depreciation (-) | 10.624 | 7.284 |
| Net Book Value | 24.350 | 85.344 |

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2. Information on movements between the beginning and end of the period:

| | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Beginning of the Period | 85.344 | 83.095 |
| Internally Generated Amounts | - | - |
| Additions due to Mergers, Transfers and Acquisitions | 6.319 | 4.957 |
| Disposals | - | - |
| Amount Accounted under Revaluation Reserve | - | - |
| Impairment | 63.973 | - |
| Impairment Reversal | - | - |
| Amortisation (-) | 3.340 | 2.708 |
| Net Foreign Currency Difference From Foreign Investments in Associates | - | - |
| Other Changes in Book Value | - | - |
| End of the Period | 24.350 | 85.344 |

n. Information on investment property:

None.

o. Information on deferred tax asset:

As of 31 December 2012, the Group has netted-off the calculated deferred tax asset of TL 12.633 (31 December 2011: TL16.990) and deferred tax of TL 2.809 (31 December 2011: TL2.674) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 9.824 (31 December 2011: TL14.316) in the financial statements. As of 31 December 2012 the Group has not a deferred tax liability (31 December 2011: None).

As of 31 December 2012 and 31 December 2011, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

| | Accumulated Temporary Differences | | Deferred Tax Assets/Liabilities | |
|--|-----------------------------------|------------------|---------------------------------|------------------|
| | 31 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| Reserve for Employee Rights | 20.323 | 12.610 | 4.064 | 2.522 |
| Provision for Legal Cases | 14.012 | 15.689 | 2.802 | 3.139 |
| Valuation Differences of Derivative Instruments | 11.029 | 7.743 | 2.206 | 1.549 |
| Carried Financial Loss | 7.788 | 39.072 | 1.558 | 7.814 |
| Other Provisions | 5.802 | 4.004 | 1.160 | 801 |
| Unearned Revenue | 3.534 | 3.227 | 707 | 645 |
| Valuation Differences of Marketable Securities | - | 1.745 | - | 349 |
| Other | 680 | 854 | 136 | 171 |
| Deferred Tax Assets | 63.168 | 84.944 | 12.633 | 16.990 |
| Difference Between Book Value and Tax Base of Tangible and Intangible Assets | 14.017 | 13.230 | 2.803 | 2.646 |
| Value Difference of Securities | 31 | - | 6 | - |
| Other | - | 138 | - | 28 |
| Deferred Tax Liabilities | 14.048 | 13.368 | 2.809 | 2.674 |
| Deferred Tax Assets / (Liabilities) (Net) | 49.120 | 71.576 | 9.824 | 14.316 |

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Movement of deferred tax asset/ liabilities is presented below:

| | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Balance as of 1 January | 14.316 | 19.330 |
| Current year deferred tax income/(expense) (net) | (943) | (6.560) |
| Deferred tax charged to equity (net) | (3.549) | 1.546 |
| Balance at the End of the Period | 9.824 | 14.316 |

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

The Group has assets held for resale amounting to TL13.005 (31 December 2011: TL15.120) and has no discontinued operations.

| | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| Prior Period End: | | |
| Cost | 15.473 | 8.873 |
| Accumulated Depreciation (-) | 353 | 240 |
| Net Book Value | 15.120 | 8.633 |
| Current Year End: | | |
| Net book value at beginning of the period | 15.120 | 8.633 |
| Additions | 7.436 | 15.129 |
| Disposals (-) | 9.265 | 8.416 |
| Impairment | 14 | 22 |
| Depreciation (-) | 272 | 204 |
| Cost | 13.486 | 15.473 |
| Accumulated Depreciation (-) | 481 | 353 |
| Closing Net Book Value | 13.005 | 15.120 |

r. Information on other assets:

As of 31 December 2012, other assets amounting to TL 90.080 (31 December 2011: TL48.909) 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 December 2012:

| | Demand | With 7 day notification | Up to 1 month | 1-3 months | 3-6 months | 6 months -1 year | 1 year and over | Accum. Deposit | Total |
|--------------------------------|----------------|-------------------------|----------------|------------------|----------------|------------------|-----------------|----------------|------------------|
| Saving Deposits | 19.411 | - | 10.430 | 704.618 | 112.374 | 161.263 | 126.861 | - | 1.134.957 |
| Foreign Currency Deposits | 98.981 | - | 82.371 | 906.092 | 154.276 | 32.332 | 31.405 | - | 1.305.457 |
| Residents in Turkey | 92.276 | - | 82.371 | 880.130 | 153.195 | 30.605 | 30.823 | - | 1.269.400 |
| Residents Abroad | 6.705 | - | - | 25.962 | 1.081 | 1.727 | 582 | - | 36.057 |
| Public Sector Deposits | 18.264 | - | - | 71.878 | - | - | - | - | 90.142 |
| Commercial Deposits | 67.708 | - | 36.945 | 203.996 | 86.299 | 95.365 | 21.332 | - | 511.645 |
| Other Institutions Deposits | 867 | - | 1.248 | 96.314 | 24.056 | 10.257 | 4 | - | 132.746 |
| Precious Metal Deposits | - | - | - | - | - | - | - | - | - |
| Bank Deposits | 14.347 | - | - | - | - | - | - | - | 14.347 |
| The CBRT | - | - | - | - | - | - | - | - | - |
| Domestic Banks | 45 | - | - | - | - | - | - | - | 45 |
| Foreign Banks | 14.302 | - | - | - | - | - | - | - | 14.302 |
| Special Financial Institutions | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total | 219.578 | - | 130.994 | 1.982.898 | 377.005 | 299.217 | 179.602 | - | 3.189.294 |

