

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

BURGAN BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
TOGETHER WITH INDEPENDENT LIMITED REVIEW
REPORT AT 31 MARCH 2019**

INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the Board of Directors of Burgan Bank Anonim Şirketi

Introduction

We have reviewed the consolidated statement of financial position of Burgan Bank A.Ş. (“the Bank”) and its subsidiaries (together will be referred as “the Group”) at 31 March 2019 and the related consolidated income statement, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as “BRSA Accounting and Reporting Legislation”) and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of Burgan Bank A.Ş. and its subsidiaries at 31 March 2019 and of the results of its operations and its cash flows for the three-month period then ended in all material respects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for English translation:

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

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



Istanbul
May 10, 2019

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

**THE CONSOLIDATED THREE MONTH INTERIM FINANCIAL REPORT OF
BURGAN BANK A.Ş. AS OF 31 MARCH 2019**

Address of the Bank's Head Office : Maslak Mahallesi, Eski Büyükdere Caddesi, No:13 34485 Sarıyer/İstanbul
Telephone and Fax Numbers of Bank : Telephone:0212 371 37 37
Fax : 0 212 371 42 42
Bank's Web site : www.burgan.com.tr
Contact E-mail : bilgi@burgan.com.tr

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

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

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

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

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

10 May 2019

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

Name-Surname / Title : Ahmet CİĞA / Head of Accounting Tax and Reporting Unit
Telephone Number : 0 212 371 34 84
Fax Number : 0 212 371 42 48

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BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2019

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

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

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

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

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

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

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2019

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

GENERAL INFORMATION ABOUT THE GROUP (Continued):

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

The Bank’s registered capital ceiling is 4 billion full TL.

Bank’s capital amounting to full TL 1.535.000.000 has been registered as of 8 August 2018.

There is no change in the Bank’s shareholder structure.

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2019

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

GENERAL INFORMATION ABOUT THE GROUP (Continued):

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

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

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

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

BURGAN BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2019

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

GENERAL INFORMATION ABOUT THE GROUP (Continued):

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

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

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

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

As of 31 March 2019, the Parent Bank, whose headquarter located in Istanbul, has 39 branches operating in Turkey (31 December 2018: 41). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 March 2019, the Group has 1.077 (31 December 2018: 1.090) employees.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

- I. Consolidated balance sheet (Statement of financial position)
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- IV. Consolidated statement of income and expense items accounted in equity
- V. Consolidated statement of changes in shareholders' equity
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(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE I. OF SECTION THREE)

BURGAN BANK A.Ş.
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AT 31 MARCH 2019 AND 31 DECEMBER 2018

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

I. BALANCE SHEET	Note (Section Five)	Reviewed (31/03/2019)			Audited (31/12/2018)		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (Net)		2.340.078	1.759.988	4.100.066	2.479.152	2.024.626	4.503.778
1.1 Cash and cash equivalents		1.227.384	1.420.163	2.647.547	1.385.180	1.566.479	2.951.659
1.1.1 Cash and balances at Central Bank	I-a	1.217.924	1.029.871	2.247.795	1.373.278	1.373.138	2.746.416
1.1.2 Banks	I-c	1.235	390.292	391.527	3.267	193.341	196.608
1.1.3 Receivables from Money Markets		8.750	-	8.750	9.000	-	9.000
1.1.4 Expected credit losses (-)		525	-	525	365	-	365
1.2 Financial assets at fair value through profit or loss	I-b	1.583	46.873	48.456	1.117	11.654	12.771
1.2.1 Public debt securities		1.063	4.416	5.479	1.117	10.938	12.055
1.2.2 Equity instruments		520	-	520	-	-	-
1.2.3 Other financial assets		-	42.457	42.457	-	716	716
1.3 Financial assets at fair value through other comprehensive income	I-d	249.235	138.866	388.101	258.862	134.287	393.149
1.3.1 Public debt securities		236.525	138.866	375.391	248.906	134.287	383.193
1.3.2 Equity instruments		12.218	-	12.218	9.456	-	9.456
1.3.3 Other financial assets		492	-	492	500	-	500
1.4 Derivative financial assets	I-l	861.876	154.086	1.015.962	833.993	312.206	1.146.199
1.4.1 Derivative financial assets at fair value through profit or loss		183.474	137.379	320.853	197.765	283.466	481.231
1.4.2 Derivative financial assets at fair value through other comprehensive income		678.402	16.707	695.109	636.228	28.740	664.968
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		5.584.558	11.251.203	16.835.761	5.975.521	11.050.481	17.026.002
2.1 Loans	I-e-f	5.326.843	9.129.901	14.456.744	5.686.116	8.999.987	14.686.103
2.2 Receivables from leasing transactions	I-k	594.732	2.270.900	2.865.632	602.059	2.197.001	2.799.060
2.3 Factoring receivables	I-e-f	7	-	7	7	-	7
2.4 Other financial assets measured at amortized cost	I-g	-	251.161	251.161	-	236.801	236.801
2.4.1 Public debt securities		-	251.161	251.161	-	236.801	236.801
2.4.2 Other financial assets		-	-	-	-	-	-
2.5 Expected credit losses (-)	I-e-f	337.024	400.759	737.783	312.661	383.308	695.969
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	I-o	156.774	-	156.774	113.385	-	113.385
3.1 Held for sale		156.774	-	156.774	113.385	-	113.385
3.2 Held from discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
4.1 Investments in associates (Net)	I-h	-	-	-	-	-	-
4.1.1 Associates accounted by using equity method		-	-	-	-	-	-
4.1.2 Non-consolidated associates		-	-	-	-	-	-
4.2 Investments in subsidiaries (Net)	I-i	-	-	-	-	-	-
4.2.1 Non-consolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Non-consolidated non-financial subsidiaries		-	-	-	-	-	-
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	I-j	-	-	-	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2 Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		208.345	-	208.345	63.737	-	63.737
VI. INTANGIBLE ASSETS (Net)		43.373	-	43.373	45.003	-	45.003
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		43.373	-	43.373	45.003	-	45.003
VII. INVESTMENT PROPERTIES (Net)	I-m	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		21.730	-	21.730	15.757	-	15.757
IX. DEFERRED TAX ASSETS	I-n	17.143	-	17.143	22.960	-	22.960
X. OTHER ASSETS (Net)	I-p	109.748	179.422	289.170	147.782	90.461	238.243
TOTAL ASSETS		8.481.749	13.190.613	21.672.362	8.863.297	13.165.568	22.028.865

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 MARCH 2019 AND 31 DECEMBER 2018

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

I. BALANCE SHEET	Note (Section Five)	Reviewed (31/03/2019)			Audited (31/12/2018)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	3.298.776	5.784.148	9.082.924	4.150.781	5.764.519	9.915.300
II. LOANS RECEIVED	II-c	175.129	7.096.074	7.271.203	128.809	6.731.798	6.860.607
III. MONEY MARKET FUNDS		8.652	180.625	189.277	8.922	171.306	180.228
IV. MARKETABLE SECURITIES (Net)	II-d	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	II-b	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-g	167.819	93.301	261.120	256.757	102.441	359.198
7.1 Derivative financial liabilities at fair value through profit or loss		112.888	86.522	199.410	196.855	92.070	288.925
7.2 Derivative financial liabilities at fair value through other comprehensive income		54.931	6.779	61.710	59.902	10.371	70.273
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	II-f	25.799	103.520	129.319	-	-	-
X. PROVISIONS	II-h	50.758	25.989	76.747	65.166	26.497	91.663
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		30.877	-	30.877	46.777	-	46.777
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		19.881	25.989	45.870	18.389	26.497	44.886
XI. CURRENT TAX LIABILITIES	II-i	36.809	-	36.809	29.570	-	29.570
XII. DEFERRED TAX LIABILITIES		24.096	-	24.096	6.203	-	6.203
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	II-j	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	II-k	-	1.705.147	1.705.147	-	1.599.472	1.599.472
14.1 Loans		-	1.705.147	1.705.147	-	1.599.472	1.599.472
14.2 Other debt instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-e	137.121	822.892	960.013	202.453	908.191	1.110.644
XVI. SHAREHOLDERS' EQUITY	II-l	1.937.040	(1.333)	1.935.707	1.872.094	3.886	1.875.980
16.1 Paid-in capital		1.535.000	-	1.535.000	1.535.000	-	1.535.000
16.2 Capital reserves		(99)	-	(99)	(99)	-	(99)
16.2.1 Equity share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(99)	-	(99)	(99)	-	(99)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		16.552	-	16.552	16.552	-	16.552
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		90.870	(1.333)	89.537	60.028	3.886	63.914
16.5 Profit reserves		259.625	-	259.625	273.197	-	273.197
16.5.1 Legal reserves		22.870	-	22.870	21.402	-	21.402
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		236.755	-	236.755	251.795	-	251.795
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		35.092	-	35.092	(12.584)	-	(12.584)
16.6.1 Prior years' profits or losses		-	-	-	(174.343)	-	(174.343)
16.6.2 Current period net profit or loss		35.092	-	35.092	161.759	-	161.759
16.7 Minority shares		-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES		5.861.999	15.810.363	21.672.362	6.720.755	15.308.110	22.028.865

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

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

BURGAN BANK A.Ş.
CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT 31 MARCH 2019 AND 31 DECEMBER 2018

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

II.	OFF-BALANCE SHEET	Note (Section Five)	Reviewed (31/03/2019)			Audited (31/12/2018)		
			TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		5.660.818	29.751.277	35.412.095	6.320.271	31.644.654	37.964.925
I.	GUARANTEES AND WARRANTIES	III-a-2-3	543.213	1.751.899	2.295.112	597.086	1.722.881	2.319.967
1.1	Letters of Guarantee		542.802	1.149.110	1.691.912	596.675	1.089.509	1.686.184
1.1.1	Guarantees Subject to State Tender Law		9.988	3.883	13.871	10.249	3.643	13.892
1.1.2	Guarantees Given for Foreign Trade Operations							
1.1.3	Other Letters of Guarantee		532.814	1.145.227	1.678.041	586.426	1.085.866	1.672.292
1.2	Bank Acceptances		411	69.732	70.143	411	102.926	103.337
1.2.1	Import Letter of Acceptance		411	69.732	70.143	411	102.926	103.337
1.2.2	Other Bank Acceptances							
1.3	Letters of Credit			250.101	250.101		385.116	385.116
1.3.1	Documentary Letters of Credit			250.101	250.101		385.116	385.116
1.3.2	Other Letters of Credit							
1.4	Pre-financing Given as Guarantee							
1.5	Endorsements							
1.5.1	Endorsements to the Central Bank of the Republic of Turkey							
1.5.2	Other Endorsements							
1.6	Securities Issue Purchase Guarantees							
1.7	Factoring Guarantees							
1.8	Other Guarantees			282.956	282.956		145.330	145.330
1.9	Other Collaterals							
II.	COMMITMENTS	III-a-1	641.130	949.999	1.591.129	409.255	299.806	709.061
2.1	Irrevocable Commitments		641.130	949.999	1.591.129	409.255	299.806	709.061
2.1.1	Asset Purchase and Sales Commitments		479.591	949.999	1.429.590	257.670	299.806	557.476
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		77.881		77.881	77.343		77.343
2.1.5	Securities Issue Brokerage Commitments							
2.1.6	Commitments for Reserve Deposit Requirements							
2.1.7	Commitments for Cheques		83.658		83.658	74.242		74.242
2.1.8	Tax and Fund Liabilities from Export Commitments							
2.1.9	Commitments for Credit Card Limits							
2.1.10	Promotion Commitments for Credit Cards and Banking Services							
2.1.11	Receivables from Short Sale Commitments of Marketable Securities							
2.1.12	Payables for Short Sale Commitments of Marketable Securities							
2.1.13	Other Irrevocable Commitments							
2.2	Revocable Commitments							
2.2.1	Revocable Commitments for Loan Limits							
2.2.2	Other Revocable Commitments							
III.	DERIVATIVE FINANCIAL INSTRUMENTS		4.476.475	27.049.379	31.525.854	5.313.930	29.621.967	34.935.897
3.1	Hedging Derivative Financial Instruments		1.012.404	5.423.043	6.435.447	1.083.828	5.645.797	6.729.625
3.1.1	Transactions for Fair Value Hedge							
3.1.2	Transactions for Cash Flow Hedge		1.012.404	5.423.043	6.435.447	1.083.828	5.645.797	6.729.625
3.1.3	Transactions for Foreign Net Investment Hedge							
3.2	Trading Derivative Financial Instruments		3.464.071	21.626.336	25.090.407	4.230.102	23.976.170	28.206.272
3.2.1	Forward Foreign Currency Buy/Sell Transactions		227.393	225.010	452.403	757.320	664.439	1.421.759
3.2.1.1	Forward Foreign Currency Transactions-Buy		72.766	142.857	215.623	124.973	532.250	657.223
3.2.1.2	Forward Foreign Currency Transactions-Sell		154.627	82.153	236.780	632.347	132.189	764.536
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		1.248.030	17.522.065	18.770.095	1.245.181	18.032.660	19.277.841
3.2.2.1	Foreign Currency Swap-Buy		521.779	5.081.058	5.602.837	948.271	4.312.360	5.260.631
3.2.2.2	Foreign Currency Swap-Sell		726.251	4.802.337	5.528.588	296.910	4.746.372	5.043.282
3.2.2.3	Interest Rate Swap-Buy			3.819.335	3.819.335		4.486.964	4.486.964
3.2.2.4	Interest Rate Swap-Sell			3.819.335	3.819.335		4.486.964	4.486.964
3.2.3	Foreign Currency, Interest rate and Securities Options		1.823.778	3.879.261	5.703.039	2.227.601	5.279.071	7.506.672
3.2.3.1	Foreign Currency Options-Buy		372.802	2.407.475	2.780.277	528.333	3.150.835	3.679.168
3.2.3.2	Foreign Currency Options-Sell		1.450.976	1.471.786	2.922.762	1.699.268	2.128.236	3.827.504
3.2.3.3	Interest Rate Options-Buy							
3.2.3.4	Interest Rate Options-Sell							
3.2.3.5	Securities Options-Buy							
3.2.3.6	Securities Options-Sell							
3.2.4	Foreign Currency Futures							
3.2.4.1	Foreign Currency Futures-Buy							
3.2.4.2	Foreign Currency Futures-Sell							
3.2.5	Interest Rate Futures							
3.2.5.1	Interest Rate Futures-Buy							
3.2.5.2	Interest Rate Futures-Sell							
3.2.6	Other		164.870		164.870			
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		40.257.895	45.807.736	86.065.631	37.264.918	43.505.919	80.770.837
IV.	ITEMS HELD IN CUSTODY		4.227.013	560.627	4.787.640	1.025.971	385.612	1.411.583
4.1	Customer Fund and Portfolio Balances							
4.2	Investment Securities Held in Custody		3.715.746	190.167	3.905.913	333.358	182.180	515.538
4.3	Cheques Received for Collection		494.859	67.001	561.860	673.437	83.592	757.029
4.4	Commercial Notes Received for Collection		16.408	16.239	32.647	19.176	22.820	41.996
4.5	Other Assets Received for Collection							
4.6	Assets Received for Public Offering							
4.7	Other Items Under Custody			287.220	287.220		97.020	97.020
4.8	Custodians							
V.	PLEDGES RECEIVED		36.030.882	45.247.109	81.277.991	36.238.947	43.120.307	79.359.254
5.1	Marketable Securities		69.771		69.771	56.132		56.132
5.2	Guarantee Notes		22.072.280	17.771.549	39.843.829	22.275.449	17.248.376	39.523.825
5.3	Commodity		864.492	749.754	1.614.246	886.897	660.754	1.547.651
5.4	Warranty							
5.5	Immovable		11.451.120	22.196.783	33.647.903	11.509.609	20.785.740	32.295.349
5.6	Other Pledged Items		1.573.219	4.529.023	6.102.242	1.510.860	4.425.437	5.936.297
5.7	Pledged Items-Depository							
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES							
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			45.918.713	75.559.013	121.477.726	43.585.189	75.150.573	118.735.762

