

**BURGAN
BANK
ANNUAL
REPORT
2014**



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General Information

Corporate Profile

The strategy pursued by Burgan Bank considers long-term relations with customers as the key to its success.

Burgan Bank offers high value-added products and services from its 58 branches in 19 cities throughout Turkey's leading industrial and trading zones.

Offering services in Corporate, Commercial, Small Business, Retail and Private Banking, the Bank reinforces its product and service offering capabilities, in cooperation with its subsidiaries - Burgan Leasing, Burgan Securities and Burgan Asset Management - by enabling cross-selling opportunities.

Backed by a principal shareholder that has an insight into the MENA (Middle East and North Africa) region, which is a rising global financial center, and its strong dynamics, the Burgan Bank adopts a customer-centric approach to banking that places the interests of its customers at the focal point of the service cycle, and produces value for its shareholders. Burgan Bank's strategy is based on the establishment and sustainable development of long-term relations with its customers.

With the strength derived from its dedication to banking ethics, particularly trust and integrity, Burgan Bank is focused on establishing long-term relations with its customers, in line with an approach that prioritizes stability and quality.

Values

Trust: We deem complete trust and integrity in all our business operations as our highest value. Keeping this virtue is the foundation of our brand.

Commitment: We are committed to creating long term relationships with our customers and employees, which are based on trust, partnership, mutual respect and loyalty.

Progression: We seek progress through innovation and understanding, allowing us to better serve our customers' needs through every stage of their lives.

Excellence: We aim to set and meet the highest standards of excellence through all of our activities, to live up to and deliver on our promises, and add value beyond what is expected by our customers.

About the Burgan Bank Group

Burgan Bank S.A.K. is an affiliate of the KIPCO Group (Kuwait Projects Company), one of the major holding groups in the MENA (Middle East and North Africa) region. Established in Kuwait in 1977, it is one of the key banking groups operating in the Middle East and North Africa. Besides Kuwait, Burgan Bank Group is active in Algeria (Gulf Bank Algeria), Iraq (Bank of Baghdad), Jordan (Jordan Kuwait Bank) and Tunisia (Tunis International Bank) through banking associates in which it is a majority shareholder.

Burgan Bank Group foresees the creation of significant synergies thanks to its robust capitalization, high level of liquidity, international recognition and banking experience, and Turkey's position as an emerging, powerful financial center. For more information, please visit our website at www.burgan.com

Milestones from 1989 to 2014

- Founded under the name of Tekfen Yatırım Finansman Bankası A.Ş. in 1989, the Bank quickly became one of the sector's leading banks in corporate and investment banking.
- Providing service under one single branch until 2001, the Bank decided to implement an expansion strategy, and deployed its knowledge in the area of commercial banking; in 2001, it acquired Bank Ekspres, a midsize commercial bank.
- In 2007, the Tekfen Group and Eurobank EFG entered a partnership; following the completion of legal requirements, the Bank was renamed Eurobank Tekfen A.Ş.
- Burgan Bank S.A.K. acquired the Bank's shares held by Eurobank and Tekfen Holding on December 21st, 2012 and became the majority shareholder with a 99.26% stake.
- Following the completion of legal amendments, the name of the Bank was changed to Burgan Bank A.Ş. with effect from January 25th, 2013.
- In 2013 Burgan Bank had largely completed the restructuring of its infrastructure and human resources in accordance with its new shareholder's banking strategy, illustrating that it was prepared to achieve efficient and effective growth in its loan volume at a rate exceeding the sector average.
- In 2014 Burgan Bank's loan and deposit volume grew at a rate in excess of the sector average. The Bank achieved a sustainable profit and steady growth.

General Information

SUMMARY FINANCIAL INFORMATION

	31 December 2014 ^(*)	31 December 2013 ^(*)	%
Total Assets	8,673,779	6,811,581	27.3
Loans and Factoring Receivables (Net)	6,466,286	4,761,368	35.8
Marketable Securities	764,586	931,877	-18.0
Deposits	5,365,121	3,428,695	56.5
Funds Borrowed and Money Market Borrowings	1,985,554	2,405,269	-17.4
Shareholders' Equity	937,440	586,515	59.8
Non-cash Loans	1,190,752	1,186,621	0.3
Capital Adequacy Ratio	17.74%	14.99%	17.61

	(01 January 2014 31 December 2014)	(01 January 2013 31 December 2013)
Net Profit/(Loss) for the Period	6,809	(40,995)

^(*)TL thousand based on unconsolidated financial statements.

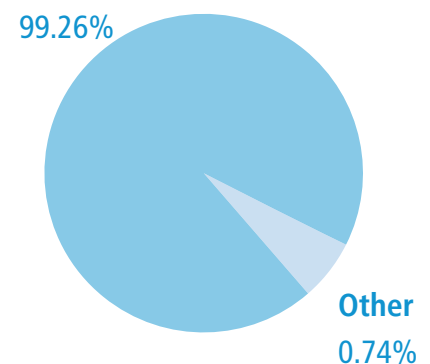
THE BANK'S SHAREHOLDING STRUCTURE, CHANGES IN THE CAPITAL AND SHAREHOLDING STRUCTURE DURING THE REPORTING PERIOD, TITLES AND STAKEHOLDING OF REAL PERSONS OR LEGAL ENTITIES WITH QUALIFIED SHARES

The Bank switched to the registered capital system during 2014. The Bank has a capital ceiling of 1 billion TL. Information concerning the capital increase carried out in 2014 is presented below.

Date of Capital Increase	Amount of Capital Increase	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
3 November 2014	110,000	110,000	-	-
15 December 2014	220,000	220,000	-	-

Trade Name	Share amount TL thousand	Share Rate %
Burgan Bank S.A.K.	893,324	99.26%
Other	6,676	0.74%
Total	900,000	100.00%

Burgan Bank S.A.K.



THE HISTORICAL DEVELOPMENT OF THE BANK, AMENDMENTS TO THE ARTICLES OF ASSOCIATION DURING THE REPORTING PERIOD AND REASONS THEREOF

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 authorized 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 September 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 realized on 26 October 2001 and the Bank's name was changed to Tekfenbank Anonim Şirketi (the "Bank"), which had two main shareholders: Tekfen Holding A.Ş. with 57.30% and TST International S.A. with 40.62%.

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

Under the agreement regarding the sale of Eurobank Ergasias S.A.'s Turkey operations to Burgan Bank S.A.K., 70% of the bank shares belonging to Eurobank EFH Holding (Luxemburg) S.A. and 29.26% of the shares belonging to Tekfen Holding A.Ş. are bought by Burgan Bank S.A.K. in 7 December 2012 in accordance with the Banking Regulation and Supervision Agency's authorization, and then 99.26% of the Bank shares are turned over to Burgan Bank S.A.K. in 21 December 2012.

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

EXPLANATION OF THE BANK'S SHARES (IF ANY) HELD BY THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, CEO AND EXECUTIVE VICE PRESIDENTS

Neither the chairman, the members of the board of directors, the CEO nor the executive vice presidents have no shares in the Bank.

**ACHIEVING A SERIOUS
CHANGE AND
TRANSFORMATION IN
ITS BANKING CULTURE
AND ITS STRUCTURAL
POSITION IN 2014.**

General Information

CHAIRMAN'S ASSESSMENT OF THE FISCAL YEAR AND FUTURE OUTLOOK



Esteemed stakeholders,

In 2014, the global economy and market conditions underwent an accelerating process of change, along with a widening asymmetry and decoupling between different economic blocks.

Three main developments affecting the global economy

Six years have now passed since the 2008 global crisis, which marked an important milestone in the history of economy. Even after this much time, the global economy yet to reach a balanced growth path. Conversely, the decoupling between different blocks in the global economy has widened in this period.

The positive developments seen in the US economy, which is where the crisis initially emanated from, continued in 2014. The world's largest economy grew by 3.9% in the third quarter of the year, with the

2.6% growth in the last quarter upholding this growth performance. Macroeconomic releases also indicate that the trend in the US economy turned into one of growth. The rate of economic growth in the USA is expected to exceed 3% in 2015.

Most of the other developments shaping the global economy were seen in the EU, which has in recent years initiated efforts to push through a number of economic reforms under the leadership of the European Central Bank. The Eurozone has taken important steps, especially when it comes to increasing the endurance of its banking sector. On the other hand, the EU failed to achieve the sustainable revival in economic activity and the sound borrowing mechanisms that it had aimed for. This reinforced the prevailing view in the international economical and business environment that Europe was in the midst of a triple dip recession.

The asset purchase program in Europe was announced at the beginning of 2015 in response to the need for radical measures in addition to the ECB's bond purchases. Developing a policy synchronized with the European Investment Bank and prompting a funding mechanism to revive infrastructural investments are among the primary topics discussed in relation to the ECB's policies. As an alternative means of achieving economic recovery in the EU, there have been discussions with respect to defining a new budget deficit excluding investment spending and bestowing relative freedom on member states.

Elections in Greece brought system risk of Eurozone to the agenda during these discussions and developments. This issue revealed as the 3rd component that will shape global economy.

General Information

CHAIRMAN'S ASSESSMENT OF THE FISCAL YEAR AND FUTURE OUTLOOK

Problems in EU will not be handled easily in 2015, too. Greece's political choice can result in new breaking points in the sense of Euro's future and the Union's policy. These developments in EU will inevitably affect the international economy through international trade and capital flows.

Fall in oil prices ushers in new dynamics

The record tumble in oil prices in 2014 caused a number of difficulties for oil exporters. These countries are now in critical economic trouble because of the rapid and deep decline in oil prices. Oil prices decreased from US\$ 80/bbl in September to US\$ 70/bbl one month later. This development has hit Russia, oil exporter, especially hard. While the Rouble devalued, Russia's credit risk premium of Russia increased markedly. The Russian economy is expected to be in recession in 2015. This issue is not only related to the country, but also to multi-national companies; for example, Petrobras, in Brazil, stated that its debt stock would increase and that it was postponing its projects for new oil fields. There are many similar examples in other oil producing countries and international oil companies. On the other hand, oil importers - including Turkey - reaped the benefit of the fall in oil prices.

On the other hand, there is the risk that the potential negative impacts of the low oil price on oil exporters may create a domino effect, which is something that should not be ignored.

A more export-based growth composition for the Turkish economy in 2014

An analysis of Turkey, which is one of the world's 20 top economies, shows that economic growth continued, albeit slowly. This is in line with the pressures stemming from global desynchronization and in line with the trend seen in the economies of other developing countries. As of this report date, Turkey's growth rate had not yet been announced, but the consensus estimate is

that Turkey posted around 3% economic growth in 2014.

Domestic demand decreased sharply in 2014 on the back of the impact of macro prudential measures. While there was a lower contribution from private consumption spending, the growth in the Turkish economy assumed a more export-based growth structure. Turkey's foreign trade deficit decreased in 2014 when compared to 2013 thanks to the growth in exports. As a natural result of this, the current account deficit also improved. We believe the decrease in the current account deficit will continue in 2015 provided there is no extraordinary shift in global economic conditions, and that oil prices remains at their current levels.

Inflation exceeded the government's target for 2014 due to the delayed impacts of the TL's devaluation and the increase in food prices, despite weak domestic demand. The CPI declined by 0.44% MoM in December, while having increased by 8.17% YoY (8.85% according to the rolling twelve month average). The increase in food prices played an important role in the high rate of inflation in 2014. The increase in food prices can be blamed on the problems in the logistics chain for foods from producer to consumer, as well as the pressure from drought due to seasonal effects.

The CBT maintained its stance of protecting the Turkish economy from the potential impacts of increased volatility in global markets. While the CBT adopted a prudential stance in monetary policy during the first 5 months of 2014, interest rates were cut to 8.25% as a result of the improvement in risk appetite which started in the summer months. The CBT kept interest rates on hold for the rest of the year. In its statement made in October, the CBT emphasized its aim of boosting domestic savings and announced that it would pay interest on the TL segment of financial institutions' required reserves.

A year of further development in the banking sector, with an increase of 15.1% in total assets

The banking sector in Turkey underwent a period of far reaching change and transformation after the turn of the century. The new legislative framework and supervision mechanism became the best implementation in the world. This transformation enabled our sector to handle the 2008 global financial crisis and maintain its development. Our sector gained endurance in global markets and reached a proud level by taking strong strides in the areas of transparency, accountability and corporate governance during this process.

According to preliminary data announced by the BRSA, the total asset size of the Turkish banking sector reached TL 1,994 million by the end of December 2014, growing by 15.1% when compared to its level at the end of 2013.

Loans, on the other hand, grew by 18.5% to reach TL 1,240.7 billion. Deposits, which constitute the basis of liabilities, increased by 11% YoY to reach a total volume of TL 1,052.7 billion by the end of the year. The banking sector maintained its sound financial structure with a capital adequacy standard ratio of 16.3%. The slack trend in domestic demand, which we mentioned above in the summary, was the determining factor which kept a lid on the growth in loan volumes. The measures taken by the BRSA resulted in a deceleration of retail loans in particular.

We believe the conditions of our sector in 2015 will largely mirror those seen in 2014, and that the sustainable growth will continue.

Our 2014 performance affirmed the trust that the Burgan Bank Group placed in the Turkish economy and the banking sector.

Outlook for the Turkish economy expected to change for the better

The outlook for growth in the Turkish economy is expected to be brighter in 2015 than in 2014.

The slowdown seen in exports, which was experienced in the last quarter of 2014, is expected to continue in 2015 due to the turmoil in Turkey's neighboring region. Domestic consumption and investment spending is expected to come under the spotlight and gain importance with respect to growth, bringing a positive contribution, while the contribution from exports is expected to decline.

Attention will focus on the policies undertaken by the Fed and the ECB, and the dynamics of developing countries - primarily China - and these will be the driving components in 2015. The Fed is likely to initiate interest rate hikes as long as the normalization process in the US economy continues. The fluctuations resulting from these factors may affect emerging economies, including the Turkish economy, as well as driving volatility in foreign exchange rates.

Europe traditionally comprises Turkey's most important hinterland for foreign trade. Therefore, developments in Europe may put pressure on Turkey's macroeconomic performance in 2015, and these developments will be of concern for exporters.

Looking at Turkey in particular, the CBT is expected to reduce interest rates in line with the income effect of reduced energy prices and movements in inflation. Such a development will contribute to growth in 2015. In our opinion, the Turkish economy will positively decouple from other developing economies, which have been slowing down, and Turkey's inflation and growth trends will improve when compared to 2014.

Burgan Bank successfully completed its transformation process, notching up a strong performance in 2014

The transformation program that started at the beginning of 2014 with the strong support of its new shareholders positioned Burgan Bank as a bank which commands a high level of competitive power and growth potential. This explicitly presented the Bank's capability for creating long term and permanent value for its stakeholders.

The Bank's performance in 2014 exceeded the targets and expectations. It is also important that the Burgan Bank Group, which is the Bank's shareholder, affirms the accuracy of their trust and investment in Turkish economy and banking sector in a measurable manner.

Burgan Bank achieved a serious change and transformation in its banking culture and structural stance in 2014. Most of the Bank's business lines realized growth in excess of the sector and the rates of growth achieved by its peer group. Loans grew at rate twice as high as the sector, with the Bank largely balancing the growth on the financial side with growth on a physical basis, in terms of branch numbers. The human resources was brought to a structure which was in line with Burgan Bank's growth plan. Our international correspondence relations were enhanced and diversified further thanks to the new shareholder structure.

The most important development in 2014 was undoubtedly the increase in our paid-in capital to TL 900 million. Our shareholder extended its support for our business plan with a cash capital increase of TL 330 million. The Bank's unconsolidated capital adequacy ratio was measured at 17.74% at the end of the year.

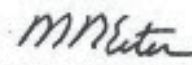
We further improved foreign trade brokerage services within the scope of synergic cooperation with our shareholder, which has a strong service structure in the Middle East and North Africa. Our foreign trade brokerage services grew significantly in 2014 while the number of customers increased, along with volumes. We are focused on further developing our capabilities in this field. We are determined to increasingly contribute to Turkey's vision of developing exports, which are of crucial importance in the country's macroeconomic priorities and targets.

Burgan Bank will maintain its development in 2015 with new measures. We will utilize the leverage provided by our financial structure without distorting our qualified and sound balance sheet structure. We will sustain our growth under an approach aimed at exceeding sector averages.

Under the leadership of a professional management team, Burgan Bank rounded off a proud performance in 2014. Each Burgan Bank employee completely fulfils the requirements of being a member of this team, in addition to their success in team work.

I believe that our Bank will easily achieve its growth targets under the leadership of our shareholders and board of directors.

I would like to take this opportunity on behalf of our Board of Directors and myself to extend my gratitude to all of our stakeholders especially our customers and employees.



Yours sincerely,

Mehmet N. ERTEN
Chairman of the Board

**2014 IS AN
ACTIVE YEAR OF
TRANSFORMATION,
CHANGE AND
SUSTAINABLE
GROWTH**

General Information

GENERAL MANAGER'S ASSESSMENTS OF FISCAL YEAR AND FUTURE OUTLOOK



Rounding off a year of growth for Burgan Bank

Burgan Bank achieved growth of 27% in its total assets, 36% in its loans, 57% in its deposits, 60% in its shareholders' equity and 30% in its total income, excluding dividend income. The Bank owes these achievements to its strong performance and its sales based management strategy.

The Bank looks ahead to 2015 with optimism, backed by its shareholder support as well as financial and intellectual assets required for growth.

2014 was a year in which Burgan Bank achieved transformation, change and sustainable growth. As we leave 2014 behind with reinforced financial strength and improving operational profitability, we have already achieved several important results with respect to the structure of our human resources, the loyalty of our

domestic and foreign customers, our corporate motivation, our way of doing business and our strategic focus.

Another gain last year was in the expansion of our customer portfolio. Burgan Bank increased its number of customers and volume of transactions in all business lines, primarily in retail banking. The Bank deepened and diversified its relations with customers.

Our subsidiaries, which create cross selling areas and enable us to provide a comprehensive service in all fields of financial services, also wrote their own success stories in 2014.

In summary, 2014 was a year of success with respect to improving our shareholder value as well as the value added provided to our stakeholders. Burgan Bank has prepared for new growth that it plans to reach in 2015.

Highlights of our performance...

Burgan Bank's total asset size increased by 27% to TL 8.7 billion in 2014. In the same period, deposits grew by 57%. As a result of this growth, which is in excess of the sector average, our Bank's total deposit volumes reached TL 5.2 billion.

Our shareholder's equity increased by 60% to TL 937 million. Our capital adequacy ratio was measured as 17.74%. A cash capital increase of TL 330 million, carried out in 2014 by our shareholders, had an important role in further improving our shareholder's equity.

Burgan Bank recorded net income of TL 6.8 million in 2014, a marked turnaround from the TL 41 million loss recorded in 2013. Our Bank's operating income (excluding dividend income) grew by 30%. In addition to the rapid expansion in the balance sheet in 2014, the success we achieved in increasing our banking income as well as keeping our costs under control paved

General Information

GENERAL MANAGER'S ASSESSMENTS OF FISCAL YEAR AND FUTURE OUTLOOK

the way for us to achieve the performance summarized above.

In addition to presenting the accuracy of our strategy and policies, our performance in 2014 also affirmed that we are moving towards our long term sustainable growth target with strong and confident steps.

Success in lending activities

The Bank's loan volume, which grew at a rate double the sector average, indicates that we are performing the fundamental function of banking in a healthy manner, as well as supporting the Turkish economy, its development and employment. Total loans constitute 76% of our balance sheet.

The most satisfying point in an analysis of our loan portfolio is the development in the collateral structure and the quality of our portfolio. The new applications which we have launched for loan allocation and customer rating systems and processes have furnished us with a healthier and stronger collateral structure when compared to past applications. The average credit rating of our customers has increased remarkably.

Another area where the Bank has enjoyed rapid growth and development is project finance. We have supported the projects of our large-scale customers in different sectors such as tourism, manufacturing industry, retail and real estate development by transferring long term funds. In doing so, we enhanced our contribution to economic development.

Placing a particular emphasis on improving and diversifying our funding resources

Burgan Bank intensively continued its efforts to improve and diversify its funding resources in 2014. The main source of the funding was deposits in 2014. The composition of the deposits was brought to a healthier structure.

Our activities in marketing and customer acquisition, which we shaped in line with our strategic choices and targets, enabled us to expand our deposit base significantly in 2014. The composition of our deposit portfolio was mainly comprised of corporate and commercial customers; however, it did shift in favor of retail deposits. The new balance in our deposit base represented important progress in cost control, as well as being beneficial in diversifying customer based risks. The volume of time deposits increased by 65% in 2014, and the share of total deposits in the balance sheet increased to 62%.

Burgan Bank is focused on improving other funding resources as well as deposits. The Bank benefits from opportunities in international markets. In 2014 the Bank obtained US\$ 250 million in external resources from correspondent banks, particularly through prefinancing opportunities to support exporters.

We will continue our efforts to improve and diversify our resources in line with our aim of balancing the funding structure with the cheapest cost composition. In this context, we consider international funding opportunities, including syndication loans, as an important area in obtaining low cost and long term funding. We are planning to step up our activities in this area.

Aiming to be among the top three among its customers

Burgan Bank is a service provider which has adopted relationship banking in line with the aim of being among its customers' top three banks.

Burgan Bank is focused on developing and deepening its customer relations. Another important issue for Burgan Bank is customer loyalty. We deem capability to bring service to the locations where customers settle as a privilege and something that sets ourselves apart. We consider the intimate and cordial relations that we have established with our customers as a pillar of our success. To sum up, Burgan Bank's understanding of banking is based on sharing and being together in good times and bad times.

In line with this stance, the Bank plans its branch network according to the key criteria of being close to customers and easy access. Burgan Bank selects candidates who will play a role in branches and who can serve with this approach.

In light of these views, we have taken heed of our analysis of branch service locations and employee profiles. We have evaluated growth potential in light of market symptoms.

As a result of our analysis, we have moved branches where we believe the locations do not meet our operational goals. Six branches started to provide service in new locations within the year, and the total number of branches increased to 58. On the other hand, in line with our branches' needs for human resources, we supported branches with new employees where necessary. We helped our branches develop their focus on sales.

Burgan Bank has the power and determination to easily realize growth in 2015 with its professional management team and employees.

We are determined to open new service points and increase the number of branches in line with market conditions and demand by firmly applying our approach based on efficiency and effectiveness in service.

Our capital increase in 2014 affirmed once again our shareholder's trust in Turkey and our business plan

The Bank's paid-in capital increased in 2014. Total shareholders' equity had increased to TL 937 million as of the end of 2014, as a result of the cash capital increase of TL 330 million undertaken by our main shareholder, Burgan Bank Kuwait. Our shareholders' equity, including supplementary capital, reached TL 1,287 million.

It is with gratitude that I report that our shareholder has unfailingly expressed their belief and trust in our business plan, acquisitions and potential over the two years that have passed since their decision to invest in Turkey. Burgan Bank Kuwait believes Turkey is a substantial economic player and a source of stability in our region. Burgan Bank Kuwait is determined to support the investments it has made in Burgan Bank under all dimensions.

Our 2014 performance results affirm the accuracy of our shareholder's decision to invest in Turkey.

Burgan Bank looks toward future with trust and determination through its sound financial structure, competent human resources and strong corporate governance culture.

The synergic cooperation which goes beyond of shareholder relation with Burgan Bank which is a regional brand and financial power strengthens us to understand global market conditions accurately and to rapidly adopt corporate strategies. It also motivates us.

A total of 57 new graduates were welcomed to our family as part of the Management Trainee and Sales Management Trainee programs, with the purpose of enhancing our corporate culture and raising the Bank's future management team.

Our team achieved a proud performance during the Bank's transformation process in 2014. Burgan Bank possesses the power and determination to easily realize growth in 2015, with its professional management team and employees. The Bank is aware that a successful and happy business life is correlated with a healthy and balanced social life. Accordingly, the Bank enables its employees to take roles in various sporting activities and other activities through Burgan Bank's Social activities. Burgan Bank has 10 clubs, including football, basketball, swimming and tennis clubs within the framework of Social Life. The Bank will join competitions and sailing tournaments with a team composed of our employees in 2015. This team will represent Burgan Bank in sailing competitions.

I would like to thank our customers, investors and employees for their valuable contributions and trust in the Burgan brand.



Yours sincerely,

Ali Murat DİNÇ
General Manager

**BURGAN BANK
OUTPERFORMED
THE SECTOR
IN TERMS OF
GROWTH IN 2014**

General Information

AN ASSESSMENT OF 2014

Burgan Bank rounded off 2014 with a healthy financial and operational performance

HEADLINES...

Burgan Bank's stand-alone asset size grew by 27% YoY to TL 8,673,779 thousand by the end of 2014 while the consolidated figure increased by 30% to TL 9,487,259 thousand.

The Bank's net stand-alone cash loans grew by 36% YoY to TL 6,466,286 thousand while the consolidated figure increased by 38% YoY to TL 7,215,052 thousand. The Bank achieved a rate of growth which was well in excess of the sector's growth in loans. The share of cash loans in the balance sheet increased to 76% on both a stand-alone and consolidated basis.

The Bank takes out collateral to lower the risk attached to allocated loans. While loans grew in 2014, the Bank also improved its collateral structure. According to the consolidated and unconsolidated financial statements, the share of non-performing loans in total cash loans stood at 1.99% at the end of 2014, which was lower than the sector average.

The share of the securities portfolio in total assets decreased, with the amount standing at TL 764,586 thousand on a stand-alone basis and TL 794,614 thousand in the consolidated financial statements at the end of 2014.

Burgan Bank achieved growth rates in excess of the sector averages in 2014, and financed this growth mainly through customer deposit and trade finance products.

Consolidated deposit volumes ended the year at TL 5,339,413 thousand, with an unconsolidated figure of TL 5,365,121 thousand. With these figures, the Bank's deposit volume grew by 57% YoY. The share of deposits in the balance sheet was 62% on a stand-alone basis and 56% on a consolidated basis. The increase in deposits was also in excess of the sector average. The Bank was exercised care in its deposit concentration, and the share of saving deposits in total deposits was increased.

Our Main Shareholder continued to extend funding support in 2014. As of the end of 2014, our Main Shareholder had provided our Bank with a long term loan of US\$ 250 million and a subordinated loan of US\$ 150 million.

In addition this subordinated loan, a capital increase of TL 330 million was undertaken to enable growth by keeping the Bank's capital adequacy ratio at prudent levels. The Capital adequacy ratio stood at 17.74% on a stand-alone basis and 16.12% on a consolidated basis as of the year-end.

Consolidated revenues increased by 39% YoY (30% when dividend income is excluded), chalking up a growth rate well in excess of the sector average with an improvement in interest margins and other non-interest income. On the other hand, by keeping operating expenses under control, the Bank achieved steady growth in its sustainable profit.

The Bank recorded a net profit of TL 6,809 thousand in its stand-alone financial statements and TL 17,824 thousand in its consolidated financial statements.

Burgan Bank continued to realize its structural organizational aims in addition to profitability targets.

Burgan Bank has a nationwide branch networks which offers a deepening potential in all banking products and services. As of the end of 2014, in the 19 cities where Burgan Bank had branches, it had 93% coverage in foreign trade volume, 87% coverage in deposits in terms of geographical breakdown and 85% coverage the in banking sector's total loans.

Diversified structure of Burgan Bank's loan portfolio maintained in 2014

The greatest concentration in Burgan Bank's loan portfolio was in the wholesale retail trade sector, which accounted for 17.1% of its loans in 2014. This was followed by construction 16.9%, the main metal industry 10% and tourism 9.8%.

In 2014, Commercial Banking received the highest share of Burgan Bank's total placements, followed by Corporate Banking.

Burgan Bank anticipates that the sector's loan volume will grow by 15% in 2015. In view of this forecast, the Bank aims to grow more rapidly than the sector and maintain a healthy portfolio structure.

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DEVELOPMENTS AND ACQUISITIONS BY BUSINESS LINE

COMMERCIAL BANKING

Restructuring process in commercial banking

Burgan Bank's Commercial Banking Department was restructured in 2014. The organizational structure of the business line was reshaped under an approach which will meet needs more rapidly and accurately, and which offers improved functionality, is simple to use and is closer to the market and its customers. Positions in the head office were enhanced in the sense of quantity and quality, while effective following-up was provided for Commercial Banking activities. Branches offering Commercial Banking activities were reviewed within the framework of the efficiency principle. New commercial portfolios were added to some branches while the locations of some branches were moved to more prestigious and efficient points.

Aiming to be one of the first banks that comes to people's minds

Burgan Bank's aim in Commercial Banking is "to be one of the first banks that comes to mind". Efforts to meet this aim were increased in 2014. Meanwhile, the Bank continued to develop cooperation with companies which have trade relations or contract works in countries where Burgan Bank Group's banks have a presence. The target here was to establish long term relations with customers and Burgan Bank thanks to the synergy created with Burgan Bank Group's banks in such countries.

As of December 31, 2014 cash loans in Commercial Banking had grown by 35% YoY to TL 3.4 billion.

Developments in cash management products offered to commercial customers

The Cash Management Department was mainly focused on sales activities in 2014 and provided the development of cross sale strategies in the presence of customers.

The most important concentration was to increase demand deposits. Branches were supported to increasing customer loyalty with cash management products and the use of these products to attract customers. Burgan Bank has a similar product range to that offered in the sector in terms of cash management. The number one development target is to be customers' first destination in compulsory payments in the cities where the Bank has operations.

Project Finance team starts activities

Burgan Bank created a Project Finance team in the last quarter of the year. The Bank's aim is to play an active role in long term investment loans. Concentration in this area was rapidly increased in the sales units. In 2014, a wide array of projects, mostly in the tourism sector but also in the real estate, fleet leasing, healthcare, retail and manufacturing sectors were evaluated and long term funding opportunities were offered in line with customers' needs. Burgan Bank is determined to provide services in this area by achieving growth in medium and long term loans.

RETAIL BANKING

The effectiveness of the Bank's Retail Banking increased rapidly in 2014. Burgan Bank targets enterprises and retail customers in retail banking. The Bank offers retail banking services to its customers through 58 branches.

The Bank's Retail Banking total loans grew by 69% in 2014. The business line had a 19% share in the Bank's cash loans and a 31% share in its deposits at the end of 2014.

Retail Banking at Burgan Bank is structured on the modules of Small Business Banking and Retail Banking.

Small Business Banking

Outperforming the sector in terms of growth Burgan Bank's aim in Small Business Banking is to meet customers' needs for loan and cash management as well as providing financial advisory

services which are formed with knowledge by offering banking products and services needed by firms in a rapid and integrated manner.

In 2014, the process of acquiring credit customers was accelerated and transaction volume was increased in Small Business Banking. Burgan Bank's Small Business Banking posted a growth performance far in excess of the sector rate, standing as an indication of the importance the Bank attaches to SMEs within the scope of its strategy and targets. There was a 70% increase in the Small Business Banking segment's cash loans in 2014, when the segment's share in the Bank's total cash loans stood at 17% at the end of the year.

The above-sector growth in loans extended to SMEs came on the back of the products and services designed specifically to meet the needs of SMEs. Burgan Bank developed and offered cheap and easily accessible funding solutions for SMEs of differing scales from different sectors in 2014. The Bank's aim in this area is to meet its customers' loan and cash management needs and to design and offer banking products and services for companies in line with customers' needs.

Burgan Bank developed and offered a wide array of products in 2014 including the 'Pay Whenever You Wish' Loan, the 'Breathing Space' Loan, KGF Loans, the Phone Line/ Licence Plate Loan, Boat loans, Relief Loan, Loans with POS machines, and packages that 'protects the pockets' of SMEs.

Burgan Bank to continue to develop new products in line with customers' needs in 2015

Creating solutions which meet customers' needs forms the basis of Burgan Bank's understanding of banking. Therefore, the Bank is able to develop more realistic and appropriate products while creating products and services for SMEs by focusing extensively on the needs of the sector. This approach and capability will allow the Bank to offer new genuine products in 2015. In doing so, it will be able to reach more customers.

Burgan Bank brought its qualified and rapid service approach to its customers in 2014 with the products and services offered. Within the scope of new products, options where customers may easily apply for loans and utilization through various channels will be on the agenda in 2015.

Another priority in 2015 will be micro loans. Burgan Bank aims to reach such enterprises next year. The Bank almost completed its preparations in this area. Burgan Bank will create rapid solutions to meet the needs of micro firms, especially with POS and commercial card products. It will also ensure easier access to loans by offering these firms' cash management services.

Retail Banking

Outperforming the sector in Retail Loan and deposit growth...

Burgan Bank provided solutions to all of its customers' banking needs through a high quality service approach in 2014. The Bank aimed to establish long term relations with customers. In line with these aims, the Bank posted a better growth performance in the main banking items than the sector.

Burgan Bank achieved 12% growth in the number of its Retail Banking customers to 20 thousand, 30% growth in the number of its credit customers to 11 thousand and 25% growth the number of its time deposit customers to 7 thousand. The volume of consumer loans reached TL 104 million as of the year-end, and loans in this segment increased by 39%.

Burgan Bank designed special promotions for SSI pensioners, public sector workers and professional occupational groups in 2014. An increase in loan volume, interest income and non-interest income was achieved thanks to loan sales campaigns applied on special days and specified weeks and periods. The Bank took measures aimed at offering products and services to customers at the appropriate time under the appropriate conditions. New and permanent deposit acquisitions were expanded to a wider customer base was provided with a 'Welcome Deposit'

campaign which continued throughout the year. The deposit balance of retail customers at Burgan Bank was increased by 89% YoY to TL 1,351 million.

Products and services to meet the needs of different customer segments were added to the Retail Banking portfolio in 2014.

New products and services that came to the forefront throughout 2014 were as follows: Tatlı Paket (Sweet Package), Değerinizi Bilen Kredi (Credit that appreciates your value), Profesyonel Paket (Professional Package), Emekliler Kulübü (Pensioners Club), Bütçem Rahat (Sound Budget), Firma Faiz Destekli (Interest Support for Companies), Expat Hizmet Paketi (Expat package).

Burgan Bank also offered a salary payment package, a school fees payment package and a flat and building services package, which aims to help customers to manage their cash flows most appropriately. In addition, the Bank also offered Western Union transactions, which enables more widespread and faster transactions in money transfers abroad, through its branches.

Burgan Bank considers complimentary financial services such as insurance and bill collection as products which are important in diversifying customer relations and improving loyalty. The Bank's number of monthly bill collections reached 16 thousand in 2014. On the other hand, the most significant growth in insurance products offered to customers was realized in life insurance, with 24% growth.

Alternative Distribution Channels...

The number of products sold through ADCs more than doubled in 2014.

Alternative distribution channels offer services through the internet, telephone, SMS, ATMs, the internet, kiosks and social media. Alternative Distribution channels maintained their growth in all channels, especially in online banking.

When all service channels are considered together, the utilization of ADCs in financial transactions increased and exceeded 50%. The primary goal of Alternative Distribution Channels is to ensure uninterrupted and easy access to products and services through non-branch channels. With this purpose, the SMS service (8222) was added to consumer loan channels in 2014 and customers are provided with the opportunity to apply for consumer loans through short messages. With these activities, the number of products sold through the ADC line grew by more than 100%.

In parallel with the privileged services provided in branches aimed at increasing customer satisfaction and service quality, an interactive voice response system was removed from telephone banking, to be replaced with direct access to customer representatives.

CORPORATE BANKING

Cash loans in corporate banking business line approach TL 2 billion

Burgan Bank significantly increased the volume of cash loans that it extended to customers through the Corporate Banking business line. As a result, the volume of cash loans reached TL 1.9 billion. In addition to placements extended to corporations in sectors such as tourism, energy, construction and real estate with maturities of up to 10 years, the Bank played an important role in syndication loans as a participant, which also affected the growth in cash loans.

The specialized project finance team played an effective role, especially in long term loans in 2014, contributing to the growth in this area. As far as non-cash loans are concerned, external guarantees were provided for some important projects in Algeria and Iraq through the Burgan Bank Group banks in the MENA region. This also enhanced group synergy.

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Corporate Banking offers customers treasury, cash management, foreign trade and leasing products by also utilizing cross sale opportunities. As a result, the Bank enhanced relations with customers and expanded the portfolio through the acquisition of new customers.

Foreign Trade Sales

Intermediating in US\$ 1.8 billion of foreign trade volume in 2014

Burgan Bank increased its share in Turkey's total foreign trade volume in 2014. The Bank benefited from its close cooperation with the Group's subsidiary banks in Iraq, Algeria, Tunisia, Jordan and Kuwait. In addition to these countries, where Group banks are active, and the wide correspondent network network of Fimbank - another group bank located in Malta - throughout Africa was also used actively.

Group banks accounted for 40% of export letters of credit volume provided to Burgan Bank in 2014, a ratio that reached 70% when letter of credits from African countries are taken into account. Burgan Bank had intermediated in US\$ 1.8 billion of foreign trade volume as of the year-end.

TREASURY AND CAPITAL MARKETS

Developments in the world and Turkish economy closely affected the markets in 2014

Although 2014 started with a downward trend on the back of political risks specific to Turkey, Turkish assets enjoyed a strong albeit unsteady performance during the rest of the year. The year got off to a shaky start with the TL devaluing by about 12% and the Borsa Istanbul equity index plunging by 10%, before the CBT intervened and raised short term interest rates sharply at the beginning of the year. Yields on the 2-year and 10-year benchmark bonds jumped from 10% to 11.5%.

The hike in the CBT's policy rate and the return to political stability after the

local elections helped the markets settle down again. As a result of the positive expectations, the TL clawed back its losses against the US\$ with an exchange rate of TL 2.1 to the dollar, and the Borsa Istanbul stock market chalked up gains of up to 25%, led by banking stocks. Yields on the 2-year and 10-year maturity benchmark bonds retreated back to 8.20% and 9% respectively, as a result of increased foreign interest, which is followed by a decrease in interest rates.

The second half of the year was steered by the measures taken by the Central banks in developed countries and the rapid decline in oil prices. Although commentary by the Fed would indicate that a rate hike is inevitable in 2015, the fact that the strategy for monetary tightening has not yet been set following the tapering of the QE program on October 2014 was instrumental in maintaining the relatively positive sentiment in emerging markets. The Japanese Central Bank's monetary expansion, together with the expectation of a similar decision from the European Central Bank, precipitated a rapid decline in Turkey's long term interest rates and a flattening in its yield curve. By the end of 2014, the yields of both the 2-year and 10-year benchmark bonds had decreased to around 8%.

Although 2014 was a positive year from the point of view of the performance of the financial markets, the growth and inflation targets were not met. Growth is estimated to have come in at 3% in 2014, well below the target the Government had stipulated in its Medium Term Program. On the other hand, inflation stood at 8.2%, a far cry from the 5% target. However, the results recorded by the Turkish economy have been perceived as being relatively positive considering the weakness of global growth in the year. The fact that the Turkish Economy has been able to reach healthy growth rates has a critical bearing on sustainable development.

Inflation is expected to decline to a 5-6% interval thanks to the lower oil prices and the base effect. This decline is also important in maintaining a positive trend in interest rates. On the other hand, the CBT's determination in macro prudential measures also has importance in exchange rates.

The decrease in interest rates is expected to continue, provided exchange rates remain stable. On the other hand, the European Central Bank's asset purchase program, which was announced in October, may create an opportunity for risky assets and lead to positive results for Turkey.

The interest rate hikes expected to start in the second half of 2015 in the USA may spoil the positive sentiment which has taken hold in the first half of the year. While it would negatively impact bond yields the most, all markets would be affected.

Burgan Bank's Treasury Group remains sanguine regarding the first half of 2015. The Treasury Group deems strategies based on protecting gains and removing risks to be reasonable.

Burgan Bank's Treasury strategy

We are entering a period in which the abundance of global liquidity will diminish gradually. The main goal of Burgan Bank, which is focused on growth in this period, is to obtain funding resources at the cheapest conditions. From this point of view, the Burgan Bank Treasury Group draws up balance sheet management strategies according to various scenarios. The Group strives to minimize interest rate and liquidity risks in the medium and long term, while seeking to offer financial products that serve similar purposes in line with the needs of its customers.

Treasury products for risk management come to the forefront in 2014

In line with all banks, Burgan Bank managed customer risk in a more effective manner in 2014. Risk management solutions for derivative products came to the forefront in 2014. The high level

of effectiveness of the risk management consultancy model, which was offered to customers by Treasury Sales Department in 2014, paved the way for Burgan Bank to surpass its targets for customer transaction volumes. The transaction volume of derivative products executed by customers increased by 21% YoY to c.US\$ 5 billion. Amid expectations of an impending interest rate hike, the biggest share in this increase can be put down to interest derivatives, which were offered to hedge US\$ denominated loans provided by Burgan Bank.

As a result of the Treasury Sales Department's synergic cooperation with business lines, treasury sales revenue increased by 15% YoY.

Burgan Bank carried out US\$ 21.9 billion of spot and derivative transactions in the interbank foreign exchange markets. Revenue from these transactions increased 5-fold when compared to 2013, significantly contributing to the Bank's profitability.

57% expansion in total deposits

Burgan Bank achieved growth rates in excess of sector averages in 2014 and financed this growth mainly through customer deposit and trade finance products.

Burgan Bank achieved 57% YoY growth in deposits and 103% YoY growth in trade finance in 2014. While the Bank achieved growth in deposits, the Bank pursued an effective liquidity risk management strategy by considering the concentration of deposits. The increase in retail deposits was achieved thanks to the high level of new customer acquisition.

On the back of the growth in trade finance operations, the Bank decreased its funding costs as well as forming a healthier funding structure by extending the average maturity of its liabilities. As a result, Burgan Bank realized more effective interest risk management.

Murex Project completed and launched in 2014

Work on the Murex Treasury Project started in July 2013 and the project was launched in November-2014. With this project, Burgan Bank brought a more advanced level of technology for its treasury and risk management activities. The Bank reached systemic risk management opportunities at international standards. Burgan Bank achieved important progress in the controlling and reporting of operational risk, counterparty risk and market risk.

New additions were conducted to the product range of Treasury and Capital Markets with Murex.

Burgan Bank will be able to effectively and rapidly bring new products into use in the coming periods by effectively utilizing Murex's advantages in pricing, position tracking, automation and development. The Bank will achieve important gains in limiting operational risks.

A Treasury and Capital Markets Group strategy focused on the future

The Treasury and Capital Markets Group at Burgan Bank based its strategy on the main theme of "being a service team that creates value for its customers".

The Treasury and Capital Markets Group based its structure and business mode on this strategy. The Group is focused on being the preferred solution provider for transactions in financial markets where there is a wide product mix, and is therefore able to meet the needs of its customers simultaneously thanks to qualified personnel and an advanced technological system infrastructure.

FINANCIAL INSTITUTIONS

Elaborately conducting international relationships that have been built and based on mutual respect and cooperation, the Bank further diversified its cooperation with international financial institutions in 2014.

The Bank, which is a member of the Burgan Bank Group, realized improvements in credit limits and utilization conditions in line with its enhanced international reputation. Correspondence relations in the Gulf region were improved and new relationships were established.

Total funds obtained by correspondents increased by 103% YoY to US\$ 250 million in 2014. In addition to bilateral credit activities, relations with supra-national institutions such as IFC and EFSE were reshaped. Negotiations for providing funds with these institutions started in the last quarter of the year.

A capital increase of TL 330 million, which was carried out in the last quarter of 2014, enhanced shareholder's support for Burgan Bank and raised the international reputation of the Bank to higher levels.

The Bank has close cooperation with Burgan Group's subsidiaries in Iraq, Algeria, Tunisia, Jordan and Kuwait.