ii. 31 December 2011:

| | Demand | With 7 days notifications | Up to 1 month | 1-3 months | 3-6 months | 6 months -1 year | 1 year and over | Accum. Deposit | Total |
|--------------------------------|----------------|---------------------------|----------------|------------------|----------------|------------------|-----------------|----------------|------------------|
| Saving Deposits | 22.721 | - | 17.794 | 589.745 | 141.910 | 17.493 | 6.712 | - | 796.375 |
| Foreign Currency Deposits | 106.218 | - | 58.191 | 444.560 | 45.356 | 17.843 | 3.187 | - | 675.355 |
| Residents in Turkey | 105.098 | - | 58.179 | 403.751 | 45.254 | 17.746 | 1.960 | - | 631.988 |
| Residents Abroad | 1.120 | - | 12 | 40.809 | 102 | 97 | 1.227 | - | 43.367 |
| Public Sector Deposits | 3.684 | - | - | 8 | - | - | - | - | 3.692 |
| Commercial Deposits | 86.165 | - | 165.469 | 330.604 | 29.311 | 26.203 | 20.179 | - | 657.931 |
| Other Institutions Deposits | 1.068 | - | 11.021 | 13.163 | 1.593 | 20 | 16 | - | 26.881 |
| Precious Metal Deposits | - | - | - | - | - | - | - | - | - |
| Bank Deposits | 6.082 | - | 8.459 | - | - | - | - | - | 14.541 |
| The CBRT | - | - | - | - | - | - | - | - | - |
| Domestic Banks | 44 | - | 8.459 | - | - | - | - | - | 8.503 |
| Foreign Banks | 6.038 | - | - | - | - | - | - | - | 6.038 |
| Special Financial Institutions | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total | 225.938 | - | 260.934 | 1.378.080 | 218.170 | 61.559 | 30.094 | - | 2.174.775 |

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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 December 2012 | 31 December 2011 | 31 December 2012 | 31 December 2011 |
| Saving Deposits | | | | |
| Saving Deposits | 205.376 | 166.180 | 929.581 | 630.195 |
| Foreign Currency Savings Deposit | 46.532 | 31.995 | 548.467 | 255.521 |
| 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 | 251.908 | 198.175 | 1.478.048 | 885.716 |

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 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| Deposits and Other Accounts in Foreign Branches | - | - |
| Deposits and Other Accounts of Main Shareholders and their Families | - | 93.358 |
| Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families | 3.370 | 1.948 |
| 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 | 3.370 | 95.306 |

b. Information on trading derivative financial liabilities:

Schedule of negative differences concerning trading derivative financial liabilities:

| Trading Derivative Financial Liabilities | 31 December 2012 | | 31 December 2011 | |
|--|------------------|---------------|------------------|---------------|
| | TL | FC | TL | FC |
| Forward Transactions | 5.847 | 441 | 10.556 | 1.107 |
| Swap Agreements | 2.465 | 3.558 | 9.051 | 2.357 |
| Futures Transactions | - | - | - | - |
| Options | 166 | 8.376 | 3.768 | 28.006 |
| Other | - | - | - | - |
| Total | 8.478 | 12.375 | 23.375 | 31.470 |

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c. Information on borrowings:

1. Information on banks and other financial institutions:

| | 31 December 2012 | | 31 December 2011 | |
|--|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| The CBRT Borrowings | - | - | - | - |
| From Domestic Banks and Institutions | 43.402 | 66.665 | 34.140 | 47.950 |
| From Foreign Banks, Institutions and Funds | 1.315 | 330.628 | 754.704 | 369.235 |
| Total | 44.717 | 397.293 | 788.844 | 417.185 |

2. Information on maturity structure of borrowings:

| | 31 December 2012 | | 31 December 2011 | |
|----------------------|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| Short-term | 43.402 | 108.118 | 34.140 | 122.325 |
| Medium and Long-term | 1.315 | 289.175 | 754.704 | 294.860 |
| Total | 44.717 | 397.293 | 788.844 | 417.185 |

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 December 2012, deposits and borrowings from Group's risk group comprise 0,1% (31 December 2011: 26%) of total deposits and 24% (31 December 2011: 76%) of total borrowings.

d. Information on other foreign liabilities:

Other foreign liabilities amounting to TL91.677 (31 December 2011: TL43.862) do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

e. 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.

f. Information on hedging derivative financial liabilities:

None.

g. Information on provisions:

1. Information on general provisions:

| | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| General Provisions | 37.096 | 28.014 |
| Provisions for First Group Loans and Receivables | 27.948 | 20.290 |
| Additional Provision for Loans and Receivables with Extended Maturities | 1.856 | - |
| Provisions for Second Group Loans and Receivables | 5.746 | 2.843 |
| Additional Provision for Loans and Receivables with Extended Maturities | 3.359 | 1.712 |
| Provisions for Non-Cash Loans | 2.070 | 3.089 |
| Other | 1.332 | 1.792 |

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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 3.033,98 (31 December 2011: TL2.731,85). 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.

| | 31 December 2012 | 31 December 2011 |
|--------------------------------------|------------------|------------------|
| Discount rate (%) | 2,50 | 3,81 |
| Salary increase rate (%) | 6,00 | 6,00 |
| Average remaining work period (Year) | 12,38 | 11,98 |

Movement of reserve for employment termination benefits during the period:

| | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Prior Period Ending Balance | 5.664 | 4.109 |
| Additions due to acquisition during the period | 3.202 | 2.071 |
| Paid During the Period (-) | 1.000 | 516 |
| Balance at the End of the Period | 7.866 | 5.664 |

In addition, as of 31 December 2012 the Group has accounted for vacation rights provision amounting to TL 1.858 (31 December 2011: TL1.981) and personnel bonus provision amounting to TL 10.599 (31 December 2011: TL13.466).

3. Other provisions:

i) Information on provisions for possible risks:

None.

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ii) Information on other provisions:

The Group set aside reserves amounting to TL 14.012 (31 December 2011: TL14.525) for lawsuits, TL 2.538 (31 December 2011: TL4.102) for the specific provision provided for unindemnified non-cash loans, amount to TL 3.115 (31 December 2011: TL2.020) for customer cheques commitments, TL 52 (31 December 2011: TL37) for credit card loyalty points and TL 111 (31 December 2011: TL1.755) for other receivables. Also, the Bank set aside TL1.400 for provision regarding a tax investigation in the previous period.

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

As of 31 December 2012, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 3.730 (31 December 2011: TL518) and is netted from the loan amount in the financial statements.

h. Information on taxes payable:

1. Information on tax provision:

As of 31 December 2012, the corporate tax provision is TL 2.462 (31 December 2011: TL532).

2. Information on taxes payable:

| | 31 December 2012 | 31 December 2011 |
|-----------------------------------|------------------|------------------|
| Corporate Tax Payable | 2.462 | 532 |
| Taxation of Marketable Securities | 3.644 | 3.559 |
| Property Tax | 148 | 145 |
| Banking Insurance Transaction Tax | 2.724 | 2.748 |
| Value Added Tax Payable | 409 | 2.043 |
| Other | 2.109 | 1.944 |
| Total | 11.496 | 10.971 |

3. Information on premium payables:

| | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| Social Security Premiums-Employee | 726 | 1.134 |
| Social Security Premiums-Employer | 832 | 1.272 |
| 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 | 40 | 70 |
| Unemployment Insurance-Employer | 81 | 140 |
| Other | - | - |
| Total | 1.679 | 2.616 |

4. Information on deferred tax liability:

As of 31 December 2012, the Group has netted-off the calculated deferred tax asset of TL 12.633 (31 December 2011: TL16.990) and deferred tax liability of TL 2.809 (31 December 2011: TL2.674) in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 9.824 (31 December 2011: TL14.316) in the financial statements. As of 31 December 2012, the Group has not a deferred tax liability (31 December 2011: None).

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

None.

j. Information on subordinated loans:

None.

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

| | 31 December 2012 | 31 December 2011 |
|-----------------|------------------|------------------|
| Common Stock | 570.000 | 570.000 |
| Preferred Stock | - | - |

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

The Bank has paid-in-capital of TL570.000 and does not apply the registered share capital system.

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 rate, 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.

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8. Information on marketable securities valuation reserve:

| | 31 December 2012 | | 31 December 2011 | |
|---|------------------|----|------------------|----|
| | TL | FC | TL | FC |
| From Investments in Associates, Subsidiaries, and Joint Ventures | | | - | - |
| Valuation Difference | 10.185 | | (3.739) | - |
| Foreign Currency Difference | | | - | - |
| Total | 10.185 | | (3.739) | |

9. Information on tangible assets revaluation reserve:

| | 31 December 2012 | | 31 December 2011 | |
|---|------------------|----|------------------|----|
| | TL | FC | TL | FC |
| Movables | - | - | - | - |
| Immovables | 3.717 | | 3.445 | - |
| Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables | - | - | - | - |
| Total | 3.717 | | 3.445 | |

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

The Bank and its subsidiaries classified the TL25.410 of the consolidated net income of the last year TL3.851 as legal provision charge, TL21.559 as extraordinary provision charge.