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

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

BURGAN BANK A.Ş.

CONSOLIDATED INCOME STATEMENT AS AT 31 MARCH 2019 AND 31 MARCH 2018

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

III. INCOME STATEMENT		Note	Reviewed	Reviewed
INCOME AND EXPENSE ITEMS		(Section	01/01/2019-31/03/2019	01/01/2018-31/03/2018
		Five)		
I.	INTEREST INCOME	IV-a	661.330	493.453
1.1	Interest received from loans		400.772	353.672
1.2	Interest received from reserve deposits		10.333	6.879
1.3	Interest received from banks		10.957	9.918
1.4	Interest received from money market transactions		23.747	2.789
1.5	Interest received from marketable securities portfolio		14.850	8.198
1.5.1	Financial assets at fair value through profit or loss		504	535
1.5.2	Financial assets at fair value through other comprehensive income		11.421	5.600
1.5.3	Financial assets measured at amortized cost		2.925	2.063
1.6	Finance lease interest income		59.925	42.623
1.7	Other interest income	IV-k	140.746	69.374
II.	INTEREST EXPENSES (-)	IV-b	466.706	329.344
2.1	Interest on deposits		248.837	178.553
2.2	Interest on funds borrowed		114.063	74.595
2.3	Interest on money market transactions		2.025	2.836
2.4	Interest on securities issued		-	-
2.5	Finance lease interest expenses		2.635	-
2.6	Other interest expenses	IV-k	99.146	73.360
III.	NET INTEREST INCOME/EXPENSE (I - II)		194.624	164.109
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		8.918	14.632
4.1	Fees and commissions received		13.533	18.674
4.1.1	Non-cash loans		6.454	5.131
4.1.2	Other	IV-k	7.079	13.543
4.2	Fees and commissions paid (-)		4.615	4.042
4.2.1	Non-cash loans (-)		39	105
4.2.2	Other (-)	IV-k	4.576	3.937
V.	DIVIDEND INCOME		2.762	-
VI.	TRADING PROFIT/LOSS (Net)	IV-c	20.564	6.713
7.1	Profit/losses from capital market transactions		2.290	1.516
7.2	Profit/losses from derivative financial transactions		35.327	(1.349)
7.3	Foreign exchange profit/losses		(17.053)	6.546
VII.	OTHER OPERATING INCOME	IV-d	9.421	8.426
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		236.289	193.880
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-e	72.871	38.777
X.	OTHER PROVISION EXPENSES (-)	IV-e	690	295
XI.	PERSONNEL EXPENSES (-)		53.932	41.071
XII.	OTHER OPERATING EXPENSES (-)	IV-f	64.629	49.691
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		44.167	64.046
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	IV-g	44.167	64.046
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	IV-h	(9.075)	(15.497)
18.1	Current tax provision		6.422	2.253
18.2	Expense effect of deferred tax (+)		42.639	44.886
18.3	Income effect of deferred tax (-)		27.142	31.642
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-i	35.092	48.549
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	IV-j	35.092	48.549
25.1	Group's profit/loss		35.092	48.549
25.2	Minority shares' profit/loss		-	-
	Profit/(Loss) per share (1.000 nominal in TL full)		0,229	0,410

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2019 AND 31 MARCH 2018

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

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	Reviewed 31/03/2019	Reviewed 31/03/2018
I. CURRENT PERIOD INCOME/LOSS	35.092	48.549
II. OTHER COMPREHENSIVE INCOME	24.635	16.607
2.1 Other comprehensive income not to be reclassified to profit or loss in subsequent periods.	-	-
2.1.1 Revaluation Differences of Tangible Assets	-	-
2.1.2 Revaluation Differences of Intangible Assets	-	-
2.1.3 Defined benefit plans re-measurement gains / loss	-	-
2.1.4 Other comprehensive income not to be reclassified to profit or loss	-	-
2.1.5 Income tax relating to components of other comprehensive income not to be reclassified to profit or loss	-	-
2.2 Other comprehensive income to be reclassified to profit or loss in subsequent periods:	24.635	16.607
2.2.1 Exchange differences on translation of foreign operations	24	457
2.2.2 Gains or losses on valuation or reclassification arising from financial assets at fair value through other comprehensive income	(13.904)	(5.423)
2.2.3 Gains or losses arising on cash flow hedges	46.723	26.128
2.2.4 Gains or losses arising on net investment hedges	-	-
2.2.5 Other comprehensive income to be reclassified to profit or loss	-	-
2.2.6 Income tax relating to components of other comprehensive income to be reclassified to profit or loss	(8.208)	(4.555)
III. TOTAL COMPREHENSIVE INCOME (I+II)	59.727	65.156

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 MARCH 2019

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other comprehensive income not to be reclassified to profit or loss			Other comprehensive income to be reclassified to profit or loss			Profit Reserves	Prior Period Profit or Loss	Current Period Net Income or Loss	Total Shareholders' Equity Except From Minority Interest	Minority Interest	Total Shareholders' Equity
						1	2	3	4	5	6						
Reviewed 31/03/2019	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves												
I. Prior Period End Balance	II-1	1.535.000	-	-	(99)	19.610	(3.058)	-	5.670	(22.972)	81.216	273.197	(174.343)	161.759	1.875.980	-	1.875.980
II. Corrections according to TAS 8																	
2.1 Effect of Corrections of Errors																	
2.2 Effect of Amendments in Accounting Policies																	
III. New Balance (I+II)		1.535.000			(99)	19.610	(3.058)		5.670	(22.972)	81.216	273.197	(174.343)	161.759	1.875.980		1.875.980
IV. Total Comprehensive Income									24	(10.845)	36.444		(988)	35.092	59.727		59.727
V. Capital Increase in Cash																	
VI. Capital Increase in Internal Resources																	
VII. Adjustment to Share Capital																	
VIII. Convertible Bonds																	
IX. Subordinated Debt Instruments																	
X. Gain or Loss related to Other Changes																	
XI. Profit Distribution																	
11.1 Dividend Paid												(13.572)	175.331	(161.759)			
11.2 Transfers to Reserves												(13.572)	175.331	(161.759)			
11.3 Other																	
Period End Balance (III+IV+.....+X+XI)		1.535.000			(99)	19.610	(3.058)		5.694	(33.817)	117.660	259.625		35.092	1.935.707		1.935.707

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

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

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

BURGAN BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 MARCH 2018

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY							Other comprehensive income not to be reclassified to profit or loss			Other comprehensive income to be reclassified to profit or loss			Profit Reserves	Prior Period Profit or Loss	Current Period Net Income or Loss	Total Shareholders' Equity Except From Minority Interest	Minority Interest	Total Shareholders' Equity
Reviewed 31/03/2018	Note (Section Five)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6							
I. Prior Period End Balance	II-1	1.185.000	-	-	184	18.075	(3.141)	-	1.705	(4.214)	40.256	164.762	109.848	-	1.512.475	-	1.512.475	
II. Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	(174.343)	-	(174.343)	-	(174.343)	
2.1 Effect of Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of Amendments in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	(174.343)	-	(174.343)	-	(174.343)	
III. New Balance (I+II)		1.185.000	-	-	184	18.075	(3.141)	-	1.705	(4.214)	40.256	164.762	(64.495)	-	1.338.132	-	1.338.132	
IV. Total Comprehensive Income		-	-	-	-	-	-	-	457	(4.230)	20.380	-	-	48.549	65.156	-	65.156	
V. Capital Increase in Cash		296	-	-	-	-	-	-	-	-	-	-	-	-	296	-	296	
VI. Capital Increase in Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Gain or Loss related to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Profit Distribution		-	-	-	1.413	-	-	-	-	-	-	108.435	(109.848)	-	-	-	-	
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves		-	-	-	1.413	-	-	-	-	-	-	108.435	(109.848)	-	-	-	-	
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period End Balance (III+IV+.....+X+XI)		1.185.296	-	-	1.597	18.075	(3.141)	-	2.162	(8.444)	60.636	273.197	(174.343)	48.549	1.403.584	-	1.403.584	

1.Fixed assets revaluations increases /decreases

2.Accumulated remeasurement gains / (losses) of defined benefits

3.Other (the share of other comprehensive income of the investments accounted for by the equity method can not be classified as profit / (loss) and the accumulated amount of other comprehensive income that will not be reclassified as other profit / (loss))

4.Foreign currency translation differences

5.Accumulated revaluation and or classification gains / (losses) on financial assets at fair value through other comprehensive income

6. Other (Cash flow hedging gains / (losses), share of other comprehensive income of equity method investees classified as profit / loss and accumulated other comprehensive income to be reclassified as other profit or (loss))

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

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

BURGAN BANK A.Ş.

**CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 MARCH 2019 AND 31 MARCH
2018**

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	Reviewed 31/03/2019	Reviewed 31/03/2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		46.685	384.399
1.1.1 Interest Received		615.042	420.679
1.1.2 Interest Paid		(383.900)	(333.241)
1.1.3 Dividend Received		2.762	-
1.1.4 Fees and Commissions Received		8.287	25.689
1.1.5 Other Income		-	-
1.1.6 Collections from Previously Written-off Loans and Other Receivables		76.945	17.249
1.1.7 Payments to Personnel and Service Suppliers		(53.551)	(6.593)
1.1.8 Taxes Paid		(278)	(12.288)
1.1.9 Other		(218.622)	272.904
1.2 Changes in Operating Assets and Liabilities		(555.842)	(318.322)
1.2.1 Net Increase/(Decrease) in Financial Assets at Fair Value Through Profit or Loss		(35.487)	(19.540)
1.2.2 Net (Increase)/Decrease in Due from Banks and Other Financial Institutions		(127.604)	(5.184)
1.2.3 Net (Increase)/Decrease in Loans		304.063	(676.754)
1.2.4 Net (Increase)/Decrease in Other Assets		(349.765)	(21.610)
1.2.5 Net (Increase)/Decrease in Bank Deposits		60.318	303.243
1.2.6 Net Increase/(Decrease) in Other Deposits		(955.510)	115.877
1.2.7 Net Increase/(Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase/(Decrease) in Funds Borrowed		496.281	302.154
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		51.862	(316.508)
I. Net Cash Provided from Banking Operations		(509.157)	66.077
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		2.962	(12.818)
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		(3.627)	(2.283)
2.4 Disposals of Property and Equipment		4.047	8.737
2.5 Cash Paid for Purchase of Investments Available-for-Sale		(12.448)	(1.811)
2.6 Cash Obtained from Sale of Investments Available-for-Sale		14.990	(17.461)
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		-	296
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		-	296
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		74.126	(62.381)
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		(432.069)	(8.826)
VI. Cash and Cash Equivalents at Beginning of the Period		2.650.063	1.262.144
VII. Cash and Cash Equivalents at end of the Period		2.217.994	1.253.318

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

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

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

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

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

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

TFRS 16 Leases

“TFRS 16 Leases” standard came out on official gazette numbered 29826 on the date of 16 April 2018, to be implemented in the accounting periods after the date of 31 December 2018. According to this standard, the difference between operational lease and financial lease has disappeared and all leasing transactions are recognized by the tenants as an asset (right of use asset) and financial debt related to lease payment on the balance sheet.