There was no change in the Bank's credit rating in 2014. Moody's affirmed the Bank's credit rating as Ba2 with a stable outlook.

PRIVATE BANKING

A successful performance for Private Banking in 2014

Burgan Bank offers its customers structured treasury and capital markets products in addition to deposit and standard treasury products that meet the expectations and needs of customers who are natural persons with assets of TL 500 thousand or higher.

Private banking services are carried out by the central management system and private banking managers in Istanbul, Ankara, İzmir, Bursa and Antalya. Meanwhile, customers from throughout Turkey are provided with access to private banking products and services through synergic cooperation with the Bank's other business lines in all cities where the Bank has operations.

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The Bank's primary target audience in Private Banking is comprised of shareholders, partners and senior executives of companies which constitute the Bank's corporate and commercial customers, in addition to the direct acquisition of wealthy retail customers backed by the strength and experience of the Bank's growing sales team. This approach contributes to the creation of cross selling opportunities between business lines, an extremely important target for the Bank.

Private Banking Department conducting operations with three main service units Burgan Bank Private Banking conducts its operations from three main service units to meet the needs of domestic and foreign customers in the most efficient manner.

- The Domestic Sales Unit offers private banking services for wealthy retail customers who are resident in Turkey.
- The Foreign Sales Unit, working with Burgan Bank Kuwait, the Jordan Kuwait Bank, the Bank of Baghdad, the Tunis International Bank and Gulf Bank Algeria, intermediates in providing Private Banking products and services to both domestic customers seeking to invest in these regions and foreign customers in these regions seeking to invest in Turkey.
- The Real estate Project Unit provides support to domestic and foreign customers seeking to invest in continuing and completed real estate projects in Turkey.

Highlights from private banking activities in 2014

The number of Private Banking customers increased by 28% in 2014. The total volume of customer assets under management constituted 23% of the Bank's total assets. On the other hand, revenue from treasury transactions arising from Private Banking expanded by 46% YoY.

Burgan Bank Private Banking Center operating in Istanbul

Burgan Bank's Etiler Private Banking Center, located at Etiler, Istanbul, was moved to Nisantasi at the end of 2014 as a result of the expanded sales team and to provide better solutions to meet the growing needs of customers. It was still operating as the Burgan Bank Nisantasi Private Banking Center as of January 2015.

While the Private Banking Domestic Sales Unit is managed at this location, the Foreign Sales Unit and Real Estate Projects Unit offer services in the Headquarters.

OPERATIONS

How Can I do Better?

Burgan Bank Operations Group always takes action from a point of view of "How Can I do Better?" in order to ensure continuous development and efficiency. Burgan Bank remained a solution partner for internal and external customers.

The working principles of the operations group can be summarized as follows: Customer Orientation, Efficiency, Development Orientation, Agility, Promoting Synergy and Quality Orientation. In line with these principles, the group realized a number of projects in which it played an important role in the Bank's "Profitable Growth". Some of these projects are summarized below on the basis of their working principles.

Focused on Customers

- Arrangements were made so Portfolio Managers were able to allocate more time to customers and provide them with a more qualified service by expanding the areas of duty and responsibility of the operations staff in Burgan Bank branches.
- Foreign trade training programs and customer visits are organized enabling employees to become solution partners for Burgan Bank customers in foreign trade transactions.

- Burgan Bank's business processes were reviewed with the participation of all employees in the headquarters and branches. Accordingly, necessary actions were taken.
- Service Level Agreements were updated to provide a faster and more qualified service for Burgan Bank customers.

Efficiency

- Burgan Bank took measures to ensure customers received a more rapid, qualified and standardized service in commitment closing, insurance, dunning letters, follow up of the diversity report and similar services from the headquarters. Moreover, it was found that it was more efficient to conduct EFT, transfer and money orders transactions from the branches, rather than the center. Accordingly, branches were provided with the responsibility to undertake these transactions.
- Work load reporting was analyzed in order to deploy human resources to the correct positions. The monthly work load of branch operations staff and central operation staff was conducted regularly.
- A number of systemic improvements were conducted in order to speed up transactions.

Development Orientation

- Documentations which include Burgan Bank's Application Principles and required information for providing qualified service are analyzed. Faster access to information is provided to users who provide the service.
- An analysis of the transaction time for services provided to customers was conducted regularly every month. In case any issues requiring actions to be taken were detected, measures were taken without delay.
- Necessary training programs were organized for the Operations Group. The sharing of information was enabled through the deployment of intra-bank resources.

Agility

The operations group, which is able to rapidly adapt to changes in legislations and laws, successfully implemented the KEP Management system within a short space of time.

Achieving synergies

- Rotations for one or two days were made between branch staff and operations staff at the Headquarters, in an effort to increase synergies and enhance the quality of service.
- Regular branch visits were conducted in order to listen to and understand the field and determine necessary actions onsite.

Quality Orientation

The promotion exam was held with the purpose of promotions of operational staff at the branches, and to promote people able to deploy their knowledge to be solution partners with Burgan Bank customers.

BOARD OF INSPECTORS

Audit activities in 2014

Audit activities of branches, affiliates, units and the processes of headquarters were completed in line with the 2014 audit plan. According to results of the risk evaluation conducted within the scope of the annual audit plan, the Bank also carried out following audits: on site and central audit of various support service providers serving the Bank, the main banking and CoBIT processes within the framework of the Management Declaration system and taking the materiality criteria into account.

A proactive support was given for enhancing risk management and internal control systems in developing new products and services in addition to important infrastructure, transformation and Group integration projects that the Bank carried out in 2014 within the scope of advisory activities.

Meeting International Internal Audit Standards...

The activities undertaken by the Board of Auditors are required to be evaluated by an independent specialist every five years according to International Internal Audit Standards, although this is not a legal obligation according to banking legislation in Turkey.

With the approval of Audit Committee and Board of Directors in January 2014, the decision was taken that the activities of the Board of Auditors would be evaluated by Deloitte Touche Tohmatsu Limited, a consulting firm, within the scope of Quality Assurance Review.

As a result of the Quality Assurance Review Project, the activities of the Board of Auditors as well as its position within the organization and its processes were viewed to be in line with International Internal Audit Standards.

In line with the International Standards for the Professional Practice of Internal Audit, in 2014 the Board of Auditors encouraged its auditors to obtain the International Certified Internal Auditor (CIA) and other occupational certificates, which are issued by the International Institute of Internal Auditors and other occupational associations.

Internal Audit Awareness Reward

The Board of Auditors of Burgan Bank A.Ş. were rewarded within the scope of the Internal Audit Awareness Rewards by The Institute of Internal Audit - Turkey, as a result of the Board of Auditors carrying out the internal audit function and profession to international standards by completing the Quality Assurance Review Project, the Bank being among the leading institutions in this area, the high level of participation in training programs for the International Certified Internal Auditor exams, and the level of its success in these exams.

Compliance with revised legislation and best international practices

The Board of Auditors reviewed and updated its audit methodology, program and reporting standards in line with the revised legislation and best international practices in 2014.

Audit activities

The Board of Auditors of Burgan Bank works in line with the risk evaluations of the Bank's affiliates, which are in the audit system. In addition, necessary support is extended to affiliates by carrying out supervision activities for their own internal audit functions.

In addition to audit activities scheduled within the scope of the audit plan, the Bank also carried out examination and investigation activities in 2014. The Board of Auditors has communication channels (a special telephone line able to take messages 365 days a year on a 24/7 basis, and an e-mail address) that will enable any incidents of abuse, irregularity or corruption to be reported to the board directly.

The Board of Auditors continued to provide training on countering abuse and forgery for Bank staff, mainly employees in the branches.

INTERNAL CONTROL UNIT

A basic function serving the Bank and its affiliates

The mission of the Internal Control Unit is to draw up activities with the internal control system in coordination with related business units, to improve its effectiveness and adequacy, to carry out second level control activities independently and objectively which cover the basic risks of the organization.

The Internal Control Unit continued its periodical and spot central and onsite (at branches, the Headquarters and its affiliates) monitoring, examination and controlling activities under a risk based approach as part of annual control plan in 2014.

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The Internal Control Unit carried out activities into root cause analysis of frequently recurring symptoms associated with the unit's related activities. The Internal Control Unit provided suggestions to the management of the related business units in an effort to enhance the control environment and permanently resolve related problems. The unit also followed-up on the required actions.

Controlling activities were carried out within the scope of the Management Declaration and ICAAP statutory reporting. Moreover, Internal Control Unit continued to coordinate control activities of those affiliates which are consolidated. The Internal Control Unit reorganized its activities which can be carried out by the "Branches-Operations Control" and "Headquarter-Processes Control" units, in an effort to enhance its operating efficiency and increase the effectiveness of the controls performed. In line with the revised organization structure, the Internal Control Unit Code, working principles and methodology were reviewed and current control activities were enhanced with the addition of new control areas.

As a first in the sector, the Internal Control Unit conducted a survey study in the Bank and its affiliates during 2014 to develop and enhance the Bank's internal control system concerning the awareness Bank's staff of abuse. Actions were taken to promote effective use of the abuse reporting line, and to raise awareness.

The Internal Control Unit continued to extend support to projects aimed at developing new bank products and processes, enhancing operational efficiency and increasing the effectiveness of the internal control system.

The main activities of the Legislation and Compliance Unit are as follows:

- Following banking legislation, apart from tax legislation, announcing amendments and innovations to the Bank and providing advisory services to our Bank's units,

- Following, announcing and conducting necessary controls legislation in combating laundering the proceeds of crime and financing of terrorism.

In 2014, the Legislation and Compliance Unit continued the activities outlined above. Moreover, as a result of the audit conducted by the Kuwait Central Bank on the request of Burgan Bank Kuwait, policies with respect to the group and Application Principles were updated.

Systemic developments for Foreign Account Tax Compliance Act (FATCA) application, which Burgan Bank Group and our country are party to, were completed as of July 2014.

RISK MANAGEMENT

The Risk Management Unit maintained its work on bringing about compliance with Basel regulations in 2014. The unit coordinated the application and reporting of ICAAP within the Bank. Decision Support Systems and Modelling management were set up as part of the Risk Management Unit. The Unit carried out activities to improve the internal rating models used to measure credit risk. The Risk Management unit extended support for activities to develop an infrastructure of decision trees to more effectively manage risks arising from retail loans.

A project was conducted to integrate the Murex system into the system infrastructure of Treasury products. The project was put into force on November 10th, 2014. The implementation of this project marked the completion of an important stage with regard to risk management. Simultaneous risk controls were realized with the Murex system, while the limits and risks arising from treasury transactions could be monitored in a healthy manner.

The Treasury Mid Office, which was established in September 2013, started to fulfil monitoring and reporting activities for counterparty risks arising from treasury transactions. Burgan

Bank started to monitor the entry of the Treasury's transactions with the system and to examine transactions that flagged by financial control points. The function of the simultaneous/daily follow-up and reporting of limits and risks was undertaken. Activities continued with the aim of minimizing risk arising from treasury transactions.

INFORMATION TECHNOLOGIES

A focus on digital channel investments in 2014

Burgan Bank continues its activities to provide a faster service by reaching customers through more channels as a result of implementing web-based, direct sales and dealer channels in addition to the new developments to be carried out in Online Banking.

A wide array of projects completed in 2014

In 2014, the IT department conducted a wide array of projects that will meet the bank's changing strategies and market dynamics. The completed investments provide technological superiority in several areas. The projects completed in 2014 were listed under the following categories:

- Strategic,
- New products and services,
- Risk management,
- Operational efficiency,
- Statutory obligation.

In 2014;

- The MUREX application was put into practice, as a first end to end solution in Turkey. The application includes treasury and risk management activities and sales-operations, as well as risk platforms.
- The infrastructure and integration activities necessary for insurance brokerage were completed.
- Individual Service Model activities were completed and put into practice with Experian.

- With investments and developments undertaken in the ATM channel, a service to customers in English was provided and the ATM network was expanded by switching to a common ATM structure.
- Commercial and Management business flows were optimized, enabling more rapid services to customers.
- Development of the MASAK money laundering audit and that of individual contracts communiqué as demanded by the BRSA were completed.
- Activities and investments were maintained within the scope of business continuity. Ordinary business continuity tests were achieved successfully.
- Investments continued in technology, support activities and service accessibility to ensure the highest level of service quality.

Burgan Bank continues its activities to improve information security. Some highlights of these activities are presented below.

- New generation security systems that protect the Bank's technological infrastructure against increased cyber threats were put in place. In addition, a new central audit trail management system which enables necessary precautions to be taken rapidly by simplifying the detection of threats was put into practice.
- Internal and external security tests were conducted to measure the security level of bank systems and the awareness level of staff's information security. Employees were informed of current threats through information security awareness programs.

Information Technologies in 2015...

Activities to provide a qualified and uninterrupted service to customers with new products and channels will continue.

The activities to be carried out for risk reduction are targeted at minimizing the Bank's risk. The Bank also plans to undertake investments in decision support systems in 2015.

HUMAN RESOURCES

Burgan Bank's corporate culture Adding the maximum value to all stakeholders (customers, employees and shareholders) lies at the heart of Burgan Bank's vision, mission and its goals. The most important element in reaching the goal of creating value to Burgan Bank's stakeholders is its sound corporate culture that was developed with the know-how and experience of long years.

The key components of this culture can be summed up as follows:

- An understanding which creates a difference and continues to meet the needs of customers and expectations above all else,
- A fast, effective and goal-oriented way of working,
- Fair and transparent business relationships based on trust and honesty,
- A modern working atmosphere which fully respects human dignity.

Human Resources applications which fully reflect Burgan Bank's corporate culture

Human Resources accepts the corporate culture as a focus and reference point in its main functions of recruiting, performance management, career management, the management of pay and benefits, labor relations and training and development management.

Competent fresh graduates are employed within the framework of the Management Trainee and Sales Management Trainee programs to enhance the corporate culture and to raise the Bank's management teams of the future. The program starts with extensive banking and finance training which is provided to Management and Sales Management trainees. The program then aims to provide trainees with serious job experience with on the job training given in the units or branches that they are positioned. In line with this, 57 young people were taken on, 23 as Management Trainees and 34 as Sales Management Trainees.

Human Resources Policy and elements of being preferred work place.

Burgan Bank aims to be a workplace that employees are proud to be a part of, to be a preferred workplace, to be an organization which is prominent in all areas and which shares its success with its employees.

Burgan Bank offers its employees a working atmosphere which supports their development, respects their work-life balance and supports their interests outside work, as well as supporting social and cultural diversity.

Burgan Bank's human resources profile:

- The average age of the employees at Burgan Bank is 35.
- Employees have an average of 10 years experience in the sector.
- 54% of the employees are women.
- 90% of employees are educated to at least undergraduate degree level.

These figures show that Burgan Bank employees are young but experienced, with a high level of education, and that there is a balance between genders in the workforce.

Beyond providing qualified support to all of the Bank's departments at global standards, the Human Resources Department is also Burgan Bank's strategic business partner.

Separately, the Burgan Bank Training and Development Unit carries out an extensive range of training and development activities under following headings: banking technical training, management and personal development, orientation and on the job training programs, and mandatory certification training.

Total training time stood at 39,830 while the number of training days per employee was 5 in Burgan Bank in 2014.

General Information

BURGAN FİNANSAL KİRALAMA A.Ş.

A strong performance with targets exceeded

Burgan Leasing, a subsidiary of the Burgan Bank, completed 2014 with a market share of 2.9%.

While the sector grew by 22% in 2014, Burgan Leasing achieved 72% growth.

Burgan Leasing's total business volume, leasing receivables and profit significantly exceeded the company's budgetary targets. Burgan Leasing's total assets climbed by 48% to reach TL 752 million, and leasing receivables were up by 48% to reach TL 717 million. With these results, the company significantly exceeded the targets it had set out at the beginning of the year, and completed 2014 with a net profit of TL 12.2 million.

One of the primary factors behind Burgan Leasing's success has been its low loans/total assets ratio, which was just 2.15% in 2014. Burgan Leasing continued to unwaveringly apply a strong lending policy during 2014.

Burgan Leasing increased its capital by approximately 2.5 times from TL 37 million to TL 100 million.

The Company provided services to its customers, which are mainly from the real estate, textile and CNC sectors in 2014. Moreover, the Company started to gain an important position in the sector with marine vessel and aircraft transactions as new products. On a sector-by-sector basis, the real estate sector has the highest share, comprising approximately 40% of Burgan Leasing's portfolio. Burgan Leasing has extensive know-how and expertise in the real estate sector.

The Company will remain one of the leading service providers in this area in 2015.

New Products

Burgan Leasing's strategy is to take positions and expand in special areas that require extensive know-how and expertise. The Company's strategy is also based on adding new products to its portfolio through these strategies. With this approach, the Company increased its financial leasing services for aircraft, motorboats and yachts that are specialty goods.

Burgan Leasing also financed the purchase of an Airbus A321 aircraft in 2014, the first company in the first airliner leasing to be conducted in the sector.

Burgan Leasing also raised the number of boats to 37 by the end of the year. The largest vessel in Burgan Leasing's boat portfolio was a 29 meter Percing 88.

Healthy and sustainable growth

The Turkish economy offers tremendous growth potential in the area of financial leasing.

Burgan Leasing will continue to grow rapidly in 2015 by reflecting such potential to its performance, thanks to its strong human resources and firm financial structure, as well as the continuous support of its shareholders.

Highlights from Burgan Leasing in 2013-2014

	31 December 2013	31 December 2014	Change (%)
Number of customer	669	756	13
Number of contract	878	824	-6
Leasing receivables (TL million)	486	717	48

BURGAN YATIRIM MENKUL DEĞERLER A.Ş.

One of the fastest growing companies in Turkish Capital Markets

Burgan Securities serves all investor profiles - domestic & foreign and individual & corporate - in capital markets in the areas of brokerage, consultancy, corporate financing and asset management.

Burgan Yatırım continued to be one of the fastest growing companies in Turkish Capital Markets in 2014. Burgan Yatırım's human resources reached to 126 staff from 70 staff.

Developments in corporate finance...

The privatization of the Salıpazarı Cruise Port, also known as the Galata Port, was completed in the first quarter of 2014. In this privatization, Burgan Yatırım was engaged as the consultant consortium leader, providing services to the Privatization Administration of the Prime Ministry of the Turkish Republic.

Burgan Yatırım was engaged as a consortium member in the initial public offering processes of Lider Faktoring, AvivaSA Emeklilik, Ulusoy Un and Ulusoy Elektrik that were carried out in 2014. In the last quarter of the year, Burgan Yatırım was engaged as the Co-Leader of the US\$ 520 million bond issue being undertaken by Burgan Bank Group - our main shareholder - which will be traded on the Irish Stock Exchange. Within this scope, Burgan Yatırım carried out marketing activities for those investors who are residents of foreign countries.

Burgan Yatırım continues its activities within the scope of a consortium providing consulting service to the Istanbul Metropolitan Municipality in the privatization of İGDAŞ İstanbul Gaz Dağıtım Sanayi ve Ticaret A.Ş. (İGDAŞ).

Developments in international institutional sales...

In addition to providing direct sales and brokerage services to foreign institutional investors from the Americas, Europe, the Middle East and the Far East, Burgan Yatırım also carried out intensive marketing activities abroad for listed Turkish companies in 2014.

Burgan Yatırım accounted for a 5% share of the foreign transaction volume on the Turkish stock market in 2014.

Diversification of brokerage activities

In 2013 Burgan Yatırım began to offer brokerage services through online platforms, after already having done so in the representative services where it serves its individual customers. The Company conducted activities to increase service quality in this area in 2014 and continued to expand its investors. Burgan Yatırım aims to further expand its investor base and transaction volumes by conducting activities for alternative transaction platforms in 2015.

Burgan Yatırım maintained its activities to increase service quality and widen its product range in the services provided to customers accessing global markets. At the same time, the Company also strengthened its share in the Leveraged Trading Market. Burgan Yatırım carried its expertise in capital markets to global markets. Burgan Yatırım is active not only in local markets but also in international markets, and within this context it offers Contract for Difference and derivatives trading services to its customers.

Research and Financial Consultancy activities

The Research and Financial Consultancy team offers a wide product range. The Team continued to effectively publish reports and recommendations. The success rate of the recommendations, which started to be published in the QuantTracker report from the second quarter, stands at 75%.

At the end of 2014...

The number of Burgan Yatırım's domestic customers exceeded 5,000 at the end of 2014, with the Company having expanded its branch network during the year, providing service at 10 points in 8 cities.

Burgan Yatırım also utilizes Burgan Bank's 58 branches across Turkey as a distribution channel. Burgan Yatırım's market share in stock market stood at 3.71% in 2014.

Burgan Yatırım raised its capital from TL 8 million to TL 48 million through a capital increase in 2014.

Burgan Yatırım achieved its targets with successful results and rounded off 2014 with a net profit of TL 5.6 million.

Focused on growth in all business lines in 2015

For Burgan Bank, 2014 was a year in which the Company maintained its innovations and reaped the reward of its investments. The Company aims to grow in all business lines, increase transaction volumes and to reach a wider investor mass in 2015.

General Information

BURGAN PORTFÖY YÖNETİMİ A.Ş.

Adjusting fund strategies and asset choices according to market conditions...

While providing portfolio management, custom-tailored strategy development - and in this framework, private fund establishment services to corporate investors - Burgan Asset Management also provides portfolio management services to retail investors, consistent with their risk-reward profiles.

Required updates for investment strategies and asset choices of the current five mutual funds consisting of securities were conducted in 2014. Meanwhile, the Company undertook the offering of the Burgan 1 Hedge Fund to qualified investors. This fund is largely protected from market volatility and uses Pair Trade. The fund has a leading role in the sector.

A leading institution...

In 2014, Burgan Asset Management completed activities regarding compliance with new legislation and regulations that significantly changed the structure of the asset management sector. Following the capital increase and other measures,

Burgan Asset Management is one of the leading institutions to have obtained the new asset management licence.

Looking ahead to 2015...

Burgan Bank's target priority will be to take over the title of being the founder of all funds managed and to ensure the compliance of funds with new communiqués as required by the new Capital Market law.

The public offering of newly designed funds will be carried out in 2015. In addition, the Company will take necessary steps in revising its product mix, which is planned meticulously. Accordingly, the Company reached an agreement with Stoxx, which has products on a worldwide scale in the area of stock market mutual funds. The iSTOXX Turkey Strong Quality 20 fund was chosen as the first mutual fund to be offered to the public in the domestic market.

Burgan Asset Management also completed the preparation for the smart stock market mutual fund that will be offered to investors in 2015.

All investors will have the opportunity to invest in stock market mutual funds as these funds have the characteristics of equity shares listed in the stock market. In addition, the total volume managed through the Turkey Electronic Fund Distribution Platform, which was established to carry current equity funds to the broader investor masses is targeted to increase.

Burgan Asset Management advanced its role in the pension sector as a fund manager. The first fund is aimed to be created during the year. The Company also continues to prepare products for foreign investors, especially in the Gulf region.

INFORMATION RELATED TO PERSONNEL AND BRANCH NUMBER, EVALUATION OF THE BANK'S POSITION IN THE SECTOR

With a total of 58 branches composed of 18 retail branches, 1 private banking branch, 3 commercial branches, 1 corporate branch and 35 mixed branches, along with the internet banking application, a call center and 1,046 personnel, Burgan Bank provides high added value banking products and services in corporate and commercial banking, small business banking, retail banking, private banking, factoring and through its subsidiaries in leasing and investment banking.

The Bank's market shares in the sector in terms of key indicators are presented below:

TL million	31 December 2014		
	Burgan Bank	Sector*	The Bank's Share (%)
Cash Loans	6,292	1,250,218	0.50
Customer Deposits	5,202	1,120,430	0.46
Number of Branches	58	11,223	0.52
Number of Employees	1,046	200,878	0.52

* Source: BRSA (Banking Regulatory and Supervision Agency), BAT (The Banks Association of Turkey)

R&D PRACTICES RELATED TO NEW SERVICES AND ACTIVITIES

The main products that were offered to customers in 2014 are listed below:

İstediginde Öde (Pay Whenever You Want) Loan is a product which prevents negative impacts of interest rate increases on customers. It is not affected by interest rate hikes whereas it can be terminated while interest rates are declining. There is no early termination fee in İstediginde Öde (Pay Whenever You Want) Loan.

Bi' Nefes (A Breath) Loan has instalments and offers cheap interest rates with maturity up to 60 months according to the value of collaterals. As it postpones the first instalment for 3 months, it provides customers to take a breath.

KGF Loans are provided in 2 ways: Treasury supported and equity supported. It includes Credit Guarantee Fund's support to SMEs in the sense of collateral.

Line/Number Plate is a sectoral product which was developed for taxi and dolmuş (minibüs) owners. It offers an amount up to 50% of the value of taxi plate or minibüs line with maturity up to 60 months.

Boat loans are for tourism sector and have maturity between 0-60 months. It can be either TL or Euro denominated and it has flexible payment with instalments.

Ferah (Relief) Loan is one of Burgan Bank's newest products. It provides relief to customers by making them to pay lower instalments in the first year.

POS'lu Kredi (Loan with POS) offers Burgan Bank customers who use POS product with zero-interest loan facility having 1 year maturity in return for their POS revenue commitment.

Burgan Bank also prepared packages that protect SMEs' pockets. The Bank offered 3 different packages with lower than standard fees for customers who use banking services from internet, branches or both of these two channels. Common goal of these 3 packages are to establish long term business relation with SMEs by offering the most appropriate solution to their needs.

Tatlı Paket (Sweet Package) aims to provide customers with retail banking services free of charge and products with the cheapest fees,

Değerinizi Bilen Kredi (Loan that Appreciate Your Value) rewards customers who are loyal to their loan borrowing with loan opportunities having cheaper interest rates,

Profesyonel Paket (Professional Package) is designed for cash management, loan and investment needs of professional groups such as doctor, dentist, notary, accountant, architect, engineer,

Retirees Club provides special advantages and rewards to SSI Retirees,

Debt transfer and shopping loan within the scope of Bütçem Rahat (My Budget is Fine) package,

Firm Interest Rate Supported Consumer loan to dentists, aesthetic centers, health centers and private vocational courses,

Expat Service package is a special package for professional foreign citizens who live in Turkey.

General Information

INFORMATION ON BENEFITS PROVIDED TO TOP MANAGEMENT

The Top management of the Bank is composed of the Chairman of the Board, the General Manager and Vice General Managers. The sum of benefits paid to the top management in the current period totaled TL 12,271 thousand (December 31st, 2013: TL 13,617 thousand) which includes total gross salaries, travel, meal

allowances, health insurance, life insurance and other expenses.

Total benefit of TL 12,271 thousand which was provided to top management as of 31 December 2014, was provided to following groups as a salary package: TL 3,789 thousand to Board Members and

the General Manager (1st Group), TL 6,616 thousand to Chief Financial Officer (CFO), Internal Systems Vice President (CIA) and Chief Risk Officer (CRO) and first 5 managers who receive the highest salary (2nd Group).

INFORMATION CONCERNING LEGAL ACTION TAKEN AGAINST THE BANK WHICH MAY AFFECT THE FINANCIAL STATUS OR OPERATIONS OF THE BANK, AND THEIR POSSIBLE RESULTS

As of December 31st, 2014, the total amount of legal action taken against the Bank stood at TL 51,784 thousand (December 31st, 2013: TL 48,783 thousand) and the Bank sets aside a provision of TL 20,191 thousand (December 31st, 2013: TL 17,402 thousand) regarding these risks. Due to the delayed reply to

e-foreclosure submitted by the Gökpınar Tax Administration, negative declaratory action has been claimed at the "Denizli Tax Authority" and the "Denizli Civil Court of General Jurisdiction" for the cancellation of the payment order of TL 25,459 thousand, which was notified to the Bank. The transactions have been suspended with

an injunction obtained in response to the 15% collateral. Trials at administrative courts were resulted in favor of the Bank and these trials are in appeal process. The verdict is expected to be in favor of the Bank. As a result, the Bank as not booked any provisions.

EXPLANATIONS WITH RESPECT TO ADMINISTRATIVE OR LEGAL SANCTIONS IMPOSED ON THE BANK, MEMBERS OF THE BOARD OR TOP MANAGEMENT IN CONNECTION WITH ACTS OR PROCEDURES IN VIOLATION OF THE CODES

None.

SUM OF FINANCIAL BENEFITS PROVIDED SUCH AS DAILY ALLOWANCES, SALARIES, PREMIUMS, BONUSES OR DIVIDENDS

The sum of the Bank's Personnel Expenses totaled TL 108,613 thousand as of December 31st, 2014 (December 31st, 2013: TL 94,286 thousand), while the Bank set aside a provision of premium amounting to TL 10,800 thousand (December 31st, 2013: TL 7,452 thousand) to be paid to the Bank's personnel.

Corporate Governance Practices

NAMES & SURNAMES, TERMS OF OFFICE, AREA OF RESPONSIBILITY, ACADEMIC BACKGROUNDS AND PROFESSIONAL EXPERIENCE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, DIRECTOR AND MEMBERS OF THE AUDIT COMMITTEE, GENERAL MANAGER AND VICE PRESIDENTS, AND HEADS OF THE UNITS UNDER INTERNAL SYSTEMS:

Name and Surname	Position	Date of Appointment to Office	Academic Background	Experience in Banking or Business Administration Prior to Appointment to Office (Years)
CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS:				
Mehmet Nazmi Erten	Chairman	29.01.2014	Bachelor's degree	29
Faisal M.A. Al Radwan	Vice Chairman	29.01.2014	Bachelor's degree	23
Eduardo Eguren Linsen	Member	20.12.2012	Bachelor's degree	25
Majed E.A.A. Al Ajeel	Member	20.12.2012	Master's degree	22
Adrian Alejandro Gostuski	Member	21.12.2012	Master's degree	35
Mehmet Alev Göçmez	Member	23.01.2013	Master's degree	33
Halis Murat Ece	Member	17.04.2013	Bachelor's degree	36
Osama T. Al Ghoussein	Member	25.06.2014	Bachelor's degree	33
Ali Murat Dinç	Member and General Manager	03.02.2014	Master's degree	21
CHIEF EXECUTIVE OFFICER:				
Ali Murat Dinç	Member and General Manager	03.02.2014	Master's degree	21
EXECUTIVE VICE PRESIDENTS:				
Robbert J. R. Voogt	Operations, IT and Private Banking Senior Executive Vice President	23.09.2013	Bachelor's degree	15
Esra Aydın	Operations	01.08.2007	Bachelor's degree	16
Mutlu Akpara	Treasury and Capital Markets	08.08.2007	Master's degree	11
Hüseyin Cem Öge	Corporate Banking	22.08.2007	Master's degree	13
Cihan Vural	Internal Control and Audit	03.11.2008	Bachelor's degree	13
Soner Ersoy	Information Systems	12.01.2009	Bachelor's degree	12
Rasim Levent Ergin	Human Resources	01.11.2012	Master's degree	17
Emine Pınar Kuriş	Commercial Banking	10.12.2013	PhD	16
Suat Kerem Sözügüzel	Commercial Banking	01.04.2014	Bachelor's degree	17
Hasan Hüseyin Uyar	Credits	01.04.2014	Master's degree	27
Tuba Onay Ergelen	Chief Financial Officer	09.09.2014	Bachelor's degree	16

Changes in the Bank's top management during 2014 and until the reporting date:

Faisal M.A. Al Radwan, Board Member, was appointed as Vice Chairman of the Board of Directors on June 25th, 2014.

Fatma Aliye Atalay, Private Banking Vice General Manager, resigned as of April 30th, 2014.

Appointments:

Suat Kerem Sözügüzel, Commercial Banking Vice General Manager, and Hasan Hüseyin Uyar, Loans Vice General Manager, started their roles on April 1st, 2014.

Tuba Onay Ergelen was appointed as Chief Financial Officer having Vice General Manager authority on September 9th, 2014.

Faisal H.M.H Al Ayyar, Vice Chairman of the Board of Directors and Member of Audit Committee, resigned from these duties on June 25th, 2014.

Osama T. Al Ghoussein was appointed as Board Member on June 25th, 2014 and as Member of Audit Committee on September 10th, 2014.

Resignations:

Bülent Nur Özkan, Corporate and Commercial Banking Senior Vice General Manager, resigned as of March 31st, 2014.

Ayşe İdil Kural, Financial Affairs Vice General Manager, resigned as of June 30th, 2014.

Corporate Governance Practices

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCE OF STATUTORY AUDITORS

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) was elected as an external auditor in pursuant to decision made in our Bank's General Assembly which was held on March 31st, 2014.

ACTIVITIES OF THE CREDIT COMMITTEE AND OF THE COMMITTEES REPORTING TO, OR SET UP TO ASSIST, THE BOARD OF DIRECTORS UNDER RISK MANAGEMENT SYSTEMS PURSUANT TO THE REGULATION ON BANKS' INTERNAL SYSTEMS, AND THE NAMES, SURNAMES AND PRINCIPAL DUTIES OF THE HEADS AND MEMBERS SERVING ON THESE COMMITTEES

CREDIT COMMITTEE

The chairman of the Credit Committee is Mehmet N. Erten, the chairman of the Board of Directors. The Bank's CEO, Ali Murat Dinç and board members Faisal M.A.Al Radwan and Eduardo Eguren Linsen serve as members of the Committee. Mehmet Alev Göçmez and Adrian Alejandro Gostuski who are board members were elected as substitute member.

Halis Murat Ece was elected as the Chairman of the Audit Committee while Adrian Alejandro Gostuski and Osama T.Al Ghoussein were elected as members of the committee. Halis Murat Ece was elected as the Chairman of the Risk Committee while Majed E.A.A. Al Ajeel and Osama T.Al Ghoussein were elected as the members of the committee.

INTERNAL SYSTEMS ORGANIZATIONAL FUNCTION GROUPS

AUDIT COMMITTEE

According to regulation on banks' internal systems, Audit Committee, on behalf of Board of Directors, is responsible from establishing and monitoring sufficient and effective internal systems in the Bank and subsidiaries that are subject to consolidation.

Halis Murat Ece is the chairman of Audit Committee while Adrian Alejandro Gostuski and Osama T.Al Ghoussein serve as the committee members. Risk Management and Internal Audit and Control Groups report to Audit Committee functionally.

A. RISK MANAGEMENT SYSTEM

The Risk Management System has been set up to regulate the definition, measurement, exploration, reporting, analysis, monitoring and auditing of the risks involved in all aspects of the banking activities, subject to the principles established jointly by the Bank's executive management and the Risk Management Group, and approved by the Board of Directors. One of the main aims of Risk Management System is to establish a common risk management conception within the Bank.

The organizational components of the Risk Management System are the Risk Committee and the Risk Management Group.

1) RISK COMMITTEE

Risk committee is composed of Halis Murat Ece, chairman of the committee and board member, Faisal H.M.H Al Ayyar and Majed E.A.A. Al Ajeel. Risk Management Group reports to Risk Committee functionally.

Primary roles of the Risk Committee are approval of Strategic Risk Management decisions (such as the Bank's risk appetite, capital allocation and risk management structure) and qualitative and quantitative monitoring of Market, Liquidity, Credit and Operational Risks; and auditing compliance with risk policies that are approved by the Board of Directors.

2) RISK MANAGEMENT GROUP

Risk Management Group provided the coordination of ISEDES report which was prepared for the first time in 2014. Within 2014, Decision support Systems and Modelling Unit, and Treasury Mid Office started their operations. Market Risk and

Mid Office Units have important role on the establishment of the Bank's new treasury system. Decision support System and Modelling Unit had important role on retail loan automatic decision system project.

The Head of Risk Management Group is assigned with the coordination among the Credit Risk Unit, Decision Support Systems and Modelling Unit, Market Risk Unit, Operational Risk Unit and Treasury Mid Office Unit reporting to it, and presentation of the results of their works to the Risk Committee.

a) Market Risk Unit

The objective of the Market Risk Unit is to monitor and analyze the market risks that the Bank and affiliates subject to consolidation are exposed to, and to create and report risk policies and implementation procedures. The monitoring and the reporting of limits defined in Treasury Risk Parameters are among the unit's responsibilities.

The Bank employs the standardized approach in the calculation of the Value at Risk (VaR) for the market risk for statutory reporting and additionally the Bank uses internal method based VaR for its management reporting and internal processes.

Interest-sensitivity and liquidity gap analysis of balance sheet items in order to track interest rate and liquidity risks are performed. Based on these efforts, maturity mismatches in relation to credits and deposits are monitored and reported. Additionally, interest and exchange rate scenario analyses and stress tests are performed for various balance sheet items.

b) Credit Risk Unit

Credit Risk Unit is responsible for monitoring, on a portfolio basis, the credit risk undertaken by the Bank as a result of its lending activities. The unit provides information flow to the executive management of the Bank in terms of the current position and performance direction of the loan portfolio through regular monitoring of all the stages of lending activities and by regular and frequent reporting of credit limits and risks on the basis of collaterals, sectors, geographical regions, and internal rating scores. The unit also makes proposals for the identification and improvement of hitches and vulnerabilities in the lending system, as and when necessary.

c) Decision Support Systems and Modelling Unit

Decision Support Systems and Modelling Unit is responsible from monitoring and analyzing the results of automatic decision systems and internal rating systems that are utilized in measurement of the Bank's credit risk.

d) Operational Risk Unit

Operational risk unit is responsible from monitoring and analyzing the operational risks that the Bank and affiliates subject to consolidation are jointly exposed to, and creating and reporting risk policies and implementation procedures.

Operational Risk Unit also coordinates updating and developing the Bank's Business Continuity Plan.

e) Treasury Mid Office Unit

Treasury Mid Office Unit is responsible from checking if market transactions are within certain limits by ensuring primary control of these transactions which are carried out by front office. The Unit is also responsible from transmitting the fact that these transactions are within certain limits to treasury operation unit.

Meeting Frequencies of Committees:

As defined in the Bank's Risk Policies document, the Risk Committee meets at least four times a year, and the Risk Coordination Committee meets biweekly.

The Risk Coordination Committee is set up in order to determine joint actions in relation to Internal Audit, Internal Control and Risk Management issues. Participants are the board director responsible for Internal Audit and Risk Management (as the chairman), General Manager, Senior Executive Vice President, Head of Risk Management Group, Head of Internal Audit and Control, Head of Internal Audit, Head of Internal Control and Head of Compliance. Heads of the Credit Control, Market Risk and Operational Risk Units also attend these meetings.

B. INTERNAL AUDIT AND CONTROL GROUP

Internal audit and control group consists of Internal Audit and Internal Control units. Heads of Internal Audit and Internal Control report to the executive vice president responsible for Internal Audit and Control who directly reports to the Audit Committee.

B.1. INTERNAL AUDIT

Internal Audit consists of branch audit, headquarters audit and information systems audit divisions.

Internal Audit, by carrying out audits in the Bank's branches, headquarter divisions and subsidiaries, aims to provide assurance to the Bank's top management that the Bank's operations are in compliance with the laws and other legislations, the Bank's strategy, policy and procedures and that the Bank's internal control and risk management systems are effective and adequate.

In this context, all banking activities are audited on a risk focused approach and it is targeted to add value to the Bank by providing vision and suggestions for the formation of preventive measures, for the protection of Bank's assets and for increasing operational efficiency.

The audit reports, that are a result of the audits performed in the branches, headquarter divisions and subsidiaries in line with the risk focused annual audit plan, are submitted to the relevant divisions, top management and Audit Committee to ensure the taking of necessary actions.

In line with 2014 audit plan, audit activities of units and processes in branches, affiliates and headquarters were completed. According to the results of risk evaluation that was carried out within the scope of annual audit plan, audits of main banking and CoBIT processes were conducted by considering on-site and central audits of support service companies and materiality criteria within the scope of Management Declaration.

In addition to infrastructure, transformation and Group integration projects that the Bank carried out within the scope of consultancy activity, proactive support was given for enhancing risk management and internal control system in developing new products and services.

Board of Auditors activities are required to be evaluated by an independent specialist every five years according to International Internal Audit Standards although banking legislation in Turkey does not keep it legal obligation. With the approval of Audit Committee and Board of Directors in January 2014, it is decided that Board of Auditors activities are evaluated by Deloitte Touche Tohmatsu Limited, consulting firm, within the scope of Quality Assurance Review. As a result of Quality Assurance Review Project, Board of Auditors activities as well as its position within the organization and its processes were viewed as they are in line with International Internal Audit Standards.

In 2014, Board of Auditors, in line with International Standards for the Professional Practice of Internal Audit encourages its auditors to obtain International Certified Internal Auditor (CIA) and other occupational certificates which are given by International Institute of Internal Auditors and other occupational associations.

Burgan Bank A.Ş. Board of Auditors were rewarded within the scope of Internal Audit Awareness Rewards by The Institute of Internal Audit - Turkey as a result of following points: the fact the Board of Auditors carries out internal audit function and profession at international standards by completing Quality Assurance Review

Corporate Governance Practices

Project, that the Bank is among the leading institutions in this area, that high level of participation in training programs for International Certified Internal Auditor exams and success rate at these exams.

Board of Auditors reviewed and updated audit methodology, program and reporting standards in line with changed legislation and best international practices in 2014.

Burgan Bank Board of Auditors operates also according to risk evaluations of the Bank's affiliates that are in audit system. In addition to this, necessary support is given to affiliates by carrying out supervision activity for their own internal audit functions.

In addition to audit activities that were scheduled within the scope of audit plan, the Bank also carried out examination and investigation activities in 2014. Board of Auditors has means of communication (a special telephone line which is available for leaving a message for 365 days 7/24 and an e-mail address) that will enable reporting of abuse, irregularity and corruption to the board directly.

Board of Auditors continued to give Avoiding of Abuse and Forgery trainings to Bank staff mainly employees at branches.

B.2 INTERNAL CONTROL

The Internal Control Unit reports to the Audit Committee and the Board of Directors via the executive vice president responsible for internal audit and control. Internal Control consists of branches and operations control unit, headquarters and processes control unit and accounting and financial control unit.

Internal Control Unit aims protection of Bank's property and assets, assuring conduct of activities in compliance with all in-house developed policies and rules of the Bank, banking practices, the Banking Law and other related regulations, ensuring division of functional roles within the Bank, allocating responsibilities within the Bank, ensuring that accounting and financial reporting system, information system and intra-Bank communication channels operate in an effective manner. Internal Control Unit operates in line with these goals.

Internal Control Unit's activities are carried on with a risk focused approach, in terms of main control points mainly on lending, deposit collection, accounting, financial reporting, information systems, treasury, and capital market transactions from amongst the Bank's functional activities. Internal Control oversees the transactions in these and other fields on and off-site periodically in the context of predetermined schedules with respect to their conformity with regulatory legislation, the Bank's strategy and policies, implementation procedures, limits and internal regulations.

Any shortages and problem identified are shared daily with the relevant branch and head office units for the necessary actions. In addition, Internal Control Unit's findings together with proposals for the improvement of internal control system and the remediation of risk elements in the general workflows and practices are regularly reported to the Audit Committee and via the Audit Committee to the Board of Directors and the actions taken are followed-up.

Internal Control Unit continued on-site auditing activities in the Bank's subsidiaries in 2014. Within this context, the Internal Control Unit carried out on-site auditing in Burgan Portföy Yönetimi A.Ş.

The 2014 internal control plan has been completed successfully with the periodic controls performed both from headquarters and on-site in branches, headquarters units and affiliates. Current control areas were enriched with new control activities that were developed throughout the year.