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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 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Commitments for cheques | 267.935 | 225.721 |
| Foreign currency buy/sell commitments | 118.915 | 129.110 |
| Loan limit commitments | 68.406 | 42.404 |
| Commitments for credit card limits | 30.056 | 20.375 |
| Blocked cheques given to customers | 178 | 178 |
| Tax and fund obligations arising from export commitments | 18 | 1.111 |
| Share capital commitments to associates and subsidiaries | - | 1.000 |
| Total | 485.508 | 419.899 |

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 December 2012 | 31 December 2011 |
|-----------------------|------------------|------------------|
| Letter of guarantees | 617.734 | 523.509 |
| Other guarantees | 228.511 | 851.970 |
| Letter of credits | 115.632 | 194.259 |
| Bank acceptance loans | 95.241 | 91.289 |
| Factoring guarantees | 1.194 | 2.403 |
| Total | 1.058.312 | 1.663.430 |

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

| | TL | FC |
|---------------------------------------|----------------|----------------|
| Irrevocable letters of guarantee | 377.738 | 109.221 |
| Guarantees given to customs | 42.411 | 1.442 |
| Revocable letters of guarantee | 20.577 | 9.070 |
| Letters of guarantee given in advance | 9.121 | 29.721 |
| Other letters of guarantee | 6.943 | 11.490 |
| Total | 456.790 | 160.944 |

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

| | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Non-cash loans given against cash loans | 246.591 | 857.514 |
| With original maturity of 1 year or less than 1 year | | - |
| With original maturity of more than 1 year | 246.591 | 857.514 |
| Other non-cash loans | 811.721 | 805.916 |
| Total | 1.058.312 | 1.663.430 |

ii. Information on concentration on non cash loans:

| | 31 December 2012 | | | | 31 December 2011 | | | |
|---|------------------|---------------|----------------|---------------|------------------|---------------|------------------|---------------|
| | TL | (%) | FC | (%) | TL | (%) | FC | (%) |
| Agricultural | 11.124 | 2,43 | 6.863 | 1,14 | 4.456 | 1,14 | 16.330 | 1,28 |
| Farming and Livestock | 9.367 | 2,05 | 6.845 | 1,14 | 2.578 | 0,66 | 16.311 | 1,28 |
| Forestry | 509 | 0,11 | - | - | 370 | 0,09 | - | - |
| Fishing | 1.248 | 0,27 | 18 | - | 1.508 | 0,39 | 19 | - |
| Manufacturing | 218.414 | 47,73 | 376.577 | 62,69 | 136.036 | 34,85 | 783.257 | 61,53 |
| Mining | 22.532 | 4,92 | 46.249 | 7,70 | 18.020 | 4,62 | 48.256 | 3,79 |
| Production | 191.692 | 41,89 | 326.387 | 54,33 | 115.400 | 29,56 | 718.215 | 56,42 |
| Electric, Gas, Water | 4.190 | 0,92 | 3.941 | 0,66 | 2.616 | 0,67 | 16.786 | 1,32 |
| Construction | 87.582 | 19,14 | 50.574 | 8,42 | 119.122 | 30,51 | 94.216 | 7,40 |
| Services | 130.256 | 28,47 | 165.689 | 27,58 | 125.414 | 32,13 | 374.235 | 29,39 |
| Wholesale and Retail Trade | 79.559 | 17,39 | 43.261 | 7,20 | 72.343 | 18,53 | 100.673 | 7,91 |
| Hotel and Food Services | 544 | 0,12 | 35.737 | 5,95 | 1.205 | 0,31 | 116.529 | 9,15 |
| Transportation and Telecommunication | 10.600 | 2,32 | 36.424 | 6,06 | 13.661 | 3,50 | 48.848 | 3,84 |
| Financial Institutions | 22.949 | 5,02 | 26.996 | 4,49 | 21.669 | 5,55 | 75.026 | 5,89 |
| Real Estate and Leasing Ser. | 8.506 | 1,86 | 12.292 | 2,05 | 9.077 | 2,33 | 17.077 | 1,34 |
| Professional Services | - | - | - | - | - | - | - | - |
| Education Services | 215 | 0,05 | - | - | 170 | 0,04 | - | - |
| Health and Social Services | 7.883 | 1,72 | 10.979 | 1,83 | 7.289 | 1,87 | 16.082 | 1,26 |
| Other | 10.210 | 2,23 | 1.023 | 0,17 | 5.379 | 1,37 | 4.985 | 0,40 |
| Total | 457.586 | 100,00 | 600.726 | 100,00 | 390.407 | 100,00 | 1.273.023 | 100,00 |

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

| | Group I | | Group II | |
|-------------------------------------|----------------|----------------|---------------|--------------|
| | TL | FC | TL | FC |
| Non-cash Loans (*) | 438.249 | 590.389 | 13.102 | 9.282 |
| Letters of Guarantee | 437.453 | 154.102 | 13.102 | 6.614 |
| Bank Acceptances | 305 | 94.936 | - | - |
| Letters of Credit | - | 115.405 | - | 227 |
| Endorsements | - | - | - | - |
| Underwriting Commitments | - | - | - | - |
| Factoring Guarantees | 491 | 635 | - | 68 |
| Other Commitments and Contingencies | - | 225.311 | - | 2.373 |

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 7.290 As of 31 December 2012, the Group has recorded a TL 2.538 provision regarding these risks.