The Group has started to apply this standard as of 1 January 2019, the mandatory application date.

Other than the accounting policies mentioned above, there are no other issues to be stated.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

I. BASIS OF PRESENTATION (Continued):

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

None.

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

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

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

As of 31 March 2019, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,6284 and TL 6,3188 for USD and EURO respectively.

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

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

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

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

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

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

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

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

The Group has no joint ventures as of 31 March 2019 and 31 December 2018.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

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

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

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

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

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

As of 31 March 2019, The Group applies cash flow hedge accounting through cross and interest currency swaps to protect against changes in interest rates of FC deposits which have average maturities of up to 3 months. The Group implements effectiveness tests at the balance sheet dates for hedge accounting, the effective parts are accounted as defined in IFRS 9, on the financial statements under equity “Accumulated other comprehensive income or expense to be reclassified through profit or loss”, whereas the amount concerning ineffective parts is associated with the income statement.

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

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

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

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

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

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

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

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

c. Financial assets measured at amortized cost:

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

d. Loans

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

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

As of 1 January 2018, in accordance with the Communiqué related to "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" published in the Official Gazette no. 29750 dated 22 June 2016, the Bank has started to allocate a loss allowance for expected credit losses on financial assets and loans measured at amortized cost in accordance with IFRS 9. In this context, as of 1 January 2018, the credit loss allowance method within the framework of the BRSA's related legislation has been changed to the loss allowance for expected credit losses model with the implementation of IFRS 9. The predictions of expected credit loss forecasts include credible information which is objective, probability-weighted, supportable about past events, current conditions, and forecasts of future economic conditions.

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

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

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

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

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

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):

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

Stage 1:

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

Stage 2:

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is accounted based on the financial asset's lifetime expected credit losses. The provision which will be allocated for the loan is calculated by considering the maturity and cash flow of the loan for three macroeconomic scenarios as stated above. For this purpose, the probability of default and the loss given default amounts are estimated not only for 12 months but also for the whole life of the loan and the loan provision is determined by using the present value set calculated over the cash flow.

Stage 3:

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

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

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

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

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

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

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

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

The Group has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill:

As of 31 March 2019, the Bank has no goodwill (31 December 2018: None).

b. Other intangible assets:

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS (Continued):

b. Other intangible assets (Continued):

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

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

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

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

The Group records its fixed assets obtained via leasing by taking into consideration the “lower of the fair value of the leased asset and the present value of the amount of cash consideration given for the leased asset”.

Leased assets are included in the property and equipment and these assets are depreciated by taking their useful lives into consideration. If impairment is detected in the value of the leased asset, a “Provision for impairment” is recognized. Liabilities arising from 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 as a “Lessor” by means of Burgan Finansal Kiralama A.Ş. which is the consolidated subsidiary of the Group.

With the “IFRS 16 Leases” standard, which became effective as of 1 January 2019, the difference between operating lease and financial lease has been removed, and lease transactions have started to be recognized under “Tangible Fixed Assets” as an asset (right to use asset) and under “Lease Payables” as a liability. The impacts and applications related to the IFRS 16 transition process are explained in Section Three, footnote XXIX.

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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

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

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

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

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 22% for 2019 (2018: 22%). The corporate tax rate is calculated on the total income after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XVIII. EXPLANATIONS ON TAXATION (Continued):

a. Current tax (Continued):

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

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

b. Deferred tax:

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

XIX. EXPLANATIONS ON BORROWINGS:

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

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

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 March 2019, the Group has no government grants (31 December 2018: None).

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

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

	31 March 2019	31 December 2018
Net Income/(Loss) to be Appropriated to Ordinary Shareholders	35.092	48.549
Weighted Average Number of Issued Ordinary Shares (Thousand)	153.500.000	118.504.273
Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)	0,229	0,410

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

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

XXV. EXPLANATIONS ON RELATED PARTIES:

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

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 XIII. in Section Four.

XXVIII. RECLASSIFICATIONS:

Due to the legal modifications in the financial table formats, classification transactions have been made in the previous periods.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XXIX. EXPLANATIONS ON TFRS 16 LEASES STANDARD

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

TFRS 16 "Leases" Standard

Group – lessee:

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

Existence of right to use:

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

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

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

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

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

Lease Obligation:

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

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

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

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued):

XXIX. EXPLANATIONS ON TFRS 16 LEASES STANDARD (Continued):

First Transition to TFRS 16 Leases Standard

"TFRS 16 Leases" Standard was published in the Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting periods starting after 31 December 2018. The Group applied the TFRS 16 "Leasing" standard, which replaced the TAS 17 "Leasing Standard", as of 1 January 2019, the date of first implementation. These liabilities were measured based on the discounted current value by using the Group's average borrowing interest rate of remaining lease payments on 1 January 2019.

Details based on the asset with regard to the recognized asset tenure is as follows:

	1 January 2019	31 March 2019
Real estate	125.891	125.497
Tools	9.861	9.861
Total asset tenure	135.752	135.358

Details of depreciation expense based on the asset with regard to the recognised asset tenure is as follows:

	31 March 2019
Real estate	6.028
Tools	1.170
Total asset tenure depreciation expense	7.198

Short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemptions granted by the standard, and the payments related to these agreements are continued to be reflected as expenses on the income statement. Within this scope, lease payments amounting to TL 454 has been paid in the relevant period.

	1 January 2019
Operational leasing commitments	162.261
Contracts that are excluded from the scope of TFRS 16 (-)	823
Total leasing liability	161.438
Discounted leasing liability (1 January 2019)	33.637
Right to use amount	127.801

As of 31 March 2019, the Bank's net right to use asset in the consolidated financial statements amount to TL 128.160 and the lease liability is TL 129.319.

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SECTION FOUR

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

I. EXPLANATIONS ON CONSOLIDATED EQUITY:

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

As of 31 March 2019 Bank’s total capital has been calculated as TL 3.608.784 (31 December 2018: TL 3.516.051), Capital adequacy ratio is 18,93% (31 December 2018: 18,49%).

a. Information about total capital:

	Current Period 31 March 2019	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
COMMON EQUITY TIER I CAPITAL				
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.535.000		1.535.000	
Share issue premiums	-		-	
Legal Reserves	259.526		273.098	
Gains recognized in equity as per TAS	257.263		258.894	
Profit	35.092		161.759	
Current Period Profit	35.092		161.759	
Prior Period Profit	-		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-		-	
Common Equity Tier I Capital Before Deductions	2.086.881		2.228.751	
Deductions from Common Equity Tier I Capital				
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-		-	
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	36.875		200.373	
Improvement costs for operating leasing	17.813		18.946	
Goodwill (net of related tax liability)	-		-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	43.233	43.233	44.755	44.755
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-		-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	117.660		81.216	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-		-	
Gains arising from securitization transactions	-		-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-		-	
Defined-benefit pension fund net assets	-		-	
Direct and indirect investments of the Bank in its own Common Equity	-		-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-		-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-		-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-		-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-		-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-		-	
Excess amount arising from mortgage servicing rights	-		-	
Excess amount arising from deferred tax assets based on temporary differences	-		-	
Other items to be defined by the BRSA	-		-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-		-	
Total Deductions From Common Equity Tier I Capital	215.581		345.290	
Total Common Equity Tier I Capital	1.871.300		1.883.461	

(*) In this section, the accounts that are liable to the temporary articles of “Regulation on Equities of Banks” which will be considered at the end of the transition period are shown.

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

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

a. Information about total capital (continued):

	Current Period 31 March 2019	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL				
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-	-	-
Debt instruments and premiums approved by BRSA	-	-	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-	-	-
Additional Tier I Capital before Deductions	-	-	-	-
Deductions from Additional Tier I Capital				
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
Transition from the Core Capital to Continue to deduce Components				
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-	-	-
Total Deductions From Additional Tier I Capital	-	-	-	-
Total Additional Tier I Capital	-	-	-	-
Total Tier I Capital (Tier I Capital=Common Equity + Additional Tier I Capital)	1.871.300		1.883.461	
TIER II CAPITAL				
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	1.519.668		1.425.870	
Provisions (Article 8 of the Regulation on the Equity of Banks)	219.800		207.200	
Tier II Capital Before Deductions	1.739.468		1.633.070	
Deductions From Tier II Capital				
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	1.984		480	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
Total Deductions from Tier II Capital	1.984		480	
Total Tier II Capital	1.737.484		1.632.590	
Total Capital (The sum of Tier I Capital and Tier II Capital)	3.608.784		3.516.051	
Deductions from Total Capital				
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components				
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-

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I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

a. Information about total capital (continued):

	Current Period 31 March 2019	Amounts related to treatment before 1/1/2014 (*)	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL				
Total Capital (Tier I and Tier II Capital)	3.608.784		3.516.051	
Total risk weighted amounts	19.061.532		19.014.620	
Capital Adequacy Ratios				
Core Capital Adequacy Ratio (%)	9,82		9,91	
Tier I Capital Adequacy Ratio (%)	9,82		9,91	
Capital Adequacy Ratio (%)	18,93		18,49	
BUFFERS				
Total additional Tier I Capital requirement (a + b + c)	2,519		1,875	
a. Capital conservation buffer requirement (%)	2,500		1,875	
b. Bank specific counter-cyclical buffer requirement (%)	0,019		-	
c. Systematically important bank buffer ratio (%)	-		-	
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	5,32		5,40	
Amounts below the Excess Limits as per the Deduction Principles				
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-		-	
Amount arising from deferred tax assets based on temporary differences	-		-	
Limits related to provisions considered in Tier II calculation	160.969		187.759	
Limits related to provisions considered in Tier II calculation				
General provisions for standard based receivables (before ten thousand twenty five limitation)	521.274		462.655	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	219.800		222.958	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Excess amount of total provision amount to &0.6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-		-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)				
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-		-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-		-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-		-	

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

I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

b. Information on instruments related to equity estimation:

Details on Subordinated Liabilities		
Issuer	Burgan Bank K.P.S.C.	Burgan Bank K.P.S.C.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	-	-
Governing law(s) of the instrument	BRSA	BRSA
Regulatory treatment	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	No	No
Eligible at stand-alone/consolidated	Stand Alone – Consolidated	Stand Alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Loan	Subordinated Loan
Amount recognized in regulatory capital (Currency in thousand, as of most recent reporting date)	675.408	844.260
Par value of instrument (USD)	150.000	150.000
Accounting classification	Liability-Subordinated Loans-amortized cost	Liability-Subordinated Loans-amortized cost
Original date of issuance	6.12.2013	30.03.2016
Perpetual or dated	Dated	Dated
Original maturity date	10 Years	10 Years
Issuer call subject to prior supervisory approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	After 5th year
Subsequent call dates, if applicable	After 5th year	After 5th year
Coupons / dividends	3 Months	3 Months
Fixed or floating dividend/coupon	Floating dividend	Floating dividend
Coupon rate and any related index	LIBOR+3,75	LIBOR+3,75
Existence of a dividend stopper	-	-
Fully discretionary, partially discretionary or mandatory	-	-
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	None
If convertible, conversion trigger(s)	-	-
If convertible, fully or partially	-	-
If convertible, conversion rate	-	-
If convertible, mandatory or optional conversion	-	-
If convertible, specify instrument type convertible into	-	-
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature	None	None
If write-down, write-down trigger(s)	-	-
If write-down, full or partial	-	-
If write-down, permanent or temporary	-	-
If temporary write-down, description of write-up mechanism	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments to be included in supplementary capital calculation but after the deposit holders and all other creditors of the Debtor.	Before debt instruments to be included in supplementary capital calculation but after the deposit holders and all other creditors of the Debtor.
In compliance with article number 7 and 8 of “Own fund regulation”	None.	None.
Details of incompliances with article number 7 and 8 of “Own fund regulation”	None.	None.