In 2014, Internal Control Unit personnel has participated in management declaration work including audits of companies from which the Bank obtains support services, in the stages of the review of risk matrices, testing and findings follow-up and preparation of management declaration report. Furthermore, Internal Control Unit also carried out ISEDES validation activities in 2014.

C. COMPLIANCE

Compliance Department operates directly linked to the Chairman of the Board of Directors.

In 2014, the efforts of monitoring the Bank's compliance to the legal obligations of combating laundering proceeds of crime and financing of terrorism and the execution of Compliance Programme have continued.

In the context of combating laundering proceeds of crime and financing of terrorism, training was given to branch and headquarters personnel. The software programs used by the Bank allow for effective monitoring of suspicious transactions. Project activities that are related to FATCA (Foreign Accounts Tax Compliance Act) were carried out in line with project plan that was forwarded by the group and they were completed as of July. Policies and procedures of the unit were updated in line with Group principles and changed legislation. Approval of Board of Directors was received.

The legislation unit has continued efforts to inform the personnel regarding changes in the banking legislation and to give consultancy with the aim of our Bank's practices and operations being in conformity with legal legislation.

ATTENDANCE OF BOARD DIRECTORS AND MEMBERS OF THE AUDIT AND CREDIT COMMITTEES AND MEMBERS OF THE COMMITTEES REPORTING TO, OR SET UP TO ASSIST, THE BOARD OF DIRECTORS UNDER RISK MANAGEMENT SYSTEMS PURSUANT TO THE REGULATION ON BANKS' INTERNAL SYSTEMS TO THE RELEVANT MEETINGS HELD DURING THE FISCAL YEAR

The Board of Directors convenes monthly. The provisions of the Turkish Commercial Code are adhered to in relation to the quorum for Board of Directors meetings.

The Credit Committee meets once a week.

The Audit Committee meets at least four times a year.

The Risk Committee meets at least four times a year, and the Risk Coordination Committee meets biweekly.

The participation of Board Directors and committee members to relevant meetings was at a sufficient level.

Corporate Governance Practices

BOARD OF DIRECTORS' SUMMARY REPORT PRESENTED TO THE GENERAL ASSEMBLY

Drawing the strength of the Burgan Bank Group, our Bank targeted stable growth in its activities in 2014. In this context, Burgan Bank pursued its banking activity in accord with the Turkish Commercial Code, tax legislation, the Banking Law, Banking Ethics, the "Know Your Customer" and Suspicious Transaction provisions and the Competition Laws and Guidelines.

In formulating its risk policies, Burgan Bank aims to enhance the total benefit for its shareholders and customers, with keen consideration of risk-sensitive capital management principles and liquidity factors. Internal audit and risk management systems are being developed in line with the BRSA's guidelines.

In 2014, our Bank has focused its attention on customer-oriented activities with its new organization change and management approach through its 58 branches throughout Turkey and fully responded to the financial needs of its customers in the corporate, commercial, retail and private banking business lines by means of an effective pricing policy and a rich array of products. As well as its expanding balance sheet, the Bank also effected significant improvements, which will further strengthen its performance in the future in terms of product and service portfolio, the number of customers and the structure of service channels.

While corporate and commercial banking were the main drivers of our loan growth, enterprise banking also developed importantly.

As of the end of 2014 Burgan Bank's total assets stood at TL 8,673,779 thousand having recorded a 27.3% YoY increase.

Burgan Bank achieved growth rates higher than the sector average in 2014. The Bank funded its growth mainly through customer deposits. The deposits stood at TL 5,365,121 thousand with 57% growth.

As of December 31st, 2014, 62% of the total liabilities consisted of deposits, 27% consisted of funds borrowed and money market borrowings and 11% consisted of shareholders' equity.

As far as assets are concerned, total cash loans had reached TL 6,466,286 thousand as of December 31st, 2014, signifying a YoY rise by 36% which doubles the sector's growth rate of 18%.

The total amount of the Bank's nonperforming loans accounted for 1.99% of its cash loan portfolio which is below the sector's rate. The Bank set aside 48% provision for non-performing loans.

Total securities stood at TL 764,586 thousand. As a result, 75% of our assets consisted of loans, with securities accounting for 9% and cash, CBTR and short term placements comprising 10% of our assets.

Total income excluding dividend increased by 30% by having loan growth which is highly above the sector average improving interest margins and by increasing other non-interest income through cross sale method. On the other hand, operating expenses were kept under control and the Bank could grow steadily with sustainable profit. Although provisions for non-performing loans from previous periods had effect, our Bank booked profit before tax of TL 10,647 thousand and net profit of TL 6,809 thousand in 2014.

Our Main Shareholder continued to provide resource support in 2014. As of December 31st, 2014, the Bank has long term loan of US\$ 250 million and subordinated loan of US\$ 150 million which were obtained from the Main Shareholder.

In addition to the subordinated loan in question, the Bank carried out a capital increase in cash, in order to support growth by maintaining its capital adequacy ratio at reasonable levels. The Board of Directors made a decision in its meeting on January 29th, 2014 to switch to the registered

capital system and determine the registered capital ceiling as TL 1 billion. Subsequently, the Bank carried out capital increases and its paid-in capital increased by TL 330 million comparing to previous year-end to TL 900 million.

Burgan Bank's unconsolidated capital adequacy ratio stood at 17.74% as of December 31st, 2014.

The Bank's organization structure reached to a better and sustainable point in the sense of efficiency and motivation. Important organizational changes were made at each level. The Bank aimed to increase profitability at each area. Accordingly, in 2015 the Bank will maintain loan growth trend by prioritizing loan worthiness. Burgan Bank will also continue to decrease funding costs by diversifying funding resources and to improve its income without abandoning precautionary principle.

Burgan Bank possesses all required components to progress towards being a company that generates permanent added value for its stakeholders. The ability to combine its knowledge and disciplined business approach with its qualified human resources and effective risk management positions our Bank as a corporation that works perfectly and produces value for its stakeholders.

On behalf of myself and on behalf of our Board of Directors, I would like to take this opportunity to extend my gratitude to our employees - who have the biggest role in our successes - for their self-sacrificing efforts and to our customers for their loyalty and trust in the Bank.

Drawn up as of December 31st, 2014 and subjected to independent audit, the Bank's "Financial Statements" are presented for your review and approval.

Yours sincerely,

BOARD OF DIRECTORS

INFORMATION ABOUT HUMAN RESOURCES PRACTICES

Human Resources Policy

The human resources of a financial institution are the most valuable part of its assets. The success of the Bank is closely linked to its human resources policy which aims to ensure human resources of the highest caliber. The main responsibilities of human resources are outlined below:

- Formulating human resource policies and programs to support the Bank's strategic goals and priorities,
- Recruiting competent and result oriented human resources, capable of contributing to the attainment of the Bank's goals and strategies, always ensuring the maintenance of transparency and meritocracy, whether sourcing refers to internal transfer or external hiring,
- Contributing to the enhancement of the Bank's performance by designing a competitive pay policy and by rewarding superior performance,
- Gearing up our employees who are trained within the corporate culture and specialized in their careers for managerial positions, thus fortifying the Bank's corporate culture,
- Assuring employee satisfaction through proactive human resources practices and building an efficient and highly motivated organization.

Recruitment

Human resource needs are fulfilled in line with the Bank's short and medium-term strategic goals.

Our target is to attract the human resource possessing good academic background, that is open to innovation and change, and that will espouse and maintain the Bank's values.

The considerations in the selection of new employees are conformity of individuals possessing potential for improvement to the Bank's competencies, as well as the conditions prevailing in the sector.

The Bank's overall Annual Headcount Budget is approved by the BoD. The Executive Vice President of Human Resources reviews and approves all recruitments of the Bank. All new recruitments within the budget are also approved by the respective Executive Vice President, while recruitments outside the budget are also approved by the General Manager.

Training

The Bank's goals for training are listed below:

- Ensuring that training is an investment for the Bank and making sure that training plays a part in achieving the Bank's business targets,
- Extending the training and development support required to enhance the employees' performances in line with the Bank's strategy, business targets and mission,
- Guaranteeing that the training and development support is provided regularly, continually and systematically,
- Creating training strategies that are clear, shared and principled,
- Conducting customized training management which is based on need analysis and design, and the outcomes of which are measured and monitored,
- Relating training and development support with the lines of business and business results.

Training and development plans are implemented, which are aimed at enhancing employees' productivity, ensuring their adaptation to change and raising the future's managers pool, in line with the Bank's objectives.

It is of utmost importance to take care in ensuring that the training and development opportunities targeted in this direction are in conformity with the Bank's goals, strategies and competencies, as well as to have them monitored and followed-up by the Bank's managers.

Career Management

The Bank's primary goal is to ensure planning of promotion for high potential employees who have espoused the Bank's vision, mission and values, to managerial positions. It is targeted that the employees are actively involved in and manage their own career planning in cooperation with their line managers based on the results of performance appraisals.

For vacant positions in the Bank, the main strategy is recruitment from internal sources of the Bank. Our employees may be appointed to the vacant position by promotion or by keeping their existing titles and rights, depending on the requirements of such position. In order for the employees to be promoted in line with the Bank's needs, the relevant position must be vacant, the person must possess the knowledge and experience required by the position to which he/she will be promoted, and he/she must have displayed a high performance.

Performance Appraisal

The primary goal of performance appraisal is to achieve the Bank's goals and strategies, and to ensure attainment of better results by the employees and the Bank through management of individual performance. To this end, the employees' targets, contributions to business results and improvement in their competencies are measured on an annual basis.

The appraisal process serves to the rewarding of individuals displaying superior performances, as well as to the identification of people with high potentials and the determination of development needs of the employees.

Performance levels of employees open the way for their promotion to various positions within the frame of personal career plans and also have an influence on their remunerations.

Corporate Governance Practices

Remuneration

The Bank has in place a remuneration policy which aims at:

- Enabling the Bank to attract, acquire, motivate and retain highly competent employees,
- Setting a specific framework in order to ensure a consistent approach in rewarding employees, in line with their roles and responsibilities as well as knowledge and experience.
- The Remuneration Policy ensures also that Compensation & Benefits;
 - a. are in line with Banking Sector practices,
 - b. maintain internal equity,
 - c. are in line with the personnel expenses budget,
 - d. are aligned with Performance Management Evaluation, thus promoting the result-oriented culture of the Bank.

Staff Vacation Policy

The Bank adheres to the provisions of the Labor Law no 4857 in relation to vacations. Accordingly, annual vacation days according to years of service are as follows:

Years of Service	Vacation Days
1 to 5 Months	14 Days
5 to 15 Months	20 Days
More than 15 Years	26 Days

The employees must use:

- At least two consecutive weeks' vacation, if they are entitled to annual vacation of 20 or more days,
- At least one straight through week vacation if they are entitled to annual vacation of 14 days,
- The General Manager, the Senior Executive Vice President, Executive Vice Presidents, Group Heads, Regional Managers, Department Heads and Branch Managers should take at least 2 consecutive weeks' vacation, regardless of their entitled days of vacation.

Only the General Manager may permit a member of staff to take less than two consecutive weeks, and only in exceptional and justifiable circumstances. It is the responsibility of the Human Resources Division to ensure that the rule is adhered to, or to place a note in the personnel file of each staff member setting the reason in case of an exception.

Employment of Relatives Policy

The aim of this policy is to ensure that Management decisions relating to the recruitment of relatives and promotions/transfers of relatives already in service are taken in a way that does not give rise to conflicts of interest.

Employees who are related are not allowed to be placed in posts where one can control, evaluate, examine, approve or determine the work done by the other, or affect the pay and promotion of the other in any way.

This commitment is not limited to cases of service in the same unit but also relates to posts in collaborating units which provide complementary services or operate as approval/audit services.

Private Insurance Practices

Healthcare expenses of our employees and their families (spouse and children) are covered under the health insurance policies revised every year.

Furthermore, our employees are provided with life insurance.

THE BANK'S TRANSACTION WITH ITS RISK GROUP

	Total Risk Group	Share in Financial Statements (%)
Received loans	932,918	55.90
Deposits	60,398	1.13
Non cash loans	45,051	3.78
Loans	2,190	0.03
Banks and other financial institutions	85	0.07

For details please see Appendix-3 - Section 5 - VII.

INFORMATION REGARDING AFFILIATE REPORT

In according to the article 199 of the Turkish Commercial Code numbered 6102 which is effective since 1 July 2012; The Board of Directors are obliged to prepare an affiliate report regarding the transactions/relations between the controlling company and other affiliates of the controlling company within the first quarter of the activity year and attach the conclusion part of the affiliate report to the activity report.

The required information with respect to the transactions between the Bank and related parties have been stated in the part 5 number VII of the Footnotes and Information Regarding The Non-Consolidated Financial Statement as an Annex- 4. It has been explained at the end of the Affiliate report which has been prepared by the Board of Directors; "All transactions between the controlling company of the Bank and the affiliate companies of the controlling company in

the fiscal year 2014, in the circumstances and conditions known to the board at the time at which the company conducted the legal proceeding or took or refrained from taking the measure, obtained appropriate counter-performance in relation to each proceeding and whether the company incurred any loss due to taking or refraining from taking the measure and in this regard there is no transaction or prevention required to net-off."

FIELDS OF ACTIVITY IN WHICH SUPPORT SERVICES WERE PROCURED AND THE PERSONS AND COMPANIES FROM WHICH THEY WERE PROCURED PURSUANT TO THE REGULATION ON THE SUPPORT SERVICES TO BE PROCURED BY BANKS AND AUTHORIZATION OF SUPPORT SERVICE PROVIDERS

SUPPORT SERVICE COMPANY	AREA OF EXPERTISE	EXPLANATION OF SERVICE
Risk Aktif Danışmanlık Eğitim ve Yazılım San. Tic. Ltd. Şti.	Information Systems	Basel II reporting
Asseco SEE Teknoloji A.Ş.	Information Systems	MASAK reporting
İntertech Bilgi İşlem Pazarlama Ticaret A.Ş.	Information Systems	Core Banking System, Support and Maintenance Services
İntertech Bilgi İşlem Pazarlama Ticaret A.Ş.	Information Systems	Credit card integration
İntertech Bilgi İşlem Pazarlama Ticaret A.Ş.	Information Systems	SIRON integration
İntertech Bilgi İşlem Pazarlama Ticaret A.Ş.	Information Systems	e-pledge integration
Garanti Bankası A.Ş.	Information Systems	Bonus Credit Card Programme
Active Bilgisayar Hizmetleri Tic. Ltd. Şti	Information Systems	Nova 2000 software system
ATC - Athens Technology Centre S.A.	Information Systems	ERP system
Fineksus Bilişim Çözümleri Ticaret A.Ş.	Information Systems	Paygate Maestro & Search Swift application
Fineksus Bilişim Çözümleri Ticaret A.Ş.	Information Systems	SWIFT Application Software Repair and Maintenance Services
IBM Global Services İş ve Teknoloji Hizmetleri ve Tic. Ltd. Şti.	Information Systems	IBM Business Continuity and Flexibility Services
IBM Global Services İş ve Teknoloji Hizmetleri ve Tic. Ltd. Şti.	Information Systems	IBM Emergency Services
Innova Bilişim Çözümleri A.Ş.	Information Systems	Kiosks equipment installation and support
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	Information Systems	IVR and CTI applications, and support services
Banksoft Bilişim Bilgisayar Hizmetleri Ltd. Şti.	Information Systems	ATM management , ATM card management system, ATM Fraud management system
Bantaş A.Ş.	Logistics	CIT cash management services
Provus Bilişim Hizmetleri A.Ş.	Operational services	Printing and Distribution of Credit Cards and ATM Cards, Settlement, Reporting, Slip Printing and Distribution Provision Services
Iron Mountain Arşivleme Hizmetleri A.Ş.	Operational services	Archive Services
Securverdi Güvenlik Hizmetleri A.Ş.	Security	Physical Security Services
BİLİN Yazılım ve Bilişim Danışmanlığı Ltd. Şti.	Operational services	Software support and development services
TAGAR Tapu Garanti Hizmetleri A.Ş.	Operational services	Placing and Releasing of Mortgages, Encumbrance Investigation Services
FU Gayrimenkul Yatırım Danışmanlık A.Ş.	Operational services	Placing and Releasing of Mortgages, Encumbrance Investigation Services
İSNET Telekomünikasyon Servis Hizm. Tic. Ltd. Şti.	Information Systems	Communication Equipments Procurement
Risk Business Int.	Information Systems	Operation Risk Database
MTM Holografi Güvenlik Basım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş.	Operational services	Printing Valuable Documents
Securist Bilişim Teknolojileri San. Tic. Ltd. Şti.	Information Systems	Penetration Test
V.R.P Veri Raporlama Programlama Bilişim Yazılım ve Danışmanlık Hizm. Tic A.Ş.	Information Systems	Internet Banking, Direct Sales Tablet App. Vendor Channel Web App

Corporate Governance Practices

CORPORATE GOVERNANCE REPORT

- The Bank's Corporate Governance aims following points: determining goals and strategies, conducting daily activities, ensuring being accountable to shareholders, protecting rights and interests of all stakeholders, applying rules and regulations of surveillance and supervision authorities, protecting rights and interests of depositors, establishing sound and reliable systems for developing strong risk management systems.
- Protecting shareholders' rights related to participating general assembly, receiving share from the Bank's profits and receiving information about the Bank regularly following the approval of their share ownership and share transfer,
- Treating all shareholders including minority shareholders and foreign shareholders equally,
- Transmitting required information to shareholders at most appropriate time for them to use their rights, providing required opportunities for them to use their rights completely.
- Considering that shareholders' rights represent the significant part of good corporate governance, and that the Bank's success is a result of collective efforts of stakeholders such as depositors, borrowers, Bank personnel, investors and other stakeholders who carry out business with banks.

Members of Corporate Governance Committee

- CHAIRMAN
Majed E.A.A. Al Ajeel (Independent)
- MEMBER
Mehmet N.Erten (Chairman of the Board of Directors)
- MEMBER
A. Murat Dinç (General Manager)

Corporate Governance Committee meets every 3 months for 4 times a year.

Activities:

Responsible from following points: Detecting the Bank's corporate governance principles, following their application, reviewing their effectiveness and giving support to Board of Directors.

- In line with legal legislation, preparing the Bank's policies regarding Corporate Governance Structure and receiving Board of Director's approval for these,
- Following that Corporate Governance standards and regulations are applied and presenting report to Board of Directors,
- Reviewing Corporate Governance applications annually and giving recommendations about required improvements to Board of Directors, providing appropriate explanations if required by laws and regulations,
- Ensuring that the Bank is managed professionally within the scope of laws, regulations, instructions and internal policies by considering the Bank's operations and its financial safety,

- Providing that Board of Directors act within the framework of independence principle and providing board members to fulfil their responsibilities to the Bank and its all stakeholders in order for researching and discussing the Bank's business and for protecting minority rights without being under pressure; providing board members to fulfil above mentioned responsibilities to the Bank in addition to the party that gave them these responsibilities in case that Shareholders have authority to appoint board members,
- Reviewing the Bank's management structure annually, providing that the Bank is in line with requirements of legal legislation,
- Providing written policies for all banking activities and their distribution to all management levels. Providing that these policies are comprehensive and reviewed regularly to cover changes and amendments in laws, instructions, economic conditions and other issues related to bank,
- Treating shareholders equally in line with legal legislation and protecting the rights of stakeholders; ensuring that the Bank complies with regulatory requirements/ follow ups; monitoring management structure between Board of Directors and Board of Directors' Subcommittees as well as management among Board of Directors' Subcommittees.

Financial Information and Risk Management

REPORT BY STATUTORY AUDITORS ORGANIZED PURSUANT TO ARTICLE 347 OF THE TURKISH COMMERCIAL CODE DATED 29/6/1956 AND NO. 6762

Please refer to Appendix-1

AN ASSESSMENT BY THE AUDIT COMMITTEE OF THE OPERATION OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS, AND THEIR ACTIVITIES IN THE REPORTING PERIOD

The primary function of the Burgan Bank Audit Committee is to assist the Bank's Board of Directors in the fulfilment of the latter's responsibility to supervise the Bank and its affiliates subject to consolidation, by reviewing the financial data to be presented to the shareholders, ensuring the productivity and efficiency of the Internal Control Framework set up by the Board of Directors and the Management level, and monitoring the audit process.

The Audit Committee meets at least four times a year, and reviews and evaluates the efficiency, adequacy and productivity of the Internal Control Framework and Systems particularly with respect to the achievement of the objectives in the categories listed below:

- Efficiency, productivity and adequacy of the Bank's accounting and reporting systems, as well as of the Bank's Internal Audit, Internal Control and Risk Management,
- Accuracy of the data provided by the systems mentioned above,
- Reliability of financial reporting,
- Establishment of communication channels and information system control,
- Compliance with the laws and legislation in force.

The Audit Committee informs the Board of Directors on any case of noncompliance, also presenting a proposal relating to the corrective action that needs to be taken.

The Audit Committee's assessment of the operation of internal control, internal audit and risk management systems is as follows: Risk Management System at Burgan

Bank has been formulated based on this significance and our commitment to the banking concept we are willing to implement; the system is in a constant evolution process. The purpose of Burgan Bank is to make Risk Management System a part of the decision-making process, rather than using it merely for measurement and reporting purposes.

The Internal Control and Internal Audit Systems make it the focal point of their work to provide reasonable assurance for the adequacy of the internal control system in place at the Bank and to improve the same, in line with a risk based approach. In their activities, these systems do not solely focus on identifying errors, but are rather concentrated on the establishment and implementation of measures that will prevent the occurrence of errors.

INDEPENDENT AUDITORS' REPORT

Please refer to Appendix-1

FINANCIAL STATEMENTS AND INFORMATION ON FINANCIAL STRUCTURE

Please refer to Appendix-2

Financial Information and Risk Management

AN ASSESSMENT OF THE FINANCIAL STATUS, PROFITABILITY AND SOLVENCY

At the end of 2014, the Bank's total assets grew by 27.3% YoY to TL 8,673,779 thousand.

Liquid assets assumed a 10.4% share in the balance sheet.

The TL 764,586 thousand in securities accounted for a 8.8% share of the balance sheet.

A 35.8% rate of growth was secured in cash loans. The share of cash loans in the balance sheet increased to 74.5%. The Bank's non-performing loans ratio stood at 2%.

As of December 31st, 2014, total deposits amounted to TL 5,365,121 thousand with 56.5% growth and made up 61.9% of the balance sheet.

The Bank switched to registered capital system within 2014. The Bank increased its paid-in capital among TL 1 billion of registered capital cap from TL 570 million to TL 900 million in cash.

Shareholders' equity grew by 59.8% to TL 937,440 thousand TL 586,515 thousand in line with positive difference in the valuation of securities and tangible fixed asset and with period profit in addition to capital increase within the period.

BURGAN BANK A.Ş. BALANCE SHEET ANALYSIS THOUSAND TL

ASSETS	31 December 2014	31 December 2013	CHANGE (%)
Liquid Assets	899,060	583,082	54.2
Securities	764,586	931,877	-18.0
Loans	6,466,286	4,761,368	35.8
Subsidiaries	202,193	99,193	103.8
Tangible and Intangible Assets	89,364	61,288	45.8
Other Assets	252,290	374,773	-32.7
TOTAL ASSETS	8,673,779	6,811,581	27.3
LIABILITIES			
Deposits	5,365,121	3,428,695	56.5
Funds Borrowed	1,985,554	2,405,269	-17.4
Other Liabilities	385,664	391,102	-1.4
Shareholders' Equity	937,440	586,515	59.8
TOTAL LIABILITIES	8,673,779	6,811,581	27.3

BURGAN BANK A.Ş. STRUCTURAL BALANCE SHEET

ASSETS	31 December 2014	31 December 2013
Liquid Assets	10.4%	8.6%
Securities	8.8%	13.7%
Loans	74.5%	69.9%
Subsidiaries	2.3%	1.5%
Tangible and Intangible Assets	1.0%	0.9%
Other Assets	2.8%	5.3%
TOTAL ASSETS	100.0%	100.0%
LIABILITIES		
Deposits	61.9%	50.3%
Funds Borrowed	22.9%	35.3%
Other Liabilities	4.4%	5.7%
Shareholders' Equity	10.9%	8.7%
TOTAL LIABILITIES	100.0%	100.0%

Interest received from loans increased by 61% thanks to increase in interest margins in line with increase in loan volume by 35.8%, and upward movement in market interest rates. Similarly, although governments securities portfolio decreased by 18%, interest income from this item increased by 5.2% through upward movement in interest rates. As a result, gross interest income increased by 51.5%.

Increase in deposit volume by 56.5% resulted in increase in interests given to deposits by 41.8%. Increase in interest expenses fell short of increase in deposits. Interest paid increased by 142.5% YoY due to credits received from banks and the Main Shareholder. Gross interest expense increased by 63.8% YoY in line with increase in liabilities to fund growing assets.

Net interest margin increased by 33.3% YoY thanks to following points: change in asset structure especially after the second half of 2014, improvements in interest margins, and changes in costs due to resource diversity.

BURGAN BANK A.Ş. NET INTEREST INCOME ANALYSIS THOUSAND TL

	31 December 2014	31 December 2013	INCREASE (%)
INTEREST INCOME	624,326	412,232	51.5
Interest on Loans	512,315	318,338	60.9
Interest on Reserve Requirements	561	-	100.0
Interest on Banks	1,080	619	74.5
Interest on Money Market Transactions	2,844	2,742	3.7
Interest on Securities	65,763	62,491	5.2
Other Interest Income	41,763	28,042	48.9
INTEREST EXPENSE	(402,121)	(245,541)	63.8
Interest on Deposits	(237,321)	(167,318)	41.8
Interest on Money Market Borrowings	(47,819)	(19,716)	142.5
Interest on Funds Borrowed	(34,155)	(23,523)	45.2
Other Interest Expense	(82,826)	(34,984)	136.8
NET INTEREST INCOME	222,205	166,691	33.3

BURGAN BANK A.Ş. NET INTEREST INCOME ANALYSIS

	31 December 2014	31 December 2013
INTEREST INCOME	100.0%	100.0%
Interest on Loans	82.1%	77.2%
Interest on Reserve Requirements	0.1%	0.0%
Interest on Banks	0.2%	0.2%
Interest on Money Market Transactions	0.5%	0.7%
Interest on Securities	10.5%	15.2%
Other Interest Income	6.6%	6.8%
INTEREST EXPENSE	100.0%	100.0%
Interest on Deposits	59.0%	68.1%
Interest on Money Market Borrowings	11.9%	8.0%
Interest on Funds Borrowed	8.5%	9.6%
Other Interest Expense	20.7%	14.2%

Financial Information and Risk Management

Net fees and commission income grew by 36.7% to TL 19,346 thousand in 2014 through developments in product diversity and loan portfolio.

Provisions for loans decreased by 33.4% to TL 66,976 thousand which is mainly attributable decrease in special provision and provision for potential risk.

In summary, the Bank achieved 35.8% loan growth and 56.5% deposit growth to finance loan growth mainly with internal resources without giving up profitability despite the price competition. Efficiency and motivation were prioritized in realizing this growth. As a result, net profit in 2014 was booked as TL 6,809 thousand despite negative impacts of previous periods.

BURGAN BANK A.Ş. NET INCOME ANALYSIS THOUSAND TL

	31 December 2014	31 December 2013	Change (%)
Net Interest Income	222,205	166,691	33.3
Net Commission And Fee Income	19,346	14,152	36.7
Dividend Income	5,784	19,418	-70.2
Trading Income/Loss (Net)	26,470	25,052	5.7
Other Operating Income	8,895	7,894	12.7
Reserve For Loan And Other Losses	(66,976)	(100,683)	-33.5
Operating Expenses	(205,077)	(182,386)	12.4
Income Before Tax	10,647	-49,862	-121.4
Tax	(3,838)	8,867	-143.3
Net Income	6,809	(40,995)	-116.6

INFORMATION ON RISK MANAGEMENT POLICIES IMPLEMENTED BY TYPES OF RISKS

The Bank's risk strategy is its main component of risk management system. The board of directors is responsible for approving and periodically reviewing the risk policy of the 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 Bank adapts following principles for a healthy risk management process:

- The Board of Directors is responsible for approving and periodically reviewing the risk policy of the Bank.
- 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 Bank 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 Bank has defined certain principles and policies to ensure the efficient monitoring of market risks.
- The Bank 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.
- Appropriate systems and processes are in place to monitor all exposures, both on or off-balance sheet.

- The Bank promotes an open risk culture under which all material risks are communicated to the appropriate authorities of the Bank as well as to the Board of Directors. The Bank 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 Bank.

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

Risk Management

Bank's management aims to ensure that:

- Risk taken by the Bank 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 Bank to absorb losses,
- Risk is adequately mitigated by the implementation of proper risk management systems and procedures,
- Risk awareness is constituted among all units of the Bank, 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.

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. BoD 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 Bank shall engage in lending activities towards legal entities and individuals which exhibit satisfactory creditworthiness and financial standing.
- The Bank 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 Bank will assume credit risk of which it has a good understanding and is capable to manage, either at individual or at portfolio level.
- The Bank shall require that credit exposures are adequately covered by satisfactory collateral. Unsecured exposures shall be taken with prudence.
- The Bank shall avoid significant concentrations of credit risk, either to single or groups of borrowers or sectors of the economy.
- The Bank 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.

Financial Information and Risk Management

Market Risk Strategy

- The Bank aims to ensure the efficient monitoring of market risks that emanate from its overall activities.
- The Bank shall maintain a prudent approach in managing its exposure to market risk and liquidity risk.
- The Bank 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 Bank aims to keep operational risk at acceptable levels.
- Operational risk levels shall be closely monitored in respect to their severity and frequency.
- The Bank shall ensure that adequate control functions are established in order to minimize operational risk levels.

Risk Management Unit Organization

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

Risk Measurement and Reporting

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

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

RATINGS GRANTED BY RATING AGENCIES AND THEIR CONTENTS

MOODY'S (Dated on 10 September 2014)

Category	Rating	Outlook
(Financial Strength Rating)	E+	Stable
(Long Term Foreign Currency)	Ba2	Stable
(Short Term Foreign Currency)	Not Prime	-
(Long Term Local Currency)	Ba2	Stable
(Short Term Local Currency)	Not Prime	-

SUMMARY FINANCIAL DATA FOR THE PAST FIVE YEARS INCLUDING THE REPORTING PERIOD

TL thousand	31 December 2014	31 December 2013	31 December 2012	31 December 2011	31 December 2010
Total Assets	8,673,779	6,811,581	4,441,549	4,922,687	4,150,912
Loans	6,466,286	4,761,368	3,045,267	2,457,299	1,711,965
Deposits	5,365,121	3,428,695	3,264,555	2,273,175	1,888,752
Shareholders' Equity	937,440	586,515	641,742	628,786	447,585
Current Year Income/ (Loss)	6,809	(40,995)	(126)	37,369	15,176
Non-cash Loans	1,190,752	1,186,621	1,058,312	1,633,430	1,300,737
Capital Adequacy Ratio	17.74%	14.99%	16.45%	16.94%	20.29%

CONSOLIDATED FINANCIAL INFORMATION

	31 December 2014 ^(*)	31 December 2013 ^(*)	Change (%)
Total Assets	9,487,259	7,304,357	29.9
Loans, factoring and financial lease receivables	7,215,052	5,241,860	37.6
Securities	794,614	949,644	-16.3
Deposits	5,339,413	3,407,897	56.7
Borrowings and money market placements	2,732,727	2,862,030	-4.5
Shareholders' Equity	953,026	591,217	61.2
Non-cash Loans	1,190,752	1,186,621	0.3
Current Year Income/ (Loss)	17,824	(53,697)	-133.2
Capital Adequacy Ratio^(*)	16,12	13,70	17.1

^(*)Based on Consolidated Financial Statements (TL thousand)

INFORMATION ON CONSOLIDATED SUBSIDIARIES

Our consolidated subsidiaries are presented below as of 31 December 2014:

Subsidiaries	Associates	Joint Ventures
1. Burgan Finansal Kiralama A.Ş.	-	-
2. Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş.	-	-

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

	Total Assets	Shareholders' Equity	Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	752,442	115,957	79	42,845	-	12,163	5,968	-
2 ^(*)	292,355	101,904	3,140	8,738	-	4,053	(7,814)	-

^(*)These figures include the consolidated results reported by Burgan Yatırım Menkul Değerler A.Ş., a brokerage, and its subsidiary Burgan Portföy Yönetimi A.Ş., an asset manager.

Please consult Appendix-3 for the Consolidated Independent Auditor's Report, the Consolidated Financial Report, and Consolidated Information on Financial Structure.

APPENDICES

APPENDICES-1

CONVENIENCE TRANSLATION OF THE REPORT ON COMPLIANCE OF ANNUAL REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH

APPENDICES-2

PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT AT 31 DECEMBER 2014

APPENDICES-3

PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH REVIEW REPORT AT 31 DECEMBER 2014



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[KONVİTİBİLİTASYON İZİNİ ALINILAN BİR RAPORUN KAMU İZİNİ ALINMADAN YAYINLANMASI HALİNDE İZİN VERİLMEYEN BİR KOPYASININ YAYINLANMASI HALİNDE]

THE REPORT ON COMPLIANCE OF THE ANNUAL REPORT

To the General Assembly of Shareholders of Burgan Bank A.Ş.

We have audited the compliance and accuracy of the financial information included in the Annual Report of Burgan Bank A.Ş. ("The Bank") and its consolidated subsidiaries as of December 31, 2014 with the audited financial statements drawn up as of the end of accounting period. The Annual Report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on compliance of the financial information included in the annual report with audited financial statements of the Bank, based on our audit report dated March 6, 2015.

We have conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual report in the Banking Act No. 5411, and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POAA") and Article 367 of Turkish Commercial Code No. 6102. Those regulations require us to plan and conduct the audit to obtain reasonable assurance whether the financial information included in the annual report is free from material misstatement. We believe that our audit provides a reasonable and sufficient basis for our opinion.

In our opinion, the financial information presented in the accompanying Annual Report accurately reflects, in all material respects, the information regarding the financial position of Burgan Bank A.Ş. as at December 31, 2014 in accordance with the principles and procedures set out by the regulations in conformity with Article 40 of the Banking Law No. 5411. It includes a summary report of the Board of Directors and the certified translations of the independent auditor's report originally issued by us in Turkish and this is consistent with the information contained in the independently audited financial statements and notes to these financial statements originally issued in Turkish.

Report on other responsibilities arising from regulatory requirements

In accordance with paragraph 3 of Article 402 of the Turkish Commercial Code 6102 within the framework of the Independent Auditing Standards 370 "Going Concern", no material uncertainty has come to our attention to be disclosed which causes us to believe that Burgan Bank A.Ş. will not be able to continue as a going concern in the foreseeable future.

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



March 6, 2015
Istanbul, Turkey

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH AUDIT REPORT
AT 31 DECEMBER 2014**

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish, (See Note 3.I)

To the Board of Directors of Burgan Bank Anonim Şirketi:

We have audited the unconsolidated balance sheet of Burgan Bank A.Ş. ("the Bank") at 31 December 2014 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended and the summary of significant accounting policies and other explanatory notes.

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

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error and selecting and applying appropriate accounting policies.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on unconsolidated financial statements based on our audit. Our audit has been performed 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 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.

Independent Auditors' Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Burgan Bank A.Ş. at 31 December 2014 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Other Issue

The unconsolidated financial statements of the Bank as of and for the year ended December 31, 2013 prepared in accordance with the prevailing accounting principles and standards set out by regulations in conformity with Articles 37 of the Banking Act No. 5411 were audited by another independent audit firm, who expressed an unqualified opinion in their report dated March 14, 2014.

Report on other responsibilities arising from regulatory requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) no 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities for the period January 1 – December 31, 2014 are not in compliance with the code and provisions of the Bank’s articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional paragraph for convenience translation to English:

As explained in detail in Note I.b. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Fatma Ebru Yücel, SMMM
Partner

6 March 2015
Istanbul, Turkey

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 31 DECEMBER 2014**

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No:209 34394 Şişli / İstanbul
Telephone : 0 212 371 37 37
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E-mail : bilgi@burgan.com.tr

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

- **Section One** **GENERAL INFORMATION ABOUT THE BANK**
- **Section Two** **UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK**
- **Section Three** **EXPLANATIONS ON ACCOUNTING POLICIES**
- **Section Four** **INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK**
- **Section Five** **EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED
FINANCIAL STATEMENTS**
- **Section Six** **OTHER EXPLANATIONS**
- **Section Seven** **EXPLANATIONS ON AUDIT REPORT**

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

06 March 2015

Mehmet N. ERTEN
Chairman of the
Board of Directors

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

Tuba Onay ERGELEN
Finance Group Head

Ahmet CİĞA
Head of Accounting,
Tax, and
Reporting Unit

Halis Murat ECE
Head of the Audit
Committee

Adrian Alejandro
GOSTUSKİ
Member of the Audit
Committee

Osama T. AL
GHOUSSEIN
Member of the Audit
Committee

Mr. Osama T.Al Ghousein, Member of Audit Committee, was not be able to signed due to his illness.

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

SECTION ONE

GENERAL INFORMATION

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

Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an “investment bank” with the permission of the Council of Ministers No. 88/13253 on 26 August 1988 and authorized 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 September 2001, 2.983.800.000 shares with a nominal value of Kr1 each and which amount to 99,46% of the capital of Bank Ekspres A.Ş. under the control of the SDIF in accordance with Banking Law were transferred to Tekfen Holding A.Ş.. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., where Tekfen Holding A.Ş. owns 57,69% of the Bank, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency’s (“BRSA”) decision numbered 489 dated 18 October 2001. The share transfers were realised on 26 October 2001 and the bank’s name was changed to Tekfenbank Anonim Şirketi (the “Bank”), which had two main shareholders: Tekfen Holding A.Ş. with 57,30% and TST International S.A. with 40,62%.

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

GENERAL INFORMATION (Continued)

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

In 2014, the registered capital system has expired, and registered capital ceiling is one billion TL. There are no changes to the Bank’s shareholder structure.