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b. Information on derivative financial instruments:

| | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| Types of Trading Transactions | | |
| Foreign currency related derivative transactions (I) | 4.007.972 | 5.179.215 |
| Currency forward transactions | 661.732 | 1.180.436 |
| Currency swap transactions | 567.894 | 1.004.608 |
| Futures transactions | - | - |
| Options | 2.778.346 | 2.994.171 |
| Interest related derivative transactions (II) | 590.146 | 709.288 |
| Forward rate agreements | - | - |
| Interest rate swaps | 534.948 | 607.540 |
| Interest rate options | 55.198 | 101.748 |
| Interest rate futures | - | - |
| Other Trading Derivative Instruments (III) | 370 | - |
| A. Total trading derivative transactions (I+II+III) | 4.598.488 | 5.888.503 |
| Types of hedging transactions | | |
| Fair value hedges | - | - |
| Cash flow hedges | - | - |
| Foreign currency investment hedges | - | - |
| B. Total hedging related derivatives | - | - |
| Total derivative transactions (A+B) | 4.598.488 | 5.888.503 |

c. Investment Funds:

As of 31 December 2012, the Group is the founder of 5 investment funds (31 December 2011: 5) with a total fund value of TL 25.319 (31 December 2011: TL25.292). 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 December 2012, the total amount of legal cases against the Group is TL 19.264 (31 December 2011: TL18.974) and the Group sets aside a provision of TL 14.012 (31 December 2011: TL14.525) regarding these risks.

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

MOODY'S (Dated on 11 February 2013)

| Category | Rating | Outlook |
|-------------------------------|-----------|----------|
| (Financial Strength Rating) | D- | Negative |
| (Long Term Foreign Currency) | Ba2 | Stable |
| (Short Term Foreign Currency) | Not Prime | - |
| (Long Term Local Currency) | Ba2 | Stable |
| (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 December 2012 | | 31 December 2011 | |
|--|------------------|---------------|------------------|---------------|
| | TL | FC | TL | FC |
| Interest Income on Loans | | | | |
| Short-term Loans | 242.250 | 31.112 | 138.728 | 20.233 |
| Medium/Long-term Loans | 51.601 | 28.324 | 33.172 | 18.436 |
| Interest on Loans Under Follow-up | 1.344 | - | 4.011 | - |
| Premiums Received from Resource Utilisation Support Fund | - | - | - | - |
| Total | 295.195 | 59.436 | 175.911 | 38.669 |

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

2. Information on interest income on banks:

| | 31 December 2012 | | 31 December 2011 | |
|----------------------------------|------------------|------------|------------------|------------|
| | TL | FC | TL | FC |
| From the CBRT | - | - | - | - |
| From Domestic Banks | 76 | 145 | 14.419 | 43 |
| From Foreign Banks | 32.390 | 222 | 58.570 | 324 |
| Headquarters and Branches Abroad | - | - | - | - |
| Total | 32.466 | 367 | 72.989 | 367 |

3. Information on interest income on marketable securities:

| | 31 December 2012 | | 31 December 2011 | |
|--|------------------|-----------|------------------|--------------|
| | TL | FC | TL | FC |
| From Trading Financial Assets | 14.018 | 12 | 6.155 | - |
| From Financial Assets At Fair Value Through Profit or Loss | - | - | - | - |
| From Available-for-Sale Financial Assets | 47.659 | - | 64.363 | 4.527 |
| From Held-to-Maturity Investments | 5.012 | - | 33.465 | - |
| Total | 66.689 | 12 | 103.983 | 4.527 |

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

None (31 December 2011: None).

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b. Information on interest expense:

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

| | 31 December 2012 | | 31 December 2011 | |
|----------------------------------|------------------|---------------|------------------|---------------|
| | TL | FC | TL | FC |
| Banks | 46.855 | 13.629 | 81.634 | 14.518 |
| The CBRT | - | - | - | - |
| Domestic Banks | 3.170 | 1.785 | 3.022 | 1.657 |
| Foreign Banks | 43.685 | 11.844 | 78.612 | 12.861 |
| Headquarters and Branches Abroad | - | - | - | - |
| Other Institutions | - | - | - | - |
| Total | 46.855 | 13.629 | 81.634 | 14.518 |

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

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

None (31 December 2011: None).

3. Interest expense on issued marketable securities:

None (31 December 2011: None).

4. Maturity structure of the interest expense on deposits :

| | Demand Deposit | Time Deposit | | | | | Accum. Deposit | Total |
|--------------------------------------|-------------------|------------------|------------------|------------------|---------------|------------------------|-------------------|----------------|
| | | Up to 1 month | Up to 3 Month | Up to 6 month | Up to 1 year | More than 1 year | | |
| TL | | | | | | | | |
| Bank Deposits | 58 | 13 | - | - | - | - | - | 71 |
| Saving Deposits | - | 1.915 | 76.547 | 22.746 | 4.983 | 2.751 | - | 108.942 |
| Public Sector Deposits | - | - | 5.813 | 46 | - | - | - | 5.859 |
| Commercial Deposits | - | 10.658 | 16.669 | 5.570 | 8.742 | 1.179 | - | 42.818 |
| Other Deposits | - | 615 | 5.002 | 1.666 | 248 | 1 | - | 7.532 |
| Deposits with 7 Days Notification | - | - | - | - | - | - | - | - |
| Total | 58 | 13.201 | 104.031 | 30.028 | 13.973 | 3.931 | - | 165.222 |
| FC | | | | | | | | |
| Foreign Currency Deposits | - | 4.945 | 35.886 | 3.694 | 1.285 | 357 | - | 46.167 |
| Bank Deposits | - | 9 | - | - | - | - | - | 9 |
| Deposits with 7 Days Notification | - | - | - | - | - | - | - | - |
| Precious Metal | - | - | - | - | - | - | - | - |
| Total | - | 4.954 | 35.886 | 3.694 | 1.285 | 357 | - | 46.176 |
| Grand Total | 58 | 18.155 | 139.917 | 33.722 | 15.258 | 4.288 | - | 211.398 |