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

I. EXPLANATIONS ON EQUITY (Continued):

c. Information related to the IFRS 9 transition process:

	T	T-1	T-2	T-3
EQUITY ITEMS				
Common Equity Tier 1 Capital	1.871.300	1.833.200	1.795.101	1.757.001
Common Equity Tier 1 Capital Without the Implementation of the Transition Process	1.757.001	1.757.001	1.757.001	1.757.001
Tier 1 Capital	1.871.300	1.833.200	1.795.101	1.757.001
Tier 1 Capital Without the Implementation of the Transition Process	1.757.001	1.757.001	1.757.001	1.757.001
Equity	3.723.083	3.684.983	3.646.884	3.608.784
Equity Without the Implementation of the Transition Process	3.608.784	3.608.784	3.608.784	3.608.784
TOTAL RISK WEIGHTED AMOUNTS				
Total Risk Weighted Amounts	19.061.532	19.061.532	19.061.532	19.061.532
CAPITAL ADEQUACY RATIOS				
Common Equity Tier 1 Capital Adequacy Ratio (%)	9,82	9,62	9,42	9,22
Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	9,22	9,22	9,22	9,22
Tier 1 Capital Adequacy Ratio (%)	9,82	9,62	9,42	9,22
Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process	9,22	9,22	9,22	9,22
Capital Adequacy Ratio (%)	19,53	19,33	19,13	18,93
Capital Adequacy Ratio Without the Implementation of the Transition Process	18,93	18,93	18,93	18,93
LEVERAGE RATIO				
Leverage Ratio Total Risk Amount	26.748.209	26.748.209	26.748.209	26.748.209
Leverage Ratio (%)	6,97	6,85	6,71	6,57
Leverage Ratio Without the Implementation of the Transition Process	6,54	6,54	6,54	6,54

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
(Continued)**

II. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT:

Overview of risk weighted amounts

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of the date 31 March 2019:

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

		Risk Weighted Amounts		Minimum Capital Liability
		Current Period	Prior Period	Current Period
		31 March 2019	31 December 2018	31 March 2019
1	Credit risk (excluding counterparty credit risk) (CCR)	16.942.014	17.180.635	1.355.361
2	Standardised approach (SA)	16.942.014	17.180.635	1.355.361
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	642.021	655.978	51.362
5	Standardised approach for counterparty credit risk (SA-CCR)	642.021	655.978	51.362
6	Internal Model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory Formula Approach (SSFA)	-	-	-
16	Market risk	254.652	212.519	20.372
17	Standardised approach (SA)	254.652	212.519	20.372
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	1.222.845	965.488	97.828
20	Basic indicator approach	1.222.845	965.488	97.828
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor Adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	19.061.532	19.014.620	1.524.923

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
(Continued)**

III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK:

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

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

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

	EUR		USD	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Bid rate	TL 6,3188	TL 6,0422	TL 5, 6284	TL 5,2810
1. Day Bid Rate	TL 6,3188	TL 6,0422	TL 5,6284	TL 5,2810
2. Day Bid Rate	TL 6,2335	TL 6,0280	TL 5,5423	TL 5,2609
3. Day Bid Rate	TL 6,0091	TL 6,0245	TL 5,3307	TL 5,2889
4. Day Bid Rate	TL 6,2162	TL 6,0185	TL 5,4945	TL 5,2832
5. Day Bid Rate	TL 6,3858	TL 6,0419	TL 5,6458	TL 5,3034

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

	EUR		USD	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Arithmetic average – 30 days	TL 6,1802	TL 6,0359	TL 5,4690	TL 5,3010

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III. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

Information on currency risk of the Group:

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

	EUR	USD	Other FC	Total
31 March 2019				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	432.448	594.967	2.456	1.029.871
Due From Banks	8.973	376.033	5.286	390.292
Financial Assets at Fair Value Through Profit or Loss (*)	39.661	102.117	9	141.787
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	11.701	127.165	-	138.866
Loans (*)	7.792.670	4.134.439	-	11.927.109
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	251.161	-	251.161
Hedging Derivative Financial Assets	399	15.393	-	15.792
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	30.973	148.389	60	179.422
Total Assets	8.316.825	5.749.664	7.811	14.074.300
Liabilities				
Bank Deposits	106.608	56.159	16	162.783
Foreign Currency Deposits	1.629.114	3.882.786	109.465	5.621.365
Funds From Interbank Money Market	-	180.625	-	180.625
Funds Borrowed From Other Financial Institutions	2.094.844	6.706.377	-	8.801.221
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	386.891	421.062	2	807.955
Hedging Derivative Financial Liabilities	1.733	5.046	-	6.779
Other Liabilities (*)	33.885	169.944	55	203.884
Total Liabilities	4.253.075	11.421.999	109.538	15.784.612
Net On-balance Sheet Position	4.063.750	(5.672.335)	(101.727)	(1.710.312)
Net Off-balance Sheet Position	(3.783.464)	5.806.772	107.994	2.131.302
Financial Derivative Assets	988.168	8.154.404	278.968	9.421.540
Financial Derivative Liabilities	4.771.632	2.347.632	170.974	7.290.238
Non-Cash Loans (**)	811.423	863.450	77.026	1.751.899
31 December 2018				
Total Assets (*)	8.133.769	5.762.718	38.384	13.934.871
Total Liabilities (*)	4.078.647	10.998.655	191.612	15.268.914
Net On-balance Sheet Position	4.055.122	(5.235.937)	(153.228)	(1.334.043)
Net Off-balance Sheet Position	(3.811.325)	5.474.656	154.138	1.817.469
Financial Derivative Assets	1.104.682	8.236.853	207.430	9.548.965
Financial Derivative Liabilities	4.916.007	2.762.197	53.292	7.731.496
Non-Cash Loans (**)	725.771	945.549	51.561	1.722.881

(*) The above table shows the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets are classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts. Due to this, foreign currency indexed loans amounting to TL 533.284 (31 December 2018: TL 578.154) classified as Turkish Lira assets in the 31 March 2019 financial statements are added to the table above. Furthermore, in foreign currency assets “Income Accruals of Derivative Financial Instruments” amounting to TL 43.380 (31 December 2018: TL 190.252) and “Non-cash Loans Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 393.782 (31 December 2018: 347.706), in foreign currency liabilities “Expense Accruals of Derivative Financial Instruments” amounting to TL 6.668 (31 December 2018: TL 14.433) and “Stages 1&2 Allowances for Expected Credit Losses” amounting to TL 20.416 (31 December 2018: TL 20.877) and “Marketable Securities Valuation Reserve” with “ Hedging Derivative Financials” amounting to TL (1.333) (31 December 2018: TL 3.886) 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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IV. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK:

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

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

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

31 March 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.012.441	-	-	-	-	235.354	2.247.795
Due From Banks	368.107	-	-	-	-	22.895	391.002
Financial Assets at Fair Value Through Profit/Loss (*)	96.675	363.904	518.612	31.295	53.932	-	1.064.418
Interbank Money Market Placements	8.750	-	-	-	-	-	8.750
Financial Assets at Fair Value Through Other Comprehensive Income	-	20.988	128.554	150.091	76.250	12.218	388.101
Loans	6.756.446	2.116.267	3.739.331	2.962.211	395.807	614.538	16.584.600
Financial Assets Measured at Amortized Cost	-	-	-	251.161	-	-	251.161
Other Assets	-	-	-	-	-	736.535	736.535
Total Assets	9.242.419	2.501.159	4.386.497	3.394.758	525.989	1.621.540	21.672.362
Liabilities							
Bank Deposits	59.914	88.616	-	-	-	14.595	163.125
Other Deposits	6.828.108	1.086.881	566.996	37.936	-	399.878	8.919.799
Funds From Interbank Money Market	8.749	-	180.528	-	-	-	189.277
Miscellaneous Payables	-	-	-	-	-	854.596	854.596
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	3.038.324	5.417.616	520.410	-	-	-	8.976.350
Other Liabilities (*) (**)	125.568	6.996	156.000	73.816	14.779	2.192.056	2.569.215
Total Liabilities	10.060.663	6.600.109	1.423.934	111.752	14.779	3.461.125	21.672.362
Balance Sheet Long Position	-	-	2.962.563	3.283.006	511.210	-	6.756.779
Balance Sheet Short Position	(818.244)	(4.098.950)	-	-	-	(1.839.585)	(6.756.779)
Off-balance Sheet Long Position	947.498	1.229.044	1.098.732	-	-	-	3.275.274
Off-balance Sheet Short Position	-	-	-	(2.509.919)	(63.188)	-	(2.573.107)
Total Position	129.254	(2.869.906)	4.061.295	773.087	448.022	(1.839.585)	702.167

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 695.109 and other liabilities includes hedging derivative financial liabilities amounting to TL 61.710 classified to a related re-pricing periods.

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

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(Continued)

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

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

31 December 2018	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets (***)							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	2.418.287	-	-	-	-	328.129	2.746.416
Due From Banks	139.851	-	-	-	-	56.392	196.243
Financial Assets at Fair Value Through Profit/Loss (*)	47.488	465.080	597.746	37.481	11.175	-	1.158.970
Interbank Money Market Placements	9.000	-	-	-	-	-	9.000
Available-for-Sale Financial Assets	-	73.323	77.373	158.479	74.433	9.541	393.149
Loans	6.280.209	2.042.864	4.454.076	2.983.181	419.324	609.547	16.789.201
Held-to-Maturity Investments	-	-	-	236.801	-	-	236.801
Other Assets	-	-	-	-	-	499.085	499.085
Total Assets	8.894.835	2.581.267	5.129.195	3.415.942	504.932	1.502.694	22.028.865
Liabilities							
Bank Deposits	3.464	84.609	-	-	-	8.651	96.724
Other Deposits	5.872.380	2.730.023	906.979	19.183	-	290.011	9.818.576
Funds From Interbank Money Market	10.842	169.386	-	-	-	-	180.228
Miscellaneous Payables	-	-	-	-	-	955.895	955.895
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	3.773.924	2.654.042	1.973.133	58.980	-	-	8.460.079
Other Liabilities (*)(**)	29.697	147.264	95.840	85.540	857	2.158.165	2.517.363
Total Liabilities	9.690.307	5.785.324	2.975.952	163.703	857	3.412.722	22.028.865
Balance Sheet Long Position	-	-	2.153.243	3.252.239	504.075	-	5.909.557
Balance Sheet Short Position	(795.472)	(3.204.057)	-	-	-	(1.910.028)	(5.909.557)
Off-balance Sheet Long Position	797.196	1.448.656	1.163.417	-	-	-	3.409.269
Off-balance Sheet Short Position	-	-	-	(2.589.025)	(60.422)	-	(2.649.447)
Total Position	1.724	(1.755.401)	3.316.660	663.214	443.653	(1.910.028)	759.822

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 664.968 and other liabilities includes hedging derivative financial liabilities amounting to TL 70.273 classified to a related re-pricing periods

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

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

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

b. Average interest rates for monetary financial instruments:

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

31 March 2019	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	2,00	-	13,00
Due From Banks	-	2,28	-	-
Financial Assets at Fair Value Through Profit/Loss	3,96	3,10	-	13,28
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	3,05	4,66	-	15,32
Loans	5,96	7,99	-	23,13
Financial Assets Measured at Amortized Cost	-	4,41	-	-
Liabilities				
Bank Deposits	0,92	1,80	-	-
Other Deposits (*)	1,57	3,71	-	20,02
Funds From Interbank Money Market	-	3,68	-	14,45
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	3,06	5,22	-	23,56

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

31 December 2018	EUR	USD	Yen	TL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	2,00	-	13,00
Due From Banks	-	2,18	-	-
Financial Assets at Fair Value Through Profit/Loss	3,88	6,90	-	13,09
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	3,05	4,66	-	14,93
Loans	5,86	8,10	-	23,52
Held-to-Maturity Investments	-	4,41	-	-
Liabilities				
Bank Deposits	1,94	-	-	-
Other Deposits (*)	2,56	5,08	-	22,88
Funds From Interbank Money Market	-	3,61	-	26,09
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,95	5,13	-	21,64

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

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

c. Interest rate risk resulting from banking accounts:

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

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

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

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

Currency	Applied Shock (+/- x basis point)	Earnings/(Losses)	Earnings/ Equities-Losses/Equities
1. TRY	+500 bp	(31.994)	(0,9)%
2. TRY	-400 bp	27.908	0,8%
3. EURO	+200 bp	(17.613)	(0,5)%
4. EURO	-200 bp	(3.116)	(0,1)%
5. USD	+200 bp	(20.903)	(0,6)%
6. USD	-200 bp	23.703	0,7%
Total (For Negative Shocks)		48.495	1,4%
Total (For Positive Shocks)		(70.510)	(2,0)%

V. EXPLANATIONS ON CONSOLIDATED SHARE CERTIFICATE POSITION RISK:

None.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Liquidity Coverage Ratio:

31 March 2019	Unweighted Amounts (*)		Weighted Amounts (*)		
	TL+FC	FC	TL+FC	FC	
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets	-	-	2.645.945	1.765.646
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	7.131.990	3.690.173	685.417	369.017
3	Stable deposits	555.655	-	27.783	-
4	Less stable deposits	6.576.335	3.690.173	657.634	369.017
5	Unsecured Funding other than Retail and Small Business Customers Deposits	2.246.744	1.683.052	1.230.831	874.136
6	Operational deposits	772.711	675.892	193.178	168.973
7	Non-Operational Deposits	997.321	735.166	560.941	433.169
8	Other Unsecured Funding	476.712	271.994	476.712	271.994
9	Secured funding	-	-	-	-
10	Other Cash Outflows	106.568	599.522	106.568	599.522
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	106.568	599.522	106.568	599.522
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	2.258.995	1.678.317	286.221	199.941
16	TOTAL CASH OUTFLOWS			2.309.037	2.042.616
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	2.274.780	1.424.331	1.668.587	1.095.984
19	Other contractual cash inflows	425.247	31.210	425.247	31.210
20	TOTAL CASH INFLOWS	2.700.027	1.455.541	2.093.834	1.127.194
				Upper Bound Applied Amounts	
21	TOTAL HIGH QUALITY LIQUID ASSETS			2.645.945	1.765.646
22	TOTAL NET CASH OUTFLOWS			577.259	915.422
23	Liquidity Coverage Ratio (%)			458,36	192,88