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(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 BANK THEY POSSESS:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Mehmet Nazmi Erten	Chairman of Board of Directors	Undergraduate
Board of Directors Members:	Faisal M.A. Al Radwan	Vice President	Undergraduate
	Eduardo Eguren Linsen	Member	Undergraduate
	Majed E.A.A. Al Ajeel	Member	Graduate
	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	Halis Murat Ece	Member	Undergraduate
	Osama T. Al Ghoussein	Member	Undergraduate
	Ali Murat Dinç	Member and General Manager	Graduate
General Manager:	Ali Murat Dinç	Member and General Manager	Graduate
Vice General Managers: (*)	Robbert J. R. Voogt	Operation, IT and Private Banking Senior Vice General Manager	Undergraduate
	Esra Aydın	Operations	Undergraduate
	Mutlu Akpara	Treasury	Graduate
	Hüseyin Cem Öge	Corporate Banking	Graduate
	Cihan Vural	Head of Internal Systems	Undergraduate
	Soner Ersoy	Information Technology	Undergraduate
	Rasim Levent Ergin	Human Resources	Graduate
	Emine Pınar Kuriş	Retail Banking	PHD
	Suat Kerem Sözügüzel	Commercial Banking	Undergraduate
	Hasan Hüseyin Uyar	Loans	Graduate
	Tuba Onay Ergelen	Finance Group Head	Undergraduate
Audit Committee:	Halis Murat Ece	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Osama T. Al Ghoussein	Member	Undergraduate

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

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

BURGAN BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

GENERAL INFORMATION (Continued)

IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES:

Name/Commercial title	Share Amounts	Share percentage	Paid-in Capital	Unpaid portion
Burgan Bank S.A.K.	893.324	%99,26	%99,26	%0,00

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 BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:

As of 31 December 2014, the Bank has 58 branches operating in Turkey (31 December 2013: 60). The Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2014, the Bank has 1.046 (31 December 2013: 980) 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

UNCONSOLIDATED FINANCIAL STATEMENTS

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AT 31 DECEMBER 2014 AND 31 DECEMBER 2013

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

I. BALANCE SHEET		Note (Section Five)	(31/12/2014)			(31/12/2013)		
			TL	FC	Total	TL	FC	Total
ASSETS								
I.	CASH AND BALANCES WITH CENTRAL BANK	I-a	242.104	530.757	772.861	165.890	354.748	520.638
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	103.497	45.732	149.229	163.507	78.675	242.182
2.1	Trading Financial Assets		103.497	45.732	149.229	163.507	78.675	242.182
2.1.1	Government Debt Securities		48.764	278	49.042	80.045	226	80.271
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		52.673	45.454	98.127	83.462	78.449	161.911
2.1.4	Other Marketable Securities		2.060	-	2.060	-	-	-
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	72.116	54.083	126.199	21.113	41.331	62.444
IV.	MONEY MARKETS							
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	674.527	46.014	720.541	858.080		858.080
5.1	Share Certificates		7.057	-	7.057	6.474	-	6.474
5.2	Government Debt Securities		667.470	-	667.470	851.606	-	851.606
5.3	Other Marketable Securities		-	46.014	46.014	-	-	-
VI.	LOANS	I-e	3.538.497	2.909.863	6.448.360	2.565.314	2.012.185	4.577.499
6.1	Loans		3.471.587	2.909.863	6.381.450	2.512.992	2.012.185	4.525.177
6.1.1	Loans to Bank's Risk Group		2.190	-	2.190	16.447	13.229	29.676
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		3.469.397	2.909.863	6.379.260	2.496.545	1.998.956	4.495.501
6.2	Loans under Follow-up		129.874	-	129.874	107.796	-	107.796
6.3	Specific Provisions (-)		62.964	-	62.964	55.474	-	55.474
VII.	FACTORING RECEIVABLES	I-e	16.849	1.077	17.926	179.325	4.544	183.869
VIII.	HELD-TO-MATURITY SECURITIES (Net)	I-f						
8.1	Government Debt Securities		-	-	-	-	-	-
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	I-g						
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		-	-	-	-	-	-
9.2.1	Financial Investments in Associates		-	-	-	-	-	-
9.2.2	Non-financial Investments in Associates		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)	I-h	202.193		202.193	99.193		99.193
10.1	Unconsolidated Financial Subsidiaries		202.193	-	202.193	99.193	-	99.193
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						
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operational Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
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	36.079		36.079	23.923		23.923
XV.	INTANGIBLE ASSETS (Net)	I-m	42.348		42.348	23.673		23.673
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		42.348	-	42.348	23.673	-	23.673
XVI.	INVESTMENT PROPERTY (Net)	I-n						
XVII.	TAX ASSET	I-o	12.212		12.212	19.340		19.340
17.1	Current Tax Asset		419	-	419	179	-	179
17.2	Deferred Tax Asset		11.793	-	11.793	19.161	-	19.161
XVIII.	ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-p	10.937		10.937	13.692		13.692
18.1	Held for Resale		10.937	-	10.937	13.692	-	13.692
18.2	Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	I-r	75.313	59.581	134.894	54.720	132.328	187.048
	TOTAL ASSETS		5.026.672	3.647.107	8.673.779	4.187.770	2.623.811	6.811.581

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AT 31 DECEMBER 2014 AND 31 DECEMBER 2013

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

I. BALANCE SHEET		Note (Section Five)	(31/12/2014)			(31/12/2013)		
			TL	FC	Total	TL	FC	Total
LIABILITIES								
I. DEPOSITS		II-a	2.173.679	3.191.442	5.365.121	1.376.889	2.051.806	3.428.695
1.1	Deposits of Bank’s Risk Group		13.996	46.402	60.398	13.613	16.573	30.186
1.2	Other		2.159.683	3.145.040	5.304.723	1.363.276	2.035.233	3.398.509
II. TRADING DERIVATIVE FINANCIAL LIABILITIES		II-b	19.212	36.675	55.887	18.063	109.162	127.225
III. BORROWINGS		II-c	53.341	1.265.636	1.318.977	59.636	1.288.355	1.347.991
IV. MONEY MARKETS			316.618	-	316.618	736.800	-	736.800
4.1	Funds from Interbank Money Market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		8.002	-	8.002	-	-	-
4.3	Funds Provided Under Repurchase Agreements		308.616	-	308.616	736.800	-	736.800
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			59.367	39.364	98.731	43.909	22.037	65.946
VIII. OTHER LIABILITIES		II-d	90.561	4.165	94.726	65.113	3.655	68.768
IX. FACTORING PAYABLES			-	-	-	-	-	-
X. LEASE PAYABLES (Net)		II-e	-	-	-	-	659	659
10.1	Financial Lease Payables		-	-	-	-	671	671
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-	-	12	12
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	66.043	55.002	121.045	58.182	58.129	116.311
12.1	General Loan Loss Provision		39.183	25.476	64.659	32.180	15.942	48.122
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		20.264	-	20.264	15.979	-	15.979
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		6.596	29.526	36.122	10.023	42.187	52.210
XIII. TAX LIABILITY		II-h	15.275	-	15.275	12.193	-	12.193
13.1	Current Tax Liability		15.275	-	15.275	12.193	-	12.193
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV. PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS		II-i	-	-	-	-	-	-
14.1	Held for Resale		-	-	-	-	-	-
14.2	Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		II-j	-	349.959	349.959	-	320.478	320.478
XVI. SHAREHOLDERS’ EQUITY		II-k	937.075	365	937.440	586.515	-	586.515
16.1	Paid-in Capital		900.000	-	900.000	570.000	-	570.000
16.2	Capital Reserves		11.692	365	12.057	(2.059)	-	(2.059)
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Reserve		795	365	1.160	(4.414)	-	(4.414)
16.2.4	Tangible Assets Revaluation Reserve		13.187	-	13.187	3.992	-	3.992
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		(2.290)	-	(2.290)	(1.637)	-	(1.637)
16.3	Profit Reserves		18.574	-	18.574	59.569	-	59.569
16.3.1	Legal Reserves		11.423	-	11.423	11.423	-	11.423
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		7.151	-	7.151	48.146	-	48.146
16.3.4	Other Profit Reserves		-	-	-	-	-	-
16.4	Income or (Loss)		6.809	-	6.809	(40.995)	-	(40.995)
16.4.1	Prior Years’ Income/ (Loss)		-	-	-	-	-	-
16.4.2	Current Year Income/ (Loss)		6.809	-	6.809	(40.995)	-	(40.995)
TOTAL LIABILITIES			3.731.171	4.942.608	8.673.779	2.957.300	3.854.281	6.811.581

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT

31 DECEMBER 2014 AND 31 DECEMBER 2013

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

II. OFF-BALANCE SHEET	Note(Section Five)	(31/12/2014)			(31/12/2013)		
		TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		3.592.742	8.592.505	12.185.247	4.173.600	8.916.392	13.089.992
I. GUARANTEES AND WARRANTIES	III-a-2-3	536.481	654.271	1.190.752	574.140	612.481	1.186.621
1.1 Letters of Guarantee		534.698	379.343	914.041	573.287	197.876	771.163
1.1.1 Guarantees Subject to State Tender Law		10.633	18.957	29.590	10.202	20.787	30.989
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		524.065	360.386	884.451	563.085	177.089	740.174
1.2 Bank Acceptances		1.570	67.643	69.213	425	89.087	89.512
1.2.1 Import Letter of Acceptance		1.570	67.643	69.213	425	89.087	89.512
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	176.485	176.485	-	257.308	257.308
1.3.1 Documentary Letters of Credit		-	176.485	176.485	-	257.308	257.308
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		213	-	213	428	324	752
1.8 Other Guarantees		-	30.800	30.800	-	67.886	67.886
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-a-1	583.124	214.504	797.628	433.658	16.229	449.887
2.1 Irrevocable Commitments		583.124	214.504	797.628	433.658	16.229	449.887
2.1.1 Asset Purchase and Sales Commitments		50.147	214.504	264.651	6.429	16.229	22.658
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Commitments for Loan Limits		192.030	-	192.030	106.629	-	106.629
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		301.592	-	301.592	278.991	-	278.991
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	18	-	18
2.1.9 Commitments for Credit Card Limits		37.353	-	37.353	41.413	-	41.413
2.1.10 Promotion Commitments for Credit Cards and Banking Services		2	-	2	-	-	-
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		2.000	-	2.000	178	-	178
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		2.473.137	7.723.730	10.196.867	3.165.802	8.287.682	11.453.484
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		2.473.137	7.723.730	10.196.867	3.165.802	8.287.682	11.453.484
3.2.1 Forward Foreign Currency Buy/Sell Transactions		276.160	631.993	908.153	324.928	1.057.623	1.382.551
3.2.1.1 Forward Foreign Currency Transactions-Buy		77.789	369.847	447.636	27.832	671.916	699.748
3.2.1.2 Forward Foreign Currency Transactions-Sell		198.371	262.146	460.517	297.096	385.707	682.803
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		1.382.295	5.682.838	7.065.133	419.893	3.137.611	3.557.504
3.2.2.1 Foreign Currency Swap-Buy		438.212	1.426.977	1.865.189	108.245	894.103	1.002.348
3.2.2.2 Foreign Currency Swap-Sell		942.759	874.897	1.817.656	294.424	702.736	997.160
3.2.2.3 Interest Rate Swap-Buy		662	1.690.482	1.691.144	8.612	770.386	778.998
3.2.2.4 Interest Rate Swap-Sell		662	1.690.482	1.691.144	8.612	770.386	778.998
3.2.3 Foreign Currency, Interest rate and Securities Options		814.682	1.408.899	2.223.581	2.420.981	4.092.448	6.513.429
3.2.3.1 Foreign Currency Options-Buy		443.249	670.452	1.113.701	1.210.495	2.030.983	3.241.478
3.2.3.2 Foreign Currency Options-Sell		371.433	733.855	1.105.288	1.210.486	2.030.983	3.241.469
3.2.3.3 Interest Rate Options-Buy		-	2.296	2.296	-	15.241	15.241
3.2.3.4 Interest Rate Options-Sell		-	2.296	2.296	-	15.241	15.241
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		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		19.791.807	10.447.301	30.239.108	13.742.130	9.354.705	23.096.835
IV. ITEMS HELD IN CUSTODY		1.897.554	228.481	2.126.035	1.664.341	247.481	1.911.822
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		294.942	8.820	303.762	426.376	4.629	431.005
4.3 Cheques Received for Collection		1.446.374	199.132	1.645.506	1.143.680	182.901	1.326.581
4.4 Commercial Notes Received for Collection		156.238	20.529	176.767	90.045	23.340	113.385
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		-	-	-	4.240	36.611	40.851
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		17.892.003	10.209.512	28.101.515	12.077.789	9.107.224	21.185.013
5.1 Marketable Securities		28.235	-	28.235	1.043	-	1.043
5.2 Guarantee Notes		13.902.377	7.330.701	21.233.078	9.720.771	7.201.557	16.922.328
5.3 Commodity		326.956	18.119	345.075	176.920	104.413	281.333
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		3.370.793	2.467.200	5.837.993	1.926.747	1.573.925	3.500.672
5.6 Other Pledged Items		263.642	393.492	657.134	252.308	227.329	479.637
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		2.250	9.308	11.558	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		23.384.549	19.039.806	42.424.355	17.915.730	18.271.097	36.186.827

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

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

BURGAN BANK A.Ş.
UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED
31 DECEMBER 2014 AND 31 DECEMBER 2013

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

III. INCOME STATEMENT	Note (Section Five)	01/01/2014- 31/12/2014	01/01/2013- 31/12/2013
INCOME AND EXPENSE ITEMS			
I. INTEREST INCOME	IV-a	624.326	412.232
1.1 Interest on Loans		512.315	318.338
1.2 Interest Received from Reserve Requirements		561	-
1.3 Interest Received from Banks		1.080	619
1.4 Interest Received from Money Market Transactions		2.844	2.742
1.5 Interest Received from Marketable Securities Portfolio		65.763	62.491
1.5.1 Trading Financial Assets		3.381	9.543
1.5.2 Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3 Available-for-sale Financial Assets		62.382	52.948
1.5.4 Held-to-maturity Investments		-	-
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		41.763	28.042
II. INTEREST EXPENSE (-)	IV-b	402.121	245.541
2.1 Interest on Deposits (-)		237.321	167.318
2.2 Interest on Funds Borrowed (-)		47.819	19.716
2.3 Interest Expense on Money Market Transactions (-)		34.155	23.523
2.4 Interest on Securities Issued (-)		-	-
2.5 Other Interest Expenses (-)		82.826	34.984
III. NET INTEREST INCOME (I + II)		222.205	166.691
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE	IV-1	19.346	14.152
4.1 Fees and Commissions Received		30.621	18.963
4.1.1 Non-cash Loans		10.757	10.802
4.1.2 Other		19.864	8.161
4.2 Fees and Commissions Paid (-)		11.275	4.811
4.2.1 Non-cash Loans (-)		31	7
4.2.2 Other (-)		11.244	4.804
V. DIVIDEND INCOME	IV-c	5.784	19.418
VI. TRADING INCOME/(LOSS) (Net)	IV-d	26.470	25.052
6.1 Trading Gains/(Losses) on Securities		3.078	3.314
6.2 Trading Gains/(Losses) on Derivative Financial Instruments		727	24.344
6.3 Foreign Exchange Gains/(Losses)		22.665	(2.606)
VII. OTHER OPERATING INCOME	IV-e	8.895	7.894
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		282.700	233.207
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-f	66.976	100.683
X. OTHER OPERATING EXPENSES (-)	IV-g	205.077	182.386
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		10.647	(49.862)
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES		-	-
CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)		10.647	(49.862)
XVI. TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-h	3.838	(8.867)
16.1 Current Tax Provision	IV-i	-	-
16.2 Deferred Tax Provision		3.838	(8.867)
XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-VI)	IV-j	6.809	(40.995)
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	6.809	(40.995)
Earnings/(Loss) per share (1.000 nominal in TL full)		0,114	(0,719)

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

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

**BURGAN BANK A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED
IN EQUITY FOR THE PERIOD ENDED**

31 December 2014 AND 31 December 2014

(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	31/12/2014	31/12/2013
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	6.968	(18.249)
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	11.494	344
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	(816)	115
IX. DEFERRED TAX ON VALUATION DIFFERENCES	(3.530)	3.558
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	14.116	(14.232)
XI. CURRENT PERIOD INCOME/LOSS	6.809	(40.995)
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	(499)	(2.007)
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	7.308	(38.988)
XII. TOTAL (INCOME)/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	20.925	(55.227)

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
PREVIOUS PERIOD 31/12/2013	Note	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 Shareholder s' Equity
I. Prior Period End Balance		570.000	-	-	-	11.423	-	48.272	(1.729)	(126)	-	10.185	3.717	-	-	-	641.742
II. Adjustments according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Beginning Balance(I+II)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences	V-d	-	-	-	-	-	-	-	-	-	-	(14.599)	-	-	-	-	(14.599)
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment for Purpose of Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets	V-e	-	-	-	-	-	-	-	-	-	-	-	275	-	-	-	275
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. 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		-	-	-	-	-	-	-	92	-	-	-	-	-	-	-	92
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	(40.995)	-	-	-	-	-	-	(40.995)
XVIII. Profit Distribution		-	-	-	-	-	-	(126)	-	126	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	-	-	(126)	-	126	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		570.000	-	-	-	11.423	-	48.146	(1.637)	(40.995)	-	(4.414)	3.992	-	-	-	586.515

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CURRENT PERIOD 31/12/2014	Note	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	Shareholders' Equity
I. Prior Period End Balance		570.000	-	-	-	11.423	-	48.146	(1.637)	(40.995)	-	(4.414)	3.992	-	-	-	586.515
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences	V-d	-	-	-	-	-	-	-	-	-	-	5.574	-	-	-	-	5.574
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment for Purpose of Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets	V-e	-	-	-	-	-	-	-	-	-	-	-	9.195	-	-	-	9.195
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Capital Increase	V-c	330.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330.000
12.1 Cash		330.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330.000
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	(653)	-	-	-	-	-	-	-	(653)
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	6.809	-	-	-	-	-	-	6.809
XVIII. Profit Distribution		-	-	-	-	-	-	(40.995)	-	40.995	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	(40.995)	-	40.995	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		900.000	-	-	-	11.423	-	7.151	(2.290)	6.809	-	1.160	13.187	-	-	-	937.440

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

VI. CASH FLOW STATEMENT		Note	(31/12/2014)	(31/12/2013)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		37.607	(175.811)
1.1.1	Interest Received		633.386	336.300
1.1.2	Interest Paid		(390.437)	(242.584)
1.1.3	Dividend Received		583	19.418
1.1.4	Fees and Commissions Received		25.271	14.152
1.1.5	Other Income		-	-
1.1.6	Collections from Previously Written-off Loans and Other Receivables		54.217	33.362
1.1.7	Payments to Personnel and Service Suppliers		(108.613)	(94.286)
1.1.8	Taxes Paid	VI-b	(419)	-
1.1.9	Other		(176.381)	(242.173)
1.2	Changes in Operating Assets and Liabilities		(213.103)	434.208
1.2.1	Net (Increase)/Decrease in Trading Securities		31.692	(8.935)
1.2.2	Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3	Net (Increase)/Decrease in Due from Banks		(122.365)	-
1.2.4	Net (Increase)/Decrease in Loans		(1.925.863)	(1.584.950)
1.2.5	Net (Increase)/Decrease in Other Assets		238.080	(241.421)
1.2.6	Net Increase/(Decrease) in Bank Deposits		(16.725)	150.997
1.2.7	Net Increase/(Decrease) in Other Deposits		1.943.915	14.127
1.2.8	Net Increase/(Decrease) in Funds Borrowed		(1.981)	2.111.175
1.2.9	Net Increase/(Decrease) in Payables		-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	VI-b	(359.856)	(6.785)
I.	Net Cash Provided from Banking Operations		(175.496)	258.397
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities		36.407	(532.981)
2.1	Cash Paid for Acquisition of Investments, Associates and Subsidiaries		(97.799)	(10.856)
2.2	Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3	Purchases of Property and Equipment		(32.203)	(9.807)
2.4	Disposals of Property and Equipment		4.789	3.277
2.5	Cash Paid for Purchase of Investments Available-for-Sale		(358.767)	(515.595)
2.6	Cash Obtained from Sale of Investments Available-for-Sale		520.387	-
2.7	Cash Paid for Purchase of Investment Securities		-	-
2.8	Cash Obtained from Sale of Investment Securities		-	-
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities		330.000	-
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		330.000	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		2.407	(483)
V.	Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		193.318	(275.067)
VI.	Cash and Cash Equivalents at Beginning of the Period		309.435	584.502
VII.	Cash and Cash Equivalents at end of the Period		502.753	309.435

(*) According to the Bank's Board meeting decision dated 22 October 2014 : The issued capital of the Bank will be increased from 570.000 thousand TL to 900.000 TL within the upper limit of registered capital. 1/3 of the capital increase amounting to TL 330.000 thousand was performed on November 3, 2014 and the remaining 2/3 was performed on December 15, 2014.

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

VII. PROFIT APPROPRIATION STATEMENT	(31/12/2014)(*)	(31/12/2013)(**)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	10.647	(49.862)
1.2 TAXES AND DUTIES PAYABLE (-)	3.838	(8.867)
1.2.1 Corporate Tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	3.838	(8.867)
A. NET INCOME FOR THE YEAR (1.1-1.2)	6.809	(40.995)
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)] (*)		
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 Shares	-	-
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	-	(40.995)
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.

(**) Contains "Profit Appropriation Statement" approved by Bank's General Assembly held on 31 March 2014.

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BURGAN BANK A.Ş.

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

The Bank prepares financial statements and notes according to Regulation Principles and Procedures on Banks' Accounting Practice and Keeping Documents, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and annexes and comments (collectively "Turkish Accounting Standards" or "TAS") implemented by the the Public Oversight Auditing and Accounting Standards Authority (POA), other regulations, communiqués and circulars in respect of accounting and financial reporting promulgated by the Banking Regulatory and Supervision Agency (BRSA), announcements by BRSA, Turkish Commercial Code and Tax Legislation.

The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 28337 dated 28 June 2012, additions and changes in the related communiqué.

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

The amendments of TAS and TFRS which have entered into force as of 1 January 2014 have no material impact on the the Bank's accounting policies, financial position and performance. The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, which have been published as of reporting date but havenot been effective yet, have no impact on the accounting policies, financial condition and performance of the Bank. The Bank assesses the impact of TFRS 9 Financial Instruments standard. 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 and it is consistent with the accounting policies applied. Those accounting policies and valuation principles are explained in Notes II to XXVIII below.

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ACCOUNTING POLICIES (Continued)

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which these unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

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

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

As of 31 December 2014, foreign currency denominated balances are translated into TL using the exchange rates of TL 2,3269 , TL 2,8272 and TL 1,9424 for USD, EURO and Yen respectively.

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

Based on the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27"), Turkish Lira denominated investments in associates and subsidiaries are accounted at cost and are reflected to the unconsolidated financial statements after deducting the provision for impairment, if one exists.

The Bank has recognised an impairment on its subsidiary Burgan Yatırım Menkul Değerler A.Ş. amounting to TL 54.117 based on the assessment done as of 31 December 2014 (31 December 2013 – 54.117 TL).

The Bank has no joint ventures as of 31 December 2014 and 31 December 2013.

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ACCOUNTING POLICIES (Continued)

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

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

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

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

"Financial assets at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "Financial assets at fair value through profit or loss" in "Trading derivative financial instruments" and if the fair value difference is negative, it is disclosed under "Trading derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted under "Trading income/loss" in the income statement.

The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

Embedded derivatives are separated from the host contract and accounted for as a derivative under TAS 39 if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. When the host contract and embedded derivative are closely related, embedded derivatives are not separated from the host contract and are accounted according to the standard applied to the host contract.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognised in the income statement on an accrual basis by using the effective interest method.

The Bank ceases accruing interest income on non-performing loans and, any interest income accruals from such loans are being reversed and no income is accounted until the collection is made according to the related regulation.

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

ACCOUNTING POLICIES (Continued)

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

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

This category has two subcategories: "Trading financial assets" and "Financial assets designated at fairvalue through profit/loss at initial recognition".

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

Trading financial assets are initially recognised at fair value and are subsequently re-measured at their fair value. All gains and losses arising from these evaluations are recognised in the income statement. 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 non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to held-to-maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available-for-sale; and those that meet the definition of loans and receivables. Held-to-maturity financial assets are initially recognised at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at "amortised cost" using the effective interest method after their recognition. Interest income earned from held-to-maturity financial assets is reflected to the statement of income.

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

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ACCOUNTING POLICIES (Continued)

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 recognised at the amortised 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 recognised in the expense accounts.

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

d. Available-for-sale financial assets:

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

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

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

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ACCOUNTING POLICIES (Continued)

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 Bank has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

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

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

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

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

Assets held-for-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 Bank has no discontinued operations.

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ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill

As of 31 December 2014 and 31 December 2013, the Bank has no goodwill.

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

The Bank has adopted the "revaluation method" in accordance with the "Communiqué Regarding the Principles and Procedures for the Tangible Assets ("TAS 16")" for its buildings. Independent expert appraisal values are presented in the financial statements.

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

Buildings	%2
Movables, Movables Acquired by Financial Leasing	%5-50

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalised 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. The Bank has implemented the "revaluation method" in accordance with the "Communiqué Regarding the Principles and Procedures for the Tangible Assets ("TAS 16")" while revaluating the buildings.

Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "Provision for value decrease" is recognised. Liabilities arising from the leasing transactions are included in "Financial Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not provide financial leasing services as a "Lessor".

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

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

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

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

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

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% for 2014 (2013: 20%). The corporate tax rate is calculated on the total income of the Bank 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.

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ACCOUNTING POLICIES (Continued)

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.

b. Deferred tax:

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

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

XIX. EXPLANATIONS ON BORROWINGS:

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

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

XX. EXPLANATIONS ON 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".

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ACCOUNTING POLICIES (Continued)

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2014 and 31 December 2013, the Bank 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.

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

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

	31 December 2014	31 December 2013
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	6.809	(40.995)
Weighted Average Number of Issued Ordinary Shares (Thousand)	59.802.740	57.000.000
Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)	0,114	(0,719)

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 VII of Section Five.

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

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

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

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ACCOUNTING POLICIES (Continued)

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

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

XXVIII. RECLASSIFICATIONS:

Reclassifications have been made on 31 December 2013 unconsolidated statement of income and expense items accounted in equity to conform to changes in presentation of 31 December 2014 unconsolidated financial statements.

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

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

a. As of 31 December 2014, the unconsolidated capital adequacy ratio of the Bank is 17,74% (31 December 2013: 14,99%) which satisfies the requirement of being above the minimum ratio of stated in the related legislation.

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

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

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

Information related to consolidated capital adequacy ratio:

31 December 2014	Risk Weights (*)							
	Bank							
	0%	20%	50%	75%	100%	150%	200%	250%
Surplus credit risk weighted	1.974.227	278.223	1.512.001	602.474	5.136.501	27.538	51.147	-
Risk classifications:								
Claims on sovereigns and Central Banks	1.448.519	-	-	-	117.890	-	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	6	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	235.655	120.172	96.597	-	64.408	-	-	-
Claims on corporates	232.669	151.153	49.933	-	4.032.871	3.264	-	-
Claims included in the regulatory retail portfolios	13.786	4.699	-	602.474	2.407	-	-	-
Claims secured by residential property	11.333	1.448	1.360.177	-	488.842	-	-	-
Past due loans	43	-	5.294	-	58.041	3.532	-	-
Higher risk categories decided by the Board	2.036	751	-	-	-	20.742	51.147	-
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	30.186	-	-	-	372.036	-	-	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

d. Summary information about capital adequacy ratio ("CAR"):

	31 December 2014	31 December 2013
Amount subject to credit risk (ASCR)	523.488	414.577
Amount subject to market risk (ASMR)	10.622	19.282
Amount subject to operational risk (ASOR)	29.978	21.829
Shareholders' equity	1.251.127	853.691
Shareholders' equity/(ASCR+ASMR+ASOR)	17,74	14,99
Core Capital/((ASCR+ASMR+ASOR) *12,5*100)	12,57	
Seed Capital/((ASCR+ASMR+ASOR) *12,5*100)	13,10	

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

e. Information about shareholders' equity items:

CORE CAPITAL	31 December 2014
Paid-in capital following all debts in terms of claim in case of the Bank's litigation	900.000
Share premium	-
Share cancellation profits	-
Reserves	18.574
Gains recognized in equity as per TAS	14.347
Profit	6.809
Current Year Income	6.809
Prior Years Income	-
Provisions for possible risks	-
Bonus Shares from Investment in Associates, Subsidiaries and Joint Ventures that are not recognized in profit	-
Seed Capital Before Deductions	939.730
Deductions From Seed Capital	
Portion of the sum of net loss for the period and accumulated losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	2.290
Leasehold improvements (-)	4.167
Goodwill or other intangible assets and deferred tax liability related to these items (-)	8.359
Net deferred tax asset/liability (-)	1.085
Shares obtained contrary to the 4th clause of the 56th article of the Law (-)	-
Direct and indirect investments in the seed capital made by the Bank (-)	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% or more of the seed capital of the bank (-)	-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-
Portion of offering mortgage service rights exceeding 10% of the seed capital (-)	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the seed capital (-)	-
Amount exceeding 15% of the seed capital pursuant to Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-
Exceeding amount resulting from offering mortgage service rights (-)	-
Exceeding amount resulting from deferred tax assets based on temporary differences (-)	-
Other items defined by BRSA (-)	-
Amount to be discounted from the seed capital in the case that adequate additional principal capital or supplementary capital is not available (-)	-
Total Deductions From Seed Capital	15.901
Total Seed Capital	923.829
ADDITIONAL CORE CAPITAL	
Capital amount and related premiums corresponding to preference shares that are not included to seed capital	-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2014)	-
Debt instruments and premiums deemed suitable by BRSA (issued before 1.1.2014)	-
Additional Core Capital before Deductions	
DEDUCTIONS FROM ADDITIONAL CORE CAPITAL	
Direct and indirect investments in the additional core capital made by the Bank (-)	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-
Other items defined by BRSA (-)	-
Amount to be discounted from the additional principal capital in the case that adequate supplementary capital is not available (-)	-
Total Deductions From Additional Core Capital	
Total Additional Core Capital	
DEDUCTIONS FROM CORE CAPITAL	37.777
Portion of goodwill and other intangible assets and the deferred tax liabilities related to these which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	33.438
Portion of net deferred tax assets/liabilities which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	4.339
Total Core Capital	886.052
SUPPLEMENTARY CAPITAL	
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2014)	-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied before 1.1.2014)	346.728
Sources pledged to the bank by shareholders to be used in capital increases of the bank	-
General Provisions	64.659
Supplementary Capital Before Deductions	411.387
DEDUCTIONS FROM SUPPLEMENTARY CAPITAL	
Direct and indirect investments in the supplementary capital made by the Bank (-)	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-
Other items defined by BRSA (-)	-
Total Deductions From Supplementary Capital	
Total Supplementary Capital	411.387
DEDUCTIONS FROM CAPITAL	46.312
Loans granted contrary to the 50th and 51th article of the Law (-)	-
Net book value of amounts exceeding the limit mentioned in paragraph one of article 57 of the Code and property and real property acquired by the banks because of their receivables which could not be disposed of even though five years have passed since the date of their acquisition pursuant to the same article (-)	298
Loans given to banks and financial institutions, including those established abroad, and to eligible shareholders of the bank, and investments made in the borrowing instruments exported by them (-)	46.014
Amount to be discounted from equity in accordance with paragraph two of article 20 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	-
Other items defined by BRSA (-)	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank which is not discounted from the additional principal capital and supplementary capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Portion of the total of net long positions of investment made directly or indirectly in additional principal capital or supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated which is not discounted from the additional principal capital and supplementary capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Portion of the total of net long positions of investment made in seed capital elements, deferred tax assets based on temporary differences and offering mortgage service rights of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated to be discounted from the seed capital pursuant to subparagraphs (1) and (2) of paragraph 2 of the Provisional Article 2 of the Regulation on the Equity of Banks which is not discounted from the seed capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation (-)	-
EQUITY	1.251.127
Amounts Below the Exceeding Limits in the Discount Principles	-
Amounts resulting from the net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated	-
Amounts resulting from the net long positions of investment made in seed capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated	-
Amount resulting from offering mortgage service rights	-
Amount resulting from deferred tax assets based on temporary differences	19.335

(* The subordinated loan used in the Equity account in accordance with the permission of the Banking Regulation and Supervision Agency dated December 2, 2013 possesses the nature stated in article 8 of the Regulation on the Equity of Banks which took effect on January 1, 2014. TL 2.307 thousand of this amount recognized by deduction from the subordinated loans consists of cash loans provided to the risk group in which the bank is included.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

e. Information about shareholders' equity items:

	31 December 2013
CORE CAPITAL	
Paid in capital	570.000
Nominal capital	570.000
Capital commitments (-)	-
Inflation adjustment to share capital	-
Share premium	-
Cancellation profits	-
Legal reserves	57.932
Inflation adjustment of legal reserves	-
Profit	
Current period net profit	-
Prior years' profit	-
Provision for possible losses up to 25% of the Core Capital	-
Profit on disposal of associates, subsidiaries and immovables	-
Birincil Sermaye Benzeri Borçlar	-
Losses that cannot be covered by reserves (-)	40.995
Current period loss (net)	40.995
Prior years' losses	-
Leasehold improvements (-)	4.444
Intangible assets (-)	23.673
Deferred tax asset exceeding 10% of the Core Capital (-)	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-
Total Core Capital	558.820
SUPPLEMENTARY CAPITAL	
General provisions	48.122
45% of the revaluation reserve for movable fixed assets	-
45% of the of revaluation reserve for	1.796
Bonus shares of investment in associates, subsidiaries and joint ventures	-
Primary subordinated loans excluded in the calculation of the Core Capital	-
Secondary subordinated loans	249.686
45% value increase of available for sale financial assets and associates and subsidiaries 4.911	-
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss	-
(except inflation adjustment of legal reserves, status reserves and extraordinary reserves)	(4.414)
Total Supplementary Capital	295.190
CAPITAL	854.010
DEDUCTIONS FROM THE CAPITAL	319
Shareholdings in Unconsolidated Banks and Financial Institutions (Domestic, Foreign) in which the Bank Owns Ten Percent or More of Capital	-
Shareholdings in Unconsolidated Banks and Financial Institutions (Domestic, Foreign) in which the Bank Owns Less than Ten Percent of Capital which	-
Exceed the Ten Percent Of Bank's Core and Supplementary Capital	-
Secondary Subordinated Loans Granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and Placements that Possess	-
the Nature of their Primary or Secondary Subordinated Debt	-
Loans extended as contradictory to the articles 50 and 51 of the law	-
The net book value of Bank's Immovables that are 50% of shareholders' equity and immovables or commodities that are received on behalf of the	-
receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	319
Other	-
Total Shareholders' Equity	853.691

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

e. Information about shareholders' equity items (continued):

Details on Subordinated Liabilities	
Issuer	Burgan Bank S.A.K.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-
Governing law(s) of the instrument	BRSA
Regulatory treatment	Supplementary Capital
Transitional Basel III rules	No
Eligible at stand-alone / consolidated	Stand Alone- Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	346.728
Par value of instrument (USD)	150.000
Accounting classification	Liability-Subordinated Loans-amortised cost
Original date of issuance	06/12/2013
Perpetual or dated	Dated
Original maturity date	10 Years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	After 5th year
Subsequent call dates, if applicable	After 5th year
Coupons / dividends	3 Months
Fixed or floating dividend/coupon	Floating dividend
Coupon rate and any related index	LIBOR+3,75
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	None
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	None
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments to be included in supplementary capital calculate ion but after the deposit holders and all other creditors of the Debtor.
In compliance with article number 7 and 8 of "Own fund regulation"	None
Details of incompliances with article number 7 and 8 of "Own fund regulation"	None

f. 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. There is also a risk appetite policy approved by the Board of Directors within the scope of the ISEDES. In the Internal Capital Adequacy Assessment Process, the Bank's capital adequacy under the stress conditions is analyzed in a variety of scenarios. At the end of Internal Capital Adequacy Assessment Process, reports are reported regularly to the BRSA.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. EXPLANATIONS ON CREDIT RISK:

Credit risk represents the potential financial loss that the Bank may incur as a result of defaults or non-fulfillment of the loan agreements obligations of counterparties.

In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the rating procedures. Main criteria are 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 on a regular basis.

Credit rankings of borrowers that are present at loans and other accounts receivable accounts are monitored in accordance with the relevant legislation at regular intervals. Account status documents obtained for the issued credits are audited to make sure that the documents are meeting the requirements of the relevant legislation given that the cash transactions are exempted from this rule. As a result of regular monitoring of credit worthiness, credit limits have been changed when necessary. Loans and other receivables are collateralized considering the credit worthiness.

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 while the sectoral concentration has been limited. Credit limits allocated are subject to revision at least once a year. The credit worthiness of the borrowers classified as "loans and other receivables under close monitoring" are revised at least twice a year due to Procedures and Principles regarding the regulation on determination of loans and other receivables. The credit limit is controlled by the main banking system and exceeding the specified limits is prohibited. When a revision becomes due, limits for which the credit worthiness has not been reviewed are suspended (except for cash provisions).

The Bank's credit policy approved by the Board of Directors is reviewed at regular intervals. In order to maintain the credit risk under control, there are additional limitations in the scope of Bank credit policies apart from the Banking Law limitations. As defined in the document of credit policy, authorization of credit extension has been delegated to branches, regional directorates, the headquarters and the credit committee. Constraints on the use of these delegations;

- Collaterals, accepted as guarantees of loans issued, are clearly stated at credit policy.
- The Bank does not provide loans for arms manufacturers and traders, religious organizations, gambling companies, media companies, political organizations, sport clubs and companies operating in nuclear industry. Exceptions could be evaluated by the head office.
- Credits issued to the companies founded within last two years, real estate development companies and financial institutions as well as the investment projects , cash credit guarantees and credits for covering bank's risks and refinancing loans are evaluated by headquarters and authorized upper management.
- Derivative products' limits cannot be allocated in Branch authorization. Foreign currency loans and counter party / external guarantees cannot be issued by branches.

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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	1.554.587	1.363.668
Claims on regional governments or local authorities	-	-
Claims on administrative bodies and other non-commercial undertakings	32	34
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	559.590	408.484
Claims on corporates	5.074.284	4.543.595
Claims included in the regulatory retail portfolios	773.277	814.356
Claims secured by residential property	1.896.403	1.310.812
Past due loans	66.910	66.857
Higher risk categories decided by the Board	74.676	61.106
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	541.930	474.523
Total	10.541.689	9.043.435

The 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.

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 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 Bank does not perform any kind of banking activity abroad.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

In the current period, the share of the Bank's receivables due to cash loans extended to its top 100 and top 200 customers are 52%, 62% (31 December 2013: 44% and 55%) within the total cash loan portfolio.

In the current period, the share of the Bank's receivables due to non-cash loans extended to its top 100 and top 200 customers are 35%, 49% (31 December 2013: 35% and 50%) within the total non-cash loans portfolio.

In the current period, the share of the Bank's receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 49%, 60% (31 December 2013: 42% and 54%) within cash loans in balance sheet and non-cash loans in off-balance sheet.

As of 31 December 2014, the Bank's general provision for loans amounting to TL 64.659 (31 December 2013: TL 48.122).

a. Information on types of loans and specific provisions:

31 December 2014	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Standard Loans	5.997.275	102.942	17.271	13.893	6.131.381
Loans under close monitoring	256.861	5.908	1.193	4.033	267.995
Non-performing loans	125.100	1.123	1.035	2.616	129.874
Specific provision (-)	59.387	1.014	615	1.948	62.964
Total	6.319.849	108.959	18.884	18.594	6.466.286

31 December 2013	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Standard Loans	4.239.981	66.979	22.944	178.107	4.508.011
Loans under close monitoring	191.247	3.004	1.022	5.762	201.035
Non-performing loans	97.548	704	881	8.663	107.796
Specific provision (-)	49.168	646	666	4.994	55.474
Total	4.479.608	70.041	24.181	187.538	4.761.368

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

31 December 2014	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Past due up to 30 days	264.061	5.290	1.194	4.341	274.886
Past due 30-60 days	9.381	1.654	-	-	11.035
Past due 60-90 days	12.650	1.025	-	-	13.675
Total	286.092	7.969	1.194	4.341	299.596

31 December 2013	Corporate	Consumer	Credit Cards	Factoring Receivables	Total
Past due up to 30 days	231.852	12.276	2.059	7.401	253.588
Past due 30-60 days	2.026	149	7	196	2.378
Past due 60-90 days	2.719	445	6	-	3.170
Total	236.597	12.870	2.072	7.597	259.136

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

31 December 2014	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Moody's Rating				
Baa3(*)	49.042	667.470	-	716.512
Ba2(**)	-	46.014	-	46.014
Total	49.042	713.484	-	762.526

31 December 2013	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Moody's Rating				
Baa3(*)	80.271	851.606	-	931.877
Total	80.271	851.606	-	931.877

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

(**) Consists of bonds issued by the Bank as a subordinated loans.

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 2014	31 December 2013
Above average (%)	9,71	11,99
Average (%)	64,90	62,22
Below average (%)	24,26	24,47
Not rated (%)	1,13	1,32

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

31 December 2014	Corporate Loans	Consumer Loans	Credit Cards	Factoring Receivables	Total
Loans under close monitoring	187.801	945	322	1.524	190.592
Non-performing loans	45.823	145	192	525	46.685
Total	233.624	1.090	514	2.049	237.277

31 December 2013	Corporate Loans	Consumer Loans	Credit Cards	Factoring Receivables	Total
Loans under close monitoring	150.509	606	308	3.888	155.311
Non-performing loans	35.341	78	134	134	35.687
Total	185.850	684	442	4.022	190.998

Type of Collaterals	31 December 2014	31 December 2013
Real-estate mortgage	131.607	107.153
Pledge	70.226	55.371
Cash and cash equivalents	35.444	28.474
Total	237.277	190.998

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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 31 December 2014																	
Domestic	1.566.410	-	6	-	-	395.221	4.506.057	641.802	1.862.148	66.910	73.747	-	-	-	-	402.218	9.514.519
EU Countries	-	-	-	-	-	103.371	608	128	891	-	929	-	-	-	-	-	105.927
OECD Countries (**)	-	-	-	-	-	9.283	-	13	-	-	-	-	-	-	-	-	9.296
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	36.502	-	-	-	-	-	-	-	-	-	-	36.502
Other Countries	-	-	-	-	-	1.546	2.472	129	-	-	-	-	-	-	-	-	4.147
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.566.410	-	6	-	-	545.923	4.509.137	642.072	1.863.039	66.910	74.676	-	-	-	-	402.218	9.670.391

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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	Exposure Categories (*)																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Previous Year 31 December 2013																	
Domestic	1.366.039	-	7	-	-	206.022	3.829.971	591.190	966.055	52.322	51.235	-	-	-	-	259.677	7.322.518
EU Countries	-	-	-	-	-	137.559	92	83	-	-	-	-	-	-	-	-	137.734
OECD Countries (**)	-	-	-	-	-	4.580	97	1	-	-	-	-	-	-	-	-	4.678
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	17.013	-	-	-	-	-	-	-	-	-	-	17.013
Other Countries	-	-	-	-	-	4.504	-	118	-	-	-	-	-	-	-	-	4.622
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.366.039	-	7	-	-	369.678	3.830.160	591.392	966.055	52.322	51.235	-	-	-	-	259.677	7.486.565

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
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12. Exposures in the form of bonds secured by mortgages
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14. Short term exposures to banks, brokerage houses and corporates
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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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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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	-	-	-	-	-	-	58.727	20.371	16.595	1.817	1	-	-	-	-	-	49.177	48.334	97.511
Farming and Stockbreeding	-	-	-	-	-	-	48.060	18.019	10.420	1.815	1	-	-	-	-	-	39.083	39.232	78.315
Forestry	-	-	-	-	-	-	2.135	1.018	669	2	-	-	-	-	-	-	3.632	192	3.824
Fishery	-	-	-	-	-	-	8.532	1.334	5.506	-	-	-	-	-	-	-	6.462	8.910	15.372
Manufacturing	-	-	5	-	-	-	1.868.468	223.282	551.356	25.496	514	-	-	-	-	-	1.108.201	1.560.920	2.669.121
Mining and Quarrying	-	-	5	-	-	-	64.335	6.950	85.224	7.810	20	-	-	-	-	-	86.975	77.369	164.344
Production	-	-	-	-	-	-	1.715.745	215.428	314.558	17.678	494	-	-	-	-	-	982.190	1.281.713	2.263.903
Electricity, Gas and Water	-	-	-	-	-	-	88.388	904	151.574	8	-	-	-	-	-	-	39.036	201.838	240.874
Construction	-	-	-	-	-	-	786.947	53.096	296.268	12.908	137	-	-	-	-	-	557.949	591.407	1.149.356
Services	879.778	-	1	-	-	545.923	1.666.527	310.783	975.076	25.675	2.656	-	-	-	-	-	1.961.865	2.444.554	4.406.419
Wholesale and Retail Trade	-	-	-	-	-	-	775.902	260.673	189.616	17.481	423	-	-	-	-	-	735.706	508.389	1.244.095
Hotel, Food and Beverage services	-	-	-	-	-	-	171.428	7.057	551.126	3.523	59	-	-	-	-	-	40.953	692.240	733.193
Transportation and Telecom	-	-	-	-	-	-	68.759	18.167	38.651	2.006	36	-	-	-	-	-	69.883	57.736	127.619
Financial Institutions	879.778	-	-	-	-	545.923	380.998	3.090	14.635	-	29	-	-	-	-	-	981.870	842.583	1.824.453
Real Estate and Rental Services	-	-	-	-	-	-	207.921	10.765	137.051	-	2.105	-	-	-	-	-	45.650	312.192	357.842
Self-employment Services	-	-	-	-	-	-	9.219	4.190	5.970	11	-	-	-	-	-	-	19.367	23	19.390
Educational Services	-	-	1	-	-	-	3.752	1.375	22.445	-	-	-	-	-	-	-	5.001	22.572	27.573
Health and Social Services	-	-	-	-	-	-	48.548	5.466	15.582	2.654	4	-	-	-	-	-	63.435	8.819	72.254
Other	686.632	-	-	-	-	-	128.468	34.540	23.744	1.014	71.368	-	-	-	-	402.218	1.265.484	82.500	1.347.984
Total	1.566.410	-	6	-	-	545.923	4.509.137	642.072	1.863.039	66.910	74.676	-	-	-	-	402.218	4.942.676	4.727.715	9.670.391

1. Conditional and unconditional exposures to central governments or central banks
2. Conditional and unconditional exposures to regional governments or local authorities
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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	191.724	164.046	130.893	185.102	144.600
Claims on regional governments or local authorities	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	32
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	306.894	16.262	4.658	18.630	181.357
Claims on corporates	593.816	1.123.430	446.005	706.924	2.236.586
Claims included in the regulatory retail portfolios	67.796	312.960	84.297	89.772	231.384
Claims secured by residential property	44.850	248.269	63.802	77.259	1.461.367
Past due loans	-	-	-	-	-
Higher risk categories decided by the Board	152	-	-	-	74.525
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	1.205.232	1.864.967	729.655	1.077.687	4.329.851

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%	250%	Deductions from Equity
1.Exposures before Credit Risk Mitigation	1.532.139	428.717	1.510.200	626.424	5.403.151	28.923	52.558	-	46.312
2. Exposures after Credit Risks Mitigation(*)	1.974.227	278.223	1.512.001	602.474	5.136.501	27.538	51.147	-	46.312

(*) The bank mitigates the credit risk using the simple financial collateral methods.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Major Sectors / Counterparties	Credits		Value Adjustments	Provisions
	Impaired Credits	Past Due Credits		
Agriculture	15.311	5.162	217	13.494
Farming and Stockbreeding	15.181	4.941	210	13.366
Forestry	127	211	6	125
Fishery	3	10	1	3
Manufacturing	45.934	99.277	3.231	20.438
Mining and Quarrying	13.254	2.231	46	5.444
Production	32.490	96.472	3.163	14.812
Electricity, Gas and Water	190	574	22	182
Construction	21.574	38.466	1.373	8.666
Services	43.929	143.571	5.352	18.254
Wholesale and Retail Trade	30.646	64.909	1.960	13.165
Accommodation and Dining	4.751	65.951	3.048	1.228
Transportation and Telecom	3.449	4.122	120	1.443
Financial Institutions	30	392	10	30
Real Estate and Rental Services	1.636	3.322	42	1.636
Professional Services	110	677	16	99
Educational Services	-	165	5	-
Health and Social Services	3.307	4.033	151	653
Other	3.126	13.120	211	2.112
Total	129.874	299.596	10.384	62.964

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 (**)	90.041	90.189	(39.355)	(62.202)	78.673
2. General Provisions	48.122	16.142	-	395	64.659

(*) 61.708 TL shown in Other Adjustments column for "Specific Provisions" consists of released loan loss provision upon sale of Non Performing Loans to Final Varlık Yönetimi A.Ş. on 13 November 2014. Other Adjustments column consists of exchange rate differences of provisions in foreign currencies.