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c. Information on dividend income:

| | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| Trading Financial Assets | - | 17 |
| Financial Assets at Fair Value through Profit or Loss | - | - |
| Available-for-Sale Financial Assets | 136 | 106 |
| Other | - | - |
| Total | 136 | 123 |

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

| | 31 December 2012 | 31 December 2011 |
|---|------------------|------------------|
| Income | 2.369.713 | 4.234.773 |
| Income from Capital Market Transactions | 16.792 | 66.257 |
| From Derivative Financial Transactions | 32.245 | 89.048 |
| Foreign Exchange Gains | 2.320.676 | 4.079.468 |
| Loss (-) | 2.347.103 | 4.192.640 |
| Loss from Capital Market Transactions | 7.141 | 27.478 |
| From Derivative Financial Transactions | 25.513 | 89.897 |
| Foreign Exchange Loss | 2.314.449 | 4.075.265 |
| Net Income/(Loss) | 22.610 | 42.133 |

(*) The net foreign exchange profit from foreign exchange gain regarding to derivative financial transactions included in foreign exchange gain is TL 1.698 (31 December 2011: TL10.190 gain).

e. Information on other operating income:

As of 31 December 2012, the Group's other operating income is TL 12.821 (31 December 2011: TL8.097). TL 7.218 (31 December 2011: TL3.554) 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.

f. Provision expenses related to loans and other receivables:

| | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Specific Provisions for Loans and Other Receivables | 32.004 | 8.058 |
| III. Group Loans and Receivables | 9.973 | 1.666 |
| IV. Group Loans and Receivables | 9.984 | 4.202 |
| V. Group Loans and Receivables | 12.047 | 2.190 |
| General Provision Expenses | 9.606 | 8.692 |
| Provision Expense for Possible Risks | - | - |
| Marketable Securities Impairment Expense | (84) | 103 |
| Financial Assets at Fair Value Through Profit or Loss | (84) | 103 |
| 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 | - | 2.900 |
| Total | 41.526 | 19.753 |

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g. Information related to other operating expenses:

| | 31 December 2012 | 31 December 2011 |
|--|-------------------------|-------------------------|
| Personnel Expenses | 100.012 | 95.942 |
| Reserve For Employee Termination Benefits(*) | 3.325 | 2.074 |
| Bank Social Aid Pension Fund Deficit Provision | - | - |
| Impairment Expenses of Fixed Assets | - | - |
| Depreciation Expenses of Fixed Assets | 7.893 | 7.360 |
| Impairment Expenses of Intangible Assets | 63.973 | - |
| Impairment Expense of Goodwill | 63.973 | - |
| Amortisation Expenses of Intangible Assets | 3.340 | 2.709 |
| Impairment Expenses of Equity Participations for which Equity Method is Applied | - | - |
| Impairment Expenses of Assets Held For Resale | 14 | 22 |
| Depreciation Expenses of Assets Held for Resale | 272 | 204 |
| Impairment Expenses of Fixed Assets Held for Sale | - | - |
| Other Operating Expenses | 56.200 | 53.298 |
| Operational Lease Expenses | 16.290 | 14.889 |
| Maintenance Expenses | 1.403 | 1.096 |
| Advertising Expenses | 917 | 871 |
| Other Expense | 37.590 | 36.442 |
| Loss on Sales of Assets | 19 | 189 |
| Other | 16.408 | 17.964 |
| Total | 251.456 | 179.762 |

(*) As of 31 December 2012, the employee vacation fee provision is TL 123 (31 December: TL74).

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

The Group has no discontinued operations. The Group's net loss before taxes from continuing operations is TL 26.613

i. 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 December 2012, the Group has current tax expense amounting to TL 7.410 and deferred tax expense amounting to TL943.

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

The Group has net deferred tax expense amounting to TL943 consist of composing from TL3.353 deferred tax income as a result of temporary differences incurred, TL1.558 deferred tax expense as a result of carried financial loss and TL5.854 deferred tax expense due to temporary differences closed.