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

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

31 December 2018	Unweighted Amounts (*)		Weighted Amounts (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High Quality Liquid Assets	-	-	3.347.948	1.974.193
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	7.702.237	3.759.645	740.445	375.964
3 Stable deposits	595.562	-	29.778	-
4 Less stable deposits	7.106.675	3.759.645	710.667	375.964
5 Unsecured Funding other than Retail and Small Business Customers Deposits	3.298.226	2.460.000	1.650.342	1.184.129
6 Operational deposits	1.343.105	1.163.458	335.776	290.864
7 Non-Operational Deposits	1.381.146	926.501	740.591	523.224
8 Other Unsecured Funding	573.975	370.041	573.975	370.041
9 Secured funding	-	-	-	-
10 Other Cash Outflows	1.158	664.982	1.158	664.982
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.158	664.982	1.158	664.982
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	2.500.248	1.843.111	316.141	222.528
16 TOTAL CASH OUTFLOWS			2.708.086	2.447.603
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	2.355.757	1.214.321	1.607.868	920.996
19 Other contractual cash inflows	349.428	-	349.428	-
20 TOTAL CASH INFLOWS	2.705.185	1.214.321	1.957.296	920.996
			Upper Bound Applied Amounts	
21 TOTAL HIGH QUALITY LIQUID ASSETS			3.347.948	1.974.193
22 TOTAL NET CASH OUTFLOWS			750.790	1.526.607
23 Liquidity Coverage Ratio (%)			445,92	129,32

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

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

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

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

As of the period-end, high quality liquid assets of the Bank consist of accounts in Central Bank of Turkey at a ratio of 82% and securities issued by under secretariat of Treasury at a ratio of 15%. The fund resources are distributed among deposits of individuals and retail, corporate deposits and due to bank debt at ratios of 26%, 43% and 17% respectively.

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

Absolute value of net warrant flows realized as of 30 days periods for each transaction and liability are calculated provided that changes in fair values of derivative transactions and other liabilities can form a margin liability in accordance with “Regulation on Calculation of Liquidity Coverage Ratio of Banks” entered into force through publishing in Official Gazette dated 21 March 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. Information related to the aforementioned cash outflow occurred on 31 March 2019 is given below:

Date	FC	FC + TL
31 March 2019	106.568	106.568

Liquidity coverage rates are calculated weekly for unconsolidated basis and monthly for consolidated basis as of 31 December 2015 in accordance with the “Regulation on Calculation of Liquidity Coverage Ratio of Banks” published in Official Gazette dated 21 March 2014 and numbered 28948. As of 31 March 2019, liquidity coverage rates must be at least 70% for foreign currency assets and liabilities and at least 90% in total assets and liabilities. Dates and values of the lowest and highest foreign currency and total consolidated liquidity coverage ratios related to the three-month period calculated by taking daily arithmetic averages are explained in the table below:

Current Period	Maximum (%)		Minimum (%)	
	FC	FC + TL	FC	FC + TL
Monthly Arithmetic Average (%)	231,09%	490,68%	163,78%	383,77%
Month	28.02.2019	31.01.2019	31.01.2019	31.03.2019

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

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

Breakdown of assets and liabilities according to their outstanding maturities:

31 March 2019	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified (***)	Total
Assets (****)								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	235.507	2.012.288	-	-	-	-	-	2.247.795
Due From Banks	22.895	368.107	-	-	-	-	-	391.002
Financial Assets at Fair Value Through Profit or Loss (*)	7.436	85.931	114.234	301.183	501.699	53.935	-	1.064.418
Interbank Money Market Placements	-	8.750	-	-	-	-	-	8.750
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	20.496	129.046	150.091	76.250	12.218	388.101
Loans	-	2.216.992	2.309.866	3.163.048	6.456.988	1.823.168	614.538	16.584.600
Financial Assets Measured at Amortized Cost	-	-	-	-	251.161	-	-	251.161
Other Assets (**)	-	123.470	78.219	21.591	18.984	65	494.206	736.535
Total Assets	265.838	4.815.538	2.522.815	3.614.868	7.378.923	1.953.418	1.120.962	21.672.362
Liabilities								
Bank Deposits	14.595	59.914	88.616	-	-	-	-	163.125
Other Deposits	399.878	6.828.108	1.086.881	566.996	37.936	-	-	8.919.799
Funds Borrowed From Other Financial Institutions	-	301.106	1.335.078	1.089.449	5.392.792	857.925	-	8.976.350
Funds From Interbank Money Market	-	8.652	-	-	180.625	-	-	189.277
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	764.382	-	-	-	-	90.214	854.596
Other Liabilities (*) (***)	-	214.754	39.214	109.657	97.044	105.623	2.002.923	2.569.215
Total Liabilities	414.473	8.176.916	2.549.789	1.766.102	5.708.397	963.548	2.093.137	21.672.362
Net Liquidity Gap	(148.635)	(3.361.378)	(26.974)	1.848.766	1.670.526	989.870	(972.175)	-
Net Off-balance sheet position	-	299.870	63.289	594.850	24.135	(550)	-	981.594
Financial Derivative Assets	-	5.097.834	1.213.954	1.282.244	1.200.680	12.640	-	8.807.352
Financial Derivative Liabilities	-	(4.797.964)	(1.150.665)	(687.394)	(1.176.545)	(13.190)	-	(7.825.758)
Non-cash Loans	-	1.475.255	117.240	587.479	97.849	17.289	-	2.295.112
31 December 2018								
Total Assets	691.778	4.581.420	2.116.070	3.967.988	7.702.605	1.999.388	969.616	22.028.865
Total Liabilities	298.662	7.067.109	3.071.760	3.432.990	5.293.561	805.320	2.059.463	22.028.865
Net Liquidity Gap	393.116	(2.485.689)	(955.690)	534.998	2.409.044	1.194.068	(1.089.847)	-
Net Off-balance sheet position	-	94.126	116.984	591.289	79.093	876	-	882.368
Financial Derivative Assets	-	3.596.179	2.493.071	1.280.046	1.461.713	1.495	-	8.832.504
Financial Derivative Liabilities	-	(3.502.053)	(2.376.087)	(688.757)	(1.382.620)	(619)	-	(7.950.136)
Non-cash Loans	-	1.465.856	168.600	565.789	119.656	66	-	2.319.967

(*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 695.109 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 61.710. These accounts are mainly shown under the 1-5 year maturity period.

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

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

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

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VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:

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

As of 31 March 2019, the leverage ratio of the Group calculated from the arithmetic average of the three months is 6,97% (31 December 2018: 6,86%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the decrease in the balance sheet and off-balance sheet assets.

Disclosure of leverage ratio template:

	31 March 2019 (*)	31 December 2018 (*)
Balance sheet assets		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	21.527.949	23.065.518
(Assets deducted from Core capital)	61.828	62.271
Total risk amount of balance sheet assets	21.466.121	23.003.247
Derivative financial assets and credit derivatives		
Cost of replenishment for derivative financial assets and credit derivatives	858.354	1.021.621
Potential credit risk amount of derivative financial assets and credit derivatives	122.156	147.532
Total risk amount of derivative financial assets and credit derivatives	980.510	1.169.153
Financing transactions secured by marketable security or commodity		
Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	-	-
Risk amount arising from intermediary transactions	-	-
Total risk amount of financing transactions secured by marketable security or commodity	-	-
Off-balance sheet transactions		
Gross notional amount of off-balance sheet transactions	4.301.580	3.554.290
(Correction amount due to multiplication with credit conversion rates)	-	-
Total risk of off-balance sheet transactions	4.301.580	3.554.290
Capital and total risk		
Core Capital	1.864.348	1.894.917
Total risk amount	26.748.211	27.726.690
Leverage ratio		
Leverage ratio	6,97%	6,86%

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

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VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 31 March 2019, The Group applies cash flow hedge accounting using interest swaps to hedge its FC deposits and other liabilities with an average maturity up to 3 months against interest rate fluctuations. The Group implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with income statement.

As of the balance sheet date, derivative financial receivables with a carrying amount of TL 695.109 (31 December 2018: TL 664.968) and derivative financial payables with a carrying amount of TL 61.710 (31 December 2018: TL 70.273), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value income at the amount of TL 36.444 (31 December 2018: TL 40.960 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2018: None).

Hedging Instrument	Hedging Subject	Exposed Risk	Hedging Instruments Fair Value		Hedging Funds	Ineffective Part Accounted in Income Statement (Net)
			Assets	Liabilities		
Cross Currency Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	691.556	59.386	121.783	-
Interest Rate Swap	Floating rate up to 3 month maturity FC deposits	Cash flow risk of changes in market interest rates	3.553	2.324	(4.123)	-

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in IFRS 9, the accounting application is ended. In case of deterioration of efficiency, the effective amounts, which are recognized under the equity due to the risk hedge accounting, are eliminated from equities in the periods or periods, when cash flow effects profit and losses (periods, when interest income or expenses are recognized) as re-classification adjustment and then it is re-classified in the profit and loss. There is no amount, which is transferred to income statement due to the swaps, of which effectiveness is damaged or closed in the current period (31 December 2018: None).

The measurements conducted as of 31 March 2019 show that the cash flow hedging transactions shown above are effective.

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

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

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X. EXPLANATIONS ON OPERATING SEGMENTS:

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

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

Corporate banking services like loan, deposit, cash management products, foreign trade financing, non-cash loans, foreign currency transaction services are provided to corporate and commercial banking customers.

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

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

The prior period information is presented as of 31 December 2018 for balance sheet items and 31 March 2018 for income statement items.

31 March 2019	Retail Banking	Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
Net Interest Income	32.719	135.079	(3.698)	30.524	194.624
Net Fees and Commissions	1.018	8.816	-	(916)	8.918
Trading Profit/Loss	3.055	834	14.863	1.812	20.564
Other Operating Income	407	3.416	-	5.598	9.421
Operating Income	37.199	148.145	11.165	37.018	233.527
Operating Costs (-)	28.180	82.100	8.840	73.002	192.122
Net Operating Income	9.019	66.045	2.325	(35.984)	41.405
Dividend Income	-	-	-	2.762	2.762
Income/Loss from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	9.019	66.045	2.325	(33.222)	44.167
Tax Provisions (-)	1.984	14.530	512	(7.951)	9.075
Net Profit/(Loss)	7.035	51.515	1.813	(25.271)	35.092
Segment Assets	1.200.611	13.368.653	3.582.711	2.947.643	21.099.618
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	572.744	572.744
Total Assets	1.200.611	13.368.653	3.582.711	3.520.387	21.672.362
Segments Liabilities	6.935.715	1.899.202	6.977.967	3.923.771	19.736.655
Unallocated Liabilities	-	-	-	1.935.707	1.935.707
Total Liabilities	6.935.715	1.899.202	6.977.967	5.859.478	21.672.362

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

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X. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

		Corporate and Commercial Banking	Treasury	Other and Unclassified (*)	Total Operations of the Bank
31 March 2018	Retail Banking				
Net Interest Income	23.469	98.002	22.295	20.343	164.109
Net Fees and Commissions	1.765	7.408	-	5.459	14.632
Trading Profit/Loss	1.423	2.841	521	1.928	6.713
Other Operating Income	1.037	4.078	-	3.311	8.426
Operating Income	27.694	112.329	22.816	31.041	193.880
Operating Costs (-)	19.770	61.335	6.887	41.842	129.834
Net Operating Income	7.924	50.994	15.929	(10.801)	64.046
Dividend Income	-	-	-	-	-
Income/(Loss) from subsidiaries based on equity method	-	-	-	-	-
Profit Before Tax	7.924	50.994	15.929	(10.801)	64.046
Tax Provisions (-)	1.743	11.219	3.504	(969)	15.497
Net Profit / Loss	6.181	39.775	12.425	(9.832)	48.549
31 December 2018					
Segment Assets	1.730.837	13.814.554	3.245.940	2.851.415	21.642.746
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-
Unallocated Assets	-	-	-	386.119	386.119
Total Assets	1.730.837	13.814.554	3.245.940	3.237.534	22.028.865
Segments Liabilities	7.300.928	2.443.397	6.583.714	3.824.846	20.152.885
Unallocated Liabilities	-	-	-	1.875.980	1.875.980
Total Liabilities	7.300.928	2.443.397	6.583.714	5.700.826	22.028.865

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

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS:

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

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Cash/Foreign currency	13.585	63.538	14.108	70.171
CBRT	1.204.339	966.333	1.359.170	1.302.967
Other	-	-	-	-
Total	1.217.924	1.029.871	1.373.278	1.373.138

2. Information on the account of the CBRT:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Demand Unrestricted Amount	372.783	158.347	1.159.045	549.040
Time Unrestricted Amount	831.556	252.752	200.125	241.688
Time Restricted Amount	-	555.234	-	512.239
Total	1.204.339	966.333	1.359.170	1.302.967

3. Information on reserve requirements:

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

As of 31 March 2019, The valid TL required reserve rates vary between 1% and 7% according to their maturities (31 December 2018: Between 1,5% and 8%). The valid foreign currency required reserve rates vary between 4% and 20% according to their maturities (31 December 2018: Between 4% and 20%).