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

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III. EXPLANATIONS ON 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	3.862
(II) Capital to be Employed for Specific Risk -Standard Method	22
Capital to be Employed for Specific Risk in Securitisation Positions – Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	1.347
(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	19
(VII) Capital to be Employed for the Other Party's Credit Risk - Standard Method	5.372
(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)	10.622
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	132.775

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

	31 December 2014		
	Average	Maximum	Minimum
Interest Rate Risk	3.093	5.470	2.303
Common Stock Risk	-	-	-
Currency Risk	2.491	6.497	1.284
Commodity Risk	-	-	-
Exchange Risk	-	-	-
Option Risk	48	85	41
Counterparty Credit Risk	7.897	18.004	4.805
Total Amount Subject to Risk	169.110	375.303	104.893

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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 authorisation according to the customer types 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 protections.

d. Quantitative Information on Counterparty Risk:

	Balance
Agreements based on Interest Rate	16.662
Agreement based on Foreign Exchange Currency	71.618
Agreement Based on Commodity	-
Agreement Based on Shares	-
Other	-
Gross Positive Fair Values	88.280
Benefits of Netting	-
Current Net Risk Amount	-
Reserved Guarantee	-
Net Position of Derivatives	88.280

IV. EXPLANATIONS ON 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.

	31.12.2011	31.12.2012	31.12.2013	Total/Positive Year	Rate (%)	Total
Gross Income	24.667	33.647	31.618	3	15	29.978
Amount subject to Operational Risk (Total*12,5)	-	-	-	-	-	374.725

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. EXPLANATIONS ON CURRENCY RISK:

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

A series of limits for the tenure of spot and forward foreign exchange positions 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 Bank due to the free floating currency regime.

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

	EUR		USD	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
31 December 2014/ 31 December 2013				
Bid rate	TL 2,8272	TL 2,9344	TL 2,3269	TL 2,1304
1. Day bid rate	TL 2,8272	TL 2,9344	TL 2,3269	TL 2,1304
2. Day bid rate	TL 2,8207	TL 2,9844	TL 2,3189	TL 2,1604
3. Day bid rate	TL 2,8339	TL 2,9844	TL 2,3235	TL 2,1604
4. Day bid rate	TL 2,8255	TL 2,8693	TL 2,3182	TL 2,0957
5. Day bid rate	TL 2,8368	TL 2,8353	TL 2,3177	TL 2,0710

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

	EUR		USD	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Arithmetic average-30 days	TL 2,8245	TL 2,8345	TL 2,2941	TL 2,0681

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

Information on currency risk of the Bank:

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

	EUR	USD	Other FC	Total
31 December 2014				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	5.023	525.332	402	530.757
Due From Banks	27.675	25.398	1.010	54.083
Financial Assets at Fair Value Through Profit or Loss	6.232	15.370	314	21.916
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	46.014	-	46.014
Loans (*)	1.529.096	2.007.423	16.914	3.553.433
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	15	59.565	1	59.581
Total Assets (*)	1.568.041	2.679.102	18.641	4.265.784
Liabilities				
Bank Deposits	41.350	28.056	52.150	121.556
Foreign Currency Deposits	857.790	2.188.680	23.416	3.069.886
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions	134.659	1.480.936	-	1.615.595
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	23.627	15.737	-	39.364
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	7.280	36.838	334	44.452
Total Liabilities (*)	1.064.706	3.750.247	75.900	4.890.853
Net On-balance Sheet Position	503.335	(1.071.145)	(57.259)	(625.069)
Net Off-balance Sheet Position	(501.227)	1.041.676	57.589	598.038
Financial Derivative Assets	532.574	1.903.822	138.962	2.575.358
Financial Derivative Liabilities	1.033.801	862.146	81.373	1.977.320
Non-Cash Loans (**)	210.949	429.298	14.024	654.271
31 December 2013				
Total Assets (*)	1.171.036	2.032.968	25.979	3.229.983
Total Liabilities (*)	960.351	2.691.121	50.851	3.702.323
Net On-balance Sheet Position	210.685	(658.153)	(24.872)	(472.340)
Net Off-balance Sheet Position	(205.335)	661.093	25.173	480.931
Financial Derivative Assets	1.322.887	2.123.913	159.994	3.606.794
Financial Derivative Liabilities	1.528.222	1.462.820	134.821	3.125.863
Non-Cash Loans (**)	126.803	475.493	10.185	612.481

(*) 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 TL 642.493 (31 December 2013: TL 684.582) classified as Turkish Lira assets in the 31 December 2014 financial statements are added to the table above. Besides this, in assets "Income Accruals of Derivative Financial Instruments" amounting to TL 23.816 (31 December 2013: TL 78.410), in liabilities "Expense Accruals of Derivative Financial Instruments" amounting to TL 13.613 (31 December 2013: TL 109.116), "General Provisions" amounting to TL 25.476 (31 December 2013: TL 15.942), provisions for the specific loans amounting to TL 12.301 (31 December 2013: TL 26.900) and "Marketable Securities Valuation Reserve" amounting to TL 365 (31 December 2013: None) are not included in the table above.

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

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Currency risk sensitivity analysis:

As of December 31, 2014 and 2013, if foreign currencies had appreciated/depreciated by 10% against TL with all other variables held constant, the changes to occur in the net profit before tax as a result of foreign exchange losses/gains on the translation of the foreign exchange position is presented below:

	31 December 2014				31 December 2013			
	Income statement		Equity (*)		Income statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	(2.947)	2.947	(2.910)	2.910	294	(294)	294	(294)
Euro	211	(211)	211	(211)	535	(535)	535	(535)
Other FC	33	(33)	33	(33)	30	(30)	30	(30)
Total, net	(2.703)	2.703	(2.667)	2.667	859	(859)	859	(859)

(*) Equity effect also includes income statement effect.

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VI. EXPLANATIONS ON INTEREST RATE RISK:

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

The Bank closely monitors the maturity gap between liabilities and assets that may arise in the balance sheet to manage the interest rate risk better. 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 2014	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	-	228.509	-	-	-	544.352	772.861
Due From Banks	110.247	-	-	-	-	15.952	126.199
Financial Assets at Fair Value Through Profit/Loss	33.174	15.063	47.658	31.026	20.248	2.060	149.229
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	116.877	234.860	315.735	-	46.013	7.056	720.541
Loans	2.457.230	2.027.680	1.084.282	825.511	4.673	66.910	6.466.286
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	438.663	438.663
Total Assets	2.717.528	2.506.112	1.447.675	856.537	70.934	1.074.993	8.673.779
Liabilities							
Bank Deposits	133.742	-	-	-	-	3.704	137.446
Other Deposits	2.844.199	1.657.517	294.725	79.013	-	352.221	5.227.675
Funds From Interbank Money Market	316.618	-	-	-	-	-	316.618
Miscellaneous Payables	-	-	-	-	-	98.731	98.731
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	308.703	1.032.082	328.151	-	-	-	1.668.936
Other Liabilities (*)	20.190	10.725	24.833	139	-	1.168.486	1.224.373
Total Liabilities	3.623.452	2.700.324	647.709	79.152	-	1.623.142	8.673.779
Balance Sheet Long Position	-	-	799.966	777.385	70.934	-	1.648.285
Balance Sheet Short Position	(905.924)	(194.212)	-	-	-	(548.149)	(1.648.285)
Off-balance Sheet Long Position	32.449	-	17.141	8.286	-	-	57.876
Off-balance Sheet Short Position	-	(14.778)	-	-	-	-	(14.778)
Total Position	(873.475)	(208.990)	817.107	785.671	70.934	(548.149)	43.098

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

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31 December 2013	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	-	-	-	-	-	520.638	520.638
Due From Banks	46.782	-	-	-	-	15.662	62.444
Financial Assets at Fair Value Through Profit/Loss	24.149	61.689	109.365	45.913	1.066	-	242.182
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	61.643	404.569	275.610	109.784	-	6.474	858.080
Loans	2.084.050	1.537.647	823.017	261.009	3.323	52.322	4.761.368
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	366.869	366.869
Total Assets	2.216.624	2.003.905	1.207.992	416.706	4.389	961.965	6.811.581
Liabilities							
Bank Deposits	150.455	-	-	-	-	14.899	165.354
Other Deposits	1.705.567	977.771	255.104	9.912	-	314.987	3.263.341
Funds From Interbank Money Market	736.800	-	-	-	-	-	736.800
Miscellaneous Payables	-	-	-	-	-	65.946	65.946
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	112.883	1.109.360	429.258	16.968	-	-	1.668.469
Other Liabilities	24.296	22.640	80.948	-	-	783.787	911.671
Total Liabilities	2.730.001	2.109.771	765.310	26.880	-	1.179.619	6.811.581
Balance Sheet Long Position	-	-	442.682	389.826	4.389	-	836.897
Balance Sheet Short Position	(513.377)	(105.866)	-	-	-	(217.654)	(836.897)
Off-balance Sheet Long Position	-	5.399	7.776	11.767	-	-	24.942
Off-balance Sheet Short Position	(2.853)	-	-	-	-	-	(2.853)
Total Position	(516.230)	(100.467)	450.458	401.593	4.389	(217.654)	22.089

Interest Rate Risk Sensitivity Analysis:

Change in interest rates 31 December 2014	Effect on income statement	Effect on equity
(+) 1%	(1.882)	(6.175)
(-) 1%	2.010	6.543

Change in interest rates 31 December 2013	Effect on income statement	Effect on equity
(+) 1%	(1.353)	(9.294)
(-) 1%	1.393	9.622

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:

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

31 December 2014	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	1,56
Due From Banks	0,13	0,07	-	10,51
Financial Assets at Fair Value Through Profit/Loss	-	5,76	-	7,92
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	-	-	10,14
Loans	5,09	5,69	-	13,51
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,10	0,49	-	10,40
Other Deposits (*)	2,29	2,52	-	9,70
Funds From Interbank Money Market	-	-	-	8,31
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,50	2,78	-	7,12

31 December 2013	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	-	0,37	-	7,71
Financial Assets at Fair Value Through Profit/Loss	-	5,76	-	8,97
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	-	-	8,49
Loans	5,04	4,89	-	12,26
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,50	-	-	6,24
Other Deposits (*)	2,82	2,82	-	8,19
Funds From Interbank Money Market	-	-	-	5,75
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	1,72	2,92	-	5,45

(*) 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 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	(43.887)	(3,5)%
2. TRY	-400 bp	39.743	3,2%
3. EURO	+200 bp	(14.580)	(1,2)%
4. EURO	-200 bp	2.679	0,2%
5. USD	+200 bp	(4.827)	(0,4)%
6. USD	-200 bp	8.974	0,7%
Total (For Negative Shocks)		51.396	4,1%
Total (For Positive Shocks)		(63.293)	(5,1)%

d. Equity share position risk resulting from banking accounts:

None.

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

The Central Bank, ISE Repo Market, Interbank Money Market and banks' transaction limits which can be used for sudden outflows in the short-term are utilised at a minimum level. The Bank does not need these funds due to the existing liquidity position but utilises 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. Liquidity ratios realized in 2014 are as follows:

	First Maturity Tranche		Second Maturity Tranche		Stock Values
	FC	FC + TL	FC	FC+TL	FC + TL
Average (%)	138,23%	156,90%	101,97%	114,30%	11,29%
Maximum (%)	198,55%	188,28%	129,72%	129,93%	13,16%
Minimum (%)	96,44%	128,85%	82,79%	101,59%	9,71%

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Breakdown of assets and liabilities according to their outstanding maturities:

31 December 2014	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	30.178	742.683	-	-	-	-	-	772.861
Due From Banks	15.952	110.247	-	-	-	-	-	126.199
Financial Assets at Fair Value Through Profit or Loss	2.061	33.068	14.851	47.029	31.972	20.248	-	149.229
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	54.632	163.814	315.735	62.244	117.059	7.057	720.541
Loans	-	751.906	1.636.052	1.297.968	2.044.661	668.789	66.910	6.466.286
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (*)	-	77.100	467	6.883	11.920	-	342.293	438.663
Total Assets	48.191	1.769.636	1.815.184	1.667.615	2.150.797	806.096	416.260	8.673.779
Liabilities								
Bank Deposits	3.704	133.742	-	-	-	-	-	137.446
Other Deposits	352.221	2.844.199	1.657.517	294.725	79.013	-	-	5.227.675
Funds Borrowed From Other Financial Institutions	-	13.488	101.057	583.414	621.018	349.959	-	1.668.936
Funds From Interbank Money Market	-	316.618	-	-	-	-	-	316.618
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	28.759	3.489	-	-	-	66.483	98.731
Other Liabilities (**)	-	127.382	9.839	35.560	3.909	-	1.047.683	1.224.373
Total Liabilities	355.925	3.464.188	1.771.902	913.699	703.940	349.959	1.114.166	8.673.779
Net Liquidity Gap	(307.734)	(1.694.552)	43.282	753.916	1.446.857	456.137	(697.906)	-
31 December 2013								
Total Assets	47.016	1.244.266	1.677.130	1.539.755	1.556.594	395.212	351.608	6.811.581
Total Liabilities	329.886	2.721.504	1.269.797	694.760	734.111	320.478	741.045	6.811.581
Net Liquidity Gap	(282.870)	(1.477.238)	407.333	844.995	822.483	74.734	(389.437)	-

(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, 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 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank deposits	137.483	-	-	-	-	137.483
Other deposits	3.202.944	1.671.673	306.587	90.099	-	5.271.303
Borrowings	14.444	105.821	627.983	727.997	404.246	1.880.491
Funds from money market	316.766	-	-	-	-	316.766
Total	3.671.637	1.777.494	934.570	818.096	404.246	7.606.043

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31 December 2013	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank deposits	165.354	-	-	-	-	165.354
Other deposits	2.024.608	986.305	261.623	11.401	-	3.283.937
Borrowings	6.751	263.557	143.769	855.292	452.369	1.721.738
Funds from money market	736.965	-	-	-	-	736.965
Total	2.933.678	1.249.862	405.392	866.693	452.369	5.907.994

Contractual maturity analysis of the Bank's derivative instruments:

31 December 2014	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	1.170.487	1.096.941	475.607	95.569	-	2.838.604
- Outflow	1.156.709	1.093.739	473.443	105.155	-	2.829.046
Interest rate derivatives:						
- Inflow	840	1.337	5.675	6.817	-	14.669
- Outflow	847	739	4.241	6.221	-	12.048
Hedging Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total cash inflow	1.171.327	1.098.278	481.282	102.386	-	2.853.273
Total cash outflow	1.157.556	1.094.478	477.684	111.376	-	2.841.094

31 December 2013	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	1.210.204	651.277	1.517.139	74.248	-	3.452.868
- Outflow	1.214.464	645.920	1.511.829	65.031	-	3.437.244
Interest rate derivatives:						
- Inflow	461	967	47.769	10.944	-	60.141
- Outflow	294	611	9.828	77.824	-	88.557
Hedging Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total cash inflow	1.210.665	652.244	1.564.908	85.192	-	3.513.009
Total cash outflow	1.214.758	646.531	1.521.657	142.855	-	3.525.801

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VIII. EXPLANATIONS ON SECURITIZATION EXPOSURES:

None.

IX. EXPLANATIONS ON LOAN RISK MITIGATION TECHNIQUES:

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

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

The 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	1.554.587	137.028	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	32	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	559.590	171.315	-	-
Claims on corporates	5.074.284	253.582	-	9.571
Claims included in the regulatory retail portfolios	773.277	23.524	-	6.060
Claims secured by residential property	1.896.403	12.984	-	2.133
Past due loans	66.910	43	-	-
Higher risk categories decided by the Board	74.676	2.787	-	-
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	541.930	-	-	-
Total	10.541.689	601.263	-	17.764

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X. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT:

The Bank's risk strategy is its main component of risk management system. The board of directors is responsible for approving and periodically reviewing the risk policy of the 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 Bank adapts following principles for a healthy risk management process:

- The Board of Directors is responsible for approving and periodically reviewing the risk policy of the Bank.
- 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 Bank 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 Bank has defined certain principles and policies to ensure the efficient monitoring of market risks.
- The Bank 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.
- Appropriate systems and processes are in place to monitor all exposures, both on or off-balance sheet.
- The Bank promotes an open risk culture under which all material risks are communicated to the appropriate authorities of the Bank as well as to the Board of Directors. The Bank 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 Bank.

Sound risk management is a key element of Burgan bank in its effort to achieve its business goals. The Bank has established a comprehensive risk management framework in order to ensure that risk taking which is inherent in the Bank 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,

Bank's management aims to ensure that:

- Risk taken by the Bank 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 Bank to absorb losses,
- Risk is adequately mitigated by the implementation of proper risk management systems and procedures,
- Risk awareness is constituted among all units of the Bank, 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. BoD 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 Bank shall engage in lending activities towards legal entities and individuals which exhibit satisfactory creditworthiness and financial standing.
- The Bank 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 Bank will assume credit risk of which it has a good understanding and is capable to manage, either at individual or at portfolio level.
- The Bank shall require that credit exposures are adequately covered by satisfactory collateral. Unsecured exposures shall be taken with prudence.
- The Bank shall avoid significant concentrations of credit risk, either to single or groups of borrowers or sectors of the economy.
- The Bank 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 Bank aims to ensure the efficient monitoring of market risks that emanate from its overall activities.
- The Bank shall maintain a prudent approach in managing its exposure to market risk and liquidity risk.
- The Bank shall be protected against unforeseen market losses through the independent identification, assessment and understanding of the market risks inherent in the business.

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Operational Risk Strategy

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

Risk Management Unit Organization

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

Risk Measurement and Reporting

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

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

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INFORMATION ON FINANCIAL ORGANIZATION (Continued)

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 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 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 Bank.

	Book Value		Fair Value	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Financial Assets	7.313.026	5.681.892	7.471.410	5.563.468
Due from Money Market	-	-	0	-
Due from Banks	126.199	62.444	126.214	62.444
Available-for-Sale Financial Assets	720.541	858.080	720.541	858.080
Held-to-maturity Investments	-	-	0	-
Loans	6.466.286	4.761.368	6.624.655	4.642.944
Financial Liabilities	7.132.788	5.163.110	7.257.742	5.095.895
Bank Deposits	137.446	165.354	137.471	165.353
Other Deposits	5.227.675	3.263.341	5.246.811	3.262.691
Borrowings	1.668.936	1.668.469	1.774.729	1.601.905
Marketable Securities Issued	-	-	0	-
Miscellaneous Payables	98.731	65.946	98.731	65.946

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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 Bank carried at fair value according to the foregoing principles is given in the table below:

31 December 2014	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	51.102	98.127	-	149.229
Government Debt Securities	49.042	-	-	49.042
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	2.060	98.127	-	100.187
Available for Sale Financial Assets (*)	667.470	53.071	-	720.541
Government Debt Securities	667.470	-	-	667.470
Other Marketable Securities	-	53.071	-	53.071
Hedging Derivative Financial Assets	-	-	-	-
Total Assets	718.572	151.198	-	869.770
Trading Derivative Financial Liabilities	-	55.887	-	55.887
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	55.887	-	55.887

31 December 2013	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	80.271	161.911	-	242.182
Government Debt Securities	80.271	-	-	80.271
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	161.911	-	161.911
Available for Sale Financial Assets (*)	851.606	-	-	851.606
Government Debt Securities	851.606	-	-	851.606
Other Marketable Securities	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Total Assets	931.877	161.911	-	1.093.788
Trading Derivative Financial Liabilities	-	127.225	-	127.225
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	127.225	-	127.225

(*) As noted in the footnote VII-d, written down values of available for sale securities are reported if the such securities are not traded in the markets and if the fair market value of such securities cannot be determined for any reason.

There is not any transfer between 1st and 2nd levels in the current year.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

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

XIII. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

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

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

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

Prior period financial information is presented as at 31 December 2013 for balance sheet and income statements items.

	Retail Banking	Corporate and Commercial Banking	Treasury	Total Operations of the Bank
31 December 2014				
Segment revenue	85.607	155.808	35.501	276.916
Unallocated costs	-	-	-	(272.053)
Net Operating Profit	85.607	155.808	35.501	4.863
Dividend income	-	-	-	5.784
Profit Before Tax	-	-	-	10.647
Tax expense	-	-	-	(3.838)
Net Profit	-	-	-	6.809
31 December 2014				
Segment assets	1.372.774	5.547.432	1.314.910	8.235.116
Investments in associates, subsidiaries and joint ventures	-	-	-	202.193
Unallocated assets	-	-	-	236.470
Total Assets	1.372.774	5.547.432	1.314.910	8.673.779
Segment liabilities	2.079.334	3.343.682	2.041.441	7.464.457
Unallocated liabilities	-	-	-	1.209.322
Total Liabilities	2.079.334	3.343.682	2.041.441	8.673.779

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	Retail Banking	Corporate and Commercial Banking	Treasury	Total Operations of the Bank
31 December 2013				
Segment revenue	56.458	100.127	57.204	213.789
Unallocated costs	-	-	-	(283.069)
Net Operating Profit	56.458	100.126	57.204	(69.280)
Dividend income	-	-	-	19.418
Profit Before Tax	-	-	-	(49.862)
Tax expense	-	-	-	8.867
Net Profit	-	-	-	(40.995)
31 December 2013				
Segment assets	781.125	4.227.660	1.435.927	6.444.712
Investments in associates, subsidiaries and joint ventures	-	-	-	99.193
Unallocated assets	-	-	-	267.676
Total Assets	781.125	4.227.660	1.435.927	6.811.581
Segment liabilities	1.108.990	2.360.659	2.532.494	6.002.143
Unallocated liabilities	-	-	-	809.438
Total Liabilities	1.108.990	2.360.659	2.532.494	6.811.581

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

1. Information on cash and the account of CBRT:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Cash/Foreign currency	13.282	16.877	10.471	20.846
CBRT	228.822	513.880	155.419	333.902
Other	-	-	-	-
Total	242.104	530.757	165.890	354.748

2. Information on the account of CBRT:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Demand Unrestricted Amount	228.822	117.891	155.419	61.278
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	395.989	-	272.624
Total	228.822	513.880	155.419	333.902

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 11,5%, for deposits/participation accounts up to 6-month maturity (including 6-month) 8,5%, for deposits/participation accounts up to 1-year maturity is 6,5%, for deposits/participation accounts with 1-year and longer maturity 5%, for liabilities other than deposits/participation funds accounts up to 1-year maturity is 11,5%, 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 13%, for FX deposits/FX participation accounts with 1-year and longer maturity and cumulative FX deposits/FX participation accounts it is 9%, for other FX liabilities up to 1 year maturity (including 1-year) it is 13%, for other FX liabilities up to 3-year maturity (including 3-year) it is 11%, for other FX liabilities longer than 3-year maturity it is 6%.

The Central Bank of the Republic of Turkey does not provide interest on foreign exchange required reserves but provides interest payments on a quarterly basis over required reserve amounts denominated in TL at rates determined by the Bank. As of December 31, 2014, the interest rate for TL is 1,51 % (December 31, 2013 0%).

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

- As of 31 December 2014, there aren't any financial assets at fair value through profit or loss subject to repo transactions. (31 December 2013: TL 30.749).
- Positive differences related to derivative financial instruments held for trading:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Forward Transactions	6.177	957	29.034	648
Swap Transactions	44.721	22.859	18.657	6.193
Futures Transactions	-	-	-	-
Options	1.775	21.638	35.771	71.608
Other	-	-	-	-
Total	52.673	45.454	83.462	78.449

c. Information on banks:

- Information on banks:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Banks				
Domestic	72.116	38.229	21.113	25.781
Foreign	-	15.854	-	15.550
Headquarters and Branches Abroad	-	-	-	-
Total	72.116	54.083	21.113	41.331

- Information on foreign banks

	Unrestricted Amount		Restricted Amount	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
EU Countries	3.989	4.509	-	-
USA, Canada	11.149	8.008	-	-
OECD Countries (*)	630	2.446	-	-
Off-shore Banking Regions	-	-	-	-
Others	86	587	-	-
Total	15.854	15.550	-	-

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

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

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

As of 31 December 2014, there are TL 69.260 available-for-sale financial assets given as collateral/blocked (31 December 2013: TL 42.600) and those subject to repurchase agreements amounts to TL 313.971 (31 December 2013: TL 732.520).

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

	31 December 2014	31 December 2013
Debt Securities	713.484	852.908
Quoted on Stock Exchange	667.470	852.908
Not Quoted	46.014	-
Share Certificates	7.057	6.474
Quoted on Stock Exchange	-	-
Not Quoted	7.057	6.474
Impairment Provision (-)	-	1.302
Total	720.541	858.080

e. Explanations on loans:

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

	31 December 2014		31 December 2013	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	126
Loans Granted to Employees	4.570	-	4.167	-
Total	4.570	-	4.167	126

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

(i)

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled		Loans and Other Receivables	Restructured or Rescheduled	
		Loans with Restructured Payment Plans	Other		Loans with Restructured Payment Plans	Other
Non-Specialised Loans	6.131.381	52.869	4.301	267.995	162.078	12.893
Loans Given to Enterprises	-	-	-	-	-	-
Export Loans	784.668	1.871	-	52.199	6.057	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	288.362	-	-	-	-	-
Consumer Loans	102.942	-	-	5.908	-	-
Credit Cards	17.271	-	-	1.193	-	-
Other (*)	4.938.138	50.998	4.301	208.695	156.021	12.893
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	6.131.381	52.869	4.301	267.995	162.078	12.893

(*) The Bank also has TL 17.926 factoring receivables 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	50.214	162.078
3, 4 or 5 times	1.747	-
Over 5 times	908	-
Total	52.869	162.078

(iii)

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	5.744	80.966
6 Months – 12 Months	1.080	26.206
1-2 Years	-	11.143
2-5 Years	46.045	43.763
5 Years and Over	-	-
Total	52.869	162.078

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	2.824.268	6.731	40.047	48.924
Non-specialised Loans	2.824.268	6.731	40.047	48.924
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	3.249.943	50.439	52.977	126.047
Non-specialised Loans	3.249.943	50.439	52.977	126.047
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
TOTAL	6.074.211	57.170	93.024	174.971

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	5.756	94.010	99.766
Real estate loans	-	16.334	16.334
Automotive loans	-	674	674
Consumer loans	5.756	77.002	82.758
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	1.096	1.096
Real estate loans	-	1.096	1.096
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	4.513	-	4.513
With instalments	-	-	-
Without instalments	4.513	-	4.513
Individual Credit Cards- FC	89	-	89
With instalments	-	-	-
Without instalments	89	-	89
Personnel Loans-TL	392	3.313	3.705
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	392	3.313	3.705
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	860	2	862
With instalments	-	2	2
Without instalments	860	-	860
Personnel Credit Cards-FC	3	-	3
With instalments	-	-	-
Without instalments	3	-	3
Credit Deposit Account-TL (Real Person)	4.283	-	4.283
Credit Deposit Account-FC (Real Person)	-	-	-
Total	15.896	98.421	114.317

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

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UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	47.249	521.249	568.498
Real estate Loans	-	17	17
Automotive Loans	186	9.211	9.397
Consumer Loans	45.037	450.688	495.725
Other	2.026	61.333	63.359
Commercial Installments Loans-FC Indexed	12.737	83.549	96.286
Real estate Loans	-	-	-
Automotive Loans	40	1.787	1.827
Consumer Loans	12.697	81.762	94.459
Other	-	-	-
Commercial Installments Loans-FC	-	354.471	354.471
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	354.471	354.471
Corporate Credit Cards-TL	12.977	5	12.982
With instalment	-	5	5
Without instalment	12.977	-	12.977
Corporate Credit Cards-FC	15	-	15
With instalment	-	-	-
Without instalment	15	-	15
Credit Deposit Account-TL (Legal Person)	49.872	-	49.872
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	122.850	959.274	1.082.124

6. Loans according to types of borrowers:

	31 December 2014	31 December 2013
Public	-	-
Private	6.399.376	4.709.046
Total	6.399.376	4.709.046

7. Distribution of domestic and foreign loans:

	31 December 2014	31 December 2013
Domestic Loans	6.399.376	4.709.046
Foreign Loans	-	-
Total	6.399.376	4.709.046

8. Loans given to associates and subsidiaries;

	31 December 2014	31 December 2013
Direct Loans given to associates and subsidiaries	2.166	16.409
Indirect Loans given to associates and subsidiaries	-	-
Total	2.166	16.409

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

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UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Specific provisions provided against loans:

	31 December 2014	31 December 2013
Loans and Other Receivables with Limited Collectability	3.943	3.057
Loans and Other Receivables with Doubtful Collectability	20.600	13.420
Uncollectible Loans and Other Receivables	38.421	38.997
Total	62.964	55.474

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 2014			
(Gross amounts before the Specific Reserves)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	31	880	5.218
31 December 2013			
(Gross amounts before the Specific Reserves)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	2.241	110	7.928

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	20.563	33.788	53.445
Additions (+)	116.307	5.006	27.740
Transfers from Other Categories of Non performing Loans (+)	-	85.310	60.864
Transfers to Other Categories of Non-performing Loans (-)	85.310	60.864	-
Collections (-)(*)	27.440	4.644	23.021
Write-offs (-)(**)	-	1.696	70.174
Corporate and Commercial Loans	-	1.696	69.892
Consumer Loans	-	-	97
Credit Cards	-	-	185
Other	-	-	-
Balance at the End of the Period	24.120	56.900	48.854
Specific Provision (-)	3.943	20.600	38.421
Net Balance on Balance Sheet	20.177	36.300	10.433

(*)Non-performing receivables amounting to TL 3.726 presented under collections in the table above have been transferred to the receivables account readjusted within the framework of the related regulations and tied to a new amortization plan.

(**) Amount of TL 71.870, consists of non-performing loans removed from assets through sale to Final Varlık Yönetim A.Ş. on November 13, 2014.

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

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UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 2014			
Period-End Balance	2.478	570	1.616
Specific Provision (-)	495	284	597
Net Balance on balance sheet	1.983	286	1.019
31 December 2013			
Period-End Balance	258	6.692	9.654
Specific Provision (-)	52	2.389	4.775
Net Balance on balance sheet	206	4.303	4.879

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)	20.177	36.300	10.433
Loans Given to Real Persons and Legal Persons (Gross)	24.120	56.900	48.854
Specific Provision Amount (-)	3.943	20.600	38.421
Loans Given to Real Persons and Legal Persons (Net)	20.177	36.300	10.433
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	17.506	20.368	14.448
Loans Given to Real Persons and Legal Persons (Gross)	20.563	33.788	53.445
Specific Provision Amount (-)	3.057	13.420	38.997
Loans Given to Real Persons and Legal Persons (Net)	17.506	20.368	14.448
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

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

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

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

12. Explanations on the write-off policy:

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

f. Information on held-to-maturity investments:

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

None.

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

None.

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

None.

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

None.

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

None.

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.

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

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UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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	752.442	115.957	79	42.845	-	12.163	5.968	-
2 (*)	292.355	101.904	3.140	8.738	-	4.053	(7.814)	-

(*)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 2014	31 December 2013
Balance at the beginning of the Period	99.193	88.337
Movements during the Period (*)	103.000	10.856
Purchases	97.799	-
Bonus Shares Obtained	5.201	18.978
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	(8.122)
Balance at the end of the Period	202.193	99.193
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	%99,99	%99,99

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

BURGAN BANK A.Ş.

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Subsidiaries	31 December 2014	31 December 2013
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	104.210	41.210
Finance Companies	-	-
Other Financial Subsidiaries	97.983	57.983
Total	202.193	99.193

7. Subsidiaries quoted on stock exchange:

None (31 December 2013: None).

i. Information on joint ventures:

None (31 December 2013: None).

j. Information on lease receivables (net):

None (31 December 2013: None).

k. Information on hedging derivative financial assets:

None (31 December 2013: None).

l. Information on investment property:

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2012				
Cost	8.557	160	44.539	53.256
Accumulated depreciation (-)	1.557	160	26.506	28.223
Net book value	7.000	-	18.033	25.033
31 December 2013				
Net book value at beginning of the period	7.000	-	18.033	25.033
Additions	-	-	5.130	5.130
Disposals (-) (net)	-	-	13	13
Impairment	-	-	-	-
Depreciation (-)	144	-	6.427	6.571
Revaluation Increase	344	-	-	344
Cost at Period End	8.901	111	49.556	58.568
Accumulated Depreciation at Period End (-)	1.701	111	32.833	34.645
Closing Net Book Value at Period End	7.200	-	16.723	23.923

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2013				
Cost	8.901	111	49.556	58.568
Accumulated depreciation (-)	1.701	111	32.833	34.645
Net book value	7.200	-	16.723	23.923
31 December 2014				
Net book value at beginning of the period	7.200	-	16.723	23.923
Additions	1.706	-	5.299	7.005
Disposals (-) (net)	-	-	70	70
Impairment	-	-	-	-
Depreciation (-)	400	-	5.873	6.273
Revaluation Increase	11.494	-	-	11.494
Cost at Period End	22.101	-	53.929	76.030
Accumulated Depreciation at Period End (-)	2.101	-	37.850	39.951
Closing Net Book Value at Period End	20.000	-	16.079	36.079

m. Information on intangible assets:

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

	31 December 2014	31 December 2013
Gross Book Value	59.735	36.735
Accumulated Depreciation (-)	17.387	13.062
Net Book Value	42.348	23.673

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

	31 December 2014	31 December 2013
Beginning of the Period	23.673	22.692
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	23.000	4.677
Disposals	-	-
Amount Accounted under Revaluation Reserve	-	-
Impairment	-	-
Impairment Reversal	-	-
Amortisation (-)	4.325	3.696
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	42.348	23.673

n. Information on investment property:

None (31 December 2013: None)

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

o. Information on deferred tax asset:

As of 31 December 2014, the Bank has netted-off the calculated deferred tax asset of TL 24.759 (31 December 2013: TL 24.856) and deferred tax liability of TL 12.966 (31 December 2013: TL 5.695) in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 11.793 (31 December 2013: TL 19.161) in the financial statements.

As of 31 December 2014 and 31 December 2013, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Carried Financial Loss (*)	59.407	58.373	11.881	11.675
Provision for Legal Cases	20.191	17.402	4.038	3.480
Provisions for Possible Risks	12.301	26.900	2.460	5.380
Reserve for Employment Termination Benefit, Unused Vacation and Bonus Payments	20.264	15.979	4.053	3.196
Unearned Revenue	-	-	-	-
Other	11.387	5.278	2.277	1.056
Deferred Tax Assets	244	350	50	69
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	123.794	124.282	24.759	24.856
Valuation Differences of Derivative Instruments				
Other	25.005	12.885	5.001	2.577
Deferred Tax Liabilities	39.312	-	7.862	-
	511	15.592	103	3.118
Deferred Tax Assets/(Liabilities) (Net)	64.828	28.477	12.966	5.695
	58.966	95.805	11.793	19.161

(*)TL 59.407 of the financial losses carried forward amounting to TL 58.373 is usable in the corporate tax calculations until 2018 and TL 1.034 until 2019.

Movement of deferred tax asset/ liabilities is presented below:

	31 December 2014	31 December 2013
Balance as of 1 January	19.161	6.736
Current year deferred tax expense	(3.838)	8.867
Deferred tax charged to equity (net)	(3.530)	3.558
Balance at the End of the Period	11.793	19.161

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

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

The Bank has assets held for resale amounting to TL 10.937 (31 December 2013: TL 13.692) and has no discontinued operations.

Prior Period	31 December 2014	31 December 2013
Cost	14.348	13.175
Accumulated Depreciation (-)	656	481
Net Book Value	13.692	12.694
Current Period		
Net book value at beginning of the period	13.692	12.694
Additions	2.198	4.797
Disposals (-), net	4.719	3.507
Impairment	-	-
Depreciation (-)	234	292
Cost at end of the period	11.673	14.348
Accumulated Depreciation at end of the period (-)	736	656
Closing Net Book Value	10.937	13.692

q. Information on other assets:

As of 31 December 2014, other assets amount to TL 134.894 (31 December 2013: TL 187.048) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 31 December 2014:

	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	26.205	-	31.543	904.464	132.127	97.074	68.794	-	1.260.207
Foreign Currency Deposits	190.296	-	279.323	1.981.746	519.656	39.173	59.692	-	3.069.886
Residents in Turkey	171.181	-	264.979	1.966.044	514.125	36.433	25.576	-	2.978.338
Residents Abroad	19.115	-	14.344	15.702	5.531	2.740	34.116	-	91.548
Public Sector Deposits	17.111	-	-	-	-	-	-	-	17.111
Commercial Deposits	116.904	-	105.738	365.351	74.700	33.621	91.673	-	787.987
Other Institutions Deposits	1.705	-	883	64.223	25.582	91	-	-	92.484
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	3.704	-	133.742	-	-	-	-	-	137.446
CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	106	-	69.368	-	-	-	-	-	69.474
Foreign Banks	3.598	-	64.374	-	-	-	-	-	67.972
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	355.925	-	551.229	3.315.784	752.065	169.959	220.159	-	5.365.121

ii. 31 December 2013:

	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	22.112	-	18.901	584.467	99.102	37.058	47.242	-	808.882
Foreign Currency Deposits	179.136	-	129.292	1.231.370	276.114	86.363	33.866	-	1.936.141
Residents in Turkey	155.210	-	129.292	1.221.766	274.536	83.223	33.303	-	1.897.330
Residents Abroad	23.926	-	-	9.604	1.578	3.140	563	-	38.811
Public Sector Deposits	36.753	-	-	258	-	-	-	-	37.011
Commercial Deposits	75.487	-	63.600	157.752	41.549	27.397	62.687	-	428.472
Other Institutions Deposits	1.499	-	2.233	35.732	13.371	-	-	-	52.835
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	14.899	-	150.455	-	-	-	-	-	165.354
CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	102	-	126.980	-	-	-	-	-	127.082
Foreign Banks	14.797	-	23.475	-	-	-	-	-	38.272
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	329.886	-	364.481	2.009.579	430.136	150.818	143.795	-	3.428.695

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Saving Deposits				
Saving Deposits	407.705	299.714	852.502	509.168
Foreign Currency Savings Deposit	121.979	81.428	1.533.681	604.784
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	529.684	381.142	2.386.183	1.113.952

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

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

	31 December 2014	31 December 2013
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	12.778	3.750
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	12.778	3.750

b. Information on trading derivative financial liabilities:

Schedule of negative differences concerning derivative financial liabilities held for trading:

Derivative Financial Liabilities Held for Trading	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Forward Transactions	7.870	9.147	4.390	298
Swap Transactions	11.294	4.466	12.740	2.829
Futures Transactions	-	-	-	-
Options	48	23.062	933	106.035
Other	-	-	-	-
Total	19.212	36.675	18.063	109.162

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	52.037	37.556	59.636	75.904
From Foreign Banks, Institutions and Funds	1.304	1.228.080	-	1.212.451
Total	53.341	1.265.636	59.636	1.288.355

2. Information on maturity structure of borrowings:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Short-term	53.341	140.460	59.636	136.750
Medium and Long-term	-	1.125.176	-	1.151.605
Total	53.341	1.265.636	59.636	1.288.355

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

The Bank's main funding sources are deposits and borrowings. As of 31 December 2014, deposits from Bank's risk group comprise 1% (31 December 2013: 1%) of total deposits. Besides this, Borrowings from Bank's risk group comprise 56% (31 December 2013: 71%) of subordinated and other borrowings.

d. Information on other liabilities:

Other liabilities amounting to TL 94.726 (31 December 2013: TL 68.768) do not exceed 10% of the total of the 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 Bank.

	31 December 2014		31 December 2013	
	Gross	Net	Gross	Net
Less than 1 year	-	-	671	659
1-4 years	-	-	-	-
More than 4 year	-	-	-	-
Total	-	-	671	659

f. Information on hedging derivative financial liabilities:

None.

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

g. Information on provisions:

1. Information on general provisions:

	31 December 2014	31 December 2013
General Provisions	64.659	48.122
Provisions for First Group Loans and Receivables	48.904	35.165
Additional Provision for Loans and Receivables with Extended Maturities	2.601	3.924
Provisions for Second Group Loans and Receivables	10.325	8.022
Additional Provision for Loans and Receivables with Extended Maturities	8.167	6.894
Provisions for Non-Cash Loans	2.745	2.598
Other	2.685	2.337

2. Information on reserve for employment termination benefits:

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

The payment amount which is one month's salary for each working year is restricted to TL 3.438,22 (31 December 2013: TL 3.254,44). 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 Bank. 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 2014	31 December 2013
Discount rate (%)	2,45	3,10
Salary increase rate (%)	7,00	7,40
Average remaining work period (Year)	11,86	11,11

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

Movement of reserve for employment termination benefits during the period:

	31 December 2014	31 December 2013
Prior Period Ending Balance	7.086	7.016
Service Cost	1.229	1.118
Interest Cost	679	506
Settlement Cost	596	222
Actuarial Loss/Gain	816	(115)
Benefits Paid	(2.544)	(1.661)
Balance at the End of the Period	7.862	7.086

In addition, as of 31 December 2014 the Bank has accounted for vacation rights provision amounting to TL 1.602 (31 December 2013: TL 1.441) and personnel bonus provision amounting to TL 10.800 (31 December 2013: TL 7.452).

3. Other provisions:

i) Information on provisions for possible risks:

	31 December 2014	31 December 2013
Provisions for potential risks (*)	12.301	26.900
Total	12.301	26.900

(*) Provisions for the Bank's potential risks in credit portfolio.

ii) Information on other provisions:

The Bank set aside reserves amounting to TL 20.191 (31 December 2013: TL 17.402) for lawsuits, TL 2.818 (31 December 2013: TL 2.937) for non-cash loans, TL 590 (31 December 2013: TL 4.730) for customer cheques commitments, TL 76 (31 December 2013: TL 108) for credit card loyalty points and TL 146 (31 December 2013: TL 133) for other receivables.

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

As of 31 December 2014, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 2.858 (31 December 2013: TL 55) 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 2014, the Bank provided no corporate tax provision.(31 December 2013: None).

2. Information on taxes payable:

	31 December 2014	31 December 2013
Corporate Tax Payable	-	-
Taxation of Marketable Securities	5.968	4.357
Property Tax	187	161
Banking Insurance Transaction Tax	4.448	3.984
Value Added Tax Payable	333	186
Other	2.248	1.779
Total	13.184	10.467

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Information on premium payables:

	31 December 2014	31 December 2013
Social Security Premiums-Employee	773	638
Social Security Premiums-Employer	1.155	953
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	54	45
Unemployment Insurance-Employer	109	90
Other	-	-
Total	2.091	1.726

4. As of 31 December 2014, the Bank has netted-off the calculated deferred tax asset of TL 24.759 (31 December 2013: TL24.856) and deferred tax liability of TL 12.966 (31 December 2013: TL 5.695) in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 11.793 (31 December 2013: TL 19.161) in the financial statements.

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

None.

j. Information about subordinated loans:

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

Issuing Institution	Amount	Value Date	Maturity Date	Interest Rate(%)
Burgan Bank S.A.K.	USD 150.000.000	06 December 2013	04 December 2023	LIBOR+3,75

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

1. Information about subordinated loans:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Domestic Other Institutions	-	-	-	-
Foreign Banks	-	349.959	-	320.478
Foreign Other Institutions	-	-	-	-
Total	-	349.959	-	320.478

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	31 December 2014	31 December 2013
Common Stock	900.000	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:

Capital System	Paid-in Capital	Limit
Registered Capital	900.000	1.000.000

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

Date of Increase	Amount of Increase	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
03.Nov.14	110.000	110.000	-	-
15.Dec.14	220.000	220.000	-	-

4. None. Information on capital increases from capital reserves during the current period:

None.