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Reconciliation of theoretical tax expense and current year tax expense using the legal tax rate of the Group:

| | 31 December 2012 | 31 December 2011 |
|---------------------------------------|------------------|------------------|
| Profit / Loss Before Tax | (26.613) | 34.162 |
| General Loan Loss Provision | 9.082 | 10.185 |
| Non-Deductible Expenses | 1.442 | 1.184 |
| Dividend Income | (136) | (123) |
| Other | (5.984) | (1.648) |
| Goodwill Impairment | 63.973 | - |
| Total | 41.764 | 43.760 |
| Corporate Tax Rate | 20% | 20% |
| Current Year Tax Income / Loss | 8.353 | 8.752 |

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

As of 31 December 2012, the Group has TL2.501 deferred tax expense arising from temporary differences and TL1.558 deferred tax income as a result of carried financial loss.

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

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

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

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

The Group has recognised a 100% provision and accounted for goodwill impairment of TL63.973 regarding acquisition of Burgan Yatırım Menkul Değerler A.Ş. based on the assessment done as of 31 December 2012. The related provision has been included in 2012 net income/loss and there is no goodwill as of 31 December 2012.

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

None.

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1. Information on other income and expenses:

As of 31 December 2012, the Group’s fee and commission income amounts to TL40.419 (31 December 2011: TL62.811) and TL22.701 (31 December 2011: TL37.103) of the related amount is classified under “Other fee and commission income” account.

| | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Other Fee and Commissions Received | | |
| Commissions From Brokerage Activity in Istanbul Stock Exchange | 6.320 | 13.032 |
| Commissions From Brokerage Activity in Turkish Derivative Exchange | 3.617 | 8.819 |
| Credit Card and POS Transaction Commission | 2.380 | 1.887 |
| Investment Consultancy Fees | 1.722 | 5.489 |
| Account Operating Fees | 1.250 | 923 |
| Transfer Commissions | 1.088 | 968 |
| Insurance Commissions | 913 | 599 |
| Commissions on Investment Fund Services | 800 | 1.331 |
| Commissions from Correspondent Banks | 355 | 280 |
| Ortak Nokta Commissions | 109 | 30 |
| Letter of Credit Commissions | 23 | 29 |
| Other | 4.124 | 3.716 |
| Total | 22.701 | 37.103 |

As of 31 December 2012, Group’s fee and commission expense amounts to TL6.868 (31 December 2011: TL7.739) and TL6.795 (31 December 2011: TL6.906) of the related amount is classified under “Other fee and commission expense” account.

| | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Other Fee and Commissions Given | | |
| Credit Card Transaction Commission | 3.097 | 2.418 |
| Stock Exchange Contribution Expenses | 1.151 | 1.687 |
| Ortak Nokta Clearing Commissions | 646 | 504 |
| EFT Commissions | 425 | 377 |
| Commissions Granted to Correspondent Banks | 224 | 203 |
| Transfer Commissions | 103 | 68 |
| Other | 1.149 | 1.649 |
| Total | 6.795 | 6.906 |

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V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS’ EQUITY

a. Information on change in the shareholder structure of the Parent Bank:

Burgan Bank S.A.K. became the main shareholder by purchasing 99,26% of the Bank’s shares from Eurobank and Tekfen Holding. After the necessary regulatory steps, the bank’s title has been started to be used as Burgan Bank A.Ş. as of 28 January 2013.

b. Information on distribution of profit:

According to the General Assembly meetings of Bank and its subsidiaries decisions TL25.410 of the consolidated net income of the last year TL3.851 as legal reserves, TL21.559 as extraordinary provision charge.

c. Information on capital increase:

None.

d. Information on valuation differences of marketable securities:

Unrealized gains and losses” arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the “Marketable securities valuation reserve” account under equity, until the financial assets are sold, disposed or impaired.

| | 31 December 2012 | | 31 December 2011 | |
|--|------------------|----------|------------------|----------|
| | TL | FC | TL | FC |
| From Investments in Associates, Subsidiaries, and Joint Ventures | - | - | - | - |
| Valuation Difference | 10.185 | - | (3.739) | - |
| Foreign Currency Difference | - | - | - | - |
| Total | 10.185 | - | (3.739) | - |

e. Information on revaluation differences of tangible and intangible assets :

The reversal from revaluation reserve to their fair value for immovables amounting to TL272 net of tax (31 December 2011: TL109) is accounted under “Revaluation differences of tangible assets and intangible assets”.

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**VI. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED STATEMENT OF CASH
FLOWS**

a. Information on cash and cash equivalent assets:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as “Cash”; interbank money market and time deposits in banks with original maturities of less than three months are defined as “Cash Equivalents”.

(i). Cash and cash equivalents at the beginning of period:

| | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Cash | 278.681 | 160.614 |
| Cash, Foreign Currency and Other | 23.170 | 17.594 |
| Demand Deposits in Banks | 255.511 | 143.020 |
| Cash Equivalents | 426.016 | 627.563 |
| Interbank Money Market | - | - |
| Time Deposits in Bank | 426.016 | 627.563 |
| Total Cash and Cash Equivalents | 704.697 | 788.177 |

The total amount from the operations that occurred in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

(ii). Cash and cash equivalents at the end of the period:

| | 31 December 2012 | 31 December 2011 |
|--|------------------|------------------|
| Cash | 248.073 | 264.972 |
| Cash, Foreign Currency and Other | 24.698 | 23.170 |
| Demand Deposits in Banks | 223.375 | 241.802 |
| Cash Equivalents | 344.166 | 439.725 |
| Interbank Money Market | 140.629 | - |
| Time Deposits in Bank | 203.537 | 439.725 |
| Total Cash and Cash Equivalents | 592.239 | 704.697 |

b. Information on other items presented in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents :

“Other” items presented in “Net operating income before changes in operating assets and liabilities” amount to TL160.347 (31 December 2011: negative TL110.238) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

“Net increase/decrease in liabilities” items presented in “Changes in operating assets and liabilities” amount to TL30.120 (31 December 2011: TL47.284) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2012, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately negative TL1.648 (31 December 2011: positive TL2.196).