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

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

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

1. As of 31 March 2019, there is no amount subject to repo transactions from financial assets at fair value through profit or loss (31 December 2018: None).

c. Information on banks:

1. Information on banks:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Banks				
Domestic	1.235	5.343	3.267	4.553
Foreign	-	384.949	-	188.788
Headquarters and Branches Abroad	-	-	-	-
Total	1.235	390.292	3.267	193.341

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

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

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

1. Characteristics and carrying values of financial assets at fair value through other comprehensive income given as collateral and subject to repo transactions:

As of 31 March 2019, there are TL 162.431 financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2018: TL 31.699). There are TL 2 financial assets at fair value through other comprehensive income subject to repurchase agreements. (31 December 2018: None).

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

	31 March 2019	31 December 2018
Debt Securities	412.516	404.851
Quoted on Stock Exchange	412.516	404.851
Not Quoted	-	-
Share Certificates	12.218	9.456
Quoted on Stock Exchange	-	-
Not Quoted	12.218	9.456
Impairment Provision (-)	36.633	21.158
Total	388.101	393.149

e. Explanations on loans:

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

	31 March 2019		31 December 2018	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	37.969	-	149.865
Corporate Shareholders	-	37.969	-	149.865
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	3.562	-	3.680	-
Total	3.562	37.969	3.680	149.865

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

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

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

i.

Cash Loans	Standard Loans (**)	Loans and Other Receivables Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables Loans and Receivables with Revised Contract Terms	Re-finance
Non-Specialized Loans	11.770.337	1.236.161	767.279	-
Loans given to enterprises	-	-	-	-
Export Loans	668.073	9.072	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	410.029	-	-	-
Consumer Loans	581.834	32.101	13.542	-
Credit Cards	-	-	-	-
Other (*)	10.110.401	1.194.988	753.737	-
Specialized Loans	-	-	-	-
Other Receivables (***)	1.969.705	675.630	-	-
Total	13.740.042	1.911.791	767.279	-

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

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

(***) Other receivables include the lease receivables of Burgan Finansal Kiralama A.Ş.

ii.

	Standard Loans	Loans Under Close Monitoring
General Provisions (*)	126.814	394.460
12 Month Expected Credit Losses	126.814	-
Significant Increase in Credit Risk	-	394.460

(*) Non-cash loan provisions and finance lease receivables provisions are included in the table.

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

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

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

	Short- term	Medium and Long-term	Total
Consumer Loans-TL	28.214	582.694	610.908
Real estate loans	-	96.551	96.551
Automotive loans	175	23.157	23.332
Consumer loans	28.039	462.986	491.025
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	83	5.703	5.786
Real estate loans	-	5.357	5.357
Automotive loans	-	-	-
Consumer loans	83	346	429
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans-TL	255	3.307	3.562
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	255	3.307	3.562
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit Deposit Account-TL (Real Person)	7.221	-	7.221
Credit Deposit Account-FC (Real Person)	-	-	-
Total	35.773	591.704	627.477

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

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

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

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	85.384	1.109.518	1.194.902
Real estate loans	-	-	-
Automotive loans	28	2.241	2.269
Consumer loans	85.356	1.107.277	1.192.633
Other	-	-	-
Commercial Installments Loans-FC Indexed	400	423.025	423.425
Real estate loans	-	-	-
Automotive loans	-	905	905
Consumer loans	400	422.120	422.520
Other	-	-	-
Commercial Installments Loans-FC	82.232	5.340.202	5.422.434
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	82.232	5.340.202	5.422.434
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Corporate Credit Cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit Deposit Account-TL (Legal Person)	10	-	10
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	168.026	6.872.745	7.040.771

5. Loans according to types of borrowers:

	31 March 2019	31 December 2018
Public	-	-
Private	16.419.112	16.614.172
Total	16.419.112	16.614.172

6. Distribution of domestic and foreign loans:

	31 March 2019	31 December 2018
Domestic Loans	16.392.469	16.597.923
Foreign Loans	26.643	16.249
Total	16.419.112	16.614.172

7. Loans given to investments in associates and subsidiaries:

None (31 December 2018: None).

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

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

8. Specific provisions provided against loans:

	31 March 2019	31 December 2018
Loans with Limited Collectability	24.239	33.993
Loans with Doubtful Collectability	54.366	74.784
Uncollectible Loans	164.150	152.674
Total	242.755	261.451

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

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

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
31 March 2019			
Gross Amounts before the Provisions	-	-	-
Restructured Loans	-	-	14.744
31 December 2018			
Gross Amounts before the Provisions	-	-	-
Restructured Loans	-	-	9.868

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

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

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

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Prior Period End Balance	189.842	373.880	307.276
Additions (+)	124.049	20.694	18.059
Transfers from Other Categories of Non-performing Loans (+)	-	116.538	186.569
Transfers to Other Categories of Non-performing Loans (-)	116.538	186.569	-
Collections (-)	48.534	16.478	11.482
Write-offs (-)	-	-	-
Sold Portfolio (-) (*)	-	11.329	42.706
Corporate and Commercial Loans	-	11.329	42.706
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	148.819	296.736	457.716
Specific Provision (-)	24.239	54.366	164.150
Net Balance on Balance Sheet	124.580	242.370	293.566

(*) The Bank sold non-performing loans amounting to TL 54.035 to Mega Varlık Yönetimi A.Ş for TL 450 on 29 March 2019 and, did write-off from the Bank's asset.

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

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
31 March 2019			
Period-End Balance	64.233	67.261	79.768
Specific Provision (-)	5.712	17.996	32.662
Net Balance on balance sheet	58.521	49.265	47.106
31 December 2018			
Period-End Balance	96.109	141.519	106.952
Specific Provision (-)	11.523	51.156	73.885
Net Balance on balance sheet	84.586	90.363	33.067

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

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

- iv. Information regarding gross and net amounts of non-performing loans with respect to user groups

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
31 March 2019			
Current Period (Net)	124.580	242.370	293.566
Loans Given to Real Persons and Legal Persons (Gross)	69.348	246.683	366.944
Provision Amount (-)	13.087	44.874	105.701
Loans Given to Real Persons and Legal Persons (Net)	56.261	201.809	261.243
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	79.471	50.053	90.772
Provision Amount (-)	11.152	9.492	58.449
Other Loans and Receivables (Net)	68.319	40.561	32.323
Prior Period (Net)	155.849	299.096	154.602
Loans Given to Real Persons and Legal Persons (Gross)	108.534	326.980	250.933
Provision Amount (-)	27.807	57.490	109.449
Loans Given to Real Persons and Legal Persons (Net)	80.727	269.490	141.484
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	81.308	46.900	56.343
Provision Amount (-)	6.186	17.294	43.225
Other Loans and Receivables (Net)	75.122	29.606	13.118

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

Uncollectible loans and other receivables are collected through the liquidation of collaterals by legal procedures.

11. Explanations on the write-off policy:

The write-off transactions are performed in accordance with the regulation.

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(Continued):

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

f. Information on the calculation of interest accruals, valuation differences and their provisions for non-performing loans by banks which allocate expected credit losses according to IFRS 9:

	III. Group:	IV. Group:	V. Group:
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	1.305	33.824	9.131
Interest Accruals and Valuation Differences	1.644	41.536	14.739
Provision Amount (-)	339	7.712	5.608
Prior Period (Net)	19.841	23.591	1.259
Interest Accruals and Valuation Differences	23.285	37.506	1.266
Provision Amount (-)	3.444	13.915	7

g. Information on financial assets measured at amortized cost:

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bonds and Similar Securities	-	236.366	-	222.667
Other	-	-	-	-
Total	-	236.366	-	222.667

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

None. (31 December 2018: None)

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

	31 March 2019	31 December 2018
Government Bond	251.161	236.801
Treasury Bond	-	-
Other Public Debt Securities	-	-
Total	251.161	236.801

4. Information on financial assets measured at amortized cost:

	31 March 2019	31 December 2018
Debt securities	251.161	236.801
Publicly-traded	251.161	236.801
Not publicly-traded	-	-
Provision for impairment	-	-
Total	251.161	236.801

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

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

g. Information on financial assets measured at amortized cost (Continued):

5. Movement of financial assets measured at amortized cost within the period:

	31 March 2019	31 December 2018
Opening balance	236.801	171.218
Foreign exchange differences in monetary assets	14.360	65.583
Purchases during the year	-	-
Disposals through Sales and Redemptions	-	-
Value decrease equivalent (-)	-	-
Period end balance	251.161	236.801

h. Information on investments in associates (Net):

None. (31 December 2018: None).

i. Information on subsidiaries (Net):

1. Capital adequacy situation of major subsidiaries:

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

2. Information on unconsolidated subsidiaries:

None. (31 December 2018: None).

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

None. (31 December 2018: None).

4. Information on consolidated subsidiaries:

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

(*) The Board of Directors of Burgan Wealth Limited, the consolidated subsidiary of Burgan Yatırım, has applied to the Dubai Financial Services Institution (DFSI) on 10 October 2018 in order to start its liquidation process and to cancel its license, license cancellation was approved on 20 November 2018 and the liquidation process of the company is still ongoing.

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

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	3.031.506	254.102	25.385	71.976	-	(2.995)	8.392	-
2 (*)	152.095	125.918	2.962	6.963	5	803	2.205	-

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

6. Movement schedules of consolidated subsidiaries:

	31 March 2019	31 December 2018
Balance at the beginning of the Period	381.091	256.972
Movements during the Period	(1.156)	124.119
Purchases	-	116.000
Bonus Shares Obtained	-	70.000
Dividends from Current Year Income	(2.192)	33.668
Sales	-	-
Revaluation Increase/Decrease (*)	1.036	(95.549)
Impairment Provision	-	-
Balance at the end of the Period	379.935	381.091
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	99,99%	99,99%

(*) Includes the data before consolidation procedures.

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

Subsidiaries	31 March 2019	31 December 2018
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	331.094	265.572
Finance Companies	-	-
Other Financial Subsidiaries	48.841	115.519
Total	379.935	381.091

(*) Includes data given prior to consolidation applications.

8. Subsidiaries quoted on stock exchange:

None (31 December 2018: None).

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

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

j. Information on joint ventures:

None. (31 December 2018: None).

k. Information on lease receivables (net):

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

	31 March 2019		31 December 2018	
	Gross	Net	Gross	Net
Less than 1 year	999.117	802.474	931.200	749.438
Between 1-4 years	1.839.119	1.497.235	1.866.713	1.506.211
More than 4 years	604.862	565.923	585.877	543.411
Total	3.443.098	2.865.632	3.383.790	2.799.060

l. Information on derivative financial assets:

1. Schedule of positive differences concerning derivative financial assets at fair value through profit or loss:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Forward Transactions	21.086	2.041	19.713	4.002
Swap Transactions	161.287	82.198	177.441	225.372
Futures Transactions	-	-	-	-
Options	1.101	53.140	611	54.092
Other	-	-	-	-
Total	183.474	137.379	197.765	283.466

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	678.402	16.707	636.228	28.740
Foreign Net Investment Hedge	-	-	-	-
Total	678.402	16.707	636.228	28.740

m. Information on investment properties:

None (31 December 2018: None).

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

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

n. Information on deferred tax asset:

As of 31 March 2019, the Group has netted-off the calculated deferred tax asset of TL 165.370 (31 December 2018: TL 193.273) and deferred tax liability of TL 172.323 (31 December 2018: TL 176.516) on the basis of company in accordance with “TAS 12” and has recorded a net deferred tax asset of TL 17.143 and has recorded a net deferred tax liability of TL 24.096 (31 December 2018: TL 22.960 net deferred tax asset and TL 6.203 net deferred tax liability) in the financial statements.

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Carried Financial Loss (*)	65.180	247.448	14.158	54.264
Provision for Legal Cases	11.241	9.535	2.408	2.053
General Provisions and Other Provisions	597.928	563.440	131.544	123.957
Reserve for Employee Rights	20.142	17.869	4.411	3.904
Valuation Differences of Derivative Instruments	-	-	-	-
Unearned Revenue	30.359	30.847	6.679	6.786
Other	28.053	10.583	6.170	2.309
Deferred Tax Assets	752.902	879.722	165.370	193.273
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	22.912	28.549	2.588	3.843
Valuation Differences of Derivative Instruments	769.915	781.690	169.381	171.971
Other	1.769	3.397	354	702
Deferred Tax Liabilities	794.596	813.636	172.323	176.516
Deferred Tax Assets/(Liabilities) (Net)	(41.694)	66.086	(6.953)	16.757

(*) The Group will be able to use TL 65.180 to be paid in the corporate tax calculation until 2023.