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

None.

6. Information on capital by considering the Bank's profitability, prior period indicators on liquidity and uncertainty on these indicators:

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

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

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

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Information on marketable securities valuation reserve:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	795	365	(4.414)	-
Foreign Currency Translation Difference	-	-	-	-
Total	795	365	(4.414)	-

9. Information on tangible assets revaluation reserve:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	13.187	-	3.992	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables	-	-	-	-
Total	13.187	-	3.992	-

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

According to the General Assembly meeting decision on 31 March 2014, the loss of 2013 amounting to TL 40.995 has been allocated from extraordinary reserves.

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	31 December 2014	31 December 2013
Commitments for cheques	301.592	278.991
Foreign currency buy/sell commitments	264.651	22.658
Loan limit commitments	192.030	106.629
Commitments for credit card limits	37.353	41.413
Blocked cheques given to customers	2.000	178
Promotions for the credit cards and their care services	2	-
Tax and fund obligations arising from export commitments	-	18
Total	797.628	449.887

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 2014	31 December 2013
Letter of guarantees	914.041	771.163
Letter of credits	176.485	257.308
Bank acceptance loans	69.213	89.512
Other guarantees	30.800	67.886
Factoring guarantees	213	752
Total	1.190.752	1.186.621

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

	TL	FC
Irrevocable letters of guarantee	436.268	193.467
Guarantees given to customs	35.769	27.466
Revocable letters of guarantee	32.745	41.033
Letters of guarantee given in advance	8.269	73.206
Other letters of guarantee	21.647	44.171
Total	534.698	379.343

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	31 December 2014	31 December 2013
Non-cash loans given against cash loans	88.246	84.207
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	88.246	84.207
Other non-cash loans	1.102.506	1.102.414
Total	1.190.752	1.186.621

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

	31 December 2014				31 December 2013			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	7.320	1,36	11.338	1,73	3.421	0,60	8.146	1,33
Farming and Livestock	6.543	1,22	11.338	1,73	3.038	0,53	8.125	1,33
Forestry	514	0,10	-	0,00	120	0,02	-	-
Fishing	263	0,05	-	0,00	263	0,05	21	-
Manufacturing	200.490	37,37	295.653	45,19	252.784	44,03	411.340	67,16
Mining	24.721	4,61	39.678	6,06	28.456	4,96	42.423	6,93
Production	168.557	31,42	247.421	37,82	217.619	37,90	368.910	60,23
Electric, Gas, Water	7.212	1,34	8.554	1,31	6.709	1,17	7	-
Construction	112.447	20,96	157.113	24,01	131.336	22,88	29.649	4,84
Services	205.600	38,32	186.313	28,48	170.632	29,72	150.069	24,50
Wholesale and Retail Trade	113.114	21,08	71.429	10,92	106.353	18,52	52.586	8,59
Hotel and Food Services	6.133	1,14	11.531	1,76	2.507	0,44	7.472	1,22
Transportation and Telecommunication	18.622	3,47	24.237	3,70	13.454	2,34	23.891	3,90
Financial Institutions	40.458	7,54	43.661	6,67	29.132	5,07	27.504	4,49
Real Estate and Leasing Ser.	15.927	2,97	29.303	4,48	13.312	2,32	20.844	3,40
Professional Services	5.217	0,97	47	0,01	3.492	0,61	43	0,01
Education Services	66	0,01	-	0,00	100	0,02	3.404	0,56
Health and Social Services	6.063	1,13	6.105	0,93	2.282	0,40	14.325	2,34
Other	10.624	1,98	3.854	0,59	15.967	2,78	13.277	2,17
Total	536.481	100,00	654.271	100,00	574.140	100,00	612.481	100,00

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

Non-cash Loans (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	512.841	374.792	14.238	4.513
Bank Acceptances	1.570	67.643	-	-
Letters of Credit	-	176.485	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	173	-	40	-
Other Commitments and Contingencies	-	29.901	-	899
Total	514.584	648.821	14.278	5.412

(*) In addition to non-cash loans stated above, the Bank has non-cash loans classified as non-performing loans, amounting to TL 7.657. As of 31 December 2014, the Bank has recorded a provision amounting to TL 2.818 regarding these risks.

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b. Information on derivative financial instruments:

	31 December 2014	31 December 2013
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	6.809.987	9.865.006
Currency forward transactions	908.153	1.382.551
Currency swap transactions	3.682.845	1.999.508
Futures transactions	-	-
Options	2.218.989	6.482.947
Interest related derivative transactions (II)	3.386.880	1.588.478
Forward rate agreements	-	-
Interest rate swaps	3.382.288	1.557.996
Interest rate options	4.592	30.482
Interest rate futures	-	-
A. Total trading derivative transactions (I+II)	10.196.867	11.453.484
Types of hedging transactions	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	-	-
Total derivative transactions (A+B)	10.196.867	11.453.484

c. Investment Funds:

As of 31 December 2014, the Bank is the founder of 3 investment funds (31 December 2013: 3) with a total fund value of TL 22.689 (31 December 2013: TL 24.950). 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 2014, the total amount of legal cases against the Bank is TL 51.784 (31 December 2013: TL 48.783) and the Bank sets aside a provision of TL 20.191 (31 December 2013: TL 17.402) regarding these risks. Due to the delayed reply to e-foreclosure sent by Gökpınar Tax Administration, negative declaratory action has been claimed at "Denizli Tax Authority" and "Denizli Civil Court of General Jurisdiction" for cancellation of the payment order of TL 25.459, which was notified to the Bank. The transactions have been stopped with obtaining injunction in response to 15% collateral. The law cases in local courts have resulted in favor of the Bank. The cases are at the appeal phase. As a result, the Bank did not book any provision.

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

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

MOODY'S (Dated on 10 September 2014)

Category	Rating	Outlook
(Financial Strength Rating)	E+	Stable
(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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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

1. Information on interest income on loans (*):

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Interest Income on Loans				
Short-term Loans	300.082	21.773	196.286	26.146
Medium/Long-term Loans	87.511	98.009	58.671	35.609
Interest on Loans Under Follow-up	4.940	-	1.626	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	392.533	119.782	256.583	61.755

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

2. Information on interest income on banks:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	1.004	63	475	117
From Foreign Banks	-	13	16	11
Headquarters and Branches Abroad	-	-	-	-
Total	1.004	76	491	128

3. Information on interest income on marketable securities:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
From Trading Financial Assets	3.363	18	9.531	12
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	61.361	1.021	52.948	-
From Held-to-Maturity Investments	-	-	-	-
Total	64.724	1.039	62.479	12

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

	31 December 2014	31 December 2013
Interest Received From Investments in Associates and Subsidiaries	816	87

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

b. Information on interest expense:

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

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Banks	3.372	44.447	3.008	16.708
The CBRT	-	-	-	-
Domestic Banks	3.336	1.618	3.008	2.043
Foreign Banks	36	42.829	-	14.665
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	3.372	44.447	3.008	16.708

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

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

	31 December 2014	31 December 2013
Interest Paid to Investment in Associates and Subsidiaries	1.045	1.988

3. Interest expense on issued marketable securities:

None.

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

	Demand Deposit	Time Deposit						Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accum. Deposit	
Turkish Currency								
Bank Deposits	8	2.023	-	-	-	-	-	2.031
Savings Deposits	-	1.896	80.997	13.410	7.271	4.941	-	108.515
Public Deposits	-	-	2.479	-	-	-	-	2.479
Commercial Deposits	-	8.959	31.901	9.337	3.891	6.521	-	60.609
Other Deposits	-	85	6.004	3.223	5	-	-	9.317
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	8	12.963	121.381	25.970	11.167	11.462	-	182.951
Foreign Currency								
Foreign Currency Account	-	2.176	40.870	7.930	1.400	1.740	-	54.116
Bank Deposits	-	254	-	-	-	-	-	254
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	2.430	40.870	7.930	1.400	1.740	-	54.370
Sum Total	8	15.393	162.251	33.900	12.567	13.202	-	237.321

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

c. Information on dividend income:

	31 December 2014	31 December 2013
Trading Financial Assets	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-Sale Financial Assets	583	439
Other (*)	5.201	18.979
Total	5.784	19.418

(*) Represents the bonus shares acquired due to the capital increase of Burgan Finansal Kiralama A.Ş., the Bank's subsidiary that is included in the consolidation.

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

	31 December 2014	31 December 2013
Income	5.893.919	3.340.401
Income from Capital Market Transactions	6.423	9.176
Income From Derivative Financial Transactions	51.307	142.247
Foreign Exchange Gains (*)	5.836.189	3.188.978
Loss (-)	5.867.449	3.315.349
Loss from Capital Market Transactions	3.345	5.862
Loss From Derivative Financial Transactions	50.580	117.903
Foreign Exchange Loss (*)	5.813.524	3.191.584
Net Income/(Loss)	26.470	25.052

(*) The net foreign exchange profit from foreign exchange gain/loss regarding to derivative financial transactions included in foreign exchange profit is TL 52.688 (31 December 2013: TL 36.568 profit).

e. Information on other operating income:

As of 31 December 2014, the Bank's other operating income is TL 8.895 (31 December 2013: TL 7.894). TL 3.705 (31 December 2013: TL 3.275) amount of the other operating income is composed of the profit from sales of the fixed assets that were classified as Asset Held for Resale.

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

f. Provision expenses related to loans and other receivables of the Bank:

	31 December 2014	31 December 2013
Specific Provisions for Loans and Other Receivables	44.301	57.424
III. Group Loans and Receivables	13.733	7.641
IV. Group Loans and Receivables	16.739	17.244
V. Group Loans and Receivables	13.829	32.539
General Provision Expenses	16.142	8.237
Provision Expense for Possible Risks	6.533	26.900
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	8.122
Investments in Associates	-	-
Subsidiaries	-	8.122
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	-
Total	66.976	100.683

g. Information related to other operating expenses:

	31 December 2014	31 December 2013
Personnel Expenses	108.613	94.286
Reserve For Employee Termination Benefits(*)	2.664	1.881
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	6.273	6.571
Impairment Expenses of Intangible Assets	-	-
Amortisation Expenses of Intangible Assets	4.325	3.696
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	234	292
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	66.471	59.714
Operational Lease Expenses	21.368	17.061
Maintenance Expenses	950	978
Advertising Expenses	581	3.833
Other Expense	43.572	37.842
Loss on Sales of Assets	187	8
Other	16.310	15.938
Total	205.077	182.386

(*) As of 31 December 2014, the employee vacation fee provision is TL 160 (31 December 2013: TL 35).

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

The Bank has no discontinued operations. The Bank's net in profit before taxes from continuing operations is TL 10.647.

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

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

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

As of 31 December 2014, the Bank has no current tax expense amounting and deferred tax expense amounting to TL 3.838.

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

The Bank has TL 1.501 from temporary differences income and TL 207 tax income from carried financial loss, TL 5.546 deferred tax expense from closed temporary differences amounting to net TL 3.838 deferred tax expense.

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

As of 31 December 2014, the Bank has TL 4.045 tax expense arising from temporary differences and TL 207 deferred tax income from carried financial loss.

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

The Bank 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:

None.

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

None.

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Information on other income and expenses:

As of 31 December 2014, the Bank's fee and commission income amounts to TL 30.621 (31 December 2013: TL 18.963) and TL 19.864 (31 December 2013: TL 8.161) the related amount is classified under "Other fee and commission income" account.

	31 December 2014	31 December 2013
Other Fee and Commissions Received		
Credit Card and POS Transaction Commission	9.352	2.345
Account Operating Fees	1.512	1.135
Insurance Commissions	1.420	1.267
Transfer Commissions	1.253	1.010
Commissions from Correspondent Banks	463	399
Commissions on Investment Fund Services	152	393
Ortak Nokta Commissions	105	122
Letter of Credit Commissions	21	20
Other	5.586	1.470
Total	19.864	8.161

As of 31 September 2014, Bank's fee and commission expense amounts to TL 11.275 (31 December 2013: TL 4.811) and TL 11.244 (31 December 2013: TL 4.804) of the related amount is classified under "Other fee and commission expense" account.

	31 December 2014	31 December 2013
Other Fee and Commissions Given		
Credit Card Transaction Commission	9.102	2.881
EFT Commissions	556	470
Commissions Granted to Correspondent Banks	482	438
Ortak Nokta Commissions	241	401
Transfer Commissions	140	104
Other	723	510
Total	11.244	4.804

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

There is no change in Bank's partnership structure in 2014.

b. Information on distribution of profit:

According to the General Assembly meeting decision on 31 March 2014, the loss of 2013 amounting to TL 40.995 has been allocated to extraordinary reserves.

c. Information on capital increase:

Capital of the Bank has been increased to 900.000 TL by 110.000 TL on November 3,2014 and 220.000 TL on December 15,2014.

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 2014		31 December 2013	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	795	365	(4.414)	-
Foreign Currency Difference	-	-	-	-
Total	795	365	(4.414)	-

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

The reversal from revaluation reserve to their fair value for immovables amounting to TL 9.195 net of tax (31 December 2013: TL 275) is accounted under "Revaluation differences of tangible assets and intangible assets".

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. EXPLANATIONS AND NOTES RELATED TO 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 2014	31 December 2013
Cash	263.672	247.965
Cash, Foreign Currency and Other	31.317	24.694
Demand Deposits in Banks	232.355	223.271
Cash Equivalents	45.763	336.537
Interbank Money Market	-	133.000
Time Deposits in Bank	45.763	203.537
Total Cash and Cash Equivalents	309.435	584.502

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 2014	31 December 2013
Cash	393.691	263.672
Cash, Foreign Currency and Other	30.159	31.317
Demand Deposits in Banks	363.532	232.355
Cash Equivalents	109.062	45.763
Interbank Money Market	-	-
Time Deposits in Bank	109.062	45.763
Total Cash and Cash Equivalents	502.753	309.435

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 negative TL 176.381 TL (31 December 2013: negative TL 242.173) 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 TL 359.855 (31 December 2013: TL 6.785) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2014, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately positive TL 2.407 (31 December 2013: negative TL 483).

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP

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

Prior period financial information is presented as at 31 December 2013 for balance sheet and income statements items.

1. 31 December 2014:

Banks' Risk Group (*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	16.409	18.786	-	126	13.267	892
Balance at the End of the Period	2.166	18.079	-	-	24	26.972
Interest and Commission Income Received	818	33	-	-	1.237	-

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

2. 31 December 2013:

Banks' Risk Group (*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	12.239	-	-	21	-
Balance at the End of the Period	16.409	18.786	-	126	13.267	892
Interest and Commission Income Received	87	28	-	-	32	2

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

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

Banks' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	20.798	75.261	576	445	8.812	3.376
End of the Period	25.708	20.798	21.433	576	13.257	8.812
Interest Expense on Deposits	815	1.913	30	25	412	420

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

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

Banks' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Repurchase Transactions						
Beginning of the Period	3.310	-	-	-	-	108
End of the Period	-	3.310	-	-	-	-
Interest Expense on Repurchase Transactions	230	75	-	-	-	2

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

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

Banks' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for trading purposes						
Beginning of the Period	16.724	3.577	-	-	-	-
Balance at the end of the period	19.779	16.724	-	-	-	-
Total Profit/Loss	(945)	42	-	-	-	-
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

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

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

The Bank 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	932.918	55,90
Deposit	60.398	1,13
Non-cash loans	45.051	3,78
Loans	2.190	0,03
Banks and Other Institutions	85	0,07

As of 31 December 2014, the Bank has realized interest expense amounting to TL 27.743 (31 December 2013: TL 13.268) on loans borrowed from the direct shareholders of the Bank.

As of 31 December 2014, the Bank has realized dividend profit amounting to TL 5.201 from it's subsidiary company Burgan Finansal Kiralama A.Ş.

3. Equity accounting transactions: None.

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

The Bank, has financial leasing agreements with Burgan Finansal Kiralama A.Ş. As of 31 December 2014, there are no financial leasing payables arising from these agreements (31 December 2013: TL 659). The interest expense amount paid for the related financial leasing agreements amounts to TL 12 (31 December 2013: 9 TL).

According to the Joint Expense Sharing Agreement with the Bank and its subsidiaries; the Bank has TL 188 (31 December 2013: TL 62) from Burgan Finansal Kiralama A.Ş., and TL 284 (31 December 2013: TL 150) from Burgan Yatırım Menkul Değerler A.Ş. as other operating income.

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Bank's risk group and the amount composes 0,62% (31 December 2013: 0,83%) of the Bank's total cash and non-cash loans.

As of 31 December 2014 there are no purchase-sales transactions on any assets including real - estate with the risk group consisting the Bank.

As of 31 December 2014 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Bank is included.

c. Information on benefits provided to top management:

Top management of the Bank is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, totals TL 12.271 (31 December 2013: TL 13.617) which include total gross salary, travel, meal, health, life insurance and other expenses.

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

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

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

	Number	Employee number			
Domestic Branch	58	1.046			
			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

In the Bank's Board of Directors meeting dated February 24, 2015 it has been decided to incorporate Burgan Faktoring A.Ş. trade named company with total TL 20.000.000 worth capital in cash in order to operate in factoring activities and authorize head office obtaining the necessary permissions for the incorporation of the company in question and for the preparation of the Articles of Association of the said Company as well as other all works and transactions required.

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

BURGAN BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2014

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS RELATED TO BANK'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON AUDIT REPORT

I. EXPLANATIONS ON AUDIT REPORT

The unconsolidated financial statements as of 31 December 2014 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young Global Limited) and the auditor's report dated March 6, 2015 has been presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 31 DECEMBER 2014**

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish, (See Note 3.I)

To the Board of Directors of Burgan Bank Anonim Şirketi:

We have audited the consolidated balance sheet of Burgan Bank A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") at December 31, 2014 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows, consolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes

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

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error and selecting and applying appropriate accounting policies.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these consolidated financial statements based on our audit. Our audit has been performed 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 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.

Independent Auditors' 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 2014 and the results of its operations and its cash flows for the year 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, circulars, communiqués and interpretations published by the BRSA on accounting and financial reporting principles.

Other Issue

The consolidated financial statements of the Bank and its consolidated subsidiaries as of and for the year ended December 31, 2013 prepared in accordance with the prevailing accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411 were audited by another independent audit firm, who expressed an unqualified opinion in their report dated March 14, 2014.

Report on other responsibilities arising from regulatory requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) no 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities for the period January 1 – December 31, 2014 are not in compliance with the code and provisions of the Bank’s articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional paragraph for convenience translation to English

As explained in detail in Note I.Three 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.

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

Fatma Ebru Yücel
Partner, SMMM

6 March 2015
Istanbul, Turkey

**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 2014**

Address : Esentepe Mahallesi, Büyükdere Caddesi, Tekfen Tower No:209 34394 Şişli/İstanbul
Telephone : 0 212 371 37 37
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The consolidated nine months financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.

- **Section One** GENERAL INFORMATION ABOUT THE GROUP
- **Section Two** CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP
- **Section Three** EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP
- **Section Five** EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** OTHER EXPLANATIONS
- **Section Seven** EXPLANATIONS ON AUDIT 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 audited.

06 March 2015

Mehmet N. ERTEN
Chairman of the
Board of Directors

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

Tuba Onay ERGELEN
Finance Group Head

Ahmet CIĞA
Head of Accounting,
Tax, and
Reporting Unit

Halis Murat ECE
Head of the Audit Committee

Adrian Alejandro
GOSTUSKI
Member of the Audit
Committee

Osama T. AL GHOSSEIN
Member of the Audit
Committee

Mr. Osama T. Al Ghousein, Member of Audit Committee, was not be able to signed due to his illness.

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

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(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:

In 2014, the registered capital system has expired, and registered capital ceiling is one billion TL. There are no changes to the Bank's shareholder structure.

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

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Mehmet Nazmi Erten	Chairman of Board of Directors	Undergraduate
Board of Directors Members:	Faisal M.A. Al Radwan	Vice President	Undergraduate
	Eduardo Eguren Linsen	Member	Undergraduate
	Majed E.A.A. Al Ajeel	Member	Graduate
	Adrian Alejandro Gostuski	Member	Graduate
	Mehmet Alev Göçmez	Member	Graduate
	Halis Murat Ece	Member	Undergraduate
	Osama T. Al Ghoussein	Member	Undergraduate
	Ali Murat Dinç	Member and General Manager	Graduate
General Manager:	Ali Murat Dinç	Member and General Manager	Graduate
Vice General Managers:	Robbert J. R. Voogt	Operation, IT and Private Banking Senior Vice General Manager	Undergraduate
	Esra Aydın	Operations	Undergraduate
	Mutlu Akpara	Treasury	Graduate
	Hüseyin Cem Öge	Corporate Banking	Graduate
	Cihan Vural	Internal Systems	Undergraduate
	Soner Ersoy	Information Technology	Undergraduate
	Rasim Leven Ergin	Human Resources	Graduate
	Emine Pınar Kuriş	Retail Banking	PHD
	Suat Kerem Sözügüzel	Commercial Banking	Undergraduate
	Hasan Hüseyin Uyar	Loans	Graduate
	Tuba Onay Ergelen	Finance Group Head	Undergraduate
Audit Committee:	Halis Murat Ece	Committee President	Undergraduate
	Adrian Alejandro Gostuski	Member	Graduate
	Osama T. Al Ghoussein	Member	Undergraduate

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 2014

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

GENERAL INFORMATION (Continued)

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

Name/Commercial title	Share Amounts	Share percentage	Paid-in Capital	Unpaid portion
Burgan Bank S.A.K.	893.324	%99,26	%99,26	-

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

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

As of 31 December 2014, the Parent Bank has 58 branches operating in Turkey (31 December 2013: 60). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2014, the Group has 1.214 (31 December 2013: 1.124) employees.

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

None.

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

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

**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 2014 AND 31 DECEMBER 2013**

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

I. BALANCE SHEET	Note (Section Five)	(31/12/2014)			(31/12/2013)		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. CASH AND BALANCES WITH CENTRAL BANK	I-a	242.111	530.757	772.868	165.906	354.748	520.654
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	133.525	45.732	179.257	181.274	78.633	259.907
2.1 Trading Financial Assets		133.525	45.732	179.257	181.274	78.633	259.907
2.1.1 Government Debt Securities		58.692	278	58.970	89.451	226	89.677
2.1.2 Share Certificates		19.664	-	19.664	5.940	-	5.940
2.1.3 Trading Derivative Financial Assets		52.673	45.454	98.127	83.462	78.407	161.869
2.1.4 Other Marketable Securities		2.496	-	2.496	2.421	-	2.421
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	72.256	54.192	126.448	21.178	41.783	62.961
IV. MONEY MARKETS		141.155	-	141.155	21.691	-	21.691
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		90.142	-	90.142	21.691	-	21.691
4.3 Receivables from Reverse Repurchase Agreements		51.013	-	51.013	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	679.245	46.014	725.259	858.254	-	858.254
5.1 Share Certificates		11.775	-	11.775	6.648	-	6.648
5.2 Government Debt Securities		667.470	-	667.470	851.606	-	851.606
5.3 Other Marketable Securities		-	46.014	46.014	-	-	-
VI. LOANS	I-e	3.591.466	2.909.863	6.501.329	2.610.780	2.012.185	4.622.965
6.1 Loans		3.521.782	2.909.863	6.431.645	2.554.658	2.012.185	4.566.843
6.1.1 Loans to Bank's Risk Group		24	-	24	38	13.229	13.267
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		3.521.758	2.909.863	6.431.621	2.554.620	1.998.956	4.553.576
6.2 Loans under Follow-up		145.619	-	145.619	120.474	-	120.474
6.3 Specific Provisions (-)		75.935	-	75.935	64.352	-	64.352
VII. FACTORING RECEIVABLES	I-e	16.849	1.077	17.926	179.325	4.544	183.869
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-f	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-g	-	-	-	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	I-h	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	I-i	-	-	-	-	-	-
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-j	124.328	571.469	695.797	47.664	387.362	435.026
12.1 Financial Lease Receivables		166.221	670.521	836.742	55.360	438.409	493.769
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		41.893	99.052	140.945	7.696	51.047	58.743
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	39.194	-	39.194	26.986	-	26.986
XV. INTANGIBLE ASSETS (Net)	I-m	45.543	-	45.543	26.379	-	26.379
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		45.543	-	45.543	26.379	-	26.379
XVI. INVESTMENT PROPERTY (Net)	I-n	-	-	-	-	-	-
XVII. TAX ASSET	I-o	23.129	-	23.129	25.164	-	25.164
17.1 Current Tax Asset		5.941	-	5.941	179	-	179
17.2 Deferred Tax Asset		17.188	-	17.188	24.985	-	24.985
XVIII. ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-p	10.947	-	10.947	14.003	-	14.003
18.1 Held for Resale		10.947	-	10.947	14.003	-	14.003
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-r	90.992	117.415	208.407	65.077	181.421	246.498
TOTAL ASSETS		5.210.740	4.276.519	9.487.259	4.243.681	3.060.676	7.304.357

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 2014 AND 31 DECEMBER 2013**

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

I. BALANCE SHEET	Note (Section Five)	(31/12/2014)			(31/12/2013)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	2.164.526	3.174.887	5.339.413	1.366.471	2.041.426	3.407.897
1.1 Deposits of Bank’s Risk Group		4.843	29.847	34.690	3.195	6.193	9.388
1.2 Other		2.159.683	3.145.040	5.304.723	1.363.276	2.035.233	3.398.509
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	18.267	36.675	54.942	18.063	109.162	127.225
III. BORROWINGS	II-c	158.579	1.762.087	1.920.666	76.743	1.674.699	1.751.442
IV. MONEY MARKETS		462.102		462.102	790.110		790.110
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		138.143	-	138.143	53.310	-	53.310
4.3 Funds Provided Under Repurchase Agreements		323.959	-	323.959	736.800	-	736.800
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		94.416	74.041	168.457	54.494	60.103	114.597
VIII. OTHER LIABILITIES	II-d	90.566	4.165	94.731	65.119	3.655	68.774
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	70.224	55.002	125.226	60.414	58.129	118.543
12.1 General Loan Loss Provision		39.183	25.476	64.659	32.180	15.942	48.122
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		24.445	-	24.445	18.211	-	18.211
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		6.596	29.526	36.122	10.023	42.187	52.210
XIII. TAX LIABILITY	II-h	18.737		18.737	14.074		14.074
13.1 Current Tax Liability		18.737	-	18.737	14.074	-	14.074
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		349.959	349.959		320.478	320.478
XVI. SHAREHOLDERS’ EQUITY	II-k	952.661	365	953.026	591.217		591.217
16.1 Paid-in Capital		900.000	-	900.000	570.000	-	570.000
16.2 Capital Reserves		11.490	365	11.855	(2.130)	-	(2.130)
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Reserve		795	365	1.160	(4.414)	-	(4.414)
16.2.4 Tangible Assets Revaluation Reserve		13.187	-	13.187	3.992	-	3.992
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		(2.492)	-	(2.492)	(1.708)	-	(1.708)
16.3 Profit Reserves(*)		69.632	-	69.632	107.272	-	107.272
16.3.1 Legal Reserves		18.397	-	18.397	18.099	-	18.099
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		51.235	-	51.235	89.173	-	89.173
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		(28.461)	-	(28.461)	(83.925)	-	(83.925)
16.4.1 Prior Years’ Income or (Loss)		(46.285)	-	(46.285)	(30.228)	-	(30.228)
16.4.2 Current Year Income or (Loss)(*)		17.824	-	17.824	(53.697)	-	(53.697)
16.5 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		4.030.078	5.457.181	9.487.259	3.036.705	4.267.652	7.304.357

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 2014 AND 31 DECEMBER 2013**

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

II. OFF-BALANCE SHEET	Note (Section Five)	(31/12/2014)			(31/12/2013)		
		TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		3.569.531	8.572.726	12.142.257	4.151.649	8.882.984	13.034.633
I. GUARANTEES AND WARRANTIES	III-a-2-3	536.481	654.271	1.190.752	574.140	612.481	1.186.621
1.1 Letters of Guarantee		534.698	379.343	914.041	573.287	197.876	771.163
1.1.1 Guarantees Subject to State Tender Law		10.633	18.957	29.590	10.202	20.787	30.989
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		524.065	360.386	884.451	563.085	177.089	740.174
1.2 Bank Acceptances		1.570	67.643	69.213	425	89.087	89.512
1.2.1 Import Letter of Acceptance		1.570	67.643	69.213	425	89.087	89.512
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	176.485	176.485	-	257.308	257.308
1.3.1 Documentary Letters of Credit		-	176.485	176.485	-	257.308	257.308
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		213	-	213	428	324	752
1.8 Other Guarantees		-	30.800	30.800	-	67.886	67.886
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-a-1	543.124	214.504	757.628	411.658	16.229	427.887
2.1 Irrevocable Commitments		543.124	214.504	757.628	411.658	16.229	427.887
2.1.1 Asset Purchase and Sales Commitments		50.147	214.504	264.651	6.429	16.229	22.658
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Commitments for Loan Limits		152.030	-	152.030	84.629	-	84.629
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		301.592	-	301.592	278.991	-	278.991
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	18	-	18
2.1.9 Commitments for Credit Card Limits		37.353	-	37.353	41.413	-	41.413
2.1.10 Promotion Commitments for Credit Cards and Banking Services		2	-	2	-	-	-
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		2.000	-	2.000	178	-	178
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		2.489.926	7.703.951	10.193.877	3.165.851	8.254.274	11.420.125
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		2.489.926	7.703.951	10.193.877	3.165.851	8.254.274	11.420.125
3.2.1 Forward Foreign Currency Buy/Sell Transactions		265.022	621.522	886.544	324.928	1.024.215	1.349.143
3.2.1.1 Forward Foreign Currency Transactions-Buy		77.789	359.376	437.165	27.832	655.192	683.024
3.2.1.2 Forward Foreign Currency Transactions-Sell		187.233	262.146	449.379	297.096	369.023	666.119
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		1.372.395	5.673.530	7.045.925	419.893	3.137.611	3.557.504
3.2.2.1 Foreign Currency Swap-Buy		438.212	1.417.669	1.855.881	108.245	894.103	1.002.348
3.2.2.2 Foreign Currency Swap-Sell		932.859	874.897	1.807.756	294.424	702.736	997.160
3.2.2.3 Interest Rate Swap-Buy		662	1.690.482	1.691.144	8.612	770.386	778.998
3.2.2.4 Interest Rate Swap-Sell		662	1.690.482	1.691.144	8.612	770.386	778.998
3.2.3 Foreign Currency, Interest rate and Securities Options		814.682	1.408.899	2.223.581	2.420.981	4.092.448	6.513.429
3.2.3.1 Foreign Currency Options-Buy		443.249	670.452	1.113.701	1.210.495	2.030.983	3.241.478
3.2.3.2 Foreign Currency Options-Sell		371.433	733.855	1.105.288	1.210.486	2.030.983	3.241.469
3.2.3.3 Interest Rate Options-Buy		-	2.296	2.296	-	15.241	15.241
3.2.3.4 Interest Rate Options-Sell		-	2.296	2.296	-	15.241	15.241
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		37.827	-	37.827	49	-	49
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		20.253.843	10.549.491	30.803.334	14.531.074	9.426.168	23.957.242
IV. ITEMS HELD IN CUSTODY		2.294.203	228.481	2.522.684	2.412.428	247.481	2.659.909
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		667.745	8.820	676.565	1.162.104	4.629	1.166.733
4.3 Cheques Received for Collection		1.446.374	199.132	1.645.506	1.143.680	182.901	1.326.581
4.4 Commercial Notes Received for Collection		156.238	20.529	176.767	90.045	23.340	113.385
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		23.846	-	23.846	16.599	36.611	53.210
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		17.957.390	10.311.702	28.269.092	12.118.646	9.178.687	21.297.333
5.1 Marketable Securities		28.235	-	28.235	1.043	-	1.043
5.2 Guarantee Notes		13.902.377	7.330.701	21.233.078	9.720.771	7.201.557	16.922.328
5.3 Commodity		326.956	18.119	345.075	176.920	104.413	281.333
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		3.406.143	2.526.660	5.932.803	1.945.733	1.610.462	3.556.195
5.6 Other Pledged Items		293.679	436.222	729.901	274.179	262.255	536.434
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		2.250	9.308	11.558	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		23.823.374	19.122.217	42.945.591	18.682.723	18.309.152	36.991.875

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

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

BURGAN BANK A.Ş.

**CONSOLIDATED INCOME STATEMENT AS AT
31 DECEMBER 2014 AND 31 DECEMBER 2013**

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

III.	INCOME STATEMENT	Note (Section Five)	01/01/2014- 31/12/2014	01/01/2013- 31/12/2013
	INCOME AND EXPENSE ITEMS			
I.	INTEREST INCOME	IV-a	674.020	441.162
1.1	Interest on Loans		511.497	318.251
1.2	Interest Received from Reserve Requirements		561	-
1.3	Interest Received from Banks		1.146	625
1.4	Interest Received from Money Market Transactions		4.158	2.742
1.5	Interest Received from Marketable Securities Portfolio		65.763	63.440
1.5.1	Trading Financial Assets		3.381	10.492
1.5.2	Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		62.382	52.948
1.5.4	Held-to-maturity Investments		-	-
1.6	Financial Lease Income		41.547	24.290
1.7	Other Interest Income		49.348	31.814
II.	INTEREST EXPENSE (-)	IV-b	426.553	256.882
2.1	Interest on Deposits (-)		236.506	165.405
2.2	Interest on Funds Borrowed (-)		68.146	31.293
2.3	Interest Expense on Money Market Transactions (-)		38.673	24.213
2.4	Interest on Securities Issued (-)		-	-
2.5	Other Interest Expenses (-)		83.228	35.971
III.	NET INTEREST INCOME (I - II)		247.467	184.280
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	IV-j	56.692	30.031
4.1	Fees and Commissions Received		73.407	36.637
4.1.1	Non-cash Loans		10.724	10.774
4.1.2	Other	IV-l	62.683	25.863
4.2	Fees and Commissions Paid (-)		16.715	6.606
4.2.1	Non-cash Loans (-)		512	175
4.2.2	Other (-)	IV-l	16.203	6.431
V.	DIVIDEND INCOME	IV-c	703	488
VI.	TRADING INCOME / (LOSS) (Net)	IV-d	36.301	27.542
6.1	Trading Gains/(Losses) on Securities		9.006	5.457
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		2.448	24.089
6.3	Foreign Exchange Gains/(Losses)		24.847	(2.004)
VII.	OTHER OPERATING INCOME	IV-e	13.474	11.490
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		354.637	253.831
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-f	71.069	94.812
X.	OTHER OPERATING EXPENSES (-)(*)	IV-g	258.246	221.988
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		25.322	(62.969)
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	25.322	(62.969)
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-i	7.498	(9.272)
16.1	Current Tax Provision (-)		3.198	2.331
16.2	Deferred Tax Provision (-)		4.300	(11.603)
XVII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV- XVI)		17.824	(53.697)
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	17.824	(53.697)
	Earnings / (Loss) per share (1.000 nominal in TL full)		0,298	(0,942)

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

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

BURGAN BANK A.Ş.

**CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN
EQUITY FOR THE 31 DECEMBER 2014 AND 31 DECEMBER 2013**

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		
INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	31/12/2014	31/12/2013
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	6.968	(18.249)
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	11.494	344
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	(980)	115
IX. DEFERRED TAX ON VALUATION DIFFERENCES	(3.497)	3.581
X. NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	13.985	(14.209)
XI. CURRENT PERIOD INCOME/LOSS	17.824	(53.697)
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	(499)	(2.007)
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	18.323	(51.690)
XII. TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	31.809	(67.906)

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

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

BURGAN BANK A.Ş.

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
PREVIOUS PERIOD 31/12/2013	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	-	-	-	17.862	-	89.398	(1.772)	(33.752)	3.536	10.185	3.717	-	-	-	659.174	-	659.174
II. Adjustments according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Adjustments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Beginning Balance(I+II)		570.000	-	-	-	17.862	-	89.398	(1.772)	(33.752)	3.536	10.185	3.717	-	-	-	659.174	-	659.174
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences	(V-d)	-	-	-	-	-	-	-	-	-	-	(14.599)	-	-	-	-	(14.599)	-	(14.599)
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets	(V-e)	-	-	-	-	-	-	-	-	-	-	-	275	-	-	-	275	-	275
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	(V-c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other(*)		-	-	-	-	-	-	-	64	-	-	-	-	-	-	-	64	-	64
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	(53.697)	-	-	-	-	-	-	(53.697)	-	(53.697)
XVIII. Profit Distribution		-	-	-	-	237	-	(225)	-	33.752	(33.764)	-	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	237	-	(225)	-	33.752	(33.764)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+... +XVIII)		570.000	-	-	-	18.099	-	89.173	(1.708)	(53.697)	(30.228)	(4.414)	3.992	-	-	-	591.217	-	591.217

(*) The classification mentioned in the 3rd part XXVIII numbered note has been restructured in prior year statement of income.

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

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

BURGAN BANK A.Ş.

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
CURRENT PERIOD 31/12/2014	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	-	-	-	18.099	-	89.173	(1.708)	(53.697)	(30.228)	(4.414)	3.992	-	-	-	591.217	-	591.217
II. Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Marketable Securities Valuation Differences	(V-d)	-	-	-	-	-	-	-	-	-	-	5.574	-	-	-	-	5.574	-	5.574
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets	(V-e)	-	-	-	-	-	-	-	-	-	-	-	9.195	-	-	-	9.195	-	9.195
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	(V-c)	330.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330.000	-	330.000
12.1 Cash		330.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330.000	-	330.000
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	(784)	-	-	-	-	-	-	-	(784)	-	(784)
XVII. Current Year Income or Loss		-	-	-	-	-	-	-	-	17.824	-	-	-	-	-	-	17.824	-	17.824
XVIII. Profit Distribution		-	-	-	-	298	-	(37.938)	-	53.697	(16.057)	-	-	-	-	-	-	-	-
18.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to Reserves		-	-	-	-	298	-	(37.938)	-	53.697	(16.057)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+... +XVIII)		900.000	-	-	-	18.397	-	51.235	(2.492)	17.824	(46.285)	1.160	13.187	-	-	-	953.026	-	953.026

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

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

BURGAN BANK A.Ş.

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
31 DECEMBER 2014 AND 31 DECEMBER 2013**

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

VI. STATEMENT OF CASH FLOWS	Dipnot	(31/12/2014)	(31/12/2013)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		58.813	(188.918)
1.1.1 Interest received		681.234	364.866
1.1.2 Interest paid		(412.668)	(254.084)
1.1.3 Dividend received		703	488
1.1.4 Fees and commissions received		63.351	30.032
1.1.5 Other income		-	-
1.1.6 Collections from previously written-off loans and other receivables		57.819	36.978
1.1.7 Payments to personnel and service suppliers		(140.613)	(85.891)
1.1.8 Taxes paid		(5.941)	-
1.1.9 Other	VI-b	(185.072)	(281.307)
1.2 Changes in operating assets and liabilities		(206.996)	559.537
1.2.1 Net (increase)/decrease in trading securities		17.371	(12.105)
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net increase/(decrease) in due from banks		(133.115)	-
1.2.4 Net (increase)/decrease in loans		(1.932.875)	(1.815.713)
1.2.5 Net (increase)/decrease in other assets		(30.701)	(184.568)
1.2.6 Net (increase)/decrease in bank deposits		(16.725)	150.997
1.2.7 Net increase/(decrease) in other deposits		1.939.005	68.591
1.2.8 Net increase/(decrease) in funds borrowed		194.056	2.328.495
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities	VI-b	(244.012)	23.840
I. Net cash provided from banking operations		(148.183)	370.619
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		117.531	(630.980)
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		(34.525)	(13.182)
2.4 Disposals of property and equipment		(5.020)	3.278
2.5 Cash paid for purchase of investments available-for-sale		(363.311)	(621.076)
2.6 Cash obtained from sale of investments available-for-sale		520.387	-
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		330.000	-
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		330.000	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		2.407	(483)
V. Net (increase)/decrease in cash and cash equivalents (I+II+III+IV)		301.755	(260.844)
VI. Cash and cash equivalents at beginning of the period		331.395	592.239
VII. Cash and cash equivalents at end of the period		633.150	331.395

(* According to the Bank's Board meeting decision dated 22 October 2014 ; The issued capital of the Bank will be increased from 570.000 thousand TL to 900.000 TL within the upper limit of registered capital. 1/3 of the capital increase amounting to TL 330.000 thousand was performed on November 3, 2014 and the remaining 2/3 was performed on December 15, 2014.

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

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

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
31 DECEMBER 2014 AND 31 DECEMBER 2013**

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

VII. PROFIT APPROPRIATION STATEMENT	(31/12/2014)(*)	(31/12/2013)(**)
I. DISTRIBUTION OF CURRENT YEAR INCOME(***)		
1.1 CURRENT YEAR INCOME	10.647	(49.862)
1.2 TAXES AND DUTIES PAYABLE (-)	3.838	(8.867)
1.2.1 Corporate Tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	3.838	(8.867)
A. NET INCOME FOR THE YEAR (1.1-1.2)	6.809	(40.995)
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)) (*)]		(40.995)
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 Shares	-	-
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	-	(40.995)
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.

(**) Contains "Profit Appropriation Statement" approved by Bank's General Assembly held on 31 March 2014.

(***) Profit appropriation is being done according to unconsolidated financial statements of The Parent Bank.

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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

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

The Group prepares financial statements and notes according to Regulation Principles and Procedures on Banks' Accounting Practice and Keeping Documents, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and annexes and comments (collectively "Turkish Accounting Standards" or "TAS") implemented by the the Public Oversight Auditing and Accounting Standards Authority (POA), other regulations, communiqués and circulars in respect of accounting and financial reporting promulgated by the Banking Regulatory and Supervision Agency (BRSA), announcements by BRSA, Turkish Commercial Code and Tax Legislation.

The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 28337 dated 28 June 2012 and changes in the related communiqué.

The consolidated financial statements have been prepared in 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, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The amendments of TAS and TFRS which have entered into force as of 1 January 2014 have no material impact on the the Group's accounting policies, financial position and performance. The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, which have been published as of reporting date but have not been effective yet, have no impact on the accounting policies, financial condition and performance of the Group. Group assesses the impact of TFRS 9 Financial Instruments standard.

The accounting policies and valuation principles applied in the preparation of consolidated financial statements are determined and applied in accordance with TAS and TFRS and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2014. Those accounting policies and valuation principles are explained in Notes II to XXVIII below.

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

None.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

ACCOUNTING POLICIES (Continued)

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which these consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

The 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".

As of 31 December 2014, foreign currency denominated balances are translated into TL using the exchange rates of TL 2,3269 and TL 2,8272 and TL for USD and EURO respectively.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

ACCOUNTING POLICIES (Continued)

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

The Parent Bank has recognised an impairment on its subsidiary Burgan Yatırım Menkul Değerler A.Ş. amounting to TL 54.117 based on the assessment done as of 31 December 2013 and TL 54.117 of this amount has been recorded under current period’s profit/loss.

The Group has no joint ventures or investment in associates as of 31 December 2014 and 31 December 2013.

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

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

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

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.

“Financial assets at fair value through profit or loss” are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account “Financial assets at fair value through profit or loss” in “Trading derivative financial instruments” and if the fair value difference is negative, it is disclosed under “Trading derivative financial liabilities”. Differences in the fair value of trading derivative instruments are accounted under “Trading income/loss” in the income statement.