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
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VII. 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, Bank's shareholder structure as of 31 December 2011, risk group values, end of the period balances are presented along with the 31 December 2012 balance sheet and income statements items.

1. 31 December 2012:

| Groups' Risk Group (*) | Investments in associates, subsidiaries and joint ventures | | Direct and indirect shareholders of the Group | | Other real and legal persons that have been included in the risk group | |
|--|--|----------|---|----------|--|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans and Other Receivables | | | | | | |
| Balance at the Beginning of the Period | - | - | 36 | 35.225 | 92 | - |
| Balance at the End of the Period | - | - | - | - | 21 | - |
| Interest and Commission Income Received | - | - | - | - | - | - |

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

2. 31 December 2011:

| Groups' Risk Group (*) | Investments in associates, subsidiaries and joint ventures | | Direct and indirect shareholders of the Group | | Other real and legal persons that have been included in the risk group | |
|--|--|----------|---|----------|--|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| Loans and Other Receivables | | | | | | |
| Balance at the Beginning of the Period | - | - | 119 | 21.045 | 35 | 332 |
| Balance at the End of the Period | - | - | 36 | 35.225 | 92 | - |
| Interest and Commission Income Received | - | - | 115 | 107 | - | 1 |

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

3. Information on deposits and repurchase transactions of the Group's risk group:

| Groups' Risk Group(*) | Investments in associates, subsidiaries and joint ventures | | Direct and indirect shareholders of the Group | | Other real and legal persons that have been included in the risk group | |
|-------------------------------------|--|--------------|---|--------------|--|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Deposit | | | | | | |
| Beginning of the Period | - | - | 485.949 | 470.517 | 89.989 | 25.401 |
| End of the Period | - | - | 445 | 485.949 | 3.376 | 89.989 |
| Interest Expense on Deposits | - | - | - | 27.969 | 290 | 5.587 |

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

| Groups' Risk Group(*) | Investments in associates, subsidiaries and joint ventures | | Direct and indirect shareholders of the Group | | Other real and legal persons that have been included in the risk group | |
|--|--|--------------|---|--------------|--|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Repurchase Transactions | | | | | | |
| Beginning of the Period | - | - | - | - | 99 | 998 |
| End of the Period | - | - | - | - | 108 | 99 |
| Interest Expense on Repurchase Transactions | - | - | - | - | 6 | - |

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

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4. 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 | - | - | 1.519.894 | 743.351 | - | - |
| Balance at the end of the period | - | - | - | 1.519.894 | - | - |
| Total Profit/Loss | - | - | - | (14.543) | - | - |
| Transactions for hedging purposes | | | | | | |
| Beginning of the Period | - | - | - | 61.504 | - | - |
| Balance at the end of the period | - | - | - | - | - | - |
| Total Profit/Loss | - | - | - | (5.445) | - | - |

(*) 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 (Subordinated loans and others) | 105.039 | 23,76 |
| Deposit | 3.821 | 0,12 |
| Funds from repurchase transactions | 108 | 0,12 |
| Loans | 21 | - |

As of 31 December 2012, the Group has realized interest expense amounting to TL1.474 on loans borrowed from the direct and indirect shareholders of the Bank.

3. Equity accounting transactions: None.
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 0,01 % (31 December 2011: 1,18%) of the Group's total cash and non-cash loans.

As of 31 December 2012 there are no purchase-sales transactions of the group on any other assets except real - estate with its risk group.

As of 31 December 2012 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

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c. Information on benefits provided to top management:

As of 31 December 2012, top management of the Group includes the Chairman of the Board, General Director and Associate General Director. The total benefit expense is TL16.332 (31 December 2011: TL15.036), which includes gross salary, travel, meal, life insurance, car and other expenses.

**VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE
BRANCHES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK**

a. Information on domestic, foreign branches and foreign representatives:

| | Number | Employee number | | | |
|------------------------------------|--------|--------------------|-------------------------------------|--------------------|------------------------------------|
| Domestic Branch | 60 | 976 | | | |
| | | | Country of Incorporation | | |
| Foreign Representative | - | - | - | | |
| | | | | Total Asset | Statutory share capital |
| Foreign Branch | - | - | - | | - |
| Off-Shore Banking Region Branch | - | - | - | - | - |

b. There is no event that would affect opening or closing a domestic branch, a foreign branch or a representative office.

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS RELATED TO BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

The consolidated financial statements for the period ended 31 December 2012 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the auditor’s report dated 14 March 2013 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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