The deferred tax asset/liability summary is as follows:

	31 March 2019	31 December 2018
Balance as of 1 January	16.757	(19.382)
Current year deferred tax income/(expense), net	(15.497)	(36.916)
Deferred tax charged to equity, net	(8.213)	73.055
Balance at the End of the Period	(6.953)	16.757

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(Continued):

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

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

The Group has assets held for resale amounting to TL 156.774 (31 December 2018: TL 113.385) and has no discontinued operations.

	31 March 2019	31 December 2018
Prior Period		
Cost	113.895	45.662
Accumulated Depreciation (-)	510	567
Net Book Value	113.385	45.095
Current Period		
Net book value at beginning of the period	113.385	45.095
Additions	47.506	77.305
Disposals (-), net	4.117	8.146
Impairment (-)	-	869
Depreciation (-)	-	-
Cost	157.239	113.895
Accumulated Depreciation (-)	465	510
Closing Net Book Value	156.774	113.385

p. Information on other assets:

Other assets amount to TL 289.170 (31 December 2018: TL 238.243) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES:

a. Information on deposits:

1. Information on maturity structure of deposits:

i. 31 March 2019:

	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	35.961	-	368.119	1.839.268	127.487	117.358	311.059	-	2.799.252
Foreign Currency Deposits	269.355	-	689.885	3.970.229	393.467	75.160	223.269	-	5.621.365
Residents in Turkey	252.093	-	687.512	3.921.272	388.300	72.597	215.917	-	5.537.691
Residents Abroad	17.262	-	2.373	48.957	5.167	2.563	7.352	-	83.674
Public Sector Deposits	6.519	-	-	-	-	-	-	-	6.519
Commercial Deposits	86.773	-	36.730	176.053	15.644	614	13.997	-	329.811
Other Institutions Deposits	1.270	-	1.396	159.737	27	422	-	-	162.852
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	14.595	-	59.914	88.616	-	-	-	-	163.125
The CBRT	-	-	59.914	88.616	-	-	-	-	148.530
Domestic Banks	281	-	-	-	-	-	-	-	281
Foreign Banks	14.314	-	-	-	-	-	-	-	14.314
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	414.473	-	1.156.044	6.233.903	536.625	193.554	548.325	-	9.082.924

ii. 31 December 2018:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	31.698	-	364.605	2.199.389	565.681	124.414	305.627	-	3.591.414
Foreign Currency Deposits	170.911	-	452.064	4.007.115	748.184	86.839	203.012	-	5.668.125
Residents in Turkey	152.526	-	448.736	3.975.699	743.045	84.735	198.942	-	5.603.683
Residents Abroad	18.385	-	3.328	31.416	5.139	2.104	4.070	-	64.442
Public Sector Deposits	6.647	-	-	-	-	-	-	-	6.647
Commercial Deposits	79.298	-	134.063	125.571	14.444	33.257	26.208	-	412.841
Other Institutions Deposits	1.457	-	1.563	130.559	166	5.804	-	-	139.549
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	8.651	-	88.073	-	-	-	-	-	96.724
The CBRT	-	-	88.073	-	-	-	-	-	88.073
Domestic Banks	162	-	-	-	-	-	-	-	162
Foreign Banks	8.489	-	-	-	-	-	-	-	8.489
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	298.662	-	1.040.368	6.462.634	1.328.475	250.314	534.847	-	9.915.300

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(Continued):

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

2. Information on saving deposits insurance:

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

Saving Deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Saving Deposits	786.189	931.241	2.013.063	2.660.173
Foreign Currency Savings Deposit	401.210	321.901	3.652.408	3.158.476
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	1.187.399	1.253.142	5.665.471	5.818.649

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

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

	31 March 2019	31 December 2018
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	15.565	9.119
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 "TCK" Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	15.565	9.119

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

None (31 December 2018: None).

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

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

c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	145.454	350.792	128.809	219.470
From Foreign Banks, Institutions and Funds	29.675	6.745.282	-	6.512.328
Total	175.129	7.096.074	128.809	6.731.798

2. Information on maturity structure of borrowings:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Short-term	175.129	1.032.919	128.809	1.327.061
Medium and Long-term	-	6.063.155	-	5.404.737
Total	175.129	7.096.074	128.809	6.731.798

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

The Group's main funding sources are deposits and borrowings. As of 31 March 2019, deposits and borrowings from Group's risk group comprise 0,8% (31 December 2018: 0,24%) of total deposits. Besides this, borrowings from Group's risk group comprise 67,4% (31 December 2018: 67,28%) of subordinated and other borrowings.

d. Information on marketable securities issued:

None (31 December 2018: None).

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 960.013 (31 December 2018: TL 1.110.644 Other Foreign Liabilities) do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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(Continued):

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

f. Information on lease payables:

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.

	31 March 2019	
	Gross	Net
Less than 1 year	3.044	2.234
Between 1-4 years	30.337	24.338
More than 4 years	127.998	102.747
Total	161.379	129.319

g. Information on derivative financial liabilities:

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

Trading Derivative Financial Liabilities	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Forward Transactions	43.116	938	113.297	1.618
Swap Transactions	69.751	38.121	83.558	40.991
Futures Transactions	-	-	-	-
Options	21	47.463	-	49.461
Other	-	-	-	-
Total	112.888	86.522	196.855	92.070

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	54.931	6.779	59.902	10.371
Foreign Net Investment Hedge	-	-	-	-
Total	54.931	6.779	59.902	10.371

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

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

h. Information on provisions:

1. Information on reserve for employment termination benefits:

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

As of the date of 1 January 2019, the payment amount which is one month's salary for each working year is restricted to TL 6.017,60 (31 December 2018: TL 5.434,42). 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 March 2019	31 December 2018
Discount rate (%)	4,07	4,07
Salary increase rate (%)	11,50	11,50
Average remaining work period (Year)	11,40	11,40

Movement of reserve for employment termination benefits during the period:

	31 March 2019	31 December 2018
Prior Period End Balance	14.517	12.478
Service cost	1.984	2.878
Interest cost	-	1.242
Settlement cost	-	240
Actuarial loss/gain	-	(325)
Benefits paid (-)	1.536	1.996
Total	14.965	14.517

In addition, as of 31 March 2019 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 15.912 (31 December 2018: TL 32.260).

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

2. Other provisions:

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

The provisions related to foreign currency differences of foreign indexed loans calculated as of the balance sheet date have been netted-off from the loan amount in the financial statements, and there is no the provision related to foreign currency differences of foreign indexed loans. (31 December 2018: TL 26).

ii. Information on other provisions:

The Group has set aside under other provisions amounting to TL 11.241 (31 December 2018: TL 9.535) for lawsuits, TL 33.862 (31 December 2018: TL 35.017) for provisions for non-cash loans that are not converted to cash and are not indemnified, TL 415 (31 December 2018: None) for promotions related to banking services and TL 352 provisions for other receivables (31 December 2018: TL 334).

i. Information on taxes payable:

1. Information on tax provision:

As of 31 March 2019, no corporate tax provision has been allocated (31 December 2018: TL 2.246).

2. Information on taxes payable:

	31 March 2019	31 December 2018
Corporate Tax Payable	-	2.246
Taxation of Marketable Securities	13.299	9.727
Property Tax	241	78
Banking Insurance Transaction Tax	7.699	9.150
Value Added Tax Payable	1.607	535
Other	5.180	4.096
Total	28.026	25.832

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(Continued):

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

3. Information on premium payables:

	31 March 2019	31 December 2018
Social Security Premiums-Employee	3.509	1.404
Social Security Premiums-Employer	4.542	2.023
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	233	90
Unemployment Insurance-Employer	449	181
Other	50	40
Total	8.783	3.738

4. Explanations on deferred tax asset/liability:

As of 31 March 2019, the Group has netted-off the calculated deferred tax asset of TL 165.370 (31 December 2018: TL 193.273) and deferred tax liability of TL 172.323 (31 December 2018: TL 176.516) on a company basis in accordance with "TAS 12" and has recorded a net deferred tax asset of TL 17.143 and has recorded a net deferred tax liability of TL 24.096 (31 December 2018: TL 22.960 net deferred tax asset, TL 6.203 net deferred tax liability) in the financial statements.

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

None (31 December 2018: None).

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(Continued):

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

k. Information on subordinated loans:

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

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

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic	-	-	-	-
Foreign Banks	-	1.705.147	-	1.599.472
Other Foreign	-	-	-	-
Total	-	1.705.147	-	1.599.472

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Debt Instruments Subject to Common Equity	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments Subject to Tier 2 Equity	-	1.705.147	-	1.599.472
Subordinated Loans	-	1.705.147	-	1.599.472
Subordinated Debt Instruments	-	-	-	-
Total	-	1.705.147	-	1.599.472

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

I. Information on shareholders' equity:

1. Presentation of paid-in capital:

	31 March 2019	31 December 2018
Common Stock	1.535.000	1.535.000
Preferred Stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital	1.535.000	4.000.000

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

None

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

None.

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

None.

6. Information on equity by considering the prior period indicators of income, profitability and liquidity of the Parent Bank and its Subsidiaries and the uncertainties on these indicators:

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

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(Continued):

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

I. Information on shareholders' equity (Continued):

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

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

8. Information on marketable securities valuation reserve:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Controlled Partnerships (Joint Ventures)	-	-	-	-
Valuation Difference	(15.827)	(12.296)	(8.303)	(8.999)
Foreign Currency Translation Difference	-	-	-	-
Total	(15.827)	(12.296)	(8.303)	(8.999)

9. Information on tangible assets revaluation reserve:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Movables	-	-	-	-
Immovables	19.610	-	19.610	-
Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables (*)	1.413	-	1.413	-

(*) Classified under other capital reserves.

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

According to the General Assembly meeting decision on 29 March 2019, the loss amounting to TL 12.584, including the effects of TAS 27 and IFRS 9 has been deducted from statutory reserves.

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

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	31 March 2019	31 December 2018
Foreign currency buy/sell commitments	1.267.861	557.476
Forward securities commitments	161.729	-
Commitments for cheques	83.658	74.242
Loan limit commitments	77.881	77.343
Total	1.591.129	709.061

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

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

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

	31 March 2019	31 December 2018
Letter of guarantees	1.691.912	1.686.184
Other guarantees	282.956	145.330
Letter of credits	250.101	385.116
Bank acceptance loans	70.143	103.337
Factoring guarantees	-	-
Total	2.295.112	2.319.967

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Irrevocable letters of guarantee	471.244	441.661	516.187	407.282
Revocable letters of guarantee	19.368	40.176	7.141	37.908
Letters of guarantee given in advance	5.339	232.063	4.485	225.758
Guarantees given to customs	33.064	66.758	25.205	63.836
Other letters of guarantee	13.787	368.452	43.657	354.725
Total	542.802	1.149.110	596.675	1.089.509

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

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

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

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

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

	31 March 2019	31 December 2018
Non-cash loans given against cash loans	651.130	530.183
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	651.130	530.183
Other non-cash loans	1.643.982	1.789.784
Total	2.295.112	2.319.967

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

Current Period (*)	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	518.977	1.092.792	18.078	47.589
Bank Acceptances	411	69.732	-	-
Letters of Credit	-	249.141	-	-
Endorsements	-	-	-	-
Securities Issuance Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	282.956	-	-
Total	519.388	1.694.621	18.078	47.589

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 15.436. As of 31 March 2019, the Group has allocated provisions amounting to TL 7.119 provision regarding these risks.

b. Information on contingent assets and contingent liabilities:

As of 31 March 2019, the total amount of legal cases against the Group is TL 56.986 (31 December 2018: TL 56.407) and the Group sets aside a provision of TL 11.241 (31 December 2018: TL 9.535) regarding these risks.

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

FITCH (23 October 2018)

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

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

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

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans :

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-term Loans	136.480	13.379	110.527	5.405
Medium/Long-term Loans	113.572	136.397	128.671	108.185
Interest on Loans Under Follow-up	944	-	884	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	250.996	149.776	240.082	113.590

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

2. Information on interest income on banks:

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
From the CBRT	2.781	-	5.633	-
From Domestic Banks	4.681	177	3.978	288
From Foreign Banks	-	3.318	-	19
Headquarters and Branches Abroad	-	-	-	-
Total	7.462	3.495	9.611	307

3. Information on marketable securities:

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value Through Profit/Loss	134	370	369	166
Financial Assets Measured at Fair Value Through Other Comprehensive Income	9.597	1.824	4.364	1.236
Financial Assets Measured at Amortized Cost	-	2.925	-	2.063
Total	9.731	5.119	4.733	3.465

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

None (31 December 2018: None).

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

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

b. Information on interest expense:

1. Information on interest expense on borrowings:

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
Banks	11.166	98.966	7.467	64.006
The CBRT	-	-	-	-
Domestic Banks	11.166	445	7.467	401
Foreign Banks	-	98.521	-	63.605
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	3.931	-	3.122
Total (*)	11.166	102.897	7.467	67.128

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

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

None (31 March 2018: None).

3. Information on interest expense on issued securities:

None (31 March 2018: None).