The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models. Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts from their contractual values.

Embedded derivatives are separated from the host contract and accounted for as a derivative under TAS 39 if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. When the host contract and embedded derivative are closely related, embedded derivatives are not separated from the host contract and are accounted according to the standard applied to the host contract.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

ACCOUNTING POLICIES (Continued)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognized in the income statement on an accrual basis by using the effective interest method.

The Group ceases accruing interest income on non-performing loans and, any interest income accruals from such loans are being reversed and no income is accounted until the collection is made according to the related regulation.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

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

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

ACCOUNTING POLICIES (Continued)

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

Loans and receivables are 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.

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.

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ACCOUNTING POLICIES (Continued)

d. Available-for-sale financial assets:

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

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

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

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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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 as of 31 December 2014.

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ACCOUNTING POLICIES (Continued)

b. Other intangible assets

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

Buildings	2%
Movables, Movables Acquired by Financial Leasing	5-50%

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the "lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset. Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "Provision for value decrease" is recognized. Liabilities arising from the leasing transactions are included in "Financial Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Group realizes financial leasing transactions in the capacity of "lessor" by means of Burgan Finansal Kiralama A.Ş. which is the consolidated subsidiary of the Group. The asset subject to financial leasing is disclosed as net financial leasing receivable in the balance sheet. The interest income is determined in a way to form a fixed revenue return ratio using net investment method related to leased asset of the lessor, and the portion of interest income which does not take part in the related term is followed under unearned interest income account.

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

The Group provides specific provisions for lease receivables based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining Provisions for Financial Lease Receivables, Factoring Receivables and Receivables of Financing Companies" published in the Official Gazette No. 26588 dated 20 July 2007 and changes in the related communiqué.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

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

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

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XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under "Reserve for Employee Rights" account in the balance sheet.

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

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

XVIII. EXPLANATIONS ON TAXATION :

a. Current tax:

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% for 2014 (2013: 20%). The corporate tax rate is calculated on the total income after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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

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

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

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b. Deferred tax:

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

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements for the Parent Bank and for each consolidated subsidiary separately.

XIX. EXPLANATIONS ON BORROWINGS:

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 2014 and 31 December 2013, 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 2014	31 December 2013
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	17.824	(53.697)
Weighted Average Number of Issued Ordinary Shares (Thousand)	59.802.740	57.000.000
Earnings Per Ordinary Shares (Disclosed in full TL)	0,298	(0,942)

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, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

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

XXVIII. RECLASSIFICATIONS:

Reclassifications have been made on 31 December 2013 consolidated statement of income and expense items accounted in equity to conform to changes in presentation of 31 December 2014 consolidated financial statements.

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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 2014, the consolidated capital adequacy ratio of the Group is 16,12% (31 December 2013: 13,70%) which satisfies the requirement of being above the minimum ratio of stated in the related legislation.

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

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

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.

c. Information related to consolidated capital adequacy ratio:

31 December 2014	Risk Weights								Risk Weights							
	Bank								Consolidated							
	%0	%20	%50	%75	%100	%150	%200	%250	%0	%20	%50	%75	%100	%150	%200	%250
Surplus credit risk weighted	1.974.227	278.223	1.512.001	602.474	5.136.501	27.538	51.147	-	1.972.430	278.223	1.610.655	635.977	5.667.252	27.585	51.147	-
Risk classifications:																
Claims on sovereigns and Central Banks	1.448.519	-	-	-	117.890	-	-	-	1.456.566	-	-	-	117.890	-	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	6	-	-	-	-	-	-	-	6	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	235.655	120.172	96.597	-	64.408	-	-	-	225.489	120.172	189.306	-	64.514	2	-	-
Claims on corporates	232.669	151.153	49.933	-	4.032.871	3.264	-	-	232.984	151.153	49.933	-	4.716.003	3.264	-	-
Claims included in the regulatory retail portfolios	13.786	4.699	-	602.474	2.407	-	-	-	13.786	4.699	-	635.977	2.409	-	-	-
Claims secured by residential property	11.333	1.448	1.360.177	-	488.842	-	-	-	11.333	1.448	1.365.957	-	490.400	-	-	-
Past due loans	43	-	5.294	-	58.041	3.532	-	-	43	-	5.459	-	60.605	3.577	-	-
Higher risk categories decided by the Board	2.036	751	-	-	-	20.742	51.147	-	2.036	751	-	-	-	20.742	51.147	-
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	30.186	-	-	-	372.036	-	-	-	30.193	-	-	-	215.425	-	-	-

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d. Summary information about consolidated capital adequacy ratio:

	Parent Bank		Consolidated	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Amount subject to credit risk (ASCR)	523.488	414.577	571.910	451.300
Amount subject to market risk (ASMR)	10.622	19.282	17.282	21.620
Amount subject to operational risk (ASOR)	29.978	21.829	35.877	26.202
Shareholders' equity	1.251.127	853.691	1.259.575	854.743
Shareholders' equity/((ASCR+ASMR+ASOR)	17,74	14,99	16,12	13,70
Core Capital/((ASCR+ASMR+ASOR) *12,5*100)	12,57		11,45	
Seed Capital/((ASCR+ASMR+ASOR)*12,5*100)	13,10		11,99	

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e. Information about consolidated shareholders' equity items:

CORE CAPITAL	31 December 2014
Paid-in capital following all debts in terms of claim in case of the Bank's litigation	900.000
Share premium	-
Share cancellation profits	-
Reserves	69.632
Gains recognized in equity as per TAS	14.347
Profit	17.824
Current Year Income	17.824
Prior Years Income	-
Provisions for possible risks	-
Bonus Shares from Investment in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	-
Seed Capital Before Deductions	1.001.803
Deductions From Seed Capital	-
Portion of the sum of net loss for the period and accumulated losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	48.777
Leasehold improvements (-)	5.238
Goodwill or other intangible assets and deferred tax liability related to these items (-)	8.926
Net deferred tax asset/liability (-)	1.732
Shares obtained contrary to the 4th clause of the 56th article of the Law (-)	-
Direct and indirect investments in the seed capital made by the Bank (-)	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% or more of the seed capital of the bank (-)	-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-
Portion of offering mortgage service rights exceeding 10% of the seed capital (-)	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the seed capital (-)	-
Amount exceeding 15% of the seed capital pursuant to Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Portion of the total of net long positions of investment made in seed capital elements of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-
Exceeding amount resulting from offering mortgage service rights (-)	-
Exceeding amount resulting from deferred tax assets based on temporary differences (-)	-
Other items defined by BRSA (-)	-
Amount to be discounted from the seed capital in the case that adequate additional principal capital or supplementary capital is not available (-)	-
Total Deductions From Seed Capital	64.673
Total Seed Capital	937.130
ADDITIONAL CORE CAPITAL	-
Capital amount and related premiums corresponding to preference shares that are not included to seed capital	-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2014)	-
Debt instruments and premiums deemed suitable by BRSA (issued before 1.1.2014)	-
Additional Core Capital before Deductions	-
DEDUCTIONS FROM ADDITIONAL CORE CAPITAL	-
Direct and indirect investments in the additional core capital made by the Bank (-)	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-
Other items defined by BRSA (-)	-
Amount to be discounted from the additional principal capital in the case that adequate supplementary capital is not available (-)	-
Total Deductions From Additional Core Capital	-
Total Additional Core Capital	-
DEDUCTIONS FROM CORE CAPITAL	42.630
Portion of goodwill and other intangible assets and the deferred tax liabilities related to these which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	35.704
Portion of net deferred tax assets/liabilities which is not discounted from the seed capital pursuant to paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	6.926
Total Core Capital	894.500
SUPPLEMENTARY CAPITAL	-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied after 1.1.2014)	-
Debt instruments and premiums deemed suitable by BRSA (issued/ supplied before 1.1.2014)	346.728
Sources pledged to the bank by shareholders to be used in capital increases of the bank	-
General Provisions	64.659
Third party shares in Supplementary Capital	-
Supplementary Capital Before Deductions	411.387
DEDUCTIONS FROM SUPPLEMENTARY CAPITAL	-
Direct and indirect investments in the supplementary capital made by the Bank (-)	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-
Portion of the total of net long positions of investment made in additional principal capital and supplementary capital elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank (-)	-
Other items defined by BRSA (-)	-
Total Deductions From Supplementary Capital	-
Total Supplementary Capital	411.387
CAPITAL	411.387
DEDUCTIONS FROM CAPITAL	46.312
Loans granted contrary to the 50th and 51th article of the Law (-)	-
Net book value of amounts exceeding the limit mentioned in paragraph one of article 57 of the Code and property and real property acquired by the banks because of their receivables which could not be disposed of even though five years have passed since the date of their acquisition pursuant to the same article (-)	298
Loans given to banks and financial institutions, including those established abroad, and to eligible shareholders of the bank, and investments made in the borrowing instruments exported by them (-)	46.014
Amount to be discounted from equity in accordance with paragraph two of article 20 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	-
Other items defined by BRSA (-)	-
Portion of the total of net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated exceeding 10% of the seed capital of the bank which is not discounted from the additional principal capital and supplementary capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Portion of the total of net long positions of investment made directly or indirectly in additional principal capital or supplementary capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated which is not discounted from the additional principal capital and supplementary capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Portion of the total of net long positions of investment made in seed capital elements, deferred tax assets based on temporary differences and offering mortgage service rights of banks and financial institutions, more than 10% of the shareholding interests of which is owned and which are not consolidated to be discounted from the seed capital pursuant to subparagraphs (1) and (2) of paragraph 2 of the Provisional Article 2 of the Regulation on the Equity of Banks which is not discounted from the seed capital pursuant to paragraph 1 of the Provisional Article 2 of the Regulation (-)	-
EQUITY	1.259.575
Amounts Below the Exceeding Limits in the Discount Principles	-
Amounts resulting from the net long positions of investment made in equity elements of banks and financial institutions, 10% or less of the shareholding interests of which is owned and which are not consolidated	-
Amounts resulting from the net long positions of investment made in seed capital elements of banks and financial institutions, 10% or more of the shareholding interests of which is owned and which are not consolidated	-
Amount resulting from offering mortgage service rights	-
Amount resulting from deferred tax assets based on temporary differences	23.007

(*) The subordinated loan used in the Equity account in accordance with the permission of the Banking Regulation and Supervision Agency dated December 2, 2013 possesses the nature stated in article 8 of the Regulation on the Equity of Banks which took effect on January 1, 2014. TL 2.307 thousand of this amount recognized by deduction from the subordinated loans consists of cash loans provided to the risk group in which the bank is included.

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	31 December 2013
CORE CAPITAL	
Paid-in capital	570.000
Nominal capital	570.000
Capital commitments (-)	-
Inflation adjustment to share capital	-
Share premium	-
Share cancellation profits	-
Reserves	105.564
Adjustment of reserves	-
Profit	-
Current period profit	-
Prior period profit	-
Provisions for possible risks (up to 25% of core capital)	-
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	-
Primary subordinated loans	-
Uncovered portion of loss with reserves (-)	83.924
Current period loss (-)	53.697
Prior period loss (-)	30.228
Operating Lease Development Cost (-)	5.718
Intangible assets (-)	26.379
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	559.542
SUPPLEMENTARY CAPITAL	
General provisions	48.122
45% of the movables revaluation fund	-
45% of the immovables revaluation fund	1.796
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	250.016
45% of marketable securities valuation reserve	(4.414)
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	295.520
CAPITAL	855.062
DEDUCTIONS FROM THE CAPITAL	319
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	319
Other	-
TOTAL SHAREHOLDERS' EQUITY	854.743

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Details on Subordinated Liabilities	
Issuer	Burgan Bank S.A.K.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-
Governing law(s) of the instrument	BRSA
Regulatory treatment	Supplementary Capital
Transitional Basel III rules	No
Eligible at stand-alone / consolidated	Stand Alone- Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	346.728
Par value of instrument (USD)	150.000
Accounting classification	Liability-Subordinated Loans-amortised cost
Original date of issuance	06/12/2013
Perpetual or dated	Dated
Original maturity date	10 Years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	After 5th year
Subsequent call dates, if applicable	After 5th year
Coupons / dividends	3 Months
Fixed or floating dividend/coupon	Floating dividend
Coupon rate and any related index	LIBOR+3,75
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	None
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	None
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments to be included in supplementary capital calculation but after the deposit holders and all other creditors of the Debtor.
In compliance with article number 7 and 8 of “Own fund regulation”	None
Details of incompliances with article number 7 and 8 of “Own fund regulation”	None

f. 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. There is also a risk appetite policy approved by the Board of Directors within the scope of the ISEDES. In the Internal Capital Adequacy Assessment Process, the Bank’s capital adequacy under the stress conditions is analyzed in a variety of scenarios. At the end of Internal Capital Adequacy Assessment Process, reports are reported regularly to the BRSA.

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II. EXPLANATIONS ON CREDIT RISK:

Credit risk represents the potential financial loss that the Group may incur as a result of defaults or non-fulfillment of the loan agreements obligations of counterparties.

In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the rating procedures. Main criteria are geographical and sectoral concentrations. The sectoral concentrations for loans are monitored closely in accordance with the Group’s loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored on a regular basis.

Credit rankings of borrowers that are present at loans and other accounts receivable accounts are monitored in accordance with the relevant legislation at regular intervals. Account status documents obtained for the issued credits are audited to make sure that the documents are meeting the requirements of the relevant legislation given that the cash transactions are exempted from this rule. As a result of regular monitoring of credit worthiness, credit limits have been changed when necessary. Loans and other receivables are collateralized considering the credit worthiness.

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 while the sectoral concentration has been limited. Credit limits allocated are subject to revision at least once a year. The credit worthiness of the borrowers classified as “loans and other receivables under close monitoring” are revised at least twice a year due to Procedures and Principles regarding the regulation on determination of loans and other receivables. The credit limit is controlled by the main banking system and exceeding the specified limits is prohibited. When a revision becomes due, limits for which the credit worthiness has not been reviewed are suspended (except for cash provisions).

The Group's credit policy approved by the Board of Directors is reviewed at regular intervals. In order to maintain the credit risk under control, there are additional limitations in the scope of Group credit policies apart from the Banking Law limitations. As defined in the document of credit policy, authorization of credit extension has been delegated to branches, regional directorates, the headquarters and the credit committee. Constraints on the use of these delegations;

- Collaterals, accepted as guarantees of loans issued, are clearly stated at credit policy.
- The Group does not provide loans for arms manufacturers and traders, religious organizations, gambling companies, media companies, political organizations, sport clubs and companies operating in nuclear industry. Exceptions could be evaluated by the head office.
- Credits issued to the companies founded within last two years, real estate development companies and financial institutions as well as the investment projects , cash credit guarantees and credits for covering Group’s risks and refinancing loans are evaluated by headquarters and authorized upper management.
- Derivative products’ limits cannot be allocated in Branch authorization. Foreign currency loans and counter party / external guarantees cannot be issued by branches.

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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	1.562.634	1.367.566
Claims on regional governments or local authorities	-	-
Claims on administrative bodies and other non-commercial undertakings	32	34
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	610.238	427.141
Claims on corporates	5.757.731	5.097.690
Claims included in the regulatory retail portfolios	806.781	854.951
Claims secured by residential property	1.903.742	1.315.186
Past due loans	69.684	71.065
Higher risk categories decided by the Board	74.676	61.126
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other Receivables	385.327	399.573
Total	11.170.845	9.594.332

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.

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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 52% and 62% within the total cash loan portfolio (31 December 2013: 43%, 55%).

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 35% and 49% within the total non-cash loans portfolio (31 December 2013: 35%, 50%).

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 49% and 60% within cash loans in balance sheet and non-cash loans in off-balance sheet (31 December 2013: 42%, 54%).

As of 31 December 2014, the Bank’s general provision for loans amounting to TL 64.659 (31 December 2013: TL 48.122).

a. Information on types of loans and specific provisions:

31 December 2014	Corporate	Consumer	Credit Cards	Lease Receivables	Factoring Receivables	Total
Standard Loans	6.047.470	102.942	17.271	687.677	13.893	6.869.253
Loans under close monitoring	256.861	5.908	1.193	8.120	4.033	276.115
Non-performing loans	124.798	1.425	1.035	15.745	2.616	145.619
Specific provision (-)	59.085	1.316	615	12.971	1.948	75.935
Total	6.370.044	108.959	18.884	698.571	18.594	7.215.052

31 December 2013	Corporate	Consumer	Credit Cards	Lease Receivables	Factoring Receivables	Total
Standard Loans	4.281.647	66.979	22.944	428.105	178.107	4.977.782
Loans under close monitoring	191.247	3.004	1.022	6.921	5.762	207.956
Non-performing loans	97.548	704	881	12.678	8.663	120.474
Specific provision (-)	49.168	646	666	8.878	4.994	64.352
Total	4.521.274	70.041	24.181	438.826	187.538	5.241.860

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

31 December 2014	Corporate	Consumer	Credit Cards	Lease Receivables	Factoring Receivables	Total
Past due up to 30 days	264.061	5.290	1.194	62.230	4.341	337.116
Past due 30-60 days	9.381	1.654	-	8.067	-	19.102
Past due 60-90 days	12.650	1.025	-	10.954	-	24.629
Total	286.092	7.969	1.194	81.251	4.341	380.847

31 December 2013	Corporate	Consumer	Credit Cards	Lease Receivables	Factoring Receivables	Total
Past due up to 30 days	231.852	12.276	2.059	48.153	7.401	301.741
Past due 30-60 days	2.026	149	7	7.556	196	9.934
Past due 60-90 days	2.719	445	6	4.680	-	7.850
Total	236.597	12.870	2.072	60.389	7.597	319.525

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

31 December 2014	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Moody’s Rating				
Baa3(*)	58.970	667.470	-	726.440
Ba2(**)	-	46.014	-	46.014
Total	58.970	713.484	-	772.454

31 December 2013	Financial Assets at Fair Value through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Moody’s Rating				
Baa3(*)	89.677	851.606	-	941.283
Total	89.677	851.606	-	941.283

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

(**) Consists of bonds issued by the Bank as a subordinated loans.

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 2014	31 December 2013
Above average (%)	9,93	12,02
Average (%)	66,59	63,78
Below average (%)	22,44	22,98
Not rated (%)	1,04	1,22

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

31 December 2014	Corporate Loans	Consumer Loans	Credit Cards	Lease Receivables	Factoring Receivables	Total
Loans under close monitoring	187.801	945	322	-	1.524	190.592
Non-performing loans	45.823	145	192	1.220	525	47.905
Total	233.624	1.090	514	1.220	2.049	238.497

31 December 2013	Corporate Loans	Consumer Loans	Credit Cards	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

Type of Collaterals	31 December 2014	31 December 2013
Real-estate mortgage	131.607	121.369
Pledge	71.446	44.794
Cash and cash equivalents	35.444	25.847
Total	238.497	192.010

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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 31 December 2014																	
Domestic	1.574.456	-	6	-	-	482.776	5.128.717	685.576	1.869.490	69.684	73.747	-	-	-	-	245.616	10.130.068
EU Countries	-	-	-	-	-	99.115	33.803	128	891	-	929	-	-	-	-	-	134.866
OECD Countries (**)	-	-	-	-	-	9.283	-	13	-	-	-	-	-	-	-	-	9.296
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	36.502	27.394	-	-	-	-	-	-	-	-	-	63.896
Other Countries	-	-	-	-	-	1.547	2.472	129	-	-	-	-	-	-	-	-	4.148
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.574.456	-	6	-	-	629.223	5.192.386	685.846	1.870.381	69.684	74.676	-	-	-	-	245.616	10.342.274

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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	Exposure Categories (*)																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Previous Year 31 December 2013																	
Domestic	696.296	-	12	-	-	422.886	2.344.330	730.233	787.082	64.933	31.798	-	-	-	-	332.809	5.410.379
EU Countries	-	-	-	-	-	8.673	2.240	20	-	-	-	-	-	-	-	-	10.933
OECD Countries (**)	-	-	-	-	-	6	45	-	-	-	-	-	-	-	-	-	51
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	599	-	7	-	-	-	-	-	-	-	-	606
Other Countries	-	-	-	-	-	5.466	1.597	-	-	-	-	-	-	-	-	-	7.063
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	65.173	20.970	16.595	1.853	1	-	-	-	-	-	49.925	54.667	104.592
Farming and Stockbreeding	-	-	-	-	-	-	54.506	18.618	10.420	1.851	1	-	-	-	-	-	39.831	45.565	85.396
Forestry	-	-	-	-	-	-	2.135	1.018	669	2	-	-	-	-	-	-	3.632	192	3.824
Fishery	-	-	-	-	-	-	8.532	1.334	5.506	-	-	-	-	-	-	-	6.462	8.910	15.372
Manufacturing	-	-	5	-	-	-	2.168.568	233.546	555.487	25.954	514	-	-	-	-	-	1.161.083	1.822.991	2.984.074
Mining and Quarrying	-	-	5	-	-	-	68.187	7.901	85.224	7.810	20	-	-	-	-	-	89.146	80.001	169.147
Production	-	-	-	-	-	-	2.011.993	224.741	318.689	18.136	494	-	-	-	-	-	1.032.901	1.541.152	2.574.053
Electricity, Gas and Water	-	-	-	-	-	-	88.388	904	151.574	8	-	-	-	-	-	-	39.036	201.838	240.874
Construction	-	-	-	-	-	-	899.787	55.197	296.320	13.704	137	-	-	-	-	-	573.168	691.977	1.265.145
Services	879.825	-	1	-	-	629.223	1.889.962	333.238	976.730	27.161	2.656	-	-	-	-	-	2.097.694	2.641.102	4.738.796
Wholesale and Retail Trade	-	-	-	-	-	-	938.095	280.514	191.312	18.699	423	-	-	-	-	-	780.078	648.965	1.429.043
Hotel, Food and Beverage services	-	-	-	-	-	-	197.940	8.121	551.126	3.523	59	-	-	-	-	-	42.499	718.270	760.769
Transportation and Telecom	-	-	-	-	-	-	88.991	19.900	38.651	2.219	36	-	-	-	-	-	73.222	76.575	149.797
Financial Institutions	879.825	-	-	-	-	629.223	380.800	3.090	14.635	-	29	-	-	-	-	-	1.065.110	842.492	1.907.602
Real Estate and Rental Services	-	-	-	-	-	-	216.071	10.582	137.009	-	2.105	-	-	-	-	-	45.114	320.653	365.767
Self-employment Services	-	-	-	-	-	-	10.212	4.190	5.970	66	-	-	-	-	-	-	20.415	23	20.438
Educational Services	-	-	1	-	-	-	5.175	1.375	22.445	-	-	-	-	-	-	-	6.424	22.572	28.996
Health and Social Services	-	-	-	-	-	-	52.678	5.466	15.582	2.654	4	-	-	-	-	-	64.832	11.552	76.384
Other	694.631	-	-	-	-	-	168.896	42.895	25.249	1.012	71.368	-	-	-	-	-	245.616	1.106.238	1.434.429
Total	1.574.456	-	6	-	-	629.223	5.192.386	685.846	1.870.381	69.684	74.676	-	-	-	-	245.616	4.988.108	5.354.166	10.342.274

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	226.759	164.046	130.893	185.102	144.600
Claims on regional governments or local authorities	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	32
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	317.516	16.262	4.658	18.630	234.170
Claims on corporates	593.817	1.123.439	448.669	713.503	2.910.582
Claims included in the regulatory retail portfolios	108.231	313.039	84.646	91.174	263.047
Claims secured by residential property	44.850	248.284	63.802	77.259	1.468.692
Past due loans	-	-	-	-	-
Higher risk categories decided by the Board	152	-	-	-	74.525
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	1.291.325	1.865.070	732.668	1.085.668	5.095.648

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%	250%	Deductions from Equity
1.Exposures before Credit Risk Mitigation	1.530.028	428.717	1.608.853	659.927	5.934.217	28.969	52.558	-	46.312
2. Exposures after Credit Risks Mitigation(*)	1.972.430	278.223	1.610.655	635.977	5.667.252	27.585	51.147	-	46.312

(*) The bank mitigates the credit risk using the simple financial collateral methods.

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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	15.356	5.446	(217)	(13.503)
Farming and Stockbreeding	15.226	5.225	(210)	(13.375)
Forestry	127	211	(6)	(125)
Fishery	3	10	(1)	(3)
Manufacturing	46.507	121.544	(3.231)	(20.553)
Mining and Quarrying	13.254	4.100	(46)	(5.444)
Production	33.063	116.870	(3.163)	(14.927)
Electricity, Gas and Water	190	574	(22)	(182)
Construction	22.698	57.060	(1.373)	(8.994)
Services	57.933	183.678	(5.352)	(30.772)
Wholesale and Retail Trade	44.312	71.023	(1.960)	(25.613)
Accommodation and Dining	4.751	96.894	(3.048)	(1.228)
Transportation and Telecom	3.714	6.175	(120)	(1.495)
Financial Institutions	30	392	(10)	(30)
Real Estate and Rental Services	1.636	3.322	(42)	(1.636)
Professional Services	183	677	(16)	(117)
Educational Services	0	165	(5)	0
Health and Social Services	3.307	5.030	(151)	(653)
Other	3.125	13.119	(211)	(2.113)
Total	145.619	380.847	(10.384)	(75.935)

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 (**)	98.919	94.282	(39.355)	(62.202)	91.644
2. General Provisions	48.122	16.142	-	395	64.659

(*) 61.708 TL shown in Other Adjustments column for “Specific Provisions” consists of released loan loss provision upon sale of Non Performing Loans to Final Varlık Yönetimi A.Ş. on 13 November 2014. Other Adjustments column consists of exchange rate differences of provisions in foreign currencies.

(**) Also includes special and free 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”.

Information on Market Risk:

	Balance
(I) Capital to be Employed for General Market Risk - Standard Method	3.873
(II) Capital to be Employed for Specific Risk -Standard Method	2.536
Capital to be Employed for Specific Risk in Securitisation Positions – Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	4.856
(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	19
(VII) Capital to be Employed for the Other Party’s Credit Risk - Standard Method	5.998
(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)	17.282
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	216.025

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

	31 December 2014		
	Average	Maximum	Minimum
Interest Rate Risk	2.915	5.486	2.516
Common Stock Risk	2.530	1.480	2.489
Currency Risk	3.569	7.938	2.483
Commodity Risk	-	-	-
Exchange Risk	-	-	-
Option Risk	48	85	49
Counterparty Credit Risk	8.028	18.004	4.882
Total Amount Subject to Risk	213.631	412.430	155.228

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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. Limits for derivate products are determined in the related authorization according to the customer type whether they are commercial or real person.

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	16.662
Agreement based on Foreign Exchange Currency	71.419
Agreement Based on Commodity	-
Agreement Based on Shares	-
Other	10.924
Gross Positive Fair Values	99.005
Benefits of Netting	-
Current Net Risk Amount	-
Reserved Guarantee	-
Net Position of Derivatives	99.005

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.

	31.12.2012	31.12.2013	31.12.2014	Total/Positive Year	Rate (%)	Total
Gross Income	32.027	38.517	37.087	3	15	35.877
Amount subject to Operational Risk (Total*12,5)						448.459

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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	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
31 December 2014 / 31 December 2013				
Bid rate	TL 2,8272	TL 2,9344	TL 2,3269	TL 2,1304
1. Day bid rate	TL 2,8272	TL 2,9344	TL 2,3269	TL 2,1304
2. Day bid rate	TL 2,8207	TL 2,9844	TL 2,3189	TL 2,1604
3. Day bid rate	TL 2,8339	TL 2,9844	TL 2,3235	TL 2,1604
4. Day bid rate	TL 2,8255	TL 2,8693	TL 2,3182	TL 2,0957
5. Day bid rate	TL 2,8368	TL 2,8353	TL 2,3177	TL 2,0710

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

	EUR		USD	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Arithmetic average-30 days	TL 2,8245	TL 2,8345	TL 2,2941	TL 2,0681

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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 2014				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	5.023	525.332	402	530.757
Due From Banks	27.768	25.414	1.010	54.192
Financial Assets at Fair Value Through Profit or Loss	6.232	15.370	314	21.916
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets	-	46.014	-	46.014
Loans (*)	1.529.096	2.007.423	16.914	3.553.433
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-Maturity Investments	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets(***)	262.821	425.974	89	688.884
Total Assets (*)	1.830.940	3.045.527	18.729	4.895.196
Liabilities				
Bank Deposits	41.350	28.056	52.150	121.556
Foreign Currency Deposits	854.476	2.175.479	23.376	3.053.331
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed From Other Financial Institutions (*)	379.258	1.791.978	78	2.171.314
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	36.371	37.663	7	74.041
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	7.280	36.838	334	44.452
Total Liabilities (*)	1.318.735	4.070.014	75.945	5.464.694
Net On-balance Sheet Position	512.205	(1.024.487)	(57.216)	(569.498)
Net Off-balance Sheet Position	(501.227)	1.021.897	57.589	578.259
Financial Derivative Assets	532.574	1.884.043	138.962	2.555.579
Financial Derivative Liabilities	1.033.801	862.146	81.373	1.977.320
Non-Cash Loans (**)	210.949	429.298	14.024	654.271
31 December 2013				
Total Assets (*)	1.337.223	2.297.090	26.185	3.660.498
Total Liabilities (*)	1.112.502	2.960.730	50.988	4.124.220
Net On-balance Sheet Position	224.721	(663.640)	(24.803)	(463.722)
Net Off-balance Sheet Position	(222.059)	677.777	25.173	480.891
Financial Derivative Assets	1.306.163	2.123.913	159.994	3.590.070
Financial Derivative Liabilities	1.528.222	1.446.136	134.821	3.109.179
Non-Cash Loans (**)	126.803	475.493	10.185	612.481

(*) The above table shows the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets, classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of Net Foreign Currency Position. Due to this, foreign currency indexed loans issued amounting to TL 642.493 (31 December 2013: TL 678.190) and foreign currency indexed loans received amounting to TL 59.268 (31 December 2013: TL 8.526) classified as Turkish Lira assets in the 31 December 2013 financial statements are added to the table above. Besides these, in assets “Income Accruals of Derivative Financial Instruments” amounting to TL 23.816 (31 December 2013: TL 78.368), in liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 13.613 (31 December 2013: TL 109.116), “General Provisions” amounting to TL 25.476 (31 December 2013: TL 15.942), provisions for the specific loans amounting to TL 12.301 (31 December 2013: TL 26.900) and “Marketable Securities Valuation Reserve” amounting to TL (365) (31 December 2013: None) are not included in the table above.

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

(***) Finance lease receivables are included.

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Currency risk sensitivity analysis:

As of December 31, 2014 and 2013, if foreign currencies had appreciated/depreciated by 10% against TL with all other variables held constant, the changes to occur in the net profit before tax as a result of foreign exchange losses/gains on the translation of the foreign exchange position is presented below:

	31 December 2014				31 December 2013			
	Income statement		Equity (*)		Income statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	(259)	259	(223)	223	1.414	(1.414)	1.414	(1.414)
Euro	1.098	(1.098)	1.098	(1.098)	266	(266)	266	(266)
Other FC	37	(37)	37	(37)	37	(37)	37	(37)
Total, net	876	(876)	913	(913)	1.717	(1.717)	1.717	(1.717)

(*) Equity effect also includes income statement effect.

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 bi weekly.

The Parent Bank closely monitors the maturity gap between liabilities and assets that may arise in the balance sheet to manage the interest rate risk better. Liquidity management is critical in the combination of investments, available-for-sale assets and the trading portfolio. Through using these precautions, the possible loss effects on the shareholders’ equity due to both credit risk and interest risk during the volatile periods of the market are minimized.

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a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates:

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

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

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31 December 2013	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	-	-	-	-	-	520.654	520.654
Due From Banks	47.299	-	-	-	-	15.662	62.961
Financial Assets at Fair Value Through Profit/Loss	24.107	67.898	112.372	46.103	1.066	8.361	259.907
Interbank Money Market Placements	21.691	-	-	-	-	-	21.691
Available-for-Sale Financial Assets	61.643	404.569	275.610	109.784	-	6.648	858.254
Loans	2.125.716	1.537.647	823.017	261.009	3.323	56.122	4.806.834
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets	13.742	22.958	103.975	261.044	28.573	343.764	774.056
Total Assets	2.294.198	2.033.072	1.314.974	677.940	32.962	951.211	7.304.357
Liabilities							
Bank Deposits	150.455	-	-	-	-	14.899	165.354
Other Deposits	1.686.954	977.771	255.104	9.912	-	312.802	3.242.543
Funds From Interbank Money Market	790.110	-	-	-	-	-	790.110
Miscellaneous Payables	-	-	-	-	-	114.597	114.597
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	120.919	1.128.563	517.718	304.720	-	-	2.071.920
Other Liabilities (*)	24.296	22.640	80.289	-	-	792.608	919.833
Total Liabilities	2.772.734	2.128.974	853.111	314.632	-	1.234.906	7.304.357
Balance Sheet Long Position	-	-	461.863	363.308	32.962	-	858.133
Balance Sheet Short Position	(478.536)	(95.902)	-	-	-	(283.695)	(858.133)
Off-balance Sheet Long Position	-	5.399	7.776	11.767	-	-	24.942
Off-balance Sheet Short Position	(2.893)	-	-	-	-	-	(2.893)
Total Position	(481.429)	(90.503)	469.639	375.075	32.962	(283.695)	22.049

Interest Rate Risk Sensitivity Analysis:

Change in interest rates 31 December 2014	Effect on income statement	Effect on equity
(+) 1%	(1.883)	(6.175)
(-) 1%	2.011	6.543

Change in interest rates 31 December 2013	Effect on income statement	Effect on equity
(+) 1%	(1.369)	(9.294)
(-) 1%	1.409	9.622

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:

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

31 December 2014	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	1,56
Due From Banks	0,13	0,07	-	10,51
Financial Assets at Fair Value Through Profit/Loss	-	5,76	-	7,94
Interbank Money Market Placements	-	-	-	11,32
Available-for-Sale Financial Assets	-	-	-	10,14
Loans	5,13	5,64	4,00	13,50
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,10	0,49	-	10,40
Other Deposits (*)	2,29	2,53	-	9,71
Funds From Interbank Money Market	-	-	-	9,20
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,78	0,74	2,43	7,74

31 December 2013	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	-	0,37	-	7,71
Financial Assets at Fair Value Through Profit/Loss	-	5,76	-	8,80
Interbank Money Market Placements	-	-	-	8,02
Available-for-Sale Financial Assets	-	-	-	8,49
Loans	5,31	5,22	4,65	12,28
Held-to-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	0,50	-	-	6,24
Other Deposits (*)	2,84	2,83	-	8,21
Funds From Interbank Money Market	-	-	-	5,67
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,47	2,97	2,43	6,28

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

c. Interest rate risk resulting from banking accounts:

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

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

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

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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	(43.887)	(3,5)%
2. TRY	-400 bp	39.743	3,2%
3. EURO	+200 bp	(14.580)	(1,2)%
4. EURO	-200 bp	2.679	0,2%
5. USD	+200 bp	(4.827)	(0,4)%
6. USD	-200 bp	8.974	0,7%
Total (For Negative Shocks)		51.396	4,1%
Total (For Positive Shocks)		(63.293)	(5,1)%

d. Share position risk resulting from banking accounts:

None.

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.

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 2014 are as follows for the Parent Bank:

	First Maturity Period		Second Maturity Period		Stock Values
	FC	FC + TL	FC	FC + TL	FC + TL
Average (%)	138,23%	156,90%	101,97%	114,30%	11,29%
Maximum (%)	198,55%	188,28%	129,72%	129,93%	13,16%
Minimum (%)	96,44%	128,85%	82,79%	101,59%	9,71%

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Breakdown of assets and liabilities according to their outstanding maturities:

31 December 2014	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	30.185	742.683	-	-	-	-	-	772.868
Due From Banks	16.201	110.247	-	-	-	-	-	126.448
Financial Assets at Fair Value Through Profit or Loss	2.061	33.068	24.779	47.029	31.972	20.248	20.100	179.257
Interbank Money Market Placements	-	141.155	-	-	-	-	-	141.155
Available-for-Sale Financial Assets	-	54.632	163.814	315.735	62.244	117.059	11.775	725.259
Loans	-	802.101	1.636.052	1.297.968	2.044.661	668.789	69.684	6.519.255
Held-to-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets (**)	-	180.588	30.184	144.304	443.213	78.281	146.447	1.023.017
Total Assets	48.447	2.064.474	1.854.829	1.805.036	2.582.090	884.377	248.006	9.487.259
Liabilities								
Bank Deposits	3.704	133.742	-	-	-	-	-	137.446
Other Deposits	351.244	2.819.468	1.657.517	294.725	79.013	-	-	5.201.967
Funds Borrowed From Other Financial Institutions	-	55.160	130.830	744.735	989.941	349.959	-	2.270.625
Funds From Interbank Money Market	-	462.102	-	-	-	-	-	462.102
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	51.100	3.489	-	-	-	113.868	168.457
Other Liabilities (**)	-	129.409	10.429	35.560	3.909	-	1.067.355	1.246.662
Total Liabilities	354.948	3.650.981	1.802.265	1.075.020	1.072.863	349.959	1.181.223	9.487.259
Net Liquidity Gap	(306.501)	(1.586.507)	52.564	730.016	1.509.227	534.418	(933.217)	-
31 December 2013								
Total Assets	47.283	1.311.279	1.722.851	1.567.723	1.873.709	505.921	275.591	7.304.357
Total Liabilities	327.701	2.773.179	1.274.815	781.734	1.037.731	320.478	788.719	7.304.357
Net Liquidity Gap	(280.418)	(1.461.900)	448.036	785.989	835.978	185.443	(513.128)	-

(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, 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 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank deposits	137.483	-	-	-	-	137.483
Other deposits	3.177.211	1.671.673	306.587	90.099	-	5.245.570
Borrowings	55.160	138.855	800.055	1.144.686	404.246	2.543.002
Funds from money market	462.250	-	-	-	-	462.250
Total	3.832.104	1.810.528	1.106.642	1.234.785	404.246	8.388.305

31 December 2013	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank deposits	165.354	-	-	-	-	165.354
Other deposits	2.003.802	986.305	261.623	11.401	-	3.263.131
Borrowings	22.778	372.382	411.387	1.141.810	591.889	2.540.246
Funds from money market	790.274	-	-	-	-	790.274
Total	2.982.208	1.358.687	673.010	1.153.211	591.889	6.759.005

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Contractual maturity analysis of the Group’s derivative instruments:

31 December 2014	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	1.170.488	1.077.162	475.607	95.569	-	2.818.826
- Outflow	1.156.709	1.072.702	473.443	105.155	-	2.808.009
Interest rate derivatives:						
- Inflow	840	1.338	5.675	6.817	-	14.670
- Outflow	847	739	4.241	6.221	-	12.048
Hedging Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total cash inflow	1.171.328	1.078.500	481.282	102.386	-	2.833.496
Total cash outflow	1.157.556	1.073.441	477.684	111.376	-	2.820.057

31 December 2013	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	1.193.478	651.277	1.517.139	74.248	-	3.436.142
- Outflow	1.197.780	645.920	1.511.829	65.031	-	3.420.560
Interest rate derivatives:						
- Inflow	461	967	47.769	10.944	-	60.141
- Outflow	294	611	9.828	77.824	-	88.557
Hedging Derivative Instruments						
Foreign exchange derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Interest rate derivatives:						
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
Total cash inflow	1.193.939	652.244	1.564.908	85.192	-	3.496.283
Total cash outflow	1.198.074	646.531	1.521.657	142.855	-	3.509.117

VIII. EXPLANATIONS ON SECURITIZATION EXPOSURES:

None.

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IX. EXPLANATIONS ON LOAN 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	1.562.634	137.028	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	32	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	610.238	171.314	-	-
Claims on corporates	5.757.731	253.899	-	9.571
Claims included in the regulatory retail portfolios	806.781	23.524	-	6.060
Claims secured by residential property	1.903.742	12.984	-	2.133
Past due loans	69.684	43	-	-
Higher risk categories decided by the Board	74.676	2.787	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other Receivables	385.327	-	-	-
Total	11.170.845	601.579	-	17.764

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INFORMATION ON FINANCIAL ORGANIZATION (Continued)

X. EXPLANATIONS ON TARGETS AND POLICIES OF RISK MANAGEMENT:

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

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

Risk Management Policies

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

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

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

Risk Management,

Group's management aims to ensure that:

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

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Risk Limits

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

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

Risk Strategy Objectives

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

Credit Risk Strategy

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

Market Risk Strategy

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

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Operational Risk Strategy

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

Risk Management Unit Organization

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

Risk Measurement and Assessment

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

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

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.

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Fair value hie

	Book Value		Fair Value	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Financial Assets	8.207.914	6.243.509	8.359.334	6.162.287
Due from Money Market	141.155	21.691	141.155	21.691
Due from Banks	126.448	62.961	126.214	62.962
Available-for-Sale Financial Assets	725.259	858.254	725.259	858.254
Held-to-maturity Investments	-	-	-	-
Loans	7.215.052	5.300.603	7.366.706	5.219.380
Financial Liabilities	7.778.495	5.594.414	7.902.014	5.549.044
Bank Deposits	137.446	165.354	137.471	165.353
Other Deposits	5.201.967	3.242.543	5.222.068	3.244.078
Borrowings	2.270.625	2.071.920	2.374.018	2.025.016
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	168.457	114.597	168.457	114.597

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.

- Quoted market prices (non-adjusted) (1st level)
- 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)
- 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 2014	1 st Level	2 nd Level	3 rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	81.130	98.127	-	179.257
Government Debt Securities	58.970	-	-	58.970
Share Certificates	19.664	-	-	19.664
Trading Derivative Financial Assets	-	98.127	-	98.127
Other Marketable Securities	2.496	-	-	2.496
Government Debt Securities(*)	667.470	57.789	-	725.256
Government Debt Securities	667.470	-	-	667.470
Other Marketable Securities	-	57.789	-	57.789
Hedging Derivative Financial Assets	-	-	-	-
Total Assets	748.600	155.916	-	904.516
Trading Derivative Financial Liabilities	-	54.942	-	54.942
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	54.942	-	54.942

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

31 December 2013	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss	98.038	161.869	-	259.907
Government Debt Securities	89.677	-	-	89.677
Share Certificates	5.940	-	-	5.940
Trading Derivative Financial Assets	-	161.869	-	161.869
Other Marketable Securities	2.421	-	-	2.421
Government Debt Securities	851.606	-	-	851.606
Government Debt Securities	851.606	-	-	851.606
Other Marketable Securities	-	-	-	-
Total Assets	949.644	161.869	-	1.111.513
Trading Derivative Financial Liabilities	-	-	-	-
Hedging Derivative Financial Liabilities	-	127.225	-	127.225
Total Liabilities	-	127.225	-	127.225

(*) As noted in the footnote VII-d, written down values of available for sale securities are reported if the such securities are not traded in the markets and if the fair market value of such securities cannot be determined for any reason.

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 and commercial banking and treasury.

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

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

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

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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 2013 for balance sheet and income statements items.

	Retail Banking	Corporate and Commercial Banking	Treasury	Other(*)	Total Operations of the Group
31 December 2014					
Segment revenue	85.607	155.336	35.501	77.490	353.934
Unallocated costs	-	-	-	(57.262)	(329.315)
Net Operating Profit	85.607	155.336	35.501	20.228	24.619
Dividend income	-	-	-	-	703
Profit Before Tax	-	-	-	-	25.322
Tax expense	-	-	-	-	(7.498)
Net Profit	-	-	-	-	17.824
Segment assets	1.372.774	5.545.266	1.314.910	1.017.839	9.250.789
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	236.470
Total Assets	1.372.774	5.545.266	1.314.910	1.017.839	9.487.259
Segment liabilities	2.079.334	3.314.558	2.041.441	1.015.673	8.451.006
Unallocated liabilities	-	-	-	-	1.036.253
Total Liabilities	2.079.334	3.314.558	2.041.441	1.015.673	9.487.259

	Retail Banking	Corporate and Commercial Banking	Treasury	Other(*)	Total Operations of the Group
31 December 2013					
Segment revenue	56.458	99.915	57.204	39.766	253.343
Unallocated costs	-	-	-	(41.853)	(316.800)
Net Operating Profit	56.458	99.915	57.204	(2.087)	(63.457)
Dividend income	-	-	-	-	488
Profit Before Tax	-	-	-	-	(62.969)
Tax expense	-	-	-	-	9.272
Net Profit	-	-	-	-	(53.697)
Segment assets	781.125	4.211.251	1.435.927	608.378	7.036.681
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated assets	-	-	-	-	267.676
Total Assets	781.125	4.211.251	1.435.927	608.378	7.304.357
Segment liabilities	1.108.990	2.319.365	2.532.494	591.969	6.552.818
Unallocated liabilities	-	-	-	-	751.539
Total Liabilities	1.108.990	2.319.365	2.532.494	591.969	7.304.357

(*) 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 2014		31 December 2013	
	TL	FC	TL	FC
Cash/Foreign currency	13.289	16.877	10.487	20.846
CBRT	228.822	513.880	155.419	333.902
Other	-	-	-	-
Total	242.111	530.757	165.906	354.748

2. Information on the account of the CBRT:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Demand Unrestricted Amount	228.822	117.891	155.419	61.278
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	395.989	-	272.624
Total	228.822	513.880	155.419	333.902

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 11,5%, for deposits/participation accounts up to 6-month maturity (including 6-month) 8,5%, for deposits/participation accounts up to 1-year maturity is 6,5%, for deposits/participation accounts with 1-year and longer maturity 5%, for liabilities other than deposits/participation funds accounts up to 1-year maturity is 11,5%, 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 13%, for FX deposits/FX participation accounts with 1-year and longer maturity and cumulative FX deposits/FX participation accounts it is 9%, for other FX liabilities up to 1 year maturity (including 1-year) it is 13%, for other FX liabilities up to 3-year maturity (including 3-year) it is 11%, for other FX liabilities longer than 3-year maturity it is 6%.

The Central Bank of the Republic of Turkey does not provide interest on foreign exchange required reserves but provides interest payments on a quarterly basis over required reserve amounts denominated in TL at rates determined by the Bank. The first interest payment was made on 2 January 2015. As of December 31, 2014, the interest rate for TL is 1,51 % (December 31, 2013 0%).

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

- As of 31 December 2014, none financial assets at fair value through profit or loss subject to repo transactions: None (31 December 2013: TL 30.749).
- Positive differences related to trading derivative financial assets:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Forward Transactions	6.177	957	29.034	606
Swap Transactions	44.721	22.859	18.657	6.193
Futures Transactions	-	-	-	-
Options	1.775	21.638	35.771	71.608
Other	-	-	-	-
Total	52.673	45.454	83.462	78.407

c. Information on banks:

- Information on banks:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Banks				
Domestic	72.256	38.338	21.178	26.233
Foreign	-	15.854	-	15.550
Headquarters and Branches Abroad	-	-	-	-
Total	72.256	54.192	21.178	41.783

- Information on foreign banks

	Restricted Amount		Unrestricted Amount	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
EU Countries	3.989	4.509	-	-
USA, Canada	11.149	8.008	-	-
OECD Countries (*)	630	2.446	-	-
Off-shore Banking Regions	-	-	-	-
Others	86	587	-	-
Total	15.854	15.550	-	-

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

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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 2014, there are TL 69.260 available-for-sale financial assets given as collateral/blocked (31 December 2013: TL 42.600) and those subject to repurchase agreements amounts to TL 313.971 (31 December 2013: TL 732.520).

- Information on available-for-sale financial assets:

	31 December 2014	31 December 2013
Debt Securities	713.484	852.908
Quoted on Stock Exchange	667.470	852.908
Not Quoted	46.014	-
Share Certificates	11.775	6.648
Quoted on Stock Exchange	-	-
Not Quoted	11.775	6.648
Impairment Provision (-)	-	1.302
Total	725.259	858.254

e. Explanations on loans:

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

	31 December 2014		31 December 2013	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	126
Loans Granted To Employees	4.570	-	4.167	-
Total	4.570	-	4.167	126

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(Continued)

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

(i)

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Restructured or Rescheduled		Loans and Other Receivables	Restructured or Rescheduled	
		Loans with Restructured Payment Plans	Other		Loans with Restructured Payment Plans	Other
Non-Specialised Loans	6.181.576	52.869	4.301	267.995	162.078	12.893
Loans Given to Enterprises	-	-	-	-	-	-
Export Loans	784.668	1.871	-	52.199	6.057	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	288.362	-	-	-	-	-
Consumer Loans	102.942	-	-	5.908	-	-
Credit Cards	17.271	-	-	1.193	-	-
Other (*)	4.988.333	50.998	4.301	208.695	156.021	12.893
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	6.181.576	52.869	4.301	267.995	162.078	12.893

(*) The Group also has TL 17.926 factoring loans in the Other account.

(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	50.214	162.078
3,4 or 5 times	1.747	-
Over 5 times	908	-
Total	52.869	162.078

(iii)

Extended Period of Time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0-6 Months	5.744	80.966
6 Months – 12 Months	1.080	26.206
1-2 Years	-	11.143
2-5 Years	46.045	43.763
5 Years and Over	-	-
Total	52.869	162.078

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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	2.874.463	6.731	40.047	48.924
Non-specialised Loans	2.874.463	6.731	40.047	48.924
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	3.249.943	50.439	52.977	126.047
Non-specialised Loans	3.249.943	50.439	52.977	126.047
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
	6.124.406	57.170	93.024	174.971

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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	5.756	94.010	99.766
Real estate loans	-	16.334	16.334
Automotive loans	-	674	674
Consumer loans	5.756	77.002	82.758
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	1.096	1.096
Real estate loans	-	1.096	1.096
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	4.513	-	4.513
With installments	-	-	-
Without installments	4.513	-	4.513
Individual Credit Cards- FC	89	-	89
With installments	-	-	-
Without installments	89	-	89
Personnel Loans-TL	392	3.313	3.705
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	392	3.313	3.705
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	860	2	862
With installments	-	2	2
Without installments	860	-	860
Personnel Credit Cards-FC	3	-	3
With installments	-	-	-
Without installments	3	-	3
Credit Deposit Account-TL (Real Person)	4.283	-	4.283
Credit Deposit Account-FC (Real Person)	-	-	-
Total	15.896	98.421	114.317

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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	47.249	521.249	568.498
Real estate loans	-	17	17
Automotive loans	186	9.211	9.397
Consumer loans	45.037	450.688	495.725
Other	2.026	61.333	63.359
Commercial Installments Loans-FC Indexed	12.737	83.549	96.286
Real estate loans	-	-	-
Automotive loans	40	1.787	1.827
Consumer loans	12.697	81.762	94.459
Other	-	-	-
Commercial Installments Loans-FC	-	354.471	354.471
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	354.471	354.471
Corporate Credit Cards-TL	12.977	5	12.982
With installment	-	5	5
Without installment	12.977	-	12.977
Corporate Credit Cards-FC	15	-	15
With installment	-	-	-
Without installment	15	-	15
Credit Deposit Account-TL (Legal Person)	49.872	-	49.872
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	122.850	959.274	1.082.124

6. Loans according to types of borrowers:

	31 December 2014	31 December 2013
Public	-	-
Private	6.449.571	4.750.712
Total	6.449.571	4.750.712

7. Distribution of domestic and foreign loans:

	31 December 2014	31 December 2013
Domestic Loans	6.449.571	4.750.712
Foreign Loans	-	-
Total	6.449.571	4.750.712

8. Loans given to investments in associates and subsidiaries:

None. (31 December 2013 : None)

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9. Specific provisions provided against loans:

	31 December 2014	31 December 2013
Loans and Other Receivables with Limited Collectability	4.410	3.788
Loans and Other Receivables with Doubtful Collectability	20.950	13.788
Uncollectible Loans and Other Receivables	50.575	46.776
Total	75.935	64.352

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 2014			
(Gross amounts before the Specific Reserves)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	31	880	5.218
31 December 2013			
(Gross amounts before the Specific Reserves)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	2.241	110	7.928

(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	24.440	34.523	61.511
Additions (+)	118.409	5.707	31.607
Transfers from Other Categories of Non-performing Loans (+)	-	85.310	62.985
Transfers to Other Categories of Non-performing Loans (-)	87.185	61.110	-
Collections (-)(**)	29.210	5.133	24.365
Write-offs (-)(*)	-	1.696	70.174
Corporate and Commercial Loans	-	1.696	69.892
Consumer Loans	-	-	97
Credit Cards	-	-	185
Other	-	-	-
Balance at the End of the Period	26.454	57.601	61.564
Specific Provision (-)	4.410	20.950	50.575
Net Balance on Balance Sheet	22.044	36.651	10.989

(*)Non-performing receivables amounting to TL 3.726 presented under collections in the table above have been transferred to the receivables account readjusted within the framework of the related regulations and tied to a new amortization plan.

(**) Consists of non-performing loans removed from assets through sale to Final Varlık Yönetim A.Ş. on November 13, 2014.

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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 2014			
Period-End Balance	4.812	1.271	14.326
Specific Provision (-)	962	634	12.751
Net Balance on balance sheet	3.850	637	1.575
31 December 2013			
Period-End Balance	4.135	7.427	17.720
Specific Provision (-)	783	2.757	12.554
Net Balance on balance sheet	3.352	4.670	5.166

(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)	22.044	36.651	10.989
Loans Given to Real Persons and Legal Persons (Gross)	24.120	56.900	48.854
Specific Provision Amount (-)	3.943	20.600	38.421
Loans Given to Real Persons and Legal Persons (Net)	20.177	36.300	10.433
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Gross)	-	-	-
Other Loans and Receivables (Gross)	2.334	701	12.710
Specific Provision Amount (-)	467	350	12.154
Other Loans and Receivables (Net)	1.867	351	556
Prior Period (Net)	20.652	20.735	14.735
Loans Given to Real Persons and Legal Persons (Gross)	20.563	33.788	53.445
Specific Provision Amount (-)	3.057	13.420	38.997
Loans Given to Real Persons and Legal Persons (Net)	17.506	20.368	14.448
Banks (Net)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	3.877	735	8.066
Specific Provision Amount (-)	731	368	7.779
Other Loans and Receivables (Net)	3.146	367	287

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:

None.

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

None.

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

None.

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

None.

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

None.

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.	Istanbul/Turkey	99,99	0,01
2	Burgan Yatırım Menkul Değerler A.Ş. and its subsidiary Burgan Portföy Yönetimi A.Ş.	Istanbul/Turkey	100,00	0,00

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	752.442	115.957	79	42.845	-	12.163	5.968	-
2 (*)	292.355	101.904	3.140	8.738	-	4.053	(7.814)	-

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

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5. Movement schedules of subsidiaries:

	31 December 2014	31 December 2013
Balance at the beginning of the Period	99.193	88.337
Movements during the Period (*)	103.000	10.856
Purchases	97.799	-
Bonus Shares Obtained	5.201	18.978
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	(8.122)
Balance at the end of the Period	202.193	99.193
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	%99,99	%99,99

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

Subsidiaries	31 December 2014	31 December 2013
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	104.210	41.210
Finance Companies	-	-
Other Financial Subsidiaries	97.983	57.983
Total	202.193	99.193

7. Subsidiaries quoted on stock exchange:

None. (31 December 2013 : None)

i. Information on joint ventures:

None. (31 December 2013 : None)

j. Information on lease receivables (net):

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

	31 December 2014		31 December 2013	
	Gross	Net	Gross	Net
Less than 1 year	235.542	189.197	171.356	145.359
Between 1-4 years	447.229	373.364	259.853	233.432
More than 4 years	153.971	133.236	62.560	56.235
Total	836.742	695.797	493.769	435.026

k. Information on hedging derivative financial assets:

As of 31 December 2014, there are no positive differences related with hedging derivative financial assets (31 December 2013: None).

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l. Information on investment property:

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2012				
Cost	8.557	203	49.149	57.909
Accumulated depreciation (-)	1.557	163	28.913	30.633
Net book value	7.000	40	20.236	27.276
31 December 2013				
Net book value at beginning of the period	7.000	40	20.236	27.276
Additions	-	-	6.749	6.749
Disposals (-), (net)	-	-	13	13
Impairment	-	-	-	-
Depreciation (-)	144	9	7.217	7.370
Revaluation Increase	344	-	-	344
Cost at Period End	8.901	154	55.783	64.838
Accumulated Depreciation at Period End (-)	1.701	123	36.028	37.852
Closing Net Book Value at Period End	7.200	31	19.755	26.986

	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2013				
Cost	8.901	154	55.783	64.838
Accumulated depreciation (-)	1.701	123	36.028	37.852
Net book value	7.200	31	19.755	26.986
31 December 2014				
Net book value at beginning of the period	7.200	31	19.755	26.986
Additions	1.706	73	6.091	7.870
Disposals (-), (net)	-	-	70	70
Impairment	-	-	-	-
Depreciation (-)	400	22	6.665	7.087
Revaluation Increase	11.495	-	-	11.495
Cost at Period End	22.101	227	60.875	83.203
Accumulated Depreciation at Period End (-)	2.100	145	41.764	44.009
Closing Net Book Value at Period End	20.001	82	19.111	39.194

m. Information on intangible assets:

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

	31 December 2014	31 December 2013
Gross Book Value	65.891	41.408
Accumulated Depreciation (-)	20.348	15.029
Net Book Value	45.543	26.379

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

	31 December 2014	31 December 2013
Beginning of the Period	26.379	24.350
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions	24.457	6.433
Disposals	-	-
Amount Accounted under Revaluation Reserve	-	-
Impairment	-	-
Impairment Reversal	-	-
Amortisation (-)	5.293	4.404
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	45.543	26.379

n. Information on investment property:

None.

o. Information on deferred tax asset:

As of 31 December 2014, the Group has netted-off the calculated deferred tax asset of TL 31.878 (31 December 2013: TL 30.937) and deferred tax liability of TL 14.690 (31 December 2013: TL 5.952) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 17.188 (31 December 2013: TL 24.985) in the financial statements. As of 31 December 2014 the Group has no deferred tax liability (31 December 2013: None).

As of 31 December 2014 and 31 December 2013, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Carried Financial Loss (*)	77.787	76.281	15.557	15.256
Provision for Legal Cases	20.191	17.402	4.038	3.480
Provisions for Possible Risks	12.301	26.900	2.460	5.380
Reserve for Employee Rights	24.445	18.211	4.889	3.642
Other Provisions	12.844	10.172	2.569	2.034
Unearned Revenue	11.387	5.278	2.277	1.056
Other	439	443	88	89
Deferred Tax Assets	159.394	154.687	31.878	30.937
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	27.787	15.592	5.557	3.118
Valuation Differences of Derivative Instruments	39.312	14.057	7.862	2.811
Other	6.357	117	1.271	23
Deferred Tax Liabilities	73.456	29.766	14.690	5.952
Deferred Tax Assets / (Liabilities) (Net)	85.938	124.921	17.188	24.985

(*) Bank’s financial losses carried forward amounting to TL 8.308 is usable in the corporate tax calculations until 2017, TL 68.445 until 2018 and TL 1.034 TL until 2019.

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Movement of deferred tax asset/ liabilities is presented below:

	31 December 2014	31 December 2013
Balance as of 1 January	24.985	9.824
Current year deferred tax income/(expense) (net)	(4.300)	11.603
Deferred tax charged to equity (net)	(3.497)	3.558
Balance at the End of the Period	17.188	24.985

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

The Group has assets held for resale amounting to TL 10.947 (31 December 2013: TL 14.003) and has no discontinued operations.

	31 December 2014	31 December 2013
Prior Period End:		
Cost	14.659	13.486
Accumulated Depreciation (-)	656	481
Net Book Value	14.003	13.005
Current Year End:		
Net book value at beginning of the period	14.003	13.005
Additions	2.198	4.797
Disposals (-)	5.020	3.507
Impairment	-	-
Depreciation (-)	234	292
Cost	11.683	14.659
Accumulated Depreciation (-)	736	656
Closing Net Book Value	10.947	14.003

q. Information on other assets:

As of 31 December 2014, other assets amount to TL 208.407 (31 December 2013: TL 246.498) and do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 31 December 2014:

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

ii. 31 December 2013:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-66 months - months	1 year and over	1 year and over	Accum. Deposit	Total
Saving Deposits	22.112	-	18.901	584.467	99.102	37.058	47.242	-	808.882
Foreign Currency Deposits	177.958	-	121.954	1.229.506	276.114	86.363	33.866	-	1.925.761
Residents in Turkey	154.032	-	121.954	1.219.902	274.536	83.223	33.303	-	1.886.950
Residents Abroad	23.926	-	-	9.604	1.578	3.140	563	-	38.811
Public Sector Deposits	36.753	-	-	258	-	-	-	-	37.011
Commercial Deposits	74.480	-	57.209	154.732	41.549	27.397	62.687	-	418.054
Other Institutions Deposits	1.499	-	2.233	35.732	13.371	-	-	-	52.835
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	14.899	-	150.455	-	-	-	-	-	165.354
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	102	-	126.980	-	-	-	-	-	127.082
Foreign Banks	14.797	-	23.475	-	-	-	-	-	38.272
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	327.701	-	350.752	2.004.695	430.136	150.818	143.795	-	3.407.897

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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 2014	31 December 2013	31 December 2014	31 December 2013
Saving Deposits				
Saving Deposits	407.705	299.714	852.502	509.168
Foreign Currency Savings Deposit	121.979	81.428	1.533.681	604.784
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	529.684	381.142	2.386.183	1.113.952

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 2014	31 December 2013
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	12.778	3.750
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	12.778	3.750

b. Information on trading derivative financial liabilities:

Schedule of negative differences concerning trading derivative financial liabilities:

Trading Derivative Financial Liabilities	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Forward Transactions	6.925	9.147	4.390	298
Swap Agreements	11.294	4.466	12.740	2.829
Futures Transactions	-	-	-	-
Options	48	23.062	933	106.035
Other	-	-	-	-
Total	18.267	36.675	18.063	109.162

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c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	157.275	197.555	76.743	86.562
From Foreign Banks, Institutions and Funds	1.304	1.564.532	-	1.588.137
Total	158.579	1.762.087	76.743	1.674.699

2. Information on maturity structure of borrowings:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Short-term	78.840	140.460	76.743	219.474
Medium and Long-term	79.739	1.621.627	-	1.455.225
Total	158.579	1.762.087	76.743	1.674.699

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 2014, deposits and borrowings from Group’s risk group comprise 0,6% (31 December 2013: 0,3%) of total deposits. Besides this, Borrowings from Bank’s risk group comprise 57% (31 December 2013: 68%) of subordinated and other borrowings.

d. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 94.731 (31 December 2013: TL 68.774) 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 2014	31 December 2013
General Provisions	64.659	48.122
Provisions for First Group Loans and Receivables	48.904	35.165
Additional Provision for Loans and Receivables with Extended Maturities	2.601	3.924
Provisions for Second Group Loans and Receivables	10.325	8.022
Additional Provision for Loans and Receivables with Extended Maturities	8.167	6.894
Provisions for Non-Cash Loans	2.745	2.598
Other	2.685	2.337

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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 3.438,22 (31 December 2013: TL 3.254,44). 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 2014	31 December 2013
Discount rate (%)	2,45	3,10
Salary increase rate (%)	7,00	7,40
Average remaining work period (Year)	11,86	11,11

Movement of reserve for employment termination benefits during the period:

	31 December 2014	31 December 2013
As of January 1	8.024	7.866
Service cost	1.634	1.246
Interest cost	679	548
Settlement cost	596	205
Actuarial loss/gain	980	(80)
Benefits paid	2.842	1.761
Total	9.071	8.024

In addition, as of 31 December 2014 the Group has accounted for vacation rights provision amounting to TL2.474 (31 December 2013: TL 2.155) and personnel bonus provision amounting to TL 12.900 (31 December 2013: TL 8.032).

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3. Other provisions:

(i) Information on provisions for possible risks:

	31 December 2014	31 December 2013
Provisions for possible risks (*)	12.301	26.900
Total	12.301	26.900

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

(ii) Information on other provisions:

The Group set aside reserves amounting to TL 20.191 (31 December 2013: TL 17.402) for lawsuits, TL 2.818 (31 December 2013: TL 2.937) for non-cash loans, TL 590 (31 December 2013: TL 4.730) for customer cheques commitments, TL 76 (31 December 2013: TL 108) for credit card loyalty points and TL 146 (31 December 2013: TL 133) for other receivables.

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

As of 31 December 2014, the provision related to the foreign currency difference of foreign indexed loans amounts to TL 2.858 (31 December 2013: TL 55) 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 2014, the corporate tax provision is TL 1.435 (31 December 2013: TL 686).

2. Information on taxes payable:

	31 December 2014	31 December 2013
Corporate Tax Payable	1.435	686
Taxation of Marketable Securities	5.970	4.400
Property Tax	187	161
Banking Insurance Transaction Tax	4.543	3.997
Value Added Tax Payable	352	224
Other	3.747	2.591
Total	16.234	12.059

3. Information on premium payables:

	31 December 2014	31 December 2013
Social Security Premiums-Employee	1.132	894
Social Security Premiums-Employer	1.201	982
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	57	46
Unemployment Insurance-Employer	113	93
Other	-	-
Total	2.503	2.015

4. Information on deferred tax liability:

As of 31 December 2014, the Group has netted-off the calculated deferred tax asset of TL 31.878 (31 December 2013: TL 30.937) and deferred tax liability of TL 14.690 (31 December 2013: TL 5.952) in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 17.188 (31 December 2013: TL 24.985) in the financial statements. As of 31 December 2014 the Group has no deferred tax liability (31 December 2013: None).

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

None.

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j. Information on subordinated loans:

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

Issuing Institution	Amount	Opening Date	Vade	Interest Rate (%)
Burgan Bank S.A.K.	USD 150.000.000	06 December 2013	04 December 2023	LIBOR+3,75

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

1. Information on subordinated loans:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	349.959	-	320.478
Other Foreign	-	-	-	-
Total	-	349.959	-	320.478

k. Information on shareholders’ equity:

1. Presentation of paid-in capital:

	31 December 2014	31 December 2013
Common Stock	900.000	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:

Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	1.000.000

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

Date of Increase	Amount of Increase	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
03 November 14	110.000	110.000	-	-
15 December 14	220.000	220.000	-	-

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

None.

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

None.

6. Information on capital by considering the Group’s profitability, prior period indicators on liquidity and uncertainty on these indicators:

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

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

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

8. Information on marketable securities valuation reserve:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	795	365	(4.414)	-
Foreign Currency Difference	-	-	-	-
Total	795	365	(4.414)	-

9. Information on tangible assets revaluation reserve:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	13.187	-	3.992	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables	-	-	-	-
Total	13.187	-	3.992	-

10. Information on distribution of retained earnings:

Among the overall loss amounting to TL 53.697 for 2013, TL 16.057 was allocated under previous year’s loss, TL 298 was allocated as legal reserves, TL 469 was classified as extraordinary reserves and TL 38.407 of this amount was netted by extraordinary reserves.

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	31 December 2014	31 December 2013
Foreign currency buy/sell commitments	301.592	278.991
Commitments for cheques	264.651	22.658
Loan limit commitments	152.030	84.629
Commitments for credit card limits	37.353	41.413
Tax and fund obligations arising from export commitments	2.000	178
Promotions for the credit cards and their care services	2	-
Blocked cheques given to customers	-	18
Total	757.628	427.887

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 2014	31 December 2013
Letter of guarantees	914.041	771.163
Letter of credits	176.485	257.308
Bank acceptance loans	69.213	89.512
Other guarantees	30.800	67.886
Factoring guarantees	213	752
Total	1.190.752	1.186.621

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

	TL	FC
Irrevocable letters of guarantee	436.268	193.467
Guarantees given to customs	35.769	27.466
Revocable letters of guarantee	32.745	41.033
Letters of guarantee given in advance	8.269	73.206
Other letters of guarantee	21.647	44.171
Total	534.698	379.343

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

	31 December 2014	31 December 2013
Non-cash loans given against cash loans	88.246	84.207
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	88.246	84.207
Other non-cash loans	1.102.506	1.102.414
Total	1.190.752	1.186.621

ii. Information on concentration on non cash loans:

	31 December 2014				31 December 2013			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	7.320	1,36	11.338	1,73	3.421	0,60	8.146	1,33
Farming and Livestock	6.543	1,22	11.338	1,73	3.038	0,53	8.125	1,33
Forestry	514	0,10	-	-	120	0,02	-	-
Fishing	263	0,05	-	-	263	0,05	21	-
Manufacturing	200.490	37,37	295.653	45,19	252.784	44,03	411.340	67,16
Mining	24.721	4,61	39.678	6,06	28.456	4,96	42.423	6,93
Production	168.557	31,42	247.421	37,82	217.619	37,90	368.910	60,23
Electric, Gas, Water	7.212	1,34	8.554	1,31	6.709	1,17	7	-
Construction	112.447	20,96	157.113	24,01	131.336	22,88	29.649	4,84
Services	205.600	38,32	186.313	28,48	170.632	29,72	150.069	24,50
Wholesale and Retail Trade	113.114	21,08	71.429	10,92	106.353	18,52	52.586	8,59
Hotel and Food Services	6.133	1,14	11.531	1,76	2.507	0,44	7.472	1,22
Transportation and Telecommunication	18.622	3,47	24.237	3,70	13.454	2,34	23.891	3,90
Financial Institutions	40.458	7,54	43.661	6,67	29.132	5,07	27.504	4,49
Real Estate and Leasing Ser.	15.927	2,97	29.303	4,48	13.312	2,32	20.844	3,40
Professional Services	5.217	0,97	47	0,01	3.492	0,61	43	0,01
Education Services	66	0,01	-	-	100	0,02	3.404	0,56
Health and Social Services	6.063	1,13	6.105	0,93	2.282	0,40	14.325	2,34
Other	10.624	1,99	3.854	0,59	15.967	2,78	13.277	2,17
Total	536.481	100,00	654.271	100,00	574.140	100,00	612.481	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 (*)				
Letters of Guarantee	512.841	374.792	14.238	4.513
Bank Acceptances	1.570	67.643	-	-
Letters of Credit	-	176.485	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	173	-	40	-
Other Commitments and Contingencies	-	29.901	-	899
Total	514.584	648.821	14.278	5.412

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 7.657. As of 31 December 2014, the Group has recorded a TL 2.818 provision regarding these risks.

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b. Investment Funds:

	31 December 2014	31 December 2013
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	6.769.170	9.831.598
Currency forward transactions	886.544	1.349.143
Currency swap transactions	3.663.637	1.999.508
Futures transactions	-	-
Options	2.218.989	6.482.947
Interest related derivative transactions (II)	3.386.880	1.588.478
Forward rate agreements	-	-
Interest rate swaps	3.382.288	1.557.996
Interest rate options	4.592	30.482
Interest rate futures	-	-
Other Trading Derivative Instruments (III)	37.827	49
A. Total trading derivative transactions (I+II+III)	10.193.877	11.420.125
Types of hedging transactions		
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	-	-
Total derivative transactions (A+B)	10.193.877	11.420.125

c. Investment Funds:

As of 31 December 2014, the Group is the founder of 6 investment funds (31 December 2013: 5) with a total fund value of TL 31.546 (31 December 2013: TL 25.773). 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 2014, the total amount of legal cases against the Group is TL 51.784 (31 December 2013: TL 48.783) and the Group sets aside a provision of TL 20.191 (31 December 2013: TL 17.402) regarding these risks. Due to the delayed reply to e-foreclosure sent by Gökpınar Tax Administration, , negative declaratory action has been claimed at “Denizli Tax Authority” and “Denizli Civil Court of General Jurisdiction” for cancellation of the payment order of TL 25.459, which was notified to the Bank. The transactions have been stopped with obtaining injunction in response to 15% collateral. The law cases in local courts have resulted in favor of the Bank. The cases are at the appeal phase. As a result, the Bank did not book any provision.

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

MOODY'S (Dated on 10 September 2014)

Category	Rating	Outlook
(Financial Strength Rating)	E+	Stable
(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 2014		31 December 2013	
	TL	FC	TL	FC
Interest Income on Loans				
Short-term Loans	299.264	21.773	196.199	26.146
Medium/Long-term Loans	87.511	98.009	58.671	35.609
Interest on Loans Under Follow-up	4.940	-	1.626	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	391.715	119.782	256.496	61.755

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

2. Information on interest income on banks:

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	1.070	63	481	117
From Foreign Banks	-	13	16	11
Headquarters and Branches Abroad	-	-	-	-
Total	1.070	76	497	128

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

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
From Trading Financial Assets	3.363	18	10.480	12
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	61.361	1.021	52.948	-
From Held-to-Maturity Investments	-	-	-	-
Total	64.724	1.039	63.428	12

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

None (31 December 2013: None).

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b. Information on interest expense:

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

	31 December 2014		31 December 2013	
	TL	FC	TL	FC
Banks	10.705	57.441	3.008	28.285
The CBRT	-	-	-	-
Domestic Banks	10.669	1.618	3.008	2.043
Foreign Banks	36	55.823	-	26.242
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	10.705	57.441	3.008	28.285

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

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

None (31 December 2013: None).

3. Information on interest expense on issued securities

None (31 December 2013: None).

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

Account Name	Demand Deposit	Time Deposit					Accum. Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
Turkish Currency								
Bank Deposits	8	2.023	-	-	-	-	-	2.031
Savings Deposits	-	1.896	80.997	13.410	7.271	4.941	-	108.515
Public Deposits	-	-	2.479	-	-	-	-	2.479
Commercial Deposits	-	8.273	31.901	9.337	3.891	6.521	-	59.923
Other Deposits	-	85	6.004	3.223	5	-	-	9.317
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Total	8	12.277	121.381	25.970	11.167	11.462	-	182.265
Foreign Currency								
Foreign Currency Account	-	2.047	40.870	7.930	1.400	1.740	-	53.987
Bank Deposits	-	254	-	-	-	-	-	254
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	2.301	40.870	7.930	1.400	1.740	-	54.241
Sum Total	8	14.578	162.251	33.900	12.567	13.202	-	236.506

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c. Information on dividend income:

	31 December 2014	31 December 2013
Trading Financial Assets	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-Sale Financial Assets	703	488
Other	-	-
Total	703	488

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

	31 December 2014	31 December 2013
Income	5.931.255	3.362.866
Income from Capital Market Transactions	38.509	30.651
From Derivative Financial Transactions	53.006	142.562
Foreign Exchange Gains(*)	5.839.740	3.189.653
Loss (-)	5.894.954	3.335.324
Loss from Capital Market Transactions	29.503	25.194
From Derivative Financial Transactions	50.558	118.473
Foreign Exchange Loss(*)	5.814.893	3.191.657
Net Income/(Loss)	36.301	27.542

(*) The net foreign exchange profit from foreign exchange gain/loss regarding to derivative financial transactions included in foreign exchange profit is TL 52.688 (31 December 2013: TL 36.568 profit).

e. Information on other operating income:

As of 31 December 2014, the Group’s other operating income is TL 13.474 (31 December 2013: TL 8.043). TL 3.705 (31 December 2013: TL 1.374) 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 2014	31 December 2013
Specific Provisions for Loans and Other Receivables	48.394	59.675
III. Group Loans and Receivables	13.832	8.344
IV. Group Loans and Receivables	16.359	17.612
V. Group Loans and Receivables	18.203	33.719
General Provision Expenses	16.142	8.237
Provision Expense for Possible Risks	6.533	26.900
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-Maturity Investments	-	-
Other	-	-
Total	71.069	94.812

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g. Information related to other operating expenses:

	31 December 2014	31 December 2013
Personnel Expenses	140.113	117.110
Reserve For Employee Termination Benefits	3.260	2.296
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	7.087	7.369
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	5.293	4.404
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	-
Depreciation Expenses of Assets Held for Resale	234	292
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	81.735	70.578
Operational Lease Expenses	23.813	18.608
Maintenance Expenses	2.466	2.348
Advertising Expenses	598	3.833
Other Expense	54.858	45.789
Loss on Sales of Assets	187	8
Other	20.337	19.931
Total	258.246	221.988

(*) As of 31 December 2014, the employee unused vacation provision expense is TL 351 (31 December 2013: TL 297).

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 25.322.

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 2014, the Group has current tax expense amounting to TL 3.198 and deferred tax income amounting to TL 4.300.

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

The Group has TL 1.501 deferred tax income from temporary differences, TL 601 deferred tax income from carried financial loss, TL 6.402 deferred tax expense and income due to temporary differences closed to net TL 4.300 deferred tax income.

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

As of 31 December 2014, the Group has TL 4.901 deferred tax expense arising from temporary differences and TL 601 deferred tax income as a result of carried financial loss.

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

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

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:

None.

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

None.

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I. Information on other income and expenses:

As of 31 December 2014, the Group’s fee and commission income amounts to TL 73.407 (31 December 2013: TL 36.637) and TL 62.683 (31 December 2013: TL 25.863) of the related amount is classified under “Other fee and commission income” account.

	31 December 2014	31 December 2013
Other Fee and Commissions Received		
Commissions From Brokerage Activity-Leveraged Trading	13.934	-
Credit Card and POS Transaction Commission	9.352	2.345
Commissions From Brokerage Activity in Istanbul Stock Exchange	8.373	11.716
Commissions From Brokerage Activity in Turkish Derivative Exchange	8.061	1.157
Insurance Commissions	2.052	1.838
Account Operating Fees	1.512	1.135
Transfer Commissions	1.253	1.010
Commissions on Investment Fund Services	1.010	569
Commissions from Correspondent Banks	463	399
Ortak Nokta Commissions	105	122
Letter of Credit Commissions	21	20
Investment Consultancy Fees	2	3.681
Other	16.545	1.871
Total	62.683	25.863

As of 31 December 2014, Group’s fee and commission expense amounts to TL 16.715 (31 December 2013: TL 6.606) and TL 16.203 (31 December 2013: TL 6.431) of the related amount is classified under “Other” account.

	31 December 2014	31 December 2013
Other Fee and Commissions Given		
Credit Card Transaction Commission	9.102	2.881
Stock Exchange Contribution Expenses	1.572	1.305
EFT Commissions	556	470
Commissions Granted to Correspondent Banks	482	438
Ortak Nokta Clearing Commissions	241	401
Transfer Commissions	140	104
Other	4.110	832
Total	16.203	6.431

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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:

There is no change in Bank’s partnership structure in 2014.

b. Information on distribution of profit:

Among the overall loss amounting to TL 53.697 for 2013, TL 16.057 was allocated under previous year’s loss, TL 298 was allocated as legal reserves, TL 469 was classified as extraordinary reserves and TL 38.407 of this amount was netted by extraordinary reserves.

c. Information on capital increase:

Capital of the Bank has been increased to 900.000 TL by 110.000 TL on November 3,2014 and 220.000 TL on December 15,2014.

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 2014		31 December 2013	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	795	365	(4.414)	-
Foreign Currency Difference	-	-	-	-
Total	795	365	(4.414)	-

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

The reversal from revaluation reserve to their fair value for immovables amounting to TL 9.195 net of tax (31 December 2013: TL 275) 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 2014	31 December 2013
Cash	263.688	248.073
Cash, Foreign Currency and Other	31.333	24.698
Demand Deposits in Banks	232.355	223.375
Cash Equivalents	67.707	344.166
Interbank Money Market	21.691	140.629
Time Deposits in Bank	46.016	203.537
Total Cash and Cash Equivalents	331.395	592.239

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 2014	31 December 2013
Cash	393.945	263.688
Cash, Foreign Currency and Other	30.166	31.333
Demand Deposits in Banks	363.779	232.355
Cash Equivalents	239.205	67.707
Interbank Money Market	130.141	21.691
Time Deposits in Bank	109.064	46.016
Total Cash and Cash Equivalents	633.150	331.395

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 TL 185.072 (31 December 2013: negative TL281.307) 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 TL 244.012 (31 December 2013: positive TL 23.840) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2014, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately positive TL 2.407 (31 December 2013: negative TL 483).

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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 is presented as at 31 December 2013 for balance sheet and 31 December 2013 for income statements items.

1. 31 December 2014:

Groups’ Risk Group (*) Loans and Other Receivables	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Balance at the Beginning of the Period		18.786	-	126	13.267	892
Balance at the End of the Period	-	18.079	-	-	24	26.972
Interest and Commission Income Received	-	-	-	-	1.237	-

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

2. 31 December 2013:

Groups’ Risk Group (*) Loans and Other Receivables	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Balance at the Beginning of the Period	-	12.239	-	-	21	-
Balance at the End of the Period	-	18.786	-	126	13.267	892
Interest and Commission Income Received	-	-	-	-	32	2

(*) 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	-	-	576	445	8.812	3.376
End of the Period	-	-	21.433	576	13.257	8.812
Interest Expense on Deposits	-	-	30	25	412	420

(*) 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	-	-	-	-	-	108
End of the Period	-	-	-	-	-	-
Interest Expense on Repurchase Transactions	-	-	-	-	-	2

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

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

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	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-
Transactions for hedging purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

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

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

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

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

	Total Risk Group	Share in Financial Statements (%)
Borrowings	1.292.917	56,94
Non-cash loans	45.051	3,78
Deposit	34.690	0,65
Banks and Other Financial Institutions	85	0,07
Loans	24	0,00

As of 31 December 2014, the Goup has realized interest expense amounting to TL 35.723 (31 December 2013: 5.873) on loans borrowed from the direct shareholders.

As of 31 December 2014, the Bank has realized dividend profit amounting to TL 5.201 from it’s subsidiary company Burgan Finansal Kiralama A.Ş.

3. Equity accounting transactions:
None.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

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

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

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Group's risk group and the amount composes 0,58% (31 December 2013: 0,55%) of the Group's total cash and non-cash loans.

As of 31 December 2014 there are no purchase-sales transactions on any assets including real-estate with the risk group consisting the Bank.

As of 31 December 2014 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Parent Bank is included.

c. Information on benefits provided to top management:

Top management of the Bank is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, totals TL 18.640 (31 December 2013: TL 12.273) which include total gross salary, travel, meal, health, life insurance 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	58	1.046			
			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

In the Bank's Board of Directors meeting dated February 24, 2015 it has been decided to incorporate Burgan Faktoring A.Ş. trade named company with total TL 20.000.000 worth capital in cash in order to operate in factoring activities and authorize head office obtaining the necessary permissions for the incorporation of the company in question and for the preparation of the Articles of Association of the said Company as well as other all works and transactions required.

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS RELATED TO BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON REVIEW REPORT

I. EXPLANATIONS ON REVIEW REPORT

The consolidated financial statements for the period ended 31 December 2014 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young) and the auditor’s report dated March 6, 2014 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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Directory

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Alanya

Saray Mah. Atatürk Cad. Bostan Apt.
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Altunizade

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Antalya

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Merkez Mah. Bakırköy Cad.
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Bahçekapı

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Bakırköy

İncirli Cad. No: 73
34147 Bakırköy - İSTANBUL
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Balgat

Oğuzlar Mah. Ceyhun Atıf Kansu Cad.
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Bayrampaşa

Yenidoğan Mah. Hüsnüniyet Sok.
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Beylikdüzü

Beykoop Mah. Beylik Petrol Yanı
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Bodrum

Yeniköy Mah. Kıbrıs Şehitleri Cad.
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Çallı

Cumhuriyet Mah. 662.Sok. No: 24
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Çorlu

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59850 Çorlu - TEKİRDAĞ
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Davutpaşa

Davutpaşa Cad. Kazım Dinçol San. Sit.
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Topkapı- Zeytinburnu - İSTANBUL
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Denizli

Saraylar Mah. Enverpaşa Cad.
No: 11/A Merkezefendi - Denizli
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Directory

Diyarbakır

İstasyon Cad. Or/Yıl Apt. No: 1
21100 DİYARBAKIR
T: (90) 412 228 24 20
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Esenyurt

İnönü Mah. Doğan Araslı Cad.
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Eskişehir

Hacıali Bey Mah. Sakarya-1 Cad.
No: 62/A Tepebaşı - ESKİŞEHİR
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Etiler Özel Bankacılık Merkezi

Nispetiye Cad. No: 84
34340 Etiler - İSTANBUL
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F: 0212 371 42 00

Gatem

Gatem Toptancılar Sitesi Sarı Ada 1. Blok
No: 44 Şehitkamil - GAZİANTEP
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Gaziantep

İncilipınar Mah. Muammer Aksoy Bulv.
Sever İş Merkezi No: 8/46-47
27090 Şehitkamil - GAZİANTEP
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Gebze

İstanbul Cad. Balaban Apt. No: 66
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Güneşli

Koçman Cad. No: 24
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Hasanpaşa

Fahrettin Kerim Gökay Cad. No: 53
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İkitelli

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İMES

Yukarı Dudullu Mah.
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İskenderun

Atatürk Bulvarı No: 69
31200 İskenderun - HATAY
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İvedik

İvedik Organize Sanayi
Melih Gökçek Bulv. Eminel İş Merkezi
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İzmir

Cumhuriyet Bulv. No: 140/1
35210 Alsancak - İZMİR
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İzmit Merkez

Tepecik Mah. İstiklal Cad. No: 11
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Kartal

Hürriyet Cad. Kordonboyu Mah.
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Kaynarca

Çamçeşme Mah. Kemalpaşa Cad.
Cansızoğlu İş Merkezi No: 1/B
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Kayseri

Cumhuriyet Mah. Kışıkacı Cad.
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Kemer

Yeni Mahalle Dört Yol Bulvarı
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Konya

Musalla Bağları Mah. Belh Cad.
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Kozyatağı

Değirmen Sok. Nida Kule İş Merkezi
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Lara

Demircikara Mah., İsmet Gökşen Cad.
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Manavgat

Aşağı Hisar Mah. Demokrasi Bulv.
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Maslak

Maslak Ayazağa Köy Yolu Güney Plaza
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Mecidiyeköy

Büyükdere Cad. Ocak Apt. No: 91
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Merkez Kurumsal Şube

Eski Büyükdere Cad. Tekfen Tower
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F: (90) 212 357 07 77

Mersin

İstiklal Cad. Alođlu İş Merkezi
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Merter

Keresteciler Sitesi Fatih Cad. Akçay Sok.
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İzmir Yolu Demirci Mah.
Nilüfer Ticaret Merkezi No: 18
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Niřantaşı

Halaskargazi Mah. Valikonađı Cad. No: 65
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Ostim

100.Yıl Bulvarı No: 25
06370 Ostim - ANKARA
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F: (90) 312 385 82 50

Pendik E5

E-5 Yanyol Çınardere Mah.
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Sahray-ı Cedit

Şemsettin Günaltay Cad.
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Samsun

Cumhuriyet Cad. Açmak İşhanı No: 22
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Siteler

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Topçular

Topçular Mah., Rami Kışla Cad.
Topçular İş Merkezi No: 70
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Ümraniye

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Yeşilyurt

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Yıldırım

Duaçınarı Mah. Ankara Cad.
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TRADE REGISTRY NUMBER

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MERSİS NUMBER

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