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

Current Period	Demand Deposit	Time Deposit						Total	Prior Period Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accum. Deposit		
TL									
Bank Deposits	-	14	-	-	-	-	-	14	9
Savings Deposits	-	17.685	110.533	24.966	7.001	18.100	-	178.285	109.874
Public Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	-	512	10.507	1.309	1.260	1.217	-	14.805	16.321
Other Deposits	-	47	4.909	10	235	-	-	5.201	3.364
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Total	-	18.258	125.949	26.285	8.496	19.317	-	198.305	129.568
FC									
Foreign Currency Account	-	3.731	34.796	7.547	1.000	3.094	-	50.168	48.242
Bank Deposits	-	364	-	-	-	-	-	364	743
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	-	4.095	34.796	7.547	1.000	3.094	-	50.532	48.985
Sum Total	-	22.353	160.745	33.832	9.496	22.411	-	248.837	178.553

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

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

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

	31 March 2019	31 March 2018
Income	7.663.894	4.758.965
Capital Market Transactions	3.645	2.818
Derivative Financial Transactions	101.455	43.586
Foreign Exchange Gains	7.558.794	4.712.561
Loss (-)	7.643.330	4.752.252
Capital Market Transactions	1.355	1.302
Derivative Financial Transactions	66.128	44.935
Foreign Exchange Losses	7.575.847	4.706.015
Net Income/(Loss)	20.564	6.713

d. Information on other operating income:

The Group’s other operating income in the current period is TL 9.421 (31 March 2018: TL 8.426). TL 2.023 (31 March 2018: TL 811) of the amount of other operating income is composed of profit from sales of the fixed assets that were classified as “Asset Held for Resale” of the Parent Bank.

e. Expected loss provisions and other provision expenses:

	31 March 2019	31 March 2018
Expected Credit Loss	72.871	38.777
12 Month Expected Credit Loss (Stage 1)	(9.663)	(2.560)
Significant Increase in Credit Risk (Stage 2)	47.897	32.958
Non-performing Loans (Stage 3)	34.637	8.379
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Joint Ventures Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	690	295
Total	73.561	39.072

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

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

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

f. Information related to other operating expenses:

	31 March 2019	31 March 2018
Reserve For Employee Termination Benefits (*)	3.712	1.769
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	15
Amortization Expenses of Fixed Assets	10.213	2.812
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	4.324	4.203
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	-	54
Amortization Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	27.811	32.181
Leasing expenses related to IFRS 16 exceptions	864	8.182
Maintenance Expenses	336	631
Advertising Expenses	1.990	347
Other Expense	24.621	23.021
Loss on Sales of Assets	1.030	-
Other	17.539	8.657
Total	64.629	49.691

(*) As of 31 March 2019, the “Employee Vacation Fee Provision Income” is TL 1.728 (31 March 2018: TL 1.203).

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

The Group has no discontinued operations. The Group’s income before tax from continuing operations is TL 44.167 (31 March 2018: TL 64.046 income before tax).

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

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

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

The Group has no discontinued operations and the explanations below represent the provision for taxes of continuing operations.

1. Information on calculated current tax income or expense and deferred tax income or expense:

As of 31 March 2019, the Group has current tax income amounting to TL 6.422 and deferred tax expense amounting to TL 15.497.

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

The Group has TL 66.417 deferred tax income from temporary differences, TL 39.275 deferred tax expense from carried financial loss. The deferred tax expense due to the closing of temporary differences amounts to TL 42.639, netting off to TL 15.497 deferred tax expense.

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

As of 31 March 2019, the Group has TL 23.778 (31 March 2018: TL 18.378) deferred tax income arising from temporary differences and TL 39.275 deferred tax expense as a result of financial loss. (31 March 2018: TL 5.538 tax income).

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

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

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

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

None.

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

None.

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

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

k. Information on other income and expenses:

1. In the current period, the Group’s interest income amounts to TL 661.330 (31 March 2018: TL 493.453) and TL 140.746 (31 March 2018: TL 69.374) of the related amount is classified as “Other Interest Income” account in income statement.

	31 March 2019	31 March 2018
Other Interest Income		
Interest income related to derivative transactions	120.893	60.164
Other	19.853	9.210
Total	140.746	69.374

2. In the current period, the Group’s interest expense amounting to TL 466.706 (31 March 2018: TL 329.344) and TL 99.219 (31 March 2018: TL 73.360) of the related amount is classified as “Other Interest Expense” in the income statement.

	31 March 2019	31 March 2018
Other Interest Expense		
Interest expense related to derivative transactions	76.782	56.539
Other	22.437	16.821
Total	99.219	73.360

3. In the current period, the Group’s fee and commission income amounts to TL 13.533 (31 March 2018: TL 18.674) and TL 7.079 (31 March 2018: TL 13.543) of the related amount is classified under “Other” account.

	31 March 2019	31 March 2018
Other Fees and Commissions Received		
Account Operating Fees	2.258	1.192
Insurance Commissions	1.515	3.280
Investment Consultancy Fees	313	6
Commissions received from Correspondent Banks	139	135
Transfer Commissions	126	174
Commissions From Brokerage Activity in Istanbul Stock Exchange	124	203
Commissions on Investment Fund Services	56	207
Credit Card and POS Transaction Commission	33	105
Common Point Commissions	27	23
Other	2.488	8.218
Total	7.079	13.543

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued):

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

4. In the current period, Group’s fee and commission expense amounts to TL 4.615 (31 March 2018: TL 4.042) and TL 4.576 (31 March 2018: TL 3.937) of the related amount is classified under “Other” account.

	31 March 2019	31 March 2018
Other Fees and Commissions Given		
Commissions Granted to Correspondent Banks	1.425	289
Credit Card Transaction Commission	501	552
EFT Commissions	124	219
Common Point Clearing Commissions	107	113
Transfer Commissions	16	32
Stock Exchange Contribution Expenses	-	289
Other	2.403	2.443
Total	4.576	3.937

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

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

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

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

1. Prior period financial information is presented as at 31 December 2018 for balance sheet items and 31 March 2018 for income statements items.

31 March 2019:

Groups’ Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	10.792	-	149.865	166	87
Balance at the End of the Period	-	17.204	-	37.969	123	87
Interest and Commission Income Received	-	-	7	-	7	-

31 December 2018:

Groups’ Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	12.963	-	-	27	15.429
Balance at the End of the Period	-	10.792	-	149.865	166	87
Interest and Commission Income Received	-	-	-	-	-	-

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

Groups’ Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	-	-	11.951	6.357	12.172	24.791
End of the Period	-	-	52.176	11.951	19.992	12.172
Interest Expense on Deposits	-	-	79	-	536	82

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

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

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

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

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

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

1. The relations with entities that are included in the Group’s risk group and controlled by the Group regardless of whether there is a transaction between parties:

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

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

	Total Risk Group	Share in Financial Statements (%)
Borrowings and Subordinated Loans	6.047.193	67,37
Banks and Other Financial Institutions Loans	368.222	94,05
Deposits	72.168	0,79
Non-cash Loans	55.260	2,41
Loans	123	-

As of 31 March 2019, the Group has TL 1.884 interest income from deposits given to banks included in the risk group (31 December 2018: None), the Group has realized interest expense amounting to TL 74.052 (31 March 2018: TL 40.528) on loans borrowed from the banks included in the risk group.

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

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

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

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Parent Bank’s risk group and the amount composes 0,33% (31 December 2018: 0,99%) of the Group’s total cash and non-cash loans.

As of 31 March 2019 there are no purchase-sales transactions on any assets including real estate with the risk group consisting the Parent Bank.

As of 31 March 2019 there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Parent Bank is included.

c. Information on benefits provided to top management:

Top management of the Group is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, amounts to TL 13.558 (31 March 2018: TL 10.693) which include total gross salary, travel, meal, health, life insurance and other expenses.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS:

None.

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SECTION SIX

EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT LIMITED REVIEW REPORT

The consolidated financial statements as of 31 March 2019 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) and the auditor’s independent limited review report dated 10 May 2019 has been presented prior to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR:

None.

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

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

The global economic expansion has decelerated notably in the second half of 2018 after strong growth in 2017 and early 2018, triggering a more accomodative policy stance by major central banks. Fed revised down its Federal Funds Rate projection for 2019 to “no change” in March meeting versus 75bps rate hike last year. Capital inflows into emerging markets have accelerated in the first quarter of this year thanks to more dovish monetary policy stance and more optimistic expectations regarding US-China trade deal.

In Turkey, the pressure on Turkish assets has alleviated in 1Q19 in parallel to the rebalancing process and developments in foreign policy. Leading indicators signal a gradual recovery in economic activity from its trough in 4Q18. The credit expansion led by the state banks since March and expansionary fiscal policy have also supported the rebound in economic activity. On the other hand, external balances continue to improve as of 1Q19 thanks to the strong performance of exports and sharp decline in imports.

The volatility in financial markets have recently picked up due to increasing political uncertainties ahead of local elections and risks related to foreign policy. Economic policies and structural reforms defined under the New Economy Program remain key for financial and economic stability going forward.

Consolidated balance sheet size of our bank dated 31 March 2019 is TL 21.672.362 while consolidated deposit is TL 9.082.924. Burgan Bank has maintained its support to customers uninterruptedly and consolidated net cash loans, leasing and factoring receivables is realized as TL 16.584.600. Our consolidated equities are realized as TL 1.935.707 while our consolidated capital adequacy ratio has risen up to 18,93%. Our Bank has made a net profit of TL 35.092 in the first quarter of 2019. We will continue to render our services in 16 cities through deepening our relations with our current customers besides gaining new customers.

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

Ali Murat DİNÇ
Member of Board of Directors and General Manager

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

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EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

<u>Name</u>	<u>Duty</u>	<u>Date of Assignment</u>	<u>Educational Background</u>	<u>Banking and Managership Experience (Year)</u>
<i>Chairman and Members of Board of Directors:</i>				
Faisal M.A. Al Radwan	Chairman	12.09.2018	Bachelor’s degree	23
Eduardo Eguren Linsen	Member	20.12.2012	Bachelor’s degree	25
Majed E.A.A. Al Ajeel	Member	20.12.2012	Post graduate	22
Adrian Alejandro Gostuski	Member	21.12.2012	Post graduate	35
Mehmet Alev Göçmez	Member	23.01.2013	Post graduate	33
Halil Cantekin	Member	30.03.2015	Bachelor’s degree	31
Osama T. Al Ghoussein	Member	25.06.2014	Bachelor’s degree	33
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>General Manager:</i>				
Ali Murat Dinç	Member and General Manager	03.02.2014	Post graduate	21
<i>Vice General Managers:</i>				
Esra Aydın	Operation & Management Services	01.08.2007	Bachelor’s degree	16
Mutlu Akpara	Treasury, Capital Markets and Financial Institutions	08.08.2007	Post graduate	11
Cihan Vural	Internal Systems	03.11.2008	Bachelor’s degree	13
Rasim Levent Ergin	Human Resources	01.11.2012	Post graduate	17
Suat Kerem Sözügüzel	Commercial & Corporate Banking	01.04.2014	Bachelor’s degree	17
Hasan Hüseyin Uyar	Loans	01.04.2014	Post graduate	27
Tuba Onay Ergelen	Financial Affairs (represent by proxy)	08.11.2018	Bachelor’s degree	18
Hasan Ufuk Dinç	Digital Banking and Information Technologies	19.11.2018	Post graduate	22

(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 AS AT 31 MARCH 2019

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

Faisal M.A. Al Radwan, chairman of Board of Directors, performs the duty of chairmanship of Credit Committee. The members of the aforementioned committee are Ali Murat Dinç, General Manager of the Bank, and Eduardo Eguren Linsen, member of Board of Directors. Mehmet Alev Göçmez and Adrian Alejandro Gostuski, who are also members of Board of Directors, are substitute members of the Committee.

Halil Cantekin has been elected as the Chairman of the Audit Committee while Adrian Alejandro Gostuski and Osama T. Al Ghousein have been elected as members of the Audit Committee.

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

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

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

V. SIGNIFICANT EVENTS AND TRANSACTIONS WITHIN THE PERIOD:

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

(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 AS AT 31 MARCH 2019

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued):

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

	31.03.2019	31.12.2018	Change (%)
Total Assets	21.672.362	22.028.865	(1,6)
Loans, Leasing and Factoring Receivables (Net)	16.584.600	16.789.201	(1,2)
Securities	675.500	633.265	6,7
Deposits	9.082.924	9.915.300	(8,4)
Debts Having Loan Characteristics	9.165.627	8.640.307	6,1
Shareholder’s Equity	1.935.707	1.875.980	3,2
Guarantee and Suretyship	2.295.112	2.319.967	(1,1)
Capital Adequacy Ratio	18,93%	18,49%	2,4

	01/01/2019-31/03/2019	01/01/2018-31/03/2018
Current Period Net Profit/(Loss)	35.092	48.549

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

The Bank provides high value added banking services and products in corporate, commercial, individual, financial leasing with private banking and investment banking areas with a total of 39 branches, including 9 retail, 1 corporate and 29 mixed banking branches, internet banking applications, call center and 1.001 employees.

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

31 March 2019

Million TL	Burgan Bank	Sector (*)	Share of our Bank (%)
Cash Loans	13.177	2.517.783	0,52
Customer Deposits	8.991	2.207.574	0,41
Branch Number	39	10.412	0,37
Personnel Number	1.001	190.908	0,52